

JASPIE Participants Assess Japanese Management

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"Whereas in European countries the relationship between the management of a company and its employees is often characterized by confrontation, in Japanese firms, management, employees and unions work for a common aim: the welfare of the company." This is what Dr. Monika Düssel, an executive in charge of international trade at the German Electrical & Electronic Manufacturers' Association (ZVEI), wrote upon her return to Frankfurt after a month-long study program in Japan. Her trip was sponsored by the Japan Economic Foundation (JEF), the publisher of the *Journal of Japanese Trade & Industry*.

Düssel's discovery about Japanese industrial relations was just one of many findings she and her 11 colleagues from nine Western countries made during the program. Titled the Japan Study Program for International Executives (JASPIE for short), the program is one of JEF's more important activities.

JEF was established in July 1981 to supply up-to-date information on the Japanese economy and industry to opinion leaders throughout the world in the fields of politics, administration, business, and industry. For its establishment, the foundation received broad guidance from the Ministry of International Trade and Industry (MITI) and cooperation from representative companies, mainly in the machinery industry, which were eager to find ways to improve foreign understanding of Japan's economic and industrial policies, and to help ease economic tensions and trade friction.

In order to foster such mutual understanding among international trading partners, JEF has prepared a number of study and exchange programs similar to this most recent one. The first JASPIE program took place in March 1982, with 10 participants from Europe and North

America, drawn from top and middle-level executives, lawyers and researchers.

Speaking on the reasons for establishing JEF, foundation president Yoshizo Ikeda, formerly president and chairman and currently adviser to Mitsui & Co., once remarked: "It is evident that Japan, in its contemporary history, owes a great deal to the advanced Western nations for its national growth and economic development. Indeed, the rapid rehabilitation of Japan in the postwar years was realized through technological, physical and even spiritual support from the rest of the world.

"Being aware of this, Japanese leaders in governmental, political and economic circles have come to feel that we now must give something worthwhile in return."

Thus the JASPIE program was held again this spring, with similar programs to be held every year.

The JASPIE program is aimed at dispelling misconceptions about Japanese industrial and business practices by providing the most recent data in a comprehensive study scheme.

During their stay, the 12 participants discussed the transformation of the Japanese industrial structure, Japanese society, the mechanism of government guidance for industry and business development, and a host of other relevant subjects.

Opportunity to learn "Japanese way"

They were also given opportunities to visit MITI, companies and factories, as JEF hoped to impart some knowledge of "the Japanese way" regarding actual business, industry and trading practices. The 12 participants enjoyed their stay and took full advantage of the opportunities made available to them while in Japan.

The executives were selected from among a host of applicants by the "Board of Selection," which consists of the member organizations of JEF and the Japanese government (MITI). JEF provided full sponsorship, including international airfares, as well as accommodations and travel in Japan.

Düssel wrote in her report: "The study program was the first opportunity for me to go to Japan. The detailed, well-balanced and extremely well-organized program made it possible for me to have a very sympathetic first contact with Japan and gave me a thorough knowledge of the people, their culture and economic life. I would like to stress this point, because most of the people who go to Japan only stay for several days to arrange business or to participate in negotiations, and perhaps have some time left for sightseeing. During such short visits it is not possible to acquire a deeper knowledge and understanding of Japanese life."

The JASPIE program was divided into two parts: the participants first had an opportunity to take seminars, conducted by university professors, on Japanese society, its history, politics and economic development. These seminars provided an excellent basis for understanding the Japanese value system as well as the Japanese social and economic structure.

"This knowledge was essential for comprehending the actual economic situation of Japan, its industrial and commercial possibility, and Japan's role in international relations," stated Düssel.

The second part of the program included several company visits during which, in addition to observing production facilities, the participants were given opportunities to discuss with company employees matters like small group activities, quality control management and flexible manufacturing systems.

In order to get a total picture of Japan, said Thomas Niehaus, materials manager for Dover Corp. of Cincinnati, Ohio, and a program participant, it is necessary to observe how high the Japanese people's educational standard is.

"The historical emphasis on education was quite a surprise," he said. Although the emphasis on education in the West is quite new by Japanese standards, more and more people are receiving education at least to the senior high school level. The main difference is that of the quality of education among the different cultures and racial background of Western societies, as compared to the harmonious monoculture of Japan.

"We have a much greater challenge, and only time will tell if we are of significant character to successfully deal with this distinct difference between East and West," Niehaus commented.

Asked at a press conference during the seminar sessions how their images of Japan had changed, Düssel replied: "We all wanted to know about the so-called Japanese success and we have tried to find out the reasons. I cannot say that I had a misunderstanding of this before, but for me the study program was very worthwhile and has given me more information on this point. I might cite several factors, for instance, cooperation between management and employees. This is especially important because in Europe we have more friction and confrontation between management and workers."

On this point, Malcolm Sheppard, an international marketing executive with Kearney & Trecker Marwin Ltd. of Brighton, Britain, told the press: "I work in one of the industries which is caught up in a lot of the trade frictions which exist between Japan and the rest of the world. As I work in the fields of high technology and machine tools, I speak to a lot of people who have visited Japan. We are in competition with Japanese products almost every day. And one of the great surprises to me when I arrived in Japan was that I knew absolutely nothing about Japan. Though I am working on overseas marketing and have travelled to foreign countries a lot, I simply knew nothing about this country. So I conclude that in the U.K. at least—I think generally in Europe—there is very little understanding of Japan. This scheme designed by the Japan Economic Foundation is one of the most admirable things that can help Europeans know about Japan and its society and economy."

Dr. Erich Dippinger, vice president of Voest-Alpine, Austria, pointed out that workers in Europe "are sometimes taught by their politicians to blame Japan for the loss of their jobs because of social dumping in Japan. But I can frankly say that I have seen no sign of social dumping. The

living standard is very high, except perhaps for housing. But wages are quite high and the productivity, especially, of blue-collar workers is also noticeably high."

Japan's values: human relations and cooperation

A manufacturing executive, Paul T. Heanue, working for the Boston Gear Division of INCOM International Inc., told the press conference that his impression on coming to Japan was that Japan's values are based on human relations and cooperation as compared with those in America, which are based on competition in an extremely competitive society. "Workers and managers here in Japan discuss solution to the various problems they face," he concluded.

One who admired the absence of resistance to automation among workers in Japan was Roland Steinke, an engineering consultant at Makon Produktenwicklung GmbH of Hamburg. Noted Steinke: "As an engineer dealing with automation technology, I was deeply impressed by the fact that the group feeling of Japanese workers extends to the entire company, which makes it possible to improve productivity. This is quite different from Europe."

Observed Tom Niehaus: "I don't really know if there's a difference in management philosophies. Being here a month, we have been exposed to quite a few companies and working people as well as to quite a few lectures given by very prominent people. It appears to me that the basic resource in all good management is people. I think one thing the Japanese have done extremely well is that they practice what they preach. They are very good at personnel development and we are very poor."

"One thing I have noticed about Japanese companies and their management," added Sheppard, "is the feeling of togetherness that exists in companies. I think there is a fantastic cohesiveness in companies we have visited."

West Germany's Düssel emphasized the good relationship between management and company unions in Japan and said this "harmonious relationship makes it possible to divide the salary into one guaranteed basic part and the bonus, which can be reduced at times of economic recession. This system gives Japanese companies great flexibility as regards labor costs.

"Management and employees work together in an atmosphere of mutual trust," she continued. "Japanese workers' loyalty to their companies is rewarded in general by lifetime employment, fringe benefits

and the bonus system. Furthermore, the production results of a company in Japan are dependent not only on the technology involved but also on the ability and readiness of workers to do a good job."

Everyone who took part in the JASPIE program pointed to the high educational level of Japanese workers. As Düssel put it: "One important factor is the high level of education even of workers on the line. The general school education of about twelve years is followed by training on the job in the firms. Skills are diversified by practicing shifts from one working area to another in accordance with production needs. This enables the workers to have a more global view of all the production facilities."

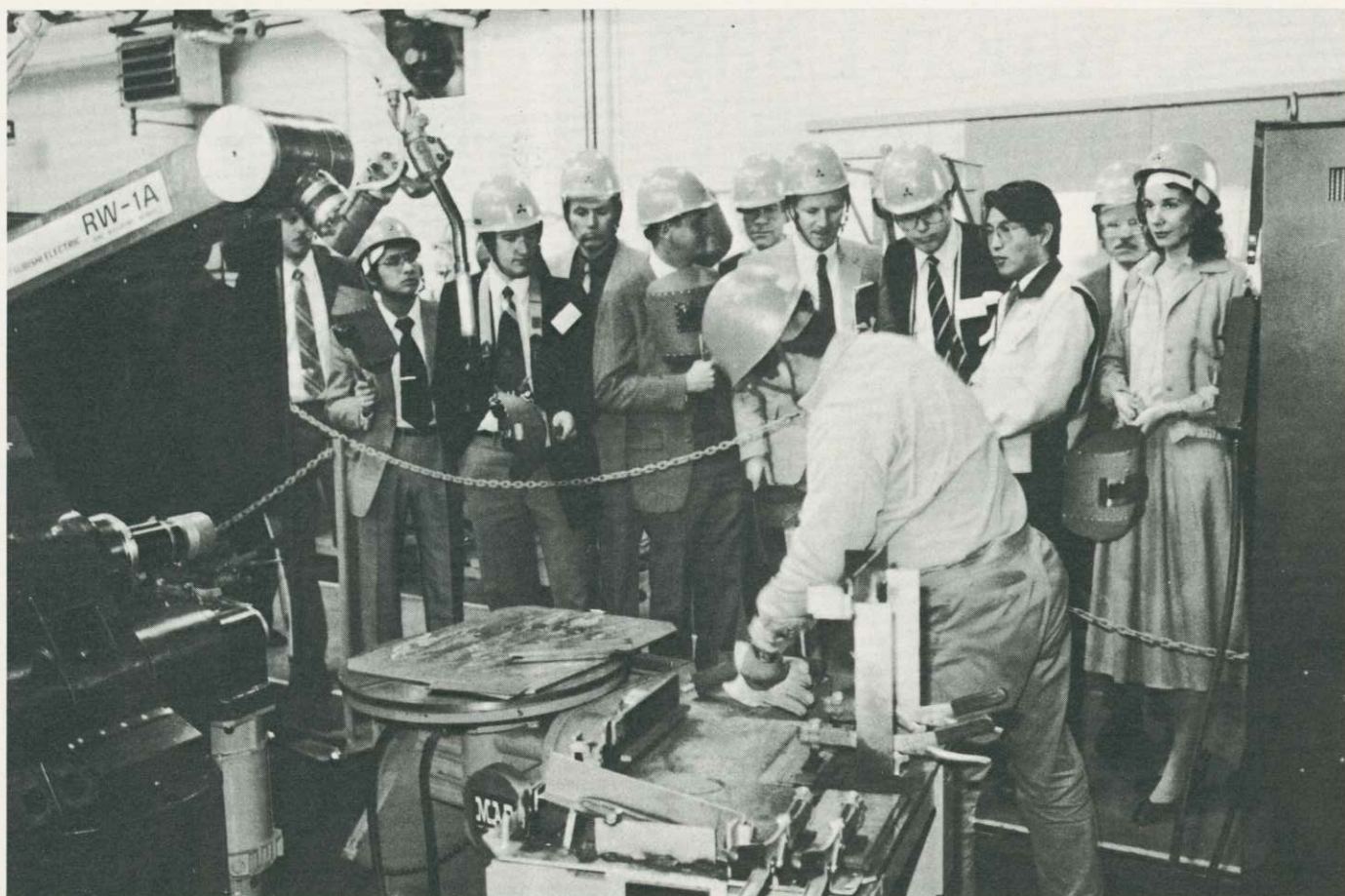
Despite this high level of education, the Japanese people are still willing to learn from abroad. This is what Giorgio Papetti, assistant to the chairman at Milano's Associazione Industriale Lombarda—Gruppo Giovani Industriali, emphasized in his report. Papetti found Japanese people to be "curious like anyone else in the world, but their curiosity is combined with an exceptional willingness to learn from other countries. Most Europeans think that their own country is the best in the world and they have no willingness to receive lessons from other countries."

Papetti also stressed that there is no class society in Japan, an important factor that helps eliminate possible conflicts between management and labor. He continued: "When I say this I do not mean that there is no discussion and different views among the staff members of a Japanese company. In any company in the world, there are people with different opinions and different points of view. But in order to achieve something important, we in the West tend to conflict, but in Japan they discuss."

As regards the remarkable achievements of many Japanese companies, Papetti and many other participants referred to the lifetime employment system as one of the most important contributors to Japan's economic success.

"This allows for more harmonious relations between labor and management, in addition to lessening the resistance to productivity improvements and automation," reported Niehaus. He also pointed out that such security is not present in Western societies, and productivity improvement and automation accordingly come very painfully. But although this has contributed to the historic success of Japan, he did not forget to ask, "What does the future hold?"

"Even though the population rate may have been stabilized," he warned, "an aging work force, the disappearance of labor intensive industries, and automation may result in such difficult problems as the West is now facing. Upon my next visit



The 12 participants of the JASPIE program view quality control operations at Mitsubishi Electric Corporation's Nagoya Factory.

to Japan, it will be interesting to observe how these problems are being addressed."

Adoption of Japanese techniques difficult

Although they found that Japanese management is highly efficient, some of the participants felt it would not necessarily be easy to adopt it in the business environment of their home countries. Timo Summa, a director of the Federation of Finnish Metal & Engineering Industries in Helsinki, said Finland has "studied the Japanese management style for many years. We have tried to import it, but value systems are so different that adaptation is very difficult."

Conversely, Jostein Refsnes, a director of Mekanisk Verksteders Landsforening of Oslo, reported: "Even if there is a difference in value systems and business cultures between the Scandinavian countries and Japan, I know in our country that Japan's management is looked upon as an alternative which some companies already have started to use."

Peter Meier, sales manager at Starrfrasmachines A.G. of St. Gallen, Switzerland, told a press conference after the program's "graduation ceremony," that in terms of limited natural resources, "both Switzerland and Japan are similar and

both countries have had to develop high technology and export similar things to foreign countries. Though Japan cannot export its management style to foreign countries because of differences in value systems, as our best resources are human beings, we should make the best use of our resources and exchange knowledge with each other. I think the courses we have just finished are a very good first step in this direction."

Nöel Girard, an electronics section manager at Merlin Gerin S.A. of Grenoble, France, found that in the factories he visited and his meetings with Japanese managers, the opinions expressed were "too uniform to be really credible, and nearly too beautiful to be quite true." Another striking fact he found on his company visits was that the 3,600 Citizen Watch Co. factory workers in Tanashi, Tokyo, offered as many as 220,000 suggestions a year to the factory management, many of which were actually adopted for productivity improvement, the betterment of products, quality control, and many other purposes. He wrote: "This means that more than 60 suggestions a year are offered by each worker—the sign of free and spontaneous participation by each worker in the company management. But this looks rather like an economic objective that everybody must

reach if he wants to show his loyalty to the company."

As the end of his report, Girard expressed some critical comments, saying it would have been interesting to "hear some criticism about the Japanese way of management, criticism that could be made by Japanese themselves. That is to say, the program could be more credible if you could diversify the choice of speakers. For instance, it could be interesting to hear some political leaders or trade union leaders who would criticize the present system."

Favorable or unfavorable, the JASPIE program this year made a striking impression on its participants. At the conclusion of the second Japan Study Program, Dr. Donald S. Williams, a staff engineer for TRW Inc.'s Defense Systems Group, commented: "Japan is changing rapidly with increasing room to maneuver. Just as a photographer cannot convey all the action, Japan's state at any one time does not suggest all of what is happening there. We have seen enough to know that we do not know many answers, but we have found that answers presented by Western consultants do not explain Japan's success. The program is one part of a solution to the problem of a proper representation of Japan, a unique reaching-out to communicate which is not practiced by other countries."