The Nature of the Chief Executive’s Work in the Japanese Company: Analysis from Observation

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ABSTRACT

The purpose of this study is to explore the activities of five chief executive officers selected from Japanese companies based on the analysis of their performance observations. In 1973, Henry Mintzberg published a book entitled The Nature of Managerial Work—a study conducted by observing a week in the lives of five chief executive officers. Through the use of structured observation, this study introduced the three categories that he believed were the primary functions of a manager. The categories of this study have been increased to four as a result of the advent of information technology, particularly, a new electronic media as a means of communication. The observations made in this study offer an insight into traditional Japanese management systems of building mutual trust at the levels of 1) president and employee; and 2) employee and employee.

PURPOSE OF THIS STUDY

The present study evaluates different factors that exist in the internal and external environments of Japanese companies, which may have affect on job nature, behavior, leadership, managerial roles, and management styles of Chief Executive Officers (CEO).

There are three essential dimensions to the role of CEOs: 1) Operation at the boundary between external environment and their organization; 2) Implementation of the formulation of company strategies; 3) Decision-making, such as acquisition and divestment of businesses, budget increases on research and development, development of new factories, establishment of a task force in order to launch total quality programs, and operation in the world of symbols (Hambrick & Finkelstein, 1996).

The purpose of this study is to clarify the vocational nature of Japanese CEOs by directly observing their activities. Further, this study intends to infer and construct an effective management and leadership strategy from the data accumulated by observing the behavior of Japanese CEOs.

LITERATURE

In 1968, Henry Mintzberg illustrated his view of “what managers do” in his dissertation as a student at Massachusetts Institute of Technology (MIT). In 1973, he published a book entitled, The Nature of Managerial Work; in the final chapter, “The Future of Management Work,” he described studies on differences, emphasizing the importance of learning about work variations by culture or by style of incumbent, and how essential it is to focus on factors that cause variations in managerial jobs. -functions of leadership is the creation, management, and the destruction of cultures.
According to Ansoff and McDonnell (1990), there are two distinct types of behaviors typically found in CEOs: the operating behavior and strategic behavior. The operating behavior is an incremental characteristic that is exhibited by all non-business and purposive organizations such as hospitals, churches, and universities. Strategic behavior is an entrepreneurial characteristic that requires a drastically different attitude toward change, the decision-making process, and how to choose the best from among available alternatives.

We believe executive roles in a business firm must have strategic qualities. Management in an organization is affected by the change in the environment. A typical example of such a business is an information-based organization composed largely of specialists reliant on organized feedback from colleagues, customers, and headquarters (Drucker, 1988).

Background of Japanese companies

Lifetime employment practices are constructed with regular recruitment systems called teikisaiyou. The Teikisaiyou System is a long-range staff development system, in which large Japanese companies hire regular employees from recent graduates in April every year. After new employees are hired, a company focuses on assisting the new employees with developing strong ties with the organization for their long-term career success. Hiring of new graduates to fill vacancies within the company is made possible as a result of job rotation (Murata, 1990). One disadvantage of this system is that lifetime employment practice can cost a vast amount of money for the company. In addition, once employees are hired, they cannot be forced to retire because of their lifetime contract (Rudy, 2008).

A ringi system is a consensus decision-making system. The ringi system is applied to processes whereby a proposal or ringi-sho, is prepared at the middle management level to be circulated within affected units for review, revision and/or approval. Proposal of ringi-sho is the last step of decision-making; however, this process is often delayed due to redundant group meetings prior to the final approval. Once the approval is obtained, the organization is able to move forward with surprising speed with a unity of purpose (Fox, 1975). The term ringi matter indicates the matter that requires ringi-sho in order to make decisions. Ringi matters are usually described in a company’s rules and regulations (2009).

RESEARCH METHODS

Overview

Henry Mintzberg’ book, The Nature of Managerial Work, is still used as an important source of reference for informing management research (Tengblad, 2006). In late 1966, Mintzberg (1970) observed five CEOs (in a consulting firm, a school system, a technology firm, a consumer goods manufacturer, and a hospital) during a one-week period (five business days). In the present study, we observed five presidents from two information technology companies and three manufacturers. We referred to Mintzberg’s structured observation (Mintzberg, 1970) for a means of data collection. Categorized are three factors: chronology, mail, and contact record. The e-mail record was also added in this study. The chronology record includes five activity patterns – desk work, telephone calls, scheduled meetings, unscheduled meetings, and tours. The mail record includes each piece of incoming and outgoing mail. Strategic thinking is also included in the incoming mail. The e-mail record includes all incoming and outgoing electronic files. The contact record includes all verbal media-telephone communications, scheduled meetings, unscheduled meetings, and tours. Description of records is indicated in Figure 1: Four Records.
In order to generate a new theory in the nature of a Japanese CEO’s work during a one-week period, five Japanese CEOs were observed. After observation, the data were collected and analyzed by the Grounded Theory that was developed by Glaser and Strauss in 1967. The systematic Grounded Theory process includes a standard format in three levels: open coding (selecting categories of information), axial coding (interconnecting the categories), and selective coding (building a story that connects the categories) (Borgatti, 1997).

In this process, QSR NVivo 8 software was used for textual data analysis.

Participant Profiles

In the present study, the term “president” is used instead of “CEO.” The reason for observing presidents instead of CEOs is that the work volume of Japanese CEOs is comparatively lower than that of presidents. In Japan, presidents generally serve as CEOs. After retirement, former CEOs commonly serve as a chairman with or without executive power.

Each of the five presidents in the enterprises was observed at their work for a period of one week. President A and President D are the presidents of Information Technology (I.T.) companies. President B, President C, and President E are the presidents of manufacturing companies that are B to B. Table 1 is a display of the demographics for the five research participants.

<table>
<thead>
<tr>
<th>Table 1: Research Participants Demographics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Gender</td>
</tr>
<tr>
<td>Term of president</td>
</tr>
<tr>
<td>Term of ex-president</td>
</tr>
<tr>
<td>Type of industry</td>
</tr>
<tr>
<td>Number of directors</td>
</tr>
<tr>
<td>Number of TMT**</td>
</tr>
<tr>
<td>Type of company</td>
</tr>
<tr>
<td>Number of employees</td>
</tr>
</tbody>
</table>
EMPIRICAL RESULTS

Each president was observed for one week while they performed their duties in their offices. The results for each of the five presidents are described in tables 2 to 7, indicating the composite analysis of chronology record, mail and e-mail record, and contact record.

Development of the Theory

The data from the structured observations were coded in terms of the four records. Then categories of components of the work were developed as shown in Table 2 to 7 in the Appendix. From these tables, 14 findings were categorized and three theories were developed.

The QSR NVivo 8 software does not produce a theory. It runs queries to find patterns (connections) in the various data that imported in the “source” of NVivo 8.

The following data in NVivo 8 was used:

- Sources- Internals: 1. Analysis records, 2. Analysis of five presidents’ activities for each finding, 3. Analysis of five presidents’ profiles.

Creating models can visually explore and present the connection in the data. It is indicated in Figure 3: Model for Theory.
Finding 1 to 4 about President-Employee Relations

How can a president communicate support to employees? A president has the potential to be the most valuable asset in employee relations. The following are findings from analyzing the diary and observational data:

Finding 1
The president of a company in Japan tends not to demean an employee.

In this study, there was no president who forced his egotism on subordinates at unscheduled meetings. Unscheduled meetings were used as dyadic communication. Many subordinates appeared to be satisfied with the communication from their presidents.

Finding 2
The president of a company in Japan regards all employees as members of a family.

The CEO of company C said, “I have a limit of 250 people whose names I can learn.” Many companies hold an initiation ceremony each April where new regular workers are invited to meet with the CEO, president, and directors. At that time, everyone engages in informal conversation while having lunch. This gives the president the opportunity to meet all new employees. A tour also provides the president with an informal opportunity to call an employee by name without pre-arrangement. Some employees called by their name may feel more motivated and some may be more likely to talk about their families with the president. It was observed that President C left his offices for brief periods of time and greeted employees while having lunch in the cafeteria. In one instance, he said to an employee, “Yosikosan, congratulations on your engagement!” The president had memorized her name. In many
rural areas, companies will hold an open house once a year and invite all employees, their families and their neighbors to attend. This is not typically possible in more urban areas.

President A: It was stated by President A that he often toured his company and engaged in friendly conversation with his employees in order to ask and receive information regarding the well-being and activities of their families.

President B: It was stated by President B that his company is a family, as multi-generational families tend to work at the local plant.

President C: It was observed that he gave a card and a gift to every employee on every birthday and wedding anniversary, averaging 35 employees per month.

President D: It was observed that he knew the families of all the employees, and often stopped by employees’ desks to talk.

President E: It was observed that he visited factories and offices of divisions without pre-arrangement, and talked to people about their families.

Finding 3
The president of a company in Japan tends to transfer authority of operating work to subordinates.

The president’s work is not operating work, but strategic work. How is a president able to do more strategic work than operating work during his working day? A president does this by establishing productive relationships with his subordinates and decentralizing operational authority to them. Operational authority is described in a company’s rules and regulations. The content in the rules and regulation differs from company to company. There are no job descriptions in Japanese companies because they prevent the practice of extensive job rotation across functions and divisions, which helps break down the provincial barriers. Furthermore, documenting authority is critical to knowing who has official authority.

Finding 4
The president of a company in Japan encourages subordinates to think innovatively and supports their trial and error.

Smith and Tushman (2005) observed, “Sustained organizational performance depends on top management teams effectively exploring and exploiting” (p. 522). That is, the important role of a CEO is to foster organizational ambidexterity, exploitation and exploration. An organization needs to engage in both exploiting its existing competencies and exploring new advantages. Moreover, exploration builds on an organization’s past and is rooted in variance-increasing activities, learning by doing, and trial and error. In scheduled meetings - especially strategic meetings held by all directors, officers, and top managers once a month - presidents did not want to receive conservative (accepting what people do without trying to change anything) opinions, or justifications from members of their organization.

Theory 1: President - Employees Relations

1. If the employees trust the president, then the relationship between the president and the employees is a successful one. In other words, the employees must understand the passionate vision the president has for the company.
2. The president’s people skills motivate employees and prevent the unfair treatment of anyone.
3. The president must not overprotect his employees. If an employee appears to be a “bad influence,” the president must decide to transfer, demote, or relegate the employee to a different position, up to and including termination of employment.
Finding 5 to 7 about Long-term Plan for Stable Employment

In Japan, people in management say, “The essence of a Japanese company is the people who compose it.” Consequently, if an employee does not grow, the company does not grow. The personnel policy for systematic employee training is not a short-term plan. The Japanese management style is described as having a strong company philosophy for personnel policies as a long-term career plan. This includes long-range staff development, cross-functional training, and regularly taking on new workers from universities each April through long trusted relations with universities. As these social capitals are growing, a president has to contemplate future business lines in order to survive.

Finding 5
The president of a company in Japan allows himself time to contemplate periodically throughout his working day.

Individual performance and output can be evaluated in the short-term, but the collective performance and output of a company cannot be evaluated in the short-term. In Japan, the company must survive and the president has the ultimate responsibility for his company’s survival. In his office, the president of a Japanese company routinely considers the company’s future business and organization to ensure its long-term survival. (Refer to Table10)

President A: It was observed that his deep thought was often interrupted by telephone calls and the needs of his subordinates.

President B: It was observed that he sat in his chair in his office and seemed to be asleep for two hours a day on average. When asked what he was doing, he responded by saying that he was thinking about ways to increase company profit.

President C: It was observed that he sat down in his chair and wrote a memo about a new plant for one hour per day on average and met with an outside consultant.

President D: It was observed that he seemed to contemplate his business, but was often away from his office to visit some of his major clients.

President E: It was observed that he contemplated human resources and global markets while smoking, on average, 60 cigarettes a day.

Theory 2: Long-Term Plan for Stable Employment

1. The president hires new regular workers (teikisaiyou) in April from all schools’ graduating classes, and the new regular workers learn the nature of the company’s activities, its history, its culture, and its job skills.
2. The president invests in developing talent, skills, and provides outside training.

Finding 6
The president of a company in Japan favors the four verbal media—telephone, unscheduled meetings, scheduled meetings, and observational tours for contacts.

Finding 7
As a Japanese manufacturer, the president’s activities are not characterized by brevity, variety, or fragmentation.
Table 2: Finding 9a

<table>
<thead>
<tr>
<th>Composite President</th>
<th>PresidentB</th>
<th>PresidentC</th>
<th>PresidentE</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Table 02 Analysis of the Chronology Record</td>
<td>Proportion of activities lasting less than 9 min.</td>
<td>37.5%</td>
<td>26.0%</td>
</tr>
</tbody>
</table>

The president of a company in Japan prefers verbal media, but still regards a written report as important media. The subordinate is required to spend a significant amount of time on writing a report to the president. Therefore, a written report is more accurate than a verbal report. E-mail is also a written report, but it is not formal, but easier than a written report (mail).

Finding 8

The president of a company in Japan uses the telephone and unscheduled meetings as ways to achieve mutual understanding with subordinates.

The telephone is 100 percent dyadic, and the unscheduled meetings in this study usually were dyadic.

Table 3: Finding 11

<table>
<thead>
<tr>
<th>Composite President</th>
<th>PresidentA</th>
<th>PresidentB</th>
<th>PresidentC</th>
<th>PresidentD</th>
<th>PresidentE</th>
</tr>
</thead>
<tbody>
<tr>
<td>From Table 07 Analysis of the Contact Record: Media: Percent of Contacts</td>
<td>Telephone calls</td>
<td>46.4%</td>
<td>59.5%</td>
<td>31.0%</td>
<td>29.8%</td>
</tr>
<tr>
<td>Unscheduled Meetings</td>
<td>36.2%</td>
<td>29.7%</td>
<td>62.1%</td>
<td>42.6%</td>
<td>41.6%</td>
</tr>
</tbody>
</table>

Finding 12

The president of a company in Japan decides *ringi* matters as the occasion demands.

The term “*ringi* matter” indicates the decision matter that needs *ringi*-sho for a decision. *Ringi* matters are described in the Authority of Organization in Rules and Regulations of each company. For example, a company needs *ringi*-sho in the case of buying equipment that is over $2,000. If he wants to limit expenses due to a recession in the company, a president may decide that the company needs *ringi*-sho in the case of buying equipment. This *ringi* matter limits expense. The Japanese *ringi* system is a collective decision making process related to the performance of duties by directors, officers, and employees. This concept involves a *ringi*-sho (a formal internal document) being discussed and evaluated separately by the officials of the section, division, and bureau concerned. Important matters of the organization are disseminated to people in the responsible divisions.

As to a *ringi*-sho, it is different for each company observed. In general, the board of directors discuss a *ringi*-sho at the directors’ meeting once a month.

Finding 9

The use of the cell phone by a president in Japan varies depending on company policy.

Since the development of cell phones with cameras, many companies in Japan now prohibit the carrying of cell phones in the office to ensure information security. Cell phones were thought of as an improvement for a president’s activity patterns before observing that cell phone use is different for the president of a company than it is for the employees. Generally a cell phone is used in an emergency outside of the office. The cell numbers of the top management were stored in a document of an
emergency network in a company. In this study, President C was called in private on his cell phone by his friend; also President D was often called in private on his cell phone by his friend.

**Theory 3: Behavior of President**
1. In Japanese manufacturers, the president’s activities are not characterized by brevity, variety, and fragmentation. By contrast, the presidents of services (IT, etc.) are characterized by brevity, variety, and fragmentation.
2. A president of a company in Japan favors e-mail, especially electronic reports, over traditional mail.
3. A president’s leadership style in Japanese companies is paternalistic and recognizes the value of each employee.

**LIMITATION**

In research of managerial work, restrictions such as operation size, context, and time place limitations on how many generalizations can be made (Tengblad, 2006). In this study, managerial work focused on a CEO’s work, and organizational size was less than 500 employees because the subject of observation was a CEO’s work in a traditional Japanese management. The three theories do not apply to all presidents in all Japanese companies. The conditions depend on what kind of industry, how many employees, and the type of company - private or public. In this study, the kinds of industries observed were manufacturing and service (IT); the size of these companies was less than 500 employees, and the companies were both private and public.

**Regarding the researcher-participant relationship, these are the following problems (Cooper & Schindler, 2006):**
1. One weakness of direct observation is that the researcher’s perception circuits may become overloaded as events move quickly, and researchers must later try to reconstruct what they are not able to record. In this study, as participants were the presidents, events did not move quickly. What they could not record is reconstructed later.
2. Because a researcher’s presence gives the participant previous notice, there is a risk of atypical activity from the participant. In this study, the president introduced the researcher’s purpose for the observation to people before the researcher began observing the president. As a result, the researcher’s initial entry into any situation was smooth.
3. The third issue is whether a researcher should participate in the situation during observation. In this study, at first, the president decided whether or not the researcher may be present. Therefore, the researcher did not judge this issue. In most instances, presidents allowed the researcher’s presence. When the researcher was excluded from some confidential work, the researcher received the necessary information from the presidents after the conclusion of the meeting.

**CONCLUSION**

The study of Japanese executives demonstrates that managerial work in this context is not identical to Henry Mintzberg’s (1973) original findings. There is a clear indication in the present study’s context of Japanese CEOs in the first decade of the 21st century that the managerial work at the CEO level is less fragmented and has a greater emphasis on human relations and treating employees with dignity, inclusiveness, and caring rather than the relentless pursuit of administrative efficiency that was more
prevalent in Mintzberg’s findings. We notice that the emphasis on inclusion and innovation is very prominent in the Japanese context. There is also a higher level of contemplation in the CEO’s daily work lives. This is, in fact, consistent with recent findings by Tengblad (2006), indicating that the focus in management literature and interventions on such topics as transformational leadership, corporate culture, and de-bureaucratization has led to a less fragmented approach to leadership at the c-suite level. While this is evident in the present study of Japanese CEOs, we cannot determine on the basis of the present data, whether this presence of greater contemplation, less fragmentation of time, and more participative management, is an evolution in Japan or is merely evidence of a stable characteristic of CEO leadership and management.

As such, this study contributes to our understanding of management through scientific observation in a non-Western context. The findings suggest that the Japanese leadership style is now comparable to the more recent emergence in the West of a transformational leadership style with greater emphasis on calling for participation and building alliances. Some excellent additions to this research would include the topics of ethical decision-making, gender and other diversity issues, networked leadership style, and coaching as further areas of study in structured observation of both Western and non-Western contexts.

Table 5 Analysis of the e-mail Record Input: The Composite of Five Presidents
Table 6 Analysis of the e-mail Record Output: The Composite of Five Presidents
Table 7 Analysis of the Contact Record: The Composite of Five Presidents

REFERENCES


