# A TEMPLATE FOR COMPARISON OF MANAGEMENT STYLES AND LESSONS FROM STUDYING US, JAPANESE AND CHINESE MANAGERS

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## I. INTRODUCTION

In 1990 Weihrich offered a comparison of management practices in the US, Japan and China on five dimensions selected by referring to consensus choices about the key functions of managers: planning, organizing, staffing, leading and controlling.[2] At the time, Weihrich noted that one of his primary goals was to determine whether US and/or Japanese managerial practices would be appropriate for Chinese businesses and he acknowledged that while a good deal of research had been done on US and Japanese management very little information was available on Chinese management and what was available drew primarily from practices in large, state-owned businesses in China. He also cautioned that his profiles of predominant management practices were suggestive based on a review of the available literature and that research results for the US and Japan often suggested interpretations that were different than what Weihrich reported. For example, while Weihrich, like many others, noted differences between the US and Japan with respect to worker participation in decision making there are researchers who have found no differences between those countries. Weihrich also pointed out that external factors play a big role in differences between managerial styles in the three countries. Specifically, US managers are heavily influenced by pressure from shareholders to achieve "results" measured by short-term financial performance, Japanese managers operate in an environment in which the government is a close and important partner with respect to planning and Chinese managers have little or no experience with operating in the "private sector".

## II. PLANNING

The criteria used by Weihrich to compare planning processes included the relative weight given to short- versus long-term planning, the level of participation or involvement by persons at lower levels of the organizational hierarchy, whether decisions were made by one individual at the top of the hierarchy or by consensus or committee, the flow of the decision making process and the speed of decision making and implementation.[3]

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[2] H. Weihrich, "Management Practices in the United States, Japan and the People's Republic of China", Industrial Management, March/April 1990, 3-7.

[3] Id.

Weihrich argued that planning activities by US managers tended to be primarily oriented toward short-term goals and objectives and decisions were generally made solely by the person at the top of the organizational hierarchy and communicated downward. While this approach permitted fast decision making it often hampered implementation since persons responsible for implementing decisions had not been involved at the outset and time had to be spent "selling" decisions to those persons, who often had divergent values. Implementation could lead to suboptimal results without participation of subordinates in decision making due to the need to make compromises in order to secure the support of those subordinates. In contrast, Weihrich observed that Japanese managers had a long-term orientation with respect to planning and setting goals and objectives and collective decision making processes were used to solicit input and achieve consensus among both managers and workers. Decision flow was from bottom-to-top and then back down once again and while the involvement of many people in the decision making process tended to slow down that process it was believed that allowing workers to participate would ultimately smooth and quicken implementation of decisions. With respect to China, Weihrich found a mix of long- and short-term orientation with respect to planning as managers formulated both five year plans with long-term objectives and annual plans that focused on the immediate operational goals that needed to be achieved in order to achieve the long-term objectives. Decision making occurred within committees although final decisions were generally made at the top of the organizational hierarchy by a single individual. Ideas were generated from the top and input was solicited from lower levels. In general, decision making tended to be slow and implementation was also relatively slow even though there was input from workers and it appeared that slow implementation followed from the fact that worker participation was not treated as seriously as in Japan.

## III. ORGANIZING

The criteria used by Weihrich to compare organizational practices included an assessment of whether responsibility and accountability was individualistic or collectivist, the degree of formality in the organizational structure, the level of clarity in decision making responsibilities and the strength of organizational culture.[4] Weihrich noted that organizational structures used by US managers tended to rely on individual responsibility and accountability and those managers preferred formal bureaucratic organizational structures with clear and specific rules and expectations about where decision making responsibility lied. Weihrich argued that organizational culture was relatively weak in the US compared to Japan and China and managers and workers often had stronger identifications with their profession than with their firms. In contrast, Weihrich observed that organizational structures in Japan were based relatively informal in comparison to the US and based on collective responsibility and accountability. As a result, there tended to be ambiguity within the organization regarding decision making responsibilities; however, this was mitigated to some degree by a strong and well-known common organizational culture and philosophy that aided everyone in grasping the "right thing to do" when confronted with operational decisions. Weihrich also observed that Japanese firms tended to have a strong competitive spirit toward other enterprises which

[4] Id.

presumably contributed to a strong sense of collective responsibility and cooperation and collaboration in pursuing the goals and objectives of the firm. Finally, Weihrich reported that organizational structures in China tended to be formal and bureaucratic although one found a mix of collective and individual responsibility and there had been attempts to introduce a "factory responsibility system" that delegated more authority to individual factories and even allowed them to pursue and generate profits at the factory level. Like Japan, organizational culture was strong in China; however, Chinese firms had yet to develop the competitiveness with other enterprises found in Japan.

## IV. STAFFING

The criteria used by Weihrich to compare staffing practices included procedures for recruiting new employees, factors influencing speed of promotion, performance assessment, training and development and security of employment.[5] Weihrich reported that US firms recruited both from schools and from other firms and employees tended to be more loyal to their professions than their employers and thus were likely to change firms frequently during the course of their careers. US employees had high expectations with regard to rapid advancement and were subject to frequent performance evaluations with a focus on progress toward attainment of short-term results. Promotions in US firms were based primarily on individual performance and US firms were reluctant to invest significantly in training and development of employees due to concerns that they would leave and take the skills that they have learned to competitors. The absence of "lifetime employment" expectations in the US led to high levels of job insecurity. In Japan, according to Weihrich, most new employees were hired directly from school and Japanese employees were intensely loyal to their companies resulting in low mobility between firms. The traditional expectation of lifetime employment, although eroding, had a substantial impact on the career paths of Japanese employees. Slow promotion was expected and newer employees received little or no feedback during their early careers. When feedback was provided it focused on appraisal of long-term performance and training and development was seen as a long-term investment. Weihrich found that Chinese firms tended to rely more heavily on schools than on other firms as sources of new employees and Chinese workers had little loyalty to their firms or their profession. Performance reviews were infrequent, typically annually, and while workers typically received regular salary increases the path for promotion was relatively slow. While promotions were supposed to be based on performance, potential ability and education, the reality was that family ties and good relations with top managers were extremely important for advancement. Like their firms, Chinese workers had their own long- and short-term goals and objectives with respect to training and development. Managers themselves were beginning to get more training in preparation for examinations organized by the State.

[5] Id.

## V. LEADING

The criteria used by Weihrich to compare leadership practices included the preferred leadership style (e.g., directive or paternalistic), an assessment of the manager's role with respect to leadership of the group, attitudes toward confrontation and group harmony and the flow of communication.[6] According to Weihrich, the leadership style relied upon by managers in the US tended to be strong and directive with the senior manager acting as the decision maker and communications flowing top-down. Individualism complicated the task of managers as leaders in the US and face-to-face confrontations were common as leaders attempted to clarify their decisions and expectations. In contrast, Japanese managers and workers preferred a paternalistic style and Japanese managers saw themselves as members of the group with a responsibility to guide communications and interaction within the group. When leading Japanese managers emphasized cooperation and harmony, sought to avoid confrontation and encouraged bottom-up communication. Finally, Weihrich reported that Chinese managers led as the head of committees responsible for setting goals and objectives and making decisions. While Chinese managers did use a directive style, and communication was generally top-down, they sought to avoid confrontation and maintain harmony among their subordinates.

## VI. CONTROLLING

The criteria used by Weihrich to compare control practices included the locus of control (i.e., senior manager/group leader or peers), focus of control (i.e., individual or group performance), the importance of placing blame or "saving face" and the use of group improvement strategies such as quality control circles.[7] He argued that US managers tended to rely on formal control rules and procedures formulated and disseminated at the top of the organizational hierarchy and focusing on individual performance to identify persons responsible for any failure to meet organizational goals and objectives (i.e., "fix blame"). In contrast, the control systems established in Japanese firms relied heavily on group responsibility for group performance and "saving face" rather than "fixing blame" was important to maintenance of harmony and respect for the Japanese. As part of this approach, Japanese companies relied heavily on group improvement processes such as quality control circles, a practice that was rarely seen in the US until recently. Weihrich believed that China lied somewhere in between the US and Japan with respect to control. The group leader, the senior manager, was expected to exercise control over the group and while the group assumed responsibility for pursuing and achieving group goals and objectives there was a stronger level of individual responsibility for Chinese workers than for Japanese workers. Nonetheless, as in Japan, "saving face' was important in China. Strategies such as quality control circles enjoyed limited popularity in China.

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[6] Id.
[7] Id.