

An overview of japanese management theories



Japanese management theories have not developed into a general theory of Japanese management, that is, a theory drawn from the 'mutual mediation' of historical and theoretical studies of local business management.

The most basic reason for this is a focus on Japanese traits within its system of management, from cultural aspects rooted within business to issues of the financial system, relations with government, kigyoshudan and keiretsu, industrial relations and labor management and management methods such as production control.

Any general theory of Japanese business management may be said, like universal theories of other countries, to form one school within a wider general theory of management.

Conventionally, while there has been much discussion of what is specifically Japanese about Japanese business management (ie 'peculiarity research'), there has been extremely little attention paid to what management is in Japanese business.

Advocates of a Japanese management theory will usually construct their own definition of what Japanese business management is. Whereas one advocate might focus on the cultural characteristics of Japanese companies, another might draw attention to industrial groups or keiretsu, to financial systems, relations with government, or methods of management such as industrial relations and labour management, production control, or managerial decision-making and organizations. This is how numerous Japanese management theories have evolved.[1]

Japanese management theory has not yet arrived at a general theory of business management " that is a definite general theory of Japanese business management developed via the mutual mediation of historical and theoretical research into Japanese management.

DEVELOPMENT OF JAPANESE MANAGEMENT THEORIES

Till the 1960s, "Japanese management" was primarily used in the sense of a specifically Japanese model, which was characterized by "lifetime employment", "seniority wage system" and enterprise unions and management by collective principle. These concepts are still very important in Japanese management system and evident in their management styles.

In 1970s research was carried out to highlight similar systems and organizations to be present in the US and various European countries.

Research also flourished in the area of Japanese labor management and industrial relations. The actual state of automation and labor in factories provided a further focus for dedicated research, and a critical economic approach to business management was proposed as a more systematic approach to the study of labor and its management in contemporary business affairs.

Also during 1970s subjects such as social corporate responsibility, pollution, ownership and management control became popular subjects. When the Japan Society of Business Administration chose "Issues of Pollution and Theories of Business Management" as its conference theme for 1971, interest in investigating the social responsibilities of companies and corporate ownership grew.

Furthermore, with the appearance of research into the formation of managerial control through institutional ownership of stocks in large Japanese companies, studies on issues of ownership, control and management in corporations, in relation to a structural analysis of Japanese capitalism, have evolved; Iwata and Takahashi, 1974). The theory of 'corporate capitalism', which is based on the mutual ownership of stocks by corporate bodies, and studies on 'enterprise groups' with banks and general trading companies at their core, and their role in business management (Okumura, 1978; Noguchi, 1979) generated enhanced interest in research into the managerial structure of Japanese companies.

These various forms of research provided the basis for Japanese management studies, which in the 1980s clearly broadened in scope from a focus on labor management and practices to embracing comprehensive individual fields of research on business management, such as R&D, production, purchase, sales, finance and business analysis. Moreover, this gave rise to structural analysis of corporate control by management and enterprise groups.

This broadening of research in Japanese management was also apparent overseas, which in turn fired further research in Japan. Various studies were published in quick succession, bringing about what may be termed a veritable Japanese management boom abroad. The early 1980s saw such works as: Theory Z, suggesting how American business could meet the Japanese challenge, based upon a comparative study of the organizational principles of US and Japanese companies (Ouchi et al., 1981); Japan Inc. theory (Johnson, 1982), according to which administrative guidance from <https://assignbuster.com/an-overview-of-japanese-management-theories/>

such bodies as MITI provides the very key to Japan's post-war revival; and research into the Toyota Production System, with its superior competitiveness in cost, quality and delivery time. In the later 1980s, there appeared assessments of the effectiveness of the Japanese production system as a means of recovering business competitiveness in advanced industrialized Western nations.

Therefore, with Japanese companies making increasing inroads abroad, observations that Japanese management would need fundamental change (Porter, 1985) attracted little attention at that time. Along with the overseas acclaim for Japanese management came attention on its universality, or applicability in other countries.

Among these were studies positing universality as founded upon the invisible assets of the cultural background to Japanese management. There were also studies that found similar universality (economic rationality) in the personnel, organization, corporate objectives, management systems and other features making up Japanese management and inter-corporate systems, such as long-standing transaction practices and business connections (Abo, 1988; Keizai Kikakucho, 1990).

Although the theory of Japanese management as applicable abroad was generally termed the theory of 'universality', its substance was at best perceived in terms of its potential for international utilization, and it was less an examination of the context of business management and social science.

Perhaps because the 1990s recession forced the Japanese management issue into a back seat, such discussions were not pursued further and the <https://assignbuster.com/an-overview-of-japanese-management-theories/>

dichotomy between the 'universality' and 'specificity' theories (which emphasize 'specificity', that is, backwardness, of Japanese management) continued.

Going into the 1990s, with the strong recovery of the US corporations after their 1980s restructuring, a complete about-turn brought refreshed attention to new management theories from America, such as theories of 'competitive strategy', 'reengineering', 'core competences' business management, 'human resource management', 'knowledge management' and 'virtual corporation'.

Although such studies are collectively known as the American theory of business management, the fact that Japanese management systems (in particular, the Toyota production system)[2] provided the inspiration for some of it means that a significant relationship with the Japanese theory of business management cannot be ignored.

However, regarding the tendency that the universality theories of Japanese management which evolved during the 1980s positing convergence with the new American theories of management, we need to identify what kind of relevance exists between them and to understand the historical and theoretical background which helped generate the new American theories.

On the other hand, from the standpoint of specificity theory, much critical research on the actual state of labor management and industrial relations in Japanese companies in Japan and overseas has appeared (Kimoto, 1991), as well as the development of international debates (Maruyama, 1992, 1993; Kato and Stephen, 1993). Studies on female labor in Japanese companies
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were also conducted in relation to Japanese management theory; these became a characteristic of this period.

Much of this critical research focused on personnel and labor management systems and identified characteristics of labor problems and industrial relations. That is, much emphasis was put on exploring Japanese specificity, and some advocates consider these as characteristics of Japanese management systems as a whole.

Conversely, others showed little interest in linking such characteristics to the whole system, and hence less interest in the formation of a general theory of business management. Indeed, while there were some theoretical studies of managerial institutions which linked the influence of American management on that of Japan as a Japanese-style Americanization, there have been no adequate institutional studies of the transfer of Japanese management (‘Japanization’ of foreign management systems) since the late 1980s. Instead, it would seem that theoretical approaches to labour management and industrial relations as part of business management have been downgraded since the 1980s.

However, numerous studies have been conducted on the impacts of microelectronics upon management and labor. Although the historical and theoretical study of technology and automation, the polarization theory of labor skills (Murata, 1993) and the theory of intellectual skills (Koike, 1991), as well as studies of industrial systems (Nohara and Fujita, 1988; Nomura, 1993; Saruta, 1995; Ishida et al., 1997), theories on technology, labor and management in big businesses and human resource management theory

have attracted attention, there has been no significant study of such issues based upon the mutual mediation of historical and theoretical approaches. There has been less work towards the formation of a general theory of labour management in business, and even less research on how to locate such a study within a general theory of business management.

As such elements as technology, labour, labour management and industrial relations are important components of Japanese management systems, and they constitute important research topics and areas that cannot be overlooked.

The issue is how the two theories, the general theory of labour management and that of business management, should be integrated. In addition, studies of medium-sized and small enterprises, starting out from the traditional 'dual structure' theory between big businesses and SMEs, and passing through 'medium enterprise' theory (Nakamura, 1964), and the 'hierarchical structure of inter-firm relations' theory (Chuo University Economic Research Institute, 1976), found prominence in the 1990s in a theory of 'inter-firm relations' (Asanuma, 1997; Shimada, 1998).

Moreover, with the deepening concern for global environmental issues, from around 1990 the issue of social responsibility in business has also attracted the attention of academics and business associations (Shinohara, 1991; Nikkeiren, 1995).

These studies influenced theories of Japanese management. The subjects of study shifted in each specialized and subdivided field from being focused on Japanese-ness in Japanese management to studies focusing on the

substance of management systems, enquiring what constitutes a management (individual and general) system as regards purchasing, R&D, production, marketing and information systems.

It may be said that the study of management systems, that is Japanese management theory, was developed and the widespread use of notions like 'Nihongata Keiei' (Japan-style management) reflects this shift in research subjects and the progress of research (Itami, 1987; Yoshida, 1996; Sakamoto, 1999).

Considered in this way, it may be necessary to look more closely at the concept of 'Japanese-ness' as used in 'Japanese management'. That is to say, conventionally there have been two main interpretations of 'Japanese'.

The first is Japanese in the sense of a specific Japanese style (in system or its attributes), which is non-existent abroad. The second is Japanese as used in the sense of Japan-style management methods and practices, where similar notions with similar functions (ie goals) do exist abroad, but in different forms " or, conversely, are similar in form, but with different functions.

These studies on 'Japan-style management' aim at finding a 'conceptual model' for a specific period " such as the periods of high or low growth " extracted for the purpose of international comparison. With the increased internationalization of business activities, there has been a further rise in interest in these studies. Set against this, the present author seeks to highlight a third usage of the concept of Japanese-ness, not covered by the above two definitions.

Some results of the historical and theoretical study of business management which became globally known from around the 1990s have attracted international attention " as they concerned the business management of Japanese companies, this management was termed Japanese management and related research was known as the Japanese business management theory.