

Understanding decision-making process in japan

Law



One of the outstanding characteristics of the Japanese process of group decision-making is that the views of all parties who will be affected by the decision are ascertained, and an attempt is made to accommodate each of these views. Elaborate mechanisms have been developed to prevent direct confrontations. Sometimes this requires: _ the use of middlemen who can reconcile the parties. _ that a concession be made to a dissident party on some other issue unrelated to the matter at hand. _ or it may require a promise to make up any losses suffered by one who makes a generous concession regarding the matter at issue.

Everyone involved remembers those who have made concessions or who have done something extraordinary to facilitate reaching a consensus. In a Japanese organization the start of a decision is usually a suggestion, proposal or outside event that forces the company to react. Initial response is to retreat and meditate on the threat's significance. The decision-making process tends to be concentrated in middle management. This differs from the American system, where senior management makes most of the decisions. When the decision will have a major impact and/or involve a foreign company top management of the Japanese company will usually be involved. Decision-making is participative, and involves obtaining a consensus from all those who will be affected by the action.

That does not mean that a collective decision is made; all it means is that everyone is required to voice his opinion about a problem so that it can be clearly identified. There is a finality to an American decision. When word gets around that top management has made a decision, there is little that the lower echelons can do about it. In a Japanese company there is a

tremendous reluctance to be definitive. Every effort is made to procrastinate and review the facts, particularly when a foreign party is involved. It is important that everyone involved should have some input into the process.

Americans are surprised when Japanese employees ask for explanations from their bosses on long-term strategies. Americans expect middle management to follow their decisions and any confrontation regarding their decisions is not appreciated. Japanese take it as a matter of fact. They expect explanations from their superiors. Ringi System The process of obtaining consensus and the main document for formalizing a decision is called Ringi Seido. This process means that new proposals are often initiated at the lower or middle echelons of the firm. The actual mechanics of decision-making depend on a document called Ringisho. Plans are stated on this document to be circulated to related departments and then to be submitted to the top executives for their authorization. This process is not a simple matter.

If a department manager wants to get an authorization, he usually asks one of his subordinates to write it for him. This subordinate in turn asks his subordinate to be involved and so on. The subordinate's idea may be based on his own philosophy. Then the document is ready for circulation, there are usually questions and objections from the related departments. To avoid these questions, sometimes a conference is called with each department delegating its people. When the circulation is completed, over a dozen seals of managers and their assistants appear on the ringisho.

This document finally goes to the top executives for their authorization.

When the plan is approved by them the manager who initiated the plan is given the authority to go ahead with it. This Ringisho should be regarded as the only formal way to delegate authority downward. The function of ringisho is to involve all related departments in this decision-making process, and to have them fall in line. Thus we can say that the direction is " middle-up", as opposed to the American decision-making system of top-down.

The Ringi System does not apply to routine administrative decisions. The subordinate manager is held responsible for routine work just as his Western counterpart is. But for the nonroutine decisions, the subordinate manager's responsibility is preparing the Ringisho. The initial proposal may of course originate anywhere in the company. If a manager does not approve, he simply does nothing, and the proposal dies. If he does approve, however, he is not responsible for the results.

So many executives have signed the Ringisho that it is everybody's decision, hence nobody's decision. In most companies, the upper most seal of approval is the president's; but in some companies, Ringisho are brought before the executive committee meetings. This helps to resolve differences of opinion. Such a meeting goes like this: 1. The group leader opens a decision-making meeting by stating the problem. 2. Each member expresses his thoughts on the matter.

But he exposes only a small part of his opinion, never coming right out with persuasive arguments. 3. Each member tries not to hold a minority view or take an isolated position. He is aware of his colleagues' sensitivities. He does

not want to be offensive. 4. The meeting continues, each party backtracking from opposition, and pressing on if he senses that his views are being accepted. 5. When the leader feels agreement by all has been reached he sums up the thinking of the group. The decision has been made.

But if all are not in agreement, he suggests that more time is needed to consider the matter thoroughly, and sets a time for another meeting. One of the main conditions to make the Ringi system effective is a common understanding and values among the participants. They should be totally familiar with the climate of a company and be loyal to it. Many factors influence how decisions are made - such as the company's long-term goals, its philosophy, and corporate culture. The Western image of a successful decision-maker is often based on the charismatic personality of a leader. To the Japanese, such an image seems strange.

There is no such thing as a decision-maker in the Western sense of the word. In the Japanese business organization it is usually difficult to say who decides anything. An outsider is left wondering whether a decision was made at all. But decisions don't just happen. The Japanese make them in the same way that shadows shift in a rock garden - slowly, but nonetheless dramatically. It is well known that in Japanese business so-called decision makers often act simply as "formalizers" and that the real decisions are made by the younger department heads and section chiefs who usually stand in the back row while older superiors take the honor of "conveying" the decisions. In general it is hard to identify the effective decision maker.

In the U. S., the executive may seek consensus among those to be affected before he makes the decision, but he regards consensus as an aid in reaching his decision, whereas in Japan consensus itself is the decision. The Ringi system reflects the deep-seated Japanese concern about face saving. In some cases Ringi is a formality in order to authorize a consensus previously reached. In this case, a Ringi is called an Ato-Ringi (after-the-fact Ringi).

Advantages and Disadvantages of Collective Decision-Making Advantages: 1. Decision-making by consensus fosters a general sense of participation by all who will be affected by the decision. 2. It increases morale. 3. It enables very rapid implementation once the decision has been made. 4. If a decision results in failure, responsibility is not borne by one individual alone; same goes with success. Disadvantages: 1. It can take a very long time under this process. 2. Important decisions can be blocked by the refusal of one stubborn executive to go along with the rest. 3. It usually does not suggest alternative courses of action.

Newamashi An effective decision is almost never made in Japan without preliminary groundwork. This process is called Newamashi, which means "preparing the ground". Newamashi is unknown in the West. The Japanese try to preclude any threat to Wa (harmony) in the actual meeting by obtaining consensus informally before the more formal Ringi Seido procedure begins. Newamashi is undertaken in a very structured way.

The proponents will first identify everybody who is likely to be affected by the decision and then methodically "consult" with each Kacho, Jicho, and

Bucho, asking them to commit themselves to support of the proposal. Not all Japanese companies follow the same pattern of decision-making. The "corporate culture" of a Japanese company has an important impact on how decisions are made. To learn about the style of each organization, you can turn to several sources: bankers, accountants, consultants, and resident American businessmen in Japan.

The Japanese decision-making apparatus places a great deal of importance not only on how decisions will affect employees, but also how they will react to it. The Ringi Seido is a system that will avoid this problem to a certain extent, because decisions, even if not favored by all factions, are never a surprise. Those who are pushing a certain policy always spend a great deal of time selling it to ensure that it will be implemented effectively, using the Newamashi process. How To Influence the Decision-Making Process There are many ways that the outsider can affect the decision-making process.

1. Analyze the Japanese firm. Find out how decisions are made in that particular company. Are there factions involved? Who is the key person at each stage of the process? It will help if a foreigner has any Japanese associates who know how to communicate with any of these people one on one .
2. Find out when the key meetings on a particular project are due to take place.
3. If possible, try to get understanding of who the key people are before a formal meeting takes place.
4. Patience is vital if you intend to achieve your aims.
5. Interpersonal skills are critical. Implementation of Decisions In Japan the decision process may take a very long time, but once the decision has been made, it can be implemented immediately. Everybody

who is concerned with the decision knows what is involved and has already agreed to it.

Thus, in the Japanese system, because consensus has been achieved in the process of making the decision, consensus in its implementation is automatic. Since no consensus necessarily was obtained during the decision-making process, it must be obtained after the decision has been made.

Under the best conditions, implementation may take a long time. Differences in American and Japanese Approach Decision-making in Japanese firms goes up from middle-level management; though American firms do delegate up to a point, decision making usually emanates downward from top echelons. Most strategic decision-making in the US is made by top executives. In Japan it is done by collective responsibility. Even newly recruited employees are encouraged to participate in long-term goal planning.

In Japanese firms there is great effort to create strong employee loyalty. Japanese tend toward long-term perspectives including longer term payouts. Japanese look for permanent commitments among their employees. Though Americans also look for long-term market share, there is significant focus on short-term profit and sales often driven by quarterly P; L statements to the shareholders. Japanese primarily focus on long term market share. Americans have a higher rate of management and employee turnover and do more hiring of employees from outside. In Japan promotion comes from within.