The Dark Side of Japanese-Style Management: A Critical Discourse Analysis of followers’ perception of leadership

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Abstract
In general, Japanese-style management is characterized as bottom-up from the viewpoint of leadership, while American-style management is typically identified as top-down. Such an interpretation, however, is perhaps inaccurate from other points of view. This paper aims to give a critical interpretation of the bottom-up process in Japanese companies through discourse analysis of a follower’s perception of leadership. As a result, it was found that American-style leaders with their defined vision and strategy actually left considerable discretion to followers, that is, it was the American-style that was more bottom-up in comparison with the Japanese-style in this sense.

キーワード
日本的経営、批判的ディスコース分析、協働的統制、エンパワーメント、フォロワー中心のリーダーシップ研究

論文要旨
リーダーシップ・スタイルという視点から見ると、一般に日本の経営がボトムアップであるのに対して、米国企業ではトップダウンによって特徴づけられることが少なくない。しかしながら、別の観点から眺めるとうこうした解釈は誤りである。そこで、本研究では、フォロワーによるリーダーシップ認知についてディスコース分析を行うことで、日本企業におけるボトムアップ経営に批判的な解釈を与えることを企図している。その発見事実は、明確なビジョンや戦略を掲げたリーダーに牽引されている米国企業では、多くの自由裁量の余地があり、結果として日本企業よりもむしろボトムアップ的なプロセスがあることが分かった。
The theme of the 2010 AOM annual meeting in Montreal was ‘Dare to Care: Passion and Compassion in Management Practice and Research’. Japanese HRM such as lifetime employment and the seniority system have provided a workplace environment that allows employees to work without undue worries about significant salary reduction, demotion, and firing. The system of HRM inspires high organizational commitment in employees so that they voluntarily tend to work overtime without compensation. In addition, lower-level employees are given extensive discretion in the fields of R&D and production. These factors have encouraged product and process innovation in Japanese companies and have been a source of competitive advantage for a long time (Abegglen, 1958; Nonaka & Takeuchi, 1995; Ouchi, 1981, Pascale & Athos, 1981). Japanese-style management, in a sense, can be interrupted as ‘compassion management’. In other words, ‘compassion management’ in Japanese companies has developed the core competences of organizations.

The aim of this paper, however, is to reveal the darker side of “compassion management” in Japanese companies through a study on leadership using a social constructionist perspective. Specifically, I will illustrate how the distinction of leadership style, the degree of freedom of a follower, and the oppression of individual initiatives are related to each other by analyzing discourse from middle managers as the followers of top management in Japanese and American owned companies in Japan. Most Japanese companies, according to Porter (1996), have no strategy. This critique means that Japanese top managers do not have the ‘passion’ to express a clear vision and strategy, or that they fail to communicate them to their followers. In contrast, American top managers have a predilection to exercise ‘passionate’ leadership through presenting a clear and strong vision and strategy. How does this difference affect followers’ behavior?

I will therefore focus on the relationship between negative aspects of Japanese-style management, in particular, the leadership style and the bottom-up process. I conducted interviews with some middle managers in Japanese and American companies for this investigation. My primary concern was how a follower (middle management) perceived the leadership of his or her leader (top management) and then recognized his or her discretionary power. In terms of their perception of leadership, the discourse of middle managers in Japanese companies was typically different from that of their American counterparts. As a result, I ascertain some interesting findings and implications for management.

The difference between Japanese-style and American-style management

In general, it is often said that an American company is very different from a Japanese one in terms of its management style (Iwata, 1977, Ouchi, 1981, Pascale & Athos, 1981). Some of the typical differences in relation to this research question are shown in Table 1. As mentioned above, the HRM system in Japanese companies has enhanced employees’ organizational commitment, in particular, affective or normative commitment (Meyer & Allen, 1991). Employees instead devote themselves to their companies while they are provided a workplace environment free from anxiety about significant salary reduction and firing. Companies appreciate employees’ dedication to and trust in them, which allows significant discretionary
leeway.

These aspects encourage high organizational commitment among many employees while offering them job satisfaction. I think both the company and the employee establish a mutually beneficial relationship, so-called ‘win-win relationship’ as compassion management. Considering the fact that most decisions are made through top-down leadership and are centralized in American companies, the American management style is often characterized as ‘managerialism’. I can therefore make the point that Japanese-style management is characterized by the term ‘employeeism’ and hence is compassionate.

One of the most notable features in Japanese companies, as Mintzberg (1994) argues, lies in the process of strategy formulation for environmental adaptation, that is, the Japanese process is emergent whereas the American one is planned as indicated in Table 1. The fundamental concept that underpins the strategy-making processes in Japanese companies is closely related with the policy of HRM, empowerment and leadership style.

2.1 The policy of HRM and Empowerment

There is no denying that employee participation is a key factor for empowerment. Compared with American-style management, Kato (2003) notes Japanese-style management is characterized by the fact that most companies, especially larger organizations, have long adopted a participative employment system. He dissects the features into the two major aspects of financial and nonfinancial participation and made a further distinction between top level and grass-root level participation (Kato, 2003, pp. 40-41). What Japanese companies offer as employee stock ownership programs and profit-sharing bonuses is regarded as financial participation. In comparison with the fact that American companies generally give executive officers their stock, Japanese companies can generate a sense of unity among employees. In addition, Japanese companies can instill a consciousness of company-wide profit in employees by linking their bonuses to corporate performance. These financial participations can give employees a sense of corporate ownership and have an alignment effect with organizational and individual objectives.

Meanwhile, the labor-management council plays an important role in top-level nonfinancial participation. At the grass-root level, office get-togethers (e.g. drinking party after work) and small group activities (e.g. QC circle) are frequently organized in Japanese companies. Both a company and the employees share significant information with regard to the company’s policy (e.g. strategy and

| Table 1  A Comparison between American and Japanese-style management |
|------------------|------------------|------------------|
|                 | American Companies | Japanese Companies |
| Leadership Style| Top-down          | Bottom-up         |
| Delegation of Power| Centralization    | Decentralization  |
| Adaptation to Environment| Radical        | Incremental       |
| Realization of Strategy| Planned process  | Emergent process  |
| Base of Motivation | Extrinsic Reward  | Intrinsic Reward  |
| Commitment Style | Job and Carrier (Continuous OC) | Organization (Affective or Normative OC) |
vision) and employees’ ideas (e.g. request of working conditions, opinions and suggestions of R&D and production) with one another in such participative meetings. These formal and informal communities in an organization serve to harmonize views between labor and management (Iwata, 1977, Kato, 2003; Ouchi, 1981, Pascale & Athos, 1981).

2.2 Empowerment and Leadership style

Japanese CEOs, not especially sole proprietors but hired CEOs in large companies, tend not to articulate their vision or strategy very obviously as compared with their American counterparts. Middle managers, therefore, tend to provide their subordinates with a framework for their job and leave the process to accomplish it to them rather than give them instructions on what to do for every little thing. Subordinates are forced to respond flexibly to their job beyond the boundary of the individual and subunit because a sufficient job description document is almost always not given to them. Such a boundaryless job scope in Japanese companies has actually created innovation of knowledge (Nonaka & Takeuchi, 1995). Strategic ambiguity is often applied to manage stakeholders surrounding organizations (e.g. Denenport & Leitch, 2005; Eisenberg & Goodall, 1997; Mintzberg, 1994). According to Eisenberg & Goodall (1997), strategic ambiguity can give employees broad latitude in their cognition and conduct and thus lead to organizational change. As previously discussed, while basic trust often emerges out of distrust in an environment of uncertainty, it is not formal but rather informal and vulnerable structures that can maximize the empowered employees’ performance (Mills & Ungson, 2003, pp. 149–150). Weick (1995) also defines leadership as a process of sense-making to ambiguity. It paradoxically means that one of the most important roles of a leader is to give ambiguity to his or her follower because he or she must unfreeze a given sense in case of the necessity to make another sense as the context demands. In this manner, Japanese leadership style is consistent with strategic ambiguity as empowerment.

3 | Dysfunction of Team Work and Empowering Leadership

Japanese-style management, however, has some negative features. For example, high organizational commitment may cause organizational corruption. When a company scandal is revealed and a top manager explains about its causes in the media, he or she often tends to excuse themselves with the phrase of ‘We engaged in it on behalf of our organization’ (italics added). It would appear that the typical discourse of ‘on behalf of our organization’ is capable of two different interpretations. One is that employees may be involved in the scandal to defend their jobs and colleagues. The other is that they may be forced to say these things by their boss and, more specifically, the corporate culture. Needless to say with Attribution theory, although they may only attribute their scandal to factors external to the organization, I think high organizational commitment may be present in many cases. High group cohesiveness also constrains every employee, which causes organizational corruption and stress-related mental disease in some cases. Furthermore, as Takeuchi & Nonaka (1995) point out, knowledge at the workplace (they call such a place ‘ba’) can be transferred as tacit knowledge in Japanese organizations because of group cohesiveness. The process of knowledge transfer has developed employees who only have firm-specific skills or competencies, which have them chained
to the company. Hence, I focus on the negative effect of group cohesiveness and empowering (participative) leadership style in Japanese companies.

3.1 Dysfunction of team work in Japanese-style management

The advantages of Japanese-style management as described in the previous section, however, can become dysfunctional for several reasons. Collectivism in Japanese organizations often strongly controls employees because of peer pressure. When the relationship between a superior and a subordinate is clearly defined at a workplace, one coworker is not concerned with the laziness of another so much because he or she does not have to take a responsibility for it. On the other hand, as soon as the relationship becomes ambiguous through a flat and team structure, coworkers begin to monitor their performance mutually since individual tasks are tightly coupled and they feel accountable to one another. A disciplined process caused by peer pressure is often called social control (Graham, 1995) or concertive control (Barker, 1993; 1999). Although such control mechanisms play an important role and is essential in order to manage employees in a flat or team structure, it is often strengthened to excess by the high cohesiveness of Japanese organizations. In relation to financial participation described above, Kato (2003) argues that mutual surveillance through peer pressure in Japanese companies has served to curb the problem of free riders through profit sharing in units of a department and company. Adler (1999) also concludes that group pressure in the Japanese production field strongly regulates organizational behavior with regards to suggestions and ideas for improvement (e.g. kaizen for QC) compared with the American equivalent.

In fact, when employees propose an extraordinary and eccentric idea, colleagues in the workplace are often likely to dismiss their notion as strange without giving careful consideration to it. As Yasuda (1991) points out, for instance, managers in Toyota attach a high value to the quantity of an idea rather than the quality. In fact, Japanese people primitively appear to have a narrow tolerance for accepting a diversity of opinions.

3.2 The Introduction of American-style management and its negative effect

On the other hand, most Japanese companies actively have adopted some aspects of western style management, in particular American styles such as restructuring and performance-based pay systems, since the post-bubble of the 1990s. These constructs, however, only served as a kind of rhetoric for justifying the personnel reduction rather than the means to make management more efficient. Top management in Japanese companies used them as a dominant story for superficial business efficiency so that they could promote downsizing.

The introduction of American-style management to Japanese companies has caused a variety of side effects. For example, some of the above changes of HRM result in the default of the psychological contract (Rousseau, 1995) and a lack of organizational slack (Cyert & March, 1963), which discourages employees from cooperating with each other and taking up the challenge of innovation. In particular, a lack of organizational slack also sets off the negative aspects of collectivism such as social control or concertive control because it strengthens individualism and weakens altruism (Takahashi, 2004). If companies have a certain amount of organizational slack, employees would be liberated from time constraints and mental pressure and thus they would not inter-
fere in other coworker’s performance in a strict manner. On the contrary, if companies run out of organizational slack, employees cannot afford to help one another. Furthermore, superiors get less concerned with the development of their subordinates through empowerment because of concentrating on their own tasks. This might result in an extremely-strict supervision of their subordinates or confusion in regards to their responsibilities. This kind of setting is like an open invitation for organizational corruption. A lot of corporate scandals have actually happened in Japan since the post-bubble of the 1990s. Most companies have recently modified the annual salary systems based on performance with the seniority system.

3.3 Dysfunction of leadership in Japanese-style management

Under the condition of adverse effects on team work and the adoption of American-style management in Japanese companies, managers are increasingly apt to take advantage of empowerment or empowering leadership for their own convenience. If a superior does not provide a clear vision or direction to his or her subordinates and gives them a free hand, it might seem that he or she empowers them at first glance. However, it appears that the superior is just indifferent to his or her subordinates and they only want to shirk from his or her responsibilities ex-post facto if some problems happen. Moreover, they get used to gauging what someone else is thinking without conversation and hence tend to over-interpret their discourse and behavior, which leads to a kind of repressive system in terms of power.

In combination with such Japanese propensities, as a result, empowering leadership behaviors in Japanese companies appear to serve as a kind of power or governance mechanism by pretending to empower. In the true sense of the term, managers in Japanese companies take not so much empowering leadership, as laissez-faire leadership. It is clear that if a leader expressly presents his or her vision and direction to followers at every moment, it is easier for them to act at their own discretion within the scope of the vision and direction. Proactive and entrepreneurial behaviors such as a product champion and skunk works in a company lead to product and process innovation (Burgelman & Sayles, 1986; Kanter, 1985; Pinchot III, 1985). In fact, as Mishina (2004) also points out, CEOs in large Japanese companies, again not sole proprietors especially but hired CEOs, do not tend to take a strong leadership stance nor articulate their vision or strategy toward employees so that their companies often cannot move out of a state of low revenue. The dysfunction of empowering leadership has a negative impact on them.

4 Discourse of Followers in terms of their Perception of Leadership

One of the research questions in this paper, as already described, is to contest the validity of Japanese bottom-up management, that is, ‘Has the Japanese style of bottom-up management actually encouraged individual initiative in the organization?’, in contrast, ‘Has the American style which is top-down really discouraged individual initiative?’

I had engaged in a project for creating an educational program for managers in a Japanese branch of the Microsoft Corporation from 2003 to 2008 (Fukuhara, 2010). Staff at the department of HRM intended to equip current and future managers with leadership skills by taking advantage of cases, in particular failures that managers in the company had actually experienced in the past. They asked me to develop a case study on the ba-
sis of their personal experience that some managers documented and then I interviewed them to complement the contents of their stories. Although it was too hard for me to complete, I also had a great experience and heard one curious discourse from a manager at that time. When I interviewed him, he said to me, ‘I know we always face pressure to get fast results and implement something to do only by achieving its result. But the CEO in our company often articulates his visions or tenets to us. So it’s only necessary to act on them so that we can justify our deviancy later …’

This discourse led me to think that an individual employee (especially middle manager level) in American companies has more freedom to act with a will of his or her own compared to their Japanese counterparts because Japanese people must adjust to their surroundings without receiving any vision or strategy from their CEO or top management.

4.1 Hypothesis and Method

Some previous studies were already reviewed to generate hypotheses in the preceding section and were mainly focused on the dysfunction of group cohesiveness and empowering or participative leadership in Japanese companies after introducing American-style management to them. In light of this, it seems that the following situation may occur in Japanese organizations.

Some decisions within a subunit may be made only by achieving a consensus among members of an organization because of the dysfunction of their high group cohesiveness. In addition, members also cannot justify their deviancy in reference to a vision and strategy due to their superiors’ empowering leadership without explicit visions and strategies. I define deviancy as an action to do something in an unconventional way without the permission of a supervisor. A deviancy, therefore, means that some members of the organization can act with their discretionary powers when they try to do something new in producing new products or services, new business procedures, and so on. Consequently, I made the following hypothesis:

H1: It is too difficult for followers in Japanese companies to deviate as individuals due to the effect of social power or concertive control, and empowering leadership that does not articulate strategy and vision. In other words, the bottom-up process in Japanese companies is too restricted.

If this hypothesis is true, do Japanese companies in fact encourage innovation? Innovation, especially for products, is often driven by only one person overcoming the opposition of others. In that sense, Japanese-style management discourages employees to deviate on an individual basis, which perhaps may stifle product innovation. To confirm the plausibility of this hypothesis I tried comparing an American company with a Japanese one in terms of how middle managers recognize their CEO’s vision and strategy, that is, their leadership.

The growth in interest in organizational discourse has increasingly been seen in various fields of social science such as linguistics, sociology, and management theory on the basis of social constructionism and postmodern perspectives (Boje, 2001; Grant et al., 2004; Hardy, 2001; Mumby & Clair, 1997; Oswick et al., 2000). The perspective of the organization is eminently shown in a following passage Mumby & Clair (1997) described:

‘Organizations exist only in so far as their members create them through discourse. This
is not to claim that organizations are ‘nothing but’ discourse, but rather that discourse is the principle means by which organization members create a coherent social reality that frames their sense of who they are (p. 181).

This description implies two meanings for organizational research. That is, researchers focus on the discursive function in the process of organizing, on the other hand, they also become interested in the way to organize discourse in an organization. In particular, an approach to give a critical interpretation to such a discursive process in an organization (e.g. power politics and identity in it) is called critical discourse analysis (Fairclough, 1995; 2005; Mumby, 2004). In this paper, therefore, a critical discursive approach is adopted in order to interpret the transcript data obtained from our interviews.

In recent years, some leadership researchers focus on how a follower recognizes his or her leader (Hall & Lord, 1995; Lord & Brown, 2004; Meindl, 1995). Their interests mainly shift from the leader’s personality and behavior to a follower’s cognition toward the leadership style and the function of the leader’s self-concept. A comparison of middle management perception toward their CEO’s leadership between American and Japanese companies, then, was made in this research.

In accordance with methodological approaches of organizational discourse and a follower-centric leadership study, therefore, I focused on the critical interpretation of some discourses that middle managers told about leadership of their superiors, that is, top managers.

I conducted interviews with eight people in Japan in March 2010. Four people were middle managers in Japanese companies such as SONY, HITACHI, JVC, and FUJITSU. The other four were managers at the Japanese branch of American companies such as IBM and HP. Six persons were ex-employees and two were current employees. I have known them since we met at a study group for IT and Innovation some years ago. Their occupations are diverse, for example, sales, HR; R&D, engineer, and so on. It took about 30-45 minutes to conduct the interviews with each person. The interview was semi-structured and in the main the following two questions were asked:

The first question was, ‘To what extent do (or did) any members have an awareness of visions and strategies in your company? and Why do you think this is?’

The second question was, ‘To what extent are (or were) you allowed to exercise discretion in your company? and Why do you think this is?’

After I posed these questions to interviewees, I asked them to talk more freely about this and sometimes made additional questions to elicit further information from them.

4.2 Followers’ discourse in terms of their perception of leadership (Results and Implications)

The transcript data of my interviews cannot be minutely shown in this paper because of space constrains. Hence, I address some of the typical and symbolic discourses given by the middle managers of Japanese and American companies.

When I asked the first question about a consciousness of visions and strategies, most managers in Japanese companies had only a vague idea of the CEO’s vision or strategy as shown in the following discourse:

‘Oh, now that you mention it, I can remem-
ber there may be some vision or strategy in my company’. Some even replied, ‘My company doesn’t have a strategy’.

Furthermore, when I asked the second question, if they recognized a certain level of discretion, they tended to answer it in relation to a subunit or an organization. The typical discourse is told by a manager as stated below:

‘When we address a big challenge as a group rather than an individual, we often result in substantial success. So I think we should do so if we try to make innovations’.

In fact, most managers in Japanese companies emphasized power as a group to address big challenges and they tended to justify their discretions on this basis. The following discourse told by a manager was also typical:

‘There are some words like vision and strategy in my company. But we don’t always have any opportunity to hear them. We’re reminded of them where we’ve failed in the past, however we must or ought to always work well together so that we are engaged with the organization. We have such a corporate culture’.

These discourses are also characterized as high group cohesiveness because an interviewee often replied in the first-person plural (‘we’).

On the other hand, most managers in American companies strongly recognized some visions and strategies. A symbolic discourse was told by a manager:

‘We’re always confronted by strict performance review with defined vision and strategy. But I think our company usually gives me some chances as long as I personally achieve satisfactory results. For better or worse, I like such a culture’.

They could answer more concretely, by contrast, while most managers in Japanese owned companies could not. In addition, as the above transcripts data implies, everyone in American companies replied to the second question in relation to their own job or performance because interviewees tended to reply in the first person (‘I’ or ‘me’) as shown in the above transcript.

But when I further asked both to explain about the reasons why they thought that way, most people in both Japanese and American companies regarded the main factor as their corporate culture. Therefore, I was not able to investigate what caused the difference in perception deeply. In this regard, however, some middle managers in Japanese companies told me the next interesting discourse:

‘Our company has introduced a performance-based compensation since the burst of Japan’s economic bubble at the start of the 1990s. And most employees didn’t address big challenges because they would like to accomplish their own goal’.

This discourse implies that an excessive performance-based pay system eliminates organizational slack and thereby discourages some deviancy for innovation. Identifying this fact, as already discussed, is consistent with the arguments of Cyert & March (1963) and Takahashi (2004), for instance.
Conclusions and Future Research

As a whole, I learnt some interesting facts from these interviews. Most managers in Japanese companies regarded their CEO’s visions and strategies as equivocal and then often justified their discretion at the group level. This is indicated by the fact that they often used the term ‘subunits’, ‘organization’ and ‘we’ in their discourses.

In contrast, most managers in American companies tended to recognize their discretion at the individual level. This is suggested by the fact that they often used the term of ‘own performance’ and ‘I’ in their discourses.

In conclusion, it is partly illustrated that Japanese-style management inhibits the bottom-up process on an individual basis because of the dysfunction of group cohesiveness and empowering leadership, and thereby individuals typically do not bring product innovation to themselves. That is Japanese-style management may have facilitated innovation at a group level (e.g. process innovation), but it has suppressed it at an individual level (e.g. product innovation).

I discuss a little about the directions for future research at the end of this paper. The term of empowering or participative leadership often appeared in this paper. It seems to me that the concept and construct of ‘empowerment’ between Japanese and American companies are different. Conger & Kanungo (1988) notes that the concept of empowerment is closely associated with both a relational construct and a motivational one. Empowerment as a relational concept refers to power and control and is discussed in terms of delegation of authority and participative management in the management literature. On the other hand, empowerment as a motivational construct is mainly dealt with in the psychological literature. Japanese and American or western people have a different perception about these key concepts. In that sense, empowerment studies should be reviewed as a theoretical framework for future research.

1) Author had a great opportunity to make a presentation at that time. The added and modified content of it is described in this paper. I appreciate some helpful comments that David Grant (University of Sydney) and Rick Delbridge (Cardiff University) provided for it.

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