

# Comparative Approaches regarding the Management of Japan and the USA

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## *Abstract*

*Currently, the most frequently studied, adapted and management concepts and tools adopted belong to the US management. and Japan, so the U.S. became the current world leader again Japan is quite developed. The reason lies in the fact that companies in Japan and the United States are characterized by the highest competitiveness. Next, we will try a review of a general characteristics of Japanese and American management and culture, including similarities and the differences between them.*

**Keywords:** *international management, comparative management, internal market, management functions.*

**Jel classification:** J53; M11; M54

**DOI:** 10.24818/RMCI.2022.5.656

## 1. Introduction

Both specialists in economics and students have over time shown a deep interest in studying how Japan became such an economic power, and there is also an increased interest in studying the economic-political context in which the USA became the current world leader. The case study proposed in the following will analyze the impact of culture on the management style in the case of Japan as well as in the case of the United States which, after the collapse of the USSR and European communism, currently assumes the role of world gendarme, supported by its extremely strong. The Japanese context presents some economic-social peculiarities that influence the management at the enterprise level.

These refer to the relations between the state and enterprises, through governmental bodies, the role of technology in economic development, the movement in the field of quality and the functioning of society based on morality

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rather than on the basis of law. Production and distribution are mostly privately owned. Individuals have all the freedom to organize themselves and join a political party (Bodislav et al., 2021).

The characteristic form of capitalism in the U.S. it is represented by the system of private enterprise, which is often called the system of free enterprise, market economy or the system based on profit. But since the government is involved in some aspects of the economy, this system can be defined rather as a mixed economy. American capitalism has five important characteristics: private property, the profit motive, the market and competition, the nature of government-business relations, and the consumer's freedom of choice (Banfield et al., 2017).

Currently, the most frequently studied, adapted and adopted management concepts and tools belong to US and Japanese management. The reason is that companies in the US and Japan are characterized by the highest competitiveness (Li, Rhee, Sullivan, 2021).

An important role in the conception, design and operation of management systems at the level of organizations belongs to the type of approach that in the U.S. it is analytical, unlike Japan where the approach is holistic.

## **2. Literature review**

Comparative management is the science that studies managerial processes and relationships in organizations operating in different national cultural contexts, focusing on the identification and analysis of managerial similarities and differences, in order to favor the international transfer of managerial knowledge and the growth, functionality, effectiveness and efficiency of organizations (Bodislav& Buzoianu, 2020).

Comparative management responds to a wide range of needs, both individual and group, with the tendency to intensify, in line with the deepening of the social division of labor, the development of international relations and the increase in the role of information, which is also reflected in the significant increase in the role of focused comparative management on the valorization of managerial information approached contextually (Burciu, 2004). Thus, management has an increasingly important role, often even decisive, comparative management representing one of the most precious conquests of the last decades in terms of the intensification and efficiency of economic, scientific and technical activities with an international character. The impact of management on companies and societies is higher and higher as the modern organizations develop their corporate social responsibility (Cristache, et. all, 2019).

Like any young science, for comparative management there are several interpretations of its content and functions. Thus, William Newman, one of the great specialists in the field, stated that comparative management deals with the study of similarities and differences in local managerial practice in different countries. A step forward is made by Raghu Nath, who believes that broadly speaking, comparative management focuses on the similarities and differences in management and economic systems from different contexts.

Edwin Miller proposes a definition of comparative management that is much more comprehensive and more accurate than the previous ones. Thus he considered that: comparative management deals with the study of management phenomena on a multinational basis, focusing on the detection, identification, classification, measurement and interpretation of similarities and differences regarding elements such as management processes, concepts and techniques.

For any field, whether theoretical or applied, the specification of the objectives and then the instrumentation of all the steps that follow in the path of their realization is essential (Bonner, et al., 2006). The same problem can be treated in a completely different way and especially with particularly sensitive results, depending on the objectives considered with priority. As a result, it is natural that the specialists paid great attention to specifying the specific objectives, the achievement of which serves comparative management.

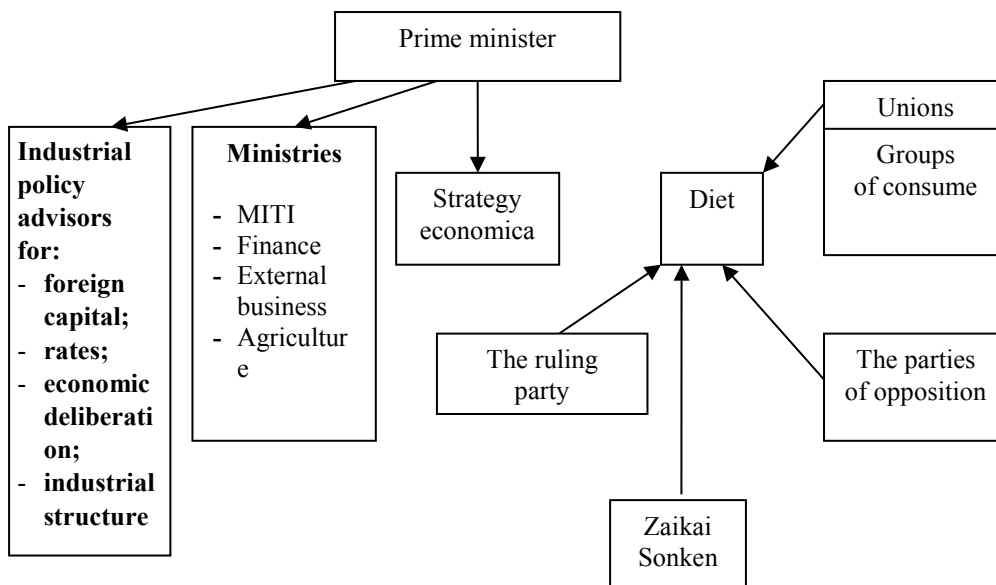
According to William Newman, the purposes that comparative management needs to serve are, mainly, the following: to discover managerial problems and techniques that seem to have universal validity in all countries; to identify the local conditions in each investigated national perimeter that require a special adaptation of the management elements declared to be universal; to assist the directors of multinational corporations to understand the differences between management attitudes and practices in different countries.

In order to be able to fulfill its objectives, comparative management is necessary to deal practically with all the fields that are the object of management's activity. Despite its short history, several schools have emerged within comparative management.

### **3. Results**

Japanese management must be approached in the cultural and economic-social context, which has influenced the application of general management concepts, theories and principles at all hierarchical levels, throughout Japanese society, including at the economic level Economic-social elements specific to the Japanese national context.

Examining Japan's economic and social mechanisms reveals the major role played by the government and its agencies. In fact, as can be seen from the following figure, a complex management system at the national level is set up and operates, combining formal and informal decision-making and organizational elements, the result of which is the elaboration of Japan's economic strategy and the coordination the main factors involved in its implementation.



**Figure 2. Formal and informal decision-making and organizational elements**

Source: <https://www.japan.go.jp/economy/index.html>

### 3.1 The peculiarities of the management of Japanese enterprises

Japanese companies knew how to solve a problem present in all organizations in the world, that of harmonizing the interests of each component of the organization with the interests of the organization as a whole. Managerial practices in Japanese enterprises have led to reducing the number of conflicts of interest and making each component seek the common interest. This is not achieved through a loyalty of the Japanese taken as individuals, but rather through a more special management system, especially in the field of human resources.

Overall, this system is typical Japanese, but many elements have nothing extraordinary and could be, with small adaptations, taken over by other countries.

**Table 1. Differences between the old and new paradigms of organization theory**

THE OLD PARADIGMS	THE NEW PARADIGMS
the importance of technology; people, as an extension of the machine; people generate expenses; maximizing individual tasks; external control; elongated hierarchical pyramid; competition; alienation; only the purposes of the organization; risk avoidance	optimization efficiency; the human-machine relationship; people, that the main resource; optimization of group tasks; self-control; optimized hierarchical pyramid; collaboration; the understanding; the goals of the organization and the employees the innovation

Source: author

Incomes in Japanese companies are determined according to training and seniority. Everyone is paid monthly, everyone's cash income is officially called Kyuyo, meaning remuneration, although according to union tradition the salary is what the union bargaining is officially considering. A first characteristic of wages in Japanese companies is that the salary differences between those with higher education and those with medium education are small, the determining criterion for a good period of time was seniority. The employees of Japanese companies benefit, in addition to salaries, from numerous additional benefits, the most representative of which are premiums (bonuses), then various increases for hard work, for dangerous work, for overtime.



**Figure 3. Wage composition in Japan**  
*Source:* <https://wageindicator.org>

### 3.2 Production management in Japanese enterprises

When talking about a production department or a Japanese productive enterprise, the image that most often appears in people's minds is that of an automated system in which industrial robots operate. This image may not be the characteristic of all sectors and enterprises, but what was highlighted by various comparative studies was the fact that, in Japan, machines, installations, equipment are replaced twice as fast as in the USA or Great Britain.

Dependent from a technological point of view and poor in resources, Japan has recorded numerous successes, even after taking over some technologies from the West (Balu et al., 2021). These successes achieved in the manufacturing industry in Japan, in various fields, such as engine production, shipbuilding or the production of

electronic consumer goods, date mainly after the Second World War. However, in the field of production, more than in marketing, historical factors played an important role. Thus, in some fields, Japan, from a historical point of view, had a certain technological advance compared to the USA or Europe. In the field of ironworking, for example, metal treatment techniques were developed in Japan before those in Europe.

In general, the high cost of imported raw materials, the need to adapt to local geographical conditions and the Japanese education system had a strong impact on production techniques and, in general, on production management.

The strong influence of F.W. Taylor's research on management in Japan was especially noticeable in the field of production, due to the fact that historically, in this context there was already a strong orientation towards production.

Japanese commercial companies are recognized for their strong information base, regarding both the structure of large economic groups and the particularities of markets around the world. The strategies of Japanese companies are based on a powerful information system developed by the ten largest trading companies, with offices open all over the world, in which a much larger number of people work than the number of people employed in foreign trading offices in Japan, so as can be seen from the following table:

**Table 2. Number of people employed in foreign trade offices in Japan**

	Japan out		Foreigners in Japan		%	%
	Office	Staff	Office	Staff		
	1	2	3	4	1/3	4/2
SUA	931	21.644	167	1.628	17.9	7.5
Europe	597	13.223	97	852	16.2	6.4
South Asia	1.263	23.705	156	1.423	12.4	5.3
Other zones	1.302	23.937	124	2.248	9.5	1.4

Source: <https://www.trade.gov/country-commercial-guides/japan-market-overview>

### 3.3 US management

The evolution of management in most countries was marked by US management, which represents the most copied management model, which includes the most methods, management techniques, and case studies, which was and is the object of concern for specialists in this field. This is how the interest in knowing the particularities of management in the USA, the values that are the basis of the successes of American companies, in the confrontation with other companies worldwide, is justified.

North American management marked and marks in a significant way the evolution of management in many countries of the world. In fact, the most widespread and used concepts and methods are provided by the USA, with the largest proportion of management case studies coming from this country. Hence the necessity and importance of knowing at least some of the basic characteristics of the management of North American companies (Pauna et al., 2022),

Traditionally, the United States of America has been the champion of promoting private property and entrepreneurship. The economic outcome of this determining cultural dimension is the existence of a very strong private sector, which absolutely dominates the economy of this country. However, it should be noted that, perhaps contrary to what most people know, in the USA there is a substantial public sector. As Douglas Allen, Edwin Miller and Raghu Nath appreciate: "The US economy is based on capitalist principles, but it is best characterized as a mixed economy or as a mixture of private and public sectors". This explains their opinion, the relative economic stability of the USA, compared to most other countries.

The domestic market of the USA is very large, due not only to the size of the country, in terms of population, but also to the existence of a very large middle class. The black market, the parallel market to the official one, is very small, compared to other countries, such as Italy and Spain, being in fact limited to the few products prohibited or traded under restrictive conditions, drugs and firearms, in the first row. Consequently, American companies are predilected towards the domestic market, basing their development with priority on the local offer. Naturally, they export a lot, but the main customers are most often North American buyers.

Another defining economic feature for the USA is the existence of a strong banking sector. According to a study published by Fortune magazine, 40 banks had assets of more than 10 billion dollars each. Moreover, the top 1,000 commercial banks had over \$3 trillion in assets, employing more than 1,000,000 employees. The existence of such a financial force constitutes at the same time an essential facility and a determining factor for the establishment, operation and management of companies.

The structural organization of North American companies is characterized by a high degree of formalization, which is also explained by the high coefficient of individualism that characterizes the US context. Depending on the criteria that form the basis of the establishment of organizational subdivisions, the establishment of relationships between them and, in general, of all the components of the structural organization, the following types of organizational structures are generally found in US companies: functional, by product, territorial, matrix, network and family.

#### **4. Discussion**

The sociopolitical variables that characterize the contexts analyzed through the lens of management systems have a considerable impact on management philosophy and especially on managerial practices in these countries (Adler & Graham, 2006).

Knowing them, as well as the socio-political similarities and differences, facilitates the understanding of the comparisons that can be made between the management systems in the respective countries. The similarities and differences between the previously addressed contexts, from a socio-political point of view, can be realized through the prism of several variables, presented in the following figure.

From a political point of view, for all the analyzed contexts, it can be

appreciated that the business field is hardly influenced at all by the decisions made in this field. For example, in the USA, both major parties promote business, with the difference that the Republican Party supports large corporations and financial groups, while the Democratic Party acts in favor of small entrepreneurs.

**Table 3. Differences between the US and Japan through the private and public sectors**

VARY	CONTEXT	
	SUA	JAPAN
1. Political parties	Two main ones	A dominant one
2. Private/public sector	Separate, distinct	Close relationships
3. Government/business relations	Reduced, the government only intervenes in certain areas	Collectively, government influences business through multiple avenues
4. Macroeconomic planning	Does not exist	The government sets guidelines
5. Other variables	Foreign and defense policy influences business	The influence of the functioning of the "Keiretsu" groups and the "Sogoshosha" companies

*Source:* author

From the perspective of the government's influence on business, differences appear between the analyzed contexts. Thus, if in the USA the government intervenes only in narrow, well-defined fields (education, defense), in Japan, the government plays an important role through the two ministries in the field of establishing the main directions of business development (Basak, 2014).

Thus, if in the USA the foreign and defense policy influences business, in Japan an important role belongs to the way of functioning of large industrial groups (Keiretsu) and general commercial companies (Sogoshosha), created in all corners of the world

In terms of business orientation, in the US, capitalist free enterprise is representative, and in Japan, although all the rules of the capitalist game are manifested, there is an influence of the government on business.

The USA is characterized by a large internal market, due to the size of the country, but especially due to the existence of a strong middle class, which puts pressure on demand.

Japan is characterized by large exports, it being known that the Japanese economy depends on massive imports of raw materials, which means that it has to export a lot.

From the perspective of the ratio between agriculture and industry, there are similarities between the USA and Japan, because it is relatively small.



**Table 4. Peculiarities of management between the USA and Japan**

VARY	CONTEXT	
	SUA	JAPAN
1. Business orientation	Free enterprise, the capitalist	Capitalism, but with government influence on business
2. The nature of the economy	Mixed	Mixed
3. Peculiarities of the market	Large domestic market	Large export
4. Banking system	Strongly developed	Strongly developed
5. The parallel economy	Reduced to some prohibited (drugs) or restricted products	-
6. The agriculture/industry ratio	Reduced	Reduced
7. Other variables	High share of the middle class	High share of the middle class

Source: author

#### 4.1 Similarities and differences through the lens of cultural variables

In a general understanding, culture in a society includes certain values, norms and concepts acquired by each generation since childhood and youth, imposed on the members of the respective society and transmitted to future generations. Everyone is born in a culture and not with a culture, which will influence their entire activity and behavior, regardless of the field in which they will be active, therefore also in the field of management (Voegtlin et al., 2021).

As a result of the research undertaken by Hofstede G. and Trompenaars F., certain cultural peculiarities emerged, expressed through the cultural dimensions highlighted by each of the two researchers, which are summarized in the following table:

**Table 5. Cultural peculiarities between the USA and Japan**

VARY	CONTEXT	
	SUA	JAPAN
1. Homogeneity of culture	Less homogeneous	Homogeneous
2. Individualism/Collectivism	Individualism	Colectivism
3. Distance to power	Small	Big
4. Uncertainty control	Medium	Big
5. Masculinity/Femininity	Masculinity	Masculinity
6. Universalism/Particularism	Universalism	Particularism
7. Affective/Neutral	Affectively	Neutral
8. Specific/Diffuse	Specific	Diffuse
9. State won/awarded	State won	Assigned state
10. Attitude towards time	Sequential perception and orientation towards the present	Synchronous perception and orientation towards the future
11. Man's relations with nature	Control of nature	Man in harmony with nature

Source: author

## 4.2 Comparative analysis through the prism of managerial philosophy

The philosophy of management can be identified with some basic concepts used by theorists in the field of management, to analyze, conceive certain laws, principles, rules, methods and techniques of management, which, used by practitioners, by managers, contribute to the growth the effectiveness of management processes.

One of the variables through which a comparison can be made between contexts, regarding the conception, design and operation of the management of organizations, refers to the managers' orientation towards the premises of "Theory X" or the premises of "Theory Y", as they were formulated by D. McGregor. As can be seen from the previous table, in the USA, in the design of management systems, but also in managerial practice, they start more from "Theory X" (Allen et al., 2015).

This means that there is a widespread view that people are generally lazy in work that they would avoid whenever possible, that they only respond to material incentives, that they must be coerced, controlled and even threatened to do them to fulfill their tasks.

Differences through the prism of this variable appear between the USA on the one hand, and Japan on the other, because in the Japanese context, "Theory Y" prevails, which has effects on management.

Closely related to the preponderance of one of Mc.Gregor's D. two theories is the management style practiced in the analyzed contexts. From this point of view, more differences can be noted between the two contexts. If in the USA managers in most cases practice an authoritarian style, with tendencies towards participants, due to the influence of Japanese management, but also of some works in the field of human resources, in Japan the participative management style prevails.

This explains the decision-making by consensus, the permanent exchange of information between employees, in general the involvement of personnel in the management processes within Japanese companies.

The most important differences are identified between the USA on the one hand, and Japan on the other, because in the Japanese context the decision-making authority is divided between several participants in the decision-making process, as a result of decision-making by consensus.

Regarding the orientation of managers, in the USA on the one hand, and Japan on the other hand, in the sense that in the USA managers are oriented in their entire activity towards the interests of the owners, who hire and pay them, while in Japan they carry out their work generally starting from the interests of the employees.

Management philosophy, embodied in the guidelines that characterize the conception, design and operation of management systems in different contexts, influences all the components of these systems, which leads to similarities and differences between contexts and through the prism of these components of management systems practiced in different cultures.

**Table 6. Similarities and differences between the US and Japanese management systems**

VARY	CONTEXT	
	SUA	JAPAN
1. Functions of management	Emphasis on organization, coordination and control	Emphasis on planning, coordination and training
2. Structural organization	Formal organizational structure	The importance of informal elements and middle-level management
3. The decision-making process	Rational from top to bottom	Decisions by consensus
4. Communication	Predominance of vertical communication	Ritual, important, informal in group, formal between groups
5. Human resources	Emphasis on the recruitment and placement of employees, on specialization	Employment for life, the emphasis on generalists, the importance of seniority
6. Organization of employees	On trades, branches and sub-branches	On company
7. Management-union relations	Adversarial	Society's pressure towards consensus

Source: author

### 5. Conclusion

The Japanese management style causes a series of negative reactions from the Americans, because of these people perceive too much formalization of this process, too much duration of the negotiation process, too much ambiguity, which causes them to consider that the Japanese lose too much. a long time to convey certain messages that can be done in a much shorter time.

On the other hand, the Japanese believed that true intentions can always be "read" in words, being in many cases hidden behind gestures or behavior.

It can be appreciated that the biggest differences occur between the USA on the one hand and Japan on the other hand because of the process of recruitment, selection, hiring, promotion and personal reward. For example, in the US there is an emphasis on recruiting the best specialists from outside the organization, there is a general reliance on training from outside the organization, promotion is more based on personal results, and the rewards are mostly material in nature. Also, in this context we can speak of a high turnover of the labor force, due to the tendency of Americans to change their organization and city in search of better conditions.

Unlike the US, in Japan there is a life every year where new employees are recruited, promotion is done more from within based on seniority and performance, there is a lot of emphasis on job training, rewards of such nature. material, as well as in a greater proportion than in Western countries, of a psychosocial nature. There is a great stability of former work, but due to the loyalty of the employees to the organization, especially due to the lifetime employment system.

By the way unions are organized, differences can be noted between the US on the one hand and Japan on the other, because in the US unions are organized by branches, sub-branches and trades, while in Japan unions are organized by company. These differences the size of unions and the strength they have in relations with

employers in that context. In the USA, the unions are very strong, they can support different forms of protest for long periods, generally a force in their relationship with the management of the organizations, on the other hand in Japan, the unions being organized by company, have less force, but not this one. means that they are not taken into account by the management of the respective enterprise.

The differences between the analyzed contexts also appear through the lens of unions' relations with management, in the sense that in the US these relations are generally adverse, while in Japan the relations between the union and the management of an enterprise are influenced by the pressure of societies towards consensus, by the tendency to achieve harmony . within the enterprise.

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