

The Differences Between Japanese and Western Strategic Management and the Diffusion of Management Practices in Both Directions

Virpi Mäkinen
Turku University of Applied Sciences

Keijo Varis
Turku University of Applied Sciences

The study compares Japanese and Western strategic management and other forms of management. The study is based on e-mail interviews with two world-renowned Japanese professors and an American professor who have worked in Japan for a long time, and seven Finnish business leaders who have worked in Japanese or Finnish companies in Japan for a long time. The study provides a concise summary of the differences between Japanese and Western strategic management and other forms of management. The study also describes the spread of management theories and practices between Japan and the USA at different times. The paper concludes by considering why and how Japan and the West could benefit from developing each other's management doctrines together, rather than merely transferring knowledge and practices in one direction as was done in the past.

Keywords: Japanese and Western strategic management, differences, diffusion of management practices

INTRODUCTION

The purpose of this study was to examine the differences between Japanese strategic management and Western strategic management. Japan is known as a global pioneer in high-risk industries, producing high-quality technological innovations in areas such as healthcare. Japan is also known as the country of origin of many of the management doctrines adopted in the West, such as quality management.

The study describes what strategy and strategic management are, what strategic management is in Japan and how Japanese strategic management differs from Western strategic management.

The inquiry is a qualitative study, with a theoretical section on the strategic concepts of Western management. The empirical part of the study includes ten (10) thematic interviews with professors working in Japan, managers of who have worked in Japanese or Finnish companies in Japan for a long time, and a qualitative thematic analysis of all responses.

The study showed that the main difference is the length of the period of strategic management. In Japan, strategies are supra-generational, whereas in the West strategies are of a predefined strategy period. The study also showed that Western organizations and people require knowledge of the Japanese culture and business culture, perseverance, and precision of action if they are to work successfully in Japanese organizations. On the other hand, when Chinese products have replaced many Japanese products in the

Western market in the 21st century, there has been pressure on Japanese companies and managers to open to Western concepts of strategic management in a whole new way.

Finally, this article draws together the differences and background assumptions between Japanese and Western strategic management and summarizes how management doctrines have been transferred and adopted between the West and Japan over the past 100 years. It also presents a vision of what will happen in the future between the West and Japan in terms of management doctrines.

Until the end of the Second World War, Japan was a very separate island nation from the rest of the world. The Second World War ended with the atomic bombs dropped on Hiroshima and Nagasaki in Japan. Japan was then rebuilt with financial and technical assistance from the US. The West dominated technological development and world trade until the late 1970s, but in the 1980s, Japanese high-quality electronics and cars challenged and conquered the Western market. This led to the exploration and spread of Japanese production and business management techniques to the West. Since the early 2000s, products made in China have taken over in the West, replacing both Western and Japanese products. At the same time, Japan has had a very low birth rate and its population is aging, changing the structure of consumption. As a result, Japan has begun to open to the management and strategic management doctrines invented in the West.

However, from the 2020s onwards, the existing social solutions and management doctrines of the West do not seem to be sufficient to address the social challenges facing either the West or Japan. At the same time, global warming, among other things, has called for new thinking. The challenge for the West and Japan is therefore to re-focus themselves and their management doctrines to reduce China's industrial dominance. So far, however, the West and Japan have not been very successful in this challenge. The future will reveal whether, alone or together, they will create something new and useful in the field of management and strategic leadership. One can only hope that they will. Japan's history is full of disasters, such as the atomic bomb blasts, as well as natural disasters such as tsunamis. They have made the Japanese people cautious and risk-averse. On the other hand, during the Second World War, the Japanese military leadership took great risks, for example when it started the war against the USA. Japanese society thus can also see and utilize opportunities of many kinds.

RESEARCH QUESTIONS AND METHODS

The purpose of this study was to examine how Japanese strategic management differs from Western strategic management.

The study sought answers to the following questions:

1. What is strategic management in Japan?
2. How does Japanese strategic management differ from Western management?

The study was based on e-mail interviews with two Japanese and one American professor living in Japan and seven Finnish business managers working in Japan. The professors are very experienced and famous and have lectured extensively in the West. The business leaders and the companies in which they work or have worked are kept completely anonymous to protect them all. This was promised to them before the interviews and ensured that they answered the questions openly and honestly.

The results of the research were analyzed using qualitative thematic analysis. Themes were drawn from previous literature as well as emerging from the interviews themselves. The findings have been reduced to a few essential themes and a supplementary reduced table comparing the differences between Western and Japanese management.

Since the question was only about interviews with Finnish managers, their opinions cannot be generalized to the entire world. For example, German or French managers might have found Japanese strategic management and management in general slightly different from Finnish managers due to differences in the German and French national cultures compared to the Finnish national culture.

On the other hand, this "cultural bias" in the responses was mitigated by the inclusion of the experiences and views of two Japanese professors and one American professor who had lived in Japan for a long time.

The interviews also revealed how Japanese management and leadership, other than strategic management, differs from Western management.

In this study, the theory and practice of strategic management in Japan have been constructed in a Grounded Theory approach from the research data without the burden of prior theory related to Japan. By this we mean that we have allowed the research data, in this case, the interviewees, to speak their minds and constructed Japanese strategic management and other management theory and practice from them. Only in the summary and discussion section do we link Japanese and Western strategic management theory and practice and discuss the reasons for the differences from the theoretical perspective. There is not much literature on Japanese strategic management, but there is some. The main authors are professors Kimio Kase (Kase; Saez-Martinez, F., J.; & Riquelme, H., 2005) and Yukio Takagaki (Takagaki, Top Manager's Strategic Decision (経営者の戦略決定), Soseishya (創成社), (in Japanese), 2015), (Takagaki, Kogyoskei kigyou no CEO (CEOs in high performance firms), 2006), who were also interviewed for this study. In the West, Eleanor Westney from the USA in particular has written about the transfer of Japanese business doctrines to the West and the impact on Western management practices (Westney E., 2020, Vol 19 (1), February), (Westney & Piekkari, R., 2022, 57:1, January).

LITERATURE REVIEW

Western Concepts of Strategy and Strategic Management

The concepts of strategy and strategic management were originally associated with warfare, and the oldest description of strategic management is *The Art of War* by the Chinese general Sunzi, who lived more than 2,000 years ago. By strategy, Sunzi meant “the doctrine of how to win a war” (Juuti, 2022).

According to Mintzberg et al. (1998), the breakthrough of strategic planning in the corporate world only really began in the 1960s. One of the most influential fathers and theorists of strategic planning was Igor Ansoff (Mintzberg H. A., 1998). In 1965, Igor Ansoff wrote a strategic planning work, *Corporate Strategy*, in which he introduced a product-market matrix, also known as Ansoff's matrix.

Alfred Chandler was the first academic researcher on corporate strategy and his 1962 book *Strategy and Structure* was a breakthrough in strategy research. He used Du Pont, General Motors, Standard Oil, Sear, and Roebuck as reference material. Chandler defined the content of strategy as long-term goals and the actions and resources required to achieve them. Horizontal and vertical expansion and diversification were also strategic options for business growth (Mantere, 2003).

According to Henry Mintzberg (1998), strategy can be defined and understood in several ways. Mintzberg's concepts of strategy provide an idea of the perspectives from which strategy work can be conducted. Mintzberg's widely known 5P model divides strategy into five different aspects, which are plan, ploy, pattern, position, or perspective (Mintzberg, 1998, 9–15; Mintzberg et al. 1998), (Laamanen, et. al., 2005).

Michael Porter (1980) introduced the concept of strategic positioning to business management. Porter's approach involves the idea of observing one's organization and its environment from the outside. Strategic positioning aims to place your organization and its activities in the best possible position relative to your competitors. Porter identified three generic strategic approaches: cost-effectiveness, differentiation, and finding one's niche. According to Porter, strategic planning aims to find one's specific position in the value chain and create a superior competitive advantage that other players do not have. According to Porter, strategic planning also involves finding the means to overcome competitors (Porter, *What is Strategy?*, 1996/Vol. 74, No 6). According to Porter, strategic planning, involves analyzing the competitive situation and, above all, choosing one's target position and the means to achieve it.

According to Rumelt (Rumelt, 2012), strategic planning is a coherent set of analyses, concepts, practices, arguments, and actions designed to respond to a significant challenge. According to Rumelt (2012), the strategy contains three elements, the diagnosis, which is a good, realistic, and reduced picture of a complex reality. The diagnosis highlights the most critical aspects of the situation. Secondly, the strategy contains the key policies and strategies to overcome the challenges highlighted by the diagnosis. Third, the strategy includes coherent and coordinated measures to implement the strategies (Rumelt 2012).

A coherent strategy that coordinates practices, measures, and resources not only capitalizes on the strengths of the organization but also creates them through its approach (Rumelt 2012, 11).

In 1994, Henry Mintzberg wrote *The Rise and Fall of Strategic Planning* (Mintzberg H. , *The Rise and Fall of Strategic Planning*, 1994), in which he criticized the need for strategic planning in the West. Despite the great attention and popularity of the book and the Harvard Business Review article (Mintzberg H. , *The Fall and Rise of Strategic Planning*, January-February, 1994) based on it, however, strategic planning has not died or even declined in Western companies since the 21st century. On the contrary, it is still popular and has gained new ideas and content.

One of the most recent strategic concepts is the blue and red sea strategies created by Kim and Mauborgne (Chan & Mauborgne, 2005). According to them, the market world consists of two seas: red and blue. The red seas represent existing industries and are known markets. The blue seas represent unknown markets, i.e., all those sectors that do not yet exist. It is the responsibility of the manager to identify the major challenges to progress and to plan a coherent approach to overcoming them. The core idea is to shift attention to the creation of the new. In the red seas, or known markets, industry boundaries are defined and accepted, and the rules of the competition are known. Firms seek to outcompete their rivals and thus capture a larger share of demand. When markets become congested, the opportunities for profit and growth diminish. Products become commonplace and bloody competition turns the sea red (Chan Kim & Mauborgne, 2005).

The blue sea strategy is characterized by untapped market space, the creation of new demand, and the potential for highly profitable growth. Blue seas are created well beyond the current industry boundaries. Most blue seas are created within red seas by extending existing industry boundaries. Competitors in the blue seas are irrelevant because there are no rules of the game (Chan Kim & Mauborgne, 2005).

Red seas will continue to be part of the business market. As supply increasingly outstrips demand in more and more sectors, competition in a shrinking market will not guarantee excellence. Simply competing is not enough. New opportunities for profit and growth can be found by creating blue seas (Chan Kim & Mauborgne, 2005). Blue seas are largely uncharted. Strategy work has focused on competitive red sea strategies. Working in red seas has increased the knowledge base, where strategic considerations include analyzing the economic structure, selecting a strategic position based on cost, differentiation, and concentration, and benchmarking. Blue seas have remained at the level of wishful thinking and are therefore considered too risky a strategy (Chan Kim & Mauborgne, 2005).

The so-called blue sea strategy argues that instead of competition, the focus should be on creating value. The blue sea describes a new opportunity in a region free from the constant evaluation of red sea competitors and responding to their strategic actions (Kim & Mauborgne 2005; Rumelt 2012, 2).

On the other hand, some authors have begun to distinguish between strategic planning and thinking and to emphasize the importance of strategic thinking in both strategic planning and strategy implementation. However, strategic thinking is difficult to define, although some attempts to operationalize the concept have been made, notably by Pisapia (Pisapia, 2009) and Goldman (Goldman E. F., November/December, 2009, 54:6), (Goldman E. , 2009, July).

It is also worth noting that strategies and strategic planning exist at many levels in organizations: there are the parent company, divisional, and even functional strategies. The parent company strategy decides in which businesses the conglomerate will operate and which functions will be centralized in the parent company or decentralized to subsidiaries. A sector strategy is the same as a competitive strategy. What matters is the choice of business model. Functions include marketing, production, logistics, ICT, finance, and information. These functions can and should also have their strategy, but on the other hand, they should also have a mutually supportive strategy. Much has been written on parent company strategy by Gold and Campbell et. al. (Gold & Campbell, 1989), (Campbell;Gold;& Alexander, 1994), among others.

It is also a common perception in the West that implementing a strategy is a much bigger challenge than choosing a strategy. Many researchers have specialized in writing only about the challenges of strategy implementation/execution, and there is still plenty of research to be done in this area, and it could be said that the challenges of strategy implementation are a field of strategy research. Examples of such researchers

include Hrebiniak (Hrebiniak, 2013) and Franken et al. (Franken;Edwards;& Lambert, Spring 2009, Vol. 51, no 3).

Finally, it should be noted that strategy research, even in the West, is by no means a coherent field, but a very fragmented one. This is evidenced, for example, by the fact that at the most recent 2022 annual conference of the International Strategic Management Society in London, at least 18 different interest groups or tacks were represented, i.e., 18 different approaches to the phenomenon of strategy (<https://cdn.strategicmanagement.net/uploads/61ae/SMS-London-Call-for-Proposals.pdf>).

RESEARCH RESULTS

Outlining the Key Themes in the Study

In this study, the transcribed responses and email responses to the survey data were reviewed to outline key themes. The following emerged as key themes in this study, based on both prior theory and analysis of the interview results: management and leadership, strategy, strategic management, strategic management in Japan and Western countries, Japanese business culture, and Japanese and Western management.

These themes were used as a starting point to frame the research data, as they recurred frequently in some form or other in the data.

Strategic Management and Another Kind of Management in Japan

The interviewed professors from Japanese universities and Finnish managers who have worked in Japan felt that *strategy is a similar concept in Japan and the West. A strategy is a long-term goal/vision that is set in a company. Strategy is also about understanding the changes that are happening outside the organization today and how they will affect the future of the organization.* An organization that does not understand this correctly will not be able to make the right decisions and will disappear from the market. *The strategy was also described as a kind of signpost or pathway that guides the organization and its people to move forward.*

The length of the strategy periods differed significantly between Japan and the West, according to the interviewees' responses. *In Japan, strategy plans were made for more than a generation,* up to 200 years. *In the West, the typical length of a strategy,* according to the Finnish managers interviewed, *is often the length of time the manager is in the organization, i.e., around three to five years.*

The interviewed American professor, who had worked for a long time in Japanese universities, said that he believed that the focus of *Japanese strategic management is on minimizing risks.* This risk minimization is based on the fact that Japan as a country and as a nation has faced numerous devastating natural and other disasters, including two atomic bomb explosions. These have taught the Japanese people to avoid risk-taking in business as well as in life in general. The concept of kaizen is based on minimizing and avoiding risk.

In almost all interviews with Finnish business leaders who have worked in Japanese companies, it was found that Japanese leaders start from the mindset that the rest of the world must adapt to their way of thinking and leading. *The Japanese themselves are not willing to change their ways of thinking and acting.* The Japanese are loyal and patriotic to their country and must be respected. *Japan values seniority, formal authority, and the preservation of all faces.*

The interviewed Japanese management professors stressed that *Japanese management, including strategic management, is above all about extreme efficiency, cost-effectiveness, and accountability.* This samurai spirit and extreme sense of responsibility are well illustrated by a video link, which they say perfectly captures the essence of Japanese management and strategic management: *the video "A Seven-Minute Miracle!"* (https://www.youtube.com/watch?v=JWuT_yeQ0PY) (Gallegos, 2018) *highlights the extreme pursuit and idealization of individual responsibility and efficiency* in Japanese society.

According to Japanese professors, *the strategic leadership of top managers also depends on their characteristics and history.* The impact of culture and religion on strategic leadership depends on the person and the person's background and childhood. Some senior managers lead in a Shinto or Buddhist

way. Others rely on the Samurai code. Some leaders are not influenced by religion, but rather by childhood teachings of a strong work ethic, which influence their understanding of management and leadership.

*Interviews with Finnish business leaders also revealed that **the Japanese do strategic planning all the time. The effectiveness of the strategic plan is constantly reviewed and verified.***

The group decision-making process, respect for others, and consensus are especially important in Japanese management and decision-making, including strategic management.

“Decisions are made in a group. The general manager has a say and the leader has a say. But all decisions are squeezed together in some management group. Growing up in a group-centered way starts from the culture, from kindergartens and school institutions. After the war, nurseries, and schools have traditionally been places where you learn to be part of a group. There is consensus and respect for the parent and the leader. When the leader is in the office, no one leaves until the leader has left. If you don’t understand the big picture, it’s hard to understand Japanese decision-making. The hierarchy is stronger and bypassing the hierarchy is almost impossible.”

Japanese management, on the other hand, is like Swedish decision-making. **Decisions are discussed at length in both Sweden and Japan.** In both countries, **group dynamics are the most important aspect of management culture.**

According to the interviewed Finnish business managers, **the concept of hierarchy and formality, or Keiretsu, is understood. Strategic management in Japan puts a lot of emphasis on planning.** The Japanese make meticulous plans. There are no separate strategy planners at the executive or lower managerial level, but they are top management. In a Japanese company, strategy is determined by the CEO and the family.

Finland is used to a good level of service. According to the interviewed Finnish managers, in Japan

*“Compared to Finland’s good level of service in Japan means that the Japanese are just starting to develop from that level to serve the Japanese. **Quality thinking is strong in Japan and the Japanese know how to assess the quality and the level of service.** The Japanese appreciate and consume luxury products and services.”*

Japan is described by the interviewees **as a conservative country. It has been difficult, even impossible, for women to advance in their careers.** Japan is still one of the most difficult places in the world for women to advance in their careers. It has been very rare, almost impossible, for women to advance. However, there is a change, because, for a conservative country, Japan is starting to have women in politics, city management, business management, and in the government. The following interview quote illustrates well the Finnish managers’ perception of Japanese society and management:

*“If there are **conservative people** anywhere, it is in Japan. I believe that the last country in the world where newspapers will still be printed in Japan. On the other hand, Japanese people think, by default, that Europe and America do things much worse than they do.”*

On the other hand, **changes are happening**, as the following interview quote shows:

*“With new ICT houses and **international companies, new management methods are coming to Japan.** Increasingly, they are using smaller teams that genuinely get things done and are given responsibility. Even in these cases, authority and leaders are ensuring that things seem to hold together. But they are a small part of the big picture of Japanese business. Management in Japan is still very conservative. Japanese experts are top experts, sharp and world leaders in their field. **In Japan, following instructions is more important***

than doing things right. If the instructions are wrong, they are corrected. There is no tolerance for application.”

Japanese Business Culture

The interviewees pointed out that when dealing with Japanese managers, a Western manager needs to understand the culture. In Japan, there are Japanese ways of acting and thinking. ***The group approach to decision-making in Japan was a recurring theme in the interviewees’ responses.*** Groupthink is taught from childhood in kindergartens and schools and continues through to universities.

Managers and professors pointed out that ***there are big cultural differences between Japan and the West.*** Understanding and assimilating Japanese culture is almost impossible for a Westerner.

You need to understand Japanese business culture to do business in Japan and with Japanese people. One interviewee mentioned that:

“You must study culture and business culture for years and even then, you don’t understand everything. The Japanese business culture is so unique, and it is very different from the management and business practices used in the West and Finland. In Japanese business, you need to know the little details, from the meaning of a business card to the depth of the bow when greeting someone. Etiquette is very important.”

The Japanese take great pride in their culture and their ways of doing things. They take inspiration from other cultures, but the influence must be very strong. If the influence is strong, the Japanese will transform it into a solution or a way of doing things that suits their own culture. The influence becomes a Japanese product or practice and is then exported to the world as a Japanese product or solution.

One interviewee mentioned that:

“The most memorable moment in my career was when I was in Japan for the first time early in my career, participating in a training program to increase my knowledge of Japanese culture. There was an American guy who started telling me that he came to Japan 15 years ago. For the first two years, he told me he was completely out of touch with Japanese culture and ways of doing things, he couldn’t get a grip on it. After 5 years, he realized that now he understood what it was all about. After 15 years, he feels he knows less and less about the Japanese. I’ve had the same feeling along the way. Whenever you think you understand the Japanese, after a while it turns out that you don’t understand them.”

One interviewed Finnish businessperson mentioned that:

“You should also be prepared for the fact that Japanese culture is completely incomprehensible to Westerners. You must be born into it, grow into it, and then be part of it before you can fully understand it. Once you are aware of this, cooperation with Japanese people works. It is easier for a Western leader to get along with Japanese leaders than with French leaders.”

Summary of the Differences Between Japanese and Western Strategic Management and Other Management

Based on the above interview quotes, it is quite clear that the following comparison of the differences between Japanese and Western strategic management, and management in general, is not comprehensive and is a rough generalization.

TABLE 1
THE MAIN DIFFERENCES BETWEEN JAPANESE AND WESTERN STRATEGIC
MANAGEMENT AND OTHER TYPES OF MANAGEMENT

SUBJECT-AREA	JAPAN	THE WEST (USA)
Main objective & most likely to be the controlling main power	Aiming for perfect functionality and quality = minimising risks The background to these major natural disasters, earthquakes, tsunamis and two atomic bombs	New markets, products and business opportunities, finding new business opportunities = Achieving the American Dream, seizing opportunities and addressing threats responding to threats
Timeframe	Long: Dozens of years - stems from the national culture	Short: 3-5 years - stems from the national national culture
Policy approach	<p>Maintaining the hierarchy and the face</p> <p>Listening</p> <p>Slow and complex decision making and moving things forward (Zen by Kohai)</p> <p>Continuous improvement</p> <p>Use of in-house staff and engagement</p> <p>Multi-levels play a key role Sensitive conversations, whose impact is difficult to assess and slow progress, unclear decision-making process, difficult to enter and understand (mediation) Others, especially senior ones, reading the feelings and skilful communication (emotional intelligence)</p>	<p>Existing and previous management questioning and challenging management choices</p> <p>Active speaking and argumentation</p> <p>Quick decisions and choices, Voting</p> <p>Radical change and innovation</p> <p>Using external consultants and their strategic management tools or methods</p> <p>Logical overall strategic processes and execution -relatively fast and in line with (3-6 months) chronological progression and and decision-making (analysis, challenge and decision making in clear forums)</p> <p>Importance of analytical skills and rational and effective use of analytical results, the importance of rational and effective communication (analytical and logical)</p>

Results (*)	Staying in existing products or services to perfect the quality of a product: Suitable for high risk businesses (drugs and technology), quality of products and services and costs cuts and efficiency improvements	Constantly discovering new things and rejection of the old: Better suited to industries blending of industry boundaries and business radical changes in businesses and radical renewals
Requirements for external culture representatives/ employees	Requires long-term living in Japan and adapting to the culture and self-restraint	Rapid adaptation to the West style possible, but requires for Asians to learn and to be bold in expressing their own opinions both verbally and in writing at all stages of the process

(*) To ensure this would require a more detailed analysis of the Japanese and US economies and business structures and comparisons of them.

DISCUSSION

The research revealed clear differences between Japanese and Western strategic management and management in general. Many of these differences can be explained by historical and cultural differences between countries, as Geert Hofstede has a long time ago revealed in his studies of national cultural differences (Hofstede, 1991).

Cultural and Historical Roots of Differences

Western management doctrines are mainly developed in the US and gradually adopted by the rest of the world. Among Asian countries, however, Japan has been a culturally quite independent and special island nation until after the Second World War. In the much more open Scandinavia and Finland, American management doctrines have spread quite rapidly since their introduction (Seek, 2006).

According to Hofstede, the main dimensions of national cultures are:

- Power distance
- Individualism - Collectivism
- Masculinity - Femininity
- Uncertainty avoidance
- Long-term – Short term orientation
- Indulgence

When we take into account that Western strategic management and management doctrines, in general, were mainly developed in the USA and the respondents to the questions of this survey are either Finnish or Japanese and the survey focused on Japanese companies, we can feed these three countries (Finland, Japan, USA) into Hofstede's cultural comparison system and get the following figure (<https://www.hofstede-insights.com/fi/product/compare-countries/>):

FIGURE 1
NATIONAL CULTURAL DIFFERENCES BETWEEN JAPAN, FINLAND, AND USA



From the figure, we can easily see that the US is a much more individualistic country than Finland and Japan, which are much more collectivistic and therefore place more emphasis on group analysis and decision-making. This is also reflected in the data of this study: in Japan, there is an emphasis on group strategic planning and decision-making, albeit in a very complex way that is difficult for Westerners to understand.

On the other hand, the figure shows that the US and Finland are quite close in terms of uncertainty tolerance and planning horizons, but in Japan uncertainty is much lower and planning horizons are much longer in Japan than in the US and Finland. Hofstede's differences in national cultures confirm and well explain the results of this study and in this respect the difference in the time horizon and underlying driving force of Western and Japanese strategic planning.

Add to this the many disasters that Japan and the Japanese have experienced, such as the detonation of two atomic bombs at the end of World War II and historical disasters such as volcanic eruptions, earthquakes, and tsunamis, and it is easy to understand why Japanese people and companies tend to approach strategic planning more in terms of identifying and minimizing risks than in terms of identifying and seizing opportunities.

However, Hofstede's theory of national culture and the associated country differences do not directly explain the outright obsession of Japanese and Japanese business and management professors with perfection and completion, i.e., total responsibility and attention to detail. Perhaps they stem from Samurai ideals and Shintoism?

The Impact of Global Free Trade and Competition

Another important finding of the study was to some extent based mainly on the responses of business leaders, but even more on literature and writings, the observations, and arguments that China and Chinese products have conquered Western markets since the 21st century and replaced Japanese products in the West. Japanese products have lost market share in the West. Therefore, Japan has been forced to challenge its doctrines of strategic management and other management, and to open with Western doctrines.

In the 1980s and 1990s, the opposite was the case, with Japanese products such as cars, motorcycles, outboard engines, watches, and consumer electronics taking over the Western market and replacing products made in the West. As a result, the West became very interested in Japanese management doctrines

and they were widely adopted, especially in the US and its companies. The peak in the number of articles on Japanese management doctrines published in US business journals was probably sometime in 1985 (Westney & Piekkari, R., 2022, 57:1, January).

In the 2000s, the same trend has been influenced by the establishment in Japan of many subsidiaries of international, especially Western, companies, through which Western strategic management doctrines, and other management doctrines, have spread to Japan through Japanese employees.

Since the early 1990s, Japanese companies and management have faced pressures for change. There are many reasons for this, including that the traditional business system seemed increasingly ill-suited to the demands and level of development of a high-tech economy, sustaining growth has been a challenge since the bursting of Japan's bubble economy in the 1990s, the national debt has steadily increased, the unemployment rate has risen, the foreign trade surplus has shrunk, and foreign investors have introduced heterogeneous management strategies into companies (Vaszkun & Tsutzui, W., 2012, Vol. 18, No 4). The economic difficulties that started in Japan in the 1990s sparked an interest in Western management styles in Japan. There was a growing concern in Japan that the traditional Japanese business culture was not adequate in an ever-changing international and domestic market (Duerr & Duer, S., 2011, Vol. 2, No. 4, 63).

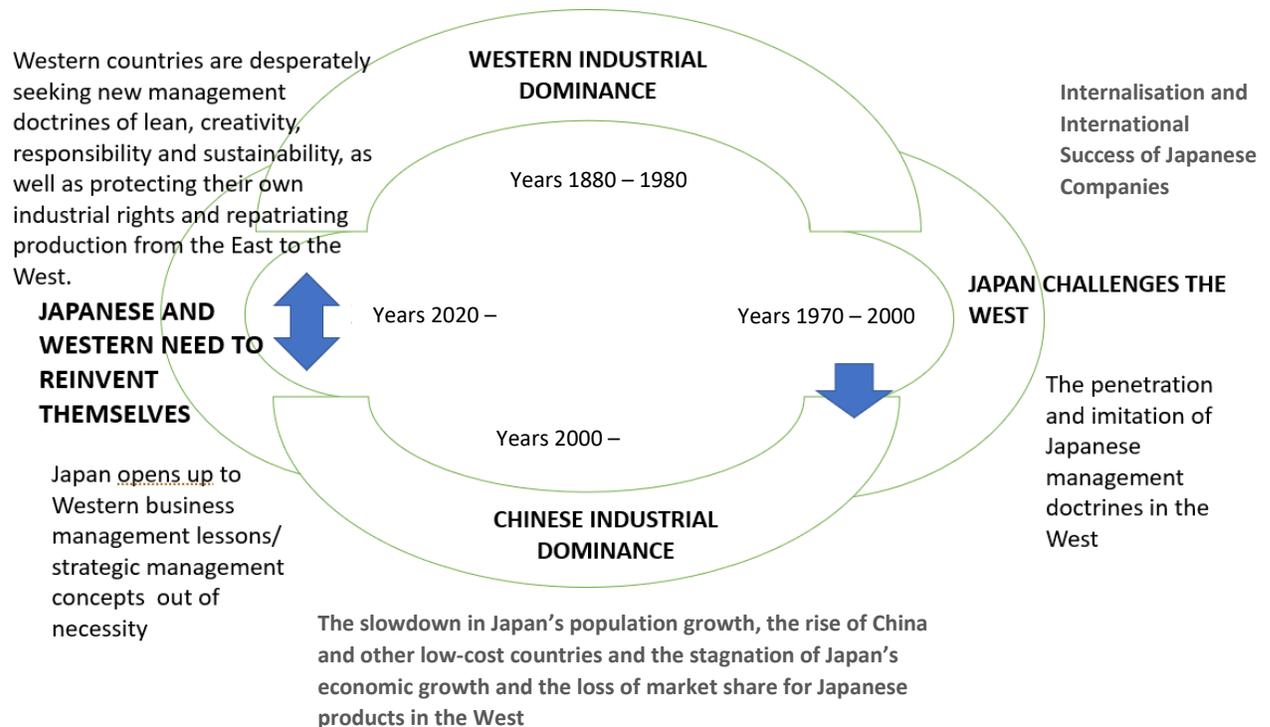
Japanese electronics company Sony faced a major financial loss in its competition against Apple in 2003. Sony was known as a blue-chip company, with Nobuyuki Idei (1937–2022) as its CEO. After the defeat, Sony's problems were seen as traditional Japanese management problems. Sony's strategic management was judged to have the following faults: lack of out-of-box thinking, the desire to maintain the centrality of the production line, the traditional strategic management style, the focus on numerous different products and product groups, the development of products for too long, the Japanese language barrier and the inability to keep up with the competition (Rajasekera, 2010, Vol.2).

On the other hand, the relocation and transfer of industrial production from the West to China have meant that Chinese products have replaced many of the products previously manufactured in the West for the Western markets, and the West has become overly dependent on Chinese industrial production and its exports to the West. The West has begun to experience shortages of medicines made in China and India, among other countries, and even the stranding of a large container ship in Egypt's Suez Canal in 2021 caused major problems for European economies (Turak, 2021). The over-reliance on Chinese manufacturing and exports has become increasingly apparent with Russia's launch of a war against Ukraine in February 2022 and its closer alliance with an increasingly authoritarian China. The West has therefore begun to consider the relocation of industrial production to Europe from Asia. Even before that, Lean Management, Sustainability Management, and Innovation Management, which are also directly linked to strategic management, have emerged as new management concepts.

Trends in the Adoption of Business Management Lessons Between Japan and the West

In the final figure 2 in this study, we have therefore linked the spread and adoption of management lessons into a cyclical circle, where developments have progressed because of global and local events, with the first spread of management lessons from Japan to the West, and in the last two decades, they have also spread from the West to Japan, with the possibility of a future era of co-invention. To what extent and how long this might last remains to be seen. At least that is what we predict and hope for.

FIGURE 2
THE SPREAD OF BUSINESS MANAGEMENT LESSONS BETWEEN THE WEST AND JAPAN
AT DIFFERENT TIMES AND IN DIFFERENT WORLD TRADE CONTEXTS



To some extent this has already happened as Professor Yukio Takagaki explained in his email (16 Aug.2021):

“I used to work for three kinds of companies; JV (50%Japan/50% US), 100% Japan, and 100% US, before joined to Academia. Among them, there was clear difference in management style. However, the difference is decreasing because we learn the western management style. In the case of strategic management, some business plans are formulated by a similar method of western style. However, the final strategy is strongly influenced by CEO's characteristics.”

Are the Japanese Prepared for Change

Japan is a group-oriented society, so any proposal for change or improvement is first discussed in depth with a large group of employees. One person can never decide alone in Japan. Radical changes and changes in strategy are difficult to implement in a Japanese company, which is why they are rare in Japan. As a result, improvements in Japan and Japanese organizations appear very insignificant to Westerners (Haghirian, 2010).

The change in strategic management in Japan is slowly becoming visible because TQM, or Total Quality Management, is such an important part of the national culture. Japanese business strategy has been based on TQM, where the aim has been to reduce costs and deliver high quality. With TQM, consensus, and group decisions slow down fast business decisions (Allen;Helms, M.;Jones, H.;Takeda, M.;& White, C., 2008, Vol. 9, No. 1). In Japan, it may be difficult to implement reforms in the future as the country has proven reluctant to move away from the efficiency concept. The need for strategic change is recognized in

Japan (Vaszkun & Tsutsui, 2012, 368). After the collapse of the Japanese economy in the early 1990s, Japan failed to regain its global business leadership position of the 1980s. This failure is at least partly the fault of the Japanese business strategy (Porter & Takeuchi, H., Fixing what ails Japan, 1999, Vol. 5-6).

Japanese leaders have failed to create differentiating strategies that would have enabled the Japanese economy to grow. Japan has introduced the Porter Prize, which it hopes will encourage Japanese companies to pursue and innovate new products, processes, and management strategies. This is an important part of the transition from the traditional Japanese TQM system towards a globally competitive ecosystem. According to Allen, Japan's business strategy is to move from TQM to Porter's overall strategy. Research shows that 41% of Japanese companies are committed to a price leadership strategy. The differentiation strategy recommended by Porter is used by only 8% of Japanese companies. The focusing strategy, i.e., focusing on a narrow market segment, is not used in Japan (Allen et al., 2008, 38).

Price leadership, differentiation, and focus are the overall strategic factors that enable a firm to compete and succeed in a global market. Porter & Takeuchi (1999) argue that national actors in Japan should increasingly facilitate the adoption of the abovementioned strategies. One measure is the Porter Prize, awarded by the Japanese government to encourage Japanese businesses to model and practice change leadership according to Porter's strategic models (Allen et al., 2008).

Japan can grow into a major global economic powerhouse again if it focuses on differentiation and targets its sales to carefully selected global markets. Japanese companies could use this differentiation strategy to create products and services for high-end consumers with purchasing power, for example. Japanese companies could start investing in new research and development to create the new products and processes mentioned above. As opposed to the continuous and endless improvement of existing products and services, which is typical of Japanese organizations, this represents a new way of thinking and strategy (Allen et al., 2008).

In this new context, *there is potential for the West and Japan to join forces and jointly produce a whole new set of strategic management doctrines and methods. This will require the two different cultures to open more, learn from each other* and focus together on the problems and opportunities in, for example, high-risk industries such as pharmaceuticals, healthcare, energy production, and aerospace, which require creativity and risk-taking as well as risk management and quality maximization.

THEORETICAL AND PRACTICAL CONTRIBUTION OF THE STUDY

This article has both theoretical and practical management contributions.

To our knowledge, never has Japanese and Western strategic management been studied and compared in Finland. Furthermore, to our knowledge, never has a study and a prediction of the assimilation of Western and Japanese management doctrines as shown in Figure 2 been presented. The current global situation in particular offers and invites great opportunities for the West and Japan to cooperate more deeply than in the past to develop and disseminate management doctrines to each other. We hope that not even the language barrier will become an obstacle. *For this to happen, it would require increased research funding and academic exchanges in the field of business management between the West and Japan on both sides.* There would be good reasons for this, as we have argued in this article.

International managers should be familiar with both Western and Japanese management, as this ensures strong and versatile management skills. There is no one perfect leadership style and therefore both Western and Japanese management and leadership styles and cultures have weaknesses and strengths (Haghirian, 2010). From a strategic management perspective, modern managers need to prepare for fiercer competition. Japan is trying to emerge from the economic crisis and is motivated and encouraged to use new strategies to gain a competitive advantage in the global market. *Modern Japanese leaders need to take account of the global market and more effectively reform decision-making processes. When leaders are aware of strategies for success in Western countries and abroad, they can compete more effectively in international markets. By understanding the local economic and cultural drivers behind competitors' strategies, it is possible to anticipate competitors' strategic decisions and actions (Allen et al., 2008).*

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