JAPANESE MANAGEMENT SYSTEMS

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The tremendous economic success enjoyed by Japan and its companies in global markets during the 1970s and 1980s led to a flood of research and analysis regarding Japanese management systems[2], including comparisons with the methods used in the US and Europe[3] and prescriptions from commentators as to how Japanese management practices might be transferred to firms in the US in order to boost their performance.[4] The work conducted in this area corresponded with an explosion of global economic activity and it was often argued that international competitiveness could be directly tied to the managerial styles and systems.[5] At the same time, the study of culture began to play a more important role as researcher explored how societal cultures influenced the way that managers coordinated activities in their organizations.

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[2] N. Hatvany and V. Pucik, "An integrated management system: Lessons from the Japanese experience", Academy of Management Review, 6 (1981), 469-480; A. Koya and C. McMillan, "Management strategy and organization structure: A Japanese comparative study", in D. Hickson and C. McMillan (Eds.), Organization and nation: The Aston programme IV (Westmead: Gower, 1981), 155-172.

[3] P. Buckley and H. Mirza, "With and wisdom of Japanese management: An iconoclastic analysis", Management International Review, 25(3) (1985), 16-32; J. Lincoln, "Employee work attitudes and management practice in the U.S. and Japan: Evidence from a large comparative study", California Management Review, 32(1) (1989), 89-106; W. Ouchi, Theory Z: How can American business meet the Japanese challenge (Reading, MA: Addison-Wesley, 1981); and R. Pascale and A. Athos, The art of Japanese management (New York: Simon and Schuster, 1981).

[4] While many of the researchers and commentators argued that US firms should consider adapting some of the management practices used in Japan, there were some scholars who questioned the idea that Japanese management principles were superior to those used in the US. See, e.g., S. Sethi, N. Namiki and C. Swanson, The false promise of the Japanese miracle (Boston: Pitman 1984); J. Sullivan, "A critique of Theory Z", Academy of Management Review, 8 (1983), 132-142.

[5] R. Cosier and D. Dalton, "Search for excellence--Are these panacea or problem?", Business Horizons, 29(6) (1986), 63-68; A. Harber and D. Samson, "Japanese management system:, International Journal of Technology Management, 4(3) (1989), 283-303; and T. Peters and R. Waterman, In search of excellence: Lessons from America's best run companies (New York: Harper & Row, 1982).

One of the most popular descriptions of the characteristics of Japanese management systems was offered by Ouchi in his book, Theory Z, where he argued that there were seven key characteristics of Japanese organizations: lifetime employment, slow evaluation and promotion of employees, non-specialized career paths, implicit control mechanism, collective decision making, collective responsibility and holistic concern (i.e., a full employer-employee relationship with employer involvement in the lives of employees outside of the workplace including personal and family affairs).[6] Pascale and Athos praised Japanese firms for the way in which they focused on staffing, training and development and management style and noted that their attention to the importance of human resources and building a sense of spirit and a company philosophy that guided the actions of managers and workers.[7] In the same vein, Hatvany and Pucik took note of the several interrelated strategies found among Japanese firms in managing their human resources, which were described by Culpan and Kucukemiroglu as: "(a) to develop an internal labor market securing a labor force of desired quality and to induce the employees to remain in the firm; (b) to articulate company philosophy based on concern for employee needs and cooperation and teamwork; and (c) to engage in intensive socialization."[8]

Culpan and Kucukemiroglu conducted a comparative study of management styles in the US and Japan using a model of management style based on six managerial dimensions: supervisory style, decision making, communication pattern, control mechanism, interdepartmental relationships and paternalistic orientation.[9] The results of their survey

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[6] W. Ouchi, Theory Z: How can American business meet the Japanese challenge (Reading, MA: Addison-Wesley, 1981). Ouchi is also well known for another book, the M-Form Society, in which he explored Japanese industrial strategy and the role that integrated planning at the societal level had played in Japanese economic success. In that book he took particular note of the strong and harmonious relationships among major stakeholders in the Japanese economy such as the government, labor groups, financial institutions and, of course, private firms. See W. Ouchi, The M-Form society: How American team work can capture the competitive edge (Reading, MA: Addison-Wesley, 1984).

[7] R. Pascale and A. Athos, The art of Japanese management (New York: Simon and Schuster, 1981).

[8] R. Culpan and O. Kucukemiroglu, "A comparison of US and Japanese management styles and unit effectiveness", Management International Review, 33 (1993), 27-42 (citing N. Hatvany and V. Pucik, "An integrated management system: Lessons from the Japanese experience", Academy of Management Review, 6 (1981), 469-480).

[9] R. Culpan and O. Kucukemiroglu, "A comparison of US and Japanese management styles and unit effectiveness", Management International Review, 33 (1993), 27-42. Data was collected using a questionnaire from top and middle managers from manufacturing firms in the US and Japan—US firms were randomly selected from manufacturers operating in New York, New Jersey, and Pennsylvania while the Japanese companies were randomly selected from the Japan Company Handbook 1989. Four questionnaires were mailed to each Japanese company. In general, companies in the sample were medium- and large-sized manufacturing firms.

confirmed their hypotheses that management styles as defined using the aforementioned dimensions differed significantly between the US and Japan and that managers in each country considered each dimension differently and emphasized different sets of managerial dimensions: Japanese managers placed the most emphasis on communication pattern, interdepartmental relations and paternalistic orientation while US managers focused on supervisory style, decision making and control mechanism. They also found that Japanese managers considered their business units to be more "effective" than their counterparts in the US.

Culpan and Kucukemiroglu commented that their results confirmed earlier theories and findings regarding comparisons of US and Japanese management systems, including the works of Ouchi, Pascale and Hatvany and Pucik.[10] They observed that communications in Japanese firms appeared "to be open and mostly face-to-face thereby minimizing barriers to effective information flow" and that Japanese managers paid particular attention to interactions between departments and "interdepartmental dependency and cooperation". The openness of communications provided support for the strong feelings among Japanese managers that their units operated effectively. In contrast, US management systems as that time were described as "mostly characterized by supervisory style stressing more Theory X type, task-oriented, and transactional leadership methods" and it was noted that US managers were more interested in results than processes, tended to be less participatory than Japanese managers with respect to decision making (i.e., "top-down decision making was the norm in the US) and relied on "a control mechanism based on close supervision and an explicit formal control pattern".[11] The paternalistic orientation in Japan was clearly a distinguishing factor between the two countries and the study provided further evidence for the long understood belief that Japanese firms and managers were especially attentive to the concerns and activities of employees outside of the workplace. Culpan and Kucukemiroglu took specific note of the fact that in all three managerial processes specific associated with the predominant practices of Japanese managers, "the key to the success seems to be the management style encouraging employee involvement".[12]

In fairness, it should be noted that the management practices described above worked well while the Japanese economy was booming during the 1960s, 1970s and 1980s; however, globalization, rapid changes in technology and the difficult economic times of the late 1980s and 1990s ultimately led to changes in Japanese managerial techniques.[13] Among other things, Japanese firms began to shift toward merit-based compensation and the prior emphasis on seniority and lifetime employment was substantially reduced.

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[10] Id. (citing N. Hatvany and V. Pucik, "An integrated management system: Lessons from the Japanese experience", Academy of Management Review, 6 (1981), 469-480; R. Pascale, "Communications and decision-making: Cross-cultural comparisons", Administrative Science Quarterly, 23 (1978), 91-110; and W. Ouchi, Theory Z: How can American business meet the Japanese challenge (Reading, MA: Addison-Wesley, 1981))

[11] Id.

[12] Id.

[13] M. Misawa, "New Japanese-style management in a changing era", Columbia Journal of World Business, 22(4) (1987), 9-17.

Mroczkowski and Hanaoka commented that "as they gradually redesigned the employment and reward system in their firms, Japanese managers are trying to maintain the advantages of group harmony, employee loyalty, and cooperation while eliminating the burdens of employment hypertrophy and enhancing flexibility by shifting more of the risk to a greater proportion of workers".[14] In addition, Culpan and Kucukemiroglu speculated that increased exposure of Japanese firms to Western culture and managerial practices, regardless of the overall economic conditions in Japan, would probably lead to changes in key characteristics of Japanese management style including "introduction of individualism and merit system and loosening life-time employment".[15]

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[14] T. Mroczkowski and M. Hanaoka, "Continuity and change in Japanese Management", California Management Review, 31(2) (1989), 39-53, 39 (as cited in R. Culpan and O. Kucukemiroglu, "A comparison of US and Japanese management styles and unit effectiveness", Management International Review, 33 (1993), 27-42).

[15] R. Culpan and O. Kucukemiroglu, "A comparison of US and Japanese management styles and unit effectiveness", Management International Review, 33 (1993), 27-42.