

and the emergence of lower-wage industrial powers, Japanese companies are clearly unable to rely on price competitiveness. Yet what is to take its place? Some companies may have made a conscious decision to shed their Japanese-ness, but for most others, he says, it has been a happenstance that may prove fatal. In support of this, he cites the fact that Coca-Cola is identifiable as American and Daimler-Benz German. Yet he ignores such other international successes as Nestlé (Switzerland). He is quite right to say that the global company is one that is able to manipulate resources worldwide to best advantage, but I feel he is on very shaky ground indeed when he claims that companies have to maintain their national identities.

Yet whether you agree with him or not on particulars, Japanese management is clearly undergoing major changes, and the Japanese business press is full of stories every day about the new international imperatives and how best to cope with them. This book by Nakatani is part of that debate—a welcome window on Japanese thinking—and the Asian Productivity Organization is to be commended for making it available to non-Japanese who will be profoundly affected by the Japanese response.

Frederick M. Uleman
Japan Research Inc.

Japanese-Style Management —An Insider's Analysis

By Keitaro Hasegawa
Published by Kodansha International Ltd.
1988, Tokyo
162 pages; ¥3,200

Keitaro Hasegawa has written on a timely subject. Any insight the Western manager can glean from a Japanese expert on management is invaluable, and Hasegawa is an expert. As a consultant with close ties to the Japan Federation of Employers' Associations and the Federation of Economic Organizations, he was for a number of years an independent security market analyst.

In the first five chapters, in particular, where the author deals directly with cultural, societal and historical influences of Japanese management methods, there are many rewarding insights.

Hasegawa is clearly a patriot and a strong believer in Japan, the Japanese people and the Japanese system. I am not sure, however, that "Japanese workers work harder than workers elsewhere in the world," as it is stated in the preface.

The author demonstrates that the Japanese worker is efficient, loyal to his company, and spends many "extracurricular" hours for the benefit of his company and fellow employees. The difference in disposable income between worker and management is said to be the narrowest in the world. This and other factors such as the lack of distinction between the white-collar worker and blue-collar worker, a result of post-World War II unionization phenomena, result in an egalitarianism in Japanese labor which produces superior results.

Managers are developed from within the company and typically are not brought in from outside. Therefore, theoretically, each worker has the opportunity to become a manager. Furthermore, the top executive of the corporation typically personally guarantees the corporation's loans, thus making plain to all his associates his total commitment to the welfare of the company.



Another factor is the subtle combination of seniority and merit systems which give the worker a sense of comfort and self-worth, and as each worker moves up the ladder, though leadership emerges with time, the small salary difference between the promoted and non-promoted worker minimizes resentment.

The author points out that the *ringi* system of decision making—again a reaffirmation of the egalitarian spirit—stems from the bureaucracy of the Tokugawa period (1615–1868). He defends this system as giving middle management the power to test its mettle. Though this may cause a delay in reaction time, as during the oil crisis when it took from October 1973 to March 1974 to reach a consensus, once the decision is made and put into effect, action is swift and thorough. Certainly, the world marveled at how successfully the Japanese nation recovered from that crisis.

Hasegawa, an authority on that oil crisis, is convinced that by passing through the white-hot fire of that challenge, Japanese management and labor developed the skills necessary to make consistently high quality products in a mass-production setting.

The book deals extensively with the strength of the young manager of a Japanese corporation. This man will have reached a plateau in the leadership trail. He will be highly motivated to perform and excel. He is a lifetime employee of his company, and is tied to it through privileges such as low-interest loans for his home. He is fully dedicated and commit-

ted to his task. He must gather information about his current speciality, create consensus among those who report to him, and organize and manage new programs and new changes in his department. He must be willing to spend as many as 20 hours a day not only at the office but socially with his fellow workers at bars and nightclubs. Most important, he must be able and willing to maintain the pace without expectation of overtime pay or other immediate, tangible benefits. This is the testing ground for the company's future managing directors.

The last five chapters of Hasegawa's book are less focused on Japanese management style.

In "The Japanese Market," he upholds the validity of the Ministry of International Trade and Industry's guidance and power. He states correctly that the Japanese market is not an easy one for outsiders to crack because they must reckon with very tough Japanese competition. He also states, probably incorrectly, that "there is little chance that South Korean firms can penetrate the auto industry because the quality of their product is not up to standard."

In "The Japanese Trading Company," the author offers us the historical rationale for the trading company, its role in gathering information, especially overseas, and in financing for low margins. He states that the philosophy of the trading company is to abide by the spirit of the contract rather than just sticking to the letter

of the contract. Force majeure is never a part of a Japanese contract.

"Japanese Technological Innovation" describes how Japanese steel companies and aluminum companies survived through change and innovation, in contrast with their American counterparts. He makes similar comparisons in the semiconductor industry. He compares Japanese and American research. Much of the Japanese research product is written in Japanese and therefore is not widely available to the world.

Under "Financing the Japanese Corporation," the author traces the historical evolution of how corporations raise funds in Japan. He criticizes American banks operating in Japan. He writes, "Foreign banks seem to act like reigning royalty ready to extend largesse when they choose to do so but not ready to be counted on in a crunch." Such a broad condemnation is hardly accurate.

In the final chapter, "Japanese-Style Management as a World Model," the author states that whereas the U.S. is a fertile ground for Japanese management, Europe, with its social welfare benefits, is not. Some Japanese companies would challenge that. He concludes with six points of advice to American managers which, though well-intentioned, seem patronizing and simplistic. In a separate paragraph, he sums it up better—"think quality; be competitive; treasure your employees." That is good advice.

Don Knode

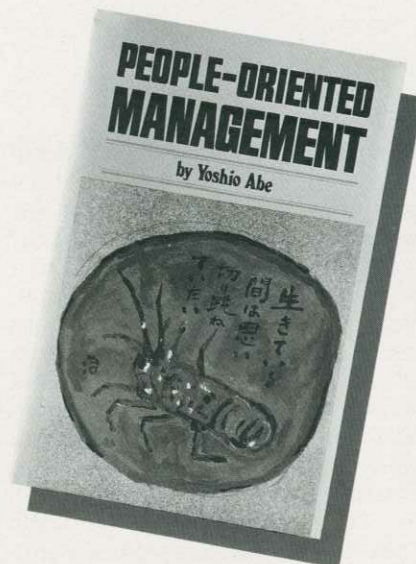
Systems International Inc.

People-Oriented Management

By Yoshio Abe
Published by Diamond Inc.
1987, Tokyo
121 pages; ¥2,800

It sometimes appears that there are as many books on Japanese management theories and practices as there are excuses for the U.S. trade deficit with Japan.

The trouble is that most of these "management" books shed little light on the subject and gather dust on bookstore



shelves, making it relatively easy to ignore new ones that appear. Ignoring Yoshio Abe's new book, *People-Oriented Management*, would be a mistake, since Abe, president of Orient Finance Co. (and former executive vice president of Dai-Ichi Kangyo Bank), provides an intriguing look into the changes occurring in Japanese management thinking—especially in the rapidly changing financial sector.

Actually, Abe has devoted very little of this book to the subject of its title. Instead he is actually providing the reader with a business leader's views of what the future holds, or can be made to hold, for Japan and Japanese society and his outlook on a topic of great concern in Japan these days and one he considers vital to Japan's future—education.

What makes all this especially relevant is the fact that Abe is a member in good standing of Japan's "establishment"—one of Japan's elite. He is a graduate of Tokyo University who enjoyed a highly successful career with Japan's largest bank, and is now president of the country's leading finance firm. He has served as the chairman of the General Committee of the Federation of Bankers Associations of Japan, and also served as a specialist member of former Prime Minister Nakasone's Second Provisional Commission for Administrative Reform.

So even though he devotes little of the book to what he calls "people-oriented management," what he has to say is worth listening to.

"It is top management that makes the difference," by turning individual energies

