

The Yamakawa Kosan Company (A)¹

The Yamakawa Kosan Company, with its head offices located at a small local city in the northern Kyushu, operated five coal mining pits as well as one cement works about six miles from the head office. The capacity of the cement works was 55,000 tons a month. Only 950 out of the total 5,500 employees were working in the cement works, while cement sales amounted to 3.8 billion yen (about 40% of the total sales) compared to 4.4 billion yen (46%) of coal sales.

Company executives were highly satisfied with labor relations in the coal pits, but union relations in the cement works had been considered far from satisfactory ever since 1954, when a merger took place between the Yamakawa Coal Mining Company and the Kosan Cement Company.

Mr. Masakichi Yamakawa, grandfather of the president of the present company, had been one of the earliest pioneers in coal mining in Kyushu, and the Yamakawa family had been regarded as one of the three local "Zaibatsu" in Kyushu.

The Yamakawa Coal Mining Company had been engaged exclusively in coal mining until the year of the merger. The Kosan Cement Company was also started by Mr. Masakichi Yamakawa and his partner in the mid-twenties for limestone mining, and it began manufacturing cement ten years after its inception. In 1954, the capacity of the cement works was 34,000 tons a month, with three rotary kilns.

Mr. Masao Yamakawa, president of the Yamakawa Kosan Company, succeeded his grandfather as president of both companies in 1932, when he was 22 years old. His younger brother later became the "number two" man in the company, with the title of Senior Managing Director. The company was still substantially owned and run by the Yamakawa family and the preservation of family control was considered very important throughout the company.

Labor-Management Relations in the Coal Mines

"We have had very satisfactory union relations, even abnormally good ones, in spite of the fact that our coal seams are of low quality and the wage level of our employees, therefore, is not competitive with the big companies," said Mr. Taro Fujita, director of labor relations of the Yamakawa head office. "The main contributing factor is, I believe, Yamakawa's human approach to labor, which has evolved since the early period of our company's history."

¹This case was prepared by Mr. Hideo Ishida, of the Keio Business School, at Keio University in Tokyo, Japan. Case material of the Keio Business School is prepared as a basis for class discussion. Cases are not designed to illustrate either correct or incorrect handling of administrative problems.