The Cultural Differences And Their Impact on Management Decision Making: An Overview Of Japan And Sri Lanka

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I. The Concept of Culture

1.1 Introduction:

The term culture refers to social heritage, that is, all the knowledge beliefs, customs and skills that are available! to the members of the society. In other words, it is the product of a specific and unique history. It is the distinctive way of life of a group of people and their complete . design for living. Culture is an emotive issue which will have a significant impact on economy, society and polity. Along with ethnicity and religion it has become one of the key issues in the world today. Culture can be defined in many ways. Some think of culture in terms of arts, literature, performing arts, fine arts and so on. Others perceive culture as the total content of civilisation. Whatever our definition for culture, it has a primary role to play in our lives. Culture can play a progressive or retrogressive role in a society. The importance of cultural issues generally enhances at a time the society faces crises or in times of deep going structural changes. In Sri Lanka, culture became a controversial issue with the escalation of the ethnic conflict and crises after July 1983. The structural changes that are going on in the Soviet Union also are faced with problems with traditional cultures. Their value groups (pamyt movement) and other groups are of, more on the western orientation.

1.2 Values:

In culture, value is usually considered from the stand point view of how the group acts, feels or thinks. Value is a preference. A cultural value may be defined as a widely held belief or sentiment that some activities, relationships, feelings or goals are important to the community's identity or wellbeing. We may be in a position to summarize the value orientation for any country by taking into consideration the cultural background. The value themes are generally active, mastery than passive acceptance, individual personality rather than group identity, inter personal relationship horizontal rather than vertical, primarily falls on rationalism rather than traditionalism, world view opened, rather than closed etc. Therefore, the whole culture is sometimes characterized by values that reinforce each other and affect the most varied and important kinds of behaviour.

1.3 Norms:

Norms are guidelines to conduct, specifying what is appropriate or inappropriate, setting limits within which individuals may seek alternative ways to achieve their goals. These norms are based on cultural values. Norms are usually frames as rules, prescriptions or standards to be followed by people who occupy specified roles. Thus, there are norms for the conduct of citizens, friends, parents and school teachers. Value is more general than a norm. Norms vary in how closely they are connected with cultural values. Many norms are technical arrangements for organising work or serving public convenience. They are important to the functioning of the society.

1.4 Culture and Social organisation:

The family is a unit of social organisation. The organisations are made up of inter-personal and group relations. The form of the family and their behaviour are prescribed by the culture. In a family unit father may be dominant and in another, may regulate him to a lesser role. Therefore, culture is the design and prescription in guiding values and ideals in every society. Hence culture and social organisations are interdependent. Culture and social organisations interact in the working out of man's relations to his physical environment and his fellow men.

Culture creates a work taken for granted. It touches every aspect of life. It pervades social activities and institutions. Culture provides an unquestioned context within which individual action and response take place. But there is a strain towards consistency in culture consisting of perception and style as well as of values. As (Benedict 1946, 42) concludes:-

"A culture like an individual is a more or less consistent pattern of thought and action, within each culture there come into being characteristic purposes not necessarily shared by other types of society. In obedience to these purposes each people further and further consolidates its experience and in proportion to the urgency of these drives the heterogenous items of behaviour takes more and more congruous shape."

1 5 The Social Cultural Environment in Sri Lanka.

Sri Lankan Culture is mainly based on the main religious philosophies of Buddhism and Hinduism. Culture was defined as a configuration of learned behaviour. We must look into some of the elements of the Configuration of Sri Lankan Culture and how they are learned, shared and transmitted. For my purpose I shall confine myself to the follwing aspects - family and kinship, social stratification, and some values, beliefs, traditions and orientations. It is relevent to mention that the Sri Lankan social set up is mainly based on parent client relationship, family system, personal positions within the community, religion-ethnic, social hierachical systems, individual expectations, group expectations, family expectations, freedom for interpersonal relations, and individuals to fulfil their group requirements.

Family:

This is the basic social unit in any society. It performs number of roles including control over individual, socialization, economic role and kinship. Our family is organised hierarchically in which the right to authority in the

family is limited to those having the ascriptive qulification of the oldest married male. Family authority is limited to older men, though ~~men are held to have~~ appropriate qualifications. The right to control family members ~~is not reserved for male,~~ but it flows down according to ~~age structure.~~ Parents have the general control over almost every aspect of life ~~ranging from eating habits to~~ choice of employment or spouse. The ~~exercise of control could take~~ extreme forms in which the younger members do ~~not have any freedom of choice.~~ Individualism is discouraged while ~~dependence on parents~~ or kins is promoted. An individual is not encouraged to make ~~self assessment~~ and to take risky decisions.

Socialization for the child begins in the family. They enforce behavioural norms on the individuals such as respect for the elders, importance of time, scheduling and making commitments. Every member is expected to contribute while parents bear the final responsibility for the economic well being of the members and the elderly members are supposed to take a greater responsibility than younger members. Family membership is extended through the device of kinship. The social structure of a community is organised primarily on the basis of kinship (in addition to caste, religion etc.) Kinship ties are strong bonds between families which guide the performance of the social functions of an individual.

Social Stratification:

Sri Lanka has a plural society characterized by limited spcialization among the various strata. The Society consists of four principal ethnic and religious groups and this complexity is exaggerated by the existence of clear economic classes, caste systems and some regional differences. Every stratum has its own value systems though every one does not aspire to retain all of them. This system of stratification places limitations on social mobility and membership, mobility and socialization within formal organisations.

Values Beliefs, Traditions and Orientations:

The oriental philosophies, mainly Hindu and Buddhist, tend to view the general and the whole as stable and determining the particular. Therefore, many things in the world around man is viewed as already given. The individual cannot change them even if he or she desires to do so. The nature is subject to change but change inself is natural. Man is not responsible to change but he has to accept it as given by nature. This seems to be a fundamental value which has laid the foundation for many other values. In an Agricultural Society like that of Sri Lanka, the meaning of work is conditioned by religion as well. It can be assumed that work is nothing more than a grim necessity and for the few it means more, a means for advancement, and an opportunity for economic gain, accumulation and discouraged holidays, Hinduism and Buddhism promoted the value of leisure, while accumulation was not actively promoted. In the Sri Lankan Society majority of the people are content to do things in the same way as their ancestors were doing. Inclination to routine habits and there is little readiness

to depart from the routine way of doing. There is a belief that there is only one way of doing things. Manifestation of certainty, pretended knowledge, lack of concern for perfection, inclination to effortless returns, respect for tradition and the orientation to look backward than forward are some of the additional value beliefs and traditions in the Sri Lankan Culture. Managerial organisations must really reflect the general character of culture of the society because formal organisations are the products of the socio-cultural environment.

Cultural Variables and Management:

In organisations the process of management includes planning and control, decision making, authority and delegation, recruitment and personal development, communication, and motivation. I can refer back to the cultural variables listed earlier and relate them conceptionally to the ways in which our organisations are managed.

Family and Management:

Our children are taught obedience to their elders. Translated into organisational phenomena, this may have a tendency to centralise authority in the leader. Subordinates always expect the boss to make decision and that they pay respect to the superior. The family experience will have a tendency to care for authority and decision without challenging the rightfulness or merit of a choice by superiors. Our family system promotes dependence rather than independence. Our family promotes the acceptance of the status quo rather than challenging it. Our system does not allow the individual to make choices, so that he could learn decision-making in his/her life. Communication is another aspect of management that may be affected by family relations. Upward communication may as a consequence be limited or restricted, and shaped by respect and other family related values.

Other reverse tendencies also may develop; employees may take everything to the boss for his approval following the family tradition. Ultimate consequence could be an inefficient and ineffective system of communication in which the top management would be over-burdened with undue communication on the one hand, while the lower management is over-burdened with undue demand from the top, on the other.

On the side of individual motivation, welfare practices in the organisations are expected to play an important role. Employees look at the firm for their life needs. In the Japanese system this is welcome. They have integrated the concept of family into structure of organisations. In our system, we have not taken a total view of the social aspect of the family. The attempt to seperate issues such as welfare practices and motivation itself is a western approach. In our system as opposed to western and Japanese the employee is seeking security and opportunity to depend, therefore demands for welfare treatment could be a way of expressing their seeking.

Social Stratification and Management:

The organisation must live or try to co-exist in the appropriate social system and therefore the social stratification becomes important for the organisation. Sri Lankan inherits a hierarchically organised social system. When the British transplanted their system of administrative organisation in the colony, there was the hierachically organised local administrative system under the dissavas, mudaliyars, korales, atukorales etc. On the basis of stratification, societies develop their own systems of relations and beliefs. Organisations mostly recognize formally the local leaders like the Buddhist Mahanayaka Thero (monk), traditional landowners, or educated elite. Organisations mostly cater to them or depend on them.

Values, Beliefs, traditions, Orientations and Management:

The value in Sri Lankan Society has been indentified as the subjection of the particular to the general. The value will make the individual more passive than active in his relation to the environment. Since change is natural and cannot be controlled by individual, planning becomes irrelevent. Thus, the planning documments if prepared at all, do not reflect the reality. Plans are unrealistic in terms of objectives, time-phasing and strategies. They are not prepared with the view to implement the same, but for other purposes such as public relations, negotiations and various requirements of administrative necessities.

1.6 Cultural Environment In Japan:

The practice of management depends on the attributes of the people who form the organisations, as well as, those of the organisations themselves. In the case of the Japanese, they were a 'closed' society for many years, whereas the Sri Lankan society, had a culture of its own dominated by the Buddhism and Hinduism. From time to time, it had foreign invasions, particularly from South India and then the western influence made it 'open' society and developed sub-cultures within the dominant culture. Therefore the open and closed nature of the two societies led to different forms of thinking, in the culture related behaviours and aspect of management process.

Linguistically and culturally, the Japanese are a homogenous race and very defensive against entrants from outside. They live on irrigation farming, sharing water supply among themselves. They were not even invaded by foreign countries in their long history except for a brief period, during the period of the Second World War when Americans occupied Japan for some time. As a result, Japan has formed a culturally and racially homogeneous society of a sort, rarely found in the history of world. In contrast, in Sri Lanka, we have multi-ethnic groups with different cultures. Though they are of different ethnic groups, culturally we will be able to see lot of similarities in the dominant religions–Buddhism and Hinduism. They speak different languages, Sinhalese and Tamil, where as Muslims speak both

languages but have a religion which does not share many similarities with the other two religions. As a result, we are not in a position to identify the homogeneous character that prevails in the Japanese society, in our country. This ultimately helps us to move away from the homogeneous character.

The 'closed' nature of the Japanese society, seems to possess what may be called "group cohesiveness". They can at anytime identify themselves with an organisation to which they belong. Even if they work temporarily in an organisation, they will show a stubborn horror against other organisations. This has again led them to the calling of being members of the public, which is often pointed out to be the reason for low public moral in Japan. The 'closed' mindedness and the group cohesiveness mentioned above are often described as "collectivism" In the Sri Lankar society, 'individualism' plays an important role rather than 'collectivism'. As family is the basic social unit in any society, it plays an important role in such aspects as the individual, socialization and economic progress.

1.7 Values and Value Related Strategies

The Japanese have a highly complex value system that runs through both business and society. Once this is understood, it becomes apparent that there is a system of values and value related strategies are at work. They have a reinforcing effect in the directions of co-operation and efficiency. Attention to many aspects of values is given by majority of Japanese companies whose success has established their reputation.

As for example, the "Toyo glass"–declares its corporate philosophy as follows:

1. Our objective is to contribute our share of work towards the happiness of the public at large.

2. Everybody is expected to do his duty as a service to the public individually and collectively and thus to benefit the property of his own, as well as others. Japanese corporate culture makes two assumptions with regard to values.

1. Without a content of values, action becomes meaningless.

2. Workers are better motivated if they believe that what they are doing, has significance beyond its immediate application.

We can analyse the role of values in four key areas of Japanese Corporate culture with Sri Lanka.

1. Values are central to the formation of Corporate Philosophy and Corporate Strategy

They play an ideological role and most frequently they are found as a Company motto. For example, Mitsubishi Denki Corporation–"Link the work together with all our hearts and technology". Nissho Iwai – "World peace

through World Trade" – Snow Branch (milk products) – "Delicious food for healthier living." Companies ideology has the basic objective of identifying goals beyond the specific aims such as profit, success in expansion and becoming No. 1 in the market. So in discussing the corporate strategy, the focus is placed firmly on market share; profit is seldom mentioned. Whereas, in Sri Lanka values are central for the formulation of corporate philosophy and profit is the main objective in any business with little attention given to the other factors.

2. Values are central to Management philosophy:

The values revolve round the important areas such as the Managerial authority and the working conditions. In Japan functional authority in Management has of course developed, but value based authority has maintained an equal level of importance. The characteristic types of Management in the Western industrial nations and their colonies are usually either management based on a defined system which reflects a hierarchy of skills or upon plain authority. The difference in social status and the salary between the Manager and employee is reflected very strongly in the authoritarian based Management as in Sri Lanka.

In the Japanese Management, there are very clear contractual obligations on both sides. The least of all is the part of management to guarantee the Company's survival.

Japanese have built up an elaborate value system of "giri minjo" a syndrome of duty eliciting a sense of duty around the concept of life employment system best described as "stable employment system." This is not an invention but a continuity of an older tradition. Incentives were offered for employees to remain longer. A system of seniority and ranks was developed the top of which was reached by only a few who were destined to remain or to set up a new associated house. In the context of a feudal society where stability was considered to be the norm, stable employment in Japan was refined into a seniority system and through this various aspects of Company welfare came to be administered such as finding suitable wives or husbands for employees (ideally in related companies), housing loans, company housing and other fringe benefits. The employee is considered to be the company's most valuable asset. Therefore, human resource management takes precedence. Both the employees and employer were committed to a long relationship based on shared common values and co-operation in the area of industrial relations. In a sense, a kind of social contract existed under which the authority of Management was vested in the employee, whose well-being was vested in the system. But in Sri Lanka, the values based on stable employment system, the system of seniority and even the employee–employer relationship never existed in the system as found in Japan.

3. Values are central to corporate work ethic

Japanese belief in the innate goodness of human nature provides a better basis for a work ethic based on the belief that workers are going

to do the least, steal all they can and stay away as much as possible. The latter idea is a belief and to some extent applicable to the Sri Lankan situation where the employer suspects the employees all the time.

They never punish or fire their staff. Instead of considering punishment when they make a mistake, better results can be achieved by presenting rewards for success and effectiveness. They never adopt negative approach unlike in countries like Sri Lanka where legalistic concepts stress mainly punishments for errors. In the homogeneous society of Japan it is vital with other members of the organisation. The concept of homogeneity is frequently found on the wall of the offices or assembly halls. "Wholeness" Grouphood, rather than "self hood" provides a wholesome content for life. From this, many Japanese customs emerge such as drinking or eating together after work, spending company outings and talking about plans for improvement. This system is not again adopted in our countries. Another important value in the work ethic in Japanese Management is the well all-rounded person than a specialist.

Our tradition has an individual becoming an expert in one area (marketing, finance, industrial relations) and progressing upward through a succession of different companies & on a Japanese model he progresses upwards in one company through numerous specialities. The reason is of twofold. Japanese Companies encourage a well rounded person rather than a simple specialist. Secondly, Japanese believe that specialist may not be able to understand the problem of personalities though they may have the knowledge of the problem. The value based reasoning is important for them.

4. Values are Central to Promote Good-Supplier/Customer relationship

The Japanese feel that 'the customer is always right'. We must treat them with respect. There should be a mutual relationship between the supplier and the customer. Sales staff will drop in on customers not merely to introduce products and not to take orders but to hear consumers' reactions. Computer linkages between manufacturer and supplier help in mapping production to match consumption as well as preventing the accumulation of useless inventory. Communication and good will are related. Thus, it is value based. But the style adopted in our country is to send the sales' forces to the field to remind the customers of the availability of the product and not find out the actual need of the customers. Japanese salesmen can be remarkably honest and suggest to a customer an expensive way of doing something even if it does no service to his product. Such sincerity evokes trust, when he declares his company's purpose he is less likely to be doubted. This type of approach never arises in the Sri Lankan situations.

5. Cultural Related behaviour

Our Managers consider status and income as motivators, whereas the Japanese, though it is there, never consider much their status as all the time

that 'familysm' is involved in the working place. As regards income is concerned, they are paid very low salaries - compared to other countries. The salary disparity is not that higher between the top and the bottom.

The Japanese always impose their way of doing things. To the outsiders, Japanese have a specific and inflexible approach which cannot be adjusted for different conditions. Their success in business has resulted from their disciplined approach and resistance to other influences. But we are always subject to external influences. In Japanese Companies employees wear uniforms, sing the Company Song and do exercises in the morning. A cultural value rarely exists in our society.

In Japan children study hard under strong parental pressure to enter the best Universities, from which they are to join the best Companies. In our society, our work is what we do whereas in Japan, your work is who you do it for. Girls seeking a marriage partner want young men who work for the best Companies. At the same time housewife is generally confined to the house and plays a very small part in her husband's working life. In Sri Lankan set up, due to poor earning capacity of the individuals, the housewife too works in order to run the home smoothly.

II. MANAGEMENT PROCESS

As a prelude to go deep into the Japanese and Sri Lankan decision making systems in the Management process, it is necessary to discuss briefly the aspects of Management process in Sri Lanka and Japan.

2.1 Sri Lankan Management Model:

The structure of the organisations is characterised by excessive centralization of Managerial work at the top of the structure very often in a single important person. This is supported by two distinct psychological process of the individual personality. One is the authority - conformity orientation of the individual in which case the relation between parent oriented superior and the childhood oriented subordinate are the principle forces for centralization. Secondly, there is excessive individualism pushing the work upward the hierarchy. At the same time, because there is no much room for staff consultancy, individual competition suppresses group work. In the decision making process, Management by objective is alien to the proactive way rather than a reactive way of managing. It is also a result oriented philosophy of Management which stresses on accomplishment and results on behavioral syndrome and does not allow MBO to operate successfully. The decision making environment is not supportive for groupwork. Only participatary decisions are encouraged by such factors as risks in decision making, desire to share responsibility or escape direct responsibility and the structure of the committees themselves. Group behaviour is discouraged by such factors as individualistic attitudes, structure of the organisation, lack of commom goals, lack of faith in the subordinates. People are motivated only by rewards such as income i. e. earning for a living. All are more worried about getting money income (about 85% of the work

force) rather than status like recognition, achievements etc. This will be a clear indication as to how the management will look at the employees, when they are taken for employment opportunities.

Control is perceived as a process focussed on employee behaviour relating to the observation of rules and regulations and breach of discipline. The fact that middle and lower lovel Managers had little authority to reward employees has weakened even this control junction. Difficulty of locating the responsibility and measurement of output are among the reasons for lack of control.

2.2 Japanese Management Model :

To analyse the comparative decision making process in both Sri Lanka and Japan, it is better, as a prelude, to look back some of the important characteristics of the Japanese Management model. There it is a consensus among the Management writers as to what the dominant features are; 1. Japanese organisations promote among their participants a coherent managerial philosophy that expresses organisations, values and goals. This philosophy contributes to group cohesion and consensus and collective responsibility. 2. Members of the organisation are systematically socialized into the organisations' culture. They have a written managerial doctrine, the use of mottos and songs and participation of group activities and observances that express organisational values and objectives. 3. The most significant characteristic of the Japanese Management system is the decision making by consensus known as "Ringisho". Under this system which will be discussed in detail, the procedures and routine and even strategies are originated by those who are directly responsible for these changes. Decision making is bottom up in nature based on consensus at every level. The 'ringi' process consists of two stages namely 'nemawathi' and 'ringi' The 'nemawathi' process is that of reaching decisions by consensus and the ringi process is formal procedure to obtain authorization. Conflicts and contradiction are smoothened out so that every participant appreciates the value of the decision. 4. Another feature is the system of managing resources It is based on three unique features called as 'three sacred treasures'. They are (a) life – time employment system (b) the length of service based wage system (c) the enterprise unionism. One of the important aspects is that there is a freedom of movement of workers among the various job classifications in the internal labour market. 5. Paternalistic practices are employed to bind the participant to the organisation by providing material and social incentives which are intended to promote workforce stability and commitment to work. Provision of social services, health care and recreational facilities and activities reinforce the psychological commitment called for in the socialization process. Further no firing policy is thought to induce the employees' loyalty to the organisation.

2. 3 Decision Making:

Japanese Managers have created both an original system of Management and a unique 'style' of Management, connected to 'groupism' which is a sort of collective leadership. This tries to reach a consensus to encourage co-operation and loyalty on the part of the managerial and other personnel

with an eye to the long term strategic objectives as against current, tactical tasks. Decisions are prepared and approved 'from bottom to top' through a phased co-ordination in every level of Management. There are no hard nosed executives who insist on taking all the decisions on their own. Decisions are much more often prepared by the "Typing – in – of Roots" method, which like the practice in the planting of trees consists in typing in the new plant 'with the old root system' i.e. in taking an agreed and thoroughly thrashed out decision. As a result, decision making process in Japan takes much more time than it does in many countries, but once the decision has been taken, it is put through much more swiftly and reliably. As everyone says, Japanese take a long time to decide but implement decisions speedily.

Professor Kahayashi states, "When we want to do something, we just try to learn and absorb all possible answers, alternates and developments not only in Japan, but in Europe and developing countries. Then by combining and by evaluating the best of all these, we try to come up with optimum combinations which are available. This is one of the keys to explain the success of Japan."

We go little deeper and analyse further about the different world wide Company executive opinions and views about the decision making process.

Japanese Management systems always include consensus decision making (Ringi). But to what extent is this borne out by reality? On the surface, the practice of Japanese Management is very concensus oriented. They do not take decisions in isolation. However, explains Ronald Hepborn—head of public relations for Yamaichi International (Europe) Ltd. 'This system is more of a theory than in practice. In reality decisions are made by certain key indicators, rather than emerging from concensus based discussions. Consensus decision making is a fine idea and should have a lot going for it but I am cynical about the way it operates here; "reflects Gorden Stevenson, – Personnel Director of Daiwe (Europe) Ltd., "The (mostly Japanese) Directors make a decision and then consult with the staff although it is really only a softening–up process." There is another view on this aspect where 'we aim to achieve a commonly supported strategy and people have to feel involved in our Companies development, 'maintains Ian Gibson Managing Director of Nissan Motor Manufacturing (U. K.) Ltd. But he has to make the main decision. Consensus here is a matter of information involvement rather than contributory to aspects of policy.

2. 3. 1. Quality Control

The Japanese have made the attainment of the highest product quality for their products both locally as well as externally. Quality, one of the British Researchers remarked is a national obsession of the Japanese, which they rank ahead of other problems. It is the orientation towards exports that has largely helped them to raise the quality of their products as a whole. The Japanese control system based on the 'idea of preventing at every stage of the producer process: the point is not to unearth a defect but to prevent it from being there

in the first place.' Another key point is that for all practical purposes, the workers are entrusted with quality control, through "Quality Circles". This amounts to instituting the principles of self - control.

The worker bears a personal responsibility for the quality of the product he turns out. In our society or in the organisation relationship between controllers and producers come down to a "they and us" Relationship. Producers try hard to conceal the defects, while the controllers are forced to fulfil the plan and as a result turn a blind eye on the odd defect here and there. Quantity runs into contradiction with quality. Quality becomes the enemy of quantity and antagonism and this is not as a rule found in Japan. Japanese feel that the cost of eliminating defects is always higher than the cost of preventing them. The quality control which they adopt as discussed earlier are expressed in the two following postulates. 1. "Do not worry about the final product, but think of the process." And 2. "The main aim of quality control is to end all quality control." The Japanese system is very effective, in that it involves all the participants in the producer process from the Manager to the workers and covers every stage of the process. Planning, design, engineering, preparation of materials and components, production control, marketing and after sales services.

2. 3. 2. Quality Circles

Like most recent innovations in the production environment, quality circles are a Japanese innovation from the 1960s. They were developed in order to improve quality and productivity in manufacturing through the medium of small, voluntary group of workers (Schonberger, 1982, 181). The quality circles comprise two major elements – the group itself and what it does. The Group comprises about 8 – 12 people; all the members are from a similar work background; they usually meet once a week, usually on company time; each circle has a clear leader who is assisted by a facilitator. The group does the following; identifies the problems, collects data relating to the problem, analyses the data and makes recommendations and presents recommendations to the Management. But research shows that the Japanese quality circles are not highly participative in nature. Only one third of the quality circles are reported to be active.

Again there are a few quality and productivity differences between Japanese firms that put an emphasis on quality circles and those that do not. Through quality circles a virtuous circle is developed. The Management can appoint a consultant either from outside or from somewhere else in the organisation to solve the problem. Rather, they will leave it to a quality circle familiar with the work and its content to put forward a recommendation for solution in the way outlined above. The objective of the quality circle is therefore to bring this trust into the Manager - worker relationship and thereby to improve the morale as well as, the quality of performance. The importance of this approach cannot be overstated. Most of the Western countries rarely use this approach which ultimately reduces the staff productivity and affects the benefit

of the organisation as a whole. Therefore, in Japan due to their cultural note 'quality circle', techniques have been developed and used in every decision making process.

In Sri Lanka, even though the decision making process is somewhat different, in the recent past. Quality Circles have been introduced in some organisations. The main aim of Quality Circles is success through excellence. A Quality Circle association has been formed in Sri Lanka. The Quality Circle has to maintain excellence in all activities. It is only through excellence that Sri Lanka could emerge victorious in the race against time. The strength and progress of the institutions depend upon the active involvement and participation of their members in all their activities. Most of the companies have now introduced Quality Circles. The C. W. E. has introduced Quality Circles and these are operating successfully. In addition, the Dankotuwa Porcelain (Private) Ltd., Hayleys, Photo Print (Pvt) Ltd., also have quality circles. As it looks this particular aspect in the decision making process is fast developing in the Sri Lanka organisations.

2. 3. 3. Japanese Management Accounting Techniques

In the past few years many experts on Japanese Management manufacturing techniques have isolated the distinctive practices that have accounted for the remarkable success of Japan. Even earlier, Western and Eastern commentators saw Japanese Management system as different (Vehblen 1954, 248). He outlined some of the differences regarding the organisations in Japan. Western commentators observed that some practices like 'Just in time production' (Seguland, 1984, 44), 'the idea of harmony (Bollon R. J. 1969), total quality control (Elandler, M. 1966, 134) and aggressive use of flexible manufacturing techniques (Rignt W. 1985, 99) as the basis for the continuous out performance of the other Western and Eastern countries.

In what ways Japanese information systems are different? Do they make any significant contribution to the Japanese economic success story? Management information systems in Japan contribute greatly to the Japanese competitiveness and reinforce a top to bottom commitment to the technological process and promote innovation. It is important to note that they never allow external accounting practices and conventions to determine how they measure and control organisational activities, whereas in the other countries the external procedures determine or dictate internal Management reporting requirements. The top to bottom commitment is basically a strategy as opposed to operational approach to Management information system in use. There is a great link between Management accounting practices and corporate goals of the organisation. They use this accounting systems in order to motivate the employees to act in accordance with the manufacturing strategies than to provide senior members with short term data on cost and profit. As a result, in a Management decision making, this accounting system plays an 'influencing role' than an 'information role' in the process. In countries like Sri Lanka, the Management information systems provide an information role and not an influencing role. There is no 'top to bottom' commitment in the process of

management information systems. Japanese Companies do not emphasise standard cost systems for monitoring the company performance. Japanese Management in decision making do not look to the cost systems alone. They do not stress optimizing within existing constraints. Rather it encourages employees to make continual improvements by tightening those constraints.

The Managers are keen to have their Management accounting systems that motivate employees to work in harmony with the Company's long term goals, than to pinpoint production cost variances. Through this, they wanted to create a competitive future for their organisations. The employees are motivated to reduce the cost of spare parts by innovating standard parts, as a result the overhead costs and total costs can be reduced. This is a form of feed forward control rather than feed back model which most of the Western countries and Sri Lanka too adopt in the day to day organisational activities. For example, in Japan, a product development stage engineers working on different parts of the car interact frequently with the manu-facturing function as well as designers and outside suppliers. As product design and development progress, estimated costs are compared with the target. This is an example of feed forward control. The variances arising at this stage are fed back to the product developers and the cycle repeats; design proposals, target costs, variance calculations, value engineering, analysis at the lowest possible cost, and redesign. This cycle ends when finally the estimated cost of what will be correctly achievable and production begins to equal to the target cost. This type of approach never takes place in the Sri Lankan context.

III DECISION MAKING MECHANISM

3.1 The Ringi System:

The feudal political system of Japan gave birth to the Rigni system where the substantial job of policy making was left to the lower - upper or upper middle level members of the organisation. The top leaders in the power structure holding the actual authority were thereby left untouched. The word ringi means obtaining approval on a proposed matter through the vertical and sometimes horizontal circulation of documents to the concerned members in the organisation. It generally consists of four steps. Proposal, circulation, approval and record (Yama 'shiro, 1966, 28). Generally a middle management in a department presents a good idea. The section chief (Kacho) calls a meeting of his section. After discussing the idea, he will report to his department head (Bucho) and consult with him. If the head also agrees, the time consuming activity of getting a general consensus starts. At this point, a local consensus in this section has been reached. Next step is to get a wider agreement in the department. Each department sends one Bucho and one Kacho and perhaps two sub section chiefs (Kakaricho). If neessary, specialist like engineers are also invited. The initiator kacho will formally and informally with the other depart-ment proposes the necessary documents and materials. This prior co - ordination is vital for the Ringi system to be effective.

Once all the heads of departments attained an informal agreement the formal procedure starts. This is the circulation of a formal document for approval or authorization of the proposal. All responsible Managers concerned affix their seal to it, as a sign of agreement. Generally, the number of seals can reach ten or twelve. The circulated paper or document is known as Ringi-Sho. It finally goes to the top decision making body for formal authorization and the final 'go-ahead.' What is important here is unlike the "feudal" system, the responsibility is rarely imputed to the middle Management. It keeps lying in the hands of the seniors. Often it is said that the Ringi system is disappearing or decreasing, but it is unlikely that the underlying spirit of the system is dying. The biggest merit in the system is participation. Middle management automatically participates in the decision making process. In addition to this, there are four prime advantages. Fewer aspects of the decisions are overlooked, participants feel committed to implementing a decision they have helped to formulate, bolder decisions can be made and any charges accompanied are reduced.

To quote (Drucker, 1972, 5)

"........When we measure the efficiency of Management not only from the time needed for implementation, the whole process, namely the former plus the latter, may be shorter Japanese firms than for Western. This is due to the fact that in Japanese firms, after the thorough and overall discussion before decisions are made and after the consensus has been reached no objection occurs in the implementation process........"
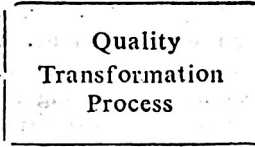
3. 1. 1. The Decision Codes:

The characteristics of Japanese decision making codes are harmony, consensus, seniority, paternalism, collectivism and so on, where their decision codes are just opposite of what have been practised in Sri Lanka. Paternalism and harmony are pervasive decision codes in any organisation in the Japanese society. This is because the application of Japanese home life to enterprise. Since the first day of the business, they endeavoured to bring their employees as men of good character, because they were left with them by their parents. The employees use to say "our company is our home. Therefore we do not have the time card system. We do not have any definite age for retirement. Our basic principle is to respect harmonious personal relations." Another important aspect to consider is that the firms in our country are overwhelmingly an economic entity, whereas in Japan, they are primarily a social entity, though operating in an economic environment.

Generally speaking, Japanese firms do not have individual leadership but group leadership. It is important to know how individual leadership is transferred into group leadership and through what organisational process individual passiveness is changed into collective activeness.

Transformation of Decision Codes

| Aggregation of individual passive decision codes | $\dashrightarrow$ | Quality Transformation Process | $\dashleftarrow$ | The firms or organisations active decision codes |

As discussed earlier, decision by the smallest units added up to make a group decision and those by groups make up an organisational decision. Likewise, codes of the smallest unit are integrated into the group codes, and the latter are integrated into the firm's codes. The codes of the smallest decision making units, namely, the individual members of the firm that are treated by exogenous variables.

3. 1. 2. Group Decision Making

All Japanese decisions in any organisations are a product of group thinking and a consensus among the group is demanded by the value system of the society. If two persons have formed a group to reach a consensus, the mentality demanding the group consensus is "If I were you, I would do the same". The necessary condition is that they have the same decision codes and information. Due to the natural homogeneity and life time employment, it is reasonable to think that few people in the group would arrive at the same decisions, if they had the same information. The consensus forming information procedure produces huge amounts of roll and documentary information but as a result, it also produces a merit-that is, the full participation of the group members in the decision making process. Another important aspect in consensus decision making is that the size of the group is decided mainly by the necessary conditions for reaching a consensus. The group is generally not large but they will have common information as possible. This type of small group activity is best exemplified by the quality control movement 'Quality Circles' which have already be discussed. These types of decision making arise because of the different Management principles that are adapted in Japan compared to Sri Lanka or even Western countries. The structural similarities of the organisation chart of the Japanese and other countries are the same but there is a basic difference. In the Western countries and Sri Lanka the phrase "span of control" defines the size of grouping and control is from 'top to bottom,' whereas in the Japanese system the need for reaching group consensus defines the size of the group and the consensus is from the bottom to top.

3. 1. 3. Decision Making in the Organisation

A uniqueness of the Japanese office layout is to have a large room in which employees of all levels sit at desks arranged in much the same order las the organisation chart. Their office operates as if it were a factory to produce the decisions. The information required for these decisions whether oral or in paper is moved from desk to desk like a shuttle.

The biggest merit in the Japanese Management style corsists in the "participation of middle management" in the decision making process or even to formulate the corporate strategy. The closeness of the decision making to the implementation results in a high morale and motivation called in order to promote profitability. In an organisation of "bold and active" Corporate decisions become easier because they are protected by their seniors from responsibility.

IV. EVALUATION

1. The Japanese Management systems and decision making models appear to to be more culturally specific. They are further strengthened by work values that touch every aspect of Management philosophy and are remarkably different from those prevalent in the Sri Lankan society.

2, A highly striking feature of the Japanese approach is its reliance on collective values as expressed in group work attitudes and decision making. There is evidence however, the bottom up decision making in Japan is not participative in nature. As I have already discussed under decision making, the Japanese Directors make decisions and then consult with other staff, although it is only a 'softening up' process. Therefore, the consensus here is a matter of information and involvement rather than contributing to aspects of policy.

Instead of bottom up decision making, it is argued that Managerial subordinates spend a great deal of time trying to define the real wishes of their bosses, so that they can be perfectly reflected in the strong lines or decisive recommendations they come up with (Olmane, 1982, 33). Similarly, Cole says that neither workers nor unions contribute to decisions regarding work pace, level of productivity or size of work group. To him consensus in Japanese organisations is in no way incompatible with the strong exercise of Management power and authority. Responsibility is not clearly pinpointed and it has been diffused and all are committed to success. In the case of Sri Lanka, individualistic role plays an important part in decision making. As a result the top-bottom approach is not prevalent in many organisations. The group decisions are made in cases where the top Manager did not want to bear the full responsibility of accepting a risky decision.

3. The Japanese quality circles that play an important role in decision making are not highly participative in nature. Only one third of the quality circles are reported to be active.

There are a few quality and productive differences between the Japanese firms that put an emphasis on quality circles and those that do not. In Sri Lanka, the quality circles are of very recent origin. The contribution to decision making is yet to be seen.

4. The general Management information techinques adopted by Japanese are quite different from that which Sri Lankans adopt in their organisation. In Japan, information techniques play a more influencing role than an information role, whereas in Sri Lanka, the information techniques play an informative role for the top Management to take decisions. The standard costing systems

are more prevalent in Sri Lanka and the variances arising out of the actual and standard are studied carefully and necessary steps are taken to rectify the unfavourable variances. On the contrary in Japan decision makers rarely look into details of the cost system operations. In advance before the production starts, they look into these aspects and as soon as the production starts, they look into these aspects and as soon as the production starts, they will be more worried about the output and the production process. Further, the standard costs cannot be revised quickly enough for many products in the changing environment. Therefore, the usefulness of variances is increasingly open to question in Japan. As a result, many companies in Japan now rely more heavily on departmental budgets than product by product variances from standard costs.

5. The organisation must live and try to co-exist in the appropriate social system and therefore the social stratification becomes important for the organisation. Sri Lanka has a hierarchically organised social system. Even before the Western influence, we had a hierarchical local administrative organisation system. Due to caste and religion to maintain status within organisations, these things became conflictive and disfunctional. As a result of all these, the decision making process too remained at the top level and mainly on an individual basis. Whereas in Japan, as regards social stratification, they are, of a homogeneous society with one religion, so that the problem of caste, religion and the distance-between the employees do not arise. These things facilitate consensus decision making. The Japanese system has effectively integrated the concept of family into the structure of the organisations. In ours, we have not taken a total view of the social aspect of the family.

6. The Japanese organisation prospers through their culture and leadership in the organisation. The priority for innovation is accepted in their culture. The companies strengthen any weaknesses and innovate and the development of successful new products depend upon attitudes and values that are derived from organisational culture. Culture is established and implanted through the influence of company founders and leaders in history. Therefore, the Management has to establish, reinforce and develop positive shared values and attitudes towards innovation. Such values and attitudes derive from corporate culture and it is left to the leadership to encourage them so that innovation flourishes within a positive climate. Successful innovation calls for more flexible structures characterised by adaptable adhoc and person centred arrangements, open and informal communication networks and an orientation towards problem solving experimentation and action. Such structures are likely to be decentralised with formal control to some extent replaced by a high degree of inter personal trust. These characteristics are found in Japan and as a result, all the time thinking towards new innovations is fully supported by the organisations. This type of organisational culture is lacking in most of other countries including Sri Lanka.

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