

“Ringi System” The Decision Making Process in Japanese Management Systems: An Overview

Srilalitha Sagi

Abstract- This paper aims to focus on the decision making procedure “Ringi System” of Japanese Management Process. It is a decision making process termed “Ringi” with a bottom up approach to overcome the traditional autocratic decision making practice. The paper aims at the characteristics of decision making procedure and its influence on the management style in Japan. This paper gives a detailed description of “Ringi” system as one of the important decision making processes prevalent in contemporary management practices to succeed in the global markets. Even though the “Ringi” process is viewed as time consuming by inviting more members of the organization to endorse on a decision, it still ranks high in appreciation for its nature of participatory management with collective decision making process in an organization.

Keywords: Ringi / Ringiseido, Japanese Management System, Decision Making, Consensus, Upward Communication

I. INTRODUCTION

The origins of Japanese Management Systems present the view that history and culture play an important role in the most of the current Japanese Management System. Some of the possible roots and their characteristics related to Japanese business practices include Confucian philosophy (respect for elders, loyalty, harmony), Buddhism (humility, work ethic, working for collective good), Bushido (obligation, duty, honor). And the practices of rice farming village communities in pre-modern Japan provide insights into the origins of many key characteristics of modern Japanese business practices such as paternalism and collective behavior.

II. POWER / AUTHORITY AND DECISION MAKING

In most cultures the power / authority, responsibility are associated with the significance of the decisions and their impact on the organizational environment. In some cultures power of an individual is demonstrated by making decisions individually in other cultures those in positions of authority are expected to delegate decision making to a defined group or reach to a consensus like in Japanese organizations. However, final decisions that emerge reflect the different amounts of power mobilized by the parties in competition. Decision making can therefore be seen as a critical process in which outcomes are a function of the balancing of various power vectors (Keeley 2001: p.154).

Manuscript Received on March 2015.

Dr. Srilalitha Sagi, Asst. Prof., Gitam School of International Business, Gitam University, Visakhapatnam, Andhra Pradesh, India.

III. DECISION MAKING

A decision is supposed to be convincingly valid, it needs to contain built-in justifications and excuses if it results in unexpected outcomes (Keeley 2001: p.154). The process of decision making is a set of interactions through which demands are processed into outputs (Pettigrew 1972). Decision makers are expected to produce outcomes that are in consonant with their goals, as the decisions are influenced by power in the organization and by communication patterns. Decision makers strive for mutually acceptable solutions countering with different values, personalities, backgrounds leading to delay in process and conflicts.

IV. RINGI PROCESS: A DECISION MAKING TECHNIQUE OF JAPANESE MANAGEMENT SYSTEM

The Japanese corporate communication system is anchored in the socio-cultural values of the society, as a whole the effective corporate communication system is related to the high level of productivity and technological innovation (Erez 1992). Communication networks in a Japanese corporation are highly formal and informal systems with top-down, bottom-up, horizontal and diagonal channels (Erez 1992: 50).

Ballon (1988) states that in contrast to the linear pattern with a definite point of origin for the communication flow and the decision making process, in the Japanese case the pattern is circular, whereby any single point in a circle can become the origin (in Keeley 2001, p. 149). The traditional decision-making process in Japanese firms is referred to as the “Ringi” system. The word *Ringi* in reality consists of two parts, the first being of “*Rin*” stands for submitting a proposal to one’s supervisor and receiving their approval, the second “*Gi*” meaning deliberations and decisions. The Ringi system is a traditional way of managerial decision-making in Japan. The system involves circulating proposals to all managers in the firm who are affected by an impending decision. The Ringi system goes through four stages: a. Proposal, b. Circulation, c. Approval, d. Record. Proposals are generally initiated by middle managers, though sometimes they may also come from top executives.

In a “*Ringi*” system the ideas and plans are discussed, developed, and refined in the informal meetings among the employees. This activity of informal discussions is a kind of pre-meeting stage which is called as “*Nemawashi*”. The key point of “*Nemawashi*” activity is to explain the details of an idea that is being proposed to promote for a decision to be made. This “*Nemawashi*” activity of “*Ringi*” system acts as an essential means of knitting together as many people as possible into the vital function of the decision making process.

The procedure of “Ringi” can be described in the following way: it usually starts at the lower level of management, even if the initiator is a higher-level manager, however, in almost every case he or she will give the idea to his or her subordinate(s) and let him (them) propose it. There are at least three good reasons for that. First, the first-line managers, as it is believed, are closer to the problem, and because of that, they have more information about it. Second, it has to start at the managerial level because decision-making is a typical managerial activity. Third, this is the way how the lower level managers can demonstrate their managerial skills to their superiors.

V. FORMAL CIRCULATION OF A PROPOSAL / DOCUMENT – RINGI – SHO

The lower managers are advised to refer a few routine decisions to top management through a certain procedure. He or she must draft a formal document that is known as a ringi-sho, which is usually a printed form in which managers fill in their ideas and circulated among executives for their formal approval. The “Ringi-Sho” is presented in such a way as to seek top management’s approval on a specific recommendation of a subordinate. When the formal “Ringi-Sho” is ready, it must be circulated among various sections and departments that will be affected by the decision. Once created, the “Ringi-Sho” is submitted for signatures through top section heads or individuals on which all the members of the group can affix their seal - indicating in the manner of its affixing, whether they are for or against or undecided. At any stage in this process, it may be necessary for the originator of the “Ringi-Sho” to modify and resubmit the document. The indication of the approval is done by a manager’s personal seal - known as the procedure of “management by stamps”.

When the president approves the “Ringi-Sho” by affixing his or her seal, the decision declares to be final. The role of the president in the decision-making procedure is also interesting. His or her approval is, of course, necessary but the president’s decision is usually based on the approval of the rest of the executives. Final implementation will be quick because prior agreement has already been accomplished.

VI. CONCLUSION

The “Ringi” decision making process is democratic in nature, with greater participation of people, and easy for implementation as formal approval is made with a great involvement of employees at all levels. For the “Ringi” system to operate effectively, certain conditions must prevail. It calls for a good organizational culture with harmony among the employees and seeks for a well organized communication pattern at work place. Much of the discussion, negotiation, bargaining, and persuasion are performed through mobilization of personal networks. To make this possible, organizational and physical setting must be such as to encourage regular and frequent face-to-face interaction. Another basic condition to make the “Ringi” system effective is a strong sense of shared understanding and values among participants.

The “Ringi” system receives criticism for its long process for consensus, and is perceived as a problematic one in a cross cultural context as decision making procedures vary from culture to culture in the international business. Even though the “Ringi” process is viewed as time consuming, it still ranks high in appreciation for its nature of participatory management with collective decision making procedure in an organization.

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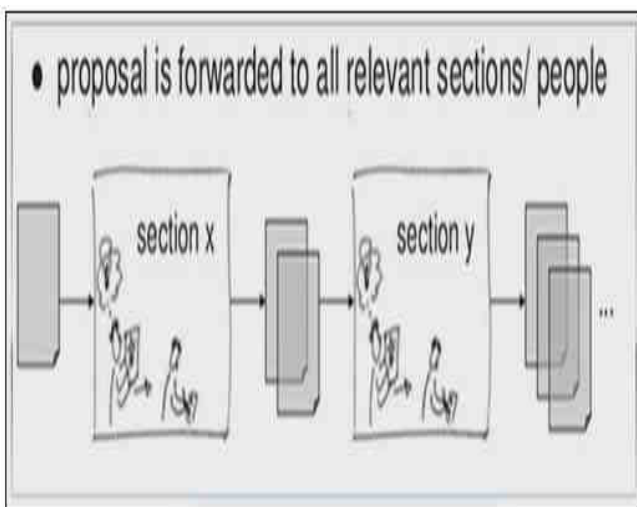


Figure 1. Formal Circulation of a Proposal for Approval