THESIS SUMMARY

Vaszkun Balázs György

One Hundred Years of Management: American Paradigms and the Japanese Management “Reloaded”

Doctoral thesis

Supervisor:

Prof. Dr. Dobák Miklós
Head of Institute

Budapest, 2012
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# Table of Contents

I. The topic and the research guidelines ................................................................. 6
II. The field research study ...................................................................................... 8
   II. 1. Methodology and research design ................................................................. 8
   II. 2. Preparing the field study ............................................................................. 9
   II.3. Data collection .............................................................................................. 10
   II.4. Panel, validity, relevance, and reliability ...................................................... 11
   II.5. My role as a researcher ................................................................................. 13
III. Research findings ............................................................................................... 13
   III.1. Confirmation of our hypotheses ................................................................. 13
   III.2. Answering the research question and understanding the various kinds of pressures on management systems ......................................................... 14
IV. References .......................................................................................................... 19
V. List of the author’s relevant publications ........................................................... 21
I. The topic and the research guidelines

I have always been fascinated both by history and the professional way in which large multinational firms operate. So I feel very happy, that I could combine the two topics in this thesis. It reviews approximately the last hundred years (basically the time since mass production) in American and Japanese business history, with a focus on the evolving management of large firms, and attempts to give a background on why Japanese management did not profoundly change after the bubble burst crisis. Its logic, as detailed in the following chapters, is summarized in the table below:

<table>
<thead>
<tr>
<th>Research area / question No. 1.</th>
<th>How do national patterns of systematic, conscious and planned management evolve with time?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theoretical framework:</td>
<td>Contingency Theory &amp; Change theories</td>
</tr>
<tr>
<td>Evolution is mainly due to an adaptation process to changing external conditions</td>
<td>Historical Analysis</td>
</tr>
<tr>
<td>It may be radical or incremental, driven by internal and/or external factors</td>
<td>of the American and Japanese Management Thinking</td>
</tr>
<tr>
<td>Assumption:</td>
<td>In American Management History, we witness major transformations at a regular pace</td>
</tr>
<tr>
<td>Japan’s reluctance to change can be (at least partially) explained by institutional, agency and transaction cost theory.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Research area / question No. 2.</th>
<th>What does Japan’s society think of its traditional management and how would they like it to be?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis 1:</td>
<td>Attitudes in society must match the recent trends of management practices.</td>
</tr>
<tr>
<td>Hypothesis 2:</td>
<td>Important groups in society still support the old ways Japanese firms have been governed.</td>
</tr>
<tr>
<td>Hypothesis 3:</td>
<td>The Japanese management system is so embedded with so many interconnections that partial adaptations are made very difficult without ructions to the whole system.</td>
</tr>
<tr>
<td>The Japanese management system</td>
<td>in detail</td>
</tr>
<tr>
<td>• What is Japanese Management?</td>
<td>Field research study</td>
</tr>
<tr>
<td>• What are its main characteristics?</td>
<td>• Verification of H1, H2 and H3</td>
</tr>
<tr>
<td>• How did they emerge/evolve?</td>
<td>• Clear picture on post-bubble attitudes</td>
</tr>
<tr>
<td></td>
<td>• Towards a new management system?</td>
</tr>
</tbody>
</table>

The subjects and questions which this thesis deals with are not new: for almost every separate part, several books have already been written—sometimes more than several.

the works of Tsutsui (2001), Fruin (1992), Hirschmeier & Yui (1981), Totman (2006) and Pyle (1996). For describing Japanese management itself, I draw not only from the “classics” (Abegglen, Cole, Dore, Fruin, Gerlach, Gordon, Hatvany, Inagami, Jacoby, Lincoln, Nakane, Ohmae, Ouchi, Pucik, Sako and Whittaker) but also from the work of younger researchers, as well as of Japanese and Hungarians. The field study was also designed after the thorough study of a wide-range sources, including Japanese ministries, cabinet office and various governmental organs, the findings and benchmarks of international organizations, or researches carried out by Dore (2000), Thomann (2008), and Inagami & Whittaker (2005).

However, the unique way of summarizing and presenting old ideas, and the way in which the field study and the analysis was carried out, are new in this thesis. The theoretical model of change analysis is also my own work. With this contribution, even some of the old facts gain here a new significance. Every day we live in slightly new circumstances, important changes happen, and every day may lead us to new experiences or deeper understanding of our life. Therefore, I believe that it is always possible to invent a new message of historical roots.

The following, general question will serve as a guideline through the whole dissertation: **How do national patterns of systematic, conscious and planned management evolve with time? What forces (especially internal ones) may impact these patterns? The answer to our question will be given through the following steps.**

1. **step:** Creating a theoretical framework which will help us to deal with change along two dimensions: the source of pressure (internal vs. external), and the pace and scale (radical vs. incremental) of management change.

2. **step:** Following up the American vs. the Japanese management history. Further questions: How can one hundred years’ history be synthesized and described? Can we identify specific periods which may be homogeneous inside but heterogeneous compared to each other? How can we evaluate history and change?

3. **step:** Describing Japanese management: a preparation for the field research study. Further questions: How can national or macro-level characteristics of management be defined? In order to deal with change of a given management system, one has to separate the pre- and the post-change status of the system. This involves the need for specific guidelines or dimension which can be followed through the analysis. How can Japanese management be described? Which dimensions or guidelines may be relevant for the analysis, according to contingency theory? How the system evolves along these dimensions?

4. **step:** Research plan and action, confirming or rejecting our theoretical findings. Further questions: Would the Japanese not want to change? Or do they wish to, but are prevented by the system which is too deeply rooted? What do they think of the traditional management
elements of Japan? Who does support the current system and managerial structures, and who does want to change them? Answering these questions will help us to evaluate the internal drivers of change in Japan and estimate in which direction this system is supposed to make further changes.

**Hypotheses:**

- The majority of the trends summarized in the dissertation reflects the general attitude of society.
- The majority of the Japanese managers and salarymen support most of Japan’s managerial characteristics, but there are other (probably less powerful) groups in society which do not.
- Every element is significantly connected with at least another one within the group the managerial characteristics.

**II. The field research study**

**II. 1. Methodology and research design**

The theoretical framework and the literature of the dissertation draws mainly from qualitative research and case studies, and the lack of relevant, statistically proven, quantitative findings and studies was apparent for the author.

Institutionalism gave us some understanding of inertia and of why big structures change only incrementally. One advantage of questioning people may be that it better clarifies the human side of change: whether people support change or not and why, or what kind of attitude they have towards each phenomenon examined. Our change theory and the dominant institutionalist approach in Japan would suggest that recent developments since the early 1990s, summarized previously, must reflect the attitudes of people in Japan towards traditional management.

Foreign commentators often display amazement at statistical evidence showing that the main Japanese companies still maintain their old ways in management. Considering those research data, we will assume that a significant part of Japanese society supports those traditional practices, presumably because that is where their social power originates from. This group might be important in numbers (proportion) or in power, compared to the rest of society. Another possibility is that elements of the Nippon management system are so interconnected that it becomes hard, if not impossible, to change one without affecting the others – which creates further obstacles to significant transformation.
Our research must bring a clear picture on these issues. We must clarify what the general attitude of society is in Japan, including representatives of all groups (employed and unemployed, male and female, young and senior, etc.), to the 30 management characteristics described previously. Also, we must find whether there are supporters of these elements, and, if any, who.

To answer our questions and evaluate the hypotheses, the statistical tools of crosstabs, correlation matrix, cluster analysis, multidimensional scaling and discriminant analysis will be used.

**II. 2. Preparing the field study**

All “classical” elements of the Japanese management system described by literature have been listed (see Table 1) and then transformed into variables for a questionnaire. The aim of this questionnaire was to unveil attitudes of Japanese society (including foreign residents) to management and to test the three hypotheses formulated in the previous point. To achieve that, we had to gather at least one feedback per item, or more, if the topic was sensitive or deeper understanding was needed.

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<table>
<thead>
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<th></th>
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<tbody>
<tr>
<td><strong>I. táblázat:</strong> Management practices as in the 80s–90s in Japan and in the US</td>
<td></td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
</tr>
<tr>
<td>1. A small living area with frequent catastrophes</td>
<td>“Unlimited” land and resources</td>
</tr>
<tr>
<td>2. Collectivist culture, Confucianism</td>
<td>Individualist culture, values based on Christianity</td>
</tr>
<tr>
<td>3. Historical isolation, late industrialization</td>
<td>“Brain drain”, (rel.) early industrialization</td>
</tr>
<tr>
<td>4. Developmental State and protected markets</td>
<td>Open, liberal state, anti-trust policy</td>
</tr>
<tr>
<td>5. An economy with continuous growth</td>
<td>Unstable economic growth</td>
</tr>
<tr>
<td>6. An ambiguous and rigid labor market</td>
<td>Competitive external labor market</td>
</tr>
<tr>
<td><strong>Intra-organizational context</strong></td>
<td></td>
</tr>
<tr>
<td>7. Easy-to-train and devoted employees</td>
<td>Professionals with generally valuable skills</td>
</tr>
<tr>
<td>8. Superiors are more managers than leaders</td>
<td>Strong leadership culture (along with management)</td>
</tr>
<tr>
<td>9. Male dominance, homogeneity</td>
<td>Diverse society and corporations</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td></td>
</tr>
<tr>
<td>10. Stakeholder orientation</td>
<td>Shareholders are above all</td>
</tr>
<tr>
<td>11. Cost leadership (vs. product differentiation)</td>
<td>Differentiation, competitive distinction</td>
</tr>
<tr>
<td>12. Spin-offs, start-ups, diversified portfolios</td>
<td>Divestment, outsourcing, core competence</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td></td>
</tr>
<tr>
<td>13. Big and complex, U-form based group hierarchy</td>
<td>Anti-trust culture, M-form structures, market rules</td>
</tr>
<tr>
<td>14. Large boards dominated by insiders</td>
<td>Small boards with outsiders, even at CEO level</td>
</tr>
<tr>
<td>15. Central HRM, prevails over finance</td>
<td>Finance dominance</td>
</tr>
<tr>
<td>16. Processes of decision making: a consensual approach</td>
<td>Top down or convincing/voting</td>
</tr>
<tr>
<td>17. Working teams (open office, group seating…)</td>
<td>Competition encouraged, cubicles, individual performances</td>
</tr>
<tr>
<td><strong>HR / OB / Employment philosophy</strong></td>
<td></td>
</tr>
<tr>
<td>18. Recruitment from schools</td>
<td>Entry and exit at any age</td>
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</table>
Out of the 30 elements, 26 could be operationalized and thus have at least one variable which could be measured in the survey. To the items generated by the operationalization, a total of 73 questions, we added two extra statements as general or control variables, forming a total of 75 questions. With the aim of drawing a contrast between responses and the literature, all the questions had a similar logic: one part formulated a level of support for a managerial practice, and the other part offered an argument found in literature, in order to help respondents to understand the issue. Some items were formulated reflecting a positive view on traditional management, some others were the opposite, in order to monitor the respondents’ attention. Following a test phase with ten respondents, the final questionnaire was uploaded to the Surveymonkey website and all respondents answered online.

II.3. Data collection

The questionnaire survey was conducted in Japan between March, 2010 (start of the test phase) and August, 2010 (last data collected).

Although the aim of the research was to reflect the opinion of Japan’s society as a whole, some key target groups were designated for the questionnaire in order to ensure meaningful data. These target groups were managers (practitioners, potentially dominant group at present), professors in BA, MA, or MBA level business programs (academic experts, potentially dominant group at present), and business students (potentially dominant group for the future). In parallel, control opinions were to be collected from other, diverse categories, with the aim of having respondents from different hierarchical levels, different locations, different nationalities, with balanced gender and age cohorts.
Respondents were recruited using three methods. One was snowball sampling based on the researcher’s personal network. The second was targeted mailing and contact to business professors at different universities, who answered the survey together with their students. The third group was provided by an online marketing agency operating in Japan (Macromill). By September 2010, a total of 880 questionnaires had been collected.

II.4. Panel, validity, relevance, and reliability

The online collecting method proved to be a good way for limiting missing data. All variables were mandatory to answer before going on to the next page (except for the income level at the end), and, as a consequence, there are no random missing values. In addition, all incomplete questioners were ignored.

On the other hand, we must also recognize that collecting responses online has its disadvantages as well because no personal contact is made with the respondents to help them if needed, and the process of giving responses has also less control. However, the monitoring of the respondents’ honesty can also be ensured with an online process and the lack of physical contact can also be an advantage because respondents have less influencing factors. In our case for instance, using the built-in checking system of the questionnaire for controlling coherence and the level of attention of respondents, incoherent answers were also filtered out in order to enhance the reliability of the data. Ready for further analysis, the final panel contained 796 answered questionnaires. Presumably, we expected to discover what kind of person a supporter of traditional practices is by using cluster analysis. A picture on the connections between the measured elements would be acquired ideally with correlation matrixes and multidimensional scaling techniques.

51.6% of respondents are male compared to 48.4% female. They range from 19 to 74 years old and the highest tenure is 42 years in the same company. For their country of origin, 86.8% are Japanese, 4.4% came from other Asian countries, 3.5% from Europe, 4.2% from Anglo-American countries, and 1.1% from elsewhere. Roughly 40% are single, 49% married, 11% live in a relationship. About 40% have children and 60% do not. Among the respondents, 88% have already worked in Japan, 96% plan to do so in the future, and 54% live in Kanto (Tokyo area). They are relatively well educated as more than 63% hold at least a BSc degree.
Some remarks are also to be made on possible measurement errors as all quantitative analysis have some (Hair et al., 2006). In this paragraph, the main issue will be the reliability of the database, as its validity was ensured mainly by the thoroughgoing analysis of related literature. While reviewing history, sociology and similar field studies, the author was able to grasp an accurate understanding of the phenomena in question and their operationalization.

The internet-based collecting of responses can be first mentioned as a factor endangering the overall quality of the database. Respondents could answer when and where they wished to do so, but also without any control of the researcher. In order to ensure a better reliability to the data, all incomplete responses (about 10-20%) have been ignored as they were taken as proofs for a lack of motivation. Also, the author filtered out responses as detailed in the previous point. The remaining responses have three key characteristics which provide a generally good reliability to the database: (1) they were registered in an appropriate timeframe, about 18-19 minutes on average; (2) they are all complete; (3) they have some basic internal coherence which proves that the values were given in a conscious way. However, as it is often difficult to make difference accurately between these options, we must assume to have some degree of measurement error in the database. The answers to the profile questions may be reasonably accurate, although not perfectly precise.

Another risk of reliability is the sampling: since respondents were not selected at random, we cannot know how representative their views are for the whole society. Although translations were double-checked for accuracy and efforts done for the universality of meaning, possibly different interpretation of the same notions or cultural assumptions may lead to distortions and limit the generalization of our findings. At last for the interpretation of data, one must not forget these responses may be wishes but are certainly not facts.

Respondents’ feedback made clear that some felt it difficult to judge on two things at the same time. Actually, respondents not only rated a management practice but also the reason why they liked or rejected it. That was on purpose: those statements were purely based on existing literature (which might contain errors) and aimed to collect feedback on the literature as well.

To sum up, we can assume that the fact that respondents could express themselves in 75 different ways made the overall database valid enough to work with. Fortunately, our sample is big enough to attenuate the risk factors mentioned above. Finally, due to the questionnaire in Japanese, respondents did not have to be English-speakers or part of a specific group or have a specific background in international business. In that respect, the survey creates opportunity for a deeper understanding of local attitudes and a better comparison between national patterns.
II.5. My role as a researcher

Beyond the testing phase, I did not have any physical contact with the respondents. I did not have any means of influencing their answers, neither did I have any personal influence myself for the interpretation of the data. Being native Hungarian, I could remain neutral in national affairs as well between Americans and Japanese, concerning both historical and data analyses. The chapter on the history of American management draws mainly from American sources, although Japan is shown through more diversified lenses: Americans living abroad or in Japan, Japanese living abroad or at home tend to have different perspectives on the same phenomena. I try to show these perspectives in their diversity. Along the thoughtful process of research design, questioning, data analysis and generalization, I attempted to keep away from having personal value judgments or marked opinion concerning Japan’s past, present, and future.

III. Research findings

III.1. Confirmation of our hypotheses

Our short analysis was based on three assumptions: (1) there is a link between recent trends of management elements (institutions) and the societal attitude towards them. (2) One or several group(s) of people is (are) still strongly in support of traditional Japanese management practices and they must be important in terms of number and/or social influence. (3) The elements of the Japanese management system are highly interconnected—which probably makes change even more difficult.

We have found evidence for all the three hypotheses: a good match between theory and observation, two significantly supportive clusters which largely outnumbered the rest of the panel and represented a higher level of social influence as well, and more than one pair of correlations for each of the 26 elements operationalized. We stated that the old system is probably supported by senior Japanese males who work as regular (core) employees or managers in rather large companies and enjoy long-term employment. Another group was also identified as a contrast to the former one, with younger members, more diversity and a higher level of education. As they grow older, the second group may become socialized into the Japanese system as happened in the past, or continue to reject traditional methods. In this latter case, Japanese management ought to change more dramatically in the near future.
We also succeeded in compressing the 26 operationalized management characteristics into eight main indicators and, based on the results of a discriminant analysis, we found that respondents’ attitudes are finally ranging along three logics or aspects: growth, group emphasis and insiderism.

**III.2. Answering the research question and understanding the various kinds of pressures on management systems**

The aim of this thesis was to make it clear how national management patterns can change. We attempted to answer the question with a focus on historical facts and quantitative evidence; noting that management, including most of our bibliography, is a topic generally discussed on a qualitative, case study basis. We have covered three main topics: we have started with a short historical presentation of how management thought evolved in the US and in Japan, described what management meant in a large, so-called “traditional” Japanese company, and examined to what extent this traditional management fits the general public’s taste today. We will shortly summarize what we have learned concerning these main topics and what sort of impact this knowledge may involve.

We have presented in Chapter 2 and 3 the management history of the last one hundred years in the US and in Japan respectively. We had specific goals with this parallel, such as to identify so-called “paradigms” and to provide a picture on the pace of how these changed in both countries. We distinguished four distinct paradigms in the US: Scientific Management, Human Relations, Structural Revision and Global Competition. They have ostensibly spread in the world catalyzed by the globalization and the growing American influence, especially after World War II. The evolution of management through these paradigms has been combined with the evolution of contingency theory and the resulting figures and parallels helped us to frame all the major areas of management within this evolution framework: production technology, organizational behavior, organizational structure, strategy, leadership, etc. Concerning change in management, we differentiated incremental versus drastic, and internally versus externally driven changes. Through these distinctions, we acquired both a clearer picture on the national motors of corporate change, and a tool to evaluate national characteristics in regards of management change. The essence of this learning for the case of the US is summarized in the following table.
2. táblázat: Paradigms and the evolution of the management system

<table>
<thead>
<tr>
<th>Period</th>
<th>Production efficiency</th>
<th>Human efficiency</th>
<th>Structural efficiency</th>
<th>Strategic means of survival</th>
</tr>
</thead>
<tbody>
<tr>
<td>1910s-30s</td>
<td>Scientific Management</td>
<td>Welfare services</td>
<td>Division of work, Weber’s bureaucracy</td>
<td>Production plans</td>
</tr>
<tr>
<td>1930s-50s</td>
<td>Oper. research, Management Science, Qual. Control</td>
<td>Human Relations</td>
<td>U-form structures</td>
<td>Strategic analysis, Forecasting</td>
</tr>
<tr>
<td>1950s-70s</td>
<td>Automation</td>
<td>OB, theories of decision-making and motivation</td>
<td>Structural Revision</td>
<td>Knowledge Management Excellence monitored by Controlling</td>
</tr>
<tr>
<td>1970s-90s</td>
<td>McDonaldization</td>
<td>Corporate culture, empowerment, entrepreneur-ship</td>
<td>Matrix structures, BPR</td>
<td>Global Competition</td>
</tr>
<tr>
<td>Current trends</td>
<td>Robotics, Web-based technologies</td>
<td>Leadership</td>
<td>Virtual structures, start-ups, web-based processes</td>
<td>Strategic alliances, Sustainability, new channels of communication with customers</td>
</tr>
</tbody>
</table>

Source: author

The paradigms and the different cells of the table are not distinct and there is no clear-cut beginning or end for these concepts. There are roots in every cases (cells before the paradigm for each column), and there is a continuity, a “life” after the dominant period for each paradigm. Linking the main paradigms with the main corporate functions is to highlight and support this idea.

In the American history, change between paradigms implied rather large-scale and deep effects, whereas the Japanese seem to keep the focus on the Scientific Management (or production-oriented) paradigm which was only party altered by the others (HR, etc.). It may be that enhancing the ways of production until perfection has been so emphasized in Japan that this perfection finally turns the system into a more rigid one and the means (efficiency) becomes an aim in itself. We had the same feeling analyzing correlations in the survey: every element seemed to be highly embedded into the system. To complete another loop of understanding, based on the theories raised in Chapter 1, we can structure these paradigms in the matrix of management change as in Table 3. The table is a graphical way of emphasizing the different level of reactivity in the two countries’ management systems. The analysis of the two different systems greatly helped us to understand the dimension of pace in the matrix.
3. táblázat: Paradigm changes in the US and in Japan

<table>
<thead>
<tr>
<th>Incremental pace (and scale)</th>
<th>Radical pace (and scale)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal source of pressure</strong></td>
<td><strong>External source of pressure</strong></td>
</tr>
<tr>
<td>(Institutional or Evolutionary)</td>
<td>(Long-term partnership)</td>
</tr>
<tr>
<td><strong>Internal source of pressure</strong></td>
<td><strong>External source of pressure</strong></td>
</tr>
<tr>
<td><strong>Source:</strong> author</td>
<td></td>
</tr>
</tbody>
</table>

The difference could be partly explained by the agency and transaction cost theories: we have found that the American governance was based on the principles and rules of the agency theory, whereas Japan sought (especially from the late-40s) to reduce transaction costs as much as possible, which can be achieved by more stable contracts and relations, among other factors.

Once again, we have examined and tested the recent transformation of the Japanese system based on our matrix of management change. We could identify all the four types of changes as described below.

For internally-driven change with radical impact, we witnessed some central reforms which, at least for some authors, transformed the corporate life in Japan. The aim was typically to reduce corporate insiderism and make large groups more transparent. These changes may be categorized as externally-driven in some cases, as the Japanese government often acted under foreign pressure, in order to attract more foreign funds into the struggling economy after the bubble burst.

Still internally driven, but more incremental, institutionalist change could be analyzed thoroughly with a field survey study.

We found incremental (in some cases with quite significant pace and impact), externally driven changes in form of foreigner pressure for more liberal markets, less trade protection, greater transparency in corporate governance, or the four global trends described in Annex 2: the increasing power of capital and shareholders, the innovative competition for customers, the intensifying groupism and alliances, and the greater need for leaders.

Needless to say, change depends much on sector, too. Dramatic change happens rather in the most competitive sectors, such as the automobile. We omitted to deal with change by industries because it would have grown too big and we had to keep focus on national patterns. Our aim was not to draw the picture of a representative Japanese company either, if such a thing exists. Rather, we attempted to approach the kind of large firms which are likely to be found in Japan today.
Therefore, the management characteristics, described in Chapter 4, are not necessarily present in every Japanese company, and certainly not to the same extent. They are to be seen rather as the primary colors in the toolkit of a painter: they will be a constituent part of all firms but this itself does not guarantee a good picture, neither a homogeneous set of pictures in the end.

Among the new managerial trends in Japan, we found several points of note. The challenge of the ageing society involves an altering demand, and a decreasing labor force, which raise further need for adjustment in the business system. Mass-immigration as a solution to the ageing of population is rejected by Abegglen (2006) who noted that it mostly causes new problems to be solved, such as delinquency, growing unrest and social conflicts. Rather, heavy use of automation and robotics may bring a remedy, along with the increasing role of female labor and the retirement age to be extended. The trend of the hollowing out of the Japanese industry forced by the extensive labor and the high yen implies also, that rather than importing laborers, labor-intensive jobs would be given to China and other East-Asian countries.

Another current hot topic is animated by Japan’s monetary and fiscal problems, such as the high yen or the increasing national debt. Here again, no consensus could be reached among economists whether deflation represents a problem and how much inflation or deflation should be in a national economy. We also saw the problem of inefficient service and food sectors: the industry where Japan reached world-leading efficiency is moving out, while the inefficient service and food sectors stay and remain protected. Consequently, we are witnessing a move towards a more balanced economy (less dependence on exports), public support for the traditional HR practices, and a continuing strong role of the government for instance in promoting egalitarianism (Blomström et al. 2001, Abegglen 2006, Aoki et al. 2007). It is also clear that the role and importance of capital versus labor remains a key factor in maintaining or altering the Japanese management system.

Of all issues, the most significant might be this latter (the shareholder versus stakeholder debate), since its future development will certainly define a large stake of the Japanese management. There are entire books focusing only on this dilemma. As we could see earlier, the traditionally shareholder US receives and makes laud arguments today stating that focusing merely on profit drives the economy bad and better care must be take of the other stakeholders (i.e. Washburn, 2009). In Japan, the other extreme of the scale, arguments go in the opposite sense. The majority of analysts could tend to evaluate the American model as superior until the 2000s, but the corporate scandals of 2001 reset a certain balance between the two systems again.
In this thesis, we argued that there is no winner between the two. Society must decide which way to go, but the visibility is often jeopardized by coexisting, contradictory logics: path dependency and convergence is and will be present at the same time in every economy. In our analysis, it became clear that Japanese society prefers incremental reforms: the majority agree that Japan must improve transparency and shift to performance-based schemes, but no radical move is needed toward shareholder sovereignty. Worsening performance indicators such as foreign trade balance may trigger a deeper change of attitudes in society but one must be cautious in linking management directly with performance. We examined this relationship within the framework of contingency theory but saw the difficulties in evaluating performance on one hand, and, on the other, stated that macroeconomic factors, rather than the corporation may be the main source of performance at a national level.

Nevertheless, it would be rash to conclude that national management patterns cannot have a direct impact on performance. In that matter, the strategic question raised as Paradigm 2.0 may be of key importance. The Japanese focus until today remained on scale and scope economies and production efficiency, although the most competitive production plants are being hollowed out in countries with cheaper labor. The business sectors remaining in Japan, such as the agriculture or the domestic services, are behind in the competitiveness game. Common wisdom would suggest that a developed country must make a shift when its labor becomes significantly more expensive than its competitors and find other value-adding possibilities such as innovative products, creative services, brands with enhanced market value, etc. However, the moment when this shift is required is not clear-cut and some performance indicators in Japan such as the positive trade balance, the low unemployment rate, peaceful industrial relations, or the low level of delinquency do not push for radical change. Still, Japan must decide for the form of capitalism that it will take in the twenty-first century, and we attempted here to provide an overview of the possible direction. The traditional stakeholder-oriented view looks interesting and might have more social value, but offers a weaker capability for change and for “creative destruction”. The question is: to what extent Japan will approach the shareholder scheme.
IV. References


V. List of the author’s relevant publications

Journal articles:

Accepted, forthcoming papers:

Book chapters:

Conference papers

Accepted, forthcoming conference papers:
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