

Article
**The Influence of Confucianism
on the Management Philosophies of Japanese Industries**

Takashi Watanabe
President, Life Balance Management Research Inc.

It is essential for scholars engaged in Japanese and Chinese management studies to understand the various historical circumstances that underlie the management philosophies of both countries.

In particular, I think it is vital to return to the starting point of cultural emergence for both countries, and re-examine the reciprocal origin of their cultures.

Japan currently welcomes large numbers of visitors from China. According to the most recent government data, the first two months of 2016 saw a total of nearly a million Chinese visitors to Japan. This is almost a 70 percent increase from the same time period the previous year. The visitors have been an extremely significant boon for the Japanese economy, which has been inert for a long time.

Looking at Japan's total base of foreign trade, it was 159 trillion yen in 2014, but of that number, China commanded the top share, 21%, continuously a much higher share than second-place U S A at 13%. In this way, the scale of the intermingling between Japan and China, through their economies and tourism, is growing larger and larger. Japan and China have a long history of cultural exchange, and Japan is particularly influenced by Chinese culture. That starting point is Confucian culture, which is the most widespread and strongest influence on Japanese management. Many Japanese people know about the ideas of Confucius and its 「仁」 **concept**.

In Japan, Confucianism is understood not as a religion but as an ethical perspective. Japan's business management and business culture have received heavy influences from Confucianism from the past up to the present. It is fundamental to know that there is a major difference between these influences and those which have been received from the West.

An archetypal example is the originator of Panasonic and Japan's most respected business mentor guru, Konosuke Matsushita (松下幸之助). Confucianism is widespread and laid in the bottom in Mr. Matsushita's ways of thinking and in his speeches. Japanese business managers think of Konosuke Matsushita as the greatest teacher of leadership and management.

Kazuo Inamori (稲盛和夫), who was influenced by Konosuke Matsushita, is one of the most respected managers in Japan today, Mr. Inamori's books are commonly sold in China and Taiwan.

Kazuo Inamori was born in 1932 in Kagoshima (鹿児島県). In 1959, at the age of 27, he founded the venture Kyoto Ceramic (now KYOCERA). In 1984, while remaining as the president of Kyoto Ceramic, Mr. Inamori founded a second electronics company (第二電電, now KDDI).

Both were hugely successful for stock listings. In addition, he revived the entity and stock re-listing of the then-insolvent Japan Airlines (JAL) in only two and a half years, shocked many Japanese people. There are many other examples of Mr. Inamori buying an unprofitable operation and rebuilding its management organization into profitable entities. Thus he is now called "The God of Management" in Japan.

The management philosophy of these companies—KYOCERA、KDDI、JAL—is "while pursuing the physical and spiritual happiness of all employees, contribute to the progress and development of humanity and society." These men, top-two giants of the most respected managers in Japan, regard Confucian thought

highly, and use it as a foundation for management ideology in themselves.

Comparatively, in Western businesses, logic, revenue, and managing the redistribution of profits to shareholders are emphasized. Those are rules and systems, organizations and structures, contracts, individualism, principles of competition, justice, adherence to law, and equal opportunities for men and women if I try to list them up.

However, in Japanese businesses, the spiritual states of people are given priority. Those are human relations, personal history, group consciousness, loyalty, harmony, sense of belonging, long-term employment, intense work, long hours of hard-working, and self-sacrifice.

Concerning management, Western and Japanese schools of thought differ about being “reason-oriented” vs. “emotion-oriented,” vs. “object-oriented” vs. “person-oriented.” In this way, Japan and Western business management philosophies are distinctly different.

Many middle-aged Japanese business managers are heavily influenced by Confucianism, even now. However, Chinese Confucianism has undergone significant changes within history, compared to Japanese Confucianism.

Japanese Confucianism became more feudal and closer to a moral ideology. The core of that ideology is 仁、義、礼、智、信、忠、孝、中庸.", 「四書 (論語、孟子、大学、中庸) and 五經 (詩經、書經、易經、礼記、春秋)」 and 「五常(仁・義・礼・知・信)、五倫 (父子親・君臣義・夫婦別・長幼序・朋友信)」.

There are many Japanese business managers who love the Analects, The Art of War, and Mencius, and there are many examples of those references being taken and put into practice. In particular, the concept of 忠 is liked by managers.

According to Confucius, 忠 meant “you should follow your essential spirit.” However, the definition of 忠 for Japanese managers perception is “unconditional obedience to rulers.”

In Japanese Confucianism, one must respect the elderly and senior colleagues, and not contradict to them. However, the Analects state 後生可畏, which means that “there are times when talented young people surpass their elders and seniors. The elderly are not always the most capable.” This teaching of Confucianism has become ignored by Japanese managers.

Confucianism was originally not born for the purpose of controlling management, to say the least. In Japan, powerful figures in the feudalistic era used Confucianism to strengthen their influence. The feudal system emphasizes the hierarchies of masters and servants, as well as landholders and land sub-renters.

The tenets of Japanese Confucianism have transformed into something ideal for feudalistic systems, preaching “patience is important, do not go against senior and elder people.”

In the Edo era, 朱子学 became a formal study in Japan. This 朱学 was also used by the Edo Shogunate (江戸幕府) for the purpose of preserving feudal systems.

Even from the Meiji era (明治時代), the Confucian culture was carried on by the Meiji government (明治政府). During 「修身」 time in the Japanese education system, the importance of 「忠」、「孝」、「忍耐」 were taught at schools.

In the Taisho era (大正時代), which followed the Meiji era, the citizenry were taught that it was imperative to obey the state. The lifetime employment system in Japan is internationally-known in the management studies worldwide. Confucianism persisted even in this system, and loyal devotion was stressed.

Within companies and governmental organizations in the early days of the Showa era, it was taught that the elderly and senior colleagues were to be respected, as this was Confucian. Even in military circles, absolute obedience to elders as well as systems of lifetime employment and seniority were promoted.

It is necessary to reconsider the Confucianism for thereseachers and students of business administration, and undertake studies a second time. The author of this paper thinks that the ideas of 忠、信、和, in particular, need to be understood and re-examined for the modern managers in Japan. Because this has many clues for the mental health remedy for the current workers in Japan.

Furthermore, points of Confucianism such as 「人本位」、「知人善用」、「修己治人」、「中庸之道」 must be put to practicaluse in modern Japanese business and public sector's administration and management.

Currently, the levels of interest and respect in both countries toward business administration and ideas is decreasing year by year in the past ten years.

For this reason with regret, I spent four years from 2007 as a guest professor at Northwestern Polytechnical University (西北工业大学) in the Chinese city of 西安市, where I conducted 50 hourlectures for the course on Japanese way of culture and business administration for Chinese students. In the future, I would like to carry out more learning exchanges for the students at Wuhan University of Technology.

For businesses in Japan and China, mutual learning about each other's point of view is necessary to create new value for business management. That is what creates genuine value for business management education at university level.

It is vital for Japan and China to mutually respect each other, know each other's good points, learn from each other, and guide each other. That ties into the true development of friendship between Japan and China.

As my last comment, I am deeply impressed and glad to find out that learning the Influence of Confucianism over Japanese is the best start-point for Japanese and Chinese to understand each other.