

# Inclusiveness and Exclusiveness of Japanese-Style Management Abroad -Some Evidence from Southeast Asia

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## Abstract

*Research has shown that, when Japanese companies go abroad, they continue to apply their distinctive Japanese-style management - with perhaps some adaptation to local economic and socio-cultural contexts. What has not been researched so far is how inclusive or exclusive Japanese-style management is for those working within the organisation. Based on case studies carried out in eight Japanese companies in Cambodia, Thailand and Vietnam, this paper investigates how Japanese and local managers and employees are either included or excluded by the values, management styles and ways of decision-making prevailing in their company. The evidence not only shows differences in perceptions but also reveals some questionable aspects of Japanese-style management. It seems to be much more exclusive than suggested by either most stereotypical re-search on or popular understanding of Japanese management.*



*Keywords: Decision-making, exclusiveness, inclusiveness, Japanese companies, Japanese-style management.*

## Abstrak

*Penelitian telah menunjukkan bahwa, ketika perusahaan-perusahaan Jepang pergi ke luar negeri, mereka terus menerapkan khas gaya manajemen Jepang mereka - dengan mungkin beberapa adaptasi terhadap konteks ekonomi dan sosial budaya setempat. Apa yang belum diteliti sejauh ini adalah bagaimana inklusif atau eksklusif gaya manajemen Jepang bagi mereka yang bekerja dalam organisasi. Berdasarkan studi kasus yang dilakukan di delapan perusahaan Jepang di Kamboja, Thailand dan Vietnam, makalah ini menyelidiki bagaimana para manajer dan karyawan Jepang dan lokal baik disertakan atau dikecualikan oleh nilai-nilai, gaya manajemen dan cara pengambilan keputusan yang berlaku di perusahaan mereka. Bukti-bukti tidak hanya menunjukkan perbedaan persepsi, tetapi juga mengungkapkan beberapa aspek yang masih dapat dipertanyakan dari gaya manajemen Jepang. Ini tampaknya jauh lebih eksklusif daripada yang disarankan oleh kebanyakan pencarian yang paling stereotip atau pemahaman populer manajemen Jepang.*



*Kata Kunci: Pengambilan keputusan, eksklusif, inklusif, perusahaan-perusahaan Jepang, gaya manajemen Jepang.*

**J**apanese-style management' is, the 'particular Japanese way' of managing companies, people, structures and processes - has been effective in Japan as well as overseas

(Abo, 2015; Firkola, 2006; Ichimura, 1985a; MacColl, 1995; Negandhi et al., 1985, 1987; Pudelko, 2009; Stiles, 2009; Swierczek and Onishi, 2003; Yacuzzi, 2011).

There has been a constant, though small, stream of research on Japanese-style management abroad in general (Abo, 2015; Bartlett and Yoshihara, 1988; Cool and Lengnick-Hall, 1985; Dedoussis, 1995; Tang et al., 2000; Yacuzzi, 2011; Ybema and Byun, 2009) and more specifically on how it works within a western context (Florida and Kenney, 1991; Noorderhaven et al., 2007; Tayeb, 1994) or within an Asian or Southeast Asian context (Gill and Wong, 1998; Ichimura, 1985a; Konomoto, 2000; Negandhi et al., 1987) - in particular in Thailand (Kosiyanon and Yoshihara, 1985; Onishi, 2006; Onishi and Mondejar, 2011; Sriussadaporn, 2006; Swierczek and Onishi, 2003), Vietnam (Kim et al., 2012; Nguyen and Aoyama, 2013; Vo and Rowley, 2010), Malaysia (Abdullah and Keenoy, 1995; Imaoka, 1985) and Indonesia (Ichimura, 1985b).

So far, Japanese-style management abroad has been investigated mainly along the lines of transferability and adaptability - that is, whether it can be transferred as it is or whether and how it needs to be adapted to the specific (economic and socio-cultural) local environments and conditions the companies face. What has not been researched so far is how inclusive or exclusive Japanese-style management is for those working within the organisation.

Thus, this research concerns the *inclusiveness and exclusiveness of Japanese-style* management abroad - that is, in what ways, and to what extent, Japanese and local managers and employees are either included or excluded by the values, management styles and ways of decision-making prevailing in their organisation.

The widely held assumption in the literature is that Japanese-style management is highly *inclusive* (e.g.

Alston and Takei, 2005; Ebisuno, 2014; Fukuda, 1988/2011; Moriguchi, 2014; Noorderhaven et al., 2007). Such a stereotypical portrait is mainly based on the well-known general features of Japanese-style management (Fukuda, 1988/2011, p. 72), such as group orientation (emphasis on group harmony, *wa*), community orientation (concern for people), collective decision-making by consensus (*ringi* system and *nemawashi*), group duties and responsibilities, life-time employment, comprehensive welfare programmes, seniority-based pay and promotion.

In contrast, it will be argued here that Japanese-style management (abroad) is indeed inclusive, *but in rather different way(s)* from those the popular literature suggests. It is *at the same time* inclusive and exclusive, *and* that *both* its inclusive and exclusive characteristics raise serious questions about the appropriateness of Japanese-style management.

The next section will introduce a conceptual model of the inclusiveness and exclusiveness of Japanese-style management, followed by a brief section describing the methodology of the research carried out. The subsequent sections will then provide findings and their analysis with regard to prevailing values, (personal) management styles, and decision-making and participation. Conclusions will be drawn in a final section.

## LITERATURE REVIEW

### *A Conceptual Model of the Inclusiveness and Exclusiveness of Japanese-Style Management*

Most business organisations are organised and managed in hierarchical terms - that is, organisational structures

and processes as well as social relationships are based on the principle of differentiation. Accordingly, the opportunities, rights and duties of all members of the social system are deliberately allocated unequally (Diefenbach, 2013, pp. 37–38).

In such a general sense, Japanese companies are not different from western companies (though they differ, of course, greatly in the scope and way they are organised). Thus, the question is, what does an organisation provide and mean for its various members? ‘Inclusiveness’ and ‘exclusiveness’ refer to the extent to which members of a social system are allowed to access, use and contribute to the generation of the resources a social system provides (e.g. material resources or intangible assets such as information, knowledge, privileges and prerogatives, social identities, relationships and feelings). ‘Exclusiveness’ means that members of the social system participate and benefit *unequally* – that is, that some members enjoy privileges (based on and justified by whatever criteria) whereas other members of the social system are systematically excluded from those privileges. ‘Inclusiveness’ means that all members of the social system participate and benefit (relatively) *equally*.

The phenomena of exclusiveness and inclusiveness have been operationalised for this research via three areas of organisational practice:

*Prevailing values:* What are the main principles people usually refer to in order to explain or justify certain practices or necessities? Do the prevailing values of the social system include or exclude members of the organisation?

*(Personal) management styles:* What

do people regard as the ‘right’ or at least legitimate (managerial) behaviour when they aim to realise and practice the prevailing values? How inclusive or exclusive are certain management styles?

*Decision-making and participation:* What are the main official and unofficial practices of making decisions? Who is involved in decision-making in what ways, and who is excluded from decision-making?

With regard to all three areas, Japanese-style management is usually seen as *very* inclusive, as the following elaborations show.

*Prevailing values:* It is assumed that Japanese companies function on the basis of deeply rooted Japanese cultural values of right feelings, dependence and mutual duty between people (Fukuda, 1988/2011, pp. 89–90). Such a strong sense of belonging and mutual dependency is encapsulated in the idea of *wa* (‘harmony’) (Noorderhaven et al., 2007, p. 1352; Tang et al., 2000, p. 538). Interestingly (and somehow intriguingly), for most Japanese (and also for many Asians), harmony co-exists easily with strong hierarchical relationships, high power distance and the principle of seniority (Fukuda, 1988/2011, p. 109). Because of individuals’ sense of belonging, their awareness of their social positions and the related requirements of those positions, and their willingness to behave accordingly (Durlabhji, 1993, p. 61), they *feel* included (whereas *factual* exclusion is not perceived as such, or is seen as less relevant).

*(Personal) management styles:* In the traditional organisation, managers are powerful; as superiors they are systematically empowered by hierarchical structures and processes,

by their access to specific resources, by their roles and positions and by their rights and responsibilities (Diefenbach, 2009, pp. 33–53). The extent to which individual managers make use of their power can lead, among other outcomes, to variations in management styles (e.g. authoritarian, paternalistic, or democratic/participative) that are in various respects either more exclusive or inclusive. For example, the ideal of the Japanese manager ‘is to develop a healthy relationship with his employees, to create a family-like feeling within the corporation, a feeling that employees and managers share the same fate’ (A. Morita, cited in Fukuda, 1988/2011, p. 91). With regard to such socio-emotional factors, Japanese-style management could be interpreted as quite inclusive.

**Decision-making and participation:** At the heart of Japanese-style management lies ‘consensual’ decision-making, which consists of the more formal process of *ringi* and the more informal process of *nemawashi* (Gill and Wong, 1998, p. 118; MacColl, 1995, pp. 376–378; Noorderhaven et al., 2007, pp. 1350–1353; Tang et al., 2000, p. 540). While the former refers to the repeated passing of documents or requests for decisions from subordinates to their superiors and to other colleagues with the intention of getting feedback, the latter refers to more unofficial and informal discussions between the people involved in the decision-making process. According to Tang and colleagues, ‘[i]n the consensual decision-making process, the manager will not decide until others who will be affected have had sufficient time to offer their views, feel they have been fairly heard, and are willing to support the decision even though they may not feel that it is the best one’ (Tang et al., 2000, p. 539). The *ringi* and *nemawashi* processes are primarily seen as

mechanisms designed ‘to minimize ... the conflict of interests endemic to the employment relationship’, ‘to soften organizational status differentials’ and ‘to ensure collective responsibility for organizational decision-making’ (Abdullah and Keenoy, 1995, p. 757). This is also reflected in the collaborative way management and Human Resource Management are understood and conducted within Japanese companies (Abo, 2015; Aoki et al., 2014; Ebisuno, 2014; Moriguchi, 2014; Onishi and Mondejar, 2011).

After the following methodology section the three areas of the conceptual model will be contrasted with empirical evidence gathered in the companies visited. Analysis will then examine how inclusive or exclusive Japanese-style management abroad actually is.

## RESEARCH METHOD

This investigation started from the assumption that most of the socio-psychological phenomena related to organisations and management are socially constructed (Berger and Luckmann, 1966) and are open to (varying) perceptions and interpretations (Weick, 1995) and analysis (Arbnor and Bjerke 1997). Therefore, interpretivist (Geertz, 1979; Schwandt, 2000), social constructivist (Gergen, 1985) and ethnographic (Samra-Fredericks, 2000) approaches were applied. This helped to obtain a better understanding of the perceptions, worldviews, motives and interests of the interviewees within their local contexts.

The empirical findings presented in this paper stem from four research projects examining Japanese companies in Cambodia, Thailand and Vietnam. The empirical parts of the research took place in 2013 and 2014. Qualitative



research methods (Saunders et al., 2002) were used, primarily in form of semi-structured in-depth interviews, some observations and group discussions. All in all, 34 semi-structured in-depths interviews were carried out with Japanese and local managers and employees in eight different Japanese companies in the three countries mentioned. All companies are subsidiaries of very large, globally active Japanese companies that are busy in a variety of industries (automotive, construction, engineering and trading).

In e-mail exchanges before the interviews we could explain and discuss the criteria for selection of interviewees. In all companies a broad range of Japanese and local senior and middle managers as well as local permanent employees from different departments served as interviewees. This broad mix across hierarchical levels enabled a diversity of views. However, the selection of interviewees was biased in the sense that no part-time workers and no previous staff was interviewed.

All interviews were conducted in English. However, occasionally either a Japanese or a local interviewee chose to formulate parts of their answers in their native language. In such cases their statements were translated immediately by a research assistant (three in total, one per country) who also attended the interviews.

The interviews were recorded and transcribed in an 'intelligent verbatim' way – that is, leaving out filler words, repetitions and completely unrecognisable statements. The interview transcriptions were coded independently by the research leader and a research assistant. First, the quotes were allocated either to one of the three main categories ('prevailing values', '(personal) management styles',

'decision-making and participation') or to a fourth category ('not clear/others'). Second, the quotes were coded to as to whether they were more in favour of 'inclusiveness' or 'exclusiveness', whether or not they referred to any kind of 'national culture stereotype/trait' or whether they showed an 'authoritarian/obedient' or 'independent' personality.

In a second round, the research leader and a research assistant compared their coding and discussed the differences. During this round it emerged that it was not entirely possible to consistently allocate quotes either to '(personal) management styles' or 'decision-making and participation'. These two categories seemingly are not completely distinct but overlap to some extent. Moreover, discussions about the sub-categories 'inclusiveness' and 'exclusiveness' showed that these are relative constructs – that is, they depend on what one regards as 'the standard' and what one regards as 'the phenomenon that is included or excluded'.

Finally, the coding was validated, either when both researchers initially agreed or when they had come to an agreement via discussion. In a few cases, quotes were left out either because their meaning was not clear (any more) or because the two researchers had very different understandings of the quote.

Although the coding of the quotes was put on a somewhat objective basis with the help of the categories and sub-categories, the coding was nonetheless done on the basis of subjective interpretations. This became especially obvious since all three research assistants working on the different research projects were Asians (Cambodian, Thai and Vietnamese) whereas the research leader was European.

## RESULT AND DISCUSSION

### *Prevailing Values*

There is a view that Japanese companies tend to be quite ethnocentric (Vo and Rowley, 2010, p. 223). This is probably true for most Japanese companies in Japan. Evidence from the Japanese companies visited, however, yields a more differentiated picture.

The relationship between Japanese parent companies and local subsidiaries is indeed very 'Japan-centric'. All authority rests with the parent companies, whereas local managers and supervisors execute orders rather than develop independent initiatives, have to report back home regularly, and are closely monitored through frequent communications and visits from the headquarters. Everything that happens between the headquarters back in Japan and the local subsidiary has to be done in accordance with headquarters' policies and practices. That Japanese companies do things 'the Japanese way' at the interface with their headquarters back in Japan is consistent with insights from other studies (Beechler et al., 1996, p. 3; Imaoka, 1985, p. 354; Konomoto, 2000, p. 1).

However, with regard to processes happening *within* the subsidiaries abroad – in other words, under their sole authority – there need not be a 'Japanese way' of doing things. Some interviewees even refused to use cultural stereotypes in describing or referring to social norms, social values or other social phenomena. Concerning how his company is managed, one Japanese managing director stated:

If we would start to do it the Japanese style, nothing would happen.

A Vietnamese middle manager and a Cambodian assistant manager made similar observations, respectively:

This environment is not a Japanese environment.

[Company name], although a Japanese company, is mostly local.

When asked about differences in management styles and work attitudes, one Japanese managing director commented:

There is no Japanese or Vietnamese – just international people and it comes down to individual persons ... It's not a culture gap, it's a communication gap.

At the level of general rhetoric it seems that none of the companies visited was particularly 'Japanese'. It may be that strong (self-)selecting processes at work had led to most people in the companies visited being predominantly 'internationally' oriented – people who do not normally or often think and act in culturally bound ways. Most of the Japanese and local managers and employees alike seemed to be culturally quite open minded and inclusive. Among the interviewees, the level of toleration of general, stereotypical cultural traits was higher than average.

But other values prevail in Japanese companies where there is no toleration of deviance or compromise. In *all* the companies visited, references to compliance with standards, following rules, orientation towards precision and working within schedules dominated discussions. Japanese and local interviewees were very convinced, and equally so, that 'everything should be scheduled' and 'all must be done the correct way'. One Japanese project manager in Vietnam brought home this point:

The most important thing is to have the right procedures in place.

Another Japanese manager, in

Cambodia, explained this idea even more strongly:

Guidelines, rules, standard operation procedures (SOPs) – we should create more, we should create more standards. Each operation should be standard.

Such strong norms were perceived by local managers and employees in all three countries as typical cultural traits of ‘the Japanese’:

They [the Japanese managers] pay a lot of attention to details, processes ... precision, punctuality.

Japanese are very strict, everything is according to schedule, they check very carefully.

It’s all about following the directions, the rules and regulations.

Comprehensive rule-orientation and compliance with standards does indeed correspond strongly with the Japanese cultural trait of high uncertainty avoidance (Gill and Wong, 1998, p. 118; Hofstede, 1983). This raises the question of to what extent cultural stereotypes can work as explanations of organisational behaviour. There is a strong position within anthropology, cultural studies and international management studies that management practices reflect national cultures (Gill and Wong, 1998, p. 121; Hofstede, 1984) and ‘that culture profoundly influences all aspects of management behaviour’ (Berrell et al., 1999, p. 578). From this perspective, shared values and discourses about ‘professionalism’ (interpreted here as complying with the policies, standards, rules and procedures in place) could be explained as a national culture phenomenon.

On the other hand, all the strong rhetoric

about (compliance with) ‘rules’ and ‘standards’ is perhaps understandable when one considers the industries the companies operate in; for automotive, engineering and construction companies, meeting standards and working to schedule is paramount. Hence it could well be that ‘industry’ was a much more relevant factor influencing prevailing norms and values than cultural traits. In this sense, although there might be *some* cultural characteristics and *some* truth to cultural stereotypes, within an organisational context it seems to be quite insufficient to refer to social issues in a vulgar Hofstedean way and to try to explain them (only) as cultural phenomena (Singh, 2007). The industry, the business and professional background, and the ‘necessities’ of the immediate work context might explain the prevailing norms, rhetoric and even behaviours better than national–cultural traits.

Either way, *all* of the Japanese companies visited had strong corporate cultures and were *highly inclusive* at the level of prevailing values. For individual managers and employees alike there was no chance to avoid the general rhetoric or to systematically ignore the rules and standards in their work. In this respect Japanese companies are not much different from other companies; the only difference is the scope, intensity and thoroughness with which organisational policies and procedures as well as people’s attitudes and work are tailored towards rules and standards.

### ***(Personal) Management Styles***

Although the Japanese companies visited had adapted to local conditions quite considerably, they had *not* changed their way of managing people and affairs. They applied a *top-down* management and decision-making approach (Negandhi et al., 1985, p. 100), which corresponds to how *ringi*

processes work within Japanese companies. In *all* the companies visited, the universal concept of hierarchical management and the classical superior–subordinate relationship were thriving. Several Japanese senior managers explained their understanding of being a manager:

If middle managers do not put pressure on people, it [the management concept] will not work.

Higher persons must show [the others] where to go.

All responsibility is with me.

This is consistent with the empirical literature on Japanese management abroad. For example, in his empirical research on Japanese management in Malaysia, Imaoka (1985, p. 354) found that the majority of local middle managers criticised the management practices of their companies as too authoritarian or as following top-down management practices too strongly. Konomoto (2000) found similar evidence in a large-scale survey of 34 Japanese companies with a total of 7,000 employees, operating in East and Southeast Asia. According to Konomoto (2000, p. 3), ‘Japanese subsidiaries in East and Southeast Asia are rigidly controlled and management has a tight grip on employees ... the style of management is top-down rather than bottom-up.’

Although top-down management is universal, particularly in Asian companies, it is often softened by some kind of paternalistic management. A. Morita (cited in Fukuda, 1988/2011, p. 91) explained: ‘The most important mission for a Japanese manager is to develop a healthy relationship with his employees, to create a family-like feeling within the corporation, a feeling that employees and managers share the same fate.’ Such an approach is able to address many important values and

expectations of Asian managers and employees at the same time. On the one hand, paternalistic management plays into the ideology and rhetoric of principles of seniority and obedience. On the other hand, it provides personal and caring welfare features (which are expected by many Asian employees: see Vo and Rowley, 2010, p. 233) – especially for those who are willing to fit in and to function well (Hung et al., 1999, p. 54). Accordingly, Japanese-based management with its comprehensive paternalistic features can be regarded as highly inclusive.

But, in addition to official management practices, management does seem to depend largely on managers’ *individual* personalities and their *individual* ways of conducting themselves and performing their management tasks. It was possible to identify highly individual approaches towards management that depended on managers’ personalities, personal values, experiences and attitudes.

One approach we came across among local managers was the classical authoritarian management style. One Cambodian manager explained how he talks to his employees and provides them with feedback:

Many blame from my side. Ok, sometimes it’s not polite, but many blame from my side: ‘What did I instruct you?’ [the manager asking his employee rhetorically] ...

Your work looks like a high-school student. Your current practice is like a BA [bachelor’s degree student], you need to change and practice like a MA [master’s degree student].

It is not difficult to imagine that professionals with several years of international work experience do not find such a management style appropriate or encouraging. But local



young employees also complained repeatedly about such management styles. One Cambodian assistant manager wrapped it up:

Most managers here don't have a good management style. They get too emotional or angry.

On the other hand, local employees were also critical of the 'emotionless' type of Japanese management style. For example, many Thai and Vietnamese managers and employees came forward with suggestions regarding how Japanese managers could improve their personal management style and attitudes:

Japanese managers need to learn to communicate, to open up.

A Japanese manager can't be strict. He needs to be kind. That's why Vietnamese [people] will work for him.

A Japanese manager needs to be sociable, needs to open up and be friendly with the people.

They should smile.

It seems that nowadays both the authoritarian and the rational management style, even when they are wrapped up in an overall paternalistic management concept, are perceived by many Southeast Asian employees as relatively inappropriate, unprofessional, discouraging and too exclusive. Both professionals (with some international studies or work background) and younger employees especially expect much more than just 'being told'. As one Cambodian assistant manager explained:

I don't want to be told that I have to do 1, 2, 3, 4 ... I work independently, but I am responsible for the results.

In addition to inclusive, participative and professional manager-employee relationships, employees also want to

see the 'human side' of their manager. They prefer more personal, 'warmer' interaction and openly demonstrated sociability, rather than the abstract, 'cold' ways of rules and regulations and introverted or authoritarian management styles.

This represents quite a challenge for Japanese companies and managers abroad or operating in Southeast Asian countries. They need to enable and to encourage their managers to demonstrate extraverted, empathetic, caring and supportive personal management styles towards their colleagues and employees. A Japanese director in a company in Thailand stated categorically:

You can't simply do it the Japanese way. You have to change.

Some Japanese managers, especially those with greater experience stemming from various overseas deployments, have managed to change their personal management style in that direction. They seem to have developed greater sensitivity to local socio-cultural characteristics (Konomoto, 2000, p. 1; Nguyen and Aoyama, 2013, p. 30; Yacuzzi, 2011, p. 65) and, more generally, to have broadened their cultural intelligence (Early and Mosakowski, 2004). This, however, is true about everyone, not only expatriate managers but also local staff. In an increasingly international and connected world, people need to have more cultural intelligence, need to become more open and inclusive, and need to think and act accordingly. At least some anecdotal evidence from the research carried out seems to indicate that Japanese managers with this kind of a personality, which translates into an outgoing, culture-crossing and empathetic management style, are comparatively more successful in their job, more appreciated by their staff and perhaps also more satisfied.

### *Decision-Making and Participation*

There were also conflicting accounts with regard to how decisions are made and to what extent people can actually participate in such processes. Within all of the Japanese companies visited, there was a strong official rhetoric about ‘openness’, that people can discuss issues and can participate in decisions. For example, some Japanese and local senior and middle managers stated that:

Compared to other Japanese companies, [company’s name] is very open.

We can say what we want.

We listen to our staff and they are involved in decisions.

Statements like these are consistent with large parts of the literature on Japanese culture and Japanese companies, which portray them as collectivistic social systems that value group harmony, interdependence and cooperation among members (Kim et al., 2012, pp. 444–445) where collective and consensual decision-making dominates (Alston and Takei, 2005, pp. 7, 77; Noorderhaven et al., 2007, p. 1350). In this sense, the corporate culture and decision-making within Japanese companies abroad could be seen as highly inclusive.

However, there could be a different take on this. According to Yacuzzi (2011, p. 8), ‘Decision making and control systems of the Japanese are not built on employee–manager participation and consensus decision-making, but rather are built on consultative or persuasive decision styles.’ It is actually the superiors who very often initiate such processes – or at least they are in charge of them and handle them in a rather top-down and political manner. Subordinates are allowed to play a part in those

processes, but only within the clearly defined and demarcated boundaries of their subordinate positions. It is always the superior who is in charge of the process and has the authority to make (final) decisions. Gill and Wong therefore concluded that ‘systems of participative decision making in Japan have not necessarily led to workplace democracy’ (1998, p. 120). On the contrary, processes such as *ringi* and *nemawashi* are used primarily as tools for ‘establishing and securing managerial control’ (Abdullah and Keenoy, 1995, p. 759).

In this respect, decision-making processes according to Japanese-style management are only in some technical sense participatory and bottom-up; the way they *actually* work is exclusive and top-down. But they work that way in more invisible and indirect ways than their western counterparts, via the paired processes of hierarchical ordering and control.

Moreover, the top-down approach towards management and decision-making is actually accompanied by *social exclusiveness*. For example, Tayeb (1994, pp. 145–146) found that ‘*ringi* decision making was often confined to Japanese nationals, and that this was even more true of the informal consultations (*nemawashi*) which preceded the actual formulation of a *ringi* proposal’. One Thai manager mentioned that:

All the important issues – Japanese people discuss them with Japanese people.

Even Japanese managers themselves acknowledged this fact:

And we, of course, discuss how to do things. But this is not shared with all the others.

Within the Japanese community we can share ideas.

Such opinions seem to reflect deeply held cultural beliefs. Fukuda (1988/2011, p. 12) mentioned that, 'Convinced of the uniqueness of their subtle and complex culture, the Japanese believe that no one who was not born and reared in Japanese society can ever truly become part of it.'

It is interesting that the Japanese manager last quoted talked about a Japanese community within the company. This constitutes evidence to support findings from other research to the effect that Japanese managers often form closed and exclusivist circles (Beechler et al., 1996, p. 19; Imaoka, 1985, p. 354; Negandhi et al., 1987, p. 74; Tayeb, 1994, pp. 145–146). Decision-making, then, takes place 'the Japanese way' indeed – crossing over the formal single line of command structures and including informal communication channels among Japanese at various levels and in different departments. As a consequence, Japanese managers form 'inner circles' within Japanese companies abroad, not only because of their formal position higher up in the organisational hierarchy but also because of the informal ways in which they communicate with each other. Thus, when fairly common hierarchical and managerial concepts are in place, Japanese managers are involved in crucial decision-making processes – mostly because of their higher formal position and also as a result of exclusive, informal ways of communicating. As a consequence, the Japanese working in a Japanese company abroad represent not only a 'Japanese community' but also an elite, if not *the* power elite, within the organisation.

Within Japanese companies, social exclusiveness works especially with regard to processes (managerial

decision-making) and positions (promotion) within the organisational hierarchy. Among Japanese, decision-making is participative, bottom-up and consensual. In contrast, decision-making practices are different as soon as non-Japanese locals are involved (MacColl, 1995, p. 385); in Japanese companies (abroad) there are *comprehensive and systematic* management and decision-making policies and procedures in place that exclude non-Japanese from important decisions. Local managers and employees, it seems, are systematically excluded and disadvantaged. The lack of participation of local managers in decision-making and their reduced chances of being promoted to senior management positions (Beechler et al., 1996, p. 19; Negandhi et al., 1987, p. 74) seem to be further characteristics of Japanese companies abroad.

It may well be that the Japanese company reflects Japanese cultural values such as harmony, group orientation and community spirit, or working for the collective good and collective decision-making (Firkola, 2006, p. 116; MacColl, 1995, p. 376). But it does so only for *some* (namely for Japanese managers) whereas *many* are *not* included (for instance local managers and workers). In this respect, the 'Japanese community' actually represents an informal and factual power elite within Japanese companies abroad and protects its members' positions, power and influence through various mechanisms.

However, Japanese-style management is not entirely exclusive with regard to decisions. Whereas local managers and employees are largely excluded from important decision-making, they are, of course, fully included in all the task-related activities related to existing

structures and processes of Japanese companies (or the implementation of existing or new policies and routines). Thus Japanese-style management is largely used, as it is meant to be, in quite subtle, imperceptible ways, as a method of securing hierarchical dominance and managerial control for the Japanese managers (Abdullah and Keenoy, 1995, p. 759). According to Konomoto (2000, p. 4), 'Japanese companies in East and Southeast Asia control their employees carefully and monitor everything they do. As a result, the atmosphere is rigid. In such an atmosphere, employees cannot be expected to engage in active discussion or volunteer their opinions.' In this way, Japanese-style management is somewhat inclusive.

Nonetheless, the rather limited inclusion is perceived quite critically by many local managers and employees. *Social exclusion* from managerial decision-making as well as from (senior) positions within the organisational hierarchy is quite an issue in Japanese companies abroad. In particular, local professionals and middle managers appear to be dissatisfied with how management and decision-making are conducted in the companies they work for (Hung et al., 1999; Imaoka, 1985, p. 354; Konomoto, 2000). For all the official rhetoric of openness – and perhaps in spite of some extraverted personal management styles, too – local managers and employees feel alienated and that they are treated in rather authoritarian ways, and refuse to participate in important decisions in which their actual expertise and work-related interests, let alone their professional identity, entitle them to have a say. Quite a few local managers and employees provided critical comments of this ilk:

We don't have much power. Normally what they say we have to follow.

I feel that I don't have real authority. They still ask you: 'Why?' and you still need to get approval by another level higher up.

They [Japanese managers] should respect more our ideas, they should use more our ideas.

We want to have a right to be more included [in important decisions] – but it's not easy.

Indeed, there are great cultural differences as to just how much people will accept greater power from superiors (power distance) or would prefer to see themselves as independent and in control of their own lives (individualism) (Hofstede, 2007). However, the sense of being excluded from decision-making processes is *not* so much a culture-bound phenomenon. It is a common reaction in *any* subordinate who faces exclusive organisational structures and processes but would like to have more opportunities to participate, more individual responsibilities and a say – not only about his or her operational tasks but also about everything that influences the work context, including strategic and business decisions. Such a desire is probably shaped by individual characteristics more than by cultural traits.

## CONCLUSION

How inclusive or exclusive is Japanese-style management (abroad) – that is, in what ways, and to what extent, are Japanese and local managers and employees either included or excluded by the values, management styles and ways of decision-making prevailing in



their organisation? The findings and analysis provided above painted a more differentiated picture than a common understanding might suggest. Japanese-style management is *at the same time* inclusive *and* exclusive.

Japanese-style management abroad is indeed very inclusive, especially at the level of prevailing values – but *not* in the culturally romanticised sense in which the literature portrays Japanese companies. At least abroad, it is not traditional Japanese values such as harmony, belonging, mutual dependency or obligations that make Japanese companies so inclusive. Instead, it is ‘modern’ values of industrial and tightly controlled professional work – such as complying thoroughly with policies, rules and standards – that are responsible for this inclusivity.

Concerning (personal) management styles, Japanese-style management abroad provides a more mixed picture. With its comprehensive paternalistic features it, again, is quite inclusive. However, Japanese or local managers who show (too) authoritarian or rational personal management styles easily exclude and alienate (local) staff. Japanese managers exclude via an inappropriately high power distance and extensively showing negative emotions; local managers exclude via too little social interaction and by showing little or no emotion – at least in the perceptions of many local staff. In contrast, a more outgoing and participative personal management style, combined with cultural intelligence perhaps stemming from work experience in various cultural settings, is much more inclusive.

Japanese-style management abroad is quite exclusive when it comes to decision-making – and here it is mainly *socially exclusive*. All the empirical

evidence consistently shows that Japanese managers seem to form ‘inner circles’ within organisations abroad where decisions are made ‘the Japanese way’. These inner circles stretch over hierarchical and departmental boundaries and seem to be entirely organised according to nationality. Language might play a role, but it is probably more nationality or cultural background and corresponding (shared) values and attitudes that decide who belongs to the ‘in-group’ and who is in the ‘out-group’. Whatever their professional background and personal attitudes, local staff are simply excluded from important decision-making.

As the research shows, the claim – or the impression – that Japanese-style management is inclusive and harmonious is quite a naïve and an overtly culturalised and romanticised description of Japanese organisations. Contrary to popular views, once abroad, Japanese-style management is neither bottom-up nor entirely inclusive or participative. On the contrary, in many respects it remains top-down, exclusive and authoritarian. At the same time, references to ‘harmony’ remain a core part of the prevailing rhetoric – perhaps even more so in Japanese companies abroad, because now the claim of harmony stretches over cultural boundaries and is even more inclusive. (Open) conflict is avoided – but unequal social positions and fundamentally different interests continue to shape organisational realities. A strong emphasis on harmony, which goes hand in hand with a strong sense of hierarchy (Noorderhaven et al., 2007, p. 1365), is a typical paradox of Japanese companies – and perhaps of all hierarchical social systems, such as orthodox organisations (Diefenbach, 2013).

Like western management models (for

example Taylor's scientific management), Japanese-style management denies controversial social phenomena such as (striving for) power and social dominance, unequal formal positions and organisational politics. But, while such phenomena are denied at the official level, they are more than present in the *actual* mechanisms and organisational realities of Japanese companies. Decision-making mechanisms such as *ringi* and *nemawashi* are also used for suppressing critical or deviating opinions that could disturb the allegedly harmonious relationships (Taka and Foglia, 1994, p. 143) and thereby threaten superiors' positions and prerogatives. The alleged 'harmony' within Japanese society and Japanese companies is largely official rhetoric emanating from superiors and internalised (self-)conditioning generated by subordinates; the two, together, make sure that the existing power differentials and inequalities remain intact and continue to work smoothly. We need more critical interrogations of Japanese values, business and management practices in order to obtain better understandings of the complex nature of these phenomena and the real consequences they bring for individuals.

If one sees Japanese organisations like this – that is, in more critical and differentiated ways – one becomes aware of the danger of romanticising Japanese-style management. Resorting only (or primarily) to traditional cultural values and to Hofstede's cultural dimensions in order to explain social phenomena leads to culturalised and idealised descriptions (and in fact Hofstede (1983) himself made it very clear that his cultural dimensions can only explain about half of the phenomena he interrogated). Specific conditions (such as socio-cultural trends,

industry, corporate culture or actual working conditions); socio-psychological aspects; or the personalities, moral convictions and attitudes of particular people might be much more relevant factors than national cultures and cultural traits. I would suggest that, when we want to explain social phenomena or at least make sense of them, we should refer to culture or cultural traits only when no better explanation is available – that is, as a last resort.

Although this research attempted to shed some light on organisational phenomena in a differentiated and multi-faceted manner, it nonetheless was rather limited. Since only interviews were used for gathering data, the findings are restricted to what a limited number of people said within a certain situation. Interviews are, like every research method, quite limited. Determining how a particular management style really happens within an organisational context or within Japanese companies abroad would require the application of more methods and ways of gathering data – for example attending meetings, analysing e-mail content and having formal and informal conversations until one finds out what happens 'behind closed doors' (where probably some of the most interesting parts of decision-making processes take place).

Moreover, this research was limited to a few companies in three Southeast Asian countries. Although such a case-study approach can reveal some interesting insights, more research of this kind would obviously make the findings more robust, would broaden the analysis and would deliver more comprehensive as well as differentiated insights.

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