

A Note On :

## The Japanese Approach to Business

( A Case of Spectacular Success )

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The case of spectacular success of the Japanese business has become a widely talked subject and their activities have been viewed internationally with a mixture of admiration, envy and fear. Japan's invasion of western markets has received widespread publicity in recent years. Trading companies of Japan have indeed shown spectacular success not only in the traditional markets but they have also conquered new fields and markets previously dominated by powerful competitors of the western world. Western world as being the loser of the target market has started viewing the style of Japanese business as a threat or, a sense of fear. On the contrary, however, a wider coverage of the target market of the west as well as of the east, during a short span of time has even forced the rest of the world to view the activities of the Japanese business as a source of admiration. Does not matter, whether the business community of the rest of the globe see the Japanese approach to business as a source of admiration, envy or fear. What does really matter is working on the principle that 'if you can't beat them, join them', the western business community has begun to study closely how the Japanese system works.

This small article aims at throwing some insights on such major elements which seem to create special attitudes and relationship in Japanese Companies leading them to be able to hold their ground both in traditional and highly competitive international markets. The contributors or pillars of the Japanese business system which have taken the Japanese business to an important position in the World's business map can better be viewed from the angle of management techniques or personnel policies having some major differences as compared with their western business counterparts.

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Before pointing out such pillars of the Japanese system, it wouldn't be out of context here to say a few words about how and what, the Japanese think and accept 'work ethics' in their way of life, 'Confucianism', which is understood in Japan as an ethics rather than a religion has created a special culture leading to immense commercial success.

This culture is concerned with the relationship of one man to another or to the community to which he belongs; it is hardly concerned with the assessment of individual conduct or behaviour in itself, according to some absolute principles.

**Policy of life-time employment :** Majority of large companies in Japan seem to have practised a policy of life time employment. Life time employment policy there means, when people join an enterprise after the completion of their schooling or university education, they can expect to remain with the same organisation they have joined until they retire. This age retirement comes to effect usually at the age of fifty five or sixty. Such policy of life time employment, in effect, thus provides in return the job security for life for the employees. Indeed, the chance of employees being fired is usually non-existent unless there is any serious misconduct.

This way the life of an employee is closely associated with the life of the organisation. Redundancy or the lay-off of the employees never comes in seen irrespective of the economic conditions being faced by the organisation. No doubt, such phenomenon may be inevitable only in a case of an enterprise being demised. Otherwise in all other circumstances, even in times of business recession, an employee working for a Japanese company is free from the fear of being laid off or made redundant. This phenomenon in Japan is a very strong factor which has become a plus point for Japanese business success. Bearing this point of life time employment policy of Japanese companies as compared to the case of other industrially developed countries of the world, where the policy of redundancy or layoff has become very common and also being treated as an important element of personnel policy; has become a solace for the grand success of Japanese business. To be more specific, there has been a clear evident of the fact that, the Japanese worker always identifies closely with his company and feels intense loyalty to it, as a result of this practice of job security for life. A Japanese worker always works hard because he feels that working hard for the company means to safeguard his interest and polishing his own future career. The great saying 'work is worship' is found to have worked in Japan. As a result of this, it is not surprising that devotion to one's company is considered a great virtue in Japan. Work ethic thus enhanced by such policy in Japan prepared human resources to put their firm's interests before those of his own and the family.

This policy of job security guaranteed by the Japanese companies has made a greater impact on the attitude to work and the way the employee approach their work. Their approach to work always lead them to think in terms of what they can achieve throughout their career. Because of this approach of employees as supported by the management philosophy, employees in Japan are not evaluated or judged on the basis of their work performance during a short span of time. What this means is that there is leverage and as such the perspective for judging the performance of employees is rather longer as compared to the ease of their western counterparts. This provides ample opportunities to all the employees to perform better, no matter how bad was the beginning. Positive attitudes towards work and the company, culminated by the policy of job security is in fact, self explanatory to the question why Japanese workers seem positively to love the products their company is producing and why they are willing to stay on after work, for little overtime pay, to participate in earnest discussions about the quality control of their product, and so on and so forth.

This principle of life time employment which is very contrasting feature as compared to the case of west has been found to have criticised by some people. They particularly point out that this system works well during periods of boom, but when the enterprise undergo to a situation of recession, it can lead to complexity and overmanning in companies. This criticism has however been well visualised and sustained by the Japanese system. Accordingly, when the going gets tough, Japanese companies ensue different courses of actions or expedients to maintain the work force intact. Some examples of such expedients are to get rid of part time workers or to keep workers busy by transferring them to such projects which will improve the future efficiency of the business. This clearly reveals the fact that the Japanese approach to business is rather guided by the principle of farsightedness. Nevertheless, if there is a prolonged slump, some of the methods can throw a strain on resources.

However, one great diversity often seen in Japan is that life time employment is common in large companies but equally less prevalent in smaller companies. Likewise, its application towards white collar workers is wide spread as compared to blue collar group. Fewer blue collar workers get this kind of protection. Due to this reason the mobility of this group of workers is extremely high.

**Promotion by Seniority :** Next of life long employment, equally the adoption of policy of promotion by seniority has played vital role for the immense success of Japanese business. Now we shall look at how promotion by seniority has led the Japanese business to a spectacular success. The simple way of understanding this policy of Japanese companies is that the long one stays in a

company the more he will go up and up in the organisational hierarchy. With this principle thus, the more important and responsible positions in an organisation generally go to the long serving employees. Because of this, it is not surprising that a young managing director is scarcely conceivable in Japan. So what to talk of top level management post, even to reach to the middle management post some one need to render services anything from ten to sixteen years. Mostly people reaching to such level are likely to be between forty five and fifty five years old; period within which one would have seen and worked both in sunny and rainy days of the organisation.

The scheme of salary is also seen to have attached and geared to years of service rather than to the responsibility of the job. Naturally, thus, a person draws higher amount of salary if he has rendered long service for the company as compared to a person whose service period is rather short. The longer person has been in a company, the higher his salary and status will probably be. There is no any other parameters to rate the salary level nor associated with the responsibility variables. Therefore employees joining the company on certain date will have no discrimination so far the amount of salary to be paid after ten years on certain date, although there may exist some variation in their respective responsibilities.

The attributes of this policy regarding promotion and salary have been experienced by the Japanese companies very much positive. Consequently, employees in Japan will usually take on any work within their capacity; they do not object to training for new duties within the company and outside, since their levels of salaries and fringe benefits will not be greatly affected by. Because of this reason, it is also equally true that Japanese employees are unlikely to resist technical change.

Although the policy of promotion and salary, seem sound and to have implemented effectively in Japan, this seems to be very controversial in the context of western world because of their socio-cultural factors. Frankly speaking, the culture of the Japanese people—the notion they carry and the way they are brought up where individualism is suffocated; has attributed plus points in the possibility of execution of the policy of promotion and salary.

**Consultation system :** Consultation system in Japanese companies could also be understood as the philosophy of worker's participation in management. Bottom up consensus system to arrive at the decision in Japanese enterprise is another paying parameter of the success. In their own term the Japanese they say '*ringi seido*' as synonym of consultation system. The essence of this system is that it provokes employees at different management levels in the process of making decisions.

This method of arriving at decision could also be termed as '*bottom up decision making*' in which the process of decision starts from the bottom or top floor and geared up to the higher echelon of management. This is really a contrasting feature as compared to western world where the decisions are handed down from the top. This system in Japan has been argued that it provides a feeling of recognition to the employees and equally makes the forthcoming decisions appropriate to the real life/work situation.

It would not be out of context here to add few sentences explaining how this system of '*ringi*' works. A junior executive in a trading organisation may draft a report recommending some course of action. This document is then reached to the deputy head of the department. He will then annotate it, perhaps even revise it, then stamp it with his personal seal the equivalent of initialling. This way before the course of actions recommended goes up to higher management all the relevant departments of the middle management will examine and evaluate it, and after discussions also made some modifications wherever necessary. From this it can be seen that the acceptance of any course of action or decision does not essentially depend on the approval of any given level in a company. Whatever may be the course of action recommended and originated from the bottom, it goes up in a prescribed form, in sequence, at various executive levels. Some people often argue that such system takes long time to come to a decision and to establish harmony in thinking and outlook between different level executives is tough indeed.

But the experiences yet gained by the Japanese companies are however encouraging. The bottom up decision making process may take as long as six months if a major proposal has been made. Some people also say that the process makes it difficult to pinpoint responsibility for mistakes and then a slow and cumbersome method. The arguments put forward by the Japanese in favour of this method however, are a lot of seals or initiallings give a sense of security to the parties concerned.

Japanese strongly favour decision making through consensus because they believe that such practice creates harmony which is essential in any company or group. They further contend that it is the group orientation of managers, their team work and harmonious personal relations which give companies their strength and efficiency.

**Union structure :** The company union structure is equally another important attributes of the Japanese system. Union structure in Japan is rather localised. Consequently an employee's union is based on the enterprise where he works, not on a national basis or by skills. All the employees below the hierarchy of section head are eligible candidate for membership. However, this does not debar union officials to cross the line and become managers.

The issues relating to wage settlements are generally linked to the results of

negotiations between the national employers and the union federations. These are settled at what is known as the annuale *spring labour offensive*'.

Labour management relations tend to be cosy. And as a result, serious labour disputes are rare. To cite an example, the Nissan company which makes Datsun Cars having plants in Japan have not had a stoppage, let alone a strike for over twenty years; nor for that matter have its component supplies had any production delays resulting from industrial action during the same period.

Bearing in mind all the above pillars of Japanese business success, the question often comes before us that, is all the management techniques or personnel policies of Japanese system are applicable in other countries contest ?

Any system to be successful depends on its correlation between the environmental, situational and cultural factors existing there in. Therefore, it is very difficult to answer off-hand that the Japanese system will equally works in the context of other countries differing in culture, environments and situation factors. But it is not irrelevant to state that there are some fields where something could be done citing the examples of Japanese system. Indeed there is plenty of scope to modify the system to march the prevailing environmental, cultural and situational factors of the country in question. Lot of studies relating to Japanese system under going in the west are the clear indication of the above justification.