

Perspective Study of The Japanese Style of Management

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Abstract

This paper analyses the merits and demerits of the Japanese style of management. Japan is one of the few countries industrially advanced. Its greatness and wealth are due to various industrial activities based on technological prompt application and innovation. This in turn directly or indirectly connected with their history and cultures dominated by family attachment that have contributed much to the constant and wonderful success in promoting National programme with the tools of the Japanese style of management. The Japanese management is based on four pillars. They are Lifetime employment; Seniority based wage and promotions, Community attachment found in company in vertical, reciprocal and bottom up decision-making. Lifetime employment is connected with the school leavers and youngsters. These school leavers are taken to the organization and trained by the senior managers. The management's training of the employees is for team working rather than being task oriented. Creation of the groupism lead to harmony and conformity, together with increase in the productivity. However, this system is not followed in all organizations and by all employees. A noteworthy defective feature of it is that training is given only in one aspect by which the employees could not develop their full capabilities. The benefit of this training is that it makes the employees loyal to the Company and its Heads. So it has its weakness in the individual development. Since the wages is directly related to seniority in the Japanese management system, the management does not lose the employees who were trained by the company. However, these talents do not receive priority in this system. Also, as the majority of the Japanese are engaged in farming from the historical time. So, their community feelings and group spirits are noticeable and observable. In this way, Japan has its own system of management. It is very useful and has many advantages, though it has some weak points, which do not affect the society in the field of its Socio, economic development.

Keywords: *Japanes Styles of Management, Life time employment, Wage, Promotion, Community Consesciousness, Bottom-up decision making.*

Introduction

In order to understand the present day Japanese Styles of management we must go back to their historical and cultural roots.

Japanese have a strong sense of national identity. This may be due to the fact that the Japanese were isolated from the rest of the world for almost 265 years, during the Tokugawa Era. In every aspect the Japanese feel comfortable identifying them with Japan. During this Tokugawa

Era there were four classes of people in Japan. They were Samurai (warrior), farmers, artisans and merchants in descending order of prestige.

The samurai were allowed to carry swords in order to maintain order among the other classes. Hence, peace prevailed in this period. The code of conduct of the samurai 'bushido' was modified by scholars to the changed environment. They introduced Confucianism to 'bushido'.

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Bushido encompassed virtues such as rectitude, justice, courage, the spirit of daring, benevolence, politeness, veracity, sincerity, honour, loyalty and self-control, as well as institutionalized suicide and redress.

(Lorrinan John & Kenjodakashi 1994:16)

The farmers who constituted 80 percent of Japan's population cultivated 15 percent of the land. So, it was essential for this rice-farming people to live in harmony to share the water for irrigation. This led them to live in tightly knit communities with strong family relationships. So, any disagreement resulted in informal meetings before the formal village gathering.

The roots of the present-day Japanese styles of management are the value system and the self – discipline respectively from *Bushido* – the code of the samurai and the *Mura* – the tradition of rice farming.

Japan has experienced almost every natural and man-made disaster, including earthquakes, fires and wars. The worst one was the atom bomb in the year 1945. After each of these events Japan not only survived but also has gained strength because of its 'survival mentality'.

In this paper, the author examines the merits and demerits of the Japanese styles of management.

The Japanese Style of Management

The Japanese management is based on four pillars:

- (i) Life time employment
- (ii) Seniority based wage and promotion

(iii) The community consciousness within the company, based on 'Vertical' relationships, reciprocal obligation and decision – making By consensus.

(iv) Bottom – up decision making

(i) Life Time Employment

In Japan when the youngsters are at colleges, they are recruited for jobs. There is no labour market. When they recruit these youngsters they look for the youngsters' learning ability rather than their knowledge. These school leavers are taken to the organization and trained by the senior managers. Development of the staff is the most important responsibility of the seniors. The high level of development of the subordinates will be a credit to the manager who trained the subordinates.

The subordinates join the firm in very young age and get hands on training. The managers allocate or devote 20% to 30% of their time for developing and training the subordinates; apart from this the new recruit's work will be rotated every two years. So, the employee will become accustomed to all the aspects of the organization.

The Japanese companies encourage their employees to take risks, which make the employees develop and grow. The management encourages the employees to challenge the existing system and procedures and suggest improvements in respect of the area they are working in. This makes the employees as well as the organization develop and grow at a rate fast as possible.

The main merits of lifetime employment are the management's training of the employees is for teamwork rather than being task oriented.

Management = Training = Assisting others

The employees get to know the company well and meet a large number of co-workers. This makes them develop strong company ethics.

Self sacrificing; due to the training the employees get they are willing to work longer hours forming quality circles, to improve the performance of the organization, working extra hours without pay. The sense of belonging to the organization develops groupism. So, the functions that different members perform are not singled out; group performance means more than the individual performance in career development. This harmony and conformity, together, increase the productivity of the company's employees. Because of lifetime employment the training given to the employees will not be wasted and the training will benefit the company. This is the typical Japanese way of mutual obligation.

The main demerit of lifetime employment is that it is not meant for all the employees only but for the core employees.

Lifetime employment is not applicable to all the organization.

The Japanese labour ministry defines life time employment as:

The Practice of companies to hire their core employees primarily from among new graduates and other young persons, to plan their continual training and development within the company group over a long period of time [usually until age 55 or 60] and not to discharge or lay off such employees except in very unusual circumstances. (Ornatowski : 1998 : 74)

So, it indicates that lifetime employment is not applicable to all organizations and to all employees. It is only for large and manufacturing organizations' core workers.

The employee's personal skills are not recognized due to repeat training in rotation. The company develops only the skills, which the company wants, which frustrates the employees.

Though the Japanese management claims that quality circles occur spontaneously and voluntarily, in reality it is not so. Every worker in a factory where quality circles are functioning has to join; any refusal or abstaining causes loss of job. Apart from this, most of the quality circles were not created by the workers. They were created by managers and leaders.

Though the suggestion system states employees are encouraged to give suggestions, it is not just an invitation to suggest voluntarily as and when they feel they have some worthwhile ideas. Workers are expected to turn in suggestions regularly. The employees are expected to suggest at least a minimum number of suggestions. If the employees do not meet this minimum number they are called by the foreman and penalized for it.

The loyalty towards the company is not spontaneous. It is imposed by on the job training, off the job shaping and lack of alternatives, because if the youngsters lose the jobs it will be very difficult for them to find a job at a later date, as normally a company will not recruit mid-career personnel. The second factor is the seniority based wage system. Even if they find a job they have to start from the beginning with a low wage.

The regular employees are normally considered to be assured of lifetime employment. But in practice, management has found many ways of having them withdraw. One way is for the management to hint to the employees that if they voluntarily resign they will be given a handsome bonus. If they do not resign voluntarily the employees will be asked to serve under very young men after losing their title. Another way is to transfer the employees with paying cut to officers where there is nothing much to do.

(ii) Seniority Based Wage System

Wage is directly related to seniority. Talent and ability do not play an important part in the remuneration package.

Therefore the Japanese management does not lose the employees who were trained by the company.

The income differential between the white-collar workers and blue-collar workers are much smaller than in almost any other country. Supervisors are not necessarily paid much more than their subordinates. In some instances the senior subordinates are paid more than the supervisor. This pay system also creates a sense of unity.

Demerits of the seniority based wage system is the younger employees who have talents become discouraged because their talents are not recognized for promotion purposes.

(iii) The Community Consciousness within the Company, based on 'Vertical' Relationship, Reciprocal Obligations and Decision Making by Consensus

The Japanese holistic view of society has an impact on the organization behaviour.

From their early history of rice farming they have adopted this community consciousness and groupism. From their samurai virtues they are accustomed to 'vertical' relationship and reciprocal obligation.

In Japanese industry, in its emphasis on the place of production, we can glimpse the spirit fostered by Japan's old samurai in leading men from the front. They did not hesitate to fight themselves, struggling and sweating along side their men, nor do present-day managers, many of whom have likewise fought their way up from the production line, put the concerns of the work place behind them.

Masanori Moritani

(Lorrinan John & Konjodakashi p:21.)

(a) The community based consciousness.

This made the management learn about and adapt to the environment. Due to lack of modern armaments at that time, in 1855 Japan was forced to open up trade with the west. To overcome this drawback they learned and adapted and defeated the world's largest and most powerful navy in 1905.

(b) Japan's incredible resilience.

Japan's incredible resilience enabled them to overcome the effects of World War II, and excel in commerce. This resilience is seen in the recent rising of the yen in the world currency market. Not only do they overcome, they became stronger than before.

(c) Japan is a nation of perfectionists.

Because of this they keep on improving their efficiency and become more cost effective in all that they do. If we take their production, they produce a perfect product at the first time itself. This leads them to

zero defect production and the ability to sell at a lower price. Hence their production costs are less than their competitors, and they can capture the market. Because of this ability Japan is able to introduce target costing.

(d) Expert at sharing information.

Japanese managers always share whatever information they get. The information may be either from a foreign subsidiary or from the market or about a product they share. They share this information with all the employees by way of a few minutes briefing at a meeting during working hours, or by way of journal. They not only share information but also experience and expertise in this way. The Japanese will not hesitate to share information; experience and expertise with suppliers helped them to achieve just-in-time manufacturing techniques and total quality.

(e) Vertical – relationship.

The Japanese society is vertically related and organic. These aspects of Japanese society are seen in the origination as a ‘Casio’ employee or a ‘Sony’ employee and not as engineer or accountant. This indicates that the employees always relate themselves vertically to the organization and never relate themselves horizontally to their profession. This prevents the employees forming unions horizontally across different companies. This vertical relationship also supports lifetime employment.

(f) Consensus management.

The dualistic concept of formality and essence are deeply embedded in Japanese organization behaviour. The CEO of an organization assigns formal positions to some of the managers to maintain a formal consensus system. At the same time the

CEO conducts important business with *jiitsuryoku-sha*. This maintains the ‘formality’ of the organization structure without sacrificing the essence of the decision-making.

In the typical Japanese organization the *ringi* system is used to build consensus around decision-making. The *ringi* documents is circulated among managers who can give their consensus by affixing their seals on it. Because of the consensus the Japanese decision-making is considered to be of a higher quality. But actually only the *jiitsuryoku-sha* executives are the essence of decision making. The *jiitsuryoku-sha* makes the decision and then engages in behind the scene persuasion *nemawashi* (root binding) before the *ringi* document is circulated for signatures. This characteristic of their management style comes from the rice-farming class where any disagreement is informally dealt with before the formal gathering of the villagers.

In the consensus decision-making and group harmony system every body feels part of team and part of the decision making. A feeling of participation will consciously lead to total quality and quality control.

This makes them feel good when the decision taken is a success. No individual feels bad when the decision taken fails.

(iv) Bottom-up Decision Making

The decision-making in Japanese companies is bottom up. The Japanese CEO is so great that no important decision can be made without first considering his wishes. So it is crucial for junior executives to interpret exactly what their superiors want. Because the CEO only

indirectly communicates his wishes, the young executives who normally spend time with the supervisors or the managers after the office hours at bars and restaurants, learn this indirect combination of the CEO over the years. Sine the Japanese have a holistic view of society, conformity and group identity play a vital role in all aspects of Japanese management.

Some of the above reasons as well as other causes of success of their management styles are illustrated in the figure I shown in Appendix I, captioned **Japanese Management – What Was It All About?**

Comparison of Japanese And Other Management Styles

American and European management styles differ from the Japanese style in significant ways. One of the most important is that it is striving to achieve corporate objectives dividends to shareholders and job security are given different priorities by Japanese and by European and American firms.

“We don’t know about the distant future, but in the short term it is impossible to imagine Japanese companies changing so much that they begin to behave like American firms so far as to discharge employees to maintain dividend to shareholders”

(Morikai T, Yoshiribu K, 1997 P132)

One of the strength of Japanese management has been its emphasis on substances over form. Its representative manifestation is valuing the production floor. Japanese companies have managers who understand the working level operations and who take into consideration the factory floor when they make decision. Their ancient traditions of

respect for their craftsmen, the blacksmith, the potter etc. is now conferred on plant engineers.

Through extensive education Japan has embraced democracy to a much greater degree than the western nation that conceived the concept. As a result although quality circle methodology was developed in the US, it enjoys much more success in Japan where the floor workers are more educated and respected than in the US.

Japanese have very long working hours. Fifteen-hour working days are not uncommon and holiday leave facilities are sometimes only available after a ten-year service-period. This is in sharp contrast to the forty-hour working week and minimum two weeks annual holiday of the west. These factors were instrumental in Japan becoming the leading industrial nation of the world.

Summary and Conclusion

The Japanese management styles characterized by a personnel system based on lifetime employment, seniority oriented wages, management by consensus and bottom up decision-making. Though it is clear that Japanese management is facing a crise because of changes in employcees’ work ethic and high morale which are attributable to their allegiance to the company and which constitutes an integral part of Japanese management along with the company and employees centered approaches that supported them, the system is not about to change dramatically. Japanese are famous for their ‘survival mentality’ because they have faced several man made and natural disasters. They will survive and excel and always try to be *Ichiban* (number one). Japanese management

is transforming due to the economic environment of low growth and rampantly overvalued yen that has resulted from the collapse of the bubble economy.

They have lost their exclusive know-how because of their openness in sharing information in the application of their management techniques. Even so the Japanese management style is superior, because it is one of the most efficient management systems existing today. It produces more goods of better quality at cheaper prices. This is because, they are willing to learn and adapt. They are a nation of perfectionists, expert at sharing information and expertise. They have the will to win. Above all they believe they are unique.

In conclusion we would say, though the Japanese management styles have demerits the merits outweigh the demerits. Their styles of management are one of the most efficient styles in existence today.

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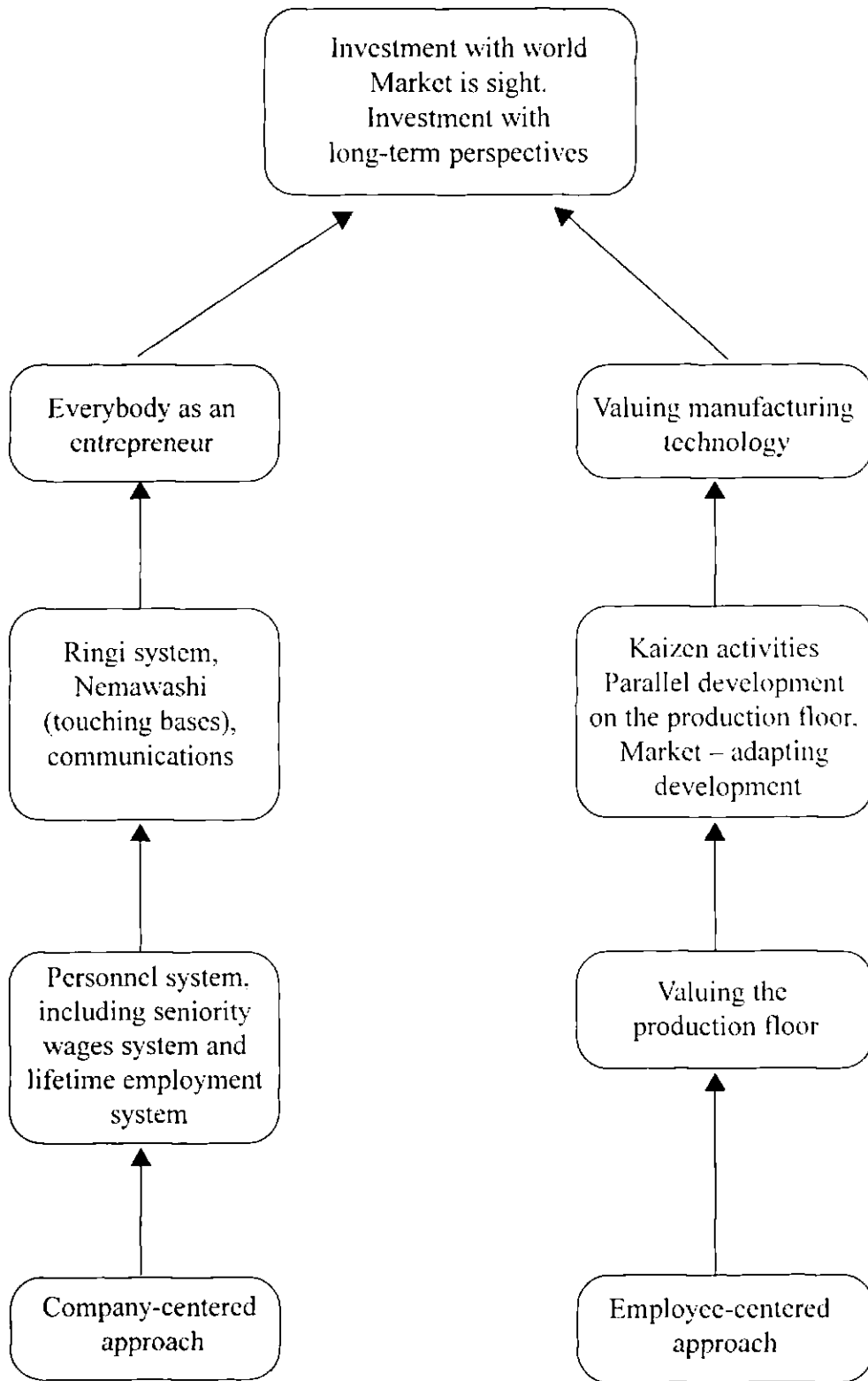
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Japanese Management – What Was It All About?

Structure of Japanese Management



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