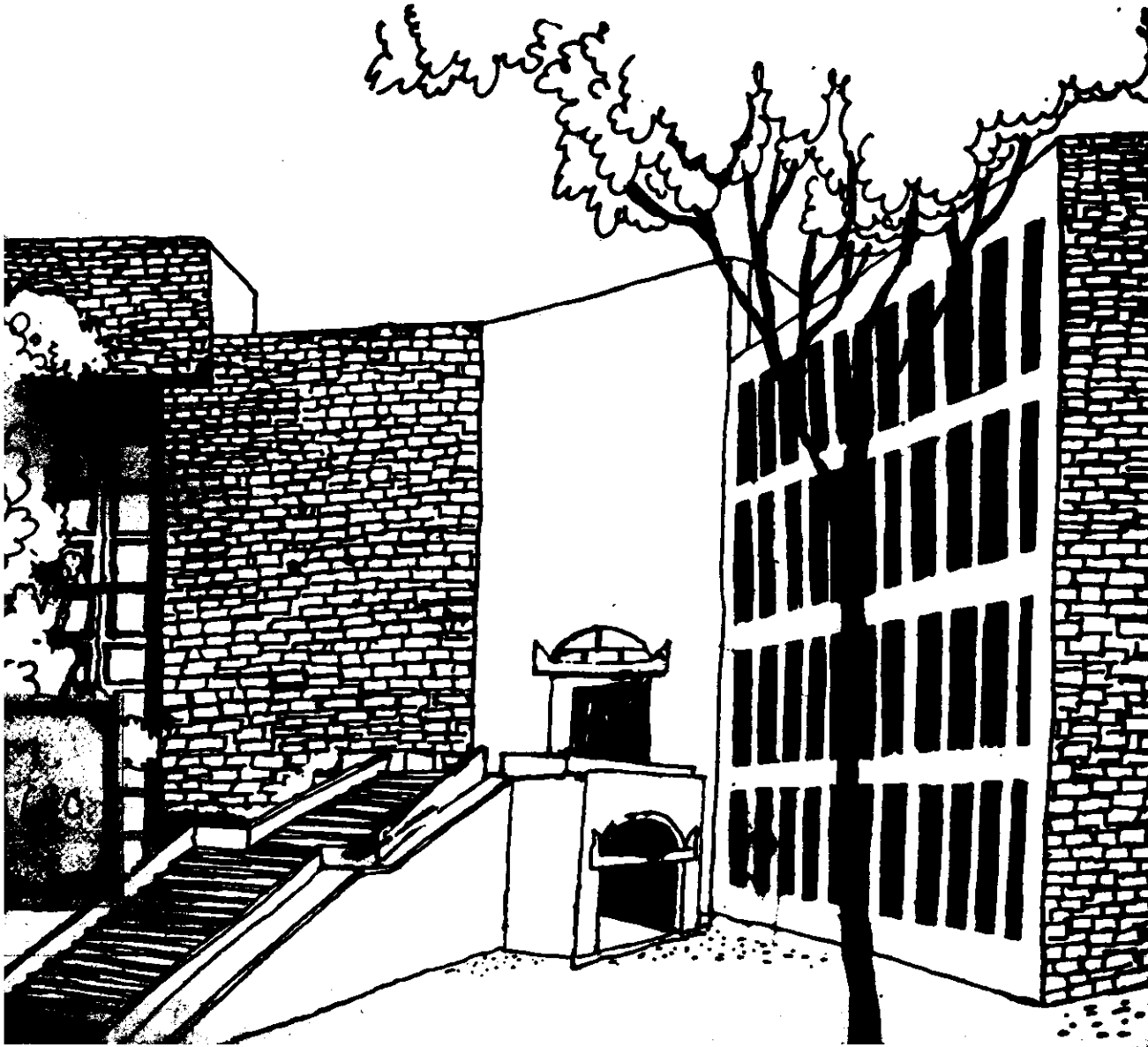


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INTRODUCING
THE YOUNG JAPANESE EXECUTIVE:
ANTECEDENTS & OUTLOOK

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Introducing the Young Japanese Executive: Antecedents and Outlook

Abstract

The young Japanese executive is a product of his socio-economic environment specifically the Japanese educational system. Thus the paper first highlights the key features of the Japanese school and higher education system, touching briefly upon the scope and extent of post-graduate management education in Japan. The young Japanese executive is also poised on the threshold of a management career in a dynamic industrial firm. Hence the paper goes on to discuss recruitment (in the *context of the Life-time employment system*), training (including in overseas MBA programs) and promotion (with reference to key attributes of Japanese top management such as the search for Wa, or harmony, and the emphasis on Seishin, or the managerial spirit). Finally, the paper focuses on an emerging problem for young Japanese managers viz. international management in developed as well as developing countries. The paper concludes that the problems facing young Japanese managers, especially those assigned abroad, are interesting and challenging ones and merit the attention of management educators world-wide, including India.

INTRODUCING THE YOUNG JAPANESE EXECUTIVE:

ANTECEDENTS AND OUTLOOK

The young Japanese executive is essentially a product of his socio-economic environment, specifically the Japanese educational system. Simultaneously, he is poised at the threshold of a management career in a dynamic industrial firm. What are the extraordinary features of such a background? What are the challenges the young Japanese executive is likely to face during his career? This working paper is intended to shed some light on these and related questions so that Indian management education can try to benefit if and when the opportunity arises. The present paper, however, is in the nature of a preliminary rather than a definitive treatment.

JAPANESE EDUCATION

The Japanese educational system has been characterized as "a gruelling rat race for the best university positions" (Mc Millan, 1985). In fact the link goes a step further - to the corporate career. Long and Seo (1977) provide an interesting capsule summary of this entire process as follows:

From the view point of the student and his family the system imposes years of anxiety and hard work that pay off if and only if the student makes it into the company of his choice; or, we should say, the company of his parents' choice, for the matter of getting a child into the "right" schools begins as early as kindergarten.

Parents may decide that their son must belong to a certain company for reasons of honour and prestige. After the right kindergarten, they must get him into the right elementary school at an early age so that the right contacts are made.

He must later gain admission into the right junior high and the right high school in succession in order to guarantee his admission into the university from which the desired company is known to recruit all of its executives. After all that he still must complete the college work and be selected by the university to take the company examination in fierce competition with other students.

If the student passes the company examination, he faces a personal interview where he is judged on personal and family history and proper decorum. He also undergoes a thorough physical examination, and no one with physical disabilities is hired. Those who are finally hired, about one in four of those who take the examination, are brought into the company at the junior level of management.

After looking separately at the school and college levels of education we will consider the place of NCA programs in the Japanese educational system.

Schooling

Japan follows a 6-3-3 system of school education. The routine followed in Japanese schools is described by Kono (1984):

A structured education with a uniform curriculum for every pupil is stressed, all students being considered of equal capability. Upto junior high school level a morning meeting is held every day and the school head gives a speech.....School excursions are compulsory. Many schools have school mottos and school songs. Group spirit rather than individualism is emphasized in such an educational system.

The differentiation of schools is only implicit in the above, however, There are some Japanese schools which children can enter only with a high pass-mark of 80, some with a pass-mark of 65 some with a lower mark (Economist, 1986). Thus Clark (1979) has referred to the Japanese education system as a "pre-selection mechanism" for the labour markets. By passing

the examinations children are acquiring not merely a scholastic testimonial but a measurably superior chance in life. McMillan (1985) suggests that Japan, has a multi-layer educational set up with clear links between exit points and career ladders determined by educational credentials. (Specifically, the only means of entrance into the management ranks of large companies is a select group of universities. White collar workers (male) are selected from high school graduates and blue collar workers come from graduates of junior high schools (Long & Seo, 1977)).

A Japanese class goes only as fast as the slowest learner. Gifted children are taught to use their extra margin of intelligence to smooth out interpersonal relationships and help their slow moving classmates. The tightly prescribed curriculum requires all high school graduates to be well-versed not only in Maths but also in Music and Japanese Literature among other subjects (Ohmae, 1987; Fortune, 1987). The average 15 year old Japanese school child is better educated at Maths and other testable subjects than the top one-quarter of British 16 year olds who get O-levels (Economist, 1987). The average Japanese high school graduate has the equivalent basic knowledge of the average American college graduate (Abegglen and Stalk, 1985).

But Fortune magazine has suggested that the Japanese school system's main purpose seems to be "to produce factory workers." (Fortune 1987). However, Abegglen and Stalk (1985) go further. They believe that the Japanese labour force is now at least as well educated and at least as well

College

Fortune magazine (1987) has observed: "Japan's 460 colleges and universities are the nation's most wasted resources, four year rest stops between the examination hell of high school and corporate combat." Be that as it may, a Japanese college education is considered a prerequisite to a management career and consequently attracts an increasing proportion of high school leavers as noted above.

In 1981 there were 446 universities and 1.8 million students (excluding 517 two-year colleges that have 0.7 million students). Approximately 300 to 400 thousand university graduates are supplied every year to various organizations, the balance being mostly female graduates. The percentage of young people in higher education in Japan is 38% compared to 45% in the U.S.A. for the same age group (Kono, 1984). Nowadays, nearly all Japanese children complete high school and nearly 40% of them go on to college (Kempner, 1983/84).

A characteristic feature of the Japanese college or university is the "streaming" (McMillan, 1985) or channelling of its graduates into elite careers in management or government according to the reputation of the college/university. Tokyo University is at the top of a clear hierarchy with Kyoto University a firm No.2. Keio, Wasada and Hitotsubashi are some of the other leading Japanese universities which accounted for the bulk of Japanese business leaders' alma maters in 1969 (Long & Seo, 1977). According to Woronoff (1983) "neither the American 'Ivy League' schools, nor Oxford and

Cambridge in Britain, nor the Grandes Ecoles in France enjoy quite as much prestige as Todai and Kyogai" in their respective countries.

"Each company has its favoured university. The relationship between the big companies and the favoured universities is well known to all concerned including the students. This means that students with a strong desire to work for a particular company know what university they must attend. On the other hand, the university's own stiff entrance exams ensure that only high-potential candidates are admitted" (Long & Seo, 1977).

Such entrance examinations have led to the relatively recent phenomenon of ronin. This is the class of high school graduates who spend one or two extra years after their school graduation to prepare for the university entrance tests. Even special coaching classes have developed to cater to this need (Mc Millan, 1985).

A final interesting feature of Japanese college education is that it leads only in rare cases to post graduate work. Students who go into graduate work either in Japan or abroad usually have difficulty in finding jobs in business afterwards (Long & Seo, 1977). This is particularly extraordinary in the case of management education which, despite the fact that it was uniquely an American educational technology that first began to spread overseas in the early 1960s, found virtually no supporters during the post-war American Occupation even though others, including India, embraced it to a significant extent. We now take a closer look at MBA programs in Japan.

MBA Programs

According to Subocz (1984), the Japanese management system is more strict in requiring university education to occur before joining an organization. Japanese society provides fewer opportunities for and is less accommodating of management aspirants striving for university education after having joined an organization. On the other hand, once a graduate is within an organization, the Japanese system appears to lay heavier stress on internal education and training. (In recent years such internal efforts have included sponsorship of candidates to overseas MBA programs of which more will be said later).

In Japan, the Graduate School of Business Administration at Keio University offers the closest equivalent of the western style of MBA qualification. It has been claimed to be the first and only one of its type in Japan. Its origins go back to 1956 when Keio University established a co-operative relationship with Harvard Business School. In 1962, Keio Business School was established to offer short term seminars and courses. From 1969, a one year full time non-degree program was begun. The MBA type program was established as recently as 1978.

The school size is of the order of 150 with an annual intake of 65-70. Applicants number less than twice the available places. While only 10% have no business experience, the majority are company sponsored though a significant number are self supporting with or without business experience. The average age is 27-29 years. Academic staff number 25 full time and 10 part time. Generally they have little or no business experience but some are involved in consulting and a few hold company board memberships (Subocz, 1984).

We may conclude this brief review of Japanese education by highlighting the difference between the university's and company's role in management development. Kobayashi made the following point in 1969:

The purpose of a university is to develop a rounded personality while providing the student with a general academic background. They believe that it is not their responsibility but rather that of the employer to offer graduates specialized professional training. Thus Japanese business...has generally preferred the so called amateur managers to aggressive professionals (McMillan, 1985).

• RECRUITMENT

According to Clark (1979), "the Japanese company is a community of volunteers, a body of people who have willingly come together to share common aims, activities and values. This makes the recruitment process the key to the make up of the organization. In the primary labour market for men (and for women) the advantages lie on the one hand with job seekers with better qualifications and on the other with large firms. A good education is rightly seen as a passport to a big company with its prospects of high pay and greater security of tenure."

Recruitment is directly from school and college, as suggested earlier, rather than from the open job market (Abegglen and Stalk, 1985). This is concentrated in the month of April. There are seldom any advertisements of vacancies (Kono, 1984). The usual procedure is to notify the favoured university of how many candidates are desired. The university will then provide that number of names of those whom they recommend to take the company exam. This is usually done in October, before the university's own final exams. In recruiting for general management, candidates are often selected

from university graduates in law or economics. For other positions, graduates from the technical colleges are selected (Long & Seo, 1977).

The company examination is partly to allow comparison to be made between men from universities of varying standard, partly to eliminate men who had been doing little or no work at university. There is also a three-hour essay usually on the subject of 'My Family', from which a man's background can be gauged. Finally and most important of all, there is the interview at which a candidate is required to deliver a two minute report on some topic or other and then answer the questions of the assembled directors (Clark, 1979).

In the context of recruitment practices of the Japanese general trading companies (Sogo Shosha) Tsurumi (1984) considers that the procedure of selecting their future managers and professionals resembles the detailed evaluation of large capital projects by manufacturing firms. "Inasmuch as recruiting firms realize that they are acquiring human resources for a long period, their recruiting of young college graduates becomes just as serious as (if not more serious than) the key investment decisions regarding plant expansions, R & D projects and new market development."

Lifetime Employment System

Hiring of a 'regular' employee in Japan is a life time commitment for both the employer and employee. The firm is stuck with those they hire.

The employers look for intelligence, the 'right' attitude and the desired background rather than specialized skills.

When the young Japanese college graduate accepts employment in a large Japanese corporation the implied contract is for a total life time commitment on both sides. The company will not discharge him even temporarily except in the most extreme circumstances. The company expects that he will not quit the company for employment elsewhere. He is a member of the company in the same manner in which he is a member of his family (McMillan, 1985).

As Clark (1979) puts it, "Lifetime employment is a sort of ideal and a very powerful one entailing an obligation of mutual attachment between firms and employee."* Abegglen and Stalk (1985) confirm that there is a real exchange

*The percentage of males in life-long (or standard) employment has risen in all industries in the post-war period from 29.7% in 1954 to 54% in 1978. It is highest in large firms employing 1000 or more (72% in 1978) and much lower in firms of 10 to 99 employees (30.8% in 1978). The percentage is particularly high among white collar and university graduates in manufacturing industry where the 1978 figure shows 84% as standard employees (large firms 91.9%, small firms 55.3%). Among blue collar/middle school graduates the percentages are much lower and only 30.1% are standard employees (39.9% in large and 20.6% in small firms) (Kempner, 1963-84).

of obligations. The company is prepared to make sacrifices and willing to incur losses to protect the job security of its employees. The latter in turn show greater commitment. Kono (1984) refers to life-time employment as the "we're all in the same boat" philosophy, adding that it is equivalent to the German idea of *Gemeinschaft* (community organization) rather than *Gesellschaft* (economic organization). The former is like a family or a church where members are combined by mutual affinity. Getting together is itself a source of joy. People love, help, trust and understand one another and share bad luck as well as good. In the economic organization, on the other hand, members decline work without reward and there is no spiritual unity.

The company needs to exercise considerable care in recruitment. It is not easy to correct mistakes. Thus academic examination of the candidate, personal interviews and investigations of individual and family backgrounds are warranted (Abegglen & Stalk, 1985).

The employee also has to be careful. The best performing companies can recruit the best students. The best students seek out companies with the most promising long term prospects. Thus young people are channelled into the faster growing and most promising sectors of the economy (Abegglen & Stalk, 1985). But as Kono (1984) notes, the lifetime employment system does not mean that the number of employees cannot be reduced. The usual sequence is to cut overtime first, then transfer employees from one area of the business to another, cut new recruitment, effect early retirements, provide furloughs to temporarily redundant workers, seek voluntary retirement of older workers and finally discharge of older workers.

Abegglen & Stalk (1985) also list the possible ways of achieving work-force adjustments: reduction of temporary workers, reduction in sub-contracted work, pulling sub-contracted work back into the plants, offering special retirement allowances and finally attrition; "Only in acute crisis, only after exhausting other approaches and only with full agreement of the union and work force, can actual lay offs or dismissals take place," they add.*

All employees go through a process of on-the-job training. Long & Seo (1977) point out, however, that the job he will finally settle into will be decided after he has had a chance to demonstrate where his aptitude lies. "This is an unsettling practice for some applicants because the company cannot tell them at the time of hiring what job they actually will be doing. Those who end up on a job that is hot, dirty or boring must content themselves with the thought that they are contributing mightily to the group welfare."

Clark (1979) highlights the larger context of company recruitment. "Education systems have to adapt themselves to produce the sort of people whom companies want to recruit, while social security schemes have to be devised to help those whom companies do not want to employ. At the same time the company is affected by society through the labour market as well as in other ways. The

*Membership in the company union is open to all permanent employees white collar and blue collar employees alike. Management positions beginning at the level of section chief are excluded from union membership. Thus up to about the age of 40 all executives are union members (McMillan, 1985). According to Marsland and Beer (1985) an enterprise union is made up of all regular employees of the firm upto the rank of assistant section manager generally. That means all the section staff (the lowest white collar position) enter the firm and become union members. Furthermore, all regular employees below the rank of assistant section manager are union members.

increasing or decreasing availability of certain types of people for recruitment causes changes in personnel policies and in the make up of firms and these changes in turn induce or threaten to induce changes in management methods, relations between different types of employees and even the general aims of the company."

In fact a process of educational reform is already underway in Japan - for only the third time in the last 120 odd years.

In the coming years as we move into the 21st century, rapid social changes such as the advancement of science and technology and the progress of information technologies will continue to be witnessed. In addition, we shall be required to cope with an aging population and the growing responsibilities of Japan in the international community. We shall have to deal with such other new changes and tasks as never faced before. In the coming years, education must respond to these requirements of the new age. (Amagi, 1986).

C. TRAINING

In Clark's (1979) view:

The primary influence on the attitudes of graduate and high school recruits is their different positions in the labour market. But the graduates (many of them economists or lawyers by training) considered working in a company was the natural culmination of a long period of study to which they could look forward with an intellectual anticipation hardly to be found among school leavers. Graduates were also aware that they would probably form the elite of any company they did join. This led to positive attitudes.*

There are basically two elements to in-company training. These are (a) the pragmatic element and (b) the spiritual element (Clark 1979). The former broadly consists of learning about the business and its operational aspects.

*In contrast to high school recruits who are in short supply.

The latter consists of physical and mental conditioning for the rigours of a managerial career (Mc Millan, 1985).

Different observers have described the training process as follows:

1. It is in the context of the exchange of commitments between employee and employer that the notion of the kaisha (the Japanese corporation) as family becomes a meaningful one. The leaders of the kaisha can speak, and do, of entry into the company as being born again into another family. Furthermore, rather like the family there is a real socialization process that takes place following entry (Abegglen and Stalk, 1985).
2. Within the firm the emphasis is on thoroughly learning a business preparatory to managing a company engaged in that business. Future administrators, most of whom have general degrees in law, commerce and economics go through a short induction course and then begin work on the shop floor. Thereafter they spend sometime in different parts of the firm before joining the department to which they are assigned. Trainees thereby gain a general understanding, of how the firm works and what the business involves (Clark, 1979).
3. After joining a company, the new junior executive may find himself spending some time working and learning in every department in the company. This on-the-job training continues for about five years during which time he gains wide ranging experience in all aspects of the company operation. He can also be expected to show a propensity for certain lines of work and this may determine his future job. His first promotion will come at the five year point after which he may climb the ladder to top management or he may just dig into a certain department and stay there until he retires (Long & Seo, 1977).

Employee training has become increasingly elaborate in line with more advanced technologies being used. Whereas the norm used to be a month long orientation course in April, many of the larger companies have recently begun year long courses. At most companies in addition to the customary

on-the-job training (OJT), one to one instruction is promoted in which recent recruits are assigned to work under a single more experienced worker. OJT does not concentrate on the acquisition of a single skill but endeavours to provide employees with a range of skills which renders reassignment between different departments more favourable (Kirby & Saso 1982).

Kono (1984) notes that under the lifetime employment system, training within the company is not only necessary it also pays. Employees are promoted within the company and their jobs change as the product and the technology change so education is necessary. At Matsushita the concept is embodied in the philosophy of "producing capable people before making products" (Matsushita 1987).

In Matsushita, the orientation and training of new employees from universities (about 800 persons) are centralized in the head office (which consists of about 2000 persons altogether). The training is conducted as follows: Lectures in the head office, three weeks; training in retail stores, three months; training in the works, one month: lectures on cost accounting, one month: lectures on marketing, two months. After this eight month training new graduates are distributed to various departments and subsidiaries (Kono, 1984). It is likely that those designated for overseas tours of duty would spend a few more months in Matsushita's overseas training centre before taking up their initial assignments.

Training tends to be more specifically subject oriented in the earlier phases of a university graduate's career, while later on more stress will be

put upon general or cultural subjects, character building and other related concepts. Whoever fails to pass the examinations of lower-level courses is not admitted to the next course and therefore suffers a serious set-back for future career chances. Actually, this means no more than seniority based promotion (Van Helvoort, 1979).

Seishin or training of the spirit will be discussed in the context of managerial promotion. Before that we turn to the increasing phenomenon of company sponsored managerial training in overseas MBA programs.

Overseas MBA Programs:

Japan has a long tradition of drawing on the west for ideas and techniques in the management area. Kirby and Saso (1982) go as far as to say:

Many of the most successful of Japanese managerial practices only came to the forefront after 1945 and moreover were often based on the diligent studies of Japanese management trainees at U.S. business schools.

There seems to be very little definitive information (in English) about the scope and extent of Japanese reliance on overseas MBA programs (Subocz, 1984). In October 1973, a Business Development Study Group, consisting of 21 senior personnel management representatives from leading Japanese industrial and finance companies visited 15 business schools and company training facilities in the U.S. and Europe. The American business schools covered were Harvard, Stanford, Columbia and Indiana (Subocz, 1984). Subsequently there have been references to Japanese trainees at Harvard, (Subocz, 1984), Columbia and Cornell (Business Week, 1981). One may safely assume that at any one time there are several hundred company sponsored Japanese trainees in overseas MBA programs.

Large companies annually send a number of white collar employees to outside training institutes or universities both in Japan and in foreign countries. The company pays all expenses and, contrary to individuals who went to study abroad on their own initiative, those who follow courses with the backing of their firm can be quite sure of greatly improved career chances after their return from abroad. The preparation of employees who are going to be sent abroad is intensive and covers language training to table manners. Duty abroad is often regarded as one of the necessary high level job transfers which prepare a manager for important positions in the years to come (Van Helvoort, 1979).

D. PROMOTION

Shirai (1983) notes that the system of regular career paths for all employees was well established among large Japanese corporations both public and private, before World War II. "The companies hire groups of new university or college graduates and, as they climb the managerial ladder, they accumulate experience in various jobs, not confined to any specialized field, through job rotation at regular intervals. Finally, those who survive this extensive training and screening process are promoted to top management positions."

According to Abegglen and Stalk (1985): "The first years of employment are largely a process of initiation - moving between departments to learn the nature of the company's activities, its history and its culture, as well as learning job skills. The employees may reside in a company dormitory, and

will certainly focus not only working hours but social hours as well on relationships in the company. The employee will not be differentiated from others in his age cohort in these first years in terms of rank or pay. The first differentiations will be slight and gradual. The indoctrination will be thorough; the calibration of the employee's skills and abilities will be fine; mutual knowledge of members of the organization, and of each others' strengths and weaknesses will become detailed. It is in this employment process that the kaisha becomes a different social institution than the corporation in the West. Involvement is more total; options are more limited; commitments are more difficult to revoke. The west has institutions that share these patterns - religions orders, professional armies, professional bureaucracies. Western corporations are rarely among them."

Kono (1984) points out that often there are two ladders of promotion: one is the hierarchy of job gradings and the other is the hierarchy of status gradings. The two are matched to some extent but an employee can be promoted on the status grade even if he is working in the same job. "Promotion reflects ability and effort and there are differences in the speed of promotion. However, there is no special fast track for the very capable. For favourable appraisal, the short term contribution to profit is not so important as technical skill, cooperation with colleagues and quality of performance," he says.

Kirby and Saso (1982) confirm the general presumption that the college graduate (almost all managers being graduates) on entering the Japanese firm can expect to be regularly promoted in line with those entering the firm at

the same time whatever their respective abilities. But they add: "Promotion prospects must inevitably become considerably more hazy and dependent on competition, once employees have reached their mid thirties." As Pucik (1986) notes: "In most Japanese firms seniority is only a necessary, not sufficient condition for promotion. Ability and merit are essential." He says even job security is not contractually guaranteed but is essentially earned by the employees in a very competitive environment.

Abegglen and Stalk (1985) observe: "Promotion is a function of age in the Japanese firm, being provided within a predictable and narrow age range. Western businessmen are prone to over estimate the frustrations that this seniority-weighted system engenders in young (especially Western trained) Japanese. For many of these young people, the frustrations early in their career are real. Yet the frustrations appear to diminish as the system begins to reward the young person reaching the early thirties."

Long & Seo (1977) state that promotion of executives in Japan is based on age and seniority although ability and performance determine how high the executive may ultimately go. "This decision will be made at about age 40. Those not selected for top management may then look forward to retirement at about age 55. Upper level executives continue as long as physically and mentally able to do so." Abegglen and Stalk (1985) note, however, that the earlier retirement age of 55 has been extended to 60 due to greater life expectancy among Japanese nowadays.

According to Marsland and Beer (1985): "The university graduates who start at section staff level (the lowest white collar position) can expect promotion

to assistant section manager at age 30-32, section manager at age 37-42, and department manager at age 44-52. The more talented a man is, the quicker he will be promoted. Young department managers move on to become vice presidents and managing directors in their early 50s. The latter need not retire at 55. The retirement age is in the process of being moved back gradually to 60 within the government, and private firms may also begin to do so."

Graduates from institutes of higher education are in the majority to be trained to become section chief at around the age of 40 and for this purpose they follow a variety of courses within or without (i.e. outside) the company, the specific subject matter being decided as need dictates. They reach the position of section chief easily and almost automatically. For most of them, their formal training tends to diminish by the time they reach this point. Higher ranks in the hierarchy are to be occupied only by those who have participated in a substantial number of extra courses and have demonstrated their superior ability (Van Helvoort, 1979).

Within the total group of university graduates a ready made means of differentiation is to be found in the speed with which an employee is introduced into a variety of subject areas through various assignments and transfers and in the tempo of his successive admissions to training courses. Almost all university graduates will become section chiefs in due course but a small number of them will reach this position well in advance of the others and these are the ones to be considered as the likely candidates for higher managerial positions in the not too distant future (Van Helvoort, 1979).

Odaka (1975) notes however that "in some popular companies which have developed rapidly since the war, such as Matsushita Electric, Honda, Motor and IBM Japan, a bold program of selective promotion has been carried out, resulting in section heads in their twenties and department chiefs in their thirties."

In evaluating an executive, reliance is placed on the "uncle" or "godfather" to which he is assigned. Such persons are older executives who are charged with advising and guiding younger men as the latter advance in their careers (Long and Seo, 1977). The godfather acts as a confidante and mentor both on and off the job. The god father is quite important in the middle and higher level of management.

What are the characteristics or attributes of top management which a junior executive may want to aspire to? Long and Seo (1977) provide a capsule summary

The president is more than an individual who runs the organization. He is the organization. He cannot be a "fast burner" who has rocketed his way to the top by his economic achievement. He can only be a charismatic senior person who is able to inspire wa (harmony) for the whole organization. In a typical large Japanese corporation, the president and a small group of managing directors are, in effect, the architects of the organization.

Odaka (1975) has noted that the "harmonious atmosphere" which is typical of the Japanese company is a result of a traditional managerial philosophy which gives precedence to the well balanced development of the organization as a whole over the competitive self-realization of its members. Thus competition among individuals within the enterprise has somehow to be moderated by top management while competition outside the enterprise tends to be fierce in Japan.

Wa (harmony) is another Japanese management ideal like life-time employment discussed earlier and others such as zero defect production and just-in-time supply. Harmony is not static, nor even attained but is always sought. "The responsibility of the president is not to dream dreams and see visions of company prosperity in the future. Rather, his only responsibility is to see how Wa may prevail in the here and now." Thus the Japanese corporate hierarchy is usually headed by men of high standing in the community who can inspire their subordinates by their paternal care and dignity. They have to be well-educated elder men who are worthy of others' respect and loyalty. (Long & Seo, 1977).

Before we conclude this section there are two matters which remain to be highlighted: One relates to compensation levels and the other to seishen training or training of the spirit. The former will be touched on only briefly compared to the latter.

Abegglen and Stalk (1985) observe that there is "relative equity" in distribution of financial rewards within the Japanese company. The proportion of compensation provided through perquisites is similar at all levels of the keisha. What is more, "both within the keisha and in comparison with compensation levels in other countries, the lower ranks do well and the higher ranks do not do as well in total cash compensation." In fact they estimate that in 1980 the compensation of the president (pre-tax) was about 14.5 times that of a newly recruited college graduate ^{7.5 times} after-tax. This differential has been declining markedly over the years since 1927 attesting to the "relative equity" in organizational compensation (Shirai, 1983). This

equity also extends to the mode of compensation which is monthly (and in cash) for all levels of the organization (Kono, 1984). One result of all this including the educational system has been the emergence of a basically middle class society in Japan (McMillan, 1985; Kirby & Saso, 1982).

Seishin Training

Mc Millan (1985) has noted the "surprising strength of spiritualism among the bureaucratic and business elite" of Japan. Religion has always been strong in Japan and has included the theme of joint suffering and individual weakness. The extent of spiritual values, rather than its mere incidence, is "uniquely Japanese." (Mc Millan, 1985). The Seishin spirit aims at the containment of tendencies towards selfishness and egotism. Individual ambition, selfishness or impatience are personal attributes which Seishin training attempts to avoid. Spiritual training such as Zen or physical endurance training such as hikes or camping reinforce the desire for a proper mental outlook and career orientation. Thus many company education programs involve seishin training not only for new recruits but for older employees.

McMillan (1985) provides the underlying rationale thus:

The difficulties accompanying work tend to be regarded as tests of strong character. The strains of working in a hierarchical system, the tedious repetition of daily tasks, and the anxieties that accompany new work situations are all regarded as problems that try a person's spirit. Those who prove most capable of perseverance in the face of such difficulties and who show themselves dedicated over the long haul to their work are the ones judged (according to the Seishin perspective) to be most suited for future leadership. In other words, the very nature of the promotion system serves to preserve a concern with Seishin as a crucial framework for evaluation.

E. THE INTERNATIONAL IMPERATIVE IN FUTURE

The changes in the socio-cultural and techno-ecological conditions in the political economy of Japan ensure that the challenges to be faced by Japanese managers in future will be different from those being faced now. Three basic trends are already underway for a variety of reasons. These are:

- a) greater automation of domestic plants to state-of-the-art levels
- b) a shift towards manufacturing abroad, and
- c) a shift towards service sector operation in Japan.

Of these we will focus only on the second viz. the shift towards overseas manufacture which Abegglen & Stalk (1986) consider "the principal strategic decision" facing Japanese companies who have engineered the biggest resource transfer since OPEC's oil policies and now have to invest these accumulating assets rapidly. McMillan (1985) considers, however, that the decision to manufacture overseas will prove to be the "acid test" of Japanese management.

A case can be made that the kaisha have a special problem in multinational management. Many of their strengths arise out of special aspects of Japanese society and culture. These very strengths turn to disadvantage as the Kaisha must try to deal with personnel, legal structures and social customs as participants in other societies. It is one thing to ship goods for sale; it is quite another to be a member of another society. (Abegglen & Stalk, 1985).

They go on to add: "It is not clear that any Japanese company has yet developed a system to deal with problems of personnel selection, training and motivation as the Kaisha move to be multinational. The personnel issue is but one, though perhaps the most dramatic of the problems" (Abegglen & Stalk 1985).

Ohmae (1985) also considers that Japan's successful international trade does not necessarily mean that the Japanese are good overseas managers. While their "much praised management system" faces cultural challenges of *transferability to the U.S. and Europe*, "success so far has been limited to a handful of truly cautious and thorough companies operating in developing countries" (Emphasis ours).

He goes on to share a "startling" observation from the study of successful Japanese operations overseas: "All of them have been operated by one or two individuals for over a decade". Hiring and developing key managers and building a coherent set of management processes ranging from accounting to logistics seems to require the consistent involvement of a single individual, an entrepreneur not merely an institution (Ohmae, 1985). But the person who goes out on such a mission must also have the mental outlook which is congruent with institutional values. Mr. K. Matsushita (1987a) says:

Before anything else we need excellent people who can help fulfill our social role. But such people are seldom available readymade. Management must make a conscious effort to create a corporate environment conducive to the personal growth of each employee. Everything they say and do must reflect the ethos of the organization they represent.

Ohmae (1985) notes that in order to manage a foreign operation with the full business system you have to send out managers with solid generalist talents, at least initially until the foreign unit starts operating smoothly. In successful Japanese industries, we don't have these generalist talents in managers young enough to go abroad and live comfortably for ten years, the minimum time needed to assimilate a new corporate culture and modus operandi (Ohmae, 1985).

Another problem Ohmae (1985) mentions is an unwillingness nowadays on the part of young Japanese to accept international assignments. This, however, echoes Skinner's (1968) observation of American managers twenty years ago.

Finally, Ohmae (1985) touches upon a very subtle but crucial problem. "Little of the Japanese management system is codified and systematized. Life time employment has enabled Japanese manufacturers to pass on the secrets and know-how to the next generation with a minimum of codification. This is a strength in Japan but it is a tremendous hindrance for manufacturing operation overseas. The Japanese are not good teachers either. They don't have well documented manuals in either English or Japanese, nor do they have 'experts' articulate enough to explain how the whole system works."

What then are the desirable qualities of the young Japanese executive especially those sent overseas? Ohmae (1982) asks: what are the ingredients of an excellent strategist and how could they be reproduced in the context of the Japanese firm? "The answer I came up with involved the formation within the corporation of a group of young 'Samurais' who would play a dual role. On the one hand they would function as real strategists, giving free rein to their imagination and entrepreneurial flair in order to come up with bold and innovative strategic ideas. On the other hand they would serve as staff analysts, testing out, digesting and assigning priorities to the ideas and providing staff assistance to line managers in implementing the approved strategies." McMillan (1985) also uses the concept of 'samurai management' although without apparently defining it. Samurai incidentally refers to the administrative cadre in traditional Japanese society.

K.Matsushita (1967b) considers the question of how a corporate employee at any level can maintain an aggressive, entrepreneurial attitude:

Comparison with a professional baseball team may help elucidate what I mean. The players are not strictly employees of the club; they are, in a sense, independent businessmen, each contributing special talents to the team. A company employee would do well to think of himself as does a player on a professional base ball team. Thinking of his section chief as his team manager and his immediate superiors as coaches might encourage a more aggressive attitude toward his work.

Thus the problems facing the young Japanese executive especially those assigned abroad, are interesting and challenging ones and merit careful attention by management educators even in India*.

Exhibit 1Excerpts from the auto-biography of Mr. Akio Morita, Chairman of Sony*On School

I remember that we used to be assigned desks in class according to our grades. The top student was the head boy and the seats were assigned from the back of the room in descending order of achievement. I was always seated up front under the eye of the teacher, with the slow learners. (p.16)

On College

In Japan, university is very difficult to get into and easy to pass out of as a graduate; in the U.S. and Britain it is the opposite: easier to get into but more difficult to graduate from (p.222)

On Company Recruitment

In Japan it was considered a serious thing to take a son, especially a first son, out of his home and family environment and bring him permanently into a new atmosphere in the world of business. In some cases it was almost as though an adoption was taking place. Unspoken pledges of sincerity on both sides are still indicated when a young man joins his business family. (p.47)

The Japanese school year ends in March and companies recruit employees in their last semester so that before the end of the school year they know where they are going. They take up their new jobs in April. I always gather these new recruits together at headquarters in Tokyo, where we have an introductory or orientation ceremony. This year I looked out at more than seven hundred young, eager faces and gave them a lecture, as I have been doing for almost forty years. (p.131)

*Source: Morita, 1987.

On Leadership

In Japan, the most successful leader in business is not the man who goes around giving detailed instructions to his subordinates. It is the man who gives his subordinates only general guidelines and instills confidence in them and helps them to do good work. (p.257)

The most important mission for a Japanese manager is to develop a healthy relationship with his employees, to create a family like feeling within the corporation, a feeling that employees and managers share the same fate. (p.130)

On Overseas Operations

Moving into the European market was not easy for us. We sent young men with creative minds and didn't give them too many rules or instructions and no unusual benefits or special compensation packages. They performed wonderfully proving again my contention that people do not work only for money. (p.292)

On Employee Initiative

A couple of decades ago the senior people in this company passed down their know how to the younger ones. The older managers knew the analog technology inside out and they were idolized and rightly so. But today some of our newly graduated people know more about digital technology, more than their seniors, so they pass their know-how up; it is a completely new development. (p.241)

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