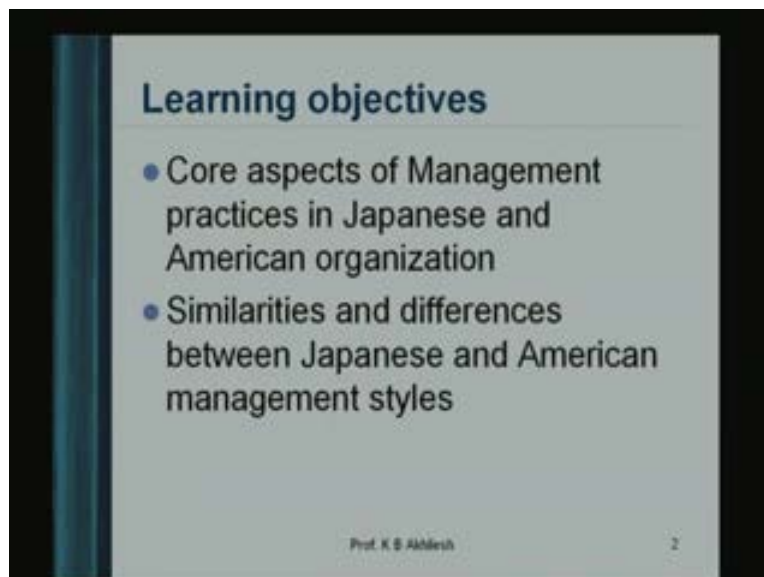


**Concept of Management and Evolution of Management Thought**  
**Prof. K. B. Akhilesh**  
**Department of Management Studies**  
**Indian Institute of Science, Bangalore**

**Lecture - 13**  
**Comparison of Japanese and American Management**

Hello, today we will focus on comparison of Japanese and American management. So far we have seen management thinking, we have also seen the role of objectives management by objectives and we have seen functions of management in terms of planning, organizing coordinating, controlling. We have also seen the scope of leadership, motivation and building organizational culture to sustain performance. We have also examined several critical dimensions of Japanese management, what we will do today; we will examine the core dimensions of Japanese management. We will also compare the Japanese practices with American management practices and see what is that we can learn to build a performing and the sustaining kind of an organization.

(Refer Slide Time: 02:22)



So the scope what we will achieve today is understand the core aspects of management practices in Japan and in American organization and also look at some of the similarities and differences

between Japanese and American management styles. We must basically appreciate management is management wherever irrespective of the culture, nature of the organization or size of the organization etcetera. However, culture seems to have a great impact on the set of practices and that is how we would like to contrast and compare and see what is that we can learn.

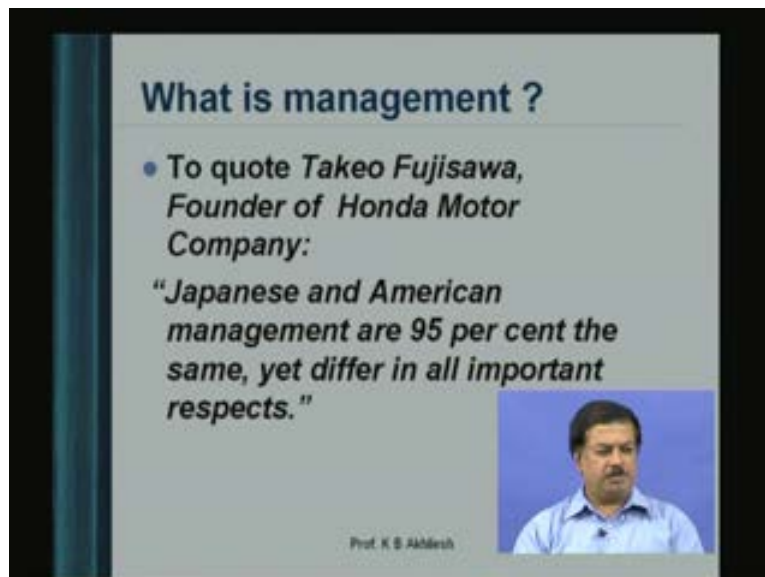
(Refer Slide Time: 03:05)



So when we examine what is management we can take any number of things but we need to look at some these following dimensions what about staffing how do they do their recruitment how do they get people or how do they manage their talent things like that. The other dimension is the leadership and career development, the third one is in terms of the rewards and compensation system, the fourth one is to look at motivation and evaluation and also communication.

So one can get into the exhaustive listing of these things but let us try and understand, how some of these practices are there in Japan how such practices compared with some other countries and particularly, we will take a comparison between east and west and we are looking at east the Japanese model and the west certainly, the American model and then we see what is the scope for newer initiatives.

(Refer Slide Time: 04:17)



**What is management ?**

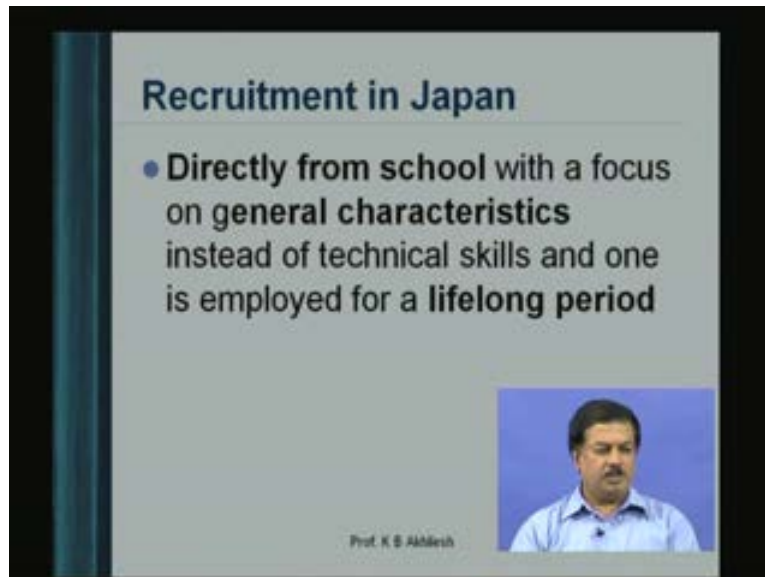
- To quote *Takeo Fujisawa, Founder of Honda Motor Company:*  
*"Japanese and American management are 95 per cent the same, yet differ in all important respects."*

Prof. K S Akhlesh

So let us look at several of the statements of the scholars but one of the scholars has observed that it is all the same 95 percent you see the management is same whether it is in Japan or in America but all of these things do differ in shades. So what we are interested is in looking into those unique features and not necessarily very common things and I have as we have mentioned already, as I discussed with you already the one of the key things of Japanese management is to look at the recruitment practices they take set of students directly from the school with the focus on general characteristics instead of technical skills and one is employed for a lifelong period.

So the life term employment and taking a set of classmates and from the campus seems to be the unique thing for the Japanese organization and also you if you look at the career wise after 10 years there is a kind of a promotion to kacho, the kind of a generalist after 20 years or more then you know promotion to the to the middle and the middle management level and not before the age of 50 possible to move to the top management level.

(Refer Slide Time: 04:47)



**Recruitment in Japan**

- **Directly from school with a focus on general characteristics instead of technical skills and one is employed for a lifelong period**

Prof. K S Akhlesh

A small video inset shows Prof. K. S. Akhlesh speaking.

(Refer Slide Time: 05:24)



**A successful career**

- **After 10 years: promotion to *kacho***
- **After 20 years or more: promotion to *bucho***
- **Not before the age of 50: possible promotion to directorship**

Prof. K S Akhlesh

Three cartoon characters representing different career stages are shown at the bottom.

So that means very clearly demarcated age linked promotion system not necessarily the performance driven and focused only on what is that you have contributed to the organization, these are not the basic consideration. So the employment is long term promotion is based on long

term view of the individual growth and the learning period and the concept of masters are again unique whereas you do not see a similar thing in the USA, in American management practices.

(Refer Slide Time: 06:24)

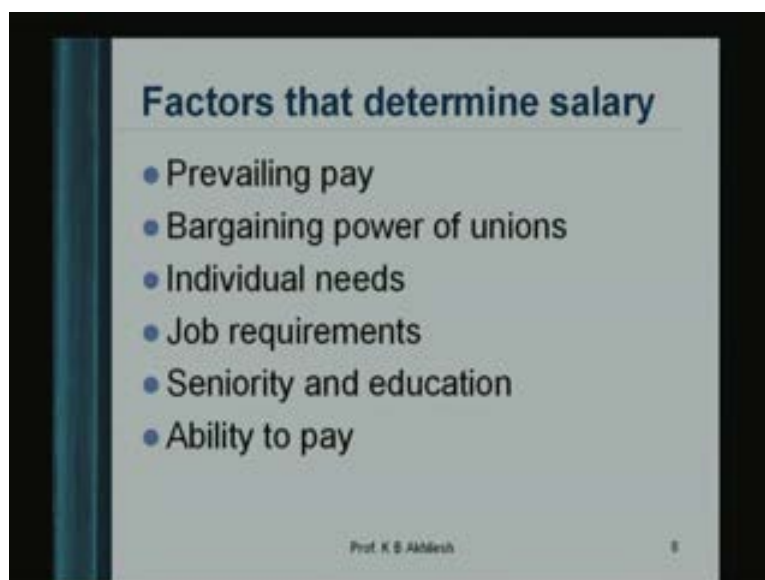


**Career perception**

Japan	U.S.A.
<ul style="list-style-type: none"><li>• Life-long employment</li></ul>	<ul style="list-style-type: none"><li>• Short-time employment possible</li></ul>
<ul style="list-style-type: none"><li>• Seniority promotion</li></ul>	<ul style="list-style-type: none"><li>• Promotion on merit</li></ul>
<ul style="list-style-type: none"><li>• Ultimate goal: broad experience</li></ul>	<ul style="list-style-type: none"><li>• Increased mobility</li><li>• Specialists</li></ul>

Prof. K S Akhlesh 7

(Refer Slide Time: 07:05)



**Factors that determine salary**

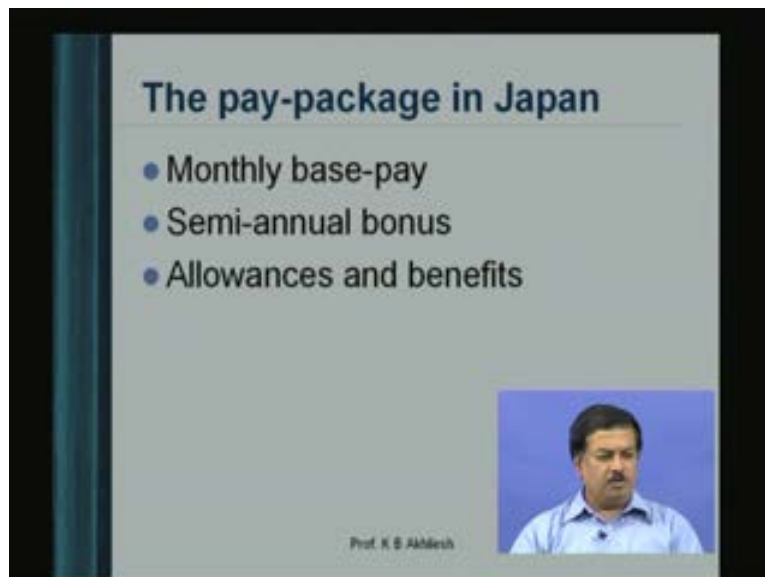
- Prevailing pay
- Bargaining power of unions
- Individual needs
- Job requirements
- Seniority and education
- Ability to pay

Prof. K S Akhlesh 8

So the lifelong employment versus the short employment possibilities seniority based promotions to the contrasting with promotion on merit and ultimate goal is to provide a generalist master kind of a perspective that is also called as the breadth is more important broad experience is more important whereas in USA there is an increased mobility and you would like to create more specialist than generalist, I think these are considered as typical comparison from one to the other. So when you look at factors that determine salary wherever you see across the globe normally some of these factors into come into picture.

The prevailing pay that means what is being paid in the same organization or similar organization, bargaining powers of unions, how strong is your union, how much they will demand, how much they are prepared to work for the rights of the employees then the individual needs depending on the age and stage of their careers whether they are all very young people or they are at the middle level or all of them are married. So what is it like in terms of the individual needs then in terms of the job requirements whether the job requires very specialized skills or the skill sets which are difficult to acquire or very time consuming to acquire then, you also think in terms of the seniority and the education.

(Refer Slide Time: 08:30)



**The pay-package in Japan**

- Monthly base-pay
- Semi-annual bonus
- Allowances and benefits

Prof. K. S. Akhlesh

So how many years of schooling is required how many years of college education required and also the organizations ability to pay all of these factors in combination makes the organization to decide the weight practices as well as the pay practices. So when you look at that the pay-package in Japan so the you do have a many of these practices there are monthly base-pay but base-pay is determined by the basic to the need base pay and also based on the ability base-pay whereas the performance link pay comes much much later beyond the age of 40 and also there are lot of allowances and benefits which are also called as the spring offensive and so when you see the kind of how this is link to the motivation right.

(Refer Slide Time: 09:04)

Similarities	Differences
• Responsibility	• Seniority wage
• Challenge	• Promotion system
• Interesting work	• Importance of the group
• Recognition	
• Money is secondary	

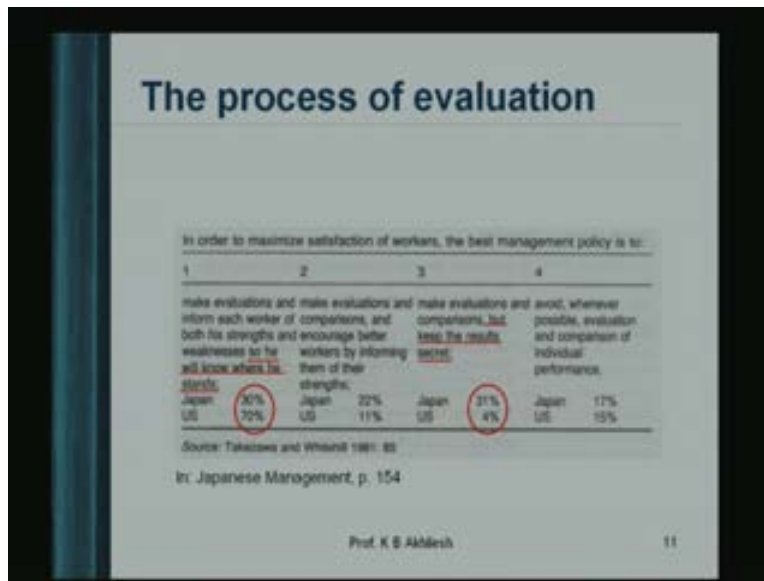
Prof. K S Akhlesh 10

So the similarities and differences are coming, so significantly. So similarities are there because there you go by the responsibility of the individual both east and the west believes in that the kind of challenge what one has and making the the job more interesting and also providing recognition and money is always treated as a secondary, I think these are the the culture independent factors, you can all it as.

However, the seniority based wage is very much there in Japan and this kind of a promotion system which is long not short based on the quick and successive achievements and then the

importance of the group. So there is a overriding concern and overriding support for the group group activities this will take in terms of the kind of differences. So if you see to maximize satisfaction of workers, one of the best management policy is right. So if you see there are different processes of evaluation, so in this evaluation you we will see that in Japan versus in US.

(Refer Slide Time: 10:09)



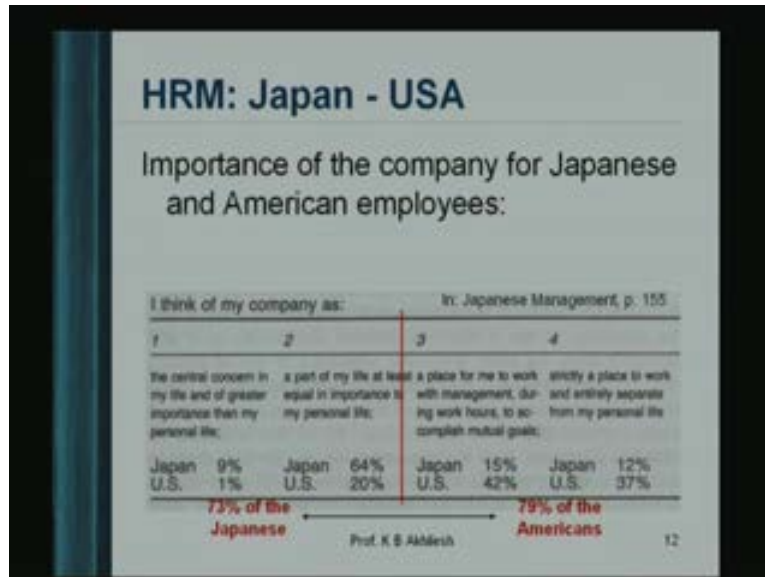
So you see the make evaluations and inform each worker of both his strengths and weaknesses. So he will know where he stands, so if you see that Japan only it is about 30 percent agreement is there but in US it is about 70 percent but you look at make evaluations and comparisons and encourage better workers by informing them of their strengths, see the Japan 22 percent US is less 11 percent make evaluations and comparisons but keep the result secret right Japan 31 percent. So the more number of people they agree they do not like to reveal and US its only 4 percent.

So avoid whenever possible evaluation and comparisons of individual performance both seem to be very similar. So there are there are set of commonalities but certainly there is a big difference that make evaluations and inform each worker of both his strengths and weaknesses. So he will know where he stands very clearly communicated in in US but compared to Japan. So even



though the decisions are made but the the results of such decisions are kept secret but the individual is shared, what is necessary.

(Refer Slide Time: 12:08)



Similarly, you look at these kinds of a comparisons between Japan and US when we discuss further the things will become more obvious right. The central concern in my life and of greater importance than my personal life right if you see, what do they think about the company as Japan they think more of their company, it is a part of life at least equal to equal and importance to my personal life, 64 percent of the Japanese agree on that US is less and if you see a place for me to work with management during work hours to accomplish mutual goals, very contractual agreement is much more with the US compared to the Japan strictly a place to work and entirely separate from my personal life. So there is no interference of my personal life to this and US is much more in agreement with this 37 percent versus the 12 percent, what is this show in that the culture wise is there is a much more emphasis on human relations in Japan and it is not mere a contractual kind of a thing which we can see in some of the US companies or the US organizations.

(Refer Slide Time: 13:41)

JAPAN	USA
Top priority given to human assets in management	Primary importance will be accorded to numbers and laws rather than to people
Regular employees fixed assets well-being is crucial	Employees = semi-variable assets can be hired and fired as needed

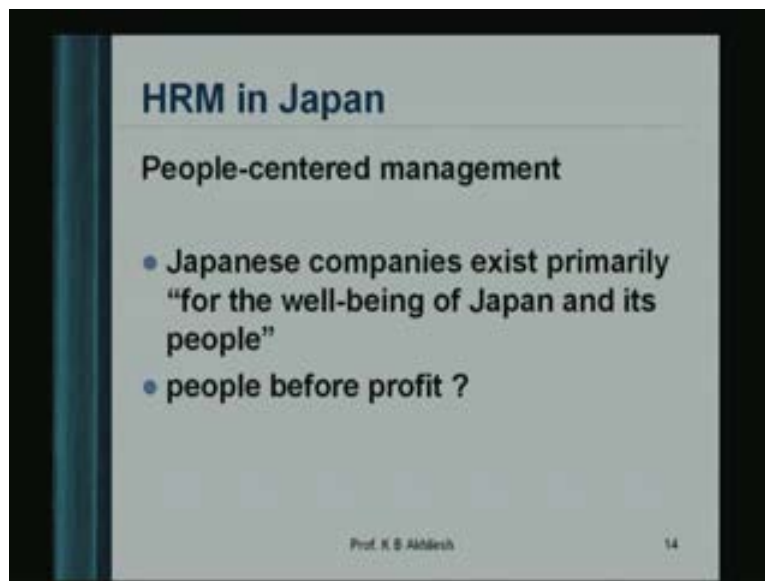
Prof. K. S. Akhila 13

So the human resource management if you see in Japan versus USA, some of these studies you can always question, you will always have some exception but what you need to see is these practices initiates for a better understanding. So, the top priority given to human assets in management. So the human resource management people are the critical resource and that is how the emphasis on ability that is how the emphasis on the relationship that is how the emphasizes on creating very tight and aligned organization, the USA the primary importance will be accorded to numbers and laws rather than to people.

So it is what you do what you deliver that is more important. So the regular employees fixed assets wellbeing is crucial your employees semi-variable assets can be hired and fired as needed. So the view is that you can always get out of the person on the weak end. So on a Friday evening you can always seek or ask the person not to count from Monday, these things are possible in America, it is also called as the in USA, it is called the hire and fire policy, hire and fire policy is not there in India by the nature of the Indian labour loss, organizations can only hire, it is not easy it is impossible to get rid of any employee based on non performance or just because the management is not happy with the particular person.

It is true in Japan they have this view of the person but along with that positive view of the person they also have the concept of lifelong employment or the life term employment. There are many recent authors have said that this this particular system is collapsing in parts however, the cultural predisposition is for long term game than for short term games.

(Refer Slide Time: 16:08)



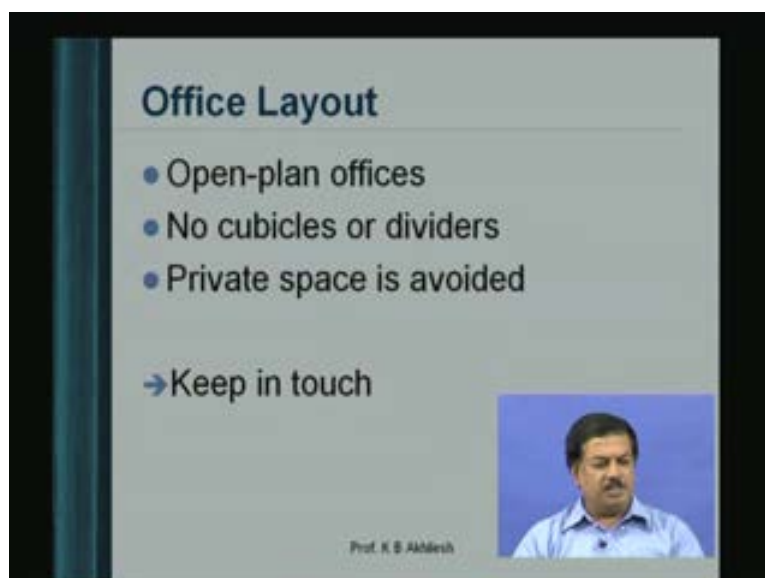
**HRM in Japan**

**People-centered management**

- Japanese companies exist primarily “for the well-being of Japan and its people”
- people before profit ?

Prof. K S Akhlesh 14


(Refer Slide Time: 16:37)



**Office Layout**

- Open-plan offices
- No cubicles or dividers
- Private space is avoided

→ Keep in touch

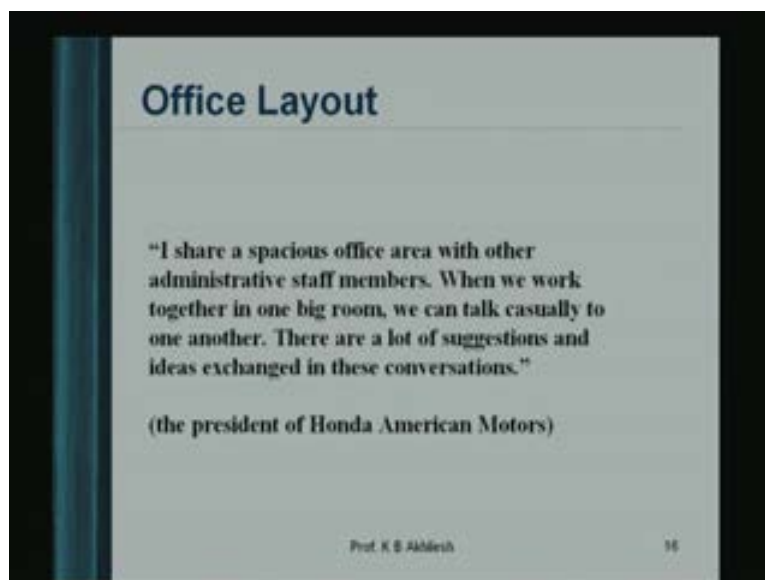


Prof. K S Akhlesh

So the people centric management becomes dominant pattern of human resource management in Japan. The Japanese companies exist primarily for the wellbeing of Japan and it is people, so the question mark is always to the always placed premium on people before profit, I think this is a kind of a question mark one need to look into and examine but as long as organizations are performing the the concern is to take care of the employees the human being and there is not much of a difference between the family atmosphere as well as the organizational atmosphere. They see it as an extension of the family living that is what the condition is in Japan whereas certainly in an USA it is much more contractual business like and then, one would like to see what is that I gain for the kind of effort and the for the kind of performance.

So the this exchange relationship is much more prevalent in USA according to many of the scholars look at the office layout, the office layout typically in Japan is open plan offices really no cubicles or dividers and then private space is avoided unless it is very much essential. So the **the the** focus is on keep in touch, you need to be in touch with the reality of what is going on. So that is the kind of an approach and typically the Japanese houses also had a same thing, they do not have a very strong wall built from one room to the other.

(Refer Slide Time: 17:57)



**Office Layout**

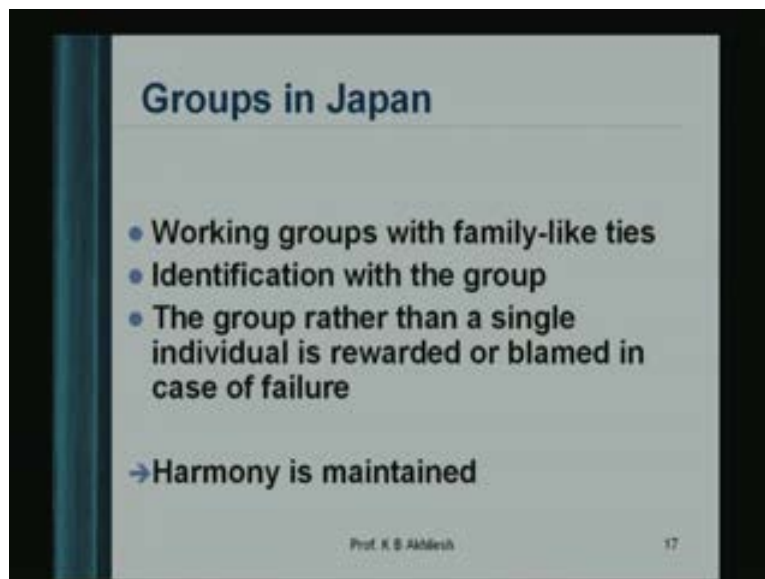
"I share a spacious office area with other administrative staff members. When we work together in one big room, we can talk casually to one another. There are a lot of suggestions and ideas exchanged in these conversations."

(the president of Honda American Motors)

Prof. K. B. Akhilesh 16

So it is a question of about the office layout is I share a spacious office area with other administrative staff members, this is what the statement of the president of Honda American Motors. When we work together in one big room we can talk casually to one another, there are a lot of suggestions and ideas exchanged in these conversations. So the Japanese companies also can be called as a company with effective conversation that means you are all the time having dialogue with the other employees and then, you are trying to see how to promote that required relationships and through the relationships you are not keeping any problem to the lowest level or you ignore the such problems but you try and escalate systematically.

(Refer Slide Time: 18:58)



So that effective solutions can be worked out within the organization. Let us see the how do this groups are formed and how groups are functioning. As I said that to take this generalizations not in very very compartment license but these have been evolved to make a comparison and get a better understanding of the Japanese practices. So the working groups with family-like ties, the family-like ties it makes the individual to have that close relationship and it is acceptable if some employees sits and writes a invitation for a function in his family the other employees too participate in such process and may help or her but it is perfectly fine and acceptable.

However in any other organization and more so it may be viewed as waste of company resources or company time or may be seen as in conflict with organizational performance or organizational interest. So one side you see a kind of a compliment, the kind of a relationship whereas in the other it could be seen as adversarial or a very competitive kind of a relationship between the employee and the management and similarly, the identification with the group. So the employee in Japanese companies is a part of that effective group highly supportive mutually exchanging all the time and making sure that they do things better and the group rather than a single individual is rewarded or blamed in case of failure.

So you do not create scare box, you know scapegoats or you do not corner any individual but the group, the group itself blames for success or failure they take charge of the situation and all the time a concern is to maintain that a required harmony. In a harmonious relationship, they will get the best of the individuals and that is how you see the working groups in Japan is considered as very effective, group members are aware of their status because the status is defined by the seniority and the age and seniority, the batch, year of the batch.

(Refer Slide Time: 21:19)

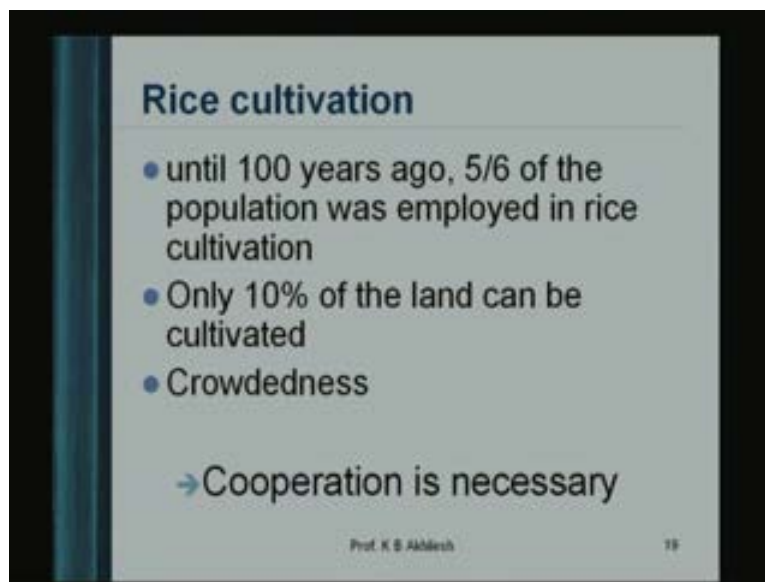
**Working groups in Japan**

- Group members are aware of their status
- Individual needs are de-emphasised in order to maintain harmony
- Dependency relationships

Prof. K S Akhlesh 18

These are all very objective verifiable and the relationships are strictly governed by this kind of a age linked system, individual needs are deemphasize in order to maintain harmony. So in case you have to do something against the group the individual is not prepared to do such things because he normally thinks that he is affecting the group wellbeing and the relationships are highly seen as very dependent and this dependency makes each individual to respect others and then take all the members of the group together.

(Refer Slide Time: 22:22)



So it is the, it is basically you know it is in terms of the how they have grown over a period of time, you can see many of them see this cooperation as extremely important whether it is a kind of a rice cultivation the informal groups, membership is based on unchangeable criteria, graduating from the same university having a common hometown, the the look at this communication as we were talking about the layout, office layout supports the free flow of information because the boss and the subordinates, they all sit together, they are in the same floor and using every opportunity to wish and not only that given an opportunity, they will all go together and come together and then meet you know most informal fashion and everybody is kept up to date because the information is seen as enabling and communication even vertically is very easy.

(Refer Slide Time: 22:31)

**Habatsu (Cliques)**

- Informal groups

Membership is based on unchangeable criteria

- Graduating from the same university
- Having a common hometown

Prof. K S Akhlesh 20

(Refer Slide Time: 22:48)

**Communication in Japan**

- office-layout supports the free flow of information
- everybody is kept up-to-date
- communication even vertically is easy
- face-to-face communication is often continued in a restaurant etc.

→ high-context situation

Prof. K S Akhlesh 21

As I said that it is the seniors then basic job is to listen to and then the senior or the juniors always have an opportunity to escalate and convey what they have and always the face to face communication is often continued in a restaurant or etcetera that is what they do is at the end of the day, the work is always carried out of the organization but when they go for an evening meal



or when they go to the restaurant together substantial time they also discuss work related issues, work related problems and then see how to correct some of these things how to do and all these things gets discussed, it is fine, it is acceptable where as in an American company then work time is work time and very rarely, when you socialize with others you would like to discuss the work related aspects.

So they would like to keep the work and social life as two separate things however here, it is seen as extremely complementary and it is worth combining the work as well as pleasure and the high context situation. So the all the time the Japanese employees and the organization are favourable for mixing their business as well as the social relationship, the fine aspects of the communication if you see right, if you look at the Japan the most prefer form of communication is the oral communication face to face.

(Refer Slide Time: 25:03)

	JAPAN	USA
<b>oral</b>	preferred form of communication	non-binding → „inefficient“
<b>written</b>	„last resort“, seen as formal, cold, lacking the reciprocal give-and-take	preferred form of communication: contracts, memos,...
<b>non-verbal</b>	very important, subtle, „fine art of communicating desires and feelings without words“, „honne – tatemae“	not very developed (low-context culture)

Prof. K S Akhlesh 22

So this conversation is always acceptable and over a period of time based on that conversation, you build that required trust in the other and that is how engaging a Japanese employee is extremely important and the take some time to build that interpersonal trust which is always necessary for any relationship or for performance USA it is oral communication is seen as non-

binding, I think that it is an important thing and also it is inefficient. So the non-binding is both you can make several statements but you are more guided by what is there in the paper than what you really said.

So it is the contractual contractual thing is also supported by the written material, your agreement or your disagreement can be seen and examined only through the paper whereas here it is much more psychological, the individual is not prepared to open up, individual is not prepared to discuss unless there is a warmth, there is a comfort there is basically a kind of an interpersonal trust between at the any 2 individuals could be the boss, subordinates, colleagues, partners suppliers or the organization and the customer.

So any of these interpersonal relationships, first it has to be governed by that required warmth and interpersonal trust then the contract also you see the written communication is always seen as a kind of a last resort, it is seen as formal cold, lacking the reciprocal give-and-take relationship. In other words, if you start with the Japanese guy the the contract straight away probably he will withdraw he may not even sign anything because he is not mentally prepared tuned to write such contracts.

So it is important for the person to to get a good contract with any Japanese organization or Japanese employee is to have that warm-up period engage the employee for sometime understand the the overall context build that interpersonal trust and then if you propose a contract probably it will be signed as, whereas the relationship what happens in the in American companies is may be considered as a kind of a waste of time, the waste of time because you are engaging in talking which is not really required, give me a second.

So the prefer form of communication is the contracts, the memos you look at the non-verbal kind of a communication very important subtle, fine art of communicating desires and feelings without words. Honne-tatemae is a kind of a an expression is very polite extremely cautious kind of a statement but making a very suggestive kind of a an expression and requesting the other person to respond here, you know it is also called as a low context culture not very developed. So you can be much more free you can anything is acceptable as long as it is agreeable to both the

parties that is how far where that is that is what is possible in US whereas here that required politeness, required body language the **the the** style of expression all these things becomes extremely, extremely important and if you do not follow some of those things, you may be perceived as impolite or not having that maturity or the required culture. You may even be treated as a as an animal or a beast because you are not developed to respond in a proper fashion I thing that is the that is the big difference of these low context to the high context.

(Refer Slide Time: 30:10)

**Decision Making**

- o Popular view:

JAPAN	USA
group process	individual process

- o Catchwords:

JAPAN	USA
bottom up	top down

but reality is a little more subtle...

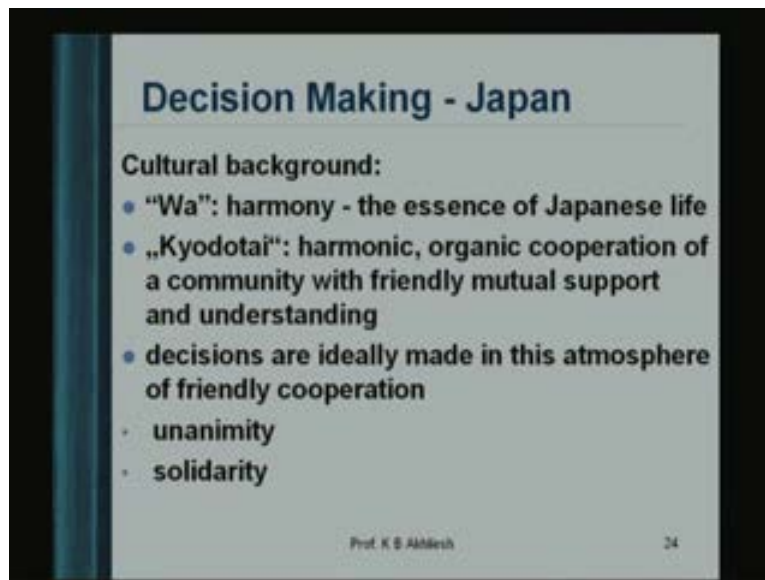
Prof. K S Akhlesh 23

So the popular view popular view of comparison between the particularly, with respect to the decision making is the it follows a group process whereas USA, it is the, it is the individual process. So the correct expression for the Japanese group process is called the consensus based decision making also called as the ringi method, we will elaborate it little later on and similarly, the catchwords is the bottom up, the Japanese practices are bottom up the communication and decision making starts from the lowest level to the highest level and in USA, it is the top down, it starts from the top and goes down and the communication also flows from top to bottom.

So but in reality, it could the always there could be some complexity extremely there could be some similarities and organizations may adopt, you know make some changes, make some

adaptation and you may see some combination of a culture of both top down as well as bottom up approaches but you see the decision making in Japan.

(Refer Slide Time: 31:27)



So the cultural background always emphasizes the following things what you are stated earlier as well, Wa a kind of an harmony the essence of Japanese life. The other expression is Kyodotai, the harmonic organic cooperation of a community with friendly mutual support and understanding. So the cooperation is very natural, non-cooperation is unnatural. So it is a community feeling, it is that feeling of which that inner circle, it is an Hindi expression is called the “upna”, the feeling of closeness what you have the other person is seen as the custodian of your interest not an adversary or somebody with whom you need to have a mistress kind of a thing.

So the relationship is much more pro trust prone and the it is basically very highly supportive kind of a relationship, decisions are ideally made in this atmosphere of a very very friendly cooperation both are empathetic to each other. They understand the context, they understand the challenges, it could be the colleagues or it could be the subordinates but they take time to relate to one another and then build unanimity. So they always try for that final consensus look for that

what is that unanimous view possible and then there is a solidarity always the basic thing is to support the other and build on that kind of the strength.

(Refer Slide Time: 33:21)

**Decision Making - Japan**

**RINGI system of decision making**

- *nemawashi*: „preparing the ground“  
frequent „sound-outs“ on views and positions (*uchiawase*)
- *ringi-seido*: circling process

Prof. K S Akhlesh 25

(Refer Slide Time: 34:31)

**Decision Making – Japan**

**ringi-seido 1**

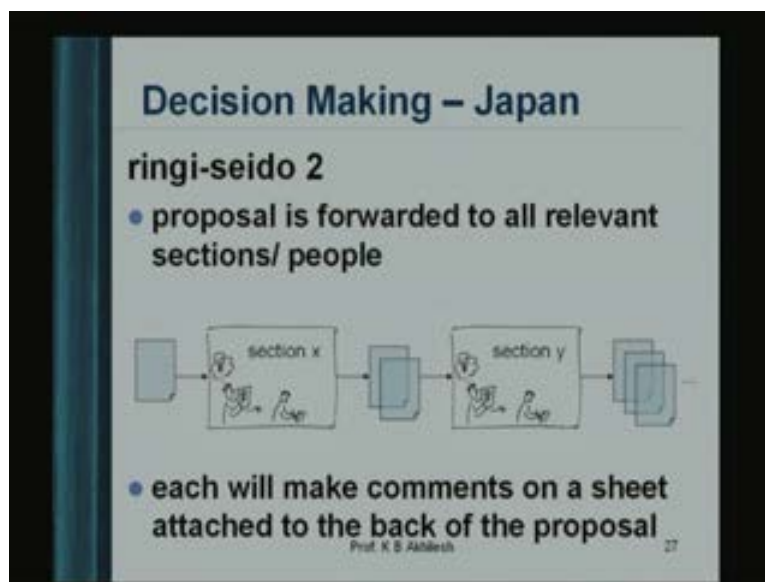
The diagram illustrates the 'ringi-seido 1' process. It starts with a person on the left holding a document labeled 'proposal'. An arrow points from the proposal to a group of people in the center, with the text 'sound discussion with the affected sections/ people' below them. An arrow labeled 'ok?' points from the group back to the person on the left. Another arrow labeled 'ok!' points from the group to a document on the right labeled 'decision form („ringisho“)'. A line labeled 'fills out' connects the 'proposal' document to the 'decision form'.

Prof. K S Akhlesh 26

]

So when we talking about decision making in Japan, we have to talk about this ringi system. So this ringi system of decision making has been appreciated has one of the unique practices of Japanese practices. So the call it as nemawashi preparing the ground, so when people sit together, they sit in a proper order and then each one would express that sounds out or expresses the views and the positions. The uchiawase is a kind of an expression where that each one would, would express their initial thoughts what do they think and what could be done right. Then, you also have this ringi, ringiseido is a kind of a circling process. So they go and discuss from lowest to then to the next then to the next to so this kind of a conversation happens from one layer to the other and then comes to the senior levels.

(Refer Slide Time: 35:08)



So in other words, it is the question is that as they are discussing right as they making several of these things, the concern people get involved they discuss and then it reaches that kind of a next level to say okay or not okay. So he is basically in a kind of an agreement position and then all this as a comes of a proposal and then proposal is clearly looked into or accepted by the senior. So it is also an another method is as you can see proposal is forwarded to all relevant sections or people and then each will make comments on a sheet attached to the back of the proposal. So you have these a several of these views and once they are the several of the views, the you know


they kind of a consensus would emerge. The decision will be made by the top management based on the comments from all people involved in the process and then, once they make that official announcement I think that is the kind of an approval.

(Refer Slide Time: 35:29)

### Decision Making – Japan

**ringi-seido 3**

- the decision will be made by top management based on the comments from all people involved in the process
- official announcement of the approval



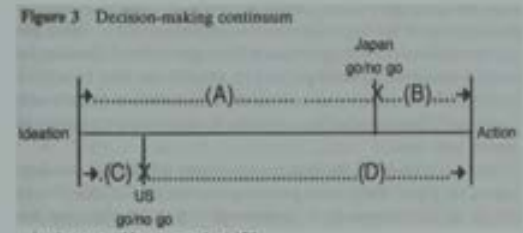
Prof. K S Akhlesh 29

(Refer Slide Time: 37:11)

### Decision Making – Japan

Too time-consuming ?

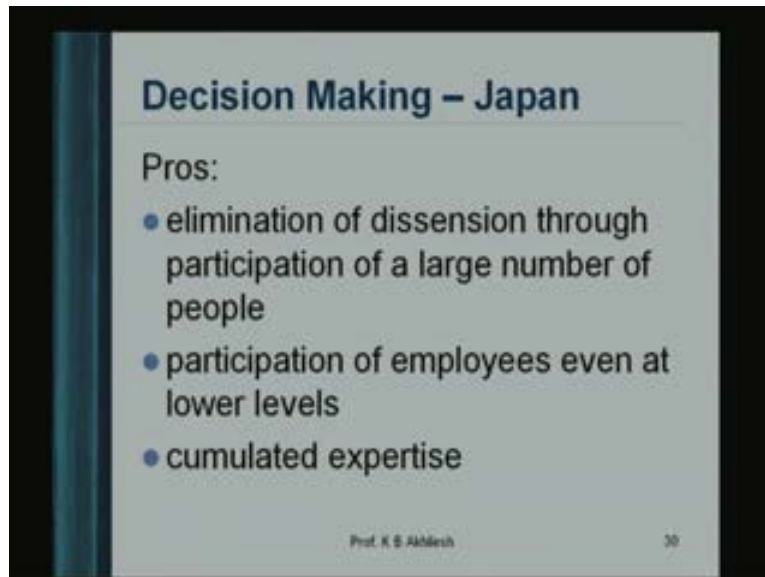
Figure 3 Decision-making continuum



In: Japanese Management, p. 161

Prof. K S Akhlesh 29

(Refer Slide Time: 37:53)



So it is essentially that you must also appreciate how this ringi system works, the ringi system works very well in Japan because people grow through the ranks the individual, individual joins as a trainee fresh from the college, they grow over a period of time. So by the time they reach the middle senior level and when they are the decision makers.

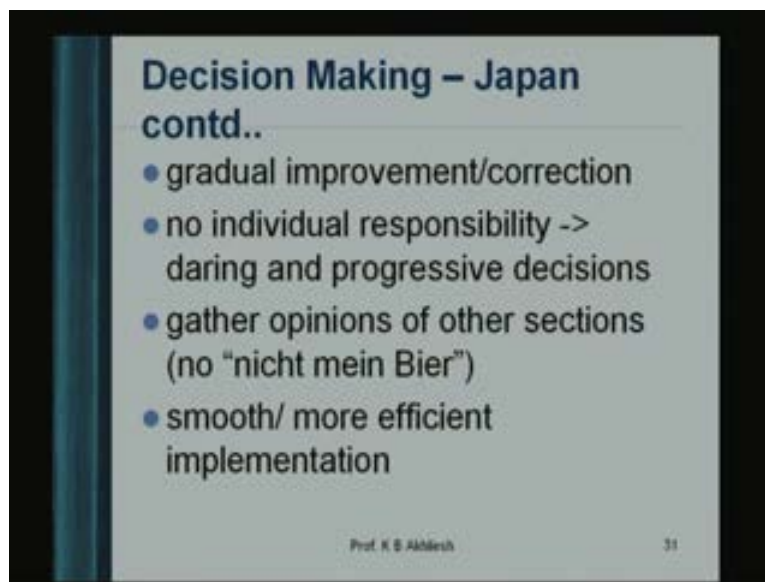
So when they involve all the lower levels they know the kind of constraints they also know the kind of perceptions what they have and then they can respond whereas in many other countries there are lot of lateral entries are there in the organization, people have brought in at several levels. So when they joined like that they do not have a complete picture of perceptions of the ground realities, what kind of constraints, what kind of challenges, what they have faced at the lower levels or not known to the people at the senior levels and that is how a ringi system or a consensus based decision making may not be very effective or possible in other cultures. The **the** question always comes, the question always comes before anyone the decision making in Japan because they follow this ringi method or this consensus based method, is it too time consuming.



So the decision making continuum if you see I from decision to the action see the how much time it takes is that enormous time takes at the you know A and there is small time as you are going towards the action whereas in other words, sometimes if you take quick decision making you may indebteding and lot of time at the time of implementation.

So the decision making in Japan, if you see the prose and corns so elimination of dissension through participation of a large number of people. So you take your own sweet time, take your all the required time to remove that kind of a conflict differences or views because you are giving enough time to discuss and sort it out and participation of employees even at lower levels that means all the levels in the organization do participated. So where typical decision situation would involve the lowest level worker to the supervisory level to the middle level to the senior they all represent and then they discuss. So that they are aware of the kind of issues because they also have this concept of ability formation through job rotation and on the job training.

(Refer Slide Time: 39:41)



So they would have seen all the jobs they also worked in various departments, so they do bring different perspectives and different order of perspectives and this cumulated expertise is what

really makes them to take decisions which are practical, which are implementable and which will get implemented with least kind of resistance or problems.

So managing change implementation becomes very very effective because of the kind of integrated human resource management practice, what Japanese companies have along with some of these culturally driven set of practices, the decision making in Japan if you also see there is a gradual improvement and correction and no individual responsibility and that is leading to very daring and progressive decisions, people are prepared to question, people are prepared to define newer things but once it is defined and the by the process of decision making itself everybody is involved and it becomes a very joined decision making and you cannot pin point, it is whose decision it is similarly, the gather opinions of other sections and very smooth and more efficient implementation.

(Refer Slide Time: 41:09)

FORMAL	INFORMAL
"official side"	"working side"
organization charts	cliques
designated work units	informal leaders
job specifications	channels of informal communication
titles	
ranks	
lines of authority	

Prof. K B Akhlesh 32

So the implementation effectiveness is very high in Japanese companies and that is how it is also called as no surprises, the no surprises becomes essential element of the team work because there are no misunderstandings coming because enough time is given to understand to one generate required alternatives and the lowest level generate alternatives and then, the other people would

only enrich such analysis and then when they all accept normally they tend to accept on some of the best of the situation and the best of the circumstances what is that they can do.

So the two sides of an organization if you see anywhere right there is a formal side and there is an informal side. The formal side is also called as the the official side and the informal is what you do on a day to day working side then the formal side you have the organizational charts defined relationship, the defined reporting relationships, defined supporting relationships that is what is the formal thing, in the informal, it is the grapevines, it is the clicks, it is the set of people who are comfortable with each other. in a formal sense it is the designated work units that means the people have the responsibility people are accountable for certain task and the activities. The informal thing is the leaders or not designated but they would have emerged from the group. So it is also called as the emergent leaders emergent leadership, there is informal leadership.


Then, we also think of job specifications the job specifications are very clear duties and responsibilities are well defined and people are supposed to do what they have been told and they are not supposed to do the jobs to the left or to the right the below or the above and an informal thing there is a channels of informal communication people do not have to look for appointed time and but they can always walk-in and share which also depends on how the offices are organized and when you are looking at the formal thing, the kind of titles, the rank to which you belong or the kind of a the grade to which you belong as well as the lines of authority to whom you report and then, whose of orders you are supposed to obey.

But in some of the Japanese practices, you see there is always a role for an informal leader and there is an head of the department, head of the department is very clear position in the Japanese organization. So position between management and the workforce but he is also have mediator he would convey the expectations of the top management and demand supported performance at the other levels.

So in the informal structure in Japan is very interesting, so there are leaders the groups and the channels of communication which supplements a very steep hierarchy, the informal and the formal things are effectively combined. So there are practices which support this informality in

the work relationship for any Japanese worker that relationship that group warmth, the group relationships are extremely critical. Otherwise, he can be a solo or he can stop all communication because the cultural context may not be very comfortable or amicable for him to have that effective relationship at the at the work place.

(Refer Slide Time: 43:13)

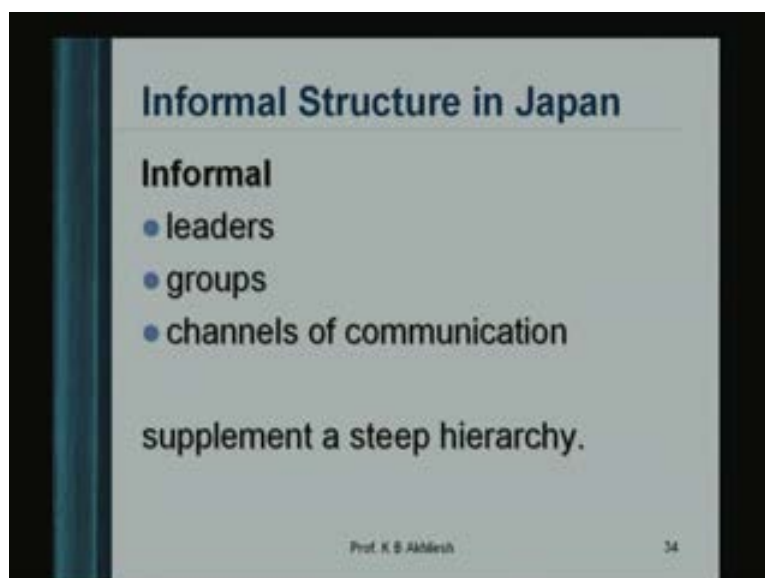


**Kacho**

- Informal leader
- Head of department
- position between management and workforce
- mediator

Prof. K S Akhlesh 33

(Refer Slide Time: 43:51)



**Informal Structure in Japan**

**Informal**

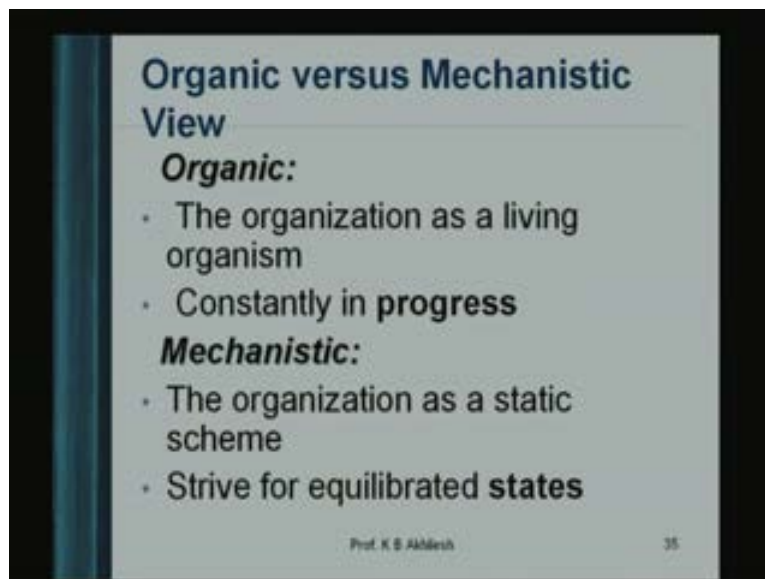
- leaders
- groups
- channels of communication

supplement a steep hierarchy.

Prof. K S Akhlesh 34

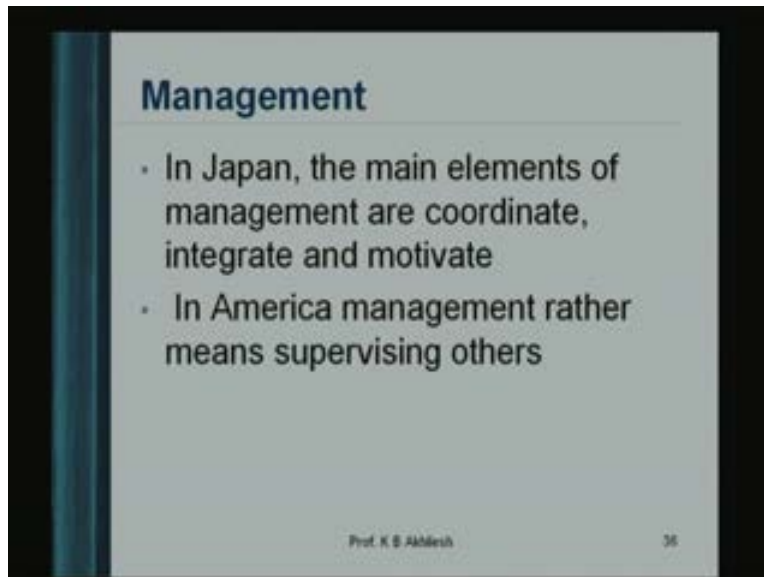
So one can also bring this concept of organic versus this mechanic view. The organic or mechanistic view was earlier talked about the by Bourns and Stacker in their book on “Management of Innovation”. So they compared organizations typically from mechanistic to organic, organic systems are much more flexible, much more responsive, they can have speed compared to the mechanistic structures, mechanistic is formal, standardized, machine view of the bureaucracy, machine view of the organization, highly standardized, highly process driven and people have difficulty of changing from one system to the other that is the mechanistic view of the organization.

(Refer Slide Time: 44:44)



So the organization is living organism constantly in progress that is the expression of organic system whereas the organization is a static scheme and strives for equilibrated states that is the view of the mechanistic. So that means you would like to reduce that the required deviations. So the issue is that in Japan the main elements of management to make sure that there is a coordination there is integration and there is a motivation all supporting and supplementing each of the through the strong culture but it is in America the management rather means it is supervising the others.

(Refer Slide Time: 46:04)

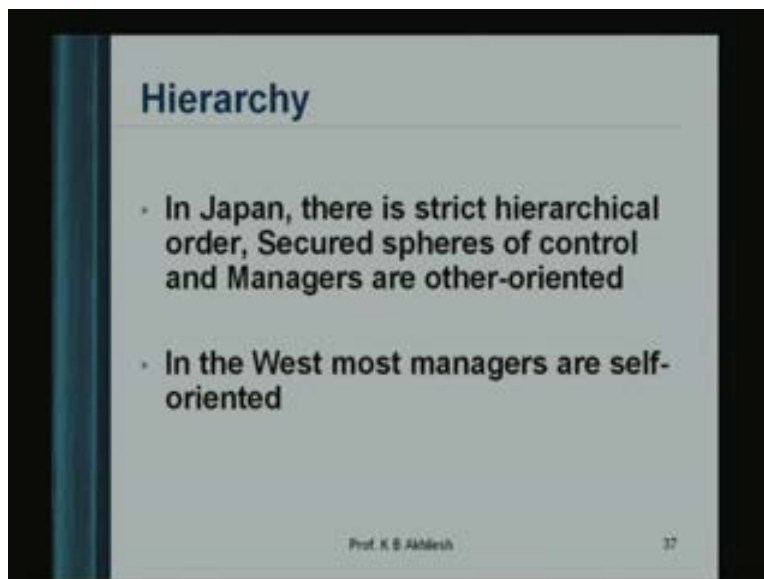


**Management**

- In Japan, the main elements of management are coordinate, integrate and motivate
- In America management rather means supervising others

Prof. K S Akhlesh 36

(Refer Slide Time: 46:46)



**Hierarchy**

- In Japan, there is strict hierarchical order, Secured spheres of control and Managers are other-oriented
- In the West most managers are self-oriented

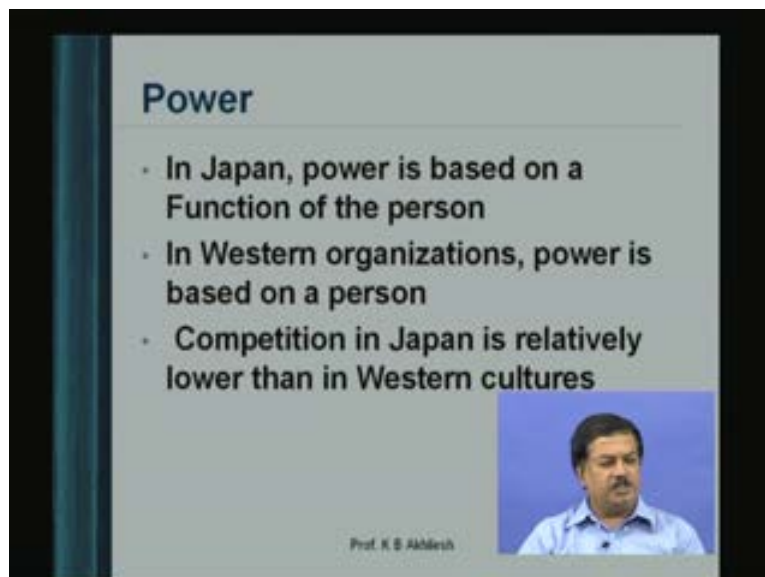
Prof. K S Akhlesh 37

So you are creating that accountability it is through inspection, through the contract, through demands, through rewards and punishment and you get the best out of the person I think these are 2, 2 views very clearly establishing the kind of differences between one system and the other

in Japan there is strict hierarchical order secured spheres of control and managers are in codes the other oriented.

So the all at time they are thinking about how other person is comfortable integrated and you are able to integrate the other person both intellectually as well as physically and may be they go one step is to involve the other person emotionally as well but the managers amongst the west is very clear, highly self-oriented, it is this is my task, it is my achievements and then you are here to contribute for the agreed task.

(Refer Slide Time: 47:41)



**Power**

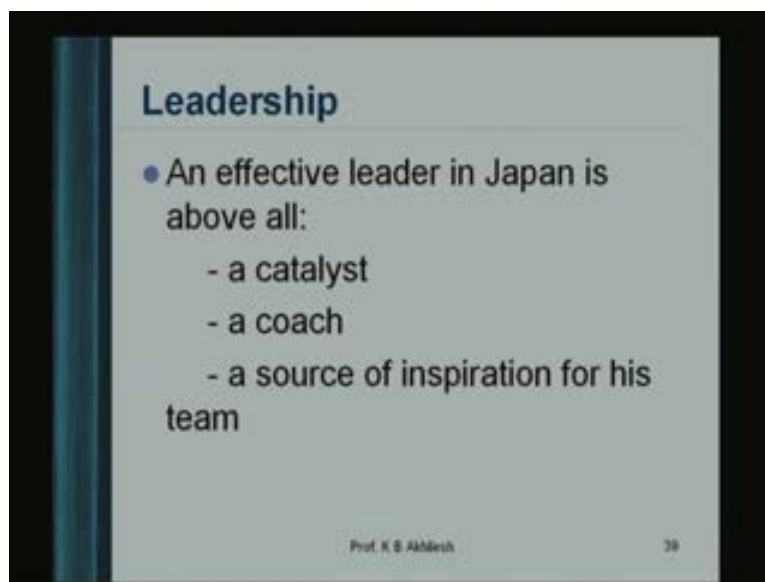
- In Japan, power is based on a Function of the person
- In Western organizations, power is based on a person
- Competition in Japan is relatively lower than in Western cultures

Prof. K. S. Akhlesh

So it is seen as a kind of a very contextual kind of a relationship and similarly, the power in Japan, power is based on a function of the person, what you are, what we can also call it as a role based organization not necessarily your the designation is very important but in terms of whatever you are doing and what you are capable of doing. So those are the most important things in Japanese organization but in western organization power is based on a person. So then, you exhibit more of your designation, your level and it is nothing exactly to do with the capability or what you have to do. So the functional specific skills and the role becomes much more dominant in a Japanese system.

So competition in Japan is relatively lower than in western cultures. Western American culture is highly competitive which is based on contribution, which is based on the performance and people can negotiate, people can demand things around the kind of contribution and always to do something different and more compared to the others within the organization and outside the organization is highly valued and highly appreciated with the American culture is clearly seen in terms of a win, lose strategy, clearly based on competitive kind of an environment whereas in Japan, the emphasize is much more on harmony, much more on group work and excel all of them you know together then highlighting one's performance at the cost of or in relation to the others.

(Refer Slide Time: 49:39)



So the power is function driven and similarly the concept is an effective leader in Japan is above all a catalyst, a coach, a source of inspiration for his team that is where the concept of master that master who can do all the task, all the jobs of the organization of that particular division of that particular department. So he can be a master at different levels, the point is that once that master is there in the person, he can always the understand the task below him and he can guide the others and they also strongly believe on the scheme of what we call as the OJT's or the on the job training and the Japanese strongly believe that almost 85 to 92 percent of the ability



formation happens on the job and very small percentage of 8 to 10 percent can happen off the job situation. So that means the leader is seen definitely as a mentor, as a coach, as a catalyst and as a source of inspiration and a role model.

So the responsibility on the leader is very very strong and the leader enables a process of development and he seen more as a developer than as somebody sitting on the judgment about the good or bad performance whereas the bosses are seen as bosses in American system where the bosses are very clearly sitting on the sitting in in a position of judgment and he can only accept or reject the contribution of the subordinate and if you are not so competitive, his prepare to higher another one who has the talent another who can make the contribution. So as long as you are not acquiring that required qualification and not delivering and you do not have that attitude of doing and showing then, you are not in the game.

(Refer Slide Time: 52:11)

JAPAN	WEST
generalists	specialists
promotion by seniority	promotion by performance
conflict is solved privately	conflict is solved in public
people-oriented	task-oriented
long-term planning	short-term planning
informal communication	formal communication
decision by consensus	decision by majority
interdependency	interdependency is viewed sceptically

Prof. K B Akhlesh 40

So one clearly emphasizing on the learn ability emphasizing on the long term another is clearly emphasizing the what is that you have done now and what is that you have contributed. So you when you see Japan and the west you can always make a several of these comparisons and the comparisons to be seen in relation to one another like this factor by factor, what we have listed

but you must also see how the system has been integrated and meet at from one factor to the other in Japanese culture.

So we have talked about the employee is seen as a generalist and expected to perform all the task of the organization over a period of time. The west, it is the specialist so each one to specialize and contribute keep your identity, keep your distinct abilities then promotion by seniority, some of the age is clearly linked to the career growth whereas in the west USA, it is the promotion by performance and the contribution conflict is solved privately. So it is considered as very impolite to discuss and argue and fight against the boss whereas conflict is solved public transparency open as and it is always fine to talk and openly and discuss.

I think that is acceptable in the American culture and if you do not do, it is considered as an offence and if you were not capable of talking means then you are not good, you are not fit for competition. Definitely the Japanese organization they are people oriented, people driven and the west is the task focused, task oriented and also the long term planning the we have talked about that life time employment, engaging the employee over a period of time having a learning period of 18 to 20 years. These are all long term planning and long term view of the employee and the relationship, west highly focused on short term planning, next 1, 2, 3 years what is that you are capable of what is that you will do informal communication is encouraged sustained and that is what happens in the Japanese companies whereas here very clearly the formal communication, contractual, decision by consensus where set of people take time discuss the things thoroughly there is much more time taken for decision making whereas here the decision is by majority.

So voting becomes much more common practice in American system. So whether it is whether is a majority view they go by that rather than taking the view of everyone and spending time with every view to get some better things. So the demands brain storming the demands very time consuming discussions, it requires empathy, requires looking for the best alternative whereas here it is the time, the speed, the majority view that is what prevails. So there is interdependency and here the interdependency is Japan is welcome because people have to work together and together they can do things better but here the interdependency is viewed with, with a kind of a

scepticism where the individual would like to see as independent contributing and at the end of day would be able to see, what is that he or she has done rather than group as a whole.

So you would like to segregate your own individual contribution compared to the other. Similarly, the reciprocal commitment between managers and workers each one to support and take care of the interest here bonds are there but less bonds is there that is what you can see it as in USA or west, open plan offices but work space is structured according to individual needs, closed offices are preferred formalized and virtualized interactions but the you know, you know informal interactions are more common but they are not combined Japan intuitive, non-verbal communication is considered as very important here the analytical logical argumentation and style given much more importance in west in US, face to face communication is very important but here the written communications more important whatever you want to say, state it does not matter in which way which means is highly acceptable.

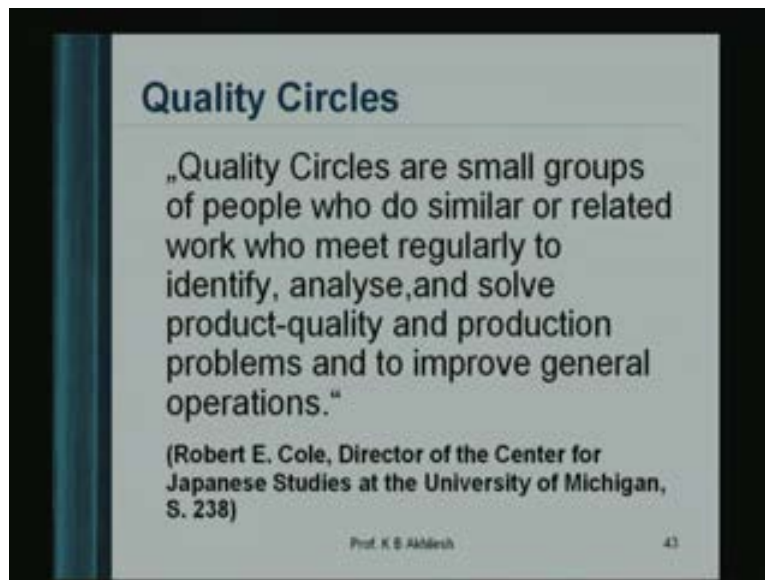
(Refer Slide Time: 57:06)



So there are many of the practices which also have come the total quality control methods or the you know the method developed in the USA, we will talk about qc related things later on. But in Japan it is the quality circles, so it is the target costing and what the QCs will do but emerged as

a big movement quality circles are small groups of people who do similar or related work and who meet regularly to identify, analyze and solve product quality and production problems to improve general operations.

(Refer Slide Time: 57:26)



So the quality circles and such concepts have become much more popular in the Japanese style. So when you are seeing there are manufacturing differences are there the cultural differences are there, the way they make decisions are there and together you see the organizations or giving emphasize to the mutuality, the cooperation, the consensus. On the other, the American practices more driven by individual contribution, competitiveness, highly emphasizing on the contribution and the nature of the organization is formal and contractual.

So in the next lectures, we will try and focus on few other functions of management particularly, we would like to focus on the marketing and the customer related aspects.