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MANAGEMENT PRACTICES IN THE UNITED STATES AND JAPAN AND THEIR RELEVANCE TO SRI LANKA

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1 Introduction

The level of productivity is a prime concern for both developed and developing countries. Research shows that the growth of productivity in a country is largely an outcome of the efficiency of managing its productive resources. The United States, as one of the highest developed countries with an impressive level of productivity, maintained its leadership in management theory and practice for many decades. People in many other countries, including Japan and Sri Lanka, learned management practices mostly from the United States. However, worldwide attention is now being paid to the fact that the U.S. leadership in management is threatened by the Japanese who having borrowed management concepts and techniques from the U.S. have modified them and developed a unique system of management practices to achieve much higher levels of productivity and economic growth.

Sri Lanka, being a developing country with extremely limited resources and a plethora of pressing economic problems, needs a very efficient system of management practices for increasing its alarmingly low level of productivity. Nevertheless, Sri Lankan enterprises, particularly those in the public sector, are often criticised for their poor management. It is vitally important to examine the effectiveness of U.S. and Japanese management practices and their relevance to Sri Lanka, particularly because of the U.S. influence on management practices in Sri Lanka and because worldwide attention is being focused on the advancements in Japanese manufacturing technology and management style. In the relevant literature there exists a sizeable amount of comparative analyses of various aspects of U.S. and Japanese management practices. However, no study has yet been done to examine their relevance to Sri Lanka. The present paper is an attempt in this direction.

The rest of the paper is organised as follows. Section 2 examines the effect of management practices on productivity in the United States and Japan in order to put the comparison in context. A comparative analysis, highlighting the major differences in U.S. and Japanese management practices is presented in Section 3. Section 4 examines their relevance to Sri Lanka and the conclusions are given in Section 5.

For identifying the contrasting features of management practices in the U.S. and Japan, the extensive literature available was reviewed. The author's knowledge of these practices through his management education and teaching in North America and Sri Lanka as well as the information gathered during a recent visit to Japan was also used. Particularly for examining their relevance to Sri Lanka, the author's perceptions were supplemented through discussions with managers, management educators and graduate students in Sri Lanka.

2. The Effect of Management Practices on Productivity in the United States and Japan

Japanese firms have made remarkable success in producing goods and services at the lowest cost and highest quality, posing formidable challenges to American and other competitive manufacturers both in domestic and international markets. Consequently, productivity in Japan has increased to a strikingly high level in recent years. By contrast, the growth of productivity in the U.S. manufacturing sector has declined over the last three decades, weakening its competitive strength in the global market. The annual rate of growth over the period from 1955 to 1987 has been only 2.7

Table 1.

Some Observations of Car Manufacturing Operations in the United States and Japan

United States	Japan
Ford	**Toyota**
* Produces an average of 2 engines a day per employee	* Produces an average of 9 engines a day per employee
* The above production requires 777 sq.ft. of plant space.	* The above production requires 454 sq.ft. of plant space.
* Has upto 3 weeks of backup inventory	* Has 1 hour of backup inventory
Chrysler	**Toyota**
* About 500 in-plant job classifications.	* 7 in-plant job classifications
A Typical U.S. Auto Plant	**Toyota**
* A changeover in the metal stamping of major parts from one model to another takes 6 hours.	* The same changeover takes 3-5 minutes.

Source : Lee. 1987, p. 14.

per cent in the U.S. as against 8.5 per cent in Japan (Kurosawa, 1991, p. 466). The nature of this situation is well demonstrated in the comparisons given in Table 1 on the car manufacturing operations in the United States and Japan.

The differences in manufacturing operations like those shown in Table 1 obviously have a tremendous impact on the cost of production, competitive strength and profitability of the firms concerned. For example, the impact of such differences on the cost and profitability of small cars sold in the U.S. market, is illustrated in Table 2.

Table 2.

Estimated Manufacturing Cost and Profitability of Small Cars, "Made in U.S.A." and "Made in Japan" — 1985

	U.S.	Japan
Hourly labour	$ 1,500	$ 450
Salaried labour	500	250
Parts, materials, and services	3,350	2,750
Depreciation, amortisation & utilities	500	300
Ocean shipping	—	400
Total cost	5,850	4,150
Pretax profit	150	1,850
Selling price	$ 6,000	$ 6,000
Difference (Cost/Profit)	$ 1,700	

Source : Fisher, 1985, p. 36.

What is apparent from the above comparisons is the relatively low level of productivity of U.S. car manufacturers as well as their weakened competitive strength even in the domestic market. This is one example, but similar situations can be observed in many other industries.

Some productivity experts, mostly economists, have highlighted factors external to the firm as the basic causes of slow productivity in U.S. industry, concentrating their analyses at the macro-economic level. Based on such analyses, most corporate managers in the U.S. in the past tended to view productivity as "someone else's problem." Those who hold such a view would point out that many of the causes of the productivity slow-down cited by experts are beyond their control. Some managers would go a step further to argue that they have been the victims of actions taken by the government, trade unions and others (Takeuchi, 1981). However, Hayes and Abernathy (1980) point out that the long-term solution to the problems may not be achieved simply by changing government tax laws, monetary policies and regulatory practices.

In recent years many studies done on the productivity issue have revealed that the real problems faced by U.S. industry are attributable mostly to factors internal to the firm. The most frequently cited internal causes for the malaise, in addition to those external to the firm, are listed below:[1]

* The greater dependence of corporations on short-term financial measurements such as the return on investment (ROI) for performance evaluation and goal setting.
* An increase in excessively cautious management behaviour characterised by an unwillingness to assume even reasonable risk.
* The customer-oriented behaviour of managers that has largely ignored innovative product and process development.
* The lag in the R & D investment and capital spending.
* The Stock market myopia and managers' concern about sustained stock price and avoiding takeover threat
* The greater concern of managers about the well-being of stockholders than that of their workers
* The short tenure and high mobility of managers.

It is clear from the above list that much of the problems faced by U.S. manufacturers are caused by factors which are within their own control. Accordingly, in recent years more and more corporate managers in the U.S. have begun to realise that any efforts towards overcoming productivity problems require drastic changes in their management practices. Now the necessity of initiating innovative improvements in corporate management seems to be felt by most businesses (Lee, 1987).

By contrast, much of the success experienced by Japanese firms is a result of good management. It is well known that they have taken management concepts and tecnniques developed in the United States and Europe, and modified them to develop a system to suit their own socio-cultural values. This process has resulted in the development of a unique system of management practices which is often referred to as *Japanese management or Japanese style management*. What is more unique about the Japanese system is not the ingredients or pieces that go into the system, but how the pieces are put together to make a workable and productive system (Takeuchi, 1981).

Japanese management practices are still much less known among managers, management educators and students in many other countries. By contrast, U.S. management practices have been well known in many countries for several

1 For details of factors contributing to the productivity slow - down in U. S. industry, see Lee (1987), Mcconnell (1979), Hayes and Abernathy (1980), Rappaport (1978), Worthy (1984) and Kaplan (1985).

decades through numerous textbooks and management education programmes based on those practices. Therefore, in the following section, while comparing and contrasting management practices in the two countries, the emphasis will be placed on those of Japan.

3. Comparison of U.S. and Japanese Management Practices.

There are several important features of the U.S. and Japanese management practices which make them different from each other. Our comparison is based on these major features. As a framework for comparison, these features are grouped within the basic managerial functions of planning, organising, staffing, leading and controlling. A summary of main features according to each function of management is given in Tables 3-7.

Planning.

Planning is choosing objectives for the organisation as a whole or a part of it and selecting the means to achieve them; it requires making decisions. Several important aspects of planning in the form of different features of U.S. and Japanese management practices are shown in Table 3.

Short-term profitability seems to be the primary concern of most U.S. managers when planning their operations. Based on this concern, they tend to rely heavily on objectively quantifiable short-term financial measurements such as return on investment (ROI) and earnings per share (EPS) for both performance evaluation and corporate goal setting (Sakurai et al, 1989; Lee, 1987). Accordingly, they tend to focus their attention on short-term results, avoiding risk-carrying projects that are healthy in the long run but reduce short-term profits. As Mechlin and Berg (1980) point out, this behaviour of U.S. managers has brought about a decrease in R&D investment and capital spending, with a corresponding restriction on innovation, the lifeblood of any vital firm. This has thus hindered the long-term health of the firm.

Table 3.
Comparisons in Planning

US management	Japanese management
Primarily short-term orientation	Long-term orientation
Individual decision making	Collective decision making (ringi) by "concensus"
Involvement of a few people in preparing for and making the decision	Involvement of many people in preparing for and making the decision
Much effort needed for "Selling" the decision	No effort needed for "Selling" the decision
Decision initiated at the top, flowing down	Decision flow from bottom to top and back
Fast decision making; slow implementation of the decision	Slow decision making; fast implementation of the decision

By contrast, Japanese managers pay much greater attention to long-term profitability in planning their operations. Short-term profit is not their concern. Managers are to pursue the growth of the firm rather than profit (Sasaki, 1981, p. 64). An extensive use of ROI and other short-term financial measures does not appear to exist for their companies. For example, instead of ROI, many Japanese managers use return-on-sales (ROS). The essence of their approach lies in separating ROI into two parts, ROS and turnover. By doing this, they obtain separate measurements, and thus avoid weaknesses such as the negative management attitude towards investing large sums of capital resources in new investment and R&D (Sakurai et al, 1989). This long-term orientation is manifested in most areas of planning. In the area of cost management at Toyota, for example, a long-term profit plan is prepared as the essential first step in corporate planning (Monden, 1989, p, 16). Similarly, the NEC Corporation's short-term plan (annual budget) is always based on a medium-term plan integrating three-to-five-year project plans of each division. It encompasses the entire company and all activities of its business groups over the period in question (Kono & Suzuki, 1989).

In U.S. firms, a decision is normally made by the superior alone or in consultation with a few subordinates. Even though some important proposals are discussed at committees, the end-result is usually a preconceived decision of the superior. Therefore, this type of individual decision-making in the U.S. could result in suboptimal decisions or employee resistance. By contrast, Japanese firms follow a system of collective decision-making ("ringi" system). The usual procedure under this system is that a proposal is initiated by a middle manager, often under the directive of top management. The middle manager will then discuss the proposal with peers and supervisors. When all are familiar with the issues involved, a formal request for a decision is made. Because of the previous discussions, the proposal is almost inevitably agreed upon, often in a ceremonial group meeting (Hattori, 1977). Even in the absence of a unanimous approval of the proposal, the consent to its implementation is given. The manager will not usually implement the decision until others who will be affected offer their views and suggestions, and are willing to support the decision even though they may not be in total agreement (Rohlen, 1974).

All Japanese institutions make decisions by "consensus". They debate a proposed decision throughout the organisation until there is agreement on it and only then do they make the decision (Van Zant, 1970). However, the American and the Japanese mean something different when they talk of "making a decision". With the Americans, all the emphasis is on a solution to the problem. Their textbooks on decision-making attempt to develop systematic approaches to finding a solution. To the Japanese, however, the important element in decision-making is *defining the problem*. In other words, the most important and crucial steps are to decide whether there is a need for a decision and what the decision is about. The group members discipline themselves not to commit themselves to a recommendation until they have fully defined the problem and used the process of obtaining consensus to bring out the full range of alternatives. As a result, they are far less likely to become prisoners of their preconceived solutions than Americans are. Japanese managers strongly believe that a correct decision depends largely on the complete understanding of the underlying problem. As a result of the heavy emphasis placed on defining, it takes much longer in Japan to reach a decision than it takes in the U.S. But from that point on, Japanese managers do better than those in the U.S. do. After making a decision, managers in the U.S. need to spend much time "selling" it and getting people to act on it. It is well known that quite often either the decision is sabotaged by the organisation or, what may be worse, it takes so long to make the decision truly effective that it becomes obsolete, if not outright wrong, by the time the people in the organisation actually make it operatonal. This explains in large measure why many brilliant proposals never get beyond the planning stage (Drucker, 1971). The Japanese, by contrast, need to spend absolutely no time on "selling" a decision. In the collective process, everybody has been presold. As such, the advantages of fast implementation of a decision far outweight the disadvantages of slow decision-making.

A major driving force behind the productivity system of Japanese firms comes from millions of rank-and-file workers who take the initiative to suggest changes to their superiors. This "bottom-up" process facilitates the system of collective decision making discussed above. The number of suggestions reported by some companies is astonishingly high. During the ten months ending October 1976, for example, Matsushita Electric averaged fifty suggestions for each of the fifteen hundred production workers in its Ibaragi television factory (Takeuchi, 1981). Once the suggestions are submitted in writing a suggestion committee evaluates the ideas, and, if necessary, hand over the acceptable set to technical experts for further evaluation.

A natural outgrowth of the suggestion programme is the well known quality control circles (QC Circles), a group-based technique used for discussing and solving problems. QC Circles do not consist of quality control specialists with extensive prior technical training. The members of these groups are mostly rank-and-file workers and foremen who receive virtually all of their technical training once they join the group. Individuals from outside the group are only called in to educate the group in analytical problem solving or to provide specialised technical advice. Although certain limits and restrictions are placed on these groups by management, the quality control groups have sufficient leeway to provide motivation through direct employee participation in the design and improvement of the work process (Hatvany and Pucik, 1981).

Organising

Organising involves setting up a structure to coordinate the human efforts so that people can contribute effectively towards attainment of the enterprise objectives. This requires determining roles, and delegation of authority and responsibilities.

According to U.S. management practices, responsibility for a decision is firmly located in one person who can be called to account for it. Even when several people participate in the process of making a decision the ultimate responsibility falls upon the leader of the group who has authority over it. Because of this, the manager may sometimes act unprofessionally by avoiding or postponing making certain critical decisions or making suboptimal decisions for the fear of "punishment".

Table 4.

Comparisons in Organising

US management	Japanese management
Individual responsibility and accountability	Collective responsibility and accountability
Clarity and specificity of decision responsibility	Ambiguity of decision responsibility.
Formal, bureaucratic organisation structure	Informal organisation structure
Lack of a strong company philosophy; identification with profes sion rather than with the company	Unique company philosophy; identification with the company

In the Japanese firm, responsibility for a decision does not fall directly upon one individual manager. In accordance with the collective decision making (ringi) principle, the responsibility for a decision falls on all members of the group. Therefore, there exists a certain amount of ambiguity about the decision responsibility. However, no single individual is "punished" even if a wrong decision is made. Nevertheless, since a wrong decision can bring discredit to a whole group of people they always make every effort to avoid mistakes.

As against the formal and bureaucratic organisation structure of U.S. companies, Japanese companies have informal structures where the boundaries of individual roles are vague. Organisational charts show only collective units, not individual positions or titles or names (Yoshino, 1968, p. 202).

In Japanese firms the superiors can delegate more authority to subordinates than their counterparts in the U.S. After delegating authority, the superior still holds as much control as necessary. This is possible because of the seniority system followed in Japanese firms. Superiors are almost always older than their subordinates. Therefore, two kinds of authority can be distinguished. One is either potential or substantial, and the other is either formal or nominal. The former is related to the group decision-making based on consensus which carries group responsibility. The latter is based on seniority as well as paternalism. Though this carries an individual responsibility, it is rarely activated (Sasaki, 1981, p. 76).

Within the U.S. firm, there exists no strong company philosophy. Employees are identified with their respective professions rather than with the company. In the Japanese system, on the other hand, a very important management strategy which is clearly stated and carried through is the unique company philosophy. It presents a clear picture of the firm's objectives, norms, and values, thus providing direction for individual employees, setting constraints on their behaviour and enhancing their motivation. Knowledge of company goals gives directions to employees' actions. Understanding and supporting the philosophy brings the individual employee closer to the organisation and co-employees with shared objectives. This philosophy usually describes the firm as a family, distinct from any other firm, and makes every employee strongly committed to the organisation. As such, all employees are identified with their company rather than the profession.

Table 5.

Comparisons in Staffing

US management	Japanese management
People hired out of colleges and other firms, frequent inter-firm mobility	Young people hired out of colleges; hardly any mobility of people among firms
Rapid advancement highly desired and demanded	Slow promotion through the ranks
Loyalty to the profession	Loyalty to the Company
Frequent performance evaluation for new employees	Very infrequent performance evaluation for new employees.
Appraisal of short-term results	Appraisal of long-term performance
Training and development undertaken with hesitation (employee may switch to another firms).	Training and development considered a long-term investment
Job insecurity prevailing	Job security through lifetime employment

Staffing

Staffing involves recruitment, evaluation, promotion, and training and development of personnel for the organisation.

U.S. firms hire people from colleges and other firms primarily on the basis of knowledge and skills acquired through education and training in specific fields. Employees generally expect rapid career advancement through promotions within the firm or look for better employment opportunities elsewhere. They usually have a greater loyalty to their profession than to their place of work. Firms also offer competitive benefits and opportunities to attract more and more qualified, experienced and skilled people from other firms. Consequently, the frequent inter-firm mobility of employees is a common occurrence in the U.S. According to Ouchi (1981), with an employee turnover rate of about 24 per cent a year, compared to 4 per cent a year in Japan, many U.S. firms may be seen as organisations of strangers. Performance evaluation based on short-term results is done quite frequently, particularly for new employees. The results of such evaluations are often linked to the promotional and reward systems of managers. Training and development is undertaken with hesitation mainly because trained and skilled employees may switch to other firms within a short period of time. Where training is provided the emphasis is usually on a person's becoming more specialised and on *not* learning the other areas of knowledge, skills, and functions. Laying off employees by firms for various reasons is also a common occurrence. As such, the U.S. labour force lacks the feeling of job security (Drucker, 1971).

On the contrary, it has become the rule in large Japanese firms that young people from high scholols and colleges are hired with the intention of having them retained them for the rest of their working life (Yoshino, 1968). The two basic criteria for hiring are moderate views and harmonious personality. Because employees are expected to remain in a company for most of their careers, a careful selection procedure is followed to ensure the hiring of only those individuals most likely to fit well into the company's climate. As a matter of fact, the firm does not demand a specific person for a specific job. It wants a person who is adaptable (Sasaki, 1981, p. 31). The policy of lifetime employment provides every employee a sense of job security. During times of fluctuating economic conditions job security is assured by using female and part-time employees. It is maintained in times of recession by cutting salaries and bonuses instead of laying off full-time workers. Japanese firms strongly believe that job security improves morale and productivity, limits employee turnover and training costs, and increases the unity of the organisation. Even the employees who perform poorly are either retrained or transferred, and not simply dismissed (Lee, 1987, p. 15).

All employees are internally trained and skills acquired on the job are largely company specific, discouraging interfirm mobility (Becker, 1964). Because of lifetime employmemt, the cost incurred in training is considered a long-term investment for the company. Japanese firms follow a system of "continuous training". This means that every employee, very often upto and including top managers, keeps on training as a regular part of his job until he retires. This is in sharp contrast to the usual Western practice of providing training only when an employee has to acquire a new skill or move to a new position. Furthermore, the Japanese employee is, for the most part, trained not only in his job but in all the jobs at his job level, however, low or high that level is (Drucker, 1971). As such, the concept of "continuous training" in Japan also contributes towards preventing the extreme specialisation and departmentalisation which have created numerous problems for U.S. business.

In Japan, job-rotation is widely used to teach additional skills, and is part of a long-range, experience building programme through which the firm grooms its future managers. Holding positions in various functions and locations within the company gives the employee a better feel for the organisation's overall needs. Related to job-rotation is the concept of slow promotion. Promotion is slow partly because of the lifetime employment strategy which limits upward mobility. This serves to encourage job-rotation which produces individuals who become flexible "generalists" within a firm instead of specialists of a trade or task. Hiring from outside the company into uppper-level positions is rare, so employees are more content to wait their turn, knowing that it will come eventually (Lee, 1987, p. 16). Job-rotation also helps to - assure the workers that they do not get bored or discouraged between pro motions.

Employee evaluations play a major role in Japanese style management. These evaluations are usually done on an annual or semi-annual basis and concentrate on the long-term performance of employees. The appraisal system is complex and includes not only performance measures on the individual, especially at the team level, but also measures of desirable personality traits and behaviour such as creativity, emotional maturity, and cooperation with others. In most companies, personality and behaviour, rather than output, are the key criteria (Hatvany and Pucik, 1981).

Leading

Leading involves the process of influencing people so that they contribute to organisational aims; It is concerned with leadership, motivation, and communication.

Table 6.

Comparisons in Leading

Us management	Japanese management
Leader acting as decision maker and head of the group	Leader acting as social facilitator and group member
Directive style (strong, firm, determined)	Paternalistic style
Independent from others	Interdependent with others
Often divergent values; individualism sometimes hindering cooperation	Common values facilitating cooperation
Top-down communication	Bottom-up communication

In U.S. organisations, the leader acts as a decision maker and head of the group who is independent, strong, firm and determined when dealing with group members. As a result, the superior-subordinate relationship in the U.S. is not as close and cooperative as in Japan. Moreover, U.S. managers have divergent values which sometimes hinder cooperation between individuals, and cause obstacles to achieving organisational objectives. Communication is primarily top-down in most U.S. companies, whereas it is a bottom-up process in Japan.

Japanese companies adhere to a paternalistic style of management in building enduring employer-employee relationships. The company is regarded as one family, with management playing the 'father' role and the workers accepting the role of 'children' (Yoshino, 1978). But it is seen that many Japanese firms in recent years have switched over to a more maternalistic style (Takeuchi, 1981). Accordingly, what is to be noted is that the father or the leader does not have or even wish to have authoritative power. The leader, in this sense, is a person who "takes care" of those around him. This is well reflected in group leadership (Sasaki, 1981, p. 7). The prime qualification of a Japanese manager as a leader is his acceptance by the group. The leader acts as a social facilitator and a group member. He does not act as if he is "in command". Instead, he is more likely to reveal his deficiencies to his subordinates. By spotting what his subordinate's strengths are and revealing his own deficiencies, the Japanese superior draws on the subordinate in a way that benefits both. Japanese executives believe that when they share their weaknesses with subordinates both parties are able to help each other more and both are more likely to grow (Pascale and Athos, 1981). Consequently, the superior-subordinate relationships are usually closer and more supportive in Japan than in the U.S.

Furthermore, as against the attitude of independence which is highly valued in U.S. management practices (e.g. "capacity for independent action", "independent judgement" as used in performance evaluations), interdependence is a necessary attribute of a Japanese leader. This attribute contributes immensely to cooperation and harmony between the superior and the subordinate.

Unlike in the U.S., where work group leaders tend to emphasise task and often neglect group maintenance activities, in Japan maintenance of a satisfied work group goes hand in hand with the role. The company's high concern for the welfare of employees is well known. Consequently, employees perceive their own welfare and the financial welfare of the company as being identical (Tsurumi, 1977). As such, the morale of employees is at a high level. From the inception of their recruitment they develop a great concern and loyalty for their company. Also, Japanese workers show little of the famous "resistance to change" which is so widespread in the U.S. Their willingness to accept continuing changes in technology and processes, and to regard increasing productivity as good for everybody makes them uniquely different from their American counterparts.

The Japanese have evolved a common value system which is highly respected and upheld by all managers and workers. It reinforces individual behaviour that is consonant with harmonious and efficient group functioning.

Controlling

As defined in most Western textbooks on management, controlling involves setting standards, measuring performance, and taking remedial action on undersirable deviations.

Table 7.

Comparisons in Controlling

US management	**Japanese management**
Control by superior	Control by peers
Control focus on individual performance	Control focus on group performance
Fixing blame	Saving face
Emphasis on maintaining optimal inventory	Emphasis on minimising inventory

According to management practices in the U.S., the function of control is exercised by the superior on the basis of individual performance of subordinates. The individual subordinate is answerable for the adverse deviations from the predetermined performance standards. Such deviations can be a threat to the advancement or survival of the subordinate concerned. Therefore, this approach may sometimes lead to dysfunctional behaviour of subordinates.

To the Japanese, the process of controlling is less direct. It is a responsibility of all members of the group involved in the work pertaining to the project or operation concerned. If a deviation from the operating plan occurs a work group drawn from the relevant manager's staff dig into the matter quickly and take steps to correct it. Quality Control Circles also play a vital role in the control process. Based on the concept of collective decision-making, control is focussed on the group performance and individuals are not "punished" for any adverse deviations. Instead, "saving face" is seen as a strong guard against deviations from group standards or norms. Further, because group performance is a criterion of evaluation, peer pressure on an individual to contribute sufficiently to group's performance becomes an important means of performance control.

In the case of inventory control, the U.S. approach, based on the economic order quantity (EOQ) is to maintain an optimal stock in order to avoid possible stock-outs. On the contrary, according to the Japanese concept of Just-In Time (JIT) ,the inventory is to be zero or minimal so that the cost of maintaining inventories can be eleminated almost entirely, while avoiding possible stock-outs as well. As such, the Japanese approach is considered to be much supperior to the conventional Western method of controlling inventories.

4. The Relevance of U.S. and Japanese Management Practices to Sri Lanka

Given the most pressing problems of low economic growth, low per capita income and increasing unemployment, the problem of low productivity is much more serious for Sri Lanka than for the developed countries like the United States and Japan. Because of the increasing population and the very low level of investments and natural resources, the solution to most of these problems depends largely on the ability of Sri Lankan organisations to increase productivity. In view of the said limitations and the experiences of many other countries, productivity in Sri Lanka can be increased to a satisfactory level only through efficient management in both private and public sector organisations. Therefore, it is important for Sri Lankan managers to pay serious attention to the relevance and effectiveness of their management practices.

The long history of Sri Lanka and the ruins of great ancient cities such as Anuradhapura and Polonnaruwa provide ample testimony to the remarkable managerial capabilities of Sri Lankan leaders who lived thousands of years ago. Unfortunately, the indigenous management practices of those ancient rulers disappeared after the collapse of their cities due to foreign invasions. From about the beginning of the nineteenth century, as a result of the colonial British administration and setting up of foreign-owned enterprises, managers in Sri Lanka began to follow Western-type management practices both in government and private sector organisations. Particularly over the last three decades, many Sri Lankan universities, colleges, and several other organisations have offered courses of studies and training in management, and most of these courses and the textbooks used are those based on the techniques and concepts developed in the United States and Europe. Similarly, most of the foreign experts who were involved in several bilateral and multilateral technical assistance programmes in Sri Lanka also propagated the Western concepts through their management training programmes. Furthermore, many Sri Lankan managers and management educators have pursued graduate education and training in management in North American universities. All these have had enormous influence on the management practices in Sri Lanka. Consequently, the current practices of management in Sri Lanka are almost entirely similar to those of the United States.

However, it is obvious from the relatively low level of performance and numerous problems in most Sri Lankan enterprises in both private and public sectors that the management practices used in these organisations are quite ineffective. One of the main reasons for this seems to be that some of those Western practices are not relevant and effective enough for Sri Lankan organisations, perhaps partly due to the socio-cultural differences. A recent study by Nanayakkara (1992) on the cultural impact on management in Sri Lankan organisations corroborates this view. It reveals that several socio-cultural institutions of the Sri Lankan society (i.e. family, caste, class, education and religion) contribute positively to the formation of a *behavioural syndrome* which is incompatible with the expectations of Western management theory and practice.

Some aspects of the management practices that seem unsuitable for increasing the growth of productivity in Sri Lankan organisations include the following: Short-term orientation in planning, fast decision-making and slow implementation, bureaucratic organistaion structure, lack of collective responsibility, lack of strong company philosophy, inadequate firm-specific training and development, emphasis on short-term performance, directive style of leading, lack of innovative thinking, greater concern for well-being of shareholders more than that of workers, non-interdependence attitude of managers, divergent values of executives, and excessive dependence on control by the superior. As discussed earlier, many researchers, including some leading American professors of management and professionals, have pointed out that management practices similar to those listed above have had adverse effect on the productivity growth and competitive strength of U.S. business as well. The consequences of these practices may be more serious for Sri Lanka due to the vast differences in economic, social and cultural factors.

Confronted with the Japanese challenge and the problem of declining productivity growth, many forward-looking U.S. corporations have begun to make some drastic changes in their management pvactices and corporate operations. Some of these include the adoption of several Japanese management concepts such as Just-In-Time (JIT) and Quality Control Circles (QC Circles). Even though the relevance and transferability of Japanese management practices to the U.S. is limited by the vast differences in their socio-cultural factors, the adoption of some of the Japanese methods in the U.S. has already saved hundreds of millions of dollars and has improved product quality

(Lee, 1987, p. 3). Given the closeness of some of the Japanese socoi-cultural values and the religious beliefs[2] to those of the Sri Lankans, several Japanese management practices seem to be more relevant and more easily transferable to Sri Lanka. For example, the nature of father-child relationship, greater respect for senior and elderly members of a group, and mutual interdependence of the Japanese people are very similar to those of the traditional Sri Lankans.

Based on these specific aspects, for example, the Japanese management practices of collective responsibility and mutual interdependence may work very well in Sri Lanka, if properly adopted with appropriate modifications. Equally relevant and effective is the Japanese concept of careful attention to human resources from the initial recruiting all the way down to retirement. This concept, if carefully adopted, should help Sri Lankan organisations greatly in increasing employee morale, mutual coooperation and labour productivity. It is well known that one of the most threatening problems for Sri Lankan organisations revolves around managing labour. Nevertheless, labour is the only resource that the country has in abundance. Unfortunately, it is also the most inefficiently managed resource in Sri Lanka. Labour, if effectively utilised, can withstand the shortage of all other productive resources and lead the country towards rapid development. Japan, with labour as its only resource, has proved this to the world.

5 Conclusions

Given the closeness of some of the Japanese socio-cultural values and the religious beliefs to those of the Sri Lankans, several management practices of Japan seem to be more relevant and more effective for Sri Lanka than those of the United States. However, they may need certain modifications before being adopted. Therefore, it is highly desirable for Sri Lankan managers and scholars to compare Japanese management practices with their own and examine in greater detail through in-depth investigations and research the relevance and adoptability of some of them. There is no harm in borrowing knowledge from any country so long as what is borrowed is appropriate and can produce better results. In fact, societies do and should borrow from one another for the betterment of mankind. What is important, however, is not to borrow wholesale without due consideration for suitability and effectiveness. The Japanese have been tremendously successful in this process. As previously explained, they have taken the best out of U.S. management practices. In turn, Americans have also begun to do the same by learning from the Japanese. Similarly, by learning from both the Americans and the Japanese, Sri Lankan managers should take steps to develop a system of management practices to suit their own economic, social and cultural needs. Taking such a step is an urgent prerequisite for raising productivity in Sri Lanka.

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2 The major religion in both Sri Lanka and Japan is Buddhism.

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