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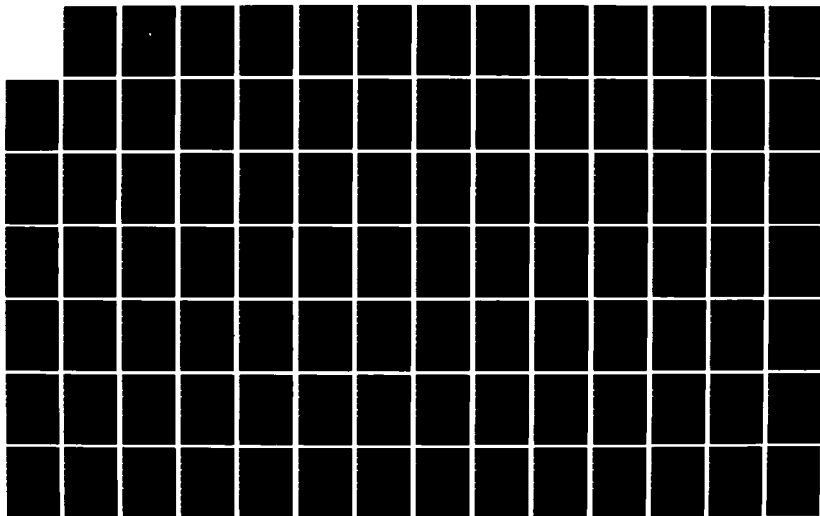
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CULTURE IN JAPANESE LABOR RELATION:
A COMPARISON WITH WESTERN INDUSTRIAL NATIONS

by

Ge Ho Lee

Yang Hong Bae

December 1984

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Co-Advisors:

Roger Dennis Evered

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Item 20. (continued)

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We have attempted to bring together under one cover a distillation and synthesis of a large number of scholarly works covering the effect of Confucianism, Shintoism, Taoism and Buddhism upon Japanese management culture.

A successful management-labor relationship must be tailored to the customs and culture of a country. Cultural attributes, management ideology, characteristics of management style, and management-labor relation are compared between Japan and Western countries.

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Culture in Japanese Labor Relation:
A Comparison with Western Industrial Nations

by

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ABSTRACT

Japan's economic development during twentieth century despite overpopulation and poor resources, has attracted the interest of world scholars.

The issue of this thesis is that management styles in any nation are deeply rooted in the historical and religious origins of the nation's culture, customs, and traditional social values, as well as in its economic and social system.

We have attempted to bring together under one cover a distillation and synthesis of a large number of scholarly works covering the effect of Confucianism, Shintoism, Taoism and Buddhism upon Japanese management culture.

A successful management-labor relationship must be tailored to the customs and culture of a country. Cultural attributes, management ideology, characteristics of management style, and management-labor relation are compared between Japan and Western countries.

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I. INTRODUCTION

In 1980, Japan's gross national product (GNP) was the third largest in the world. By the year 2000, it could be the world largest GNP, if the current trends are maintained [Ref. 1].

While Japan has no physical resources, it manages to earn the second largest of the GNP in the world, surpassing the Soviet union. In 1982, Japanese GNP was \$11,300 billion, it occupied the 10 percent of the world GNP [Ref. 2].

If Japan were an American state, it would rank fifth in geographical size, following Alaska, Texas, California, and Montana.

With virtually no petroleum, iron, ore, coal or other mineral resources, Japan is dependent on imports for almost eighty-five percent of its energy resources.

However, Japanese supports over 115 million people and has come to dominate one selected industry after another. In the case of automobiles, the Japanese produced fewer than one hundred thousand passenger cars in 1958, but by 1980, Japan's eleven automakers produced eleven million cars, half of which were exported to the rest of the world [Ref. 3].

Why does Japanese management succeed? What factors influence the Japanese management? This study will focus on the historical¹ and cultural background and employer-employee relationship in Japanese management and compare it to Western countries. It will also evaluate both the strengths and weaknesses of the Japanese management style.

¹See Appendix B

What are the major reasons for the success of the Japanese economy? Recently, considerable attention has been focused on the Japanese style of management due to the growth of Japanese productivity compared to that of the Western. Harvard sociologist Ezra F. Vogel's book 'Japan as number one' is typical of the times. Peter Drucker describes how Japanese companies are organized and managed, and, to some extent, discuss the feasibility of exporting parts or all of the Japanese systems to the West. William Ouchi has described a management style, type Z, which is, in effect, a version of the Japanese style but one which has evolved simultaneously in a few American organizations without the involvement of Japanese managers or ownership. These studies suggest that Japanese managers have increased the productivity and satisfaction of American employees by using the Japanese management style. Richard Tanner Pascale and Anthony G. Athos, in "The Art of Japanese Management", have found their answers in Japanese managerial skill. Marvin J. Wolf, in "The Japanese Conspiracy", showed that their success depended only on imitated and copied skill. If it is not the answer, what differences can be noted between western and Japanese management? What factors are considered to be important in Japanese's behavioral patterns?

The historical and cultural background of Japanese management needs to be studied to evaluate Japanese management style. To evaluate this effectively, Japanese management style needs to be compared to Western management.

II. THE HISTORICAL AND CULTURAL BACKGROUND

A. FOREIGN INFLUENCE

Japan's earliest contact with Europeans came in 1542, when a band of Portuguese sailors was shipwrecked. There followed regular visits by Portuguese traders, who brought Jesuit missionaries with them. The traders built the obscure fishing villages of Macao on the mainland and Nagasaki² in Japan, great terminal ports for trade with China. The missionaries won some 150,000 converts to Christianity.

The rationalist Oda Nobunaga(1534-82) found the Christian missionaries useful. He praised them as brave men who had come from afar over the sea. Moreover, he could obtain from them useful information about the world situation and the development of science and technology in Europe.

In time, however, it seemed to Japan's rulers that the militant foreign missionaries were undermining the traditional Japanese society, and the even more militant traders were demanding the right to administer Nagasaki, under threat of trade boycott.

In 1603, the entire country was united under one Shogunate held by the Tokugawa clan(1542-1616). The Tokugawas expelled all foreigners, executed all Christians who would not renounce their faith and sealed the Japanese borders with a death penalty for any Japanese who dared to go abroad. The ideological basis of the Tokugawa regime was the school of Confucianism, which emphasized filial piety and loyalty to one's superior.

²See Appendix A, C-1

Within the family, the patriarch is supreme, whether he chooses to be tyrannical or benevolent. His conduct, of course, does not escape notice outside the family, and his standing society is apt to rest upon how well he takes care of the rest of his family. The wealth of family (Kasan) is owned by the entire family, but is controlled by the patriarch. The eldest son (Chonan) is never allowed to forget that he inherits this responsibility, which entitles him to a more exalted position in the household than his younger brother.

During the Tokugawa period, the concept of IE became firmly established. Through the Confucian influence and the popularization of Bushido, parental authority and filial duty, which had been indispensable parts of the Ie system or 'house' system, received added emphasis to strengthen the Ie system. Samurai ethics were widely propagated as the model for structuring various relationships within the Ie collectivity. Each family member was prescribed a status in the familial hierarchy and was related to the other members through a code of specific moral obligations and proper conduct.

An important aspect of the Japanese family system is that the Ie served as the model for structuring secondary groups. The Ie provided the basic structure and terminology for almost every form of secondary group, including the largest and most extensive -- the nation state.

Takeyoshi Kawas shima says that in a familial system based on the Confucianism-Samurai ideology, a Samurai relationship between parent and child, and between husband and wife, is a relationship of one-sided dominance and submission of the duties. It is not a reciprocal relationship in which both sides have "rights" and "duties" toward each other. The basic framework for group activity or organization was the house. When nonrelated people were to function

The concept *Ie*,¹⁴ or "house" emerged as an inseparable aspect of the family. In fact, the concept of house became so firmly institutionalized that it eventually gained predominance over the family per se; and the welfare and goals of the family as a biological and social unit became subordinated to those of the *Ie* collectivity. Samson observed that, the family emerged as a collective organization much broader in its significance and composition than a purely biological unit marriages and adoptions were viewed as relationships between *Ie* rather than between individuals; the concept of *Ie* embodied more than a single house, for it included a network of related households.

The two dominant cultural traits of the Japanese people are known as *Amaye*¹⁵ and *Iye* (which also maybe spelled *Amae* or *Ie* in English translations). *Amaye* is the concept of dependency and avoidance of individual responsibility. *Amaye* plays an important part in the Japanese system of decision making, but for now we are more concerned with *Iye* and the Japanese family. *Iye* is a conceptualization of the highly institutionalized system of roles and statuses of members of Japanese families. *Iye* has its roots in Confucian doctrine and Japanese feudalism during the feudal era, the people were predominantly dependent upon the land, for their livelihood. Since many hands were needed to work the land, it was natural to maintain a family organization which united many households under a single patriarch. As sons grew up, they were assisted in starting their own households, but they remained dependent upon and subordinate to the main households. The precepts of *Iye* include male superiority and authority; female submission and filial piety. [Ref. 21]

¹⁵See Appendix C-15

head. In Tokugawa Japan, a person was not fully an individual, being allowed few private emotions and virtually no opportunities for making a personal choice between alternatives [Ref. 18].

An important point to be noted about the collectivity orientation in traditional Japanese society is its tendency to attach enormous importance to the formal leader as a representative of the group. Because of the importance to the head of the collectivity, it is not difficult to understand that a person's devotion to his collectivity was symbolized by his loyalty to the leader [Ref. 19].

The importance ascribed to collectivity made maintenance of internal harmony equally important. Bellah does note that the integrative values frequently over shadow the goal attainment values, whereby maintenance of harmony becomes the main concern of the leader as well as of the entire collectivity.

Implicit in the collectivity orientation and the abiding loyalty to its leader was the feeling on the part of each member of the group that, as long as he conformed to the group norms, was loyal to its head, and was content with his status in the hierarchy, he would enjoy the maximum security that the group was capable of bestowing.

Since the family was the most important and basic collective unit in traditional Japanese society, a careful examination of it is indispensable to the understanding of the character of that society. The importance to the Japanese of the family may be traced back almost to the dawn of Japanese history. The family name and lineage had clearly become important to the Japanese long before the inception of the Tokugawa era. [Ref. 20]

¹⁴See Appendix C-14

conscience or unequivocal ethical precepts as guides for daily conduct. [Ref. 16]

Obviously, the traditional Japanese society must have had a substitute for a universal code of ethics or religious sanctions. The concept of shame was the substitute. Shame enforced the very particularistic ethical code and prompted one to rigid adherence to specific rules of conduct.

In traditional Japan, the concepts of "good" or "bad" were not determined by an absolute standard of virtue, but largely by the approval of the society what the individual regarded as "society" varied, of course, according to his status, occupation, or age. For example, to a Japanese peasant, it was his village; to the high ranking Samurai, it was all his compeers in his fief. Shame usually had two related aspects; personal shame -- the disapproval of the society heaped upon oneself; and "group" shame -- dishonor to one's collectivity and the accompanying fear of rejection by the group. The latter was particularly powerful because of the great importance attached to collectivity in traditional Japan. This leads us to the consideration of another key aspect of the traditional Japanese society.

Traditional Japan has often been characterized as a collectivity-oriented society. In fact, the individual hardly existed in it as a distinct entity. In every aspect of life, he was tightly bound to a group and had virtually no individual freedom [Ref. 17]. the norms and standards of the collectivity served as the basis for thought as well as for action for every member of group. The most important criterion for judging actions and behavior was whether they were right and best for the group.

A collectivity had great power to sanction or reject the conduct and behavior of each individual member. All key decisions were made for him either by the group or by its

The commoners, who lacked the extreme self-discipline of the Samurai, needed emotional release from restrictive norms even to a greater extent. The need for informality gave rise to the concept "Ninjo", or human feelings. Its meaning became almost equivalent to humanism or human nature. As Sugi notes, Ninjo, in some respects, differed little from sympathy and kindness as understood in the West; but its essential difference lay in the fact that Ninjo was an understanding response to another's hidden feelings of deprivation and despair. Ninjo, important as it was in the drama of private feelings, was nevertheless to be subordinated to 'Giri', or formal obligations and duties one was to fulfill his obligations at all costs, and Ninjo was not to interfere in anyway. In no sense, therefore, was Ninjo to release the suffer from fulfilling his obligations; without negating the inevitability of his obligations, the observer was to try, by means of the extended sympathy and understanding, to assist him in the fulfillment of his duties. [Ref. 15]

Since Ninjo was generated between two individuals in a private and close social relationship, the particular manner in which Ninjo was to be expressed varied almost infinitely according to each separate case; there was, therefore, no formula for Ninjo behavior. These highly particularistic rules of conduct, so strictly imposed by the Tokugawa hierarchical system, were voluntarily complied with to an amazing degree. Only on relatively few occasions did the Tokugawa Shogunate find it necessary to resort to overt force to exact compliance. This nearly universal compliance was particularly remarkable in view of the fact that traditional Japanese society lacked a universal code of ethics or categorical religious precepts. Neither did it advance any clear concept of sin unlike Christianity, none of the three religions practised in traditional Japan offered either

For example, the true national epic of Japan, the tail of the forty-seven ronin¹⁰ is indispensable in any discussion of the Japanese character.

The forty-seven ronin is still the favourite epic of little boys and television producers, of Kabuki¹¹ and comic-strip; and beneath the democratic superstructure the ancient code of behavior still asserts its power -- partly expressed in symbolic ways, but extracting real penalties, from nervous worry to suicide [Ref. 11].

The theme of the forty-seven ronin centers around Giri to one's lord. As the Japanese see it, it portrays the conflicts of Giri with Chu,¹² of Giri with righteousness -- in which Giri is of course virtuously triumphant, and of "merely Giri" with limitless Giri. It is an historical tale of 1703, the great days of feudalism when men were men, according to the modern Japanese daydream, and there was no "unwillingness" in Giri. The forty-seven heroes offer up everything to it, their reputations, their fathers, their wives, their sisters, their righteousness (Gi).¹³ Finally they offer up to Chu their own lives, dying by their own lives, dying by their own hands [Ref. 12].

But even the most rigidly controlled society cannot function by means of a formal or officially prescribed code of conduct alone. (In fact, the very rigidity increases the need for values providing emotional escape.) 18 development of spontaneous and informal relationships [Ref. 13].

Even the Samurai class needed what Sugi refers to as "informal affiliative patterns of behavior" [Ref. 14].

¹⁰See Appendix E

¹¹See Appendix C-12

¹²See Appendix C-10

¹³See Appendix C-9

The emphasis placed on particularistic relationships gave rise to the important concept of "On",⁸ or benevolence those who occupied superior positions in the hierarchy were expected to bestow benevolence on their inferiors, as in the case of master and servant, teacher and student, or master and apprentice. It must be noted that benevolence was to be extended not necessarily as the expression of genuine kindness or sympathy, but as the formal justification of superior status [Ref. 9].

Through the network of elaborate hierarchical relationships, virtually everyone was put in a position of receiving benevolence from someone superior and thus constantly carrying the burden of repayment.

Another set of obligations between specific individuals was given the name of "Giri".⁹ The implications of "Giri" were very closely related to the concept of "On" and its benevolence -- repayment pattern. In fact, "Giri" has been used by some as a blanket term describing all obligations involving specific individuals in concrete situations. According to this view, "On" and the repayment of "On" is a special form of the more generalized "Giri" category. Others, however, have distinguished "On" from "Giri" on the basis that "On" exists only between two hierarchically related individuals, whereas "Giri" situations the relationship may not necessarily be hierarchical. Benedict observes that in contrast to obligations to one's lord and parent, which are beyond repayment, "Giri" refers to those obligations that are repayable with mathematical equivalence to the favor received, and within specified time limits [Ref. 10].

⁸See Appendix C-7

⁹See Appendix C-8

Bushido was influenced by Confucianism, that is, the traditional military code of ethics, a new interpretation, consistent with the peaceful Tokugawa society. The Samurai code of ethics that emerged during the Tokugawa period was a blending of Confucian morality and the indigenous feudal code of military honor. The new version of Bushido held up the Samurai class as the embodiment and protector of morality. The two central teachings of the Bushido stressed absolute loyalty to one's lord and unswerving filial piety. Such overriding importance was placed on loyalty and filial piety that, unlike other obligations, one would never hope to repay in full the benevolence received from one's lord or from one's parents.

Tokugawa era there had already been a strong inclination among the military class to place almost equal value on learning and on a warrior's military skills. The place and stability achieved in the Tokugawa period advanced learning to a status symbol of the Samurai class.

In traditional Japanese society, Bushido was important, not only because it served as the official code of ethics for the Samurai class, but also because it became the ethic of the entire Tokugawa society.

One therefore agrees with Sansom when he notes that the term Bushido, meaning "the way of the warrior", was a misnomer. Farmers, artisans, and merchants used Bushido as a model in structuring master-servant or teacher-apprentice relationships.

Consequently, Tokugawa Japan was a rigid and hierarchically organized society with strong emphasis on authoritarian control on the one hand and obedience on the other, giving rise, as is to be expected, to a series of complex and highly regulated patterns of interpersonal relationships.⁷

⁷See Appendix C-6

Confucius regarded benevolence, justice, ceremony, knowledge, and faith as the most important virtues, but he believed that benevolence was the virtue at the heart of humanity. Confucius believed that man's nature was fundamentally good, and considered that the natural affection existed between relatives within one family was the cornerstone of social morality.

For example, in Chiang Kai-Shek's army the major elements required for a soldierly spirit were wisdom, faith, benevolence, bravery and strictness. In the ancient Shilla dynasty of Korea the qualities stipulated for soldiers according to the Hwa-rang Do⁵ (way of the perfect soldier - the Korean equivalent of Japanese Bushido)⁶ were loyalty, filial piety, faith, benevolence and bravery. Only faith and bravery are virtues common to all three countries. The neglect of benevolence in this fashion and the emphasis placed on loyalty, must be regarded as characteristics peculiar to Japanese Confucianism.

Furthermore the meaning of loyalty was not in both China and Japan, in China, loyalty meant being true to one's own conscience. In Japan, although it was also used in this same sense, its normal meaning was essentially a sincerity that aimed at total devotion to one's lord, i.e. service to one's lord to the point of sacrificing oneself.

This concept of loyalty became more and more apparent from the Tokugawa period, and was obvious in its last years, becoming widely diffused among the Japanese people. Chinese Confucianism is one in which benevolence is one of central importance, while Japanese Confucianism is loyalty-centred Confucianism.

⁵ See Appendix D

⁶ See Appendix C-5

said, however, that the ideology of Japan, or at least the most important of Japan's ideologies, is also Confucianism. Since Weber made very few positive observations on Japan, it is not at all clear, at least from his "Confucianism and Taoism", whether he considered Japan to be a Confucian country.

Furthermore, whether Weber considers that the "capitalism" which the Japanese have acquired is of the same kind as the "modern capitalism" in conformity with the Protestant ethic is also very unclear. Here again no positive statement is made. However, despite these imperfections the above extract is in itself sufficiently suggestive of new lines of research.

Another influence inherited from Confucianism is fatalism, a predominating factor in the attitude of the people, and a facet of philosophy suitable to the agrarian and bureaucratic character of their kingdom. The other undesirable influence from Confucianism is a contempt for manual labor. Confucianism has encouraged ambitious young men to become scholars or bureaucrats. Accordingly, people looked down upon workmen or merchants.

In exactly the same way Japanese Confucianism started from the same criteria as did Chinese Confucianism and as a result of a different study and interpretation produced in Japan a totally different national ethos from that prevailing in China and Korea [Ref. 7].

Korea and Japan are basically Confucian countries. However, there is a very large gap between the two countries with regard to the influence of Confucianism. Though Korea acquired Confucianism from China, Korea was a much better student of Confucianism than China in some respects. In Japan, however, Confucianism never went beyond the realm of the academy. It became a code of behavior for the warrior class, but it did not enter into the daily life of the peasant, artisan, or merchant class [Ref. 8].

evil. It placed its main emphasis on the strict regulation of society and the conformity to the prescribed behavior by members of different social classes and subclasses.

According to Confucianism, the basic elements of a "good" society were benevolence, propriety, wisdom, and obedience. These standards were not, however, to be applied universally but only variously, within the specific framework of established social relationships. Confucian stressed five key dyadic relationships and prescribed appropriate interaction for each: affection between father and son; respect and loyalty between master and servant; harmony between husband and wife; precedence between older and younger brothers; and trust between friends. (It should be noted that four of these five basic relationships were hierarchical.) In essence, therefore, Confucian philosophy concerned itself mainly with the correct observance of social relationships within a hierarchically oriented society. Thus, it is readily understandable why the Tokugawa regime showed so much enthusiasm for the Confucian philosophy [Ref. 6].

Weber's conclusions concerning Confucianism can be summarized as follows: Confucianism, like Puritanism, is rational, but there is a fundamental difference between the two. Puritan rationalism has sought to exercise rational control over the world while Confucian rationalism is an attempt to accommodate oneself to the world in a rational manner. Furthermore, Weber concluded, it was this mental attitude among Confucianists that was a major factor in preventing the emergence of modern capitalism in China.

Despite this judgement Weber observed; "The Chinese in all probability would be quite capable, probably as much as if not more capable than the Japanese, of assimilating capitalism which has technologically and economically been fully developed in the modern culture area." It must be

the flow of historical development that did not in fact occur. As dramatic as the Meiji Restoration was, there had been a strong latent impulse and capacity in the pre-Meiji period that made Japan respond vigorously to the fresh stimuli and opportunities offered under the new dynamic leadership.

The immediate traditional society from which modern Japan emerged is historically identified as the Tokugawa era.³ The Tokugawa era played a preparatory role in Japan's subsequent modernization (1603-1867). The Tokugawa era gave modern Japan capacities for dynamic change, discipline and order in its drive toward modernization. In addition, a particularly important link was forged between the Tokugawa period and modern Japan by the Meiji leadership when it persistently and almost systematically turned to traditional ideology and values in meeting the challenges and problems of the new era. This conscious effort by the political elite to apply selected elements of the feudal heritage to the solution of new problems is often regarded as a key factor in Japan's achieving in a rather brief period, a rapid and smooth transition from an agrarian nation to an industrial world power. In establishing and maintaining its rigid society, the Tokugawa Shogunate⁴ had found an effective ideology in Confucianism [Ref. 5].

The Tokugawa family resurrected Confucianism, made it the official philosophy, and used it as the ideological framework for an elaborate and rigidly controlled social system. The precepts of Confucianism were extremely numerous and varied. Its essential teachings were, however, "this-world-oriented", and unconcerned with heaven and hell. Nor did it teach universal morality or the ethic of good and

³See Appendix C-3

⁴See Appendix C-4

The reign of Emperor Meiji that began in 1868 saw dramatic changes in Japan - education, industry, politics, economy. The Emperor Meiji turned the government over to anti-Tokugawa clans known as the Satcho Hito group. The young Samurai of the Satcho Hito were humiliated by the trade treaties imposed upon Japan by Western nations in the 1850's. They set out to make Japan independent of other nations.

In order to strengthen his nation as it entered a new epoch, the young Emperor embraced foreign ideas, declaring, "Knowledge shall be sought all over the world.". Meiji is the grandfather of the present Emperor, Hirohito (who will be known as Showa after his reign ends), illustrating the recent entry of Japan into the modern world. From an insular agrarian country, Japan absorbed western ideas and technology which transformed her into an important industrial state by turn of the century.

As Will Rogers observed, "America knocked on the door of Asia, but she didn't go in. Japan came out."

Consequently, after World War II, the United States played a key role in Japan's effort to rebuild her economy. - Occupation policy, Korean war, Vietnam war.

The term "economic miracle" is often used to describe Japan's postwar recovery and rise to economic prominence in less than two decades. The postwar United States - Japan alliance has been fortified by trade, investment, and cultural and political exchanges.

B. PRE-WORLD WAR II ERA

1. Tokugawa Era

The modernization of Japan dates back to 1868, the year of the Meiji Restoration. Like most dates that define historical periods, this one, too, suggests a sharp break in

Paternal authority was absolute and unquestioned in the family and the Japanese family system was closely integrated into society. It was this harmony between family and state that facilitated the modernization of Japan. The Tokugawa Shogunate kept Japan in complete isolation for 265 years, until Commodore Perry and the U.S. Navy forced Japan to open its gates.

Thus, in only one century, the United States and Japan formed close economic, political and cultural ties notwithstanding periods of political and military conflict. The relationships between the two countries formally began in 1853, when Commodore Perry led a naval expedition to Japan to induce the ruling Tokugawa Shogunate to establish diplomatic relations with the United States. He returned the following year to negotiate a treaty. This agreement signaled an end to two centuries of self-imposed isolation in Japan. Perry's gunboat diplomacy led to a series of treaties that ended almost three centuries of complete isolation, and marks the great divide of Japanese history. It also resulted in the downfall of the Tokugawa Shogunate. Townsend Harris became the first American consul in Japan in 1856. Four years later, the Shogunate dispatched a diplomatic mission to the United States, and, in 1870, a Japanese consulate was opened in San Francisco as a turning point based on this period.

The result of this isolation was security and stability, but at a heavy price of institutional and technological backwardness. Even so, the long period of peace gradually undermined the state quo, particularly population growth, economic expansion, and strengthening of the merchant class. When commodore Perry came knocking at the door in 1853, Japanese society was undergoing economic and social change. Political tensions were near a breaking point [Ref. 4].

together, they were organized into an artificial or simulated kinship group. This aspect of the traditional society had implications for Japan's modern managerial system.

These implications mean that enterprises, regardless of its size, are like one family. Management argued that whereas hierarchical differentiation was necessary in any large organization, in Japanese industrial relations the hierarchical distinctions differed from the class distinctions between management and labor in Western business enterprises -- in Japan, every permanent employee was a member of the enterprise family and, as such, there could be no conflicting interests and goals among them.

From the company president down to the humblest worker, all employees must be united in purpose and in their devotion to the enterprise. Each member of the enterprise must be content with his station in the organization and do his utmost for the good of enterprise. Close emotional ties, solidarity, and harmony among members of the enterprise were also stressed [Ref. 22].

As a consequence, management began to extol the virtues of the traditional family ideology and to emphasize that the problems of employer-employee relations could be approached much more effectively through the application of the familial concepts of benevolence and reciprocity, rather than through labor legislation or organized labor movements. They insisted that the employer-employee relationship in a large modern factory could be modeled after the pattern of the parent-child relationship in the traditional family system. It also drew heavily upon the feudal Confucian-oriented superior-subordinate relationships.

2. Meiji Era

Most events in history have particular central themes, and that of the Meiji Revolution (1867 - 1868) was

laying the foundation for the building of a modern state on the Western model.

The Japanese have interpreted this theme of building a western standard modern state in a material- physical, and not a spiritual, sense. Despite the rapid external and formal Westernization of science, technology, education, economics, the armed forces and political forms, spiritual changes have lagged far behind. Rather, as the phrase Wakon Yosai (Japanese spirit with Western ability) indicates, the reaction has been an intense rejection of Western spiritual ideas.

The Japanese have desired to retain their culture, their way of life, the specific relationships between superior and inferior, and their family structure, while simultaneously building a modern nation endowed with power that is comparable to that of Western countries.

This desire has persisted throughout the last century or more - on the eve of the Meiji Revolution; when fighting Russia in the latter part of the Meiji period; during the militaristic period when Nazi Germany was considered the ideal; when the country was in ruins after being defeated in the world war; and even today when Japan has become an economic giant [Ref. 23].

The authoritarian Meiji elite used ingenious ways to consolidate their power , to achieve national integration, and to build a society responsive to their leadership. They found ideological support in the imperial institution. They rallied around the Emperor and sought to build a national unity around the imperial myth. Shintoism, in which the Emperor occupied the central place, was restored as the state religion.

Emphasis on the divine origin of the Emperor and on the uniqueness of Japan as the divine nation helped to develop high degree of national consciousness and strong

nationalistic sentiments. Shintoism enabled the leadership to succeed in transforming the strong sense of loyalty to one's lord, already dominant in the feudal society, into a sense of loyalty to the Emperor and to the nation. This dedication and loyalty to the Emperor became an absolute duty. [Ref. 24]

Buddhism, Taoism, and Confucianism all came to Japan (from China via Korea) almost simultaneously in the sixth century. Buddhism and Taoism were suppressed by Oda Nobunaga (1534-82). Nobunaga's innovation of dissociating arms from farming was promoted and completed by his successors, Toyotomi Hideyoshi (1536-98) and Tokugawa Ieyasu (1542-1616); This lasted for three hundred years until the Meiji Revolution.

The rationalist Nobunaga had no faith in God or Buddha; At heart he considered that Taoism and Buddhism were feeble and useless. He praised Western missionaries as brave men who had come from afar.

Most Japanese people have been deeply affected by Taoism through its influence on primitive Shintoism. For example, during the building of a house, they hold ceremonies raising of the framework, etc., and these are all conducted by Shinto priests. At Shinto shrines, visitors can draw sacred lots by paying money and buying copies of the almanac to look up their stars. All these actions are very Taoistic.

Confucianism, which is based on rational ethics, is a philosophy rather than a religion. There is no worship of a divine power. While Confucianism emphasized such virtues as loyalty and self-sacrifice, Buddhism regarded mercy towards all living creatures as the most important quality of human beings.

When Buddhism became influential in the government, Taoism, which had already established itself in the form of

Shintoism as the religion of the imperial family, was re-interpreted from the Buddhist point of view. The gods of Shintoism were considered as manifestations of Buddha and his distinguished disciples. Shintoism was regarded simply as a branch of Buddhism. At the same time, however, Buddhism was being re-formulated from the Shintoist point of view.

Japanese Taoism was transformed into Shintoism so that it accepted the concept of the Emperor as the living God (manifest God) of the nation which was very anti-Taoistic; Buddhism too, after it infiltrated the government, was Japanized by admitting the 'Divine land' in which the manifest God reigns and should therefore be eternal as heaven and earth. [Ref. 25]

Confucianism provided the ethical foundation for Japanese culture, while Buddhism blended with Shintoism laid the religions in Japan. In the West, the Protestant ethic emphasizes self-reliance and welfare of the individual. In Japan, an amalgamation of Shinto, Confucianism, Taoism, and Buddhism has produced a homogeneity of society that is unknown to the West. It has created the paternalism or familism that is the basis of Japanese industrialization.

During the Tokugawa Shogunate, 300 war lords ruled 30 million peasants. The Meiji Restoration changed the ruling class into a few dynasties made up of family clans. These dynastic elite not only guided the Restoration, but also ventured into industrial enterprises with the backing and assistance of the government.

Innovations were made in religion, education, military affairs, the legal system, and politics. Subsidies were used judiciously to establish the industries necessary to create a modern economy that could sustain their armed forces. The Meiji government supported both light and heavy industry, as well as banks, commodity exchanges, transportation, and communications.

Capital for this industrial expansion came from agriculture, where yields were greatly improved. Once new enterprises were founded, they were sold to various favored private family dynasties at low prices. Later, these industrial dynasties, or Zaibatsu¹⁶ grew into the giants of Japanese industry: the Mitsui, Mitsubishi, and Sumitomo empires. The Zaibatsu gained an unyielding grip on the economy that persists to this day. The Allied occupation in 1945 temporarily broke up the Zaibatsu. When the occupation ended in 1952, a new arrangement of the same interlocking big-business groups came into being, bigger than ever.

Although the changes instituted by the Meiji Restoration were drastic and revolutionary, they were not a complete abandonment of the past culture and tradition. On the contrary, the Japanese industrialization was a process of selectively importing new techniques, ideas, and machines from the West and fitting them into the Japanese culture. Thus the modernization and industrialization was accomplished without discarding traditional roots and social continuity [Ref. 26].

To improve matters further, frugality was emphasized in Meiji era. In other words, frugality accelerated Japanese success. Following the establishment of the Meiji government the traditional caste system had been abolished, the warrior class had lost its prerogatives and a system of conscription had been introduced.

As a result of the obligation of national defense fell to the population as a whole, and all Japanese people were considered as potential soldiers. The imperial injunction to soldiers was written on the basis of the sort of consideration, and was simultaneously an imperial injunction to the nation which had to be observed by the people as a

¹⁶See Appendix C-18

whole. In this document five of the Confucian virtues were emphasized - loyalty, ceremony, bravery, faith, and frugality; No special consideration was given to benevolence, the central virtue in China. [Ref. 27]

Various factors underlie Japan's economic success in the postwar period. Several elements in Japan's cultural and historical background explain its current achievements. The character of the Japanese people has been a major element in Japan's rapid industrialization and economic growth. The qualities and traits often associated with the protestant ethic-frugality and a preparedness to work hard and postpone consumption by saving and investment - are clearly evident in the culture and tradition of the people.

The propensity to save and invest in future growth is strong on both the individual and corporate levels. The rate of personal income savings has consistently been higher in Japan than in the United States or western Europe. Currently it is 22 percent of disposable income, compared to 15 percent in conservative West Germany and only five percent in the United States.

Individual Japanese usually deposit their savings in city banks and commercial banks, which in turn channel funds into investment loans to business. It has been estimated that Japanese industry, particularly heavy chemicals and durable goods, generates roughly half of its growth rate from this source, as opposed to the Western method of selling public stock or issuing bonds.

Japanese frugality stems in part from the country's resource-poor nature but is also reinforced by preferential taxes on savings deposits. Relatively low rates of inflation make savings accounts a rational form of personal investment, and the system of giving semiannual bonuses, amounting to as much as five months' salary, encourages all workers to save. Inadequate social security benefits in

Japan are a further incentive to save for old age and for educating children. Finally, the pervasive American practice of buying on credit and obtaining loans has yet to infiltrate Japan, thereby necessitating the accumulation of needed funds before buying [Ref. 28].

C. POSTWAR ERA - TODAY

On August 15, 1945, Japan surrendered unconditionally to the Allied forces, marking an end of an era and ushering in a new one. At that time, the economy was to a large extent shattered. Economic recovery had to be undertaken under difficult conditions. Bombing by the Allies had destroyed about 25 percent of the national wealth [Ref. 29].

Japan lost over 1,850,000 lives, over a third of whom died in Japan proper as a result of air raids. Forty percent of Japan's aggregate urban area was destroyed, and some 2,252,000 buildings were destroyed. The amount of physical destruction is estimated to have been equivalent to about twice the national income of the fiscal year 1948-1949. [Ref. 30]

Occupation reforms touched almost every aspect of postwar Japanese life, involving not only disarming the Japanese military, but stripping the nation of its ability to wage war by destroying its industrial capacity. Economic recovery was greatly influenced by the occupation policy.

In the middle of 1947, the intensification of the cold war forced a change in American policy toward Japan. Rampant inflation was brought under control in 1949 and Japan began to head for recovery. Then the Korean war broke out.

1. Korean War (1950 - 1953)

When the Korean war broke out in 1950, Japan became an important United Nations supply base as well as a place

of 'rest and relaxation' for American soldiers. The demand for Japanese goods and services rose sharply, and the economy experienced the first boom of the post-war period. The boom gave a final push to economic recovery, and allowed many companies to reap large profits. A large percentage of these profits was retained in companies and used later for plant renewal and expansion, and for introduction of technology from abroad. [Ref. 31]

The impact of this war in providing the initial impetus to Japan's postwar recovery cannot be over emphasized. It is estimated that during the Korean war, the United Nations forces spent nearly four billion dollars in Japan on strategic supplies for the war effort.

These payments enabled Japan to build up large dollar reserves; A major portion of them were subsequently channeled toward reequipping Japanese industries. Simultaneously, United States aid amounting to two billion dollars poured into the national economy. By 1952, when Japan regained its independence, its industrial output had reached the prewar level. By 1956, Japan had completed its economic recovery, with a gross national product exceeding that of the mid-1930's.

During the next several years, the Japanese GNP grew at the rate of 10 percent or more annually, nearly a three fold increase in real terms between 1956 and 1966. During the same period, personal consumption increased by two and a half times. The volume of output by all industries grew by five times between 1951 and 1965 then Vietnam war occurred.

2. Vietnam War

Japan derived profits from the Vietnam war, yet it was not until 1969 that Japan offered economic aid to Saigon. In 1971 aid amounted to \$30 million, with the Vietnamese hoping for another \$50 million in 1972. This was

partly a move to offset the decline in trade resulting from the 1970 ruling, part of the dollar defense measures, that American aid monies could not henceforth be used to finance imports from Japan. Since that time many Japanese firms have gone into south Vietnam and set up joint ventures with local interests. In a short time the Japanese established themselves as the country with the greatest economic stake in Vietnam.

The key for Japanese involvement in Vietnam came in 1970. At the Sato-Nixon talks of late 1970 Sato agreed to give due consideration and take a 'forward looking stance' on the United States request for \$150 million in aid for Vietnam. This was a request for the Japanese government to underwrite a large scale operation by Japanese industry to go into Vietnam as it had done in Korea and Taiwan. Commitment to Vietnam was the third specific direction of Japanese policy as spelled out in the Sato- Nixon communique of the previous year. [Ref. 32]

The Korean war, and its attendant boom, was, of course, profitable to Japanese business, which benefited from the increased American expenditure connected with the war: The war itself thus solidified the position of Japan as America's counter-revolutionary ally in East Asia. The Vietnam war was, certainly, important in accelerating the process, and in promoting the success of Japanese.

D. SUMMARY

The Japanese blended the religious elements of Shinto, Buddhism, and Confucianism into the ethical code of Bushido, "Way of warrior." The Confucian contribution to Bushido stressed the loyalty that should exist between subordinate and superior in all social and family relations.

Five relationships were predominant; father and son; elder and younger brother; emperor, lord, and subject; husband and wife; and friend to friend. Loyalty of the subject to his lord and through him to the emperor transcended all other loyalties. The emperor, considered to be the Son of Heaven, constituted the basic link between the divine order and human society. The rules that govern relationships between officials and their superiors are the same as those that govern relationships between father and son. Hence, since the same code of conduct governs relationships within the family and within the state, the entire nation becomes in extension of the family, and the familial head of the entire population is the Emperor.

Japan business customs are also rooted in the familial system. Familism or Paternalism is also the basis on which the giant cartels known as Zaibatsu were erected in the late nineteenth century.

After World War II, there were a number of significant institutional changes in economy. Although managerial paternalism, has withstood the severe shocks of postwar changes, the Japanese are very adaptable people and capable of great changes even national direction; A case in point is the 180-degree turn during the Meiji Restoration.

The Korean and Vietnamese war spurred on their current success. Furthermore, the postwar ideology of management has been basically averse to the paternalistic philosophy. The democracy imposed by the occupation and written into the Japanese constitution swept the minds of the people and the labor movement emerged as an important political and economic force. Some people began to question the validity of management paternalism, but they were a minority roots of the traditional values ran deep in the Japanese mind and character.

In other words, it is said that after World War II, the Japanese merely shifted the focus of their loyalty from Emperor to employer. [Ref. 33].

This comment suggests that the Japanese employees are loyal to their company. Nowadays, of course, paternalism is still visible in Japan's management scene. It has been too strongly entrenched for too long a time to have yet become obsolete. A certain degree of paternalism may well linger on for sometime, but we should recognize that the forces are mounting that are weakening its ideological and practical relevance. Unquestionably, management must now evolve a new set of attitudes toward labor upon which to structure more viable management - employee relationships. This task is very likely one of the most vital challenges now facing Japanese management.

III. JAPANESE MANAGEMENT STYLE

After World War II, modern American management techniques and quality control technology were introduced into Japan. They played a large role in modernizing Japanese management, which was regarded as being inefficient and premodern. Now, the secret of Japanese economic and industrial dominance embodied in its high labor productivity, superb quality control, stable labor-management relations, and the like, is being sought for in Japanese management practices. From America to China there has arisen a "learn from Japan" boom.

Among American companies, such firms as GM, Ford, and IBM have taken a close look at Japanese-style management, particularly quality control-practices. American should learn from Japanese management, claim a recent books and articles. According to this outpouring of facile advice, Japan's economic success is founded on a superior concept of "human resources" management that is directly needed here. There are no coarse, cursing, driving bosses. Instead, warmed by trusting, intimate, even "feminine" relationships within the corporation, happy workers perform prodigies because they identify totally with the interests and goals of the firm.

One writer, William Ouchi, has called this approach Theory Z and claims it is already the practice in some highly successful United States companies. However, by B. Bruce-Briggs, Theory Z is downright silly and it is also dangerous. He also states; "To imitate the Japanese, we would need a labor force disciplined by a social hierarchy controlled by an oligarchy." Japanese firms had cheap good labor. Labor, not the art of management, is the key to

Japan's ascendancy. That labor does what is expected of it. It is expected to work hard, work right, and not block productivity improvements. American labor is told what to do but does not do it reliably; that is the difference. Japanese labor discipline was not created by skillful corporate management [Ref. 34].

Japanese labor discipline are rooted in their culture and, also, their management-labor relations are based on their culture. The company is the family and the relationship is a family one rather than that of employer and employee [Ref. 35].

In this chapter, prior to compare to American management style, we will discuss Japanese management style based on culture and be focused on employer-employee relations.

A. COLLECTIVISM

Vogel, who surveyed white-collar workers in a Tokyo suburb, discovered the core of the white-collar worker's value system in group loyalty. "Group loyalty means not only identification with group goals but willingness to cooperate with the other members and to respond to group consensus enthusiastically" [Ref. 36].

The observation of the Westerners that points to collectivism or group loyalty as a behavioral characteristic of the Japanese, however, cannot be said to be totally original. For there is much in common between this idea and "the cooperative character", "the village spirit" (Mura)¹⁷ and "the familial composition (Ie)" that have been pointed out as characteristics of Japanese culture by Japanese scholars.

Ryushi Iwata argues that collectivism was a prominent and almost universal behavioral mode among the Japanese and attributes Japanese-style management to the collectivist

¹⁷See Appendix G

preferences of the Japanese [Ref. 37]. He states; The Japanese exhibit "the desire for belonging to a group" and develop loyalty to a group. On the basis of these psychological traits, Japanese management tend to aspire to the stability of internal relationships. This provides the organizational principle that lifetime employment system gradually came into being.

Iwata also argues that it was collectivism that supported managerial paternalism as follows; In this manner, one can observe that, in the prewar period, collectivism in the guise of the Ie (family, house) ideology supported managerial paternalism. The postwar democratic reform destroyed the Ie-consciousness prevalent in the upper echelons of management. It was replaced by the Mura (village) type mode of behavior, thus bringing collectivism into the fore [Ref. 38]. Thus, according to Iwata, it was collectivism that supported managerial paternalism and, even though the postwar democratic reform wiped out the principle of paternalism, the life time employment system was even more solidified often the war because it was entrenched in collectivism, a prominent psychological trait of the Japanese. However, we don't believe that the Japanese are born with a peculiar psychological propensity. Many such psychological propensities have been conditioned socially and culturally. National differences in psychological propensities are attributable to differences in society and culture. In particular, differences in the labor market and the management style may by themselves influence individual's behavior psychology.

With respect to the Japanese society, a strong collective tendency has been detected in its social arrangements, its social mores, and people have adapted their behavior and attitude to it. For example, by Hiroshi Hazama, before World War II, very few people would have dared to take leave from

1,000 in 1964 to some 87,000 by 1978. Unregistered QC circles are conservatively estimated to total an additional five times the number of registered circles. With a total Japanese labor force of some 37 million in 1978, this means that approximately one out of every eight Japanese employees was involved in QC circle activity [Ref. 48].

By Kenichi Ohmae, Quality Control (QC) circles, so spectacularly successful in Japan in recent years, hold little promise of short-term gains. A QC circle is a group of about 10 relatively autonomous workers from the same division of a company who volunteer to meet for an hour or so once or twice a month. After work, they discuss ways to improve the quality of their product, the production process in their part of the plant and the working environment. Their long term objective is to build a sense of responsibility for improving quality. But the immediate goal is to exchange ideas in a place uninhibited by barriers of age, sex or company rank.

Japan's experience has revealed several preconditions for the success of QC circles. They are: First, the work force must be intelligent and reasonably well-educated. Members of the circles must be able to use statistical and industrial engineering analysis. They must know that it takes to make things work on a nuts and bolts level, and they must be able to brainstorm together. Second, management must willing to trust workers with cost data and important information, and to give them the authority to implement their ideas. Third, workers must be willing and eager to cooperate with each other. Unlike the suggestion box and other workers incentive programs which reward individuals, QC programs reward groups. A genuine "team spirit" is therefore necessary: workers must be willing to express themselves and find fulfillment by reaching agreement.

statistical quality control. An early postwar effort was organized by U.S. occupation officials to enjoin American statistians to go to Japan and teach American wartime industrial standards to Japanese engineers and statisticians.

The Korean War had a further impact on the Japanese QC movement. In order to win military procurement orders from the American military during and after the Korean War, the quality standsrds defined by the U.S. military had to be met.

In 1954, Dr. J. Juran, the noted QC expert, arrived in Japan for a series of lectures [Ref. 47]. He emphasized a new orientation to quality control, stating that it should be an integral part of the management function and practice throughout the firm. In effect, this meant teaching quality control to middle management.

From 1955 through 1960 these ideas spread rapidly in major Japanese firms. But there was critical innovation on the part of the Japanese. In the Japanese reinterpretation, each and every person in the organization hierarchy, from top management to rank-and-file employees, received exposure to statistical quality control knowlegeand techniques. Workers began to participate in study groups to upgrade quality control practices. These methods gave both a simple, yet most profound twist to the original ideas propagated by the Western experts.

Quality control shifted from being the prerogative of a minority of engineers with limited shop experience, to being the responsibility of each employee. Instead of adding additional layers of inspectors, reliability assurance and rework personnel, each worker is expected to take responsibility for solving quality control problems when they arise.

The QC circle movement in Japan has grown explosively. The number of QC circles registered with the Union of Japanese Scientists and Engineers (JUSE) increased from

Japanese have paid to Western developments in management theory and practice is really astonishing. A significant portion of the literature on management and work in the Japanese language consists of translations and analysis of the work of Western scholars. The research and proposals of American organizational specialists are widely known, and the use of their ideas is common in large Japanese firms [Ref. 46].

If any single factor explains Japanese success, it is the group-directed quest for knowledge. In Japan, personal development through study is a highly regarded social activity which continues throughout one's life. By the time Japanese youth complete formal schooling, they have not only acquired general information, but they have acquired the habit of studying in groups.

After obtaining employment, the school graduate is prepared to receive his specialized training and he remains receptive to broad generalized training. At his work place, the new employee first undergoes long periods of specific training as an apprentice and throughout his later career frequently participates in a variety of study groups. Off the job, an employee constantly looks for opportunities to learn what might be useful in his work. But he also tries to learn many other things which have no apparent immediate relationship to his work, for they might prove useful in the long term.

We can get a sense of the Japanese capacity to learn and adapt Western organizational technology to their own needs through a brief tracing of the introduction of Quality Control (QC) circles.

QC circles may represent the most innovative process of borrowing and adaptation in the personnel policies of large Japanese companies in the postwar period. Before 1945, Japan had only moderate experience with modern methods of

The group leader opens the decision making by stating the problem. Then he goes around the table and invites each member to express his thoughts on the matter. Each member does so, but he exposes only a small part of his opinion, never coming right out with persuasive arguments. Then he sits back and listens as his colleagues do the same. Because of his sensitive ego, each member tries not to hold a minority view or to take an isolated position. He is also aware of his colleagues' sensitivities, and so will not bluntly state a view point contrary to a colleague's previously revealed thoughts, since this might give offense. And so the discussion continues, each party backtracking from opposition, and pressing on if he senses that his views are being accepted. When the leader feels that agreement by all has been reached, he sums up the thinking of the group, and asks if all are in agreement. If so, the decision has been made. but if all are not in agreement, he does not call for a vote, or demand that they reach agreement. Instead, he suggests that perhaps more time is needed to consider the matter thoroughly, and sets a time for another meeting. This gives the disagreeing parties a chance to meet in private, perhaps with mediators, to work out their differences and reach a consensus. If so, the next formal meeting will find that all differences have been resolved, and a decision can be made. But if the differences cannot be resolved, the next formal meeting will result in a stalling non-decision [Ref. 45].

D. QUALITY CONTROL CIRCLES

During the "management boom" of the 1950s, the American management forms and techniques were introduced into all spheres of Japanese business administration; particularly personnel administration. The degree of attention the

4. Approval is returned to the middle manager in the form of an order. He is then free to carry out the order.
5. Note that the initial proposal may originate anywhere in the company. If the idea is conceived by the president, his director, or his department heads, the task of preparing the carrying out the decision will be placed, and where its effects will be felt the most.

Preparation of the ringisho requires thorough research by the junior executive who is originating the idea. This requires that he consult with all other executives at the same level who will be affected in any way by the proposal. When he has reached an agreement with all of them, the consensus is incorporated in the ringisho and presented to his superior. His superior signifies approval of the ringisho by stamping it with his seal, then circulates the ringisho through all other executives on his level. They, in turn, must put their seals on the ringisho because everybody else has done so. If an executive does not positively approve, however, he stamps his seal in a sideways position to indicate only that he has seen the paper. If he is strongly opposed, he may place his seal upside down.

Japanese management is characterized by extensive horizontal development. Approval by a higher-level executive is generally an action that permits his subordinates to carry out their recommendations. On the other hand, if he does not approve, he simply does nothing, and the proposal dies. If he does approve, however, he is not responsible for the results. So many executives have signed ringisho that it is everybody's decision, hence nobody's decision.

In most cases, the uppermost seal of approval is the president's; but in some cases, ringisho are brought before executive committee meetings attended by the president, vice presidents, and inside directors and are freely discussed. This helps to resolve differences of opinion as follows:

an individualistic society. Therefore, anxious to maintain group harmony, the head of a household, despite his authority, usually consulted with key members of the household in making important decisions [Ref. 43].

Japanese society has tended to transfer the status and traditions of the samurai class to corporate executives. Therefore, as head of the familistic group (the company), the president has the right and the obligation to make the final decision on all matters. This authoritarianism is, however, in direct conflict with the high value that Japanese place upon group relationships of harmony and absence of conflict. Ringi is the Japanese way out of this conflict. It preserves the illusion that all authority resides at the top, while still permitting middle management to prepare and carry out plans for almost all major undertakings ringi typically proceeds as follows; [Ref. 44].

1. Someone in middle management has an idea requiring action. The idea may have been suggested to him by higher management, or it may be his own. Regardless of the source, he must prepare a formal proposal on a form called the ringisho.²¹
2. The middle manager has his own subordinates research the project and prepare the first draft of the ringisho, which is coordinated as necessary with other departments on the same level.
3. The ringisho is formally submitted to the middle manager's superior for approval, who passes it to his superior, and so on until it reaches the top for approval. At each level, horizontal coordination takes place.

²¹See Appendix C-21

transition from one stage in his life cycle to another as smooth as possible [Ref. 42].

C. DECISION BY CONSENSUS

Decision making in Japan has been described as "collective irresponsibility". The Japanese style of decision making is, however, a logical consequence of the Japanese culture, which subordinates the individual to the group.

The Japanese have formalized the decision-making process into the institutions of ringi.²⁰ It represents a basic philosophy of management deeply rooted in Japanese tradition. The basic philosophy of the ringi system draws heavily on the process of decision-making commonly employed in the traditional Japanese family system. Just as the family provided the basic structural framework for all kinds of organizations, the underlying concept of decision-making in the family served as the model for decision-making in other types of organizations as well.

We noted in chapter II that in the traditional family system, authority was highly concentrated in the head of the house. In fact, the head was vested with absolute authority to make decisions for the entire family. Along with this characteristic, there was another equally important element in the traditional family system, particularly in its vision in the commercial house, from which modern corporate organizations drew heavily. This was a strong emphasis on cooperation, harmony, and group consensus, consistent with the collectivity-oriented values. The maintenance of harmony and consensus was considered important not only for its own sake, but because conflicts among members of a collectivity would tend to be more disruptive to the smooth attainment of collective goals in a collectivity-oriented society than in

²⁰See Appendix C-20

In the seniority-based wage system the remuneration of a worker is determined primarily on the basis of the number of years he has spent with the company. Lifetime employment and seniority-based wage system are intimately and originate from the set of circumstances. The seniority-based wage system is the dominant practice in Japan and, although the difference between the incomes of younger and older workers is greater in larger enterprises, the prevalence of wage differentials according to age and length of service is to be found in all enterprises, regardless of size.

The seniority-based wage system assumes that longer experience makes an employee more valuable. Within the "Ie" framework, a supervisor must be more than a technically superior worker. He must be able to maintain order in the group and look after its as the well-being. Thus the order manager acts as the symbol of group strength and continuity. He also functions as the opinion leader and consolidates the community. He acts as the elder statesman and assists group members in all aspects of their life, including non-job-related activities such as arranging marriages, setting family disputes, and so on. Middle managers contribute to the achievement of community purpose by educating, training and controlling the young and by acquainting them with the rules of the community.

These abilities correspond to a skill of seniority. Seniority-based skill originated in a community ("house", "Ie") [Ref. 41]. Appendix C reflects the interesting relationship between age and seniority and the expenditure pattern of typical Japanese worker. Wages rise and decline on the basis of length of service, and also neatly coincide with the peaks and valleys in the expenditures of the worker and his family, and his life cycle. Since an experienced employee is very valuable to a company, it is important that the company make even effort to make his

as being of unilateral, not bilateral, character. He looks at "indefinite obligation" as a code of behavior unique to the Japanese and fundamental to the lifetime employment system.

However, individuals participate in business organizations in order to fulfill their goals, interests and motivations. It is unbelievable that the Japanese participate in these organizations merely in order to bear the burden of indefinite obligations unilaterally.

The Japanese business organizations feel obligated to their employees and thus assure them of stable employment through the seniority-based wage system, and of life-cycle wages through the seniority-based promotion system. Furthermore, they feel so obligated to their employees that they invade the worker's private lives in order to improve their welfare.

These obligations extend beyond the scope of the employment contract. In response to such a sense of obligation on the part of the management, Japanese workers are willing to take on the burden of an indefinite sense of obligation toward their companies beyond the terms of the employment contract. There are thus bilateral obligations between labor and management and their exchanges on the market.

The obligations that the management performs for the employees are offered to them so as to induce them to contribute to the management. Seniority-based wages, life-long employment, seniority-based promotion, and welfare-health facilities all of which are utilized to induce the employees to contribute to their organizations. For the employees, the stability of employment, the rise in wages and salaries and their positions, and the welfare facilities comprise the incentives that the management offers them. By receiving these incentives from the management, the employees fulfill their personal motives and goals.

flexibility of job functions. It is true that very few Japanese firms prepare full job specifications detailing the function, authority, and responsibility of each individual worker. His intense loyalty and strong sense of responsibility to the group make him flexibly assume responsibilities as the need arises in the organization. However, as is widely known, the labor-management relationship in the West is based on the market principle. The wage rate is the price paid for a specific job function. Hence, when a job is clearly specified, the market principle establishes a market exchange between the job function and the wage rate. Moreover, to perform a task other than the prescribed job function is considered as taking away other worker's job, and raiding one another's job functions will only weaken the collective bargaining power of the trade-type labor unions. It is against the market principle to work beyond the specifically prescribed job function. To be sure, Japanese behavior is quite different from that of the Western worker who would ignore his superiors' orders with the "it's not my job" attitude.

The other meaning of the "indefinite obligation" seems to be that, under the lifetime employment system in Japan, the employees are obliged to accept any future reassignment in job functions. Iwata states: 1) the employer, based on the "indefinite obligation", namely, on his unilateral judgement, is free to reassign his employees. 2) The employer is free to dismiss those employees who are no longer useful and to replace them with newly hired workers. While the Western societies remain flexible because of their freedom to dismiss workers, Japan maintains its flexibility through the freedom to reassign workers [Ref. 40].

In Iwata's argument, the "indefinite obligation", which is considered to be an indispensable condition for the continuance of the lifetime employment system, is regarded

is in accordance with the objectives. These two objectives are not always mutually exclusive, preventing the achievement of either objective; rather, they can complement each other and enhance their mutual effectiveness. In fact, among Japanese business, such a mutually complementary effect is quite great, wherein lies the secret of business growth which has had its base in the collectivism of Japanese people (collectivist management).

B. EMPLOYMENT AND SENIORITY

Life or permanent employment involves a total commitment on the part of the worker to one employer for his entire working life. The origins of lifetime employment can be traced to the family traditions of the old Zaibatsu, according to which a youth entered the firm as an apprentice and ended up being a trusted manager or founder of a new branch house. The success of the lifetime employment system depends on the fulfillment of a dual set of expectations that are deeply rooted in Japanese traditions and cultural norms.

Iwata asserts that the Japanese have much stronger group feeling of belonging to an organization. He describes this condition as "the indefiniteness of the obligation of a group member" and regards it as the organizational principle of Japanese-style management as follows: The members of an organization have a strong sense of "obligation" to assume a responsibility when the organization so requires, even when it is not a responsibility that is clearly established as obligatory, or moreover, one that was predictable at the outset. Furthermore, they strongly expect other members to have the same sense of responsibility [Ref. 39].

Accordingly, the indefiniteness of obligation appears to have the following meanings. First, it is the vagueness and

If we view them as groups that aim at achieving the objectives that are specific to the substance of Gesellschaft, their goal is the pursuit of profit; on the other hand if we view them as groups that aim at achieving the objectives inherent in the substance of Gemeinschaft, their goal is the perpetuation of the groups. In other words, Japanese business possess two objectives or divergent directions, which are the pursuit of profit and the perpetuation of the group.

This trait is typically observed historically in the concept of "family business" (paternalism). In a merchant family, for instance, we observe the coexistence of the profit-making activities, which is commerce, and the group-perpetuating behavior, which is the family.

This idea has been carried forward in modern business since the Meiji era. After business was separated from family, thus becoming the "company business" not only in the management but also among the employees at large, a strong sense of values has continued to prevail that deems it desirable for all to pursue profit and at the same time desire the permanence of the company existence. The "harmony" (Wa), treasured in business as in any other group entity, indeed supports this group perpetuation. Business establishment, in the process of their perpetuation, become associated with a kind of spirit -- team spirit or esprit de corps -- which becomes the spiritual as well as the economic support of the members which they are comprised of. The business enterprises are the spiritual bodies as well as the profit-making bodies, and the employees' group consciousness (love of company and company loyalty) has gradually developed from this base. In pursuit of profit operations can be carried out with an emphasis on reason, thus indeed rationally (to be precise, with formal rationality); but, in perpetuating the group, respect for the emotion frequently

In such a state, for the individual concerned, the behavior "for the company" which may appear to others as self-sacrificing is not a sacrifice for the benefit of others at all, but in fact it is for the benefit of his own self.

Even within collectivism, the assertion of individualism or, alternatively, the desire for the realization of the self, is not necessarily absent. It is only that, unlike under individualism, the realization of the self is not viewed to be brought about solely through individual effort and responsibility but to be realized through the group. For this reason, the group itself assumes a profound responsibility in the fulfillment of themselves of its members. The fact that, in Japanese business, the labor-management focuses on the "meaning of life", which is a problem closely related to individuals' self-realization, is indeed relevant to this point.

According to Tonnies Taxonomy, Japanese business, especially large firms, are classified as a *Gesellschaft*¹⁸ but, when various tenets with respect to human relations are taken into account, their character as a *Gemeinschaft*¹⁹ becomes highly evident. Under the labor-management system where it is customary for employers to look after employee's entire welfare, the human relationship approaches the dealing in the whole of a person. Under the workplace oriented, rather than the job-function oriented, organizational setup, people are interdependent instead of being strictly separated in terms of their activities and authorities. For this reason, it may be appropriate to refer to the Japanese business, borrowing Tonnies' Terminology, as the "pseudo *Gemeinschaft*".

¹⁸See Appendix F

¹⁹See Appendix F

work for the reason of their wives' illness because the workers had to conduct themselves according to the interest of the company (group) first. After the war, especially in recent years because circumstances have changed so drastically, such extreme views which are geared strictly to the company interest are no longer prevalent. This is the time when there are people who are absent from work even to accompany their children to college entrance examinations. Nevertheless, there are still numerous instances that evidence the company-centered or the group-centered way of life.

To put these thoughts in order, collectivism means, in the individual-group encounter, the group-centered thinking whereby an individual's interest is superseded by that of the group. Going further, adding a moralistic content to the discussion, it is the way of thinking which considers this kind of relationship as "desirable" or "good". The Western individualism is the individual-centered thought which regards as natural or proper to let an individual interest supersede the group interest. However, this manner of viewing the individual and the group as separate and opposing entities itself may perhaps be interpreted as an individualistic logic. Under collectivism, the "desirable" state for an individual as well as for the group is not the conflicting relationship between an individual and the group, but it is the relationship in which the two merge as one. Here, viewed in the mode of the Western view, emerges the state of the absence of the individual's fulfillment.

From the standpoint of the ideal of collectivism, however, it is desirable for an individual and the group, and speaking in more abstract terms, an individual and the whole, to be in the state of symbiosis rather than being in the state of conflict cooperation. The individual is identified with the group, and the group is identified individual.

One of the most important features of QC circles in Japan is that they did not originate with senior management. They spring rather from a voluntary, grass-roots movement of workers and middle managers from across the nation. QC circles work best when they are part of what the Japanese call total quality control, which embraces concerns about the entire spectrum of a business. And they are one of a number of productivity improvement techniques which work best when put together [Ref. 49].

In Japan, the proposal or suggestion system is fully utilized, with excellent results in terms of cost reduction and quality improvement of the production process. In the proposal system, workers discover production problems, proceed to think up solutions using their own creative ingenuity, and then recommend them to their superiors; it is a process totally different from the way of thinking of an American worker who does his job just as directed from above. From the American point of view, the bottom-up managerial technique is a very strange and seemingly incomprehensible way of doing things: attempts to retain it in Japanese-operated firms in the United States are always confusing to American workers.

From the American worker's point of view, horizontal meetings and bottom-up decision making are essentially "not their business". The relationship between the company and the employee is closed when the employee executes a specifically assigned task during work hours in exchange for a price, on the basis of the employment contract terms. Discussion of company operational policies is the job of company executives, and how said policies are implemented is the job of company managers. Changes and improvements in production process and quality control are also the responsibility of the company. American workers think it very strange that employees are called upon to take part in the

consideration and discussion of such problems through total employee participation. [Ref. 50] However, in companies which use both the suggestion box and Quality Control circle, management can gather directly from workers ideas which may require significant capital expenditures and at the same time use suggestion box successes to encourage Quality Control circle efforts.

Management spends more time today on sustaining existing circles than starting new ones, understanding that their effects are incremental and cumulative in 1951, Toyota received 700 proposals from its new worker participation program. Today it gets 500,000 per year, which save a reported \$230 million [Ref. 51].

In principle, it is a study group that concentrates on solving job-related quality problems. These problems are broadly conceived as improving methods of production in support of company-wide efforts. Some typical efforts include reducing defects, scrap, rework requirements and production down-time. These activities are in turn expected to lead to cost-reduction and increased productivity.

In addition to the above activities, the circles focus on improving working conditions and the self-development of workers. This focus includes: development of the leadership abilities of foremen and workers skill development among workers, improvement of worker morale and motivation, the stimulation of teamwork within work groups and recognition of worker achievements.

Above all, the circles recognize that hourly workers have an important contribution to make to the organization [Ref. 52].

E. THE ROLE OF UNION

In order to preserve the system of lifetime employment in the future, it is necessary for Japan to experience continued economic growth. This is a fact of life that is known to every Japanese employee, and it may be the cause of his hard work, tremendous cooperation, and unselfish attitude. Instead of thinking, "What's in it for me?", a Japanese employee thinks, "If the company does well, I do well."

Employers have attempted to limit lifetime employment to the highly skilled, providing no job security for the unskilled or for women. Since World War II, Japanese labor unions have made job security a key objective. A number of factors are, however, working against the extension or even the continuation of the custom of lifetime employment [Ref. 53]. One of these considerations is as follows: Labor unions have not been able to take advantage of such unrest, mostly because they lack leadership at the local level. Ironically, the promotion system now in general use in the factories may well make such leadership available to the unions in the future. As a general rule, with but very few and conspicuous exceptions, ambitious young men who are sons of a laborer or farmer and educated only to the middle-school level have no chance to realize their ambitions in the employ of the company. It appears likely that such young men will look to a career in the union, or a political career with union support, as a channel for their hopes and ambitions. Not only does management deprive itself of able leaders by its policies of recruitment and promotion, but it also may supply antagonistic leadership to the local union. [Ref. 54]

Employers may come to realize that mobility between firms may help to achieve their economic goals, and they will want more flexibility in hiring and firing.

Western influences are strong, and loyalty to the corporate group may be undermined by adoption of democratic and mass consumption values that stress the satisfaction of individual needs [Ref. 55].

The labor movement in Japan has been hampered by a number of factors, and has not had an impressive history. Union membership at the end of World War I was about 100,000. It increased to 420,000 by 1936, and then dwindled to nothing. After World War II, there was a resurgence of union organization after promulgation of occupation directives governing labor unions. There was, however, a tendency toward "enterprise unionism" where unions at each of a company's several plants would band together to form a single organization not otherwise affiliated with a labor organization. This tendency has persisted; in fact, some unions represent no more than a single plant. Japanese unions are not organized by trades or by industries.

From a union organizer's point of view, the problem is that the paternal relationship between management and the worker leaves very little room for an active local union. Every large plant is organized, and has a union shop system and a contract. In the day-to-day job relations of the worker, however, the union does not appear to be an important factor.

In a union-organized plant in the United States, all employee relations are centered in the union contract. In Japan, there is no grievance procedure and no attention to details of actual working relations. Instead, the Japanese union contract deals primarily with acknowledgment that the union does indeed exist, agreement on its relations with the workers, and agreement on wages, hours, and fringe benefits. In some companies the contract is reviewed quarterly, which means that hours, wages, and fringe benefits are continuously being negotiated. This is in addition to the semianual eruption over bonus payments.

Part of the explanation for such cozy relations between organized labor and management is the shared feeling that what is good for the company is good for the workers. If profits are down, it appears reasonable to all concerned for management to cut productivity allowances and for the union to scale down wage demands, since this would be good for the company as a whole. Railway unions have struck against public or semipublic companies, but the unions do not strike against private employers.

This kind of cooperation between management and labor has been a positive factor in the rapid and continuous technological upgrading of Japanese industry. In the United States, technological advances are often resisted by unions on grounds that jobs will be sacrificed. In Japan, jobs cannot be sacrificed, and any technological rationale requires, of course, that expansion of the economy must continue at a rapid pace so that jobs do not disappear in the process of automation.

It would be a mistake to think that the Japanese worker is unaware of or indifferent to the labor union. It just that, aside from the question of wages and fringe benefits, there is no room in the working place for allegiance to a third party. The worker sees the union as a more or less passive force to counterbalance excessive employment of its prerogatives by management -- a role similar to that of the federal government in the United States [Ref. 56].

IV. COMPARISON WITH WESTERN INDUSTRY

In chapter two, historical and cultural information about Japanese management was presented to show their success and the reasons behind it.

Chapter three tried to describe and understand Japanese management style rooted in their culture (mainly employer-employee relations).

In this chapter, we will compare the difference between Japan and Western (mainly America) in management style.

Prior to comparing this, we will discuss American management style (representing Western Industrial Nations).

A. AMERICAN MANAGEMENT STYLE

The American management style is characterized by personal emphasis on individualism, with a consequent sense of little belonging to the organization; preference for specialist rather than the generalist; decision-making by individual is quick; prevalence of scientific management and professionalism is based on rationality; high labor mobility is common short-term employment rather than life-time employment; emphasis is on conflict management, with a desire for all conflicts to be surfaced and confronted.

1. Individualism

The culture of the United States has often been described as pluralistic, meaning their national life. Different customs may be observed not only in different sections of the country, but also among people of different national origins. These differences are cherished by United States society, which passionately believes in the right of

each individual to choose for himself the way that he shall go.

In the United States each individual is expected to make his or her own decisions and to take care of himself or herself, to stand on one's own two feet against the world. For the Westerner, the roots of independence run deep. A psychologist, James F. T. Bugental, suggests that we invented the idea of the individual about five hundred years ago, and it has been a growing force in the West ever since. Locke, Hobbes, and Adam Smith contributed to our modern ideology, stressing the primacy of the individual and the wisdom of a society built on self-sufficiency. In America, the frontier movement (much glorified) has exalted these values. Granted that self-sufficiency and independence are valuable qualities, it can be argued that too much of them contributes to isolation and dysfunctional rivalry in organizational life [Ref. 57].

Whether the individual manager seeks an outlet for creativity or merely seeks to earn a living, the corporation is viewed as no more than a means of "fulfilling one's destiny". Neither a manager nor an employee hesitates to leave his organization if he is dissatisfied with working conditions or receives a better-economic gain.

To the American as a Western soul, it is generally accepted that subordinating individual tastes to the group harmony and knowing that individual needs can never take precedence over the interests of all is repugnant.

Emphasis on individualism created an anti-authority climate in America. An illustrating example is that many children were disrespectful to their parents. In part this attitude can be explained by the American intention to forge a new history rather than continuing the English past. It was also fostered by distrust of centralized power and government. In the early years of American history the

heritage of the frontier spirit made it unlikely that a son would live indefinitely under his father's hand, waiting to inherit the farm. Instead, he could and did leave, for a job in the city or his own realm. Self-reliance and individualism as a myth of the frontier had deeply influenced the shaping of attitudes toward authority in the developing nation. [Ref. 58] In fact, modern industrial production and organizational life are better suited to collaboration than to individualism as we practice it. However, American managers still hold this value and protect their rather extreme form of individualism.

2. Specialized Career Paths

Much of industrial society's great strides in productivity have come from specialization. By specializing, the worker becomes more proficient in a narrower job and pays more attention to the task's minute elements. Thus work specialization and division of labor in modern practice is common knowledge and in the United States business firms is the written job description that breaks each job down into fine detail.

Because of rapid evaluation and promotion based on one's performance rather than seniority, American firms usually have a high turnover rate. At operator levels, a company with high employee turnover rate must train half of its workforce anew annually. To cope with this, it is essential that jobs must be divided into small pieces, each simple enough to be learned within a short period without any delay or hiatus in company operation. With specialization by studying relatively skilled jobs and simplifying them an employer can pay lower wages and hire and train acceptable people more easily. Also, specialization is prevailing in managerial levels. Managers who do not know one another personally depend on each other's professional

standard way of dealing with problems. For example, an electrical engineer with a graduate degree responds to problems in pretty much same way that his predecessor did. Being aware of this, American managers make and implement plans to address varying situations without fearing a nonstandard, incompatible response. From the manager's viewpoint, a goal is to become a highly specialized expert in a specific field with national recognition [Ref. 59].

Of course, specialization has greatly increased productivity in the United States but it has also caused negative side effects in many instances. Simple jobs become unbearably boring so that a worker with any options will quit at the first opportunity. When pursued to an extreme, the specialized job that is only a small part of the entire operation will give employees less feeling of accomplishment and can subject them to increasing boredom and pressure. These problems are worst, of course, in manufacturing industries when the employees are tied to an assembly line. Also, specialization of managers and staff professionals create another problem. Specialists may know more than anyone else about their areas but this knowledge may be so concentrated that they know nothing about the rest of the organization and how their duties fit into it. Also, specialists sometimes fight with one another because each thinks his or her area is the most important one in the organization. Another potential pitfall is that a person's specialty may be so unique that no other organization can use him. Unfortunately if this particular organization does not need him, his specialty is worse than useless to him.

Many American companies practicing "productivity through people" have sought to overcome these undesirable effects with programs of job enlargement. With this program, quality and quantity can improve significantly, and thus high productivity can be accomplished. The success of the

Volvo and Saab experiments of assembling cars with small autonomous work groups who rotate job tasks has sparked interest of many in job redesign, especially by enlargement and enrich [Ref. 60]. This action seems to recognize that the economic law of diminishing returns also acts upon specialization of labor. Job enlargement, or job enrichment as it is sometimes called, expands the subordinate's job to include a variety of tasks and makes him or her more responsible for setting the pace of work and checking the quality of the product by giving a more flexible autonomy. The subordinates may also be given more discretion as to the method used.

3. Quick Decision-making

Decision-making is the primary role of all managerial levels since all management processes involve the conscious selection of one course of action from all feasible alternatives. Within the limits defined by company policy, individuals at each managerial level are required to make decision as often as necessary to carry out their assigned responsibilities.

In the United States, decisions are made by individual managers. This is not to say that decisions are made in isolation - far from it. Decision-making can be and frequently is a group process. Managers consult with their subordinates, and sometimes appoint committees to study questions which require decisions. Sometimes outside expert consultants are brought in. Opinions may be sought from suppliers or customers. But, when all of the consultation is over, one man makes the decisions and accepts full responsibility for the consequences.

An ingrained principle of American management is that the manager is personally responsible for his decisions and their consequences. The American manager is very

conscious of this burden of responsibility and of the underlying system of rewards and penalties. He knows that consistently making the right decisions can lead to rapid promotion and high compensation. He also knows that a wrong decision can lead to personal dissatisfaction at the least and possibly to demotion or being fired from his position. In a typical American company, this solitary decision-making often creates bottlenecks and inefficiency in company operation.

For example, John, as a data processor manager is assigned sole responsibility for making decisions for the warehouse inventory reporting system. If John develops serious problems of a personal nature, or if he becomes ill or has some other problem that seriously impedes his ability to function at work a bottleneck will develop and problems will be brought in. Reports from the stockout will not be issued in time and as a consequence orders for replenishment will not be properly processed or perhaps will not be processed at all. The whole company will suffer, and John will have to be let go.

In the American management system sometimes decision-making is carried by committee. There are several criticisms of committees. Nevertheless, despite their detractors, committees have still existed in most American business firms. They are infinitely varied in purpose, subject matter, power, and consumption of executive time. a committee may be organized ad hoc to cope with a particular problem, then disbanded, or it may be permanently organized as a standing committee for the continuous exercise of group decision-making, coordination of work, or training of participants.

These are desirable decision-making groups, but their benefits may be offset by several defects. these groups may waste time and money and also cause delays and

indecision in administrative action. Furthermore, the equality of the group decision-making may not be what was hoped for. Even if the committee is not dominated by one member such as the committee chairman (which is often the case), the group "decision" may be actually a compromise that is offensive to the minority and unsatisfactory to the majority. In addition, there may be ambiguity as to who has responsibility for the committee's decision.

Recently, some American management systems have adopted explicitly participative modes of decision-making in which all of the members of a department reach consensus on what decision to adopt. Under the usual procedure for management decision-making, a small group will gather around a table, discuss the problem and propose feasible alternative solution. During this process, the group should have one or more leaders who are expert at managing people so that underlying disagreements can be dealt with constructively. Although the leader has full responsibility, he does not try to make all the decisions. He develops his group into a unit which, with his participation, makes better decisions than he can make alone. He helps the group develop efficient communication and influence process which provide it with better information, more technical knowledge, more facts, and more experience for decision-making purposes than the leader alone can marshal. A consensus is achieved when the committee members finally agree upon a single alternative and each member of the group can honestly say they understand the other member's opinion and will support a consensus whether or not he prefers that decision. However, in practice most American managers do not follow this approach [Ref. 61].

Another key feature of decision-making by American management system is that it takes a short time. The rapid decision-making on the spot is appraised in terms of

adapting to the today's versatile environmental changes. However, this decision may require much time to be implemented. An American executive, for example, can make a decision instantly, but he then must spend a great deal of time "selling" the decision to those who must carry it out. People who have not been consulted are resistant to change and may even deliberately sabotage the decision.

American executives expect task forces and long range planning groups to come up with recommendations -- that is, to commit themselves to one alternative. They usually tend to focus their attention on getting the right answers since all the emphasis is on the answer to the question. Indeed, every American management book on decision-making tries to develop systematic approaches to giving an answer. Thus, this answer oriented decision-making is likely to make American managers to become prisoners of their preconceived answers [Ref. 62].

4. Scientific Management

In the American business organization, management is viewed as being closer to a science than an art. According to Luther Gulick, management is a field of knowledge that seeks to systematically understand why and how men work together systematically to accomplish objectives and to make these co-operative systems more useful to mankind [Ref. 63]. This implies that management can be studied for some time and can be organized into a series of theories. Indeed it is true that we are learning more about management by study every day, and in many situations we can safely recommend a specific course of action by utilizing analytical approaches. Furthermore, management information systems using the computer have greatly assisted and improved the manager's decision-making ability.

With this view point, it is natural that highly educated managers are frequently welcomed. Of course, it is still possible for a manager without a college degree to make it to the top in the United States corporations, but such a person is becoming increasingly rare. In a recent survey by F.A. Bond and A.W. Swinyard, more than 90 percent of the executives surveyed had attended college, and 86 percent had graduated. The distribution of their degrees by fields of study reflect the need for generalization at the upper echelons of management, with 33 percent in business, 27 percent in engineering, 13 percent in economics, 12 percent in social science, 11 percent in science and mathematics, and 4 percent in other fields. [Ref. 64] At the present time, the most sought-after recruit is the person with an undergraduate degree in engineering and a master's degree in business administration. Education for scientific management in the United States business community is regarded as a continuing process, and it is common to find in the United States executives in their 40s and 50s pursuing advanced degrees or participating in advanced study seminars at various universities.

Training, as distinguished from formal education, takes place on the job basis as a part of the company's program to develop its managers. Much experimentation has taken place in this area, but career development based on adult education at corporate expense is coming to flower in this decade, with the cooperation of educational institutions. In addition to scheduling evening classes in their MBA programs, business administration colleges have set up management training programs and advanced management programs. These programs run from two to six weeks and are very popular. Companies rotate their managers through these training programs. There are also a number of organizations that hold seminars on management topics on a recurring

management exhibits a unique blending of modernism, rationalism, and efficiency. Thus, on the one hand, it clearly differs in rationality and modernity from developing countries where old-time traditionalism remains; on the other hand, it is different from advanced Western nations where rationality has resulted in alienation. In other words, it is a social and cultural system unparalleled in the world, wherein rationalism and human centralism are linked together.

Originally based on such uniquely Japanese managerial and social institutions as the life time employment system (more accurately, long-term employment system), the seniority system, and enterprise unions, and a unique bottom up, consensus system of decision making and communication, this sort of Japanese-style management has been supported by individuals' strong sense of identity with the group or organization (participation consciousness or group consciousness).

In contrast, the American society is an individualistic society founded upon the independence and freedom of individuals, hence, American management is based on individualism rather than collectivism. Of course, it is an unquestionable fact both in the U.S. and in Japan, that today's economy and politics are no longer the sum of isolated activities of individuals but are governed by the collectivist behavior of individuals. Political parties, large groups of corporations, worker's labor union, and consumer groups are organized as a group. In addition, a family is a type of group and so is a social club [Ref. 93].

In this sense, the United States today is a collectivist society like Japan and Americans possess collectivistic preferences just as Japanese do. Then what differences are there between them in their psychological traits? The American individualism is the

his individual interest or motivations by continuing to participate in a specific group, namely his firm. The individual is motivated to cooperate with the objective of the group because his interest is fulfilled by the group.

Similarly, the Japanese management system is basically a *Gesellschaft* inasmuch as it is in a capitalistic society. But there remain strong elements of *Gemeinschaft* in the Japanese society and Japanese people. A *Gemeinschaft* is an organic interpersonal relationship joined by a common emotional tie. The Japanese society is a *Gesellschaft* with a strong *Gemeinschaft* character. The life time employment system retains this *Gemeinschaft* character within the *Gesellschaft* of Japanese-style management. As a consequence, this system psychologically motivates the Japanese employees to behave like members of a *Gemeinschaft*. The loyalty to a group and the collective sense of responsibility to a group are features of the *Gemeinschaft* behavior of the Japanese [Ref. 92].

The Western society is an individualistic society founded upon the independence and freedom of individuals. Therefore, the Western management system is formed upon an individualistic value standard. In contrast, the traditional Japanese society has a strong element of collectivism that places the group interest ahead of the interest of individuals. Thus, the Japanese-style management system is founded upon collectivistic preferences.

Japanese collectivism, although rooted in tradition, has been gradually modernized through the process of modernization and democratization of Japanese society since world war two as well as improvements in welfare during the rapid growth period setting its sights on the maximization of welfare and overall growth of enterprise (or, more generally, organization). Consequently, while retaining vestiges of traditionalism and premodernism, Japanese-style

The extreme sensitivity of the Japanese has created what might be called the "shame ethic". To be laughed at, thus incurring shame, is far more painful to a Japanese than a monetary fine [Ref. 90].

The shame ethic is only partially rooted in their strong sense of obedience to authority. Maintenance of self-respect requires the inner force of will power, and this is even more important than external conformity to avoid ridicule. Thus, self discipline and obedience are the twin forces that shape Japanese character [Ref. 91].

In contrast, the Americans respect for work in the workshop, deriving from the notion that to earn a living by the sweat of one's brow is a virtue. The respect given to physical labor in contemporary the U.S. has its roots, we believe, in the Puritanism about 200 years ago. At those days, the puritans had to have a hard work for themselves without dependence on any other in order to survive in the wilderness of the new world since they were all equal in terms of social status. From this was born the notion of making a virtue of the perspiring brow, and this in turn shaped the values in the whole society. This tradition has been inherited by the corporate world. Thus, the fact that engineers who walk around the plant wearing safety helmet and sweaty, old stained work clothes have a high status, high wage and a certain amount of authority not the least bit inferior to clerical or administrative personnel who generally exercise the mental work in the office, which is reverse in Japan, is an example.

b. Individualism and Collectivism

In Japan, the individualistic value system is weak. But this is a relative matter. It would be a great mistake to conclude that Japanese collectivism denies individualistic values. In Japan also, each individual fulfills

to the family group. The government, as an extension of the family and of the whole nation, commands the supreme allegiance families are joined together in clans, and out of the family-clan relationship comes the paternalistic care for lesser members of the family.

As the Zaibatsu built their huge industries, they incorporated a concept of paternalism that demands a two-way loyalty. All workers are expected to be loyal to the company, but the top management and directors of the firm are expected to protect and care for all of their subordinates, down to the most menial worker [Ref. 86].

The feudal tradition has made the Japanese perhaps the most group-oriented people in the world, often to the complete abnegation of self-interest. Individual values were not allowed under the feudal system. The highest virtue lay in serving one's superior while remaining faithful to one's own code of honor [Ref. 87].

As a consequence of this tradition, no matter what their ages or what the situation may be, the Japanese have a powerful urge to form a group whenever they want to do something extraordinary [Ref. 88].

An essential part of the feudal tradition is Bushido, the code of the Samurai, which held that no matter how impecunious a Samurai might be, he was entitled to respect as long as he maintained his honor. When imbued into the population at large, Bushido has created a proud, sensitive, and self-disciplined people, ever mindful of their honor as well as their place in society. The sensitivity of the Japanese people is something that a foreigner must take into account if he wants to do business with the Japanese. They are highly sensitive to either expressed or implied criticism, and quick to take offense; However, they are equally appreciative of praise and appreciation. Underneath their sensitivity is a strong desire to be accepted and to be thought well of by others. [Ref. 89]

influence worker perception of such matter as employment continuity, economic involvement and personal involvement of management, identification with organization, sources of motivation, and other aspects of the work situation. Mutual satisfaction in human relations in business organization depends partially upon management understandings of cultural values and the employee attitudes they engender. [Ref. 84]

In our studying the national character of the countries, the Japan and Western (mainly America), we found that the two societies had its own unique cultural values in their management style. This dissimilarity is primarily attributable to their considerable gaps in terms of geographical distance and their ancestor's different ways of living and thought. The prominent differences in the cultural values by which they organize plan, and control their business firms and in which they practice their labor-management relations will be discussed in this section.

1. Different Approach to Labor

a. Tradition

According to William A. Long and K. K. Seo, in Japan, the individual should subordinate himself to the group to attain harmony and men are inherently unequal (each has proper place in the hierarchy), in the United States, society exists to provide fulfillment for the individual and all men are created equal (even if inequalities appear later) [Ref. 85].

Despite of the adaptability of the Japanese people, Japanese society is steeped in traditions rooted in feudalism. The Japanese people depended upon feudal lords for their existence for hundreds of years. Out of this feudal relationship has come the tradition of fierce loyalty to authority in all that they do. Basic allegiance belongs

It also seems to be related to more logical internal wage structure policies and compensation administration practices. However, above the level of the company it becomes more difficult to show that the movement of the general wage level of the economy under collective bargaining are substantially larger than could be accounted for on other (essentially economic) grounds [Ref. 82].

Nevertheless, some unions have been leaders over the years in improving compensation and reward system components related to wages, time off with pay, income security, and conditions affecting the quality of work life. Through collective bargaining, these unions have enabled their members to be front runners among American workers with regard to some of the compensation components they receive.

In fact, probably the greatest fear any union member has regarding a management-developed compensation and reward system is that it will block, if not destroy, the collective bargaining process. This is why it is important to educate union representatives in the philosophy underlying the compensation and reward system, and to include union representation at every step in the development of the system. A sound, carefully conceived compensation and reward system has nothing to hide from a union or any other interested party [Ref. 83].

B. CROSS-CULTURAL COMPARISON IN MANAGEMENT STYLE

Improvement of management policies and performance can result from an understanding of basic differences in each cultural values. Attitudes concerning a broad range of obligations in employee-employer relations are influenced strongly by the cultural values indigenous to a given society. For example, such values have been shown to

its operation than it gets out of the market. In any given period, the market context limits the possibilities open to any given organization.

(2) Technology. The technology of the work place (and the resulting structure of jobs) influences strongly the kinds of human resources required to accomplish work to assure harmonious interpersonal relations. Thus, mass production work calls for mainly semiskilled workers who are trained on the job. The construction industry requires many skilled journey workers, many of whom learned their trades through apprenticeship. Schools depend upon knowledge workers (teachers with college and graduate degrees) to staff classrooms.

(3) Power relations. This third limiting context refers to the relative ability of unions and managements to influence each other and reach settlements. Power is always restrained by society and allowed expression within limits established by statutory and common law, executive orders, and various other norms or rules for rule-making in collective bargaining negotiations.

(4) Interpersonal relations. There are three participants in the industrial relations system; managements, unions, and third-parties (e.g. government agencies concerned with labor relations). All are dynamic forces whose interaction in the contexts of the market, technology, and power relations produce agreed upon rules to work and live by that pertain mainly to wages, hours, and working conditions [Ref. 81].

How effective has collective bargaining been as an instrument for modifying compensation and reward system? Economists have shown that collective bargaining has raised wage rates of particular jobs, altered intraplant differentials, and changed the wage levels of particular companies.

orientation plus an involved enthusiasm for integrated project objectives. The many conflicts in such organizations are handled among the members themselves by making constant choices between their interests as a project team member and as a specialist.

b. Collective bargaining

Our intention in this section is to examine the concept of an industrial relations system and to understand the impact of collective bargaining in American labor movement. At the outset it is important to stress two points;

1. Unions affect the compensation and reward practices of both organized and unorganized firms; and
2. Collective bargaining is the very heart of the American labor movement. Any other process (such as job evaluation) that even remotely threatens collective bargaining is likely to be resisted by organized behavior [Ref. 78].

3. Collective bargaining, specific to a particular organization, is a part and an extension of an entire system, the industrial relations system. The latter is a subsystem of the general social system (or society), and collective bargaining is one of forms an industrial relations system takes [Ref. 79].

The industrial relations system can be studied in terms of 1) the market context, 2) the context of technology at the work place, 3) the context of power relations of the enveloping society as reflected in the work place, and 4) the context of interpersonal relations among individuals and groups [Ref. 80].

(1) Market. All organizations (public, private, and non-profit) succeed or fail by satisfying (or failing to satisfy) some human need and market demand. In the long run, therefore, no organization can put more into

belligerent in interpersonal relations [Ref. 74]. It is true that status groups within the American organization often regard each other with invidious or hostile feelings [Ref. 75]. These American interpersonal and intergroup relationships imply that managing conflict should be emphasized. The most common means of dealing with any conflict is avoidance. However, avoidance is not desirable since some conflicts still exist without being solved. Robert R. Blake and Jane S. Mouton argue that confrontation or problem solving approach is the most effective and satisfying method among the five possible ways of resolving conflict; Withdrawal, smoothing, compromise, forcing or win-lose power struggle and confrontation or problem solving [Ref. 76]. Kenneth Thomas also developed the five conflict handling modes; competing, collaborating, compromising, avoiding, accommodating. Some American business students tend to see withdrawing and compromising as significantly more desirable methods than do experienced managers, but the experienced American business managers see confronting as significantly more desirable than do business students and thus they practice it in reality [Ref. 77]. Confrontation for managing conflict is well shown in American matrix organizations such as technical organizations (e.g. aero-space industry). In this form, each member of the organization is assigned two bosses. One is the functional boss of his specialty, while the other is the boss of his current work project. Neither is given arbitrary power to resolve conflicts. Thus each staff of the organization is associated with two work groups. One is made up of fellow specialists in a permanent standing basis and the other is temporarily organized with his his co-workers in the diverse specialties required for a single project. Neither group can claim all of the man's attention or loyalty. Such an organizational form is an attempt to develop staff with the appropriate specialists'

it is impossible to determine whether rational handling of conflict is more or less characteristic of organizations today, a large number of articles and special journal issues have been devoted to it. The reason is that conflict is increasingly perceived as inevitable, often legitimate, and perhaps even desirable. It does not necessarily indicate organizational breakdown or management failure, as was implied in order management theory and human relations philosophy. [Ref. 71]

Indeed, conflict is desirable in terms of feedback mechanism for self-regulation and stability as Louis R. Pondy wrote:

Conflict, like pain, is a signal that the organization is in trouble or on the verge of trouble. An organization or other social system which suppresses conflict, which prohibits the expression of dissent, is depriving itself of the feedback loop necessary for self-regulation and stability [Ref. 72].

According to Kenneth Thomas, conflict is the condition in which the concerns of two or more parties appear to be incompatible. Conflict is the process which begins when one party perceives that the other has frustrated, or is about to frustrate, some concern of his [Ref. 73].

Although conflict and tension can be beneficial as long as they reflect a commitment that promotes challenge, heightened attention, or effort, uncontrolled conflict creates disrespect for authority, disloyalty and eventually chaos in the organizational life. In short, it is not conflict itself that is dangerous, but rather its mismanagement.

According to a survey by L. L. Cummings, D. L. Harnett, and O. J. Stevens for the international differences among managers, Americans were the most

The American manager has two periods in which he is particularly mobile. The first is at the beginning of his career, which he is apt to change jobs and companies several times while seeking his niche. The second is at midcareer, when he may move inside his company from job to job and even from location to location, or maybe to another company that has made an offer he can not refuse [Ref. 69].

The mobility of those managers are commonly welcomed by United States corporations and thus those managers can be lured away from their original companies. However, American companies which welcome the mobility of those managers usually try to erect barriers to keep their own. Peter Drucker calls these barriers the "golden fetters" of pension plans, stock-option plans, delayed-compensation schemes, and other plans, all of which are designed to avoid the crushing burden of taxation. Drucker brands these schemes as antisocial. He point out that serfdom in Europe was originally an "employee benefit," but became slavery within one generation. [Ref. 70]

6. Conflict Management and Collective Bargaining

a. Conflict Management

Through a survey by Kenneth W. Thomas, the professor of the Naval Postgraduate School, of 293 American managers -- chief executive officers, vice presidents, and middle managers -- middle managers encountered the most conflict, and they spend 26 percent of their time involving in some from of conflict and conflict management skills had become more important to all managers over the past ten years.

Conflict has become a popular management topic and thus many recent books and articles about contemporary life have proposed open reexamination of conflict. Although

Even at executive levels, twenty-five percent job changing is known, so that the group of vice-presidents who coordinate the entire operation of the company constantly changes and shifts. According to professor Robert Cole of the University of Michigan turnover rates in American companies are four to eight times as high as for all Japanese companies [Ref. 67]. These frequent position changes are not necessarily, or even usually, intracompany moves. Mobility varies with industries because some, such as advertising and television, demonstrate higher inter-firm movement than the more stable banks and manufacturing companies. In the latter firms' case about 25 percent of executives will have worked only for that company since graduation compared to the other 75 percent will have had other jobs [Ref. 68].

In addition to this inter-firm job changing, American managers make frequent moves within the same company, either to different departments or divisions or to different geographical locations. This intra-firm mobility can contribute to broaden the individual's capability in terms of job enrichment. A number of large United States firms have begun to develop systematic programs of job movement for all managerial, professional, and white-collar employees. Mobility by this approach will vary widely by industry and to some extent by firm. In the insurance industry or the retail industry, the nature of jobs does not change radically from one year to the next. Such industries can develop a systematic process of advertising new positions widely and encourage employees to transfer to related jobs that permit them to learn something new. This process occurs naturally in rapidly growing companies; As new stores, offices, and factories open up, jobs must be filled by people who understand the company, and the best candidate comes from a related but not identical job.

creature and thus no one can really stand alone in modern society, however the tradition of the pioneer settler alone against the wilderness is still strong). American management practices are shaped to honor this tradition, and corporations neither demand nor desire lifetime commitments from their executives.

In the American business society, executive talent is frequently pirated from other companies, and managers or workers do not hesitate to leave the company if they are dissatisfied with working conditions or receive a better offer. Hence, typically short-term employment is prevailing in American companies.

This high mobility by short-term employment causes a high turnover rate. In manufacturing and clerical occupations, companies' annual turnover rate is as high as fifty percent and even ninety percent in some years. A company may easily train new employees by work specialization and standardization within two or three weeks. However it has to consider that these people might quit the company after two to six months [Ref. 65].

Stability of employment comes in part as a direct outcome of company policy. A great deal of voluntary termination by employees who have better alternatives can be overcome by providing them with work environments that give equity, challenge, and participation in decisions about their work. In an eleven-nation survey commissioned by the prime minister's office in Japan(1973) and carried out by Gallup international, 2,000 youths in each nation were questioned about their job changing(i.e., inter-firm mobility) behavior. In this survey 76.7 percent of the American sample had changed employers, compared to 39.6 percent of the Japanese respondents. This figure is also higher than those of West Germany 48, France 49.8, Switzerland 51.8, Sweden 54.8. [Ref. 66]

basis. All of these programs widen the executives horizon to include the worldwide business environment. Thus, with these science-based management techniques they can adapt to their circumstance more effectively. Moreover, the executive benefits from mingling with his counterparts from other companies, other industries and perhaps from other countries.

In the American management system professionalism in management is related to hardheaded rationality. The numerative, rationalist approach has an overwhelming influence on the curricula of the American business schools across the nation. It is based on the theory that management is a science. Thus it teaches us that well-trained professional managers can manage everything. It provides the basis for the detached, analytical justification for all decisions.

Whatever the reasons, the science-based American management techniques are still dominant and are exported to the whole world. It is not unknown that a degree such as a Harvard or Stanford MBA is attractive to the world business managers. The science-based American management techniques are really prevailing in world business industry.

5. Short-term Employment

An American executive is expected to follow a mobility pattern of his own design, changing jobs and companies as he thinks necessary to develop his talents and fulfill his own personal ambitions. Unlike the Japanese manager, who expects to remain with his first company for life, American executives regard mobility as the quickest way to the top. In part, the tradition of the United States can account for this phenomenon. The "rugged individualism", with each person standing on his or her own resources against the world has been deeply ingrained into American society (sociologists will point out that man is social

individual-centered or individual superior thought which regards as natural or proper to let an individual interest supersede the group interest. Therefore they emphasize the obligation and responsibility to themselves rather than to a group or other people.

In America also, firms employ individuals as specialists on a contractual basis and are organized functionally. Consequently, individuals are brought as "components" into a pyramid-type organization headed by the top management; Both decision making and communication are conducted in a top-down fashion. The firm regards the individual the same as machinery or equipment for management purposes; and the individual, too clearly regards the firm as a means for selling his labor in return for payment. In other words, since both the firm and the individual regard work within the company as a cut-and-dried commercial contractual transaction, the firm does not become the object of the individual's loyalty or purpose for living as in Japan. Human relations with the firm are also basically limited to business relations and tend to be weak.

When we compare American and Japanese management in this manner, we see that the differences in organizational principle and function are ultimately linked to those in human values and culture [Ref. 94].

According to the fundamental rule of the modern management system in the United States, the job function is the most basic unit. Needless to say, the job function is closely tied to the substance and the scope of individuals' activities within a system and to the concomitant responsibilities and authority. One job function and another are organically united by the fundamental principle of specialization and cooperation and, being as a whole body, form an integrated system and social order. Therein, the assertion of individual selves and the demand for

enhancement of the efficiency of the whole melt together, thus making individualism and rationalism of modern Western nations the basic axis of management.

With respect to the relationship between the work unit and job functions, the scope of each job function within a work unit is precisely defined in the Western system; and the intrusion of a worker of a different job function into another's job function is regarded as a kind of aggression or hostile behavior. For each worker to perform his own duty satisfactorily is considered the way to enhance the efficiency of the entire system [Ref. 95].

It implies that American workers make a point of . . . doing only that work which is assigned to them and nothing more. For example, they do not offer help to others when production is stopped due to trouble on the production line. Workers who are down the production line from the trouble spot take the attitude that the trouble has nothing to do with them, and rest until it is repaired.

2. Employment

a. Security and Seniority-weighted Wages

There is no custom of lifetime employment in the United States as in Japan. The general practice is for companies to hire people for special jobs in accordance with managerial needs, and to lay people off temporarily. The general practice is for companies to hire people for special jobs in accordance with managerial needs, and to lay people off temporarily or permanently in unavoidable circumstances such as a slump. However, the term lifetime or lifelong employment system is often misunderstood abroad. The term may give an impression that people are employed for life, but the truth of the matter is that Japanese firms follow an "early forced retirement system" wherein people retire at

age 55-60. In the United States, on the other hand, retirement at age 65 was for a long while the norm, but as a result of the Age Discrimination in Employment Act, retirement at age 70 is now the norm. From this we can see that employment in America is long-term employment. American workers change jobs frequently, it is true, and continued service with one firm is less frequent than in Japan; but there are still many people who continue working for one company all their lives. Therefore, in place of a lifetime employment system; Japanese-affiliate firms (such as GM, IBM, FORD) in the United States aim at employment security with no layoffs.

Because Japanese-affiliated firms are American firms, their management practices are, of course, basically American. However, only a few of them use purely American management techniques. Most use what could be termed a mixture of American and Japanese practices. The main current, then, is a mixture of Japanese and American management techniques based on the American method. The weight of the Japanese element varies according to the individual firm. Thus, the Japanese-affiliate firm is still at the trial-and-error or experimental stage. [Ref. 96]

Questionnaire survey on the fundamentals of management has shown the following; Among Japanese-affiliate firms in the United States, 28 percent say that "we lay people off when necessary, just as American firms do"; five percent say that "aiming for employment security, we promise no layoffs"; and 64 percent say that "though we do not promise no layoffs, we adopt a policy of avoiding layoffs as much as possible". Some companies clearly specify this employment security plan in their company brochures. This makes Japanese affiliate firms conspicuous in the United States, where direct labor cost is regarded as a variable expense. The fact that Japanese-operated firms in the United

States have taken great pains to avoid layoffs in terms of recession, by means of personnel reassignments and the like, has made a good impression on workers and local communities and raised the firms' reputations [Ref. 97]. In Japan, the traditional lifetime employment system wavered during the long slump following the oil crisis. In the United States, Japanese-operated firms aside, labor unions have been demanding employment security. In this sense, the management policy of Japanese-affiliate firms, which calls for expending the greatest effort for employment security, is setting a new trend in America.

The American wage system is equal pay for equal work with no sex discrimination, and 72 percent of Japanese-owned firms in the United States follow this system. In contrast to the employment system, the main current in the case of wages is the American method. However, in determining wages, 23 percent of Japanese-affiliate firms seriously consider such seniority-related factors as length of service, adding a touch of the Japanese practice. A few Japanese-affiliate firms give out bonuses. In the United States it is not customary to give bonuses to employees out side of wages. At most the practice is limited to giving a turkey at Thanksgiving or a gift of one week's wages at Christmas. Some Japanese-affiliate firms do give bonuses, though at a much lower rate than in Japan, and this is one of their attractive features. [Ref. 98]

Seniority-weighted wages and bonuses can be viewed as substitutes in America for Japan's seniority wage system (which is quickly disintegrating as a result of low growth and advanced aging) and profit-sharing system (unique in Japan). The aim is to prolong and stabilize workers' service by reducing the quit rate and absenteeism, thereby to raise skills and worker loyalty to the company, and hence morale, and to bring about an increase in productivity and product quality.

For similar purposes, there are, in addition to such fringe benefits as pension contributions and insurance premiums, picnics, parties and sports events, and congratulatory and condolence offerings to individuals, as features of the employee welfare system. These are supposed to create a family atmosphere, which keeps to inculcate a sense of company-centered camaraderie and loyalty to the company. This is intended to complement Japanese-style management exercised during work hours. But, since the introduction of the familial element within the firm is at variance with American culture and customs, it is welcomed on the one hand but it gives rise to awkwardness on the other.

b. Promotion and Evaluation

In a Western organization, promotion means greater authority and responsibility that will enable the executive to be more productive in an economic sense for the benefit of the company. In evaluating the employees for promotion within business establishment, there is a strong tendency to emphasize his track record of performance that demonstrates the degree of excellence in achievement rather than his background and education. For the education purpose there are several types of appraisal for managers performance, such as time and motion studies, job education, and annual performance reviews. With these appraisal tools, management behavior is evaluated as objectively neutral manner, with respect to various aspects of job performance. Because the possibility of advancement serves as a major incentive for superior managerial performance, promotions should be regarded as fair - that is, based on merit and untainted by favoritism.

In a Japanese organization, promotion also based upon performance; but the measurement of performance is quite different, and so is the reason for granting promotion.

The Japanese employee works as a member of a group, and he cannot be judged as an individual in the Western manner. Instead, the reward of promotion comes because of his loyalty, devotion, and contribution to the group, and this is a function of time. The reason for promotion is not economic gain, but the maintenance of proper organizational values.

Promotion in Japan is based upon age and seniority, although ability and performance will determine how high the executive may ultimately go. Also, in evaluating the employee within a business establishment, there is a strong tendency to emphasize attributes such as education, age, or years in service; and unlike in European and American business, the job performance that demonstrates the degree of excellence in achievement is not given much weight. In comparison, evaluation criteria that involve subjectivity such as seriousness or honesty, namely the affective evaluation, are stressed in Japan. The value judgement (the value standard on management behavior) in Japanese management activities contains a relatively intense tendency for particularism, emphasis on ascriptions, diffuseness, and affectiveness [Ref. 99].

In the context of the Japanese society, these practices make sense. In the Japanese familial groups (where it be the family or the company) age is equated with wisdom and is accorded respect. At the same time, a person is judged and rewarded on the basis of his loyalty to the group. Furthermore, in a society that places great emphasis upon personal relationships, the relative strength of human bonds tends to increase in proportion to the length and intensity of actual contact. Consequently, the Japanese newcomer to any group is placed at the very bottom of the group's hierarchy [Ref. 100].

3. Quality Control and Productivity

In a similar vein, there is a big difference between the Japanese and American thought processes with regard to quality control. Because the Japanese have a strong sense of quality consciousness, such that the turning out of defective merchandise is regarded as "company shame", and consequently "employee shame", both producers and subcontracting firms ship goods only after total or very nearly total merchandise inspection. From the viewpoint of American enterprise and employees, this is a strange way of doing things. Even though quality control is considered important from a marketing standpoint, American firms, in view of the heavy coast, resort to the "probability" approach, taking a certain percentage of defective goods for granted. In the case of defective cars, American automakers reason that because complete inspection of each car produced is out of the question on account of cost, cars ought to be recalled for repairs can easily be made by replacing parts at the time defects are found rather than trying to design and produce TV sets with perfect functioning.

Meanwhile, employees do not consider themselves responsible for turning out defective goods; they blame parts, production processes, or manufacturing systems. They do not imagine that quality improvement increases trust, and hence, sales on the market place, and ultimately has a payoff effect on their own income and welfare. Consequently, American workers do not voluntarily exercise their creative skills to further quality improvement.

A GAO²² (Government Accounting Office) report stresses the fact that after a Japanese electronics firm's takeover of an American color TV plant there occurred a sharp drop in the ratio of defective goods. In fact, after

²²See Appendix C-22

Matsushita Electric Industrial bought a Motorola color TV production plant, it invested in a new assembly line as good as the one in Japan, started a well-organized training program, and began using various measuring instruments in the inspection phase of production. As a result of these measures, the ratio of defective goods dropped from 20 percent (a major factor in the management crisis of Motorola) to 20 percent. It is hoped that the ratio will be reduced to less than 0.1 percent, as in Japan. The GAO report, however, does not attribute all this improvement in quality to Japanese-style quality control alone but also to the difference in financial policy and marketing strategy between Japanese and American enterprise.

Japanese machinery firms that have moved into the United States -- with new plants or takeovers of existing plants -- have taken great pains to teach and enforce Japanese-style TQC (total quality control). Quality control was originally introduced into Japan by the American Dr. Deming after World War II, but now Japan has become the teacher [Ref. 101].

In Japanese enterprises, with their lifetime employment system, both white-color and blue-color workers do not aim at being specialists, but rather generalists: the former handle jobs in numerous fields such as personnel relations, finance, and planning; the latter aim not at single-function skills but at multi-function skills. And rather than individual success, they value teamwork and the success and efficiency of the group as a whole. For that reason, continuous personnel reassignment is the norm.

It is difficult to follow this same practice in the United States, where work is subdivided and where the consolidation of jobs has in some cases even been the cause of large scale labor strikes. The purpose of reassignments is to increase the efficiency of the whole organization by

raising single-function workers to multi-function workers, and to transfer those productive workers who are made redundant by the introduction of automation to other important areas of work. However, those American workers who are to be made to perform a variety of unaccustomed jobs without a raise in wages though with a heavier workload, put up resistance, and there is a great deal of friction owing to the psychological pressures that attend the job transfers. Japanese affiliate firms, however, are pushing ahead with such programs in the belief that even if there is some degree of friction in transition, in the long run it will benefit both the firm and the individual [Ref. 102].

In regard to the problem of the quality of labor, it has been stated that many Japanese-oriented firms are striving to the fullest extent possible for automation and are attempting to reduce manual operations. The combination of automation and Japanese-style management is the clutch factor in the improvement of production efficiency and quality. When a Japanese company newly establishes a factory, automation can be freely undertaken, and Japanese-style management, too, is comparatively easy to implement. But when existing firms are bought, both are quite difficult to undertake.

In Japan, workers (labor unions) cooperate positively with firms' efforts at rationalization through automation; in the United States, though not so fierce as in the United Kingdom, the resistance of workers to automation is strong and hinders the modernization and rationalization of American industry.

In Appendix H, table compares Japanese and American productivity in manufacturing. It shows that in assembly industries like machinery, Japan tops the United States in productivity, owing to automation and the quality of its labor force; but in process industries -- except for iron

and steel, in which Japan has the most advanced equipment in the world -- American productivity is higher.

4. Decision-making

The ringi system of decision making is uniquely Japanese way of delegating authority for making, or at least for initiating, decisions at the level which will be most involved in implementation. Decision making by consensus fosters a general sense of participation by all who will be affected by the decision, and a consequent increase in morale. It enables very rapid implementation once the decision has been made. Decisions, however, can take a very long time under this process, and even very necessary decisions can be blocked by the refusal of one stubborn executive to go along with the rest.

The ringi system has been criticized not only by foreigners but also by some Japanese leaders. Besides the charge of irresponsibility, critics have pointed out that the ringisho does not suggest alternative courses of action. These criticisms are valid. It should, however, be pointed out that lower or middle management may have neither the capability nor the authority to conduct prior planning or to prepare alternative proposals without direction from top management.

One of the main problems is that authority and responsibility for lower levels of management are not clearly defined. In fact, as we have said in earlier chapters, most Japanese firms do not have job Descriptions. Neither is there a written company policy such as U.S. firms are accustomed to. Tadayoshi Yamada, special executive advisor, Yawata Iron & Steel Co., Ltd., believes that the weak aspects of the system would disappear if the authority and responsibility attached to each position making were encouraged, and if modern methods of communication between

top management, middle management, and employees were adopted [Ref. 103].

In contrast, in the U.S. system the only authoritative decision-making group is the corporate board of directors, and decisions there are made by majority vote rather than consensus. Even then, the board places responsibility for implementation of the decision upon some individual executive. All other decision making is by individual executives acting within their delegated authority. The executive may, of course, seek consensus among those to be affected before he makes the decision, but he regards consensus as an aid in reaching his decision, whereas in Japan consensus itself is the decision.

More often than not, debate about an American executive's decision takes place, if at all, after the decision has already been made. Any attempt to reach consensus under these circumstances is more likely to hurt morale and stifle any sense of participation [Ref. 104]. Implementation may be slowed by misunderstanding, resentment, opposition, or outright sabotage. It may be necessary to engage in much internal politicking, persuasion, and education before the decision can be carried out. On the other hand, when an early decision is necessary, it can be made immediately by someone who is prepared to accept full responsibility for the results.

Which system is better? That is a natural but not a fair question to ask, since each system is a product of national culture. The ringi system reflects the deep-seated Japanese concern about face saving, the Japanese reluctance to impose a tyranny of the majority, and the Japanese tradition of amaye, or dependence on the group and avoidance of personal responsibility. Clearly, the Japanese system has been successful, but its success has rested upon the conditioning of the Japanese executives by lifetime employment,

the seniority system of promotion, the concept of giri, and the general subordination of the individual in the Japanese culture.

The American system of decision making is based upon cultural traits no less than the Japanese. American executives and workers alike are conditioned to the concepts of individual rights, individual freedom, individual choice, individual responsibility, and majority rule. It is true that subordinates may oppose a decision that they feel will affect them adversely as an individual; but it is equally true that they carry out a decision that they think is wrong on the grounds that "it's the boss's neck, not mine; I'll just do what he says."

Each system has strengths and weaknesses in attributes such as speed of decision, speed of implementation, degree of thoroughness in studying the problem, clear delineation of responsibilities, and participation of those affected. The degree of importance attached to each of these attributes depends of course, upon the situation. Perhaps, in time, each system will become more effective in a wider variety of circumstances.

5. Labor Union

In the United States, the labor unions intervene and negotiate in almost every area and have established an unquestionable rule. The failure of collective bargaining results in strikes. These result in a great expense, reduced productivity, and consume time and energy.

Two of most important resources consumed are the time and energy which the conflicting parties devote to the conflict. This time and energy is spent interacting, strategizing and worrying. From the manager's viewpoint, this expenditure may be most significant in terms of opportunity costs; that is, in terms of other neglected work activities

which could have been performed with the time and energy consumed by the conflict. Although problem-solving may result in integrative outcomes and increased trust, it can also consume a great deal of time. Accordingly, conflict management is emphasized and collective bargaining is important to the management-labor relationship.

Unions in Japan are overwhelmingly enterprise unions rather than craft unions. Since employment in industry is permanent, the interests of the union are intimately linked with those of company management. Therefore, workers rarely go out on strike. The union in one company often consults closely with unions in other companies in the same industrial sector (and with unions in other sectors too) on their biggest concern, the annual wage increases. Although the amount of information divulged by company management is limited by competitive relationships, information on profits, business expansion, productivity increases, and rises in the cost of living become well known to all concerned.

The result has been to reduce the differentials in wage increases between one company and another. Actually, since wages are geared to well-understood formulas based on these factors, union-management differences over wage proposals in a particular company are usually minor.

Wage negotiations in all companies take place at about the same time each spring during the ritual and ceremony named "chuntu" [Ref. 105]. In as much as the unions are well aware of settlements made at all companies and with other companies, all employers more or less adhere to the same well established formulas for increases. This tends to reduce differentials and contribute to stable labor-management relations [Ref. 106].

V. EVALUATION AND CONCLUSION

As we have noted earlier, the Protestant ethic, which has been the chief religious force shaping management practice in the United States, emphasizes individual self-reliance. Although the family as an institution is not a factor in determining management practice.

In Japan, the whole nation considers itself to be one family, and management practice is grounded in familism. The concept of corporate "families" working together in a concerted effort to further the goals of the corporation probably has contributed immeasurably to Japan's meteoric rise in the industrial world.

Business ethics, and therefore business customs, have their roots in the precepts of religion. Thus it may fairly be said that religion is the dominant force that has shaped current management practices. Certainly this is true in the Western world, where many historians credit the rise of modern capitalism and the consequent industrialization of the West to a drastic change in religious attitude toward economic gain.

In the Middle Ages, the Roman Catholic Church regarded trade as a necessary evil, and any profit in excess of a wage for the trader's labor was evidence of the sin of avarice. Calvinism, which followed the Reformation of 1517, developed the "Protestant ethic," which sees work as a positive good in any of itself, and holds that the ability to accumulate wealth is a sign of God's grace. The Protestant ethic legitimized the pursuit of profit, and thus enabled the tremendous industrial expansion that took place in the United States after the Civil War.

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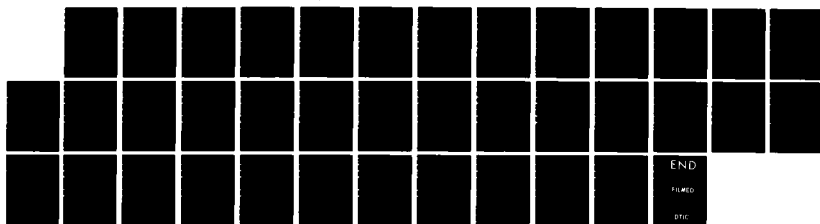
CULTURE IN JAPANESE LABOR RELATION: A COMPARISON WITH
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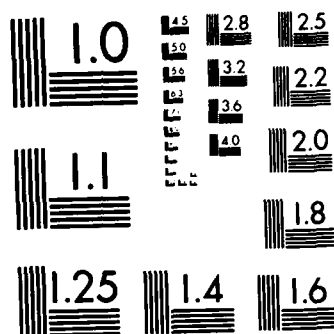
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At the present time, it is not possible to define a single dominant business ideology in the United States, which is a society of ethnical pluralism. The Protestant ethic places its main emphasis upon efficient operations and optimization of profits. The ancient Judeo-Christian ethic, suggests that business has social responsibilities that go beyond the making of profit. Even a casual reading of a number of annual reports of diverse types of U.S. business reveals that many corporate managements have accepted this premise, apparently with the support of their stockholders.

The industrialization of Japan is also rooted in enabling religious doctrine, although both the religious and the consequent paths of industrialization are quite different. In the United States, the Protestant ethic emphasize self-reliance and the welfare of the individual. In Japan, an amalgamation of Shinto, Confucianism, Taoism, and Buddhism produced a homogeneity of society that is unknown to the West, and created the familism that is the basis of Japanese industrialization and management practices.

Japanese business customs are rooted in the familial system; indeed, the Japanese corporate structure itself is organized on a familial basis. In view of the static nature of the traditional value system, the emergence of the Zaibatsu (family or clan clique in industry) in the late nineteenth century was a logical adaptation of the familial system to the task of industrialization. Although the big Zaibatsu enterprises were dissolved by the occupational forces after World War II, they revived as soon as the occupation ended. In view of the familial value system of Japanese society, this regrouping of Japanese industry was inevitable and predictable.

Just as in the West, postwar Zaibatsu enterprises underwent a managerial revolution characterized by the separation of ownership and management. Moreover, the Japanese economy

had to cope with a number of significant institutional changes. The idea of democracy swept the minds of the Japanese, and the labor movement emerged as an important economic and political power. Under the new social forces, the ideology of management familism was denounced as anachronistic by a number of the populace. The traditional value system is, however, so deeply rooted in the Japanese mind and character that Japanese business leaders were constrained to engineer the growth of the Japanese economy within the framework of familism. Managerial familism thus has not only withstood a critical test of survival in postwar Japan, but has guided Japan into the position of a leading industrial nation. Still, there are those who believe that in the severer tests to come, the family system of management may not be equal to the task. This, of course, remains to be seen.

We have seen that in the United States and Japan the religious origins of management practices tended to reinforce the process of industrialization. In the United States, the Protestant ethic sanctified the pursuit of wealth by every individual. In Japan, Confucian ethics and Shinto combined to create the familial system, which facilitated the growth of industry.

Consequently, Japanese management has continuously had to adapt its ideology and practices to the demands of the changing environment, since large-scale industrialization began almost a century ago. In other words, Japanese are highly adaptable and it is their strength. Indeed, this adaptive ability and the capability of management to introduce strategic innovations with a minimum of social disruption have been important factors in Japan's industrial success.

On the other hand, the weakest point of the Japanese may be less creativity. To Americans, individual performance by

self-reliant individuals is the ideal. To the Japanese, strength lies in individual self-sacrifice and conformity [Ref. 107]. We think that this stress upon obedience, cooperation, and loyalty has not served to generate a wave of creativity in Japanese scientists, but on the contrary comprises a major limitation upon its inventiveness.

Certainly, in rebuilding after the destruction of its industrial base and infrastructure in World War II, these values of cooperation and conformity served Japan well. However, to some aspects, Marvin J. Wolf's opinion -- Japan's imitated and copied skill -- might be very exact and sharp view. Furthermore, in "Computing: Japan's Hidden Flaw", Joel N. Shurkin indicated as follows; "Japan a world power may be its greatest weakness in its war with Silicon Valley. The Japanese may yet humble American semiconductor industry. But if they do, it will not be by sneak attack. Everyone in Silicon Vally knows they are coming" [Ref. 108].

Particularly, Esaki [Ref. 109]. estimates that the ratio of borrowed foreign technology (mainly America) to homegrown industrial information during Japan's rapid growth period has been twenty to one in favor of learning is minimal, he adds, with few scholars of world status and a very thin base of scientific research. In our opinion, the lack of the creativity must be Japan's weakest point, even if they believe that imitation is also creativity. Besides these, there are a number of strengths and weaknesses as follows: First, collectivistic management is more maneuverable and flexible than individualistic management. One can expect the effectiveness of the sum of the parts (for example, when two workers with ability rated 7 and 8 respectively are assigned to a task that requires the ability rated 5, a task for three workers can be performed). What should further be noted is that this fact has the effect of stabilizing the employer-employee relationship.

At the same time, collectivistic management has negative aspects. A fundamental disadvantage is that formal rationality cannot be pursued to the full as can be done under individualistic management, and the motivation of individuals, especially those workers with ability, to improve efficiency is weak.

Moreover as a result of the emphasis on harmony and the encouragement to cooperate on the job, workers tend to be overly dependent on each other. They are led to take irresponsible actions. They are apt to fall into the system of group irresponsibility instead of group responsibility. If the personality of employees is deemed important for the sake of harmony, bland people with little individuality tend to be recruited and given opportunity for advancement. In such an environment, one cannot hope for a creative and lively workplace. Also, at work, while the friction and competition that arise from the ability-oriented thinking are rare, at the same time those with the confidence in their ability end up losing motivation.

As observed in the abuse of the company expense account, the mixup of official and personal conduct leads to the situation where everybody takes advantage of the company. Personal friendship takes its form in cliques (the most typical of which is the "school clique"), which threaten the efficient performance of official duties; and personal obligations and emotions influence management actions and are likely to reduce efficiency. Obsequious workers come along who strive to gain extra points through offering personal favors to the superiors.

Moreover, the strong notion of discrimination between "us" and "them", while strengthening the unity "inside", creates an exclusionist attitude toward the "outside" and encourages sectionalism and secretiveness within a section in a company. Among companies, this degenerates into a

severe excess competition causing their common ruin: internationally, their competition may force them to pay excessive technology license fees to foreign companies or sell products at outrageously low prices.

In connection with merits and demerits of collective management, we would like to add one other important point. It is that collectivism has been to Japanese management a great social barrier in a dual sense. On the one hand, it has been a formidable barrier in the sense of the companies having been able to protect themselves from invasion from the outside. On the other hand, it has been a formidable barrier in that it has prevented interaction with the outside world. More elaboration on its good and bad implications is unnecessary. The more solid the barrier, the greater the fruits of employer-employee coexistence and coprosperity inside; and simultaneously, among the employers as well as the employees, egocentric people with limited perspective are created.

Secondly, in Japanese decision making, time-consuming conferences for the sake of group decision making or the complex ringi system can lead to the waste of precious time. However, once the decision has been made, it is speedily implemented. It also has a sense of belongings from participation by all members, and increase in morale.

On the other hand, a serious weakness of the ringi system is the lack of planning; under the traditional ringi system there was no company-wide planning. It was, rather, a piecemeal approach to decision-making, with each proposal being examined not against a master plan or company-wide objectives, but on a case-by-case basis.

The changing and complex corporate environment requires advance planning, top management leadership, definite policy guide lines, and management controls. Unfortunately, the ringi system, which was adequate previously, is now wanting

in every one of these vital areas. Japanese management needs to transform itself from management by seals to management by objectives.

Third, in Japanese employment system, they stress that they have merits as follows; stability of labor-management relations, employment and life security, feelings of satisfaction, a purpose for living, and warm human relations for employees. However, in fact, they have many problems in their employment system. Business Week reported as follows;

"Lifetime employment never covered more than 25% of Japan's labor force, but even that limited system has been shaken to its core by the massive payroll purges of the last two years." For example, "We call it lifetime employment, but it isn't lifetime at all", complains a 59-year-old Tokyo man -- a steel company employee 30 years -- whose faith in the system has been destroyed by two years of joblessness. Despite a promise that he could work until 60, the association forced him to quit two years ago when he returned from a one-month sick leave. Disillusioned, the man had to take a job as an apartment supervisor. [Ref. 110]

The collectivism approach has served Japan well in the past, but, Eskai states, the time has come for an end to this and for the development of a new culture in which "every Japanese should be able to set his or his objectives. They should have the satisfaction of pursuing goals which they, rather than others, have set for themselves."

While the cultural differences centered in national character are frankly speculative and hard to measure, the difference in the age of our population isn't. "The Achilles heel of the dynamic Japanese economy lies in the rapid aging of our population," wrote Masharu Yoshitomi. Today the ratio of workers to retired is about 8 to 1 but by the turn of the century will drop to about 2.5 to 1, which will make it among the oldest populations in the world. This will add to the burden on the economy, growing paradoxically out of its success in nutrition and income which has lengthened

life to an average of 76 years in Japan. Because the Japanese government has shown less propensity to assume responsibility for pensions, workers today pay for their elders' support directly. This in turn accounts for the high percentage of worker's incomes which are saved for nest eggs to support themselves and their elders in the retirement. The national pension plan in Japan today, Yoshitomi says, "currently faces the prospect of bankruptcy". [Ref. 111]

In addition, one must be aware that because of its long-term emphasis Japanese-style management contains the following weaknesses:

1. Excessive reliance on business growth: To maintain the long-term balance between incentives and contributions, Japanese-style management is forced to sustain expansion, the growth of a firm helps to raise the employees' wages and salaries and positions. However, excessive borrowings, which may bring about business failures.
2. Organizational slacks: the seniority-based wage system which characterizes Japanese-style management is a mechanism designed to balance incentives and contributions in the long run over a worker's career span. This results in an indirect, rather than direct, correspondence between incentives and contributions, and thus is apt to create laxities and losses. These are organizational slacks. The organizational slack is the excess in the incentives over the amount needed to draw out each individual's contribution. The seniority-based wage system generates a wage slack and the seniority-based promotion system generates a position slack. These organizational slacks depress the rate of return in Japanese firms and drive many firms into red ink. [Ref. 112]

3. In summation, Japanese-style management, by means of group solidarity and total employee participation, produces great merits in corporate management including employment security and stable labor relations, management-worker cooperation, elevation of morale, skills, and learning on the part of the blue-collar class, and elevation of productivity and quality. In the United States, it is believed that there is a trade-off between productivity and quality.

On the other side of the ledger, Japanese-style management has various demerits such as the insulation of the group from the outside, the mixing or blurring of public and private, an unclear chain of responsibility, and excessive control over the individual. According to criticism from the United States, international friction arises on account of Japan's attempt to increase exports in order to maintain domestic employment level in bad times. But, more than anything else, since Japanese-style management is unique system formed within Japanese society and culture, to take it and put it into practice overseas produces resistance and friction and creates trouble for the internationalization of Japanese enterprise. [Ref. 113]

In contrast, American-style management, based as it is on modern individualism and rationalism, is universal and systemic; both business organization and each person's responsibilities and authority within the system are clearly outlined. It is so systematic and clear that it can be put into practice anywhere in the world by means of an operation manual, and is suitable for internationalization or multinationalization. And because the mode of operation is not groupistic, decision making is swift, and it is strong in daring technological innovation. The reason American business is strong in R&D is because it has this sort of social and cultural base.

Against these merits, American management has such fundamental problems as instability of labor relations and the frequent occurrence of strikes, a lack of warm human relations and purpose for living, and job monotony arising from the subdivision and simplification of work. This produces high absenteeism, high quit rates, short duration of continued service, and low morale (as evidenced in Monday sickness) on the part of the American blue-collar worker, which in turn result in low technical skill, difficult quality control, stagnant productivity, and so forth. Further, in a contractual society built on human distrust, nothing can move ahead without a huge contingent of lawyers, legal disputes, and law suits. Such human and social factors are one element causing stagnation of the American economy. [Ref. 114]

In conclusion, there are merits and demerits to both Japanese and American management techniques, linked to certain social and cultural characteristics of Japan and United States. Consequently, it cannot be argued whether one or the other is better overall. In either case, one party cannot adopt the merits of the other side without accepting the demerits which are inseparable from the merits; due to the cultural differences, friction is inevitable.

American enterprises may want to learn Japanese quality control, but it would be next to impossible for them to try absorbing the fruits of Japanese-style quality control alone as long as they do not have such Japanese institutions as the lifetime employment and seniority systems and such Japanese character traits as love of company, values that find life's purpose in work, the sense of solidarity of employees, and the spirit of teamwork. In this sense, even though it is possible to export capital and production technology abroad, the export of Japanese-style management as a system is impossible. Even on a partial basis, "learning from Japan" is not easy.

Accordingly, the most important issues commonly facing all countries' management are as follows:

1. How management should deal with rapid technological and environmental changes?
2. How it should respond to the growing opportunities in the international market?
3. How it should structure a style of management that is flexible and conducive to innovation?
4. What role the management should play in a highly industrialized society?
5. What the "proper" relationship between management and labor?
6. We would like to stress that the challenge of finding viable solutions to these issues rests on no one else's shoulders than those of the contemporary managerial class of every highly industrialized society, including Japan.

APPENDIX A
MAJOR PLACES AND AREAS OF JAPAN AND KOREA

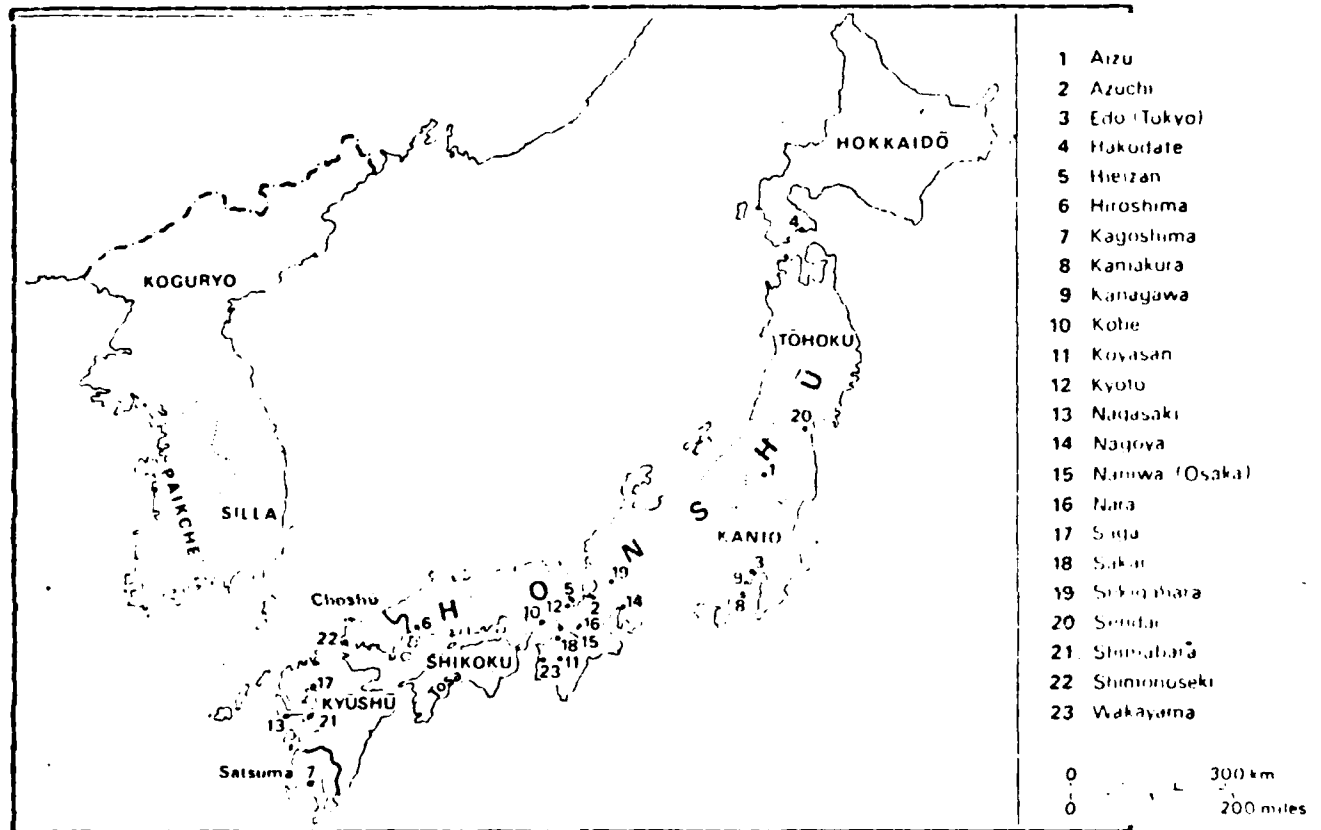


Figure A.1 Major Places and Areas of Japan and Korea in the Thesis.

APPENDIX B
CHRONOLOGICAL TABLE

Late Tokugawa period

- 1853 Commodore Mathew C. Perry arrives.
- 1854 Signing of the Treaty of Kanagawa. The period of isolation and of of isolation ends.
- 1858 Signing of the Treaties with Five Nations (commercial).
- 1859 Trade with the West begins.

Meiji era

- 1868 The Meiji Restoration.
- 1869 Institutional reforms begin.
- 1871 The yen is made the basic unit of money.
- 1873 Institution of the land tax
- 1874 The Saga rebellion- the first armed rebellion against the new government. The first invasionary expedition (against Taiwan) is sent out.
- 1876 Compulsory commutation of samurai stipends to government bonds.
- 1877 The Satsuma rebellion, led by Saigo Takamori.
- 1881 Matsukata Masayoshi becomes Minister of Finance. The Matsukata deflation begins.
- 1886 Convertibility of paper notes is restored.
- 1894 The Sino-Japanese War begins.
- 1895 End of the Sino-Japanese War. Taiwan becomes a Japanese colony.
- 1897 Gold standard adopted.
- 1901 Yahata Steel begins production.
- 1904 Russo-Japanese War begins.

explained by the notion. The emotional bonds which exist in a typical Japanese company may have strong social and psychological roots in the parent social unit, the village.

Shintoism: Shintoism as an explicit religious belief and practice is no longer very vital in upper classes. Although there are no more religious festivals to lubricate the friction points and strengthen the emotional ties necessary for the smooth operation of the company *Kyodotai*, the function of the festival is fulfilled by company outings, sports events, and afterwork gatherings with office companions.

"Gerontology": The principle of seniority was established early in Japanese bureaucracy and has not been questioned until recently. Now the need for innovative talent and ability to appraise risk, not usually associated with older people, begin to threaten the length-of-service system. As was pointed out above, however, experience is still perhaps the most valuable discriminatory factor and is justly rewarded by promotions.

Add 5. Familism and Feudalism: In the village a person's character or worth was determined by the status of the family to which he belonged. But under the impact of social changes just previous to and after the Meiji Restoration the large family system declined. In the large cities the small nuclear family was relatively insignificant as social unit. It could no longer provide identity and status. Its place has been taken by the government ministries and later by the large private enterprises. So it is that a man's worth, his character, or his status is determined by the extent of his firm's participation in the economic life of the nation. More than perhaps salary, position, or any other single factor, the standing (size) of the firm indicates personal success (Shusse).

17. In brief, gerontology may be viewed in principle as the cultural origin of the length-of-service system. The close

Familism: The extended family unified by the authority of
10.
the family head was the social unit of the village. Members
were not necessarily blood relations.

Feudalism: Families, being the basic social element of the
village, were obliged to participate as units in the prepara-
tions and celebrations of the main village activity, the
festival. Roles were assigned to each family, and it was by
this that family status was determined. An individual's
worth was determined by the standing of the family to which
he belonged, and the family's standing was determined by the
extent of its participation in the festival. With the
decline of the family system, personal status came also to
be more closely identified with age, since age was the only
immutable criterion for quality.

12.

B. The Secondary Village (dai ni mura)

The rapid development of bureaucracy and industry
consequent upon the Meiji Restoration demanded a swift
mobilization of manpower. This was supplied by the rural
areas (villages). No social organization can function
without generally recognized and accepted social patterns of
behavior. There was no time to form new ones; the required
social patterns were supplied by the villages. The former
villagers instinctively adapted the only patterns they knew
to the situation in which they found themselves.

The enterprise as secondary village. Let us now apply
the socio-cultural principles described above to the modern
Japanese company viewed in the light of a "secondary
village".

"Mental Autarky": The departmentalization and lack of commu-
nication between divisions in a firm can be partially

APPENDIX G

MURA

Professor Kamishima Jiro has made a study of the relationship between the social and psychological structure of the village and its influence on urban life in Japan. Let us consider his concepts of "primary village" and "secondary village" in reference to the problem we are now examining, the cultural roots of the modern large enterprise in Japan.

A. The Primary Village (dai ichi mura)

The sociocultural principles of the way of life in the village of the Tokugawa period are enumerated by Kamishima: 7 "Mental Autarky": The economic independence of the outside and the internal interdependence produced a social, cultural and psychological self-sufficiency, a group solidarity, and group consciousness. All the necessities of life could be supplied by the group. In short, economic autarky produced mental autarky.

8 Shintoism (not the state-sponsored religion, but that of the common people): The Shintoism of village life was focused on the Matsuri or festival. The annual festivals played a part in village life. Their function was to supply the emotional unification necessary for smooth functioning of the Kyodotai.

9 "Gerontology": In a self-sufficient and unchanging society, wisdom is equated with memory and experience. These qualities naturally grow with age. Thus older people are truly wiser and are the natural leaders. Such a situation is supported by the youth: all they need do is obey and wait to take their position of leadership when the time comes.

strictly delineated with mutual agreement, and each member rejects the others' intrusion into his own domain. For such a action is regarded as a hostile behavior. Also, each person can be said to be alone and in a state of tension in his dealings with all others. From this description, one can discern that the Gesellschaft is closely related to individualism.

One other noteworthy fact is that, if we dichotomize human nature into emotion and reason, the Gesellschaft is rooted in reason while the Gemeinschaft is rooted in emotion. Accordingly, in the former rationality has come to have an important meaning. *Source: Hiroshi Hazama, Characteristics of Japanese-style management, management and industry in Japan, p.117.

APPENDIX F
GESELLSCHAFT VS. GEMEINSCHAFT

Groups existing in the modern Western society have generally been classified into two types. Early in the twentieth century, a well-known German sociologist, Ferdinand Tonnies called them Gemeinschaft and Gesellschaft. The Gemeinschaft is a group such as a family that ties people through affectional unity wherein they love each other and share the joy. Also, the contact of whole persons through community living is observed. While this type of a group does not have a specific objective, it has a stabilizing effect on its members both materially and psychologically. Thus, the group itself becomes the reason for being, and its perpetuation is sought.

In contrast, the Gesellschaft is a group that ties the people who are motivated by their self-interest wherein the members use each other. The people join this group merely temporarily and partially, motivated by the necessity of living, rather than as whole persons. Thus, this group is formed for the pursuit of specific objectives, and its effective achievement becomes its members' ultimate target. One can say that business enterprises typify the Gesellschaft.

Tonnies maintains that the Gesellschaft has become prevalent in modern times; at this point, however, the following two points need amplification.

Within a Gemeinschaft, the boundaries of activities and territorial authority are vague, and the members work toward the maximization of the well-being of all members and the benefit of the whole. However, within a Gesellschaft, the boundaries of the people's activities and authority are

APPENDIX E

A BRIEF SUMMARY OF THE FORTY-SEVEN RONIN.

The forty-seven Ronin is based on true episode in the year 1703. The lord Asano was appointed as one of the masters of ceremony to the Shogun's court. Lord Kira was given the task of instructing him in etiquette. Since Asano omitted to make suitable gifts to his instructor, Kira gave him misleading instructions, and Asano appeared wrongly dressed at court. He was now bound by "Giri to his own name" to slay Kira, and bound by Giri to the Shogun (Chu) not to do so. The logical solution was to kill Kira first and then commit Harakiri. He failed to kill Kira, but was successful with his Harakiri. His three hundred samurai retainers, who now became masterless ronin, all decided to commit Harakiri, in Giri to the name of their departed lord. But forty-seven most faithful among them went one better and decided to kill Kira first, although this was a breach of their Chu. Since Kira lived in a fortified castle, the forty-seven conspirators had to use all sorts of ruses and dissimulations to carry out their plan. Some had to dishonor themselves in public, which is worse than death, another sold his wife to a brothel, another killed his father-in-law, another sent his sister as concubine to Kira, to spy on him. At last they stormed the castle, slew Kira, and then all committed suicide, including, of course, Kira's concubine. "Verily", as the proverb says, "etiquette is weightier than a mountain, while death is lighter than a feather." The graves of the forty-seven ronin are still preserved. They have become a popular place of pilgrimage, and it is customary for the pilgrims to deposit their visiting cards on the graves.

*Source: 'The Lotus and the Robct' by Arthur Koestler, p. 208.

the times, these precepts illustrate the early uses of Confucian and Buddhist doctrine in Silla. *source: William E. Henthorn, A history of Korea, The Free press, 1971, New York, p.44.

vanguard. Kim Taemun, an eighth-century Silla historian noted in his Hwarang Segi, "Sagacious councillors and loyal ministers follow (this institution) and flower. Good generals and brave soldiers are produced by reason of (this institution)."

The ideal of the Hwarang is illustrated by the popular story of Kwanch'ang, the Hwarang son of General P'umil, who died in the wars of unification. Kwanch'ang, who was about sixteen at the time, was captured during a battle with Paekche forces but released because of his age. He returned to the fray a second time and was again captured and this time beheaded. When his horse returned to the Silla lines with the boy's head tied to the saddle, "P'umil grasped his son's head and wiped off the blood with his sleeve. 'My son's face is as when he was alive,' he said, 'He was able to die in the service of the king. There is nothing to regret.'" The story became the basis for the popular Korean sword dance of later days.

This martial spirit of Silla is revealed in the five precepts for secular life given to two young men in 602 by the Buddhist monk Won'gwang (d.640) upon his return from Sui China.

1. Serve your lord with loyalty.
2. Serve your parents with filial piety.
3. Use good faith in communication with friends.
4. Face battle without retreating.
5. When taking life, be selective.

The first three precepts are Confucian, the fourth is probably universal, and the last, which refers to religious taboos on fasting and the prohibition on taking life, is Buddhist. In addition to giving us a view of the spirit of

APPENDIX D

THE HWARANG DO AND THE SILLA SPIRIT

There also emerged an elite paramilitary youth corps, the Hwarang, whose origins may trace to a tribal manhood ceremony. The Hwarang were, simply put, the sons of the Silla elite who were given austere military training involving archery and horsemanship and who made pilgrimages to sacred mountains, apparently as some sort of religious ordeal. Each Hwarang led a group of subordinates whose numbers purportedly went as high as one thousand men. Although they were probably an ancient institution, the Hwarang appear in the records about the same time as Buddhism emerged as the state religion. Indeed, the Hwarang became closely related with the Maitreya (the Buddha of the Future) to the extent that they seem to have been a Maitreya cult.

In the lost Silla Kukki (Records of Silla) was a passage which has led to charges of effeminacy. The passage, quoted in a later work, said: "They selected handsome sons of the elite and adorned them with powder and rouge. They call them Hwarang.

The Hwarang are reminiscent of the elite Ottoman Janissaries as instituted by Suleman the Magnificent, who were youths between the ages of eight and twenty but selected from peasant families and trained for posts in the government and the military. The Hwarang were the sons of the Silla elite, and the seeds of their later degeneration in the leisure of decades of peace which followed the wars of unification were planted from the beginning.

During the wars of unification, however, the Hwarang participated in battle, where they fought fiercely in the

plutocracy; a giant family; a family holding company; trust a big business man." Etymologically, the word is a derivation of Zai (money=wealth; riches=a fortune; assets=property) and batsu (a clique; a faction; a clan). In common Japanese usage, Zaibatsu has become both a collective noun used as a "virtual synonym for a group of combines" and a term to identify an individual combine as well. *Source: Zdwain Neil Smellow, Zaibatsu: A study of Japanese yesterday and today, March 1970, p.7

19 Meiji era: The reign of the Meiji Emperor (1818 - 1912) is known as the Meiji era. (That of the succeeding Emperor Taisho (1912 - 1925) is called the Taisho era. Similarly, the reign of the present Emperor (1926 to the present, the largest reign in history) is called the Showa era.) It designates the beginning of the modern era.

20 Ringi: The word ringi consists of two parts -- rin, meaning "submitting a proposal to one's superior and receiving his approval", and gi, meaning "deliberations and decisions."

21 Ringisho: documented proposal requiring a decision.

22 A GAO (Government Accounting Office) report entitled United States and Japan Trade; issues and problems, submitted to Congress in October 1979, compares Japan and the United States. It notes that Japan has far higher labor productivity growth, excels at quality control, and has few man hours lost to strikes, and points to the merits of Japanese goods -- and hence, Japanese management techniques.

11 Harakiri or Seppuku: Suicide according to the Samurai code. Seppuku is the more elegant term.

12 Kabuki: popular drama.

13 Ronin: In feudal times Samurai retainers who, because of disgrace or because of the death or dishonor of their overlord, had become masterless men.

14 Iye (Ie): household, as unit of kinship.

15 Amae (Amaye): Concept of dependence and avoidance of individual responsibility.

If the Japanese mother-child relationship could be summarized in a word, that word be "Amae". Again, it is a term that resists English translation, and attempts to define it get verbose. Hiroshi Azuma, professor of education at the University of Tokyo, defines it as "an attitude toward people characterized by affection, feelings of dependency, and the expectation of an emotionally satisfying response". More succinctly, Amae is love combined with a strong sense of reciprocal obligation and dependence.

Amae is at the foundation of Japanese teaching, according to Azuma. It is the bond between mother and child, and, later, child and teacher, that makes the child more attentive to what others say, think and feel; more willing to accept the intrusion of significant others into his or her learning, thinking, and feeling; more likely to model after them; better ready to work together; more responsive to recognition from them, and more willing to strive for a common goal. *Source: "Why do Japanese kids do better in school than Americans?" by Perry Garifinkel, Monterey Peninsular Herald, Tuesday, Jan 3, 1984.

16 Chonan: eldest son.

17 Kasan: family wealth.

18 Zaibatsu: The simplest view of Zaibatsu is found in a dictionary where it is defined as "a financial combine(= group); a money(= financial) clique; big business; the

APPENDIX C

GLOSSARY

1 Nagasaki: A province in Japan.

2 Edo: The former name of Tokyo.

3 Tokugawa period: The period of rule under the Tokugawa family (1603 - 1867).

4 Shogun: The Shogun was the leading member of the Tokugawa family who exercised absolute rule over both his own clan and the country. His office was called the Shogunate. The Shogun was always invested by the emperor.

5 Bushido: Code of conduct for the Samurai. The way of the Samurai. A term popularized during this century to designate traditional Japanese ideals of conduct. Doctor Inazo Nitobe in Bushido, the soul of Japan, itemizes as Bushido; rectitude or justice, courage, benevolence, politeness, sincerity, honor, loyalty and self-control.

6 Samurai: Samurai, or warriors, were the ruling class in the Tokugawa period, and enjoyed various social privileges over other classes. Towards the end of the period, however, the lower ranking Samurai came under straitened circumstances, causing dissension in Samurai ranks. Altogether, Samurai constituted about 5 percent of the total population in those days. Below them were the common people; farmers, artisans, and merchants.

7 On (pronounce own): A category of incurred obligations.

8 Giri: Obligation, duty, honor, gratitude. A category of Japanese obligations.

9 Gi: righteousness.

10 Chu: fealty to the Emperor.

- 1950 The Korean conflict begins and triggers the first economic boom in post-war Japan.
- 1951 Signing of the San Francisco Peace Treaty.
Cease-fire for the Korean conflict arranged.
- 1952 Japan regains independence in April.
- 1953 Armistice for the Korean conflict signed.
- 1960 Income Doubling Plan adopted. Decade of high growth begins.
- 1970 Pollution first becomes a serious social issue.
- 1971 New exchange rate of 308 yen per US dollar is set in December.
- 1973 Flexible exchange rate system adopted. The yen starts to revalue. The oil crisis occurs in October, and this triggers a prolonged economic recession.
- 1974 GNP growth becomes negative for the first time in the post-war period.
- 1978 The yen is sharply revalued, and in mid-year, the exchange rate drops below 200 yen per US dollar.
- 1980 The third largest of the world in GNP.
- 1983 The second largest of the world in GNP. Japan's GNP is 10 percent of the world's GNP.
- 1984 The exchange rate is 233 yen per US dollar.

- 1905 End of the Russo-Japanese War. Russia cedes the southern half of Sakhalin, and recognizes Korea as being within Japan's sphere of interest.
- 1910 Korea is annexed.
- 1911 Japan regains tariff autonomy.

Taisho era

- 1914 World War I begins.
- 1915 Economic boom begins in Japan.
- 1917 Japan goes off the gold standard by imposing an embargo on gold exports.
- 1918 World War I ends.
- 1920 Post-war recession begins.
- 1923 The Kanto earthquake-most of Tokyo is destroyed.

Showa era

- 1927 Financial crisis.
- 1930 Japan returns to the gold standard (January).
- 1931 The Manchuria Incident. The gold standard is abandoned (December).
- 1937 The China Incident. Transition to a mobilization economy begins.
- 1941 Pacific War begins with Japan's attack on Pearl Harbor.
- 1945 Japan accepts unconditional surrender in August. Occupation by the Allies begins in September. General Douglas MacArthur, supreme Commander for the Allied Powers, launches post-war institutional reforms.
- 1946 The new constitution (the Showa Constitution) is proclaimed.
- 1949 Foreign exchange rate set at 360 yen per US dollar.

cooperative or Kyodotai spirit may be explained in terms of mental autarky as the traditional approach to a work situation. Life employment may reflect mental autarky, familism, and feudalism. *source: William Brown, Monumenta Nipponica-Studies in Japanese Culture, Vol.21, NO.1-2, pp.47-60, Sophia University, Tokyo.

APPENDIX H

JAPAN-U.S. COMPARISON OF MANUFACTURING PRODUCTION

TABLE 1

Japan-U.S. Comparison of Manufacturing Production

	(U.S./Japan, Japan = 1.00)				
year	1955	1960	1965	1970	1977
All manufacturing	4.59	3.85	3.80	2.36	2.12
Precision Instruments	0.95	0.95	0.89	0.63	0.38
Electrical machinery	2.86	1.33	1.28	0.69	0.51
Iron and steel	2.96	1.90	1.77	0.81	0.67
Transportation equipment	3.00	1.80	1.32	0.73	0.73
Textiles	3.02	2.66	2.64	1.72	1.29
Chemical products	2.49	2.29	2.21	1.40	1.37
Petroleum products	4.51	3.16	2.32	1.65	1.50
General machinery	4.66	3.57	3.62	1.71	1.62
Paper and pulp	4.27	3.47	3.38	2.11	1.88

*source: Ningen Noryoku Kaihatsu Senta, 'Human Resource Development Center', November 1978.

APPENDIX I
RELATIONSHIP BETWEEN SENIORITY-BASED WAGE SYSTEM

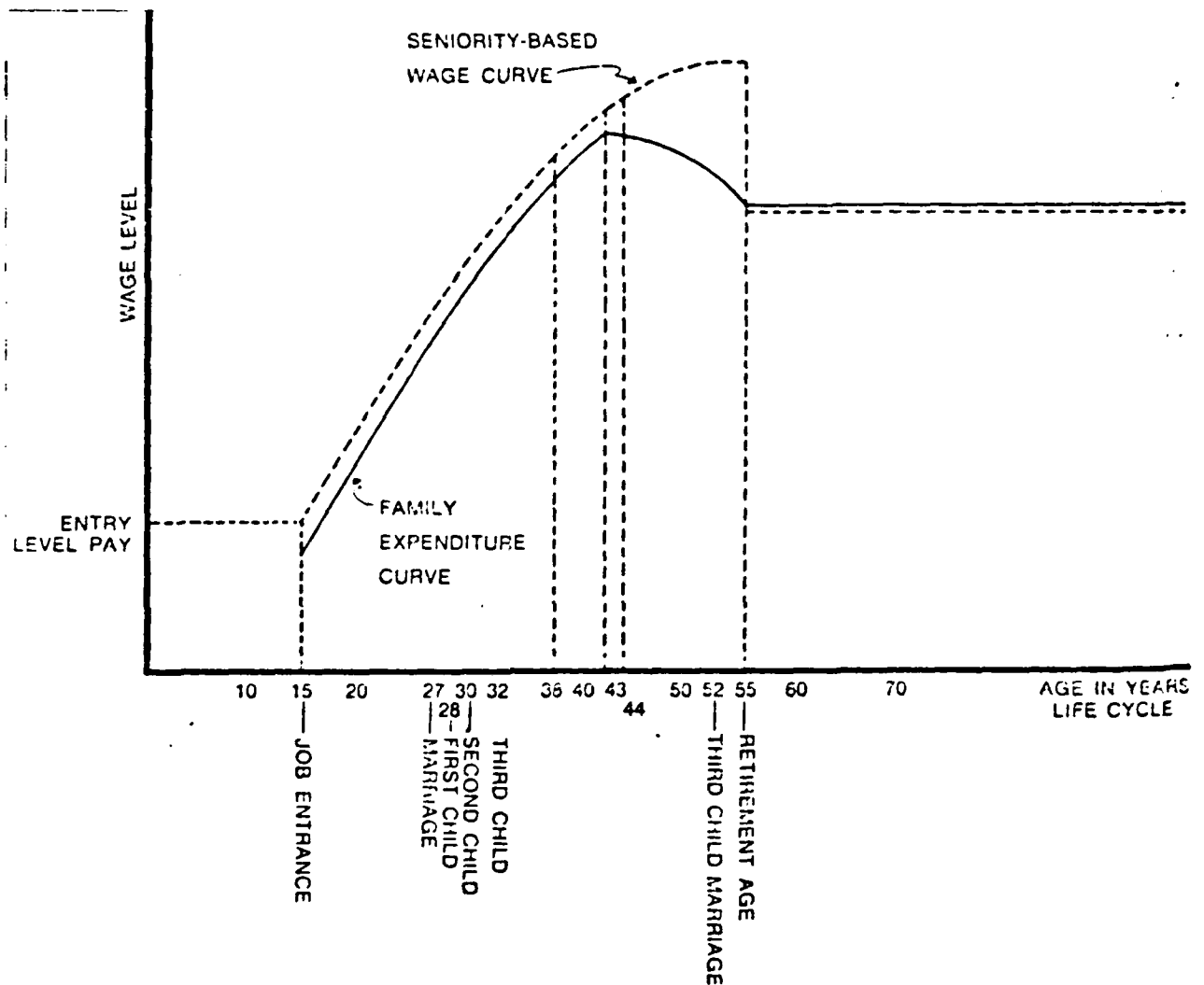


Figure I.1 Relationship between Seniority-based Wage System, Family Expenditure Pattern and Life Cycle.

*source: S. Prakash Sethi, Japanese Management Practices part I, Columbia Journal of World Business, winter 1974, p.102.

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