

# **HOW RELEVANT ARE JAPANESE MANAGEMENT TECHNIQUES IN INDIAN ORGANISATIONS**

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## **Abstract**

*Quality, efficacy, and forward-thinking innovation are the pillars on which Japanese management practices have built their reputation. It is clear, given the proliferation of Japanese enterprises in India, that Indian businesses have profited from their presence, and that Indian management styles have been inspired by Japanese ones. Despite the fact that the Japanese have had a good impact, it is necessary that the string of labor unrest in the organizations with which the Japanese have partnered be addressed, along with its underlying causes and defining features. In this work, a comparative analysis of the overall features of Japanese and Indian management practices and styles as well as evaluations of the fundamental reasons of labor discontent from an Indian point of view are presented. Research that is comparative in nature has been carried out under the following five headings: employment policy, industrial relations, work organization, operational and managerial factors, and operating strategy.*

**keywords:** *Japanese, Management, Techniques*

## **Introduction**

As a result of recent shifts toward greater globalization and liberalization, Indian businesses have been forming partnerships with their counterparts in other countries with the purpose of establishing joint business units both in India and in other regions of the world. The car industry is a significant sector that has seen the greatest number of collaborative efforts in India. One of the better examples is provided by Maruti Suzuki, Toyota Kirloskar, and Hero Honda. The liberalization of the Indian economy has made it possible for global automakers such as Toyota, Honda, and Hyundai to establish manufacturing facilities there and compete successfully in the Indian market. These measures have encouraged the Indian labor force to engage in cross-cultural work environments, as well as to follow and respect the management principles and value systems of other nations, while at the same time ensuring that firms adhere to the legal system in India. However, it is also a truth that these collaborations in the car industry of India have resulted in the worst and most serious labor difficulties and have even caused the closure of manufacturing facilities. This is a fact that cannot be disputed. Unrest among workers occurred at the Maruti Suzuki factory in Manesar in 2010, at the Toyota Kirloskar motors plant in Bangalore in 2014, at the Honda Motor cycles facility in Gurgaon in 2005, and at the Hyundai motors plant in Chennai in 2012. These are just some examples. The purpose of this research is to investigate the commonalities between each of these labor unrests as well as the factors that led to their occurrence. In order to accomplish this goal, it is essential to conduct a comparative analysis of the management principles utilized by the nations who will be participating on the project. The focus of comparative research on management principles is, in a general sense, on the parallels and dissimilarities that

exist between the various business and management systems found in different environments. This research is limited in its comparative analysis of Japanese management concepts with those of India.

**Analyses of Differences** The investigation of the similarities and differences between the management styles of Japan and India may be broken down into the following five categories:

1. Employment policies
2. Industrial relations
3. Work Organization
4. Operational and Managerial aspects
5. Operating Strategy

**Employment Policies** In Japan, the recruiting process only takes place once a year on average, and practically all of the candidates are recent high school or college graduates who have never had a job before. In these types of recruitments, the recommendations of professors play a significant part in the selection process; nonetheless, the selection is often based on the selection criteria established by the organization. Indian recruiters never hire from schools, and even while they employ from college campuses, faculty recommendations play no role in the recruiting process. Instead, the recruitment process is purely dependent on the criteria set out by the organization. During the selection process, the recruiters place a greater emphasis on the participants' personalities than on their skill sets. In contrast, Indian recruiters place a greater emphasis on the participants' skill sets as well as their competences. In contrast to the Japanese philosophy of trying to "catch them young," which encourages companies to acquire recent college graduates and teach them, Indian businesses prefer to hire candidates who already have relevant work experience. The practice of hiring employees for certain posts in the event that a replacement is needed is not one that is followed in the Japanese environment. They never conduct recruitment for open positions and instead promote from within to fill any openings that arise. Lifetime employment is a characteristic of Japanese enterprises that has frequently been cited as the primary reason that sets the Japanese employment system apart from others across the world. In accordance with this policy, employees are provided with the assurance of total job security, regardless of the performance of the economy. Employees, for their part, are expected to continue working for the same firms they now do and not look for appropriate employment elsewhere. It is difficult to get work in Japan while you are in the middle of your career as an employee. There is no such thing as a lifetime employment guarantee in the Indian business world; instead, workers frequently switch jobs in search of greater pay, which often results in their moving from one firm to another. Employment that lasts a lifetime is contingent on the social and cultural elements that are able to maintain it in Japan. People in Japan place a similar amount of importance on their employer and use it as a kind of self-identification, much to how people in India do with their family name. Although it is common practice for Indian businesses to fire employees for reasons relating to the economy or to the individual's performance, the management style of Japan strongly discourages this practice. Other employment policies, such as benefits for long service and a finely graded rank system, which ensures employees of prospects for progress, are implemented in order to encourage employees to remain in the firm. This encourages employees to remain in the company. When it comes to promotions, seniority is the only factor that matters in Japanese organizations, at least for the first 12–15 years of an employee's tenure. A promotion does not necessarily come with additional responsibilities. Because of this, a person who has been "promoted" into a higher position in a Japanese company may continue to do the same duty that they have been performing up to this point even if they are now at a higher rank. Because rank is the primary factor that determines salary, pay is also largely determined by length of service. Age, marital status, and the number

of dependents are further factors that go into the calculation of compensation. The performance of an employee often has a minimal impact on the amount of money that he is paid. The gap in pay that exists between the highest and lowest levels of a Japanese company is much narrower compared to those seen in Western and Indian companies. There is no consideration given to criteria such as age, marital status, or family size when determining an employee's promotion or compensation in Indian organizations that use a performance-based assessment system. Promotion and compensation decisions are made exclusively on the basis of an employee's performance. The practice of conducting annual performance reviews is not common in Japanese businesses. There is a possibility that Indian middle and senior managers would push back against initiatives to close the status gap that exists between them and the workforce. Even among those who really do the physical labor on the shop floor, the idea of having to have lunch alongside janitors and sweepers is quite unlikely to be well received. Both extensive training while working and job rotation are considered to be standard practices in Japan. Every worker is responsible for acquiring not just the abilities required for a specific activity but also those required for tasks that are related with that task. Because it produces employees who are highly adaptable to changing circumstances, Japanese businesses invest a significant amount of money in such training. The rigidities that are inherent in the system of lifelong employment are fought against by these firms using this as one of the mechanisms. Even if management is compassionate and open-minded about many elements of the employment situation, it zealously maintains its prerogative to assign people to occupations without necessarily considering the employees who are affected by the assignment. Specialization has traditionally been the rule in both the United States of America and the United Kingdom. The objective of labor unions has been to defend workers' employment, thus they have pushed on specific job descriptions and clear lines of demarcation between different types of work, which employees are not allowed to cross. It appears that one of the most important aspects of Japanese management practices is the development and upkeep of a workforce that is both adaptable and capable of doing a variety of tasks. The following table provides a synopsis of the cultural distinctions that exist between Japanese and Indian management practices in employment procedures.

### **Industrial Relations**

When compared to their counterparts in India, the labor unions in Japan feature a very distinctive organizational structure and temperament. The Japanese labor unions are referred to as "Enterprise Unions" in this article. This means that only workers of the firm may become members of the union, and the employees' interests and functions are highly congruent with those of the management. In India, a private corporation as well as a government institution would typically have more than one labor union or trade union, as it is known in India. These unions are created with obvious political backing and political goals, and they generally have more than one labor union. Workers sign up for membership in these labor unions due to their interest in politics. One other distinguishing characteristic of the trade unions in India is that they may include members who are not part of that organization but will be representing the political party. This is an example of a contrastive feature. The interests of Indian trade unions are diametrically opposed to those of management, and they are wholly committed to the well-being of their members' workforces. In contrast to other countries and especially India, Japan's labor and management relationships are not marked by the hostility and conflict that is so common in other parts of the world.

### **Work Organization Group**

There is a significant difference between the Japanese and Indian work organizations in terms of their direction, which is a reflection of how the principles of division of labor are applied. The division of labor is carried out at the level of groups within Japanese work organizations, whereas it is carried out at the level of individuals within Indian work organizations. There is not a clear demarcation between the duties that people play within a group in Japanese culture, and individuals are expected to step up and take on responsibilities whenever and however they arise. The Japanese management system is superior to other management systems because it is built on the foundation of a group-level division of labor, which is also the reason why the Japanese management system is superior. In addition to the division of labor at the group level, the following factors have been highlighted as important: completeness of planning and attention to detail; efficiency with which work is organized; concern with quality; quantity of checking and rechecking; focus on rules and processes; and strictness of discipline. It is no longer a stretch to say that Japanese management is linked with concern for quality. The quality of the finished product is integrated into the manufacturing procedure in a method that is known as "total quality control." At each and every stage of the manufacturing process, quality is double-checked and sometimes even triple-checked. It is important to note that the employees themselves bear the weight of the duty for quality as well as the obligation for the development of quality. The Japanese also place a strong emphasis on maintaining a clean work area and routinely testing all of the equipment, both of which are the employee's duty.

### **Operational and Management Aspects**

When compared to businesses in India, the job descriptions in Japan are more open to interpretation. The primary reasons for this are the firm adherence to an internal promotion strategy as well as the division of labor at the group level. As a result of the promotion from inside approach, there is no clear demarcation between the workers and the management of the company. There is just one difference between the Directors and the Workers, and that is their status. In India, the lines between jobs are well delineated, and it takes a significant amount of work on the part of an individual to cross those lines and become distinct. Peons, clerks, officers, low-level management, middle-level management, top-level management, and directors are some of the job titles that may be found in India. There are also many other job classifications. The hazy line that separates different positions in Japan reflects the fluidity of authority and responsibility in the country. The members of the group as a whole are held collectively responsible for the completion of the work that was given to them, and their authority is derived from reaching a consensus both within their own group and with other groups. Making decisions by collective consensus is an additional "cardinal principle" of Japanese management. For the purpose of arriving at decisions that are agreed upon by all members of the organization, they use a bottom-up strategy. In Japan, there is a significant lack of centralized control over the decision-making process. As a result of the fact that the proposal for a decision is sent to all of the workers, including those working on the shop floor as well as the directors, it is impossible to place accountability for choices on certain persons or at a specific level. The workplaces of Japanese corporations are often vast halls filled with rows upon rows of desks. There are no dividers or barriers to separate the various work zones. Even for top executives, private offices are quite uncommon. There are a number of conference rooms around the walls, and they are usually utilized for gatherings with people from the outside. This style of organization promotes the open flow of information, inhibits the emergence of status consciousness, and offers little place for "individual differences" to show themselves in the décor and room arrangement of a space. This particular office design may frequently be seen in American and British businesses that are owned or managed by

Japanese individuals, and it is possible that these individuals will use it in India as well. To reiterate, it's possible that the Indian mind isn't easily able to adjust to this type of equality.

### **Operational Strategy**

The foundation of the Japanese organizations is a concept that was held by the founder and is embodied in a statement that provides an overview of the spiritual values held by the enterprise. The spiritual ideals are subsequently transformed into operational values by them. Slogans are used extensively across Japan. Slogans are condensed, simple words that can be readily learned and recalled. They are utterances of the collected knowledge of the people. In contrast to the organizations in India, Japanese businesses place a greater emphasis on keeping very strong working relationships with their bankers, suppliers, and dealers. In India, commercial organizations do not place as much of an emphasis on these relationships. Indians are completely oblivious to the success of their subsidiary organizations.

### **Japanese Management**

It is believed that Japanese HRM (JHRM) is comprised of three components, sometimes known as 'three sacred jewels' (sanshu no jingi). They are the lifelong employment system, also known as shushin koyo, the seniority-based salaries and promotion system, also known as nenko joretsu, and enterprise unions, also known as kigyobetsu rodo kumiai (Itagaki, 2009; Iida and Morris, 2008; Rose & Kumar 2007; Kiyokawa, 2007). However, it has become abundantly evident that many Japanese businesses now have a realistic attitude to the economic issues of the previous two decades and have embraced a hybrid industrial model, which incorporates practices such as lifelong employment with merit-based remuneration (Economist, 2007). This is a significant shift from the more idealistic approach that was taken by many Japanese businesses in the past.

### **The Japanese Business Environment**

For Japanese corporations, the latter three decades of the 20th century were a time of unprecedented levels of investment in countries outside of Japan. After the strengthening of the yen that occurred as a result of the Plaza Accord in 1985, Japanese foreign direct investment outflows grew from US\$12 billion in 1985 to US\$22 billion in 1986. They continued to expand at an annual growth rate of 45% until 1989, when they reached a historical peak of US\$63 billion (IMF, 2002, page 13). During this time period, almost 70% of JFDI was directed against the United States and Europe. This resulted in an abundance of study being conducted on the transfer of Japanese management in the United States of America and Europe (Dore, 1973; Wickens, 1987; Abo, 1989; Jones, 1991; Kenney & Florida, 1993; Naylor, 2000). Even though Japan was the seventh largest overseas investor in the world in 2001, the country's foreign direct investment (FDI) had dropped back down to US\$32 billion of the world outflow, which is equivalent to 4.5% of the world's total (IMF, 2002, p.13). Japan remained the seventh largest worldwide investor in 2010, despite two decades of dismal economic development at home, accounting for US\$56 billion of world outflow (UNCTAD, 2011 p.9). Despite this, Japan was still the seventh largest global investor in 2010. According to Imai (2011), starting in the 1980s, the Japanese government began a process of reducing its control over the economy. In 2003, Prime Minister Koizumi implemented changes with the intention of transforming Japan's economy from one that was driven mostly by government initiatives into one that was driven more by market forces. The domestic and global environments have become increasingly difficult for Japanese companies. In areas such as home electrical items and computers, overseas Japanese companies are facing greater competition from companies based in nations with lower production costs, such as China. According to Abegglen (2006), Japanese businesses need

to be more vigilant about protecting their intellectual property, particularly in relation to China, because some of them have already sold technology to companies that may be considered their competitors.

### **Japanese Management overseas**

It is well documented that Japanese firms carry their human resource management systems with them when they expand overseas. This entails the transfer of staff in addition to techniques such as kaizen, which stands for "continuous improvement." It is also a generally held belief that Japanese corporations bring their manufacturing processes overseas with them. In addition, there has been considerable investigation of the effects that Japanese management has had especially in Asian countries. It would appear that Japanese HRM practices, such as those that are exemplified by the Toyota Production System form a vital part of Japanese firms' overseas strategy. This is despite the recent Toyota recall crises. However, a study (which found that Japanese firms only transfer those HRM practices which can easily be assimilated into the existing business culture) found that that Japanese firms only transfer those HRM practices which can easily be assimilated into the existing business culture. The outcomes of more recent research lend credence to this assertion.

### **Conclusion**

Neither all of the Japanese businesses that operate in India have all of the Japanese management techniques that are discussed in this paper, nor did all of the Indian businesses that collaborated with Japanese companies lack the initiatives to strategically address the cultural incompatibilities that arise as a result of the collaboration. Both groups of businesses are represented in this article. In spite of the fact that every approach and style of management that has been chosen assures increased efficiency and productivity, a cultural mapping still has to be carried out before it can be implemented. This assists in detecting the degree to which different cultures are incompatible with one another with regard to all of the dimensions of cultural mapping. It is vital to assess and compare the cultural features of the two different management styles in order to design methods to reduce the incompatibilities and yet achieve excellence in the workplace. Learning about the Indian culture by the Japanese and learning about the Japanese culture by the Indians is also extremely essential. The different facets of the Japanese management style that are covered in this article are new to the context of India, and they are really more effective and yielding than what is performed here. This study focuses on India. Our work and methods will undoubtedly benefit from the transformation that will be prompted by the collaboration with western and Japanese experts. We have high hopes that this article will serve as a driving force in the aforementioned course of action.

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