

**ACTA ASIATICA VARSOVIENSIA**  
**NO. 26**

ACTA ASIATICA VARSOVIENSIA

*Editor-in-Chief*

MARIA ROMAN SŁAWIŃSKI

*Subject Editor*

JERZY ZDANOWSKI

*Board of Advisory Editors*

NGUYEN QUANG THUAN

KENNETH OLENIK

ABDULRAHMAN AL-SALIMI

JOLANTA SIERAKOWSKA-DYNDO

BOGDAN SKŁADANEK

LEE MING-HUEI

ZHANG HAIPENG



Institute of Mediterranean and Oriental Cultures  
Polish Academy of Sciences

**ACTA ASIATICA VARSOVIENSIA**  
**NO. 26**

ASKON Publishers  
Warsaw 2013

*Secretary*  
Olga Barbasiewicz

*English Text Consultant*  
James Todd

© Copyright by Institute of Mediterranean and Oriental Cultures,  
Polish Academy of Sciences, Warsaw 2013

Printed in Poland

This edition prepared, set and published by

Wydawnictwo Naukowe ASKON Sp. z o.o.  
Stawki 3/1, 00–193 Warszawa  
tel./fax: (+48) 22 635 99 37  
[www.askon.waw.pl](http://www.askon.waw.pl)  
[askon@askon.waw.pl](mailto:askon@askon.waw.pl)

PL ISSN 0860–6102  
ISBN 978–83–7452–071–3

ACTA ASIATICA VARSOVIENSIA is abstracted in  
*The Central European Journal of Social Sciences and Humanities,*  
*Index Copernicus*

# Contents

## ARTICLES

- MARIO T A L A M O, *Tōkaidōchū hizakurige*: Popular Work, or Fruit of a Well-Planned Commercial Strategy? An Inquiry from a Sociological Perspective ..... 7
- TOMASZ O L E J N I C Z A K, Japanese Management: 50 Years of Evolution of the Concept ..... 23
- PAWEŁ P A S I E R B I A K, The Technological Leadership of the Japanese Economy? ..... 43
- IOAN T R I F U, Prefectural Governors and Populism in Japan (1990s–2010s) ..... 61
- ILDIKÓ F A R K A S, The Japanese Nation Building in European Comparison ..... 85
- LARISA Z A B R O V S K A I A, The Character of Japan-China Relations since the Earthquake of 2011 ..... 107
- TINE W A L R A V E N S, Japan Facing a Rising China: Food Safety as a Framework for Japanese Identity Formation ..... 115
- MARTA L U T Y - M I C H A L A K, Demographic Ageing in Japan ..... 135
- FRAUKE K E M P K A, ‘Sorry, we’re homogeneous.’ The Baffling Appeal of Homogeneity Concepts among Supporters of Immigrants Examples from Japan and Germany ..... 147
- OLGA B A R B A S I E W I C Z, The Impact of Confucianism on Modern Japanese Women’s Life ..... 159
- BEATA K O W A L C Z Y K, The Japanese Way of Becoming an Artist and Its Religious’ Connotations. A Case Study of Teshigawara Saburō ..... 173
- NICOLAS L E V I, Confucianism in South Korea and Japan: Similarities and Differences ..... 185
- DAVID A D E B A H R, Japan’s Security Policy in the 21<sup>st</sup> Century – New Implication’s for an Old Strategy ? ..... 195

## ESSAY

- KIE K A W A D A, Japanese Cooking through Media ..... 213

**BOOK REVIEW**

Brigitte Steger, Angelika Koch (eds.), *Manga Girl Seeks Herbivore  
Boy. Studying Japanese Gender at Cambridge*  
– rev. Olga Barbasiewicz..... 217

**REPORT**

OLGA BARBASIEWICZ, *Researching Japan in the Social Sciences  
and Humanities: Conference Report* ..... 221

Notes on Contributors ..... 224

TOMASZ OLEJNICZAK

## Japanese Management: 50 Years of Evolution of the Concept

### Abstract

This paper presents the debate about Japanese management in a chronological order and puts forward a new definition of the concept. As a result of reviewing the literature, we distinguished four major periods of the debate: the birth of Japanese management concept (the 1950s and 1960s), the peak of popularity (the 1970s and 1980s), the criticism and appropriation period (the 1990s) and the period of dispersion (since 200). The main conclusion we have drawn from the review is that the current debate about Japanese management is extremely dispersed and requires a new unifying definition. We therefore propose a new, more flexible definition of Japanese management as a dynamic, multilevel and contingent concept.

### Introduction

Management is a theoretical field that evolves constantly and rapidly. As organizations grow and globalize, as technology develops and as the international environment changes, so management theory evolves. The problem with this evolution is that the number of concepts, definitions and theories grows rapidly and uncontrollably, and as a result we tend to forget the essence of the debate. Harold Koontz called this the “management theory jungle”.<sup>1</sup>

The same applies to the theory of Japanese management, which reached a peak of popularity in the 1980s and then gradually became more and more fragmented and discussed separately in relation to different countries, industries, companies and practices, while the essence of the debate was slowly forgotten.<sup>2</sup> As a result, over the years it has become increasingly difficult to say what Japanese management actually is, especially as its most commonly used classical definition has been coined more than 50 years ago and has nothing to do with current reality.

In order to clear a path through the jungle and recapture the essence of Japanese management, we must approach the debate chronologically, trying to understand the rationale behind its evolution and find some permanent elements. We will present the

---

<sup>1</sup> H. Koontz, ‘The Management Theory Jungle’, *The Journal of the Academy of Management*, Vol. 4, No. 3, December 1961, p. 174.

<sup>2</sup> B. Keys, T. Miller, ‘The Japanese Management Theory Jungle’, *Academy of Management Review*, Vol. 9, No. 2, 1984, p. 342.

history of the debate starting from its nascent period in the early post-war years, following through the peak period of its popularity in the 1970s and 1980s, the period of critique in the 1990s, until the theoretical dispersion of the debate in recent years. Our objective is firstly to question the validity of the prevailing conceptualization of Japanese management that was coined more than 50 years ago, and secondly to put forward a new, more flexible definition of Japanese management as a dynamic, multilevel and contingent concept.

### **The birth of Japanese management**

Regardless of what cultural studies say about the origins of Japanese management and issues such as rice culture, the concept of *ie* as a basic social entity etc., the concept of Japanese management itself was born in the early post-war period. To fully understand the classical definition proposed by James Abegglen, it is first necessary to understand the circumstances of the operation of Japanese industry in those years.

### **Historical background (1950s–1960s)**

After the defeat in World War II, Japan found itself under occupation by Allied forces which began the process of demilitarization and wide-ranging political, social and economic transformation. The list of the problems that the occupying forces and the newly-elected Japanese authorities faced in the years 1945–1947 included payment of war reparations, a sharp rise in unemployment, a fall in production output in key industries, the breakdown of the traditional *zaibatsu* corporate groups, and huge inflation. Social discontent was clearly visible in the form of mass demonstrations and the growing number of trade unions, which often used socialist slogans. As early as 1948, the unions had 6.7 million members, which at the time constituted over 50% of the workforce.<sup>3</sup> Faced with the rapidly growing political influence of the socialist and communist parties, the American occupation's administration initially eased the existing restrictive economic policies, and then carried out drastic political and economic reforms, conducting mass layoffs in the public and private sectors and delegating a large portion of the trade unions.<sup>4</sup> The shock of mass layoffs was a major issue at the time and greatly influenced the perception of job security as the highest value in the following years.<sup>5</sup> The drastic reforms did not last long, however, since at the outbreak of the Korean War in June 1950, almost overnight Japan became a strategic ally of the U.S., and its industry became not only completely exempt from any previous restrictions, but also received an impulse for development. Owing to the Special Procurements system, including the production of textiles, machinery and vehicles, military equipment and ammunition, and the provision of transport services for U.S. troops, the volume of production in many industries returned to pre-war levels.<sup>6</sup> Unquestionably, the Special Procurements system provided Japanese companies with a much needed inflow of cash, but the post-war economic miracle would not have occurred if not for the proactive and

---

<sup>3</sup> Ewa Pałasz-Rutkowska, Katarzyna Starecka, *Japonia*, Warszawa: TRIO, 2004, p. 207.

<sup>4</sup> *Ibid.*, p. 210.

<sup>5</sup> Tomasz Olejniczak, 'Wdrażanie japońskich technik zarządzania i organizacji produkcji w zakładach zlokalizowanych na terenie Polski' [Application of Japanese management techniques and production methods in factories located in Poland] MA Thesis, Wydział orientalistyczny, Uniwersytet Warszawski, Warszawa, 2008, p. 15.

<sup>6</sup> Pałasz-Rutkowska, Starecka, *Japonia*, p. 216.

consistent policy of ‘administrative guidance’ (*gyōsei shidō*) carried out by the Japanese central government. The massive influx of Western technology in industrial production, rising domestic demand and the availability of loans guaranteed by the central administration resulted in an acceleration of economic growth. However, at the same time a number of problems became apparent, for example regional and sectoral development imbalances, differences in employment conditions between large and small or medium-sized enterprises, the deficit of skilled workers, and the sharp increase in wages and competition among employers.<sup>7</sup> The 1960s brought about the Vietnam conflict, which like the Korean War resulted in a massive inflow of orders from the U.S. Army. This time, however, Japanese products were also shipped to the United States’ domestic market, where local producers were not able to meet the demand. As a result of the events described above, less than 20 years after the war, Japan came to the forefront in terms of production in areas such as ships, televisions, cars, trucks, steel, synthetic fibers and plastics and fertilizers. In 1968, Japan became the third largest economy after the United States and the Soviet Union.<sup>8</sup>

### **James C. Abegglen and the classical definition of Japanese management**

The unique management practices used in Japanese companies would have remained unnoticed if not for James C. Abegglen, who, we can confidently call the father of Japanese management. Abegglen was one of the first Western scholars who devoted themselves to the study of management practices used by Japanese companies. Abegglen, a former U.S. Marine, came to Japan in 1955 as a Ford Foundation scholar to conduct a study of the Japanese companies and their workplace organization.<sup>9</sup> The outcome of Abegglen’s study was a classic book, *The Japanese Factory*, in which the author carefully examines the relationships among the employees of Japanese companies. The main message of the book is that the process of industrialization in Japan is deeply rooted in unique social and cultural conditions, and as such is completely different from the industrialization of the United States or Europe.<sup>10</sup> Abegglen was the first to define three unique characteristics of management in Japanese companies at the time. These characteristics remain at the core of the classical definition of Japanese management to this day.<sup>11</sup>

The first element of the classical definition is lifetime employment (*shushin koyō*). In this element Abegglen stresses the willingness of Japanese workers to devote their lives to a career in one company, and on this basis he emphasizes the fundamental difference in trust and cooperation between employers and employees in Japan and the United States.<sup>12</sup> While appreciating Abegglen’s conclusions and remarks about consequences on lifetime employment, we must be aware of the historical context in which it was introduced. The second half of the 1950s and the early 1960s was a period during which the stability of

---

<sup>7</sup> Ibid., p. 268.

<sup>8</sup> Ibid., p. 274.

<sup>9</sup> Allan Bird, *Encyclopedia of Japanese Business and Management*, New York: Routledge, 2002, p. 1.

<sup>10</sup> James Abegglen, *The Japanese Factory: Aspects of its Social Organization*, Glencoe: The Free Press, 1958, p. 2.

<sup>11</sup> These three characteristics described by Abegglen in later years were known as the ‘three pillars’ or ‘three sacred treasures’ of Japanese management.

<sup>12</sup> Abegglen, *The Japanese Factory...*, p. 11.

employment was one the most desired qualities for both employees and employers. For employees, in the early post-war years companies were the only entities that possessed the resources necessary for the survival of local communities. In the later period of accelerated growth, the staff remained within the company because of its attractive prospects for professional development, as well as the absence of a public safety net in the form of social benefits or pension systems. From the employers' point of view, the desire to stabilize employment was dictated by the scarcity of skilled workers in the period of accelerated growth and the mass adoption of new technologies. Since its inception the practice of 'lifetime employment' has become one of the aspects of Japanese management which attract most attention from researchers. Studies in subsequent years have shown that this practice has no formal or legal basis, is limited to a group of large companies, and covers only about 20%<sup>13</sup> of the workforce.<sup>14</sup>

Seniority-based wages (*Nenko joretsu chingin gata*), constitutes the second pillar of Japanese management, and is inseparably linked with lifetime employment. The seniority system applies both to wages and promotions, and according to Abegglen it reflects not only Japanese management but also the Japanese culture, with its enormous respect for the elderly and their experience. The system is based on the assumption that a newly hired employee, which is usually young university graduate, must learn everything within the company. Newly hired employees therefore start at the lowest salary level regardless of their competence, and their salary increases steadily with experience and the aptitude that they present. With regard to the historical context of this system, it is necessary to emphasize three points. First, the seniority system supported lifetime employment, motivating workers to remain in the company and cementing their loyalty while discouraging experienced workers from changing jobs. Secondly, due to the inadequacy of the post-war education system to the needs of Japanese companies rapidly implementing new technologies, the seniority system supported and rewarded the gradual accumulation of competence within the company. Third, the seemingly irrational wage levels of the oldest workers were justifiable in the context of a complete lack of public pensions and retirement systems. It should be noted that, similarly to 'lifetime employment', 'seniority-based wages' is an unfortunate title which greatly simplifies its understanding. Seniority is not and never has been the sole criterion for determining the remuneration of employees in Japanese companies. In practice, it was always considered in conjunction with a rigorous assessment of competences, and in recent years, with individual performance.<sup>15</sup>

Enterprise union (*kigyō betsu rōdōkumiai*) constitute the third pillar of the classical definition of Japanese management as described by Abegglen. Above all, he emphasized harmonious cooperation between the union members and management and the membership of mid-level managers in the union.<sup>16</sup> In the case of enterprise unions, the key historical

<sup>13</sup> Specifically the so-called 'core employees' (*seiki shain* or *seishain*), a group of highly educated workers, mostly men, recruited once a year, working on permanent contracts, receiving regular salary and subjected to a system of rotation, training and periodic evaluation. The opposite of this group is known as 'peripheral workers' (*hiseiki shain*), which includes mainly women, foreigners, workers on short-term contracts or temporary contracts.

<sup>14</sup> Bird, *Encyclopedia of Japanese Business...*, p. 281.

<sup>15</sup> *Ibid.*, p. 283.

<sup>16</sup> Abegglen, *The Japanese Factory...*, p. 54.

event affecting the trade union movement was the ‘reverse course’ in the policy of the Allied Forces General Headquarters in the early 1950s. The decision to ban the existing socialist trade union structures led to their de-politicization and the atomization of the labor movement, which resulted in activists focusing on the issues of developing their businesses and dialogue with the management.

As shown in the above paragraphs, all of the classic elements of Japanese management as described by Abegglen can be understood fully only in the context of the political, economic and social reality at the time. Each of these practices was the direct result of the circumstances at the time, not a long-term strategy consciously chosen by the company. Abegglen’s main achievement, therefore, should not be seen in a classical definition of Japanese management and its three practices, which by their nature are temporary, but rather in laying down the foundations for the debate in the following years, both in the West and in Japan.<sup>17</sup>

### **The peak of popularity**

Even though initially both Abegglen’s book and Japanese companies themselves did not attract significant attention from Western researchers and businessmen, Japanese companies’ rapid growth followed by their global expansion in the 1970s and 1980s completely changed the scale of the debate, and has led to a flood of publications on Japanese management.

### **Historical background (1970s and 1980s)**

The economic boom of the 1960s ended as a result of two international events that shook the fundamentals of Japanese economy and politics. In 1971, Richard Nixon’s administration unilaterally left the gold standard. Floating exchange rates resulted in a rapid appreciation of the yen and a decline in the profitability of Japanese exports, which were additionally subjected to severe restrictions in the form of import duties. The second shock was the oil crisis associated with unrest in the Middle East.<sup>18</sup> The 1970 oil crisis resulted in the restructuring of the Japanese economy and the development of less energy-dependent industries, which in turn resulted in trade surpluses in exchanges with both the United States and Western Europe.<sup>19</sup> The rapidly growing trade deficit<sup>20</sup> focused the attention of Japan’s trade partners on the surprisingly high competitiveness of Japanese products in terms of technology and quality on the one hand, and lack of reciprocity in relations with the highly regulated and protected Japanese market on the other. The response to these issues was a surge of protectionism, in many cases leading

---

<sup>17</sup> It was not until the late 1970s that Japanese academics such as Ryushi Iwata, Kazuo Ishida and Masumi Tsuda adopted the concept of Japanese management and began to discuss the uniqueness of local management practices.

<sup>18</sup> Pałasz-Rutkowska, Starecka, *Japonia*, p. 294.

<sup>19</sup> A full description of the history of political and trade relations between Japan and the European Community can be found in Tomasz Olejniczak, *The EU–Japan: The History of Relations in the Years 1952–2005*, BA, Warsaw University, Warszawa, 2005.

<sup>20</sup> In 1975, Japanese trade surplus with the United States totalled \$1.7 billion, while in 1985 it had risen to \$58.4 billion. Japan had already achieved a trade surplus with Europe in 1969.

<sup>21</sup> Strained trade relations with EC were further aggravated by numerous political *faux pas* committed by diplomats. The most notorious case was a leaked confidential report of the European

to the brink of trade war.<sup>21</sup> Export restrictions and a simultaneous appreciation of the yen, in turn, led to the Japanese investment boom in the 1980s, as a result of which within a few years Japan became one of the world's largest foreign investor.<sup>22</sup> The international expansion of Japanese companies was also driven by the desire to take over Western research centers, as well as internal problems such as rising labor costs, aging organizations and the rising costs of the lifelong employment system. Foreign investment took on the form of both capital and direct investments, but the latter became the preferred mode as it aroused much less controversy. By 1990 over 300 Japanese automotive companies had set up their manufacturing units in the United States. Among these investments, the factory that attracted most attention was New United Motor Manufacturing, Inc. (NUMMI) a joint venture between Toyota and General Motors. For Western companies it was the first direct contact with Japanese production methods and management, and for Japanese companies the first attempt to transfer Japanese practices abroad.<sup>23</sup> The investment boom in the 1980s was also felt in Japan, resulting in the last period of post-war prosperity, the 'Heisei boom' (1986–1991). The main economic driver of this period was the rise in real estate prices which reached astronomical values in the late 1980s. This led to speculation on the financial markets, as a result of which the Heisei boom became better known as the 'bubble economy' (*baburu keiki*), followed by a severe financial crisis and a decade-long recession.<sup>24</sup>

### **The flood of publications about Japanese management**

The 1970s, and especially the 1980s, is a period which saw a flood of publications on Japanese management and companies, which became the first non-Western organizations to be studied so closely.<sup>25</sup> Publications appearing in these years can be divided into two main streams. The first sought to discover the essence of competitiveness of Japanese companies and was focused primarily on companies located in Japan. The second stream focused on the 'hotter' topic at the time, namely the direct foreign investments of Japanese manufacturing companies and the use of Japanese management practices outside of Japan.

One of the key publications in the first stream was a book by R.T. Pascal and A.G. Athos entitled *The Art of Japanese Management*. The authors looked for sources of Japanese competitiveness in the corporate culture and the specific combination of soft aspects of management. Borrowing the 7S model of Peters and Waterman, Pascal and Athos argued that the main differences between Japanese and American management styles lay not in the so-called hard elements (e.g. strategy, structure, systems), but in the soft elements of the 7S model

---

Commission in 1979 on the causes of the surplus in the balance of trade between Japan and Europe, which described Japan as "a country of workaholics living in rabbit hutches".

<sup>22</sup> Eleanor Westney, 'Japan', in *The Oxford Handbook of International Business*, Oxford: Oxford University Press, 2009, p. 631.

<sup>23</sup> NUMMI was not the only investment in the automotive sector at the time. Honda established a factory in Ohio as early as 1982, and Nissan established a truck factory in 1983. However it was the first large scale direct encounter with Japanese culture that attracted considerable attention from the media. One of the examples of this attention was Ron Howard's comedy from 1986 entitled *Gung Ho*.

<sup>24</sup> Bird, *Encyclopedia of Japanese Business...*, p. 51.

<sup>25</sup> Westney, 'Japan', p. 633.

(such as shared values, staff, skills and style of management).<sup>26</sup> The finding that contributed to the theory of Japanese management, however, was the discovery of strong interdependence both among members of the organization and among elements of the model. Athos and Pascale argued that the essence of Japanese management lies in attaching equal importance to the hard and soft elements and maintaining effective relationships between them.<sup>27</sup>

In the following years the issue of soft elements of management and interdependence was examined by Nina Hatvany and Vladimir Pucik in their 1981 article. According to them, the strength of Japanese management was not so much due to the cultural uniqueness of Japanese workers, as due to the close internal and external integration of the human resources management system. The authors were among the first to put forward the division of the Japanese management into three levels: philosophy focused on the human factor and its development, strategy of creating an internal labor market with a strong culture and socialization processes, and practices that logically and consistently reflected the assumptions of philosophy and strategy.<sup>28</sup>

The third key publication describing the essence of competitiveness of Japanese companies was a book by William Ouchi entitled *Theory Z: How American Business Can Meet the Japanese Challenge*. The title itself reflected the widespread feeling of threat in the West faced by competition from Japanese companies.<sup>29</sup> Ouchi confirmed many of the previous observations made by Abegglen, pointing to the practices of lifetime employment, slow promotion, group decision-making and employee accountability as the sources of the competitiveness of Japanese companies. He also added a new concept of a hidden mechanisms of control, which he called 'clan culture'.<sup>30</sup> The management features identified in Japanese companies by Ouchi were only the starting point for his idea of an ideal organization. Referring to the famous typology of Douglas McGregor, Ouchi proposed a typology of organization, referring to the Japanese organizations as type J, American organizations as type A and organizations using a blend of the two styles as type Z.<sup>31</sup> Ouchi's main contribution was to point out that management is based on some fundamental assumptions that may be universal.<sup>32</sup>

<sup>26</sup> Anthony Athos, Richard Pascale, *The Art of Japanese Management*, New York: Penguin Books Ltd., 1986, p. xx.

<sup>27</sup> *Ibid.*, p. xxiv.

<sup>28</sup> N. Hatvany, V. Pucik, 'An Integrated Management System: Lessons from the Japanese Experience', *Academy of Management Review*, Vol. 6, No. 3, 1981, p. 469.

<sup>29</sup> William Ouchi, *Theory Z*, New York: Addison-Wesley, 1981, p. 3.

<sup>30</sup> W. Ouchi, 'The Relationship between Organizational Structure and Organizational Control', *Administrative Science Quarterly*, Vol. 22, 1977, p. 95; W. Ouchi, 'A Conceptual Framework for the Design of Organizational Control Mechanisms', *Management Science*, 1979, Vol. 25, No. 9, p. 833; W. Ouchi, 'Markets, Bureaucracies, and Clans', *Administrative Science Quarterly*, Vol. 25, 1980, p. 129; W. Ouchi, J. Johnson, 'Types of Organizational Control and Their Relationship to Ennotional Well Being', *Administrative Science Quarterly*, Vol. 23, 1978, p. 293; W. Ouchi, M. A. Maguire, 'Organizational Control: Two Functions', *Administrative Science Quarterly*, 1975, Vol. 20, p. 559; A. Wilkins, W. Ouchi, 'Efficient Cultures: Exploring the Relationship between Culture and Organizational Performance', *Administrative Science Quarterly*, Vol. 28, 1981, p. 468.

<sup>31</sup> Ouchi, *Theory Z*, p. 71.

<sup>32</sup> Ouchi's critics attacked him for superficial analysis and conclusions, as well as for adopting an incorrect assumption that Japanese management is a consciously planned system, and not a product of evolution and the effect of a number of environmental factors such as those described in previous paragraphs.

Finally, we need to mention the contributions that Japanese authors made to the development of Japanese management concepts. One of the most prominent experts in this field was Hideo Ishida, who was one of the first to present a systematic typology of Japanese management features, classifying them into globally transferable and non-transferable.<sup>33</sup> Ishida began by describing the differences between Japanese and American management, the most important being the concept of a job, the organization of union movements, the labor market, the organizational hierarchy and access to resources. Then, taking a number of social factors into account, Ishida discussed the possibility of transferring Japanese management abroad. Elements of Japanese management which he described as universal and transferable included a philosophy focusing on human resources, egalitarianism, community development and the internalization of the labor market, the employment of graduates, training, open career paths within the organization, stability of employment and access to information about the organization's members and their participation in management. It should be noted that Ishida, like Hatvany and Pucik, distinguished three levels of Japanese management, philosophy strategy and practice.

Another major Japanese researcher who contributed significantly to the debate about Japanese management was Kazuo Koike. In his many publications Koike called into question the uniqueness of the 'three sacred treasures' of Japanese management by presenting similar trends and tendencies in specific worker groups in Europe and America. He then put forward his own theories concerning the underlying features of Japanese style management, the most notable of which were the concepts of the internal labor market and the "white-collarization of blue collar workers".<sup>34</sup> The first concept referred to the unique career patterns of Japanese employees, whose rotation within the company was much more frequent and performed on a wider scope of than in the West. The second concept was closely related to the first, and referred to the outcome of such rotation coupled with the prevalence of on-the-job training in Japanese companies. According to Koike, these practices led to a better understanding of the entire company by blue collar workers, and their transformation into employees capable of performing complex managerial and technical tasks. Koike also argued that the potential application of these concepts is not limited to Japan, and that Japanese companies are capable of replicating them in foreign subsidiaries.<sup>35</sup>

Koike was not the only researcher to have questioned the cultural uniqueness of Japanese management. In his 1978 paper entitled 'A Critique of Theories of the Japanese Management System', Professor Urabe Kuniyoshi questioned the rationale of the 'cultural uniqueness' approach to Japanese management put forward by sociologists.<sup>36</sup> He argues that it is necessary to pay more attention to technological factors and the economic

---

<sup>33</sup> H. Ishida, 'Nihoteki hyuman risousu maneijimento: Katei to kouzou', *Nihon Roudou Kyoukai Zasshi*, Vol. 285, No. 12, 1982, p. 204; H. Ishida, 'Transferability of Japanese Human Resource Management Abroad', *Human Resource Management*, Vol. 25, No. 1, 1986, p. 103.

<sup>34</sup> K. Koike, 'Naibu roudou shijou to keiei sanku', *Contemporary Economics*, Vol. 28, 1977, pp. 36–49.

<sup>35</sup> K. Koike, 'Chiteki jukuren to sono ippansei', *Organizational Science*, Vol. 21, No. 2, 1987, pp. 2–11.

<sup>36</sup> K. Urabe, 'A Critique of Theories of the Japanese Management System', *Kokumin Keizai Zasshi*, Vol. 138, No. 4, 1978, p. 2.

rationality that have led to the development of the Japanese management system. According to Urabe, the rational foundations of the Japanese management system comprise of internal labor market, dispersed financial and non-financial rewards, and a relatively longer time frames of rewarding employees. He was also one of the first to foresee the future problems of Japanese management, stating that changes to economic conditions might call into question the rationality of the existing system and force changes to it.

The international expansion of Japanese companies in the 1980s allowed researchers not only to conduct a theoretical discussion about Japanese management, but also gave them opportunity to test the theories in practice. In Europe, the concept of Japanese management appeared along with the first Japanese investment in the UK in the early 1980s. In 1986, Peter Turnbull of Cardiff Business School was the first to use the term 'Japanization' to describe the new production techniques introduced by the Japanese in British plants. The term spread later, as Nick Oliver and Barry Wilkinson published a book in 1988 entitled *The Japanization of British Industry* in which they described the changes that occurred in British management as a result of Japanese foreign direct investments. The authors emphasized that the analysis of Japanese management cannot be limited to individual practices, and that the success of Japanese companies depends heavily on the support of external business development socio-economic factors.<sup>37</sup>

The largest research project to this day concerning the transferability of Japanese management was a project carried out by the Japanese Multinational Enterprises Study Group (JMNESEG) headed by Professor Tetsuo Abo. Research began in the late 1980s and collected data on the transfer of Japanese management over a span of 20 years in virtually every location hosting Japanese direct investments.<sup>38</sup> The JMNESEG's research applied a uniform methodology for measuring the level of application of the original Japanese management practices and their adaptation to the local conditions. The result of study was the measurement and description of the phenomenon of management system hybridization occurring in foreign affiliates of Japanese companies. Interestingly enough, the level of hybridization reached similar values regardless of the location, with only minor differences in the individual countries and criteria. The JMNESEG study clearly confirmed earlier theoretical assumptions about the partial transferability of Japanese management. However, despite this rich and interesting empirical research, JMNESEG never tested the dynamics of the hybridization process, i.e. changes in hybridization levels as years pass.<sup>39</sup>

Research in the 1980s expanded the scope of knowledge about Japanese management far beyond Abegglen's classic definition. It became clear that the system of Japanese management is more than the sum of its classical practices and that the key to its competitiveness lies in understanding the concepts of interdependence and integrity. Interestingly, this fact eluded many researchers in later years, leading to a gradual fragmentation and dispersion of the debate.

---

<sup>37</sup> Nick Oliver, Barry Wilkinson, *The Japanization of British Industry*, Oxford:Blackwell Publishers, 1988, p. 2.

<sup>38</sup> Tetsuo Abo, *Japanese Hybrid Factories: A Comparison of Global Production Strategies*, Basingstoke: Palgrave Macmillan, 2007, p. xi.

<sup>39</sup> Ibid., p. 221.

## The period of disappointment and critique

After a period of overly optimistic debate about Japanese management came a period of severe criticism. Although Japanese management itself had little influence on the occurrence and scale of the financial crisis, many Japanese companies begun to exhibit serious organizational problems that remained latent in the periods of prosperity. To fully understand which accusations against Japanese management were justified and which are not, we must again consider the realities of the Japanese economy in the crisis years.

### Historical background (1990s)

The 1990-s is widely known in Japan as the 'lost decade'.<sup>40</sup> A drop of nearly 50% in the value of the Nikkei stock index triggered a series of financial institutions bankruptcies as well as the spiral of so-called 'bad debts' which ultimately led to economic growth falling to 1% percent.<sup>41</sup> The economic problems which Japanese companies came to face in those years included persistent economic stagnation, decline in domestic demand, the appreciation of the yen in the first half of the 1990s, a lack of investment capital, rising commodity prices and falling demand for Japanese products as a result of the Asian financial crisis.<sup>42</sup> Many of these factors, in particular the decline in domestic demand and the high exchange rate of the yen, helped to maintain a high level of foreign investment.<sup>43</sup> The 1990s also saw major social and generational changes. Young recruits born in the 1970s and 1980s were sometimes referred to as 'a new human species' (*shinjinrui*), who seemed to prefer their own convenience over the good of the company.<sup>44</sup> Socio-economic factors clearly put pressure on existing management practices, and in particular the system of lifetime employment and seniority promotions. In the first years after the crisis, many companies were forced to carry out downsizing (*risutora*). In order to avoid massive layoffs, a number of companies used half-measures such as the reduction of temporary workers, early retirement, transfers to subsidiaries, halting the recruitment process and the reduction of working hours.<sup>45</sup> Although initially most Japanese companies were able to defend lifetime employment practices, in the face of continuing stagnation the maintenance costs proved to be too high, and companies were forced to carry out massive job cuts.<sup>46</sup> Similar pressures affected the seniority system, which lost its rationality in times of crisis. The 1990s was a period of massive experimentation with employment systems, during which Japanese companies came to pay much greater attention to the performance of their employees.<sup>47</sup>

---

<sup>40</sup> Hiroshi Yoshikawa, *Japan's Lost Decade*, The International House of Japan, 2001, p. 3.

<sup>41</sup> Bird, *Encyclopedia of Japanese Business...*, p. 36.

<sup>42</sup> *Ibid.*, p. 37.

<sup>43</sup> Westney, 'Japan', p. 629.

<sup>44</sup> Maria Aluchna, Piotr Ploszajski, *Zarządzanie japońskie: ciągłość i zmiana*, Warszawa: Szkoła Główna Handlowa, 2008, p. 95.

<sup>45</sup> Bird, *Encyclopedia of Japanese Business...*, p. 282.

<sup>46</sup> J. Majewski, 'Czy japoński model zarządzania wytrzyma próbę czasu? «Trzy święte skarby» a racjonalność mikroekonomiczna', *Japonica*, Vol. 10, 1999, p. 102.

<sup>47</sup> *Ibid.*, p. 106.

### The critique and appropriation of Japanese management

The impact of the economic crisis on the scientific debate on Japanese management was evident in the decline in the number of scientific articles published on the subject.<sup>48</sup> Japanese management was criticized first of all for the inefficiency and irrationality of the traditional practices that became apparent during the economic slowdown, and secondly for the actions of the Japanese multinational companies abroad and the inappropriateness of some Japanese management principles to globalization.

The first signs of criticism appeared just before the crisis in the late 1980s. Bartlett and Yoshihara noted in 1988 that the emphasis on homogeneity, the consultative style of decision-making, strict control by the Japanese headquarters and the ethnocentrism of Japanese managers can become a major barrier to competing effectively in international markets, where success lies in the ability to innovate and adapt to local demand.<sup>49</sup> Some Japanese authors predicted a slow change of Japanese management features and its gradual convergence with Western management practices. The new Japanese management involved retaining the practice of lifetime employment, while at the same time embracing heterogeneity, meritocracy and individualism.<sup>50</sup>

The greatest criticism, however, was targeted at the management of Japanese companies operating abroad. Hideki Yoshihara, in his book *The Immature International Management (Mijuku on kokusai Keiei)* criticized Japanese affiliates for the monopolization of management positions by Japanese managers, poor productivity and problems with communication.<sup>51</sup> Yoshihara saw a solution for these problems in the localization of management. Similar views were presented by Rochelle Kopp in a 1994 article which was later expanded into a book entitled 'The Rice-Paper Ceiling: Breaking through Japanese Corporate Culture'. On the basis of comparative data from Japanese, European and American companies Kopp argued that top management positions in Japanese companies were dominated by Japanese expatriates.<sup>52</sup> Referring to the typology of multinational companies proposed by Perlmutter<sup>53</sup>, Kopp concluded that Japanese companies are ethnocentric and argued that it results in cultural and communication problems and low motivation of local employees. Kopp's article found a wide readership, and could be considered representative of the broader debate on the ethnocentrism of Japanese companies.<sup>54</sup>

<sup>48</sup> K. Konecki, 'Uwarunkowania zarządzania japońskimi przedsiębiorstwami' [Conditions for managing Japanese companies], *MBA*, Vol. 1, No. 66, 2004, p. 11.

<sup>49</sup> Ch. Bartlett, H. Yoshihara, 'New Challenges for Japanese Multinationals: Is Organizational Adaptation Their Achilles Heel?', *Human Resource Management*, Vol. 27, No. 1, 1988, p. 19.

<sup>50</sup> Akihiro Okumura, 'The Globalisation of Japanese Companies', in *Japanese and European Management*, Kazuo Shibagaki, Malcolm Trevor, Tetsuo Abo (eds.), University of Tokyo Press, 1990, p. 31.

<sup>51</sup> Hideki Yoshihara, *Mijuku na kokusai keiei* [Immature International Management], Tokyo: Hokutou Shoubou, 1996, p. 149.

<sup>52</sup> R. Kopp, 'International Human Resource Policies and Practices in Japanese, European, and United States Multinationals', *Human Resource Management*, 1994, Vol. 33, No. 4, 1994, p. 581.

<sup>53</sup> H. Perlmutter, 'The Tortuous Evolution of the Multinational Corporation', *Columbia Journal of World Business*, Vol. 4, 1969, p. 10.

<sup>54</sup> A. Bird & M. Mukuda, 'Expatriates in Their Own Home: A New Twist in the Human Resource Management Strategies of Japanese MNCs', *Human Resource Management*, Vol. 28, No. 4, Winter

A tendency in 1990s literature, much more interesting than open criticism, was the appropriation of Japanese management practices that stood the test of time.<sup>55</sup> This mechanism was used primarily in relation to methods of production and work organization, which were responsible for the fact that despite the crisis, Japanese factories were still more efficient than Western ones. These best practices have been gradually filtered out of the broader set of Japanese management practices and renamed in culturally neutral ways. The best example of this appropriation mechanism was the creation of the English term “lean management”<sup>56</sup>, which described the management and production practices employed in factories of Toyota and other Japanese automakers. A side effect of this process was a split in the debate on Japanese management into the practices of the organization of production (called work practices) and human resource management practices (called HRM practices).<sup>57</sup> The former included job rotation, group work arrangements, employee suggestion schemes and quality circles, while the latter consisted of selective hiring, intensive training, labor relations and egalitarian pay schemes.<sup>58</sup> This new stream of academic literature focusing on production practices was called High Performance Working Practices or High Involvement Working Practices<sup>59</sup> and its main objective was to confirm the correlation between the work practices and the company’s financial performance. It turned out that the synergy effect occurring within and between the two groups of practices permits a better explanation of the company’s financial results.<sup>60</sup> Although these findings have never been discussed within the context of the Japanese management debate, they provide empirical support for the interdependence argument made by Pascal and Athos. Another very important result of research into HPWPs was the discovery that the presence of specific HRM practices significantly influences the subsequent implementation of manufacturing practices.<sup>61</sup> Another good example of a theory that successfully broke loose from the tradition of the Japanese management debate was Ikujiro Nonaka’s knowledge

---

1989, p. 437; S. Beechler, V. Pucik, J. Stephan, N. Campbell, ‘The Transnational Challenge: Performance and Expatriates Presence in the Overseas Affiliates of Japanese MNCs’, *CAHRS Working Paper Series*, Vol. 96, No. 6, 1996, p. 1; Timothy Dean Keeley, *International Human Resource Management in Japanese Firms: Their Greatest Challenge*, Houndmill–Basingstoke: Palgrave, 2001, p. 7.

<sup>55</sup> Konecki, ‘Uwarunkowania zarządzania...’, p. 11.

<sup>56</sup> Z. Martyniak, ‘Ciągłe ulepszanie czy radykalna przebudowa: antynomie japońskich i amerykańskich koncepcji zarządzania’ [Constant improvement or radical rebuilding: antitheses of Japanese and American management concepts], *Organizacja i Kierowanie*, Vol. 4, 1999, p. 5; James Womack, Daniel Jones, Daniel Roos, *The Machine That Changed the World: The Story of Lean Production*, New York: HarperPerennial, 1991, p. 2.

<sup>57</sup> Olejniczak, ‘Wdrażanie japońskich technik zarządzania...’, p. 10.

<sup>58</sup> J.-P. MacDuffie, ‘Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry’, *Industrial and Labor Relations Review*, Vol. 48, No. 2, 1995, p. 197.

<sup>59</sup> *Ibid.*, p. 198; J.-P. MacDuffie, F. Pil, ‘The Adoption of High-involvement Work Practices’, *Industrial Relations*, 1996, Vol. 35, No. 3, 1996, p. 424; J.-P. MacDuffie, F. Pil, ‘What Makes Transplants Thrive: Managing the Transfer of «Best Practices» at Japanese Auto Plants in North America’, *Journal of World Business*, Vol. 34, No. 4, 1999, p. 372.

<sup>60</sup> MacDuffie, ‘Human Resource Bundles...’, p. 197.

<sup>61</sup> MacDuffie, Pil, ‘The Adoption of High-involvement...’, p. 455.

management. Even though Nonaka's research was done primarily in Japan and the concept of the spiral of knowledge creation relies heavily on traditional Japanese practices of employee rotation, on-the-job training or 'on-the-spot-ism', by applying culturally neutral terms such as 'knowledge creation' and 'continuous innovation' Nonaka manages to put the debate about the practices used by Japanese companies in the center of international focus.<sup>62</sup>

The 1990s were only superficially a period of retreat from research on Japanese management. Criticism of the inefficiencies and gaps in the experience of Japanese companies within the field of international and intercultural management restored a much-needed balance to the debate. On the other hand, the processes of appropriation of Japanese work practice paradoxically contributed to an even greater spread of Japanese management in Western companies. A negative side effect, however, was a dilution of the debate, as a result of questioning the definition of the Japanese management system and the focus on individual practices.

### **Japanese management at the crossroads**

In the twenty-first century, both the Japanese economy and the debate on Japanese management are at a crossroads. With the spread of knowledge on the Japanese management, the competitive advantage of Japanese companies over Western ones has been continuously eroded.<sup>63</sup> Many companies are thus facing the necessity of far-reaching reforms and choosing a new path of development. On the other hand, the scientific community has reached the limits of the debate on the divergence and convergence of Japanese management, and has begun to expand the scope of research to countries outside Western Europe and the United States.

### **Historical background (2000s)**

The beginning of the 21<sup>st</sup> century marks the 50<sup>th</sup> anniversary of both the initial internationalization of Japanese companies and the start of the debate on Japanese management. Although the level of foreign direct investment of Japanese companies from the 1980s remained at a high level, after 2005 these investments began to achieve a whole new dimension.

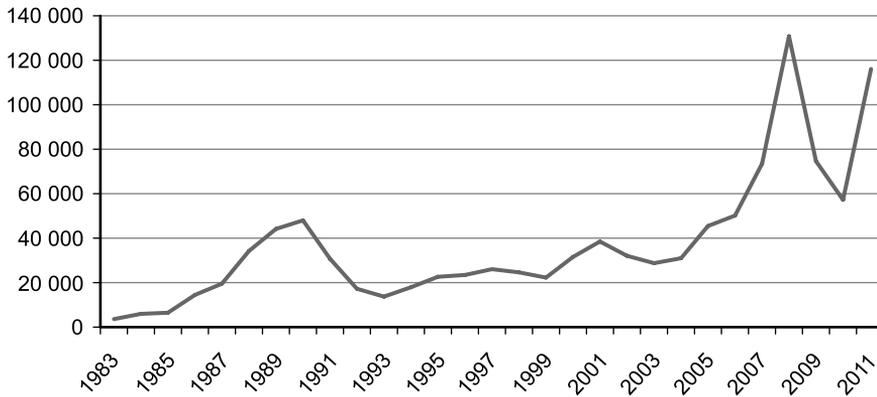
The increase in the amount of FDI in the 2000s has been caused largely by the same factors as in the 1980s, i.e. the high rate of the yen, the aging population and the decreasing importance of domestic demand coupled with the increase in the importance of foreign global demand. While the reasons for expansion remained unchanged its outcomes are significantly different. For example, in 2007 a revolutionary event took place; for the first time in history the Toyota Motor Corporation's level of foreign automobile production has exceeded domestic production.<sup>64</sup> This situation is not an isolated event but represents a general trend in the Japanese manufacturing sector in which the percentage of foreign

---

<sup>62</sup> Ikujiro Nonaka, Hirotaka Takeuchi, *The Knowledge-Creating Company*, Oxford: Oxford University Press, 1995, pp. 3–6; I. Nonaka, 'A Dynamic Theory of Organizational Knowledge Creation', *Organization Science*, Vol. 5, No. 1, 1994, pp. 14–37.

<sup>63</sup> Michael Porter, Hirotaka Takeuchi, Mariko Akakibara, *Can Japan Compete?*, London: MacMillan Press Ltd., 2000, p. 7.

<sup>64</sup> Source: [http://www.toyota.co.jp/jpn/company/about\\_toyota/data/regional\\_production.html](http://www.toyota.co.jp/jpn/company/about_toyota/data/regional_production.html) (accessed 27.02.2013).



**Figure 1. Japanese FDI (in US\$ million)**

Source: Based on data from JETRO <http://www.jetro.go.jp/en/reports/statistics/> (accessed 27.02.2013).

production increases every year, reaching a level of nearly 20%.<sup>65</sup> The dynamic development of foreign operations has serious implications for Japan's domestic situation, and it is extremely important from the point of view of Japanese management theory. Contemporary Japanese companies not only operate outside of Japan, but they are becoming dependent on income generated abroad. On the one hand, it means a higher reliance on foreign human resources<sup>66</sup>, on the other hand, it requires a redefinition of Japanese headquarters and affiliates' strategic roles. Japanese companies are becoming increasingly aware that local managers are indispensable for accurately addressing the local needs, negotiating with local subcontractors and solving problems that Japanese headquarters cannot foresee. At the same time Japanese factories assume roles of 'mother' or 'sister factories' serving as training centers for foreign employees. This marks a significant change in Japanese managers' mindset, from the perspective of the Japanese center and the foreign periphery to that of a 'global family', or, to use Ouchi's terminology, a "global clan".

### **The globalization of Japanese management and the divergence/convergence debate**

Although the debate about divergence and convergence has been carried out more or less since the 70s<sup>67</sup> it was not until 2000 that it reached full maturity. In the 1970s and 1980s the thesis about divergence was predominant, and was closely related to the assumption of the uniqueness of Japanese management. In the 1990s, in turn, researchers have provided

<sup>65</sup> Even though 20% percent may seem like a relatively low level, it is worth noting that this is a number indicating the total ratio of foreign subsidiaries sales to sales of Japanese domestic industry, in which high technologies play an important part and generate high revenues. It should also be noted that the ratio is different depending on the industry. In most globalized areas, such as automotive and electronics production, the ratio of overseas production ranges from 30% to nearly 50%.

<sup>66</sup> One proof that this is happening is the recent changes in the top management in Toyota's European and American subsidiaries: <http://www.toyota.eu/about/pages/newsdetails.aspx?prid=485&prsm=Corporate&prrm=pressrelease> (accessed 27.02.2013).

<sup>67</sup> Westney, 'Japan', p. 633.

convincing evidence of progressive convergence.<sup>68</sup> However, both sides of this argument have their limitations. The argument of divergence assumes the stability and permanent nature of Japanese management, and tends to disregard the universal nature of some aspects of management.<sup>69</sup> The thesis of divergence, on the other hand, fails to consider the fact that it was the unique features of Japanese management that had made it so successful, and that the rejection of these features can mean a loss of competitive advantage for Japanese companies. After 2000, the debate became somewhat stalled, and researchers began to focus on weighing the pros and cons and the search for a compromise. A good example is Markus Pudelko's 2009 paper 'The End of Japanese-style management?'. The author presents the results of a survey conducted among high-ranking Japanese managers based in the US and Germany; Pudelko identified the underlying forces of both continuity and change within the Japanese management model, and found that even though there are multiple examples of Western inspiration to Japanese companies, the core principles remain intact.<sup>70</sup> The main conclusion is that Japanese management is currently in a constant state of change and evolution in which companies are striving to find a new, mutually reinforcing balance between new and traditional practices. Since this process is far from being over, it is as yet too early to discuss the new shape of Japanese management.<sup>71</sup> Similar conclusions concerning the dynamic nature and gradual adaptation of Japanese management, rather than its revolutionary change and convergence with Western models, were also presented by other authors, including James Abbeglen himself, the father of Japanese management.<sup>72</sup>

In the background of the convergence/divergence debate there seems to be another very important trend contributing to an even greater dispersion of the debate on Japanese management, namely the growing number of studies on individual Japanese management practices carried out by the researchers not only in traditional locations such as Europe<sup>73</sup> and the United States<sup>74</sup>, but also in Central and Eastern Europe<sup>75</sup>,

<sup>68</sup> Konecki, 'Uwarunkowania zarządzania...', p. 11.

<sup>69</sup> Kuniyoshi Urabe, 'Krytyka teorii japońskiego stylu zarządzania' [Critique of the theory of Japanese management style] in *Sekret japońskiego sukcesu* [The secret of Japanese success], Elżbieta Kostowska-Watanabe & Akihiro Ishikawa (eds.), Warszawa: Wiedza Powszechna, 1990, p. 65.

<sup>70</sup> M. Pudelko, 'The End of Japanese-Style Management?', *Long Range Planning*, Vol. 42, 2009, p. 442.

<sup>71</sup> *Ibid.*, p. 454.

<sup>72</sup> James C. Abbeglen, *21<sup>st</sup>-Century Japanese Management: New Systems, Lasting Values*, Basingstoke: Palgrave MacMillan, 2006, pp. 89–90; David Methé, 'Continuity Through Change in Japanese Management: Institutional and Strategic Influences', in *Japanese Management: The Search for a New Balance between Continuity and Change*, Markus Pudelko, René Haak (eds.), Basingstoke: Palgrave MacMillan, 2005, pp. 21–55.

<sup>73</sup> K. Yokozawa, H.-J. Steenhuis, E.-J. Bruijn, 'Factors affecting international transfer of *kaizen*', *Operations and Supply Chain Management*, 2012, Vol. 5, No. 1, p. 1; J. Morris, B. Wilkinson, M. Munday, 'Farewell to HRM? Personnel Practices in Japanese Manufacturing Plants in the UK', *International Journal of Human Resource Management*, Vol. 11, No. 6, 2000, p. 1047.

<sup>74</sup> S. Gump, 'Who Gets the Job? Recruitment and Selection at a «Second-generation» Japanese Automotive Plants in the US', *International Journal of Human Resource Management*, Vol. 17, No. 5, 2006, p. 842.

<sup>75</sup> Shika En, *Chuōō no nikkei haiburiddo kōjō*, Tokyo: Toyo Keizai Shinposha, 2006; H. J. Park, H. Mitsuhashi, C. Fey, I. Bjorkman, 'The Effect of Human Resource Management Practices

Southeast Asia<sup>76</sup>, South America<sup>77</sup>, and even Africa<sup>78</sup>. Although these studies confirm the selective transfer of Japanese practices and their gradual adaptation to local conditions, any comparative analysis is impossible due to the different research approaches, indicators and narrow research questions. As a result, these studies very often simply confirm the assumptions or theses proved in the 1980s and 1990s without advancing the debate about Japanese management.

In the 21<sup>st</sup> century both Japanese multinational companies and researchers dealing with the subject of Japanese management are facing similar challenges. Local branches of Japanese companies face the need to re-interpret and codify their underlying principles and values in order to find a common language with the local human resources. The scientific community needs to develop new, flexible definitions in order to describe and compare the increasing number of local varieties of Japanese management. In the following paragraphs, we will present a possible solution to the impasse in the debate on Japanese management, and put forward a new definition of this concept.

## Discussion

A chronological review of the literature shows the inadequacy of classic definition of Japanese management and gradual process of the dispersion of the debate over the last 50 years. However, reviewing the literature has allowed us to identify several key features of Japanese management that could be used to form the basis of a new definition.

### Japanese management as a process

One of the fundamental characteristics of Japanese management is its evolutionary nature and ability to adapt. As early as 1958, Abegglen observed that Japanese industrialization had taken a different path because of adaptation to local conditions. The subsequent literature clearly illustrates the changes that Japanese management underwent over the years, starting from the formation of specific practices in response to the post-war reality, to their gradual

---

on Japanese Mnc Subsidiary Performance: A Partial Mediating Model', *International Journal of Human Resource Management*, 2003, Vol. 14, No. 8, p. 1391; J. Gamble, 'Transferring Organizational Practices and the Dynamics of Hybridization: Japanese Retail Multinationals in China', *Journal of Management Studies*, Vol. 47, No. 4., 2010, p. 705; N. Takeuchi, 'How Japanese Manufacturing Firms Align their Human Resource Policies with Business Strategies: Testing a Contingency Performance Prediction in a Japanese Context', *The International Journal of Human Resource Management*, Vol. 20, No. 1, 2009, p. 34; N. Takeuchi, Z. Chen, & W. Lam, 'Coping with an Emerging Market Competition through Strategy-human Resource Alignment: Case Study Evidence from Five Leading Japanese Manufacturers in the People's Republic of China', *The International Journal of Human Resource Management*, Vol. 20, No. 12, 2009, p. 2454; Mitsuhide Shiraki, *Chenjingu chaina no jinteki shigen kanri*, Tokyo: Hakutou Shoubou, 2011, p. 23.

<sup>76</sup> A. Ngoc Vo, 'Career Development for Host Country Nationals: A Case of American and Japanese Multinational Companies in Vietnam', *The International Journal of Human Resource Management*, 2009, Vol. 20, No. 6, p. 1402.

<sup>77</sup> J. Sparkes, M. Miyake, 'Knowledge Transfer and Human Resource Development Practices: Japanese Firms in Brazil and Mexico', *International Business Review*, Vol. 9, 2000, p. 599.

<sup>78</sup> T. Abo, H. Kumon, M. Itohisa, 'Afurika ni okeru monodukuri senryaku: Minami Afurika o chushin ni', *Tokyo University MMRC Consortium 84<sup>th</sup> Regular Meeting*, 2011, Tokyo, p. xi.

adaptation and hybridization under the influence of economic crises and globalization. It could be therefore argued that focusing on the dynamics, pace and conditions of development of Japanese management is much more important than trying to define and describe particular practices. The dynamic, procedural approach to Japanese management is justified by the very nature of its flagship practices. Strong organizational culture, human resource development, an internal labor market, rotation and group decision making, are all long-term processes.<sup>79</sup> In conclusion, without a dynamic approach, understanding the fundamental characteristics and problems of Japanese management will remain impossible.

### Japanese management as a multi-level concept

Another crucial aspect of Japanese management is its multi-level character. The review of the literature allowed us to identify three levels of Japanese management, namely practices<sup>80</sup>, strategies<sup>81</sup>, and fundamental philosophies.<sup>82</sup> The idea that Japanese management can be divided into three levels in itself has a relatively long history and has been accepted ever since.<sup>83</sup> The three levels of Japanese management share some obvious analogies with Shein's concept of culture. Detailed explanation of the various policies and practices lies well beyond the scope of the present article, so we will focus only on the characterization of levels.

In the literature, there is almost unanimous agreement that the level of Japanese management philosophy could be best characterized by a focus on the human factor. This philosophy has been very skillfully translated from Japanese by a Polish researcher as '*humanitalizm*' (*jinponshugi*). The basic assumption of *humanitalizm* as an underlying philosophy of Japanese management is that the skills and experience of its employees constitute the main assets of the company (as opposed to capitalism, in which the capital is the most important asset).<sup>84</sup> In addition to this explanation of the underlying philosophy, it is necessary to point out two things. Firstly, this philosophy is relatively universal and has high potential for global application.<sup>85</sup> Secondly, ethnocentrism, and selective application of this philosophy to Japanese employees, stemmed not so much from Japanese culture as from underlying reasons of international expansion of Japanese multinationals. Japanese companies began their foreign expansion not in search of human resources, but to avoid trade barriers and defuse tensions arising in aging organizations. The aging population and the pressures of global competition in recent years, however, has put pressure on Japanese companies to extend their underlying philosophy to the entire global workforce.

---

<sup>79</sup> D.-S. Cho, 'Nihon kigyō no takokusekika to kigyōnai gijutsu iten', *Soshiki Kagaku*, Vol. 27, No. 3, 1994, p. 59; Takahiro Fujimoto, *The Evolution of a Manufacturing System at Toyota*, New York: Oxford University Press, 1999, p. 4; Fujimoto, *The Evolution of a Manufacturing...*, p. 4.

<sup>80</sup> James Abegglen, *The Japanese Factory: Aspects of its Social Organization*, Glencoe: The Free Press, 1958; Ishida, 'Transferability of Japanese...', p. 103; MacDuffie, 'Human Resource Bundles...', p. 197; Abo, *Japanese Hybrid Factories...*

<sup>81</sup> Hatvany, Pucik, 'An Integrated Management System', p. 469; Ishida, 'Transferability of Japanese ...', p. 103; Kazuo Koike, *Kaigai nihon kigyō no jinzai keisei* [HRD in foreign Japanese companies], Tokyo: Toyo Keizai Shinposha, 2008.

<sup>82</sup> Ouchi, *Theory Z*; Athos, Pascale, *The Art of Japanese Management*.

<sup>83</sup> Ishida, 'Transferability of Japanese ...', p. 105; Hatvany, Pucik, 'An Integrated Management System', p. 472; Aluchna, Ploszajski, *Zarządzanie japońskie...*, p. 37.

The second level of Japanese management is the strategic level. It contains three mutually complementary business strategies, namely development of community, the internal labor market and human resources development. The strategy of 'company as community' takes into account the cultural aspects of Japanese management, such as common values and interests, harmony, collectivity and egalitarianism.<sup>86</sup> The internal labor market strategy refers to the specific tendency of Japanese management to acquire, isolate and protect key human resources.<sup>87</sup> It should be noted, however, that this strategy may involve only a handful of employees, and does not exclude the use of open labor market strategies for other resources. This strategy supports the building of a community on the one hand, and justifies the development of human resources on the other. Human resource development, consists of training, socialization, job rotation and substantial investments, returns on which can be expected only in the long term.<sup>88</sup> Hence the use of this strategy is often limited only to human resources which will stay with the company for a long time.

The level of organizational practices is the third and final level of Japanese management, which very often is erroneously understood as its essence. We propose, however, that it is necessary to move away from Abegglen's classical definition because, as we have shown, these practices no longer sufficiently describe the reality of Japanese management. In addition, the level of practices should be described as vaguely and neutrally as possible, in order to accommodate the different varieties of practice used by Japanese companies all over world. As in Schein's model of culture, in which artifacts are secondary to values and assumptions, we propose that management practices should be treated as mere outcomes to strategy and philosophy.<sup>89</sup> The level of practice should therefore be treated with a high degree of flexibility, not all of them must be present at the same time, and not all have to be implemented to a similar degree. The key issue is to what extent they are the result of conscious implementation of the philosophy and strategy of Japanese management.

### **Integrity and coherence as the essence of Japanese management**

If, however, the philosophy of 'humanitarianism' can be seen as largely universal, and if the practices are just outcomes of strategies whose form and amount may vary depending on the time and geographical location, we are inevitably faced with the following question: what is the innate Japaneseness of Japanese management? In our opinion, the essence of Japanese management is the qualities of integrity and coherence repeatedly emphasized in the literature.<sup>90</sup> 'Integrity' may refer to (a) the relationship between the members of the organization, (b) the relationship between the human resource management and other functions of the organization, (c) the relationship between levels of Japanese management, i.e. the philosophy, strategy and practices. Integrity is also inseparably linked to the

<sup>84</sup> Majewski, 'Czy japoński model...', p. 103.

<sup>85</sup> Ishida, 'Transferability of Japanese...', p. 105; Ouchi, *Theory Z*, p. 71.

<sup>86</sup> Aluchna, Ploszajski, *Zarządzanie japońskie...*, p. 36.

<sup>87</sup> Hatvany, Pucik, 'An Integrated Management System', p. 468.

<sup>88</sup> Koike, *Kaigai nihon...*, p. 24.

<sup>89</sup> The Matsushita Foundation For Management and The Social Sciences, *Nihonteki keiei no honryū* [The mainstream of Japanese management], Tokyo: PHP Institute, 1997, p. 264.

<sup>90</sup> Hatvany, Pucik, 'An Integrated Management System', p. 469; MacDuffie, 'Human Resource Bundles...', p. 197; Athos, Pascale, *The Art of Japanese Management*, p. 116.

perception of Japanese management as an ideal concept, which cannot be achieved in reality. This means that we cannot talk about Japanese management if there is any dissonance between any of these elements, and because such a situation is not really possible, Japanese management will always remain in the realms of the ideal.

### **The new definition of Japanese management**

Based on three key aspects of Japanese management identified as a result of literature review and described in previous paragraphs, we would like to put forward a new more dynamic and flexible definition of Japanese management:

**Japanese management is a process of realizing the philosophy of people as the most important organizational resource through the strategies of community building, the internal labor market and Human Resource Development; and the creation of corresponding practices that maximize the input of the human factor in the production process.**

The proposed definition includes the assumption of an evolutionary and dynamic character of Japanese management, distinguishes three conceptual levels of philosophy, strategy and practices, and most importantly, emphasizes the importance of integrity and coherence between these levels.

### **Summary**

This paper has described the process of fragmentation and dispersion of the debate on Japanese management over the last 50 years. By drawing on the most important theoretical developments that have taken place since the inception of the Japanese management concept, we have been able to put forward a new definition of this concept. Finally, it is worth emphasizing what the potential benefits may be of redefining the concept and reviving the debate about Japanese management. First, the new definition allows researchers to overcome the current fragmentation and organize the debate by clarifying and narrowing down the most important features of Japanese management to personnel management in manufacturing companies. Second, by placing the emphasis on philosophy and strategies rather than specific practices, the new definition offers the possibility of comparative studies in the growing number of locations in which Japanese manufacturing plants are present. Finally, by emphasizing the procedural character and the key importance of integrity in Japanese management, the definition sets an ambitious new direction for empirical research. As with Japanese multinational companies, the debate about Japanese management has entered the era of globalization. In the face of the threat of theoretical fragmentation and chaos, it is necessary to verify and organize these basic assumptions and definitions. In this way it will become possible to communicate and exchange valuable knowledge on a scale far exceeding previous achievements.

## Notes on Contributors

DAVID A D E B A H R, Ludwig Maximilians University, Munich

OLGA B A R B A S I E W I C Z, Institute of Mediterranean and Oriental Cultures of the Polish Academy of Sciences, Warsaw

ILDIKÓ F A R K A S, Eastern Cultures Institute (Japanese Department) of the Károli Gáspár University of the Hungarian Reformed Church, Budapest

KIE K A W A D A, Independent Researcher from Japan

FRAUKE K E M P K A, Martin Luther University of Halle-Wittenberg

BEATA K O W A L C Z Y K, Institute of Sociology, University of Warsaw

NICOLAS L E V I, Institute of Mediterranean and Oriental Cultures of the Polish Academy of Sciences, Warsaw

MARTA L U T Y - M I C H A L A K, Cardinal Stefan Wyszyński University in Warsaw

TOMASZ O L E J N I C Z A K, Kozłowski University in Warsaw

PAWEŁ P A S I E R B I A K, Faculty of Economics, Maria Curie-Skłodowska University, Lublin

MARIO T A L A M O, University of Naples „the Oriental”

IOAN T R I F U, Lyons Institute of East Asian Studies

TINE W A L R A V E N S, Ghent University

LARISA Z A B R O V S K A I A, Institute of History, Archaeology and Ethnography of the People of the Far East, FEB RAS, Vladivostok