

# Decision Making and Implementation

By Robert J. Ballon

Managers are evaluated by their superiors, and by peers and subordinates, on the quality of their decisions. It may also be a means of self-evaluation. The problem is that such a judgment is possible only *post factum*, because the soundness of a decision cannot be determined at the moment it is being made; implementation is the test. (Of course, some managers hold that their decision was/is correct, and blame subordinates for faulty implementation.)

To bridge the gap, there is authority expressed in management positions, job descriptions, the labor contract, etc. Apparently, this does not sit well with Japanese corporate culture. There the process of decision making has been described, in contrast to western practice, as "bottom-up" versus "top-down" in a context of *Gemeinschaft* versus *Gesellschaft*, or as decision making by consensus, among other fancy word plays. Nonetheless, the Japanese term *ishi kettei* is only an academic translation of the American term "decision making." Colloquially, the Japanese refer to the process as *nemawashi* (a gardening term that means binding the roots before transplanting). The crux is that they do not consider decision as management's ultimate prerogative nor the decision maker as the fulcrum of corporate survival.

Any business decision process embraces four key factors in a dynamic interaction: decision and performance, individual and organization. Whereas the western manager stresses the combination of decision and the individual, the Japanese manager tries to shift the center of gravity away from decision/individual—where authority is at stake—and as close as possible to performance/organization—where work is at stake (Figure 1). Consequently, tensions between the four factors are affected, and management's role shifts accordingly.

The Japanese manager is not primarily interested in the *rationality* of the decision, meaning that he must wait for implementation to know whether it was appropriate; his concern is with performance. He does not seek to determine

what action, if executed by the organization, would change reality; he wants the organization to be ready for the *re*-action that reality forces upon it. What makes the difference is not a flow of authority (decision), but a flow of work (performance). In other words, instead of a two-step process, *decision + implementation*, the sought-after process is *necessity = implementation*.

Hence, the relationship between superior and subordinates is most explicitly one that recognizes that both have a mutual stake in the company's health, a requirement greatly facilitated by social homogeneity and common educational background.

•To his subordinates, the manager is a senior. He may be older in age but is certainly older in "merit-in-years" (*nenko*, inappropriately translated as seniority) of service in the company. (Hiring managers with previous managerial experience elsewhere is quite unusual in large companies.) Such merit was acquired over his years as an employee, many of which were spent in a junior capacity, when he was anxious to benefit from his seniors' experience. His capability today is appreciated less in terms of *supervising* juniors and more in terms of grooming them as "business associates" by coordinating their initiatives.

•To the manager, subordinates are juniors. They are, of course, younger in age and merit. The generation gap is a law of life in the enterprise as well; ideally, it means the vitality provided by juniors in the continuity entrusted to seniors. This relationship establishes a hierarchy, but not one of positions (each with its own ambit of authority) but of rankings (each with its own dose of experience). It implies that coordination among operating units is horizontal rather than vertical, and based on knowledge-sharing rather than skill specialization. It not only provides effective continuity in corporate culture and reduces loss and risk; it also provides rational incentives for both seniors and juniors in a context where a broad range

of tasks is assigned, encompassed by slow promotion. This is in contrast to a context where the manager earns prestige and income from his leadership, viewed in terms of his decision-making power. Thus priority goes to corporate performance, namely, to the ability of the firm to *stay* in business.

## Nemawashi

Nemawashi is then the process whereby superiors and subordinates seek full awareness of whatever reality throws at them. It consists in innumerable encounters, some formal, most informal. The purpose is less to find "the" solution and more to determine how the problem is perceived, at the cost of much time spent on such exploration. Nemawashi remains fully aware of the variety of possible courses of action. It is preoccupied with remaining receptive to reality as it is, not as it is seen or presented, in the hope that an appropriate *re*-action will emerge. Such a *re*-active stance results from (1) being open and ready for what the performance has in store, and from (2) being flexible in order to adjust to as yet unknown circumstances. This is less recognized as a choice and more as necessity.

*An image may be helpful. To reach his destination, the traveler may study a map and decide the road to his destination (an ex ante process), or...start on the road and wind his way to the destination (more like an ex post process). The map can show him how to reach the destination but it cannot take him there; his counterpart may, however, reach his destination by crossing the given terrain and handling conditions as they arise.*

The usual standard operating procedure to formalize *nemawashi* is a document called *ringi-sho*; it also serves as a record. When a matter of special importance comes under consideration, at some point a tentative description is entrusted to a subordinate familiar with the appropriate terminology. This document is then circulated along a pre-set route, on the way focusing *nemawashi* on a specific course of action. With few exceptions,



once started, this formal process is practically impossible to stop; the only recourse is delay, sometimes infinitely.

## Nemawashi and information

Performance places demands on the entire organization. This means that for everyone to be adequately equipped, it is imperative that everyone be well-informed. Knowledge in its mental form may well be an individual attribute, but competence for corporate action is somehow a collective characteristic. Information is not hierarchically distributed within the Japanese enterprise according to predetermined levels of confidentiality but is commonly shared through some osmosis resulting from working together over the years and is activated by nemawashi.

A well-known characteristic of the Japanese organization is its hunger for information, though equal weight appears to be given to quality and quantity. Japanese companies address the sharing of information in a setting purposely made conducive to relentless information exchange. Throughout the organization, on-the-job training and job rotation are pervasive; airtight job descriptions are avoided. In the factory, workers perform several tasks simultaneously. In the office, the open-room system is common, thereby dispensing with physical partitions. As a matter of course, the section chief shares with his subordinates the set of desks allocated to his function, all facing each other, while the sections of the

same department are grouped in a large room where the department head has his own desk. Technicians are trained in a multi-disciplinary fashion, and engineers are accessible on the shop floor. Managers, clerks, technicians, even operators spend some time in the field. Constant communication (nemawashi) ensures that all are on the same attitudinal wavelength.

## Nemawashi and consensus

In the Japanese firm, results-oriented performance embraces equally decision makers and implementers. They are the two sides of one coin: each side is discrete, but the coin itself is the reality (performance). It is sometimes described as *decision by consensus*. But consensus is not a form of decision making. In the conduct of Japanese meetings, what is said is not of prime importance; more important is the fact of attendance. (Even when the labor union has decided on a work stoppage, it expects its members to stay on the premises; to stay at home or to go fishing would deny the collective action staged.) Moreover, a most effective way of keeping abreast with developments is to *listen* rather than do the talking. The founder of Matsushita Electric was famous for keeping silent in order to force subordinates to reveal their awareness of the problem, and when he spoke it was to ask incisive questions. Consensus is expressed in action; it means performance. It may go as far as superiors taking symbolic responsibility for subordinates' failure.

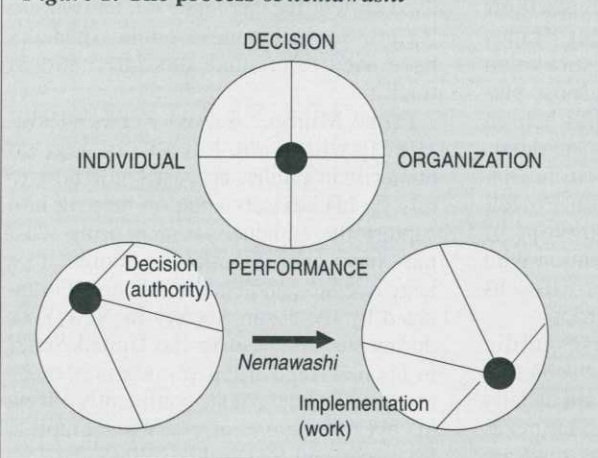
Such consensus, however, does not exclude dissent. Differences of opinion and perspective are present, but the Japanese tend to avoid polarizing them around some general principle, though they may do so around a personality. Primacy is given to the notion of interdependence of decision and implementation, not to the dependence of implementation on decision; it may require compromise, more easily obtained on action

than on principle, and often achieved by procrastination. In fact, consensus remains in a constant state of flux, evolving and changing with the implementation itself. He who voices dissent is usually not he who disagrees (in principle), but he who feels that he did not participate sufficiently in the nemawashi process. Corporate culture is not based on acquiescence to abstract principles (lofty slogans are widely used, not as formal expressions of corporate policy but for motivational purposes); it is the culture of an organic entity whose supreme concern is to stay alive. Nemawashi is then more than a required practice; it is how a Japanese organization survives, be it a business enterprise, a government agency, or a non-profit institution.

## Nemawashi and efficiency

At first sight, nemawashi does not strike the outsider as efficient. Much precious time is wasted in endless discussions; opportunities may be irremediably lost; the locus of power and responsibility is hard to pinpoint; ultimately, it may even be difficult to determine what the decision, if any, is all about. Nonetheless, investments are made; new products are launched; factories are built, and in the span of one generation Japan became the world's second largest economy. The achievements of many Japanese enterprises, if not of Japanese industry in general, are indeed remarkable. Japanese have few qualms about the *ex ante* pertinence of a decision issued by apparent decision makers; they look at it *ex post* in the light of implementation. Not surprisingly, they are most adept at process technology, though easily criticized for lacking creativity. Nemawashi is how the corporate entity makes sure that performance takes place. It may be far from being a model of efficiency; however, most of the time it turns out to be *effective* and that is precisely what it takes to stay alive. ■

Figure 1. The process of nemawashi



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