

POST DISASTER ENVIRONMENT MANAGEMENT PRACTICES (EMP) ON ENERGY CONSERVATION
(A CASE STUDY OF JAPAN STAY SAKURA HOTEL, TOKYO)

LEE LIAN KIM

UNIVERSITI SAINS MALAYSIA

2012

Acknowledgement

First of all I would like to take this opportunity to thank my supervisor Dr. Siti Nabiha for her guidance, time and endless support. Her willingness to lead me to the correct path contributed tremendously in finishing this dissertation. I had gone through various challenges before completing this dissertation.

Secondly I would like to extend my gratitude to my family members for their understanding and support during this challenging time. They allow me to travel to Japan just months after the nuclear crisis in Japan, this has enabled me to collect the current and latest available data.

Lastly I would like to thank the interviewees for their time and support in providing numerous data. I am grateful that this valuable data helped me to complete my dissertation.

Table of Contents

	Pages
Acknowledgements	i
Table Of Contents	ii
List of Tables	vii
List of Figure	xi
Abstrak	x
Abstract	xi
Chapter 1	
Introduction	1
1.0 Background of the study	1
1.1 Problem Statement	2
1.2 Research Objectives	4
1.3 Research Questions	4
1.4 Case Issue	4
1.5 Significant of the Study	5
Chapter 2	
Literature Review	6
2.0 Introduction	6
2.1 Introduction of EMP	6
2.2 Case Study of other industry	7
2.3 Case Study of Japan EMP	9
2.4 Hospitality industry's future prospective – regarding EMP	9

Chapter 3

Country Profile	12
3.0 History	12
3.1 Geography	12
3.2 Political	13
3.3 Economy	14
3.4 Social	16
3.4.1 Culture	17
3.4.2 Business Culture	18
3.4.3 Corporate Culture	19
3.5 Technologies	20
3.6 Environment	22
3.6.1 Internal effort	24
3.6.2 External effort	26
3.7 Legal	27
3.8 Conclusion	28

Chapter 4

Industries Analysis	29
4.0 Tourism and Hospitality Industry	29
4.1 Tourism Industry	29
4.1.1 Past data tourist arrival	29
4.1.2 International tourist arrival	30
4.1.3 Comparing tourist arrival in the past	30

4.1.4	Purpose of entry to Japan	31
4.1.5	Expenditure of visitors	32
4.1.6	Tourist in Tokyo by nationality	33
4.1.7	Purpose of entry to Tokyo	34
4.1.8	Expenditure of visitors in Tokyo	35
4.2	Hospitality Industry	36
4.2.1	Introduction	36
4.2.2	Number of hotels (western and traditional)	38
4.2.3	Number of hotels in Kanto Prefectures	39
4.2.4	Type of accommodation in Japan	40
4.2.5	Period of residing in Japan	41
4.2.6	Expenditure on accommodation in Japan	42
4.2.7	Hotel's occupancy rate in Japan	43
4.2.8	Type of accommodation in Tokyo	44
4.2.9	Period of residing in Tokyo	45
4.2.10	Expenditure on accommodation in Tokyo	46
4.2.11	Case Study on hotels in Tokyo	47
4.2.12	Satisfaction level of Ryokan lodging	48
Chapter 5		
	Research Method	50
5.0	Type of research	50
5.1	Data collection	50
5.2	Data linkages	52
5.3	Tools for analysis	52

5.4	Data Analysis	53
Chapter 6		
	Case Write Up	54
6.0	Introduction	54
6.1	Company background of Japan Land Corporation	54
6.1.1	Philosophy and mottoes	55
6.1.2	Organization Structure for Japan Land Corporation	56
6.2	Company background of Japan Relocation Co., Ltd	57
6.2.1	Organization Structure of Japan Relocation	58
6.2.2	Major businesses	59
6.2.3	Number of employees	62
6.2.4	Business Performance	62
6.3	Japan Stay Sakura Hotel	64
6.3.1	Organization Chart of Japan Stay Sakura	64
6.4	Customers	65
6.5	Competitors	66
6.6	Environment History in Japan	68
6.6.1	Energy conservation in Japan	70
6.7	Pre disaster Japan Stay Sakura EMP	71
6.8	The Tsunami and Nuclear Crisis	74
6.9	Post Disaster Environment Policy	77
6.9.1	Impact on Japan Stay Sakura	78
6.9.2	Energy conservation	79
6.10	Future Strategy and Direction	82

6.11	Conclusion	83
Chapter 7		
	Case Analysis	85
7.0	Introduction	85
7.1	Analyse on the company late involvement in EMP	85
7.2	SWOT Analysis	87
7.2.1	Strengths of the company	87
7.2.2	Weaknesses of the company	88
7.2.3	Opportunities of the company	89
7.2.4	Threats of the company	89
7.3	Comparing against the Best Environment Practises	90
7.3.1	General Action	90
7.3.2	Room Services and Accommodation	94
7.3.3	Administration	96
7.4	Summary of benchmarking	98
Chapter 8		
	Recommendation and Conclusion	100
8.0	Recommendation	100
8.1	Short term	100
8.2	Long term	101
8.3	Overall EMP improvement	103
8.4	Conclusion	105

List of Tables

		Pages
Table 1	Comparing the visitors on different purpose for the year of 2010 and 2011	31
Table 2	The purpose of the trip by international visitors during 2011	32
Table 3	Average expenditure per purchase of different period in Japan 2011	33
Table 4	Number of nationality visited Tokyo during 2011	34
Table 5	Purpose of the trip visitors travel to Tokyo in 2011	35
Table 6	Average expenditure per purchase in Tokyo during 2011	36
Table 7	Numbers of hotels and ryokan in Japan	39
Table 8	Number of hotels in Kanto prefecture	40
Table 9	Accommodation of visitors during 2011	41
Table 10	Length of stay by visitors in Japan for 2011	42
Table 11	Trip expenditure on accommodation per person in Japan for the period of 2011	43
Table 12	Type of accommodation of various nations in Tokyo city for 2011	45
Table 13	Length of Stay of visitors in Tokyo 2011	46
Table 14	Trip expenditure on accommodation per person in Tokyo for the period of 2011	47
Table 15	KPIs for full service hotels / resorts in major market	48
Table 16	Satisfaction rating of staying in Japanese style inn during 2011	49
Table 17	Data Source, Methods and Justifications	52
Table 18	Tankan Summary Report in June 2011	78
Table 19	General - Monitor regular energy consumption checklist	91

Table 20	General - Improve the lighting system checklist	91
Table 21	General - Reduce Energy Consumption checklist	93
Table 22	General - Minimise energy losses checklist	94
Table 23	General - Recover energy checklist	94
Table 24	Room service, accommodation checklist	96
Table 25	Administration checklist	97
Table 26	Benchmarking Summaries	98

List of Figures

		Pages
Figure 1	Travel Styles Envisioned in Next Decade	10
Figure 2	Eastern Crushing Disposal Facility: Flow Diagram	24
Figure 3	International Tourist Arrival, monthly evolution in percentage	30
Figure 4	The Structure of the Hospitality Industry, 2001	37
Figure 5	Trends in the hotel occupancy rate nationwide in Japan	44
Figure 6	Organization Structure of Japan Land Corporation	56
Figure 7	Organization Structure of Japan Relocation	58
Figure 8	Japan Relocation Consolidated Sales	63
Figure 9	Number of Japan Stay Guestrooms	63
Figure 10	Organization Chart of Japan Stay Sakura	64
Figure 11	Numbers of hotel and ryokan, lodging facilities and rooms in Japan	67
Figure 12	Hotel Categories in Japan	68

Abstrak

Amalan Pengurusan Persekitaran telah menjadi satu amalan penting dalam organisasi hari ini. Kebanyakan organisasi memulakan amalan ini untuk menjimatkan kos, meningkatkan reputasi, atas kehendak kerajaan and sebagainya. Kesedaran tentang alam persekitaran boleh didapati dengan mudah melalui internet akan tetapi amalan ini masih lemah diamalkan di kebanyakan negara. Malapetaka baru-baru ini di Jepun (11 Mac 2011) telah menjejaskan bekalan elektrik di bahagian utara dan timur Jepun. Ini disebabkan oleh kegagalan reaktor nuklear dalam loji nuklear Fukushima Daiichi. Kajian ini menumpukan perhatian pada Japan Stay Sakura hotel, sebuah hotel yang menjalankan perniagaan rantai tempatan di Tokyo, Jepun atas pengurusan alam sekitar selepas bencana alam. Ia bertumpu pada peraturan dan pengawalan atas pemuliharaan tenaga bermula pada musim panas 2011 yang dilaksanakan oleh kerajaan Jepun. Kertas ini bertujuan melihat cara-cara dilaksanakan oleh syarikat ini dalam pemuliharaan tenaga disebabkan bencana. Peperiksaan akan dijalankan untuk mengenalpasti amalan semasa berbanding dengan amalan yang terbaik terdapat di industri perhotelan atas pemuliharaan tenaga. Fokus cadangan–cadangan adalah untuk meningkatkan amalan sekarang.

Abstract

EMP has become an important practice in organizations today. More organization start to practice to save cost, improve reputation, required by government and so on. Hence, awareness of environment is easily available through the internet, but this practises is still weak in most countries. The recent major disaster in Japan (11 March 2011) has affected the power supply in north and east of Japan. This is due to the failure of nuclear reactor in Fukushima Daiichi nuclear plant. This study focuses on Japan Stay Sakura a local chain hotel in Tokyo, Japan on their post disaster environment management practises. It concentrates rules and regulations on energy conservation implemented by the Japanese government which took effect on summer 2011. This paper look at ways the company could improve in energy conservation due to the disaster. An examination was carried out to identify the current practices against the best practices available for hotel industry on energy conservation. Recommendations focus on ways to improve from their currently practices.

Chapter 1

Introduction

1.0 Background of the study

Environment Management Practices (EMP) started in United State since 1980s. By 1990s more organization started to adopt this practice. Hospitality industry was not left behind, as the growing concern on environment in the country. Besides that, changes took place due to government regulations, customer's demand, non-government organization, international organization and professional associations. In some parts of the world, especially in advanced countries, government would take the initiative play an active big role dealing with EMP (Mensha, 2004). Countries like Europe, North America, New Zealand and Australia, government implement heavy penalties to hotels which do not comply with issued rules and regulations.

According to The Australian Government's principle business resource, EMP is important, as it will provide lots of future benefits for a company. Companies that are able to comply with rules and regulation in regards to their environment can lead to increase in businesses, environment friendly and save costs. Besides that, it could also improve financial performance and financial reputation (business.gov.au website).

Attitude adopted towards Environmental Practice is still weak in many countries. Currently non-government organization is pushing hard on every organization in order to keep the environment in certain condition. EMP has been widely adopted by organization in developed countries. Asia on the other hand, is too following their footsteps but is nevertheless still faced the lack of awareness.

ISO 14001 was first developed in order to cater for the manufacturing industry but was later adopted by hospitality industry as well. ISO 14001 intends to standardize environmental management practices, audits, performance evaluation, labeling and life cycle assessments practices around the world. Green Remediation can be defined as the practice of considering all environmental effects of remedy implementation and incorporation options to maximize net environmental benefits in order to clean up actions as defined by US Environmental Protection Agency, 2008.

Pollution in hospitality industry is somehow less impact to the environment should it be compared to the manufacturing industry. Hence, this industry ought to take part too in EMP efforts in order to save cost and enhance reputation. Besides that, it will also be able to attract customers who care for the environment. This effort to save mother earth has been spreading steadily and widely due to social media, i.e. use of internet. Japanese are keen on environment practices due to the history of pollution that has causes health hazard around their country.

The recent major disaster on March 2011 has raised concern in regards to radiation exposure due to failure of the nuclear reactors. Many protested to stop nuclear plant operation in their countries. By shutting down all the nuclear plants (which generated 30% of energy in Japan, before a new renewable energy is in place) the country run into a risk of major power failure (blackout). In a major city, the blackout can cause up to billions of unpredicted losses. As Japan is a developed country in Asia, this study aims to learn from them in regards to how they cope with environmental issues.

1.1 Problem Statement

Hotels are important sectors of the tourism industry. Hotel size is an element that may impact on environment issues and currently hotel industry is under pressure to adopt environment management practices. This adoption can reduce the negative impact of environment towards the local communities (Mensha, 2004). According to the survey conducted by International Hotels Environment Initiative (IHEI) ninety percent of hotels customers preferred to stay in hotel which practices environment management.

Recent 11 March 2011 disaster, along with earthquakes, tsunamis and Fukushima nuclear crisis somehow left a deep impact on the people living in Japan. The Japanese government encourages residents in Tokyo and Tohoku area to conserve energy especially during the summer that started off in 1 July to 22 September 2011. This new ruling involves every single citizen in Japan—including staffs and management of Japan Stay Sakura Hotel, a local Japanese chain hotel. There are 15 hotels currently in Tokyo city which operates under the brand name of Japan Stay. The parent company has extended their business throughout Japan. They started operation a few decades ago and have now owned a huge range of business.

This is a very big challenge for every organization to reduce energy consumption especially during summer time. To ensure the energy supply is enough and sustainable, every individual in the organization have to participate actively. As Japan is an active country which implements green initiatives, investigation will be carried on Japan Stay Sakura's EMP which contributes to the sustainable operation in their business during the summer of 2011.

This study will discuss in regards to the impact of the disaster and Japanese government policy in order to cope with the situation. On top of that, investigation will be carried out before

and after the disaster initiative on energy conservation in Japan Stay Sakura hotel. This study aims to understand energy conservation plans implemented after the disaster to conserve energy.

1.2 Research Objectives

There are three objectives to accomplish in this study. It begins with the objective by understanding the EMP in Japan Stay Sakura, Tokyo, Japan. This is to know their EMP initiative in the company. Besides knowing all their EMP, further investigation will be conducted on their EMP in energy conservation before the March 2011 disaster. The tsunami after the earthquake has led to nuclear power crisis in Japan; a 15% energy saving policy was imposed onto Tohoku and Tokyo city during the summer. As the hotel located in Tokyo, investigation commence by learning how the company practices their EMP in energy conservation in a distinct manner after the disaster which is caused by power failure in Fukushima Daiichi Nuclear plant.

1.3 Research Questions

In order to answer the research objectives which are set above, the following questions has to be answered,

- 1) What are the EMP before the disaster in Japan Stay Sakura hotel ?
- 2) What are the practices after the recent disaster ?
- 3) Any guideline or rules and regulation impose by government to implement EMP in energy conservation ?
- 4) How the company respond to future changes in government rules and regulation ?

1.4 Case Issue

There are few issues of focus on this case study. It started by identifying the company's EMP and then it shifts to their energy conservation practices. After the disaster, government of Japan imposed a new rules and regulation on energy conservation. In this case study, it will evaluate the company's energy conservation efforts after the implementation of new rules and regulations. The focus will then be on the comparison of energy conservation practices against the best energy conservation for the hospitality industry.

1.5 Significance of study

Environmental Management Practice is no longer a current issue in Western countries, but it is still relatively new in most part of Asia. This study will help to understand more deeply about EMP in energy conservation in hospitality industry. The recent major disaster has destroyed a few nuclear reactors in North Japan – which will inadvertently affect power supply in a long run. This study aims to learn from the company in regards to how to handle energy consumption due to the shortage in supply.

This study is essential as the nuclear crisis is still relatively new, i.e. it has not yet reached its full maturity stage; only a beginning stage. During the nuclear plant's closure, it is predicted that most major cities will face shortage of energy supply in summer. It is predicted that Osaka, Kyoto and Kobe will face energy shortage of 20% in this coming July when the summer started (The Star, newspaper). These studies will benefits the hotel industry, where useful tips on energy conservation practices can be adopted and implemented.

Chapter 2

Literature Review

2.0 Introduction

In literature review, it will look at definition of environment management practises (EMP), and focus other countries and sectors which practise EMP. It will then study cases in Japan in regards to their early initiative in EMP. Last of all, due to lack of EMP information on hospitality industry in Japan, the focus will be on future prospects on EMP in this industry.

2.1 Introduction of EMP

Environmental Management practice can be defined as ‘creating a harmony among living and non-living things’ (Roger, 2009). In layman terms, every individual have to participate in going green processes. Should the environment be ignored, many grave consequences will arise in future. Pollution is the main problem in many countries today. This problem arises due to the flaws in human nature, i.e. greed, corruption and apathetic stance towards Mother Nature.

Practices of environmental management in organization must be implanted and be put in practice as soon as possible – and not just for the sake of rules and regulation. According to Jahi, Arifin, Aiyub, and Awang (2009), it is essential for an integrated Environmental Management System (EMS) through legislative and non-legislative. Besides that, knowledge like training should be given and guidelines should be set in place. Absence of such knowledge and coordination will risk human security especially health.

According to U.S Environment Protection Agency, EMS is a set of flow for effective operations and environment friendly. It started off with plan, do, check and act, so that this practises is frequent in control. This is known as a basic EMS system, another is under ISO14001 which are more complex with the aim of continues improvement.

In current corporate culture, Zain, Ishak and Ghani, (2009) mentioned that is important to have teamwork, communication, reward and recognition, and training and development. Good practice in regards to the perseverance of the environment should be rewarded amply. Many companies encourage their employees to take part in training, i.e. indoor and outdoor activities in order to enhance additional knowledge in EMP.

The best practice in EMP is Life Cycle Assessment (LCA) which is the use to determine most environmental friendly system. LCA is a method to evaluate environmental issue regarding product and processes of how material use and waste is released to the environment (Salem and Lettieri, 2009). According to ISO 14040, LCA consists of four phases which has to be completed in a string of sequences provided.

To sustain a business today, Yilmaz, (2008) recommended companies to implement a sustainable business management system which include social, environmental, economy and business risk. Hotels that practice resources management in energy and water are able to sustain long-term tourist attraction (Trung and Kumar, 2005). Besides that, for the purpose of marketing strategies to promote your business better than your competitor.

Tourism industry is the reason why hotels today engage with EMP. As for government tourism industry is a big contributor to GDP. According to Tsonis, Cheuk, Phang and Razli, (2009) tourism development is not only important for its country and its people -- and not only to tourists.

2.2 Case Study of other industry

EMP is not a new practice in terms of international standards, so investigation on what others have been doing so far is essential for a better comparison with current practises adopted in Japan. This is because different countries have different set or rules and regulation on EMP.

In the past, aviation industry always associated with sound pollution. As economies thrives and evolve, air transportation becomes essential to business and tourism. Their purpose was not only to meet customers' demands but also result in economy growth, social development and environmental responsibility. In recent years, pollution of noise and emission has gone down due to the progress of technology. Then there is also development in technology to save fuel consumption (Yilmaz, 2008). In Malaysia, Malaysia Airport Holding Berhad (MAHB) is operating with efficient, safety and security and to fulfil environmental requirement (Zain, Ishak and Ghani, 2009).

A case study was conducted in Kuwait about Municipal Solid Waste Management. The lack of knowledge from the public on environmental practice lead has them to increase land for disposal of solid waste. Kuwait environmental Public Authority a government body set up during 2001 to monitor and set rules for environment issue. This is to curb the increase in urban population where 98% of the populations live in the Metropolitan (Salem and Lettieri, 2009).

Next is a case study of climate change in Turkey. The studies found that most company that took climate change issue carefully is multinational companies. Besides that, companies like petroleum, gas, automotive and energy are more sensitive towards climate change. To avoid huge climate changes in future, United Nation started various activities since 1988. In Asia-

Pacific region, countries like China, India, Japan, South Korea, Australia and New Zealand also pledge their support in reducing emission (Kaya, 2008).

As total population increase in Turkey where resident from rural are migrating to urban areas are due to the working opportunities in the industrial. The government participated in Kyoto Protocol during 2004 with the purpose to reduce emission (Kaya, 2008). This is somehow similar to Kuwait's case whereby government realizes the important to take some steps before it is too late to reverse pollution. As increase in population, increase in pollution too.

2.3 Case Study of Japan EMP

A case study of Fukuoka city in the early 1990s shows that their waste management started by separating combustible and non-combustible waste. The prefecture together with three smaller cities generated around seven hundred thousand tonne of waste annually. Some portion, which able to recycle were send for recycling then, the rest will go to the landfill. As the country is advance in technology, they do not dump directly onto the landfill. Combustible waste was burn to generate energy. They even sold the electricity generated to local utility company. At the end of the day only 15% when direct to landfill, others is the ashes (National Renewable Energy Labotary, 1993)

2.4 Hospitality industry's future prospective – regarding EMP

In United State water and energy conservation has high priorities in hospitality business, as it will cause unwanted effects onto the environment. Every organization in hospitality industry

is encouraged to participate. On top of that, government wanted a sustainable tourism sector; to achieve the objectives in which Environment Impact Assessment (EIA) has implemented. Many organization has started to practise due to cost saving has been notice upon looking at other organization that already implemented EMP (Mensha, 2004).

In Japan there are numerous accommodation facilities available such as Ryokan (Japanese style inn), hotels, guesthouse, pensions and membership resort club. Ryokan and hotels provide the most accommodation facilities. The accommodation sector had earned 3.33 trillion yen of profits in 2005. Hotels generate thirty percent of the profit. In early 2000s there is a trend of building more hotels in this competitive market. As number of hotel increase it has weaken the Ryokan where the number is decreasing (JETRO, 2007)

Refer to Figure 1 below; this is the chart which shows the future direction of the tourists in Japan. It concentrates on baby boomers where most will retire and plan for their tour around the country. Majority of them preferred to go to places that have good environment. It focuses on clean places, hygienic food and concern of the natural habitat of a place.

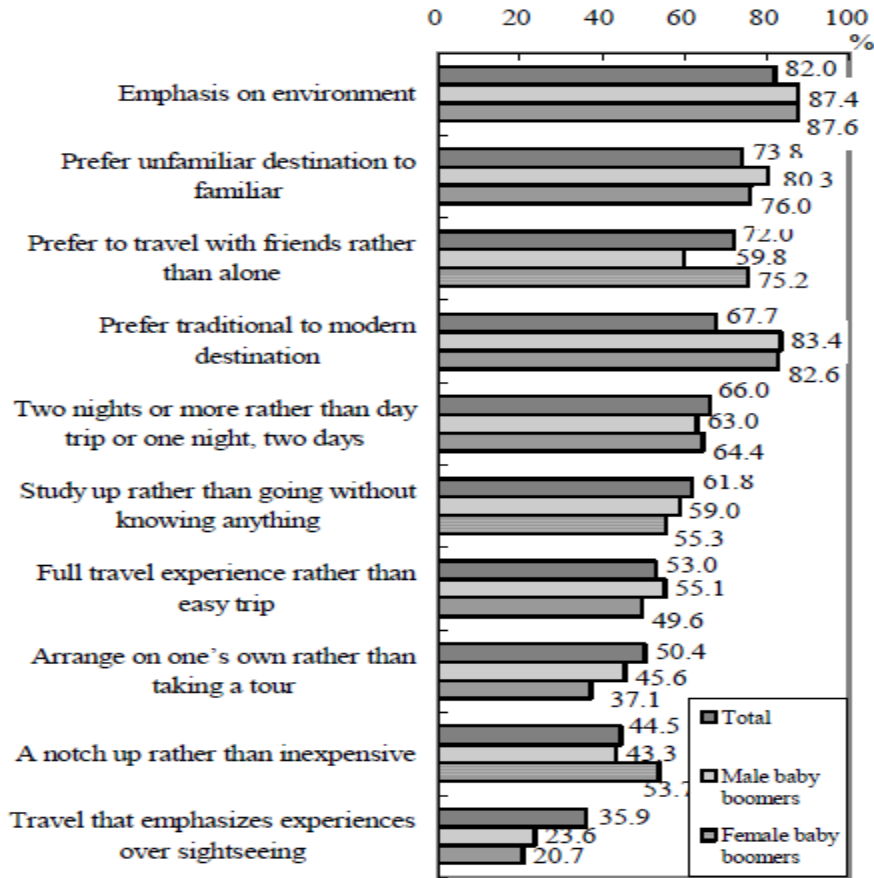


Figure 1 Travel Styles Envisioned in Next Decade

Source: Japan Productivity Center for Social-Economic Development (2007)

As the hospitality industry's market haven't reach its maturity, where international hotel chain still find new location for their construction. There is no rating or benchmark system on hotels in Japan. (Kazuya, H., 2012). Every hotel is rated from one star to five stars, but not in regards to quality services or going green practises. Normally tourists will choose their hotel by the brand or solely by the price.

Environment Ministry in Japan has a target that half of the company listed in stock exchange and business that have more than 500 employees to prepare environment reporting. This reporting will be published to the public on the company effort towards environment. Their

aim is to form a sustainable society and a better future for the country (Environment Reporting Guidelines, 2004). As Japan Stay Sakura hotel only have around 200 employees, the company does not prepare or publish the environment report.

Chapter 3

Country Profile

3.0 History

Based on the traditional legend, Japan was found by Emperor Jimmu in 600BC. The royal family continues to rule until today. Emperor is their nominal ruler but the actual power was held by military governors or better known as the “shogun”. Civil wars lasted for decade before the Tokugawa shogunate period whereby the shogun stabilized the politics and the country flourish for two centuries. Japan’s first contact with westerners is during 1542, due to the landing of Portuguese ship, and later Spanish, Dutch and English. Tokugawa shogunates suspect the Portuguese people for spreading Christianity and for supporting Japanese revolt. Hence, Japan decided to halt such practices by prohibiting trade (with foreign countries) for 200 years. In 1854, Japan finally re-opens their port again to the United States after signing the Treaty of Kanagawa (Flath. D, 2005).

Modernization and industrialization of Japan took place by the end of 19th century and in the early 20th century; Japan became a regional power which are able to defeat China and Russia, and occupied Korea and Manchuria. During WWII, Japan lost the war, but soon manages to recover and become an economic power with alliance to US. Emperor retains its throne but his decision making is put on hold by elected politician. Economy growth continues for the last three decades until 1990s when it start to slow down (CIA Factbook, 2011).

3.1 Geography

Japan is located in Eastern Asia, a chain of island between the North Pacific Ocean and the Sea of Japan, east of the Korean Peninsula. It consists of four main islands. The following are Honshu, Hokkaido, Kyushu and Shikoku. Japanese climates vary from tropical in the south to four seasons in the north. There are no natural resource that produces energy located in this country and only a small amount of other natural resources. This is indeed true when their top import consists of coal, natural gas and oil. Natural hazards are common in Japan. Earthquakes are frequent, is sometimes associated with tsunamis. Besides that, Japan is occasionally hit by typhoons. On top of that, there are a number of dormant but a few of still active volcanoes which is located in this country, such as Asama, Aso, Bandai, Fuji and others (CIA Factbook, 2011).

3.2 Political

The country has a parliamentary government with constitutional monarchy. Their administrative is divided into 47 prefectures which consist of Aochi, Akita, Aomori, Chiba, Ehime, Fukui, Fukuoka, Fukushima, Gifu, Gunma, Hiroshima, Hokkaido, Hyogo, Ibaraki, Ishikawa, Iwate, Kagawa, Kagoshima, Kanagawa, Kochi, Kumamoto, Kyoto, Mie, Miyagi, Miyazaki, Nagano, Nagasaki, Nara, Niigata, Oita, Okayama, Okinawa, Osaka, Saga, Saitama, Shiga, Shimane, Shizuoka, Tochigi, Tokushima, Tokyo, Tottori, Toyama, Wakayama, Yamagata, Yamaguchi and Yamanashi. Meiji Constitution amended and updated Constitutional was form on 3 May 1947. Japan's legal system is based on civil law system (German Model), also influence from Anglo-American and Japanese traditions (CIA Factbook, 2011).

Emperor Akihito was the Chief of State since 1989 while the Prime Minister is the Head

of Government and has the right to appoint the cabinet. Legislative branch in Japan is referred to Diet or Kokkai. House of Councillors or Sangi-in and House of Representative or Shugi-in is the foundation of Diet. House of Councillors or Sangi-in has a total of 242 seats where members are elected for fixed six-year terms and half reelected every three years. There have 146 members in multi-seat constituencies and 96 by proportional representation. House of Representative or Shugi-in offer 480 seats where members are elected for maximum of four year terms, 300 in single seat constituencies and 180 members by proportional representation in 11 regional bloc. The prime minister not only has the right to dissolve cabinet but also House of Representative, this will happen at the same time (CIA Factbook, 2011).

In Judicial branch, they have Supreme Court. The Monarch will appoint the Chief Justice upon designation of the cabinet, the cabinet in turn will appoint all other justices. There are few political parties in Japan. Currently they are Democratic Party of Japan DPJ, Japan Communist Party or JCP, Liberal Democratic Party or LDP, New Komeito or NK, People's New Party pr PNP, Social Democratic Party or SDP and Your Party or YP (CIA Factbook, 2011).

There are a lot of changes in Prime Minister's position (in the last decade) to bring the about the country's economy back on track. Their current Prime Minister is Yoshihiko Noda elected and appointed on 30 August 2011. He is the sixth Prime Minister in five years appointed with the aim to recover weak economy, mounting debt, recovery from earthquake, tsunami and nuclear disaster (CIA Factbook, 2011).

3.3 Economy

Government has the initiative to develop the country economy after World War II. Their

first step was to disseminate Zaibatsu a family own conglomerate where they have super power to control the country economy. Subsequence other sectors start to reform as well such as land, labor laws and education. Government and industry interaction also known as Japan Inc., strong work ethic, technology advance and small allocation for defense enable the country to achieve technologically advanced economy. (CIA Factbook, 2011)

Keiretsu become the foundation of their business bases. It is the interlocking structure of manufacturers, suppliers and distributors which has a bank located in the middle. On top of that, they provide employees with lifetime employment and seniority wage system with the aim to achieve quality workers (Flath. D, 2005).

Industrial sectors heavily depend on imported raw materials and fuels while agriculture sector highly subsidized and protected by government. Production of rice is self-sufficient; they do import 60% of caloric basic food and catches around 15% of global catch which consider a high percentage. Real economic growth was high for three decade. In 1960s average growth was 10% annually, in 1970s and 1980s an average of 5% and 4% annually. During the 1990s, the average growth drop dramatically to 1.7% annually. This is largely caused by expansionary monetary policy with high stock price and land price lead to bubble economy burst and experience long term recession until 2002 (CIA Factbook, 2011).

China surpasses Japan to become the third largest economy in the world during 2010. Financial sector was not heavily exposing to high mortgage or derivative instruments and recent global credit crunch but mainly due to sharp downturn of business investment and global demand on its exports in 2008 which pushes Japan further into recession. During late 2009 government start to stimulate spending to recover the economy. Another upcoming problem the country is facing is huge government debts that exceed 200% on GDP, persistent deflation, reliance on

exports to drive growth and facing the aging and shrinking population (CIA Factbook, 2011).

The current GDP in Japan is USD34, 000 in year 2010. The share of the GDP as following agriculture sector stand for 1.1%, industry sector represent 23% and services sectors consist of the biggest portion 75.9%. Unemployment rate was moderate at 5.1%. They have 65.7million labor force in the country as at 2010 (CIA Factbook, 2011).

Electricity consumption was 858.5 billion kWh fourth highest in the world. Following the recent natural disaster that destroys the nuclear plant. Electric companies start to cut down their electric supply especially during summer 2011 when the usage is on the peak. Besides that, stock market was badly affected dropped 10% in a single day. Bank of Japan injected 325 billion yen to stabilize the economy, as estimated a direct costs of rebuilding homes and factories (CIA Factbook, 2011).

3.4 Social

Japan has the population of around 130 million people, its rank 10 in the world on the most populated places. (July 2011) The majority of the population falls in the range of 15 to 64 years old which is 64% out of the whole population. People that age more than 65 years old and above consist of 22.9%, a large group compare with people age 14 years old and below where only 13.1%. On the figure above it can be interpreted that population is declining where the population growth rate is -0.278% (2011). This is due to the low birth rate of 7.31 births against 1000 population (2011) with rank of 221 in the world (CIA Factbook, 2011).

Japan has one of the lowest recorded immigration levels, ranks at 90th in the world. On the other life expectancy rate is one of the highest with average of 82.25 years per person and

rank 5th in the world. There are only few ethnic groups in Japan, i.e. Japanese 98.5%, Koreans 0.5%, Chinese 0.4% and others 0.6%. During the 1990s, about 230,000 Brazilians of Japanese origins come back to work in Japan but later in 2004 return to Brazil. On reintegration, the majority practice Shintoism and Buddhism with respective percentage of 83.9% and 71.4%, Christianity only make up of 2% and others stand slightly more at 7.8%. Most of the people practice both religion, Shintoism and Buddhism. Their main language is Japanese. Literacy rate is high where 99% of the whole population is literate (CIA Factbook, 2011).

3.4.1 Culture

Japan has a very unique culture. The foundation of culture came from China started off with Buddhism, Taoism and Confucianism. Upon adaptation of this religion and teaching modification was done to suit the local lifestyle. Taoism was converted to Shintoism in Japan while Confucianism became the basic of code of behavior for samurai (Beasley, 1990).

The society is based on *ie* and *amae* concept, as a fundamental of Japanese Social Organization and human interaction. *Ie* represent house with the foundation of family, family name, fortune and business an entity (Bhappu, 2000). *Amae* represent dependent, where they encourage relationship between, husband and wife, teacher and student, employee and employer and so on. This is to create a society of indebtedness and repay of social debt maybe interpreted as cutting the relationship (Okimoto and Rohlen, 1988).

Decades ago, scholars were very keen to study on how the Japanese corporation planned their management as they are regarded as distinct from other western corporation. Their findings show that corporation and management today has linkages with basic rules of family know as

–ie”. It encourages strong relationship on family members. Zaibatsu a family conglomerate dissolved after the Second World War. Keiretsu was a form of conglomerate but not family own. Regular meetings are still conducted between former Zaibatsu head and its subsidiaries. This is where the idea of Keiretsu came up which lead to the formation. This proves that their strong social capital in the society where government try to destroy but their attempt was fail (Bhappu, 2000).

3.4.2 Business Culture

As explain above Keiretsu is a conglomerate, now understand how it works without a parent company. Cross shareholding is the key to sustain them; companies can be from various sectors form a link with each other with a bank located in the middle. This link enables the companies in different sectors to help each other’s become stronger and famous, beside that it also stabilizes their position (Flath D, 2002).

Another key to successful growing their economy is through Japan Industrial System knows as Japan Inc. not a conglomerate, but cooperation between the private corporations with government. In the view of westerner it’s unfair because the rules of capitalist is government should not involve in corporation but this is how they work to become one of the greatest economies in the world (Abegglen, 2002).

Looking at their corporate culture, it maybe very different too. As we have learn above regarding –ie” and –Amae” of encourage building of relationship, this goes beyond the simple relationship its about the government. They encourage cooperative tie between government, private sector and political world.

To understand further about Japan Inc., first we need to know about amakudari. In direct translation it means that descent from heaven. Ancient people who work for the king will be referred, as working for god this is how the word came to form. As moving up the corporate ladder in government organization it will have fewer positions when one is selected to become the highest ministry position the other colleagues started off in the same position have to resign in order for him to have the most seniority position. Amakudari is a person that will be placed in private organization upon their retirement in government position (Colingnon, 2002). This person has the ability to talk to law makers to make certain amendments when the new ruling does not fit in their company well.

3.4.3 Corporate Culture

In corporate life it has its own unique culture too. Lifetime employment is in practice, where closely link with seniority system. The longer you work for a company you will get more promotion and increment in salary. Unfortunately companies in Japan often offer their positions to male university graduates rather than female graduates. Compare with western companies worker has higher job security which can lead them to higher production level with full commitment only to a single company (Takeda M, 2002). There are pros and cons in this system too where current generation does not appreciate this system as their talent is being jeopardized.

As most companies prefer male graduates, what happens to female graduates. Women perceived by most people willingly leave the work force when they started a family. Most women in Japan will give up their careers to take care their children. Discrimination happens in wages as they earn lower salary with the same job assigned to the male counterparts, will not

likely be promoted to manager level and mostly end up as part time worker with no job security (Wakisaka A, 1997).

They are though to be the most satisfied worker by a survey-conducted shows the other way round (Meek, C.B, 2004). During the 90s when the country's economy is in crisis, employer was forcing their worker to work harder for the company. Japanese are very hardworking society, some work until they die in their work place which known as Karoshi. It's highly debated in the country since 1970s where situation of young people suddenly die while working. Through investigation it's due to over workload and has working for very long hours with insufficient sleep. This process proceeded and repeated until their body cannot take it anymore so it will reflect back with a stroke. Those who hit by stroke will not survive as their body already worn off (Katsua, 1997).

People prefer working as a group rather than individual contribution. This is the main reason they successfully stay as a group to build their nation after the war. In environment too government does not want people to suffer as they care the well being of their citizen despite holding to a strong culture of relationship.

3.5 Technologies

Japan is famous for its technologies. The country adopted its technology transfer more than a century ago. In 1862, bakafu (central military government) started to send 7 students to Netherland for naval training. By 1880's 80 Japanese studying engineering was sent to United Kingdom, United state, France, Germany and Netherlands to learn shipbuilding, mechanics, civil engineering, mining and metallurgy, military and chemistry (Flath. D, 2005).

When they come back most of them work with the government in various departments such as Ministry of Interior, Ministry of Finance, Army, Navy and Ministry of Industry. The main purpose government sends this student abroad is not only for technology transfer but also to replace foreign engineers and managers. Foreign experts are being paid at a very high price, some even get more than the prime minister. This has become a burden to the country during Meiji period (Flath. D, 2005).

There were different types of technological transfer schemes including turn-key contract, management contract, and technical advice. There was virtually no FDI in the Meiji period, whether 100% foreign-invested or joint venture. In Tokyo, Kōbu Daigaku (Technical University) was established in 1877 where foreign professors taught in English and German. Moreover, many technical high schools were created all over the country, producing a large number of middle-level engineers. This no doubt greatly increased the technical absorptive capacity of the country (Flath. D, 2005).

Graduates from Technical University played an instrumental role in selecting and importing new technology. In economic ministries and private firms, they took the initiative in collecting information, purchasing machines, and adjusting them to Japanese requirements. Many US and European products were copy-produced by reverse engineering (no longer applicable today due to agreement under WTO and TRIPS). Trading companies, such as Mitsui Trading and Takada Shokai, provided customers with product information and technical assistance. Later, in the early 20th century, a number of automobile and electrical machinery companies concluded licensing agreements and technical cooperation contracts with Western firms. But the Japanese side quickly absorbed new technology and often dissolved the relation with the Western partner later (Flath. D, 2005).

Currently after years of R&D they are one of the technology advance country, they are huge range of electricity appliance that are cost efficient. Investigation has been conducted while the appliance is running, on sleeping and standby mode, this is the way they manage to calculate electricity consumption and lead to improvement in technologies.

Top Runner standards establish by Minister of Economy, Trade and Industry recommended manufacture but not every product to change their equipment to energy efficient. If the organizations fail to comply the Ministry will publish their name, give recommendation for improvement and have the right to stop their business. Thus, until today no manufacturers fail to comply this practice (Sustainable Electric Study).

3.6 Environment

The first major nuclear crisis was during War World II, the bombing in Hiroshima and Nagasaki cause the death of more than hundred thousand of citizens. In Hiroshima alone, population decrease half after the nuclear attack. Most of them die of radiation those who does not died suffer from certain illness their whole life.

The four major pollutions happen during the peak of the industrialization make the government realizes the important of environment. The diseases are itai itai disease, Minamata disease, Niigata disease and Yokkaichi asthma (Kjellstrom T). Research found that it's cheaper to control the pollution than to treat the cost after damage. Cost to be taken in to account after pollution is health damage, livelihood damage and environment remediation. It may last up to 30 years of annual payment to the victim of pollution (Environmental Management Bureau, Ministry of the Environment, Japan)

Basic Environment Law system was tighten and reorganized in 1993. Restriction of industrial emissions, products, wastes and land utilization, enhancement of energy conservation, promotion of recycling, organize of environmental pollution control programs, relief of victims and provision for sanctions was control by certain rules and regulation.

A survey conducted by Environmental Agency in 1989, two third of the people surveyed show concern on the endangared species, shrinkage of rain forest, expansion of deserts, ozone layer destruction, acid rain, water and air pollution. Another survey conducted in 2007, this time one third of the people believe environment conservation could help the country's economy. There are still a number of people think that the enviroment does not concern with the economy.

In 1994 OECD's publish the first Environment Performance Review report. Improvement has seen in air quality but water quality is still weak as standard not met. Enviromental policy implementation was effective due to strict regulation as reported in 2002 report. Ministry of Environment reported in 2006 that current major issue are global warming, ozone layer perservation, water, soil, waste, recycling and natural environment conservation, chemical substance measures and important of international cooperation.

On 11 March 2011, earthquake with a magnitude of 9.0 hit northeast coast of Honshu Island following a tsunami washing away buildings, infrastructure and thousands of human life as well. Fukushima Daiichi nuclear power plant was also affected and leads to increase in radiation level, mass evacuations and declaration of no-fly zone. Radioactive iodine 131 was later found in water and food that unfit to be consumed by human (CIA Factbook, 2011)

Electric supply in Japan depend much on nuclear power which nuclear plant around the country produce 30% of overall energy. Before the disaster most Japanese support the use of nuclear reactor but after the disaster the opposite happen. Even the former Prime Minister Naoto