

EGG: A Clash of Cultures and a Failure
in Communications, Leading to Civil War?

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Summary

Labour relations in Japan are often portrayed as being harmonious, with a cooperative spirit between the management and labour side supposedly resulting in a shared sense of purpose. Those who have lived in Japan know that this rose-tinted image projected overseas is not necessarily accurate. Although there is often a shared aversion to conflict in Japanese society, including industrial relations, it is not always that way. In some cases, there can be serious and lengthy conflicts for a variety of different reasons. In such disputes, what is lost can far outweigh what is gained for at least one side and sometimes both.

This article is an analysis of the role that a clash of cultures and a failure in communications had in exacerbating a hostile relationship between the management of a Japanese vocational college and its unionised faculty. It will look at how the gradually worsening relationship between the college's management and the teachers exacerbated a serious business situation brought about by declining enrolment into an existential crisis. As the problem of demographic decline continues to affect university and college enrolments in Japan, what lessons can be learned from this dispute? The article will examine what steps could have been taken that would have lessened the damage done by the management on its own business and also what, if anything, the union could have done better.

Keywords

Japan, teacher, dispute, labour, union, college, demographics, decline, management, culture, EFL, contract

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1. Introduction

1.1 General Introduction

This paper examines Edo Gai Gakuin (EGG) – not its real name or acronym – a privately owned and operated vocational school. The college was founded in the mid-1970s, grew rapidly until 1991 and then began to contract. From 1986 until 2002 there was a teachers' union at EGG, and from 1995 to 2002, a labour dispute involving a major class action lawsuit against the college management. The main reason for writing about EGG is because it represents an interesting management situation within the EFL industry in Japan which is still relevant today because the main issue was the problem of falling student enrolment and the consequent dispute issue of reduction in force. What made matters worse at EGG was that there was also a clash of cultures and, arguably, a failure in communications which greatly exacerbated both the core issue and the dispute. This paper will also look at what could have been done better. Some of the proposed solutions benefit from the advantage of hindsight, but a fundamental problem that EGG faced has not been solved yet. Indeed, continued demographic change is now placing strain on the Japanese university sector with the same issue at the forefront. Some universities have started downsizing or closing altogether, with teachers experiencing worsening employment conditions or the termination of their employment.

The culture, structure, personnel function, communications and staff motivation at EGG were by no means unique in the Japanese EFL industry, but the events and their outcome are unusual and worthy of study. The legal issues involved include notions such as management's right to manage, the teachers' right to belong to a union, the right to negotiate collectively and meaningfully, employment contracts, job security, and the role and responsibilities of government and other organisations. There are also non-legal issues such as the impact on an organisation of personality, communications, motivation, organisational culture, and cultural differences, among others. Unfortunately, the degree to which the EGG case can be studied openly is somewhat limited. As part of the settlement mediated by the Tokyo High Court, a confidentiality clause restricted publicity about the settlement terms and an undertaking not to engage in slander or libel. In order to protect against any possible future litigation, in this paper the author has omitted the names of all directly involved people, changed the names of organisations and their acronyms, and avoided identifying specific locations and precise dates.

1.2 Organisation of this Paper

This first part of this paper will first examine the broader context of the tertiary education section of Japan in which EGG operates. This will be followed by a description of the EGG organisation including its structure and culture, with a brief description of the personnel function and effects on communications and staff motivation. The nature of the problems of EGG were closely linked to the issues of the clash of different cultural ideologies and objectives, the failure of effective communications and the demotivating effect these had on the majority of the staff. Moreover, the broader context of the competitive and macro environments, were also of great significance. The second part of the paper will deal with the problems that developed in the organisation. The second section will present a short summary of the problem and then suggest possible solutions in accordance with management principles and coupled with a comparison with what actually took place. Reference will also be made back to issues raised in section one.

2. The Broader Context

Before looking at EGG itself, it would be better to understand the broader context within which it exists and continues to operate. The broader context is also fundamental to understanding the nature of the problems afflicting EGG. As this paper is written in English rather than Japanese, it is assumed that the majority of readers will be non-Japanese and at least somewhat unfamiliar with the tertiary education sector in Japan.

2.1 The Competitive Environment.

The Japanese education system, including the tertiary sector, can be divided into two principal groups: publicly-owned institutions and the private sector. As in many countries, the private education sector in Japan has been less closely regulated. In tertiary education, there are three tiers of institution type. From top to bottom in terms of prestige and economic viability have been the four-year universities, followed by two-year junior colleges, and lastly, two-year vocational schools (also now known as professional training colleges), which is the category that EGG was in.

In Japan, there are a large number of tertiary institutions which is contrasted by a rapidly falling number of eighteen year olds. According to statistics compiled by Japan's Ministry of Health, Labour and Welfare, the number of eighteen year olds declined by a quarter from its peak of 2 million in 1991 to 1.5 million in 2001. The number continued to fall further to 1.1 million in 2018 (MHLW). This has put pressure on tertiary institutions, with vocational colleges hit first and hardest. Many junior colleges transformed themselves into universities between 1990 and 2013. In 1990, there were 593 junior colleges and 507 universities, 3,300 specialized training colleges and 3,436 miscellaneous schools. By 2013, the numbers were 359 junior colleges, 782 universities, 3,216 specialized training colleges and 1,330 miscellaneous schools. (MEXT)

As demographic decline worsened, universities began to become concerned about maintaining student enrolment numbers, and looked to attract and accept more and more of the students who would have previously entered junior colleges or vocational colleges. Between 1990 and 2013, the number of students in universities increased from 2,133,362 to 2,868,872, while the number of students in junior colleges and miscellaneous schools declined markedly from 904,730 to 261,150 over the same period. The number of students in specialized training colleges also declined, but not as markedly from 791,431 to 660,078. [ibid]

Arguably, entrance standards at all types of institution have fallen as competition to enter tertiary institutions has diminished. Unless there is some kind of training that is not offered by university education, there is now very little incentive for a learner to choose a vocational college rather than a university. The prestige of a university degree is also much higher than that of a vocational college, which translates into better employment chances and salary levels for university graduates compared to graduates of vocational colleges.

The status of institutions and the effect on government influence is another factor that is part of the broad picture, but which also directly relates to EGG. From the mid-1990s, there was a trend for tertiary level institutions to try to improve their prestige and attractiveness to potential students, by upgrading their status from colleges to universities. This process of re-definition required institutions to submit to greater levels of administrative control and financial transparency in return for approval of their application to re-define themselves and receive ongoing government subsidies. The management association that many vocational colleges belonged to (including EGG) was split on this

issue, however. Some college managements were not willing to trade a loss of complete autonomy and business secrecy for prestige and subsidies, while others were.

2.2 The 'Macro' Environment

Japan's economic condition has also been poor. It is unclear what effect record levels of unemployment (3.59 million people in 2002, compared with 1.36 million in 1991), had on parents' ability to finance their children's tertiary education, but in addition to this, as Japan entered the so-called lost decades of economic stagnation, changes to employment contracts and declines in salaries available may well have had an effect on families. For companies including educational institutions, poorly performing investments and deflation in the property market have had a drastic effect on finances.

Whilst there is often criticism of the amount of 'red tape' in Japan, it is also true that government officials seem to prefer to avoid taking an active role where possible. In most cases, government inspection and control of private business is minimal. The trend in government policy has been towards deregulation including changes to labour standards laws which have had the effect of decreasing job security. There has been an overall trend towards ending lifetime employment and replacing it with limited-term employment, and many full-time positions have become part-time ones. Non-Japanese nationals are particularly prone to having these types of employment forced upon them. Some estimates put the overall number of part-time teachers in Japanese tertiary education institutions as high as 60 percent (Itakura), while the number of part-time or limited-term, non-Japanese, EFL teachers in this sector is possibly in excess of 80 percent. The advantage to a business in having part-time employees is largely financial. The other perceived benefit to management is that part-time and limited-term contract employees have been considered to have less job security than lifetime employees. This is a complex legal issue, depending on the context and requiring careful examination of a specific employment situation. Questions of employment status and job security are central to the situation at EGG, however.

3. The Structure of EGG

3.1 History and Size

EGG was founded in 1976 as an offshoot of J-Shoku, another two-year vocational college in a non-language related field, in order to take advantage of a boom in English language education that was underway at that time. Although legally a separate entity, EGG Foundation remained a part of the J-Shoku Group. EGG and J-Shoku foundations had executive boards containing several key personnel who served on both boards. The size of EGG has also varied greatly over time. In 1976, there were 97 students. (The total number of employees at that time is unknown to the author, but there were five 'foreign contract' teachers.)

In 1988, the EGG Teachers Union (EGG-TU) was formed when teachers at EGG discovered that they were being paid far less than those working at competitor institutions that had unionised previously. Student enrolment reached a peak of 3,577 in 1991, with over 100 non-Japanese teachers employed. By 1996, the numbers had fallen to 721 and 29 respectively. In 1999, the number of students was roughly calculated by the EGG-TU to be 370 and the estimated number in 2024 is around 100-150. Furthermore, EGG no longer teaches any classes in English for Japanese students and instead focusses solely on Japanese language courses for students from overseas. It resembles a star that has gone supernova; all that is left is a cold dying ember of a once mighty structure.

3.2 Organisation

To use Mintzberg's model, (Woods & Eastment: 15), at the strategic apex there was the Chairman/Principal and the executive board. The chairman of the executive board of EGG Foundation was also the principal of EGG. Beneath the executive board, there were four main divisions: General Affairs, Public Relations, Student Affairs/Career Placement, and Education. Each division in EGG was headed by a director who also sat on the executive board. This meant that they were supposedly part of the strategic apex, but as will be seen later, this was not in fact the case. Each division, with the exception of the Education Division, was staffed by between five and ten employees, all Japanese nationals.

By far the largest section in EGG was the Education Division, which was the only division in which foreign nationals were employed. During EGG's boom period, foreign national employees comprised the vast majority of the workforce. For employees of the Education Division, not much was known of the structure of the company outside of the Education Division, and the organograms that were presented to Education Division employees were limited in the detail they showed.

3.3 The Function and Personnel of the Various Divisions.

The General Affairs Division handled the general running of the company including all financial matters, building maintenance, and relations with government authorities and other outside bodies. The General Affairs Division Director (GADD) was effectively the deputy chairman of the educational foundation. With the Education Division Director (EDD), he was responsible for negotiations with the teachers' union from 1987 until 1993. The only other well-known figure to rank and file teachers was the Chief Accountant.

The Public Relations Division's function was the recruitment of students. Members of the division were responsible for developing relations with high schools' career counsellors and PR agencies and organising events, all in an effort to attract potential students and persuade them to enrol at EGG. Only the director and the son of the chairman/principal, who was 'apprenticed' for management by serving in the PR Division were known in the Education Division.

The Student Affairs/Career Placement Division's function was to manage enrolled students and to take care of their present and future needs. The most important future need being that of securing employment following graduation from EGG. Again, only the director and one or two of his staff were known by name.

The Education Division's function was to organise and administer the education of the enrolled students and for its employees to organise and participate in some of EGG's annual events, such as the Speech Contest. It is arguable that the role and identity of the Education Division personnel were as equally mysterious to the staff of the other divisions.

3.4 The Structure of the Education Division

Obviously, to employees in the Education Division, the structure within their division was much clearer. It also changed over time, largely as a result of issues that were the subject of negotiation between EGG's management and the EGG Teachers' Union (EGGTU). There was no separate Personnel or Human Resources department within EGG Foundation. Hiring and promotion of non-Japanese employees was conducted by the EDD or his immediate subordinates. Japanese employees were hired or promoted by the GADD. In the case of Japanese teachers, this was

done in consultation with the EDD, the Japanese Course Director or one of the English language courses' supervisors/coordinators. Dismissals were carried out by the EDD or GADD with the sanction of the Principal or by the Principal himself on the recommendation of EDD/GADD. Assigning personnel to teach classes was handled by the two Assistant Directors Administration (ADAs). The two Assistant Directors Curriculum (ADCs) were in charge of coordinating curricula matters assisted by course and subject coordinators, while classroom observation of teachers and assessment of teacher performance was conducted formerly by supervisors, replaced later by Deputy Assistant Directors (DADs). From 1987 until 1996, salaries, working conditions and all contractual matters were set through negotiations between the management and the union. Prior to and after that period, these were unilaterally decided by the Chairman/Principal and his closest associates on the executive board.

Beneath the ADs and DADs, came two further levels: course and subject supervisors/coordinators and finally, the teachers at the lowest tier of a 5-7 level hierarchy, of which 3-4 were upper and mid-managerial. This was a very top-down hierarchy, which in itself, was one of the reasons for the emergence of the union. The technostructure included all those from the level of EDD to secretaries and administrative assistants. Supervisors and coordinators fulfilled a dual role as part of the technostructure and as part of the operating core.

An important distinction to be made is where management levels of the hierarchy ended. In Japan, management is defined as a person with the power to hire, fire or promote personnel or a person privy to confidential management information (in particular, of a financial nature), and is legally barred from membership in that company's union(s). In the EGG hierarchy, barred personnel were those above the level of course and subject coordinators. Everyone else was considered eligible for membership even though the union's name specifically referred to *teachers*. Thus the union membership was quite a mixture of full-time, part-time, contract-term, and non-contract-term workers. Membership was voluntary, however, with clerical secretaries and some teachers deciding not to join. Informally (for to do so formally would have been illegal), union membership came to be another way by which employees were categorised.

3.5 The Students

The students interacted initially (before and during enrolment) with the PR Division and after enrolment, with the Student Affairs/Career Placement Division. Their main interaction was with Education Division personnel, however. Almost all students entered EGG immediately after graduation from high school at the age of eighteen. Almost all students' education was paid for by their parents. Most students enrolled because their high school had a relationship with EGG and those schools were mainly located in the western and northern suburbs of Tokyo. When the demographic decline began high school students found it easier to enter a university with a lower level of academic attainment, resulting in the overall academic ability of EGG students falling sharply.

4. The Cultures within EGG

There were several competing cultures at EGG. As a result, there was no unified set of objectives or a guiding ideology. This is something that is claimed to be common in educational organisations (White et al: 14). It is tempting to ascribe this lack of unity to cultural differences caused by differences of ethnicity. In fact, that excuse was often used as an explanation for misunderstandings. But the main reasons were individual personality variations, political and philosophical differences and group-think among different factions within the organisation.

4.1 Power Culture

Amongst those individuals who were within the strategic core, all (with one exception) were Japanese nationals. But it was arguably their socio-economic and socio-political status which determined their cultural orientation: power. With the exception of one of a series of EDDs, an American, who served on the board, all other members were family members, business partners or associates. Over time, the relative position of the EDD moved to beneath the strategic apex line. This is due to a power adjustment that took place in parallel to, and partially because of, developments in the union-management relationship.

The J-Shoku Group has essentially been run as a family business, with many board members related by marriage or birth. It is also a private group of companies, with no public shares. Other members of the executive board achieved their position there through personal invitation. The first chairman/principal of EGG's foundation was succeeded on his death by his son, in 2002. This group has always been philosophically opposed to the sharing of power, as evidenced by their steadfast refusal to accept that certain issues were negotiable with the union. Their goal was to build a successful and profitable business, arguably only for the accumulation of wealth and property and the attainment of social status. Although there is no written evidence, either for or against to support this view, as Handy remarks, a culture is 'something that is perceived or felt' (Handy: 191). In tangible terms, the sum total of EGG's operations has been the number of graduates it has produced and the ownership of several valuable buildings in one of the most expensive parts of Tokyo. Members of the strategic apex of EGG would have found organisational models such as the inverted pyramid developed by Nordstrom (Woods & Eastment: 17) totally alien and if any employee had suggested that EGG should be organised in such a way, it is likely that they would have been deeply offended.

4.2 Role Culture

EGG was almost immediately too big a business to run without the appointment of a large number of middle line managers and technostructure personnel. Most of these individuals adopted a belief in role culture. To use Maccoby's corporate types, they were 'company men' (Handy: 200). One notable exception was an individual who rose progressively through the hierarchy from teacher to EDD. To use Handy's descriptors, he can be characterised as being a proponent of power and/or person culture; a 'jungle fighter' cross-bred with a 'craftsman' (ibid).

The main reason for the adoption of role culture was also linked to the technology at EGG. To use Woodward's classification scheme (Handy: 193), would define EGG's kind of technology as 'mass' because of the very large numbers of students both in total and per class, and as 'process' because education is standardised and routine. With the exception of one or two programmes that were offered to small groups of specially selected students, much of EGG's educational programme resembled a fish processing cannery. After enrolment, the student underwent standardised treatment (twenty-five hours of tuition per week in set courses for two years), and was graduated at the end of this period, regardless of achievement, with a certificate. As Perrow suggested (Handy: 193-4), the mass process technology system in place reflects, fits and encourages the role culture that predominates in the technostructure and operating core of the organisation.

The 'technology' of EGG at its peak was very basic, consisting of classrooms containing seating for twenty-six or fifty-two students and a whiteboard or blackboard. Specialist equipment was limited to two or three language laboratories per campus, a few AV-equipped rooms and mobile carts. Student facilities were negligible. Viewing photographs online in 2024, not much seems to have changed.

The employees in the operating core are or were the supervisors/coordinators and teachers. The reason for including supervisors and coordinators within this group is because they still had a significant teaching load and, although they had authority over teachers, their activities were mostly concerned with the production of teaching materials. Most of the operating core members were supportive of the role or task cultures. There was not much opportunity for teachers to be involved in tasks or special projects, but when the chance arose, some volunteered for committee work in various projects. Given the lack of technology, described above, this meant that the members of the operating core constituted EGG's biggest resource.

4.3 Those Believing in a Role for the Union

Role and task culture was also philosophically close to union activity. Teachers who were union members, were most inclined to want to organize themselves using these methods. The union was also a democratic organisation, which appointed its officers and decided its policy and constitution through meetings, debate, voting and secret ballots. The union's structure was almost as complex as EGG's structure and every union member had a particular role to fulfil, so the concept of democratically and transparently deciding on a way to proceed with a given task was quite natural and many union members firmly believed that EGG could and should be run more democratically and transparently as well, in the sense that the union should have a recognised role in many varied aspects of the organisation. This is not quite the same as a purely 'democratic model' (White et al: 15) of organisation, but it is close to it.

5. Communications and Staff De-motivation

5.1 Communications

There was a significant 'power distance' (Handy: 196) between the core and the strategic apex. On a day-to-day basis, members of neither of these two groups would come into contact or communicate with each other, with the exception of special faculty meetings or school events, where a formal speech by the Principal might be given, or in negotiations between the management and the union. For a long period, the EDD effectively provided a buffer zone between two very different sets of ideological views and objectives.

A description of and commentary on all of the very many varied forms of communication at EGG is too lengthy to include within the body of this paper. In summary, it can be said that there were many different types of communications at EGG, both oral and written. Much of this communication was useful, productive and effective. Communications in several key areas, such as union-management negotiations and personnel issues (in particular communication related to disciplinary systems and measures), deteriorated significantly over time, however. This contributed to the de-motivation of many of the staff and ultimately contributed to the long-running and highly-damaging labour dispute.

5.2 Motivation and De-motivation

Motivation amongst employees varied widely from individual to individual, but overall declined steadily from 1990 onwards. This was especially the case amongst union members, who comprised the great majority of operating core members from 1987 to 1996. To understand this best, some knowledge of the history of the industrial relations at

EGG over that period is required. Many references to events are given in passing in this section and should be read in conjunction with the analysis of motivation and de-motivation, below.

At EGG, contracts of both the legal and psychological kind, were 'calculative' rather than 'co-operative' (Handy: 46-7), and this was reflected in communications between the strategic apex and the union. The description of the different motivational factors which follows, will include an examination of underlying assumptions, satisfaction and intrinsic theories of motivation, notions of the psychological contract, and perceptions of EGG management's attitude and style.

5.3 Underlying Assumptions

When Schein's underlying assumptions classification (Handy: 34-5) is considered, three seem to be particularly relevant: the rational-economic, the social and the self-actualizing. Teachers at EGG were primarily motivated by economic need, especially the foreigners amongst them. As expatriates far from home, they were generally more wary of finding themselves without money. Day-to-day internal communications might not have had any bearing in this regard, but communication between the union and the strategic apex did. In the early stages, following the formation of the union and through negotiations until the end of a salary parity drive with two competitor vocational colleges, EGG management assumed that money would be 'instrumental in satisfying each and every one of the needs' (Handy: 52). Indeed, many union members would have agreed until around 1992. But as salary levels at EGG got closer to those in the two institutions that were used for wage comparisons, the importance of money diminished as a motivating factor, in line with Maslow's idea that 'needs are only motivators when they are unsatisfied' (Handy: 33). By the time the parity drive had ended and the issue of contract equality (between Japanese and non-Japanese contractees) had been settled, most union members would have agreed with Lawler's assessment, that 'it is equity not money that matters' (Handy: 52).

The social assumption had an important role too. At EGG, for many employees, the social relationship between themselves and the management progressively broke down over the years from 1990 to 1997. In fact, many teachers built up a stronger social relationship with their colleagues in the union, to the extent that many got their 'basic sense of identity' (Handy: 35) in the workplace from union membership rather than their employment role in the organisation. With regards the self-actualizing assumption, 'external controls and pressures' were perceived to be 'reducing [the teachers'] autonomy' (ibid) and this had a negative impact on motivation.

5.4 Satisfaction and Intrinsic Motivation Factors

Elements of both satisfaction and intrinsic theories of motivation are clearly recognisable at EGG. Initially, increased salaries at EGG provided some satisfaction and motivated people to stay longer. As other conditions deteriorated, however, there was an exodus. This, too, was assisted by money. Arguably, many teachers felt that EGG did not contribute positively to their state of mind. If, 'people work best when they like their leader, or are satisfied with their work group' (Handy: 31), then satisfaction declined markedly when management proposed a points-based disciplinary system in 1990 and again when a 'jungle fighter' became EDD.

With the issue of curriculum renewal between 1994-1995, the vast majority of Education Division employees felt they were being excluded. This was a problem, for if 'involvement or participation will, in general, tend to increase motivation provided that it is genuine participation' (Handy: 33), then the reverse is also probably true. Of Maslow's intrinsic human needs categorization, the three highest up the pyramid, *self-actualization*, *esteem*, and *belonging/love* (ibid)

were not being met. Also, many EGG employees came to realise that the two most basic needs, *safety* and *physiological*, could easily be met elsewhere. As for Roethlisberger & Dickson's additions to Maslow's intrinsic needs, '*friendship and belonging needs, needs for justice and fair treatment, and needs for achievement*' (Handy: 38), at EGG, most teachers found these met by the union and its campaigns, not by their employer and its policies. Additionally, because EGG employees could see that there were serious problems that would have been classified by Herzberg as *hygiene* or *maintenance factors* (Handy: 38), many were eventually led to ask the question 'Why work here?' (Handy: 39).

5.5 The Psychological Contract

Ultimately, EGG management could not come to terms with union members having more than one 'psychological contract' (Handy: 45). It is clear that with the issue of curriculum renewal, union members felt they were being excluded; while management felt union members were being un-cooperative. There was a mutual 'feeling of exploitation' (Handy: 46) by the union members and the management, as well as differences in perception over the contents of not only the psychological contract, but the written contracts, that led to 'conflict and litigation' (ibid).

5.6 Perceptions of EGG Management's Attitude, Leadership and Style

Initially at least, the majority of teachers' perceptions of EGG management were somewhat neutral. Unfortunately, the perception became increasingly negative over time due to the negotiating stance of the management with the union. The management rapidly precipitated the first industrial action by the union in 1991 by its refusal to negotiate on the issue of smoking within EGG's buildings. Union members regarded this as an important health and safety issue and wanted smoking banned within the college buildings, while the management believed that it had it held exclusive prerogative on the issue and insisted that smoking inside the buildings would be permitted while smoking outside would be banned. The refusal to negotiate rapidly led to strike action and coverage by the media, at which point the management softened its stance and a compromise solution was negotiated.

Particularly after a 'jungle fighter' was promoted to EDD and the original chairman/principal's son assumed a more important role, 'issues of leadership and style' became more important (Handy: 35). Most EGG teachers would assume that management clearly seemed to believe in McGregor's 'Theory X' perception of human nature (Handy: 36). Most union members would have said that this was especially true with regards the way management perceived them: as 'indolent, self-centred, indifferent to organisational needs, resistant to change, and gullible' (ibid) in being fooled by hotheads in the union. While, in return, most union members regarded the management as being motivated largely by a need for power, and as the management was not really capable of articulating a rationale for its need to wield power in a unilateral way, this was perceived as 'unconstructive authoritarianism' (Handy: 39).

Given all of these factors, it is hardly surprising that motivation continuously declined and conflict got worse at EGG.

6. The Problems

By now the reader should have a good idea of the problems facing EGG Foundation, so they are presented here in summary form only. There were two inter-related issues that, by 1994, needed to be solved urgently. Firstly, there was the problem posed by demographic decline which resulted in increasing competition for students and decreasing enrolment. The problem had become so severe by the mid-1990s, the foundation was in danger of operating at a

financial loss and there was a surplus of staff. Clearly there was a need for change, that was recognisable to all those who worked at EGG. The second problem was that of poor management-labour relations and low morale that was partially responsible, in itself, for falling enrolment and, if left unchanged, would continue to handicap the competitiveness of the business in the future.

Unfortunately, as a result of the decisions in the mid-1990s by EGG Foundation's management, the period from 1996 to 2002 was a period of a further massive decline in enrolment and some of the worst labour unrest that has ever affected a language school in Japan. There was no need for this to have happened and when the situation at EGG's main competitor is examined in comparison, a very different picture emerges, featuring much better labour relations and increased student enrolment. In fact, success at the main competitor was, in part, a consequence of the disaster at EGG.

7. The Solutions

Before looking at the proposed solutions to the problems, there is a need to understand three major points: the length of time required; the scale of the proposals in relation to each other and the order of their implementation; and the degree to which the proposals could be realistically be implemented.

Firstly, if using a transactional analysis approach (Honey cited in Woods, 1997: 16), it would be clear that all three components—the time available, the conflict of objectives, and the emotional level of the participants—were at critical levels. A proposed solution which had any realistic chance of success would, therefore, have to have been embarked upon several years prior to the mid-1990s. All change takes time to effect and major or fundamental change takes more time. Anticipating demographic decline in the eighteen year old population is not difficult, however; there is an eighteen-year advance warning period between the number of births in any one year and the eventual approximate size of the college-age population.

Secondly, we can distinguish between change of a fundamental nature and/or at a macro-level (White et al: 178), and secondary and/or micro-level change. A fundamental shift in the nature of labour relations at EGG and reform of the foundation as a whole would have been part of the 'macro view' (ibid). Although there is bound to be some overlap, at least the first of these two must take place before secondary innovation, such as a process of curricula reform is attempted. Otherwise it stands little chance of being successfully accomplished or of having an overall effect on the future of the business.

Thirdly, it may be that much of what is proposed below would never have been taken up at the foundation, even if it had been presented to the management in the early to mid-1990s. It may be that because the attitudes of the main participants were so deeply entrenched, such proposals for reform would be doomed to rejection. Also, the management might not be able to see that its own nature and style could be a part of the causes of the problem in the first place. Another reason why the proposals might be unrealistic is that there is a commonly-held management principal that unions are fundamentally bad and that they should be removed from an organisation by all means possible. This is not often openly articulated, simply because it is usually illegal in most developed and democratic nations. This view may also not be supported by research or the published literature, but that does not prevent the view from being widely held by those in management and they justify it by arguing that management must have a free hand to run its business. If the education foundation held this view (and there is some evidence that they did), then because of the power-coercive (Craft: 151) style of the management, it would continue to follow through with its own

agenda for change. Despite this, however, the proposed solutions for the educational foundation's problems are given below because they represent what would have been a better course of action compared with what was done by the management of EGG.

7.1 Fundamental Solutions.

7.1.2 Fix the Labour-Management Relationship

The first and hardest task would be to change the labour-management relationship. Advice on how to do this would be unlikely to be listened to coming from within the foundation itself. Another member of the management association of vocational schools would seem to be the only entity that might have given advice that might have been listened to by the management, as its members were peers as well as competitors within the vocational school industry. Within the association, there were two managements that were best suited to give advice to EGG Foundation on its union problems. Both of these organisations were in the same business field, providing relatively similar types of courses. Both had large and established unions which were closely related to the EGG union's parent body. Both had had considerable labour unrest in the past, but later both had developed relatively peaceful labour relations. If approached, these two organisations' managements might have proposed some of the following measures.

7.1.2.1 Obtain Legal Advice from the Mainstream of the Legal Profession.

EGG Foundation's management made the mistake of listening to what they wanted to hear rather than what they needed to hear. A number of writers (White, Everard and Morris) agree that with issues such as redundancy or dismissal, that the process be 'fair, reasonable, and just' (White et al: 87), that procedures be consistent and in line with labour law (ibid) and that other options should be explored first (89). They warn of the consequences of not following these principles in terms of anger, conflict and compensation that can result.

Around 1993, EGG Foundation switched its legal representation to a maverick lawyer who specialised in confronting unions. This was a serious mistake. This lawyer had opinions on Japanese Labour Standards Law issues that were extremist. His attitudes on the right of negotiability of certain issues, employment rights and, in particular, limited-term contracts and their renewal, were not sufficiently supported by court precedent. He apparently advised the management that they were within their rights to terminate the employment of those on limited-term contracts freely. Even a mainstream, but right-of-centre interpretation of Japanese Labour Law, such as that presented by Sugeno contends that there is an abuse of the right to dismiss employees if management fails to follow four basic principles: 1) there must be a real need to reduce the number of employees and if reduction were not to occur there would be a serious or fatal impact on the business; 2) that other suitable measures must be taken first; 3) that the selection process of those to be dismissed be fair and proper; and 4) that the overall process be proper (Sugeno: 408-9). Japanese court precedents also hold that those on limited-term contracts can expect their contracts to be renewed automatically if there is no disciplinary reason for dismissal.

In 1995, EGG fired five Japanese nationals who were all union members. After 285 days of industrial and legal action, a mediated settlement at the Tokyo District Court led to the reinstatement of one teacher and allowed the remaining four to take voluntary retirement with financial compensation. Just a few months later, EGG management fired eight teachers, all union members and including the union's president, vice president and general secretary, as well as the Japanese teacher who had been reinstated in late 1996. This was despite the fact that the EGG union had offered to negotiate a 10 percent salary reduction and other measures to cut costs. The industrial and legal action

restarted. In 1997, EGG management fired all of the remaining nine union members and even rehired one teacher who resigned from the union and signed a new weakened contract. The industrial and legal dispute continued without interruption for years thereafter. In 2001, the Tokyo District Court ruled that 14 of the 16 union members dismissals were invalid because the management had broken the labour standards outlined by Sugeno. Following the bad advice of the maverick lawyer proved to be costly in terms of compensation, legal fees, lost student fees, public image, diverted resources and time.

7.1.1.2 Undertake Reform of the Executive Board.

This could have taken several different forms, including the re-positioning of the chairman in a figure-head role and appointing a professional manager to be Chief Executive and make objective business decisions. Another possibility might have been to re-train the strategic-apex personnel in management, negotiation, personnel and personal skills. This would have the aim of eliminating aggressive mismanagement by putting the business in the hands someone who was not too emotionally charged. Such an appointee would have to be given real power to make decisions, however. Handy claims that a power culture can be best for dealing with problems in a time of crisis (Handy: 184), but it requires that those who have influence are competent. Although the first chairman/principal had presided over the educational foundation during its period of growth, he was negligent in failing to take steps to prevent its decline. He was also aged and in failing health. His successor, the first chairman/principal's son, was too inexperienced and too aggressive to manage the business and had no proper management training or background in education. This was the root cause of the power-coercive ethos used by management at EGG.

7.1.1.3 Undertake a Mutual Management-Union Training Programme.

The members of the union executive were experienced negotiators, but also untrained in the art of negotiation. The insights learned from examining different negotiating theories and tactics in a course of study could have been very beneficial. If EGG's union and management negotiators had sincerely had a desire and made an effort to improve the quality of negotiations, better communications may have resulted and conflict might have been reduced. The overall goal should be to adopt a win-win negotiating culture that would foster trust and a collaborative relationship, leading to positive involvement by the entire organisation in reform and innovation. To be clear though, it requires both parties to want to engage sincerely in such an initiative.

7.1.2 Diversify by Opening a University, Not Another Vocational College.

EGG Foundation's plan for diversification resulted in the opening of a new vocational college in the area of care and welfare of the elderly and/or mentally/physically challenged. There were several possible reasons for this choice. Firstly, welfare was and still is a growth area in Japan. This is true in the sense that Japan has a rapidly ageing population. Unfortunately, in education business terms, this was a saturated market. Ultimately, the care and welfare college closed only 25 years after it opened. While it is impossible to say to what degree the failure of the care and welfare college to grow robustly was due to the negative outward communication caused by the EGG labour dispute, that dispute ended in 2002. It is most likely that the failure was due to the fact that there were already a lot of other vocational colleges competing for business in this sector.

The sensible course of action in terms of diversification would have been to develop the existing language education business by creating a university. This has been the strategy followed by many other educational

foundations, but with varying levels of success due to many different factors. Developing into a university is, by itself, no guarantee of success, but the advantages of institutional prestige and the employability of graduates that a university has, does help organisations that have them over those that do not. Having a university can also be an asset to an educational foundation if students do not have a clear idea of their career direction. Many educational foundations are comprised of three or four different kinds or levels of educational institution. Typically, in these organisations, vocational colleges and junior colleges feed the students that have no clear sense of career direction or who have not secured employment upon graduation, into the foundation's university.

The increased accountability to administrative authorities would only appear to be a major disincentive if an organisation wanted to use its income in ways not permitted for universities by supervisory bodies. On the other hand, there are further advantages in developing a university out of a college. These include the opportunity to use some of the employees from the existing business for the new venture, who can be selected on the basis of proven experience and competence in 'an asset-led approach' (Woods 1996/1998: 35). It also provides an opportunity to transfer valuable employees rather than lay them off if the existing business continues to decline and also lessens the likelihood of conflict that dismissals might bring. There would also be an opportunity to cut costs by negotiating new working conditions and salaries.

7.2 Secondary Measures

The first two secondary measures might also be viewed as macro-level reforms, while the third is a collection of micro-level ideas, but all three are secondary in that they require the fundamental improvements proposed above to have taken place if they are to stand a good chance of providing useful change.

7.2.1 Develop Multiple Ideas to Bring About Innovation

An English for Specific Purposes (ESP) initiative undertaken in 1994-1995 provided only cosmetic change and did nothing to improve the business competitiveness of the foundation in any meaningful way. Apart from the power-coercive manner in which it was conducted, there were three other fundamental problems. Firstly, it was developed as a single strategy rather than one of many which, as Pilditch suggests, might not be the best approach (Woods 1999: 29). Secondly, the fact that ESP was chosen as a strategy to pursue was a questionable decision, since it was difficult to market. As a vocational college with courses for students with a variety of career goals, it would be natural for clients or their sponsors to assume that the English courses were already vocationally-specific. In reality, most of the English taught was not specific to a chosen field; the classes taught in Japanese were usually those that provided the vocational training. Marketing the proposal 'Come to our vocational college; its courses are now vocationally-orientated', begs the question 'Weren't they before?' Thirdly, it is also questionable as to whether the 'change agents' (Woods 1999: 27) were being objective in their proposal that ESP should form the foundation for innovation. The principal change agents, an ADC and a DAD, supported by the EDD, who had secured their appointment in those positions, were closely involved in marketing a British university's ESP-centred, distance programme's Japanese operations. They had a vested interest in ESP being chosen at EGG and used the subsequent development work as a year-long research project before resigning from EGG in 1995, leaving a folder of pages listing the names of new courses and subjects, but nothing else.

Because of the manner of their appointment and their 'mechanistic' leadership style (Markee cited in Woods 1999: 11), widespread distrust of the change agents developed. Many teachers did not feel they had a 'stake in the

innovation' (Woods 1999: 27) and the project failed to 'reach critical mass' (ibid). This contrasts starkly with curriculum reform at the closest competitor institution, which relied on hiring 'expert power' (Handy: 130-1) in the form of two famous EFL authors, with its apparent advantages over coercive power.

There were other courses and programmes that were small and relatively successful. In particular, the Intensive English Studies and Preparation for Study Abroad programmes had developed good reputations for providing high quality education that fitted students' needs. These should have been given equal attention and encouraged to develop. Another one of the 'ten principles underpinning innovative organisational cultures' (Woods 1999: 26-9) that was missing with regards these other courses, was in the area of 'firm future focus' (ibid). There was an 'emphasis on short-term profit' (ibid) and it was the management's view was that these courses were 'pets' (Impey and Underhill: 26-7). Although these courses were profitable, management believed that each course had to have a teacher-student ratio consistent with the other 'cash-cow' courses at EGG. This damaged these potential 'star' (ibid) courses, because their successful results were largely due to their selective enrolment procedures.

7.2.2 Re-open and Expand the Night School

EGG was a daytime college, but there had been a small, night school in existence at EGG for many years, catering to customers who were already working and offering them mostly general English 'conversation' classes. This had been closed in 1993 by the chairman/principal's son, in his translated words, 'because of the competitive difficulties including its poor location' following the onset of recession in the early 1990s. While it is true that the Night School was largely moribund at this time, the claim that it was poorly located was received with incredulity by many teachers, as EGG is located in one of the busiest areas for business and commerce in Tokyo, and it is five minutes' walk from one of the world's busiest railway stations.

An effort to re-open the Night School offering a variety of different classes would have cost relatively little as it would be utilising classrooms that would otherwise be dark. The Night School would offer a chance to re-assign employees and reduce redundancy. It would broaden the customer base and allow further diversification such as refresher, license or qualification-based courses and such innovation might bring added prestige to the foundation. The biggest challenges would be to research customer needs and to market the courses effectively. Alternatively, as Impey and Underhill (28) suggest, letting the competition in might have been a good way to proceed. A competitor 'conversation school' could have been approached to do the marketing audit for the Night School's classes or, alternatively, to manage and operate classes using the EGG buildings and staff.

7.2.3 Various Other Micro Strategies That Assist the Macro-level Strategy

There are numerous other ideas, many suggested by EGG union members before the labour dispute erupted, that could have been tried and which could have assisted the overall goal of positive innovation. There are too many to examine each individually in detail. These ideas do not neatly fit into one area, but rather overlap in terms of their rationale and perceived benefits into multiple areas, so they have been grouped here together, in no particular order, except the first, which is basically all that exists at EGG now. It is also noticeable that many of these ideas have since found their way into universities since the EGG labour dispute.

- ❖ Expand the Japanese courses and market these to non-Japanese Asians interested in later studying at college or university level in Japan or working in Japan or abroad using Japanese.

- ❖ Divert some of some teachers' teaching hours into work on reforming the curriculum or assisting coordinators to create class content.
- ❖ Use new recruiting methods, such as re-assigning some teachers to assisting the PR Division in recruiting by going to meet potential students in their high schools.
- ❖ Use other recruiting methods that were fast developing in the 1990s, such as the Internet.
- ❖ Offer and advertise smaller, but still profitable teacher-student class ratios
- ❖ Offer courses in other languages in which general interest was growing. For example, Chinese, Korean, Spanish and Portuguese.
- ❖ Offer unpaid sabbatical leave for teachers to take professional development courses in order to allow them to qualify to teach in Japanese universities.
- ❖ Improve employee performance through improved communications and morale by replacing some or all of the existing middle managers with trained professional managers.
- ❖ Introduce elective courses and a course-based system of student credits, to encourage students to build more individually-oriented patterns of learning and encourage them to take more classes to earn more credits.
- ❖ Offer teachers the chance to design their own elective courses based on their areas of interest or expertise, or their knowledge of students' wants.
- ❖ Conduct regular questionnaires or surveys of existing students to assess wants, needs, satisfaction and dissatisfaction.
- ❖ Work more closely with graduates' potential employers to improve knowledge of their on-going needs.
- ❖ Start a system of graduation certification which would more clearly differentiate between students based on their performance and attainment and thereby assists graduates who have performed well.
- ❖ Introduce courses which would cater to students' recreational needs for English rather than just their academic or occupational needs.
- ❖ Publicise to high schools, the end of hostile labour relations and the beginning of a new era that has, as its emphasis, the building of a collaborative working environment.
- ❖ Solicit bottom-up involvement in the process of innovation and which would feature lateral as well as vertical communication.
- ❖ Improve knowledge about who was who amongst all personnel in the foundation.
- ❖ Encourage greater visibility of upper management amongst the operating core personnel by regular visits to faculty rooms.
- ❖ Improve communications by encouraging both managers and teachers to take subsidised or free classes in either English or Japanese.

8. Conclusion

Much of this paper has been written with the considerable benefit of hindsight in identifying the problems at EGG. Much of what has been proposed as solutions to the problems cannot come as much surprise, as they are consistent with the proven practices suggested in the published literature on the best ways of avoiding conflict and implementing change. The degree to which any of these measures would have been successful if they had been implemented in a timely manner can never be known, but in the light of the contrasting success at EGG's main competitors over the

same time period, it is highly unlikely that the state of the business that resulted at EGG could have been worse than it is now. In fact, the opposite is likely to be true and that EGG Foundation would be in a much more robust condition than the shadow of its former self that it is today. Unfortunately, it appears that EGG maintains its family-based management structure with the same mindset, and there is evidence that labour management relations are still adversarial, with industrial action leaflets available online from other unionised teachers who have come to EGG after the end of the EGG-TU labour disputes of the 1990s-2000s.

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