

Inter-firm Cooperation in Response to an Exogenous Shock : The Case of the Mashiko Cluster in Japan

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An exogenous shock which could be in the form of an economic one resulting from major shifts in technology, economic or political regimes, wars, or a natural disaster is certain to produce significant alterations in the structure, organization and relationships among small firms in an industrial district. Prior research shows that small firms' responses to such shocks could be contrasting ; there could be a strengthening of ties or a disarticulation of networks, or the results could be mixed, some firms isolate, some others join together to overcome threat (Schmitz, 1999 ; Vargas, Alievi, 2000, Cimoli, 2000 ; Cassiolato, Lastres, 2000, Rabellotti, 1999 ; Nadvi, 1999).

Through the case of the traditional pottery manufacturing town of Mashiko in the Tochigi prefecture of Japan, my research shows how the Great East Japan earthquake changed the nature of collaboration between the firm owners and other actors in the pottery cluster such as the Mashiko Tourism Association, Mashiko yaki small business co-operative, the co-operative sales center and the Local Chamber of Commerce. Comprising of a culturally homogenous population with ethnic and kinship ties, Mashiko has been characterized by a number of strongly rooted but loosely networked firms. Over the last decade, this district had been facing a slow decline owing to the saturation of traditional demand for pottery, yet no cluster-wide joint action could be instituted.

The earthquake proved to be turning point in the life of the cluster. The common aim of reconstruction led to a sudden surge in joint action in the cluster in the form of formation of NGOs, a voluntary reconstruction center and a host of events and fairs. It helped firms to reach out to new people and to expand and strengthen their network leading to a rewiring of inter-firm relations in the process.

The research throws light on the micro-processes of this post-crisis cooperative process, how the process started and grew, the facilitators, the role played by various actors and thereafter explains the consequential changes in the cluster's stock of social capital. Data was collected from interviews and questionnaire surveys and a qualitative analysis was carried out.

The results pointed out that the earthquake created a sense of crisis among the firm owners that urged them to come together on an informal / casual level and exchange information. Most importantly, the disaster created new platforms for interaction in the form of the kiln reconstruction sites. Whether the cluster further exploits this platform created due to the earthquake and moves to a self-reinforcing mechanism that drives its long-term growth path or moves back to the initial stage is the focus of future research.