

People Management Is What It's All About

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Everybody's in the Union Together

The most important key to Japan's strength is the way it effectively employs and makes the most of its people through good manpower, labor relations, and personnel policies. Teamwork and organization is Japan's secret. If you stop and think about it, people are really about all Japan has. Look at what they've done with people and people management.

To put the system which most western businessmen are now quite familiar with in readily identifiable terms, the Japanese enterprise union means that all employees, blue-collar workers and white-collar university graduates, are all in the union together from the time they enter the company to their late 30's or early 40's when they become "Kanri-shoku" or reach a certain "Kacho" class management level. Dues are paid directly to the enterprise union and no national or outside upper body industrial union representatives sit in on collective bargaining session.

The worker's allegiance is to his company rather than to the trade or national union, because there is no such thing as a cross-company union hiring hall nor union seniority to protect the worker should he lose his job with one company. Lack of strong outside union influence, trade union imposed seniority and work rules or competing union jurisdictions within one company also makes for easy job restructuring to adapt to technological innovation, or automation and rationalization of work process and methods.

Some might wonder why a person would work so hard if his job is guaranteed by lifetime employment.

When a Japanese enters a company directly after school, he knows that he is there for life. He doesn't have the option of leaving, finding an equally good job, and starting all over should he not handle his responsibilities or himself well. His fate becomes one in the same with his company's prosperity and every man's contribution from the beginning reflects on cash wages, future performance, the size of the lump-sum retirement allowance, and most importantly, job security.

Unlike western companies, there is no disincentive effect of bringing in management talent from the outside and having it stuck over your head, blocking your promotion and stifling ambition. From the beginning the positions are dangling in front of your nose and are there to be filled. You know approximately when they will be filled and know who in your "entering class" you will be competing against.

MBA Hurts More Than Helps

In his early years a young Japanese may not shoot to the top like the young turks and tigers of the West, but he knows he will get there and that he is doing responsible and rewarding work in the meantime. Keep in mind that in

Japanese business, where management by objectives takes a back seat to a "Ringi" system where proposals and initiatives bubble up from the bottom, and a lack of structured and fixed goals tends to breed more initiative, it is really the very young men who are, in fact, doing most of the managing. Even new entrants feel like managers and are expected, and encouraged, to take initiative. Superiors, hooked into their careers by lifetime employment and seniority, do not feel threatened by this as it is a reflection on the boss's skill as a builder of management talent, and the credit or blame for any proposal will not be clear anyway after all related parties have revised and put their stamp of approval on the "Ringisho." More employees are managers in Japan — being responsible, taking initiative. There is more overall energy and idea input. This is true in all fields from finance to product design and development.

Because supervisor and subordinate work within an arm's length of each other, and enjoy a constant rapport and healthy give and take exchange, there is also probably more polite disagreement and critical advice expressed by the Japanese subordinate than by his western counterpart. There are decidedly fewer arguments and ruptures in personal and working human relationships. Even company directors positioned on the board will rarely sit in their private rooms, preferring to take a desk in the big room which squeezes anywhere from 20 to 200 people together.

Worker Participation in Small Groups and Quality Control

Within Japanese organizations worker participation better mobilizes human resources and potential to contribute to and achieve organizational goals. The Japanese style is basically worker participation in shop floor decision making, designed to create a degree of self-management and self-innovative capacity of line departments and sections. A lot has been done with zero defect programs, quality control circles, workers independently setting targets, proposals, etc., and suggesting them to management, company initiated MI (Management Improvement) Campaigns, creation of brighter and better workshops, and JEL (Job Enlargement) Assembly methods.

With Japan's population aging even faster than populations in most other advanced industrial nations, a lot of trail-blazing efforts, taken with the initiative and cooperation of labor and management, have been greatly successful in creating and establishing maintenance and service subsidiaries, or even whole factories, exclusively for the useful employment of the surplus of old- and middle-aged workers.

Worker participation begun in the 60s has done much toward cutting defects, increasing attendance, enhancing the self-development of workers through

skill acquisition, cultivation of leadership qualities, and boosting of worker morale or "yarigai," a sense of worth in doing, and "ikigai," a sense of fulfillment in living. The great majority of Japanese companies have such programs.

When it comes to quality control, American management assumes that workers know where the defect or quality problems are, and that only pecuniary rewards will draw-out the information. Japanese management assumes that no one knows what the problems are and that they must be solved together. Nowadays there are very few full-time quality assurance personnel in Japan. Quality control is becoming the job of every employee.

At Hitachi, for example, in 1976 small group activities were carried out in all 27 factories. Presently there are 6,182 circles and groups of about 10 members each. There is a full-time, or semi-full-time, staff in a small group activity office at each factory. This is the focal point of all activities. Managers and supervisors recruit the voluntary participants. The factories exchange results at annual company-wide exchange conventions. It's been a great success generating a creative and usable kind of worker engineering, as revealed by the latter half-year term records of suggestions per each employee of the entire

On the other side of the coin, management had better do its best by the union and the workers. If not, the union is there to pose a firm check and slap the hand of management if necessary. Japanese unions also have this capability but fortunately, do not often have to exercise this power option. This more idealized labor-management behavior means higher growth and more prosperity, which in turn, means better jobs, better wages and working conditions. Unions, then, should not only support this kind of worker participation, but by seizing the initiative, union leadership could perhaps avoid criticism from rank and file of "management collaboration." It is just this "management collaboration" and union beneficence which is most needed on the American economic scene.

Adversary Approach is Obsolete

It is suggested here that these patterns and practices have elements of universality and could be transferred more conscientiously into the western business context. The enterprise union is not just a prototype which worked well in Japan's special circumstances. This creation of an internal labor market may be the model most appropriate to meet the purposes of labor and management at our present advanced stage of capitalism.

In the modern capitalist countries,



May Day is an incredible spectacle in Japan.

company. Steadily increasing from 1.5 in 1973 to 4.7 in 1976, it means that 72,922 employees in the second half of 1977 alone made 342,733 suggestions.

Unions Must Be Brought in and Be a Force for Change

Japanese unions were reluctant and suspicious of these corporate initiatives and American business will find it more difficult to constructively involve unions. Unions must be involved! The short of it is that business and corporate prosperity is in union interest just as these small group activities are. In fact in Japan an increase in interest and participation in union activities generally accompanied these corporate-initiated small group activities. As much as possible a union should and will have to be a cooperating body, almost an appendage of the personnel department when it comes to implementing certain policies of clear benefit to all.

capitalists themselves have mellowed, and overall social values and conscience are such that what was very real exploitation of the working man even 30 years ago will no longer take place. Institutions and regulations to check management and protect workers which did not exist or had not taken root then, are now securely in place. Management is more sophisticated. They know that the earlier exploitation and blind, stubborn refusal to recognize unions or bargain in good faith merely was the fertilizer for equally unreasonable and uncooperative labor, and an open invitation to hostile outside union organizing forces.

There would be tremendous benefits in bringing about a restructuring of the horizontal labor market into an internal labor market, with the bargaining unit limited to parties knowledgeable of, and sensitive to, the corporation's profit picture and the specific conditions and needs of workers within a given firm.