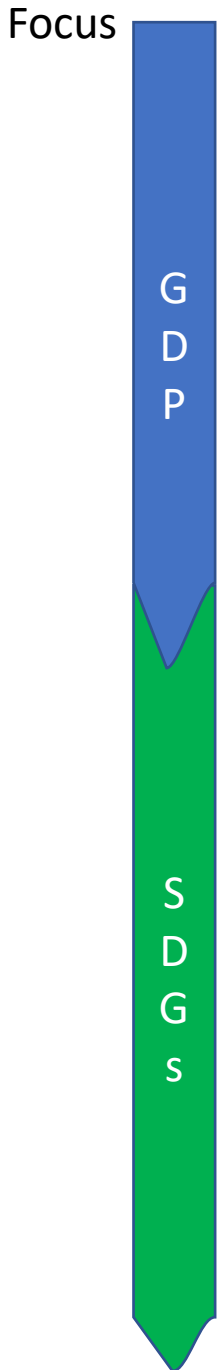


Konosuke Matsushita

(the founder of Panasonic)

and

Management with  
human-centred approach



Principle

Approach

ILO

IR HRM

Management

Profit Maximization  
Neo-liberal

Corporate Social  
Responsibility

Business and human rights  
Due diligence

Moral  
Ethics

Rule-based  
approach  
Compliance

Enabling  
approach

International Labour  
Standards  
+  
Tehchnical Cooperation

1999 Fundamental rights  
at work

Sustainable  
Stakeholder  
Management

2019 Human-  
centred  
approach

Humanistic  
Management

# 2019 ILO Centenary Declaration for the Future of the Work

- **Human-centred Approach**
- Putting people at the centre of economic and social policy and business practice
- Digitalization and the covid-19 pandemic **weaken the rule-based and universal application.**
- A human-centred approach leads to **consensus** approach which will ensure that working people have a ‘just share of economic progress, respect for their rights and protection’.
- **Enabling approach** with more **flexibility, morality** and **freedom to agreement, investment in people, well-being with choices**, etc.

Global Commission for the Future of Work, ‘Work for a Brighter Future’ (ILO 2019) 21, <[www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms\\_662410.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---cabinet/documents/publication/wcms_662410.pdf)> accessed 22 January

# Japanese management has been stated as a human-centered approach

- Employment security
- In-house training
- Humanity and morality
- Responsibility of customers, suppliers and local community
- Long-term stakeholder management

**Perspective from  
Humanistic management**

# An human-centred approach humanistic management

<http://humanisticmanagement.network/>

## Three – stepped approach to humanistic management



# First step for humanistic management

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## Three – stepped approach to humanistic management

1

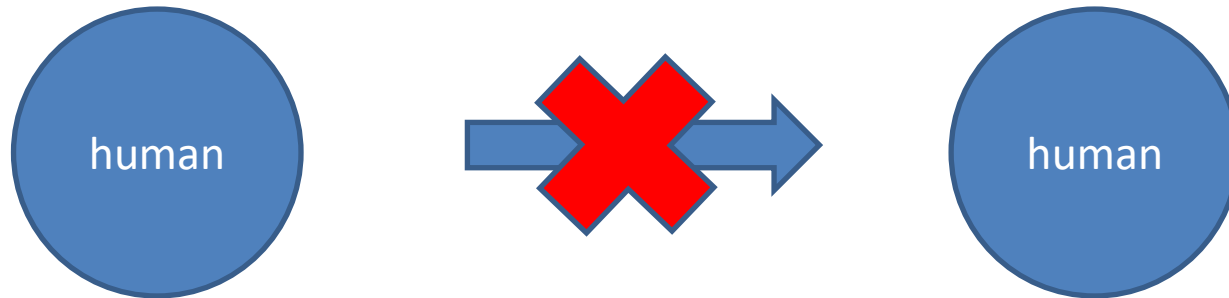
Unconditional respect towards human dignity

- We rightfully expect our dignity respected under all circumstances, also in business environments
- Managerial tasks are frequently defined in ways that view people as instruments (human *resources* / human *capital*) rather than human *beings*
- Humanistic management embraces each person as an end in itself, as having intrinsic value
- Humanistic management lays a foundation for the alignment of business goals and societal aims by respecting each person as an end in itself

- ‘every human must always be seen as an end in itself, and never as a mere means’ (Kant)

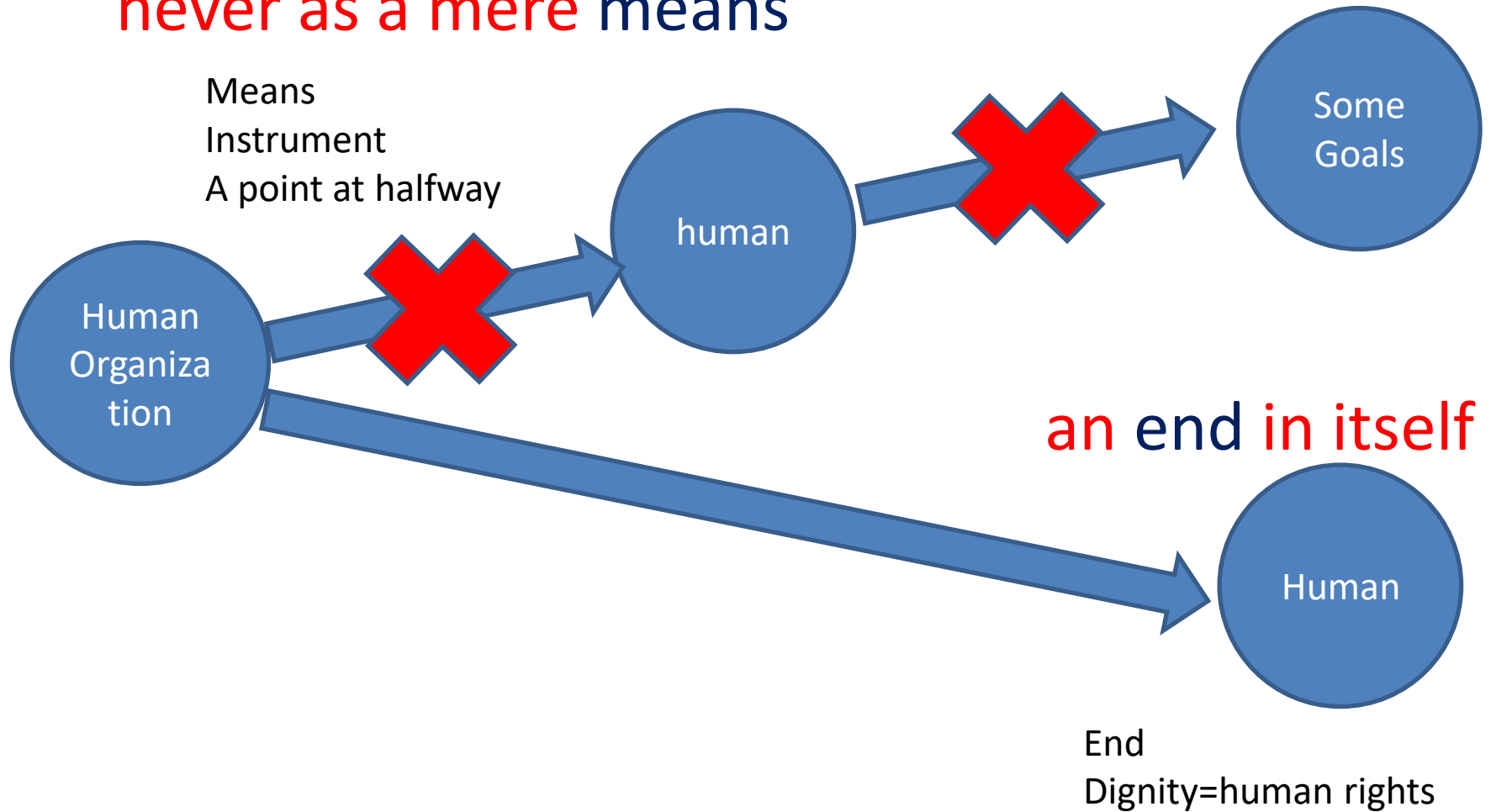
never as a mere means

an end in itself



‘every human must always be seen as an end in itself, and never as a mere means’ (Kant)

never as a mere means





# What is human dignity ?

- Human being can not be valued in price.  
(Kant)
- 'every human must always be seen as an end in itself, and never as a mere means'
- Human is entitled not to be forced by the others. Human has right to choose how to act in their life and work.

# Negative liberty and Positive liberty by Kant

- **Negative liberty**
- To be not forced to do anything, the right to choose, and act. Human rights.
- **Positive liberty** Respecting the personality to release the potential capability each individual.
- Flexible working hours, choice of working environment, various paid leaves, and disconnecting etc.

# Two fields of Respecting Human Dignity



**Compliance of  
fundamental labour  
standards**

**Innovative and  
Creative working  
environment**

# Matsushita and Human dignity

- Matsushita promoted **employee autonomy** to break the restraints of corporate governance. He promoted better working conditions and autonomous decision making by division of power delegation and responsibility.
- Matsushita believed in **the unlimited potentials** of human beings. He tried to release human potential through intrinsic motivation, and he trusted the creative and innovative nature that resulted from such motivation.

# Second step for humanistic management

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## Three – stepped approach to humanistic management

### 2

Integration  
of ethical  
reflection in  
managerial  
decision  
making

- We need to move from corrective to integrative business ethics
- Too often can we observe business as usual and only if and when misconduct causes costly public outcry will corrective action be taken
- Humanistic management demands the integration of ethical reflection into managerial decision making
- Integrating ethical considerations in management decisions leads to building fundamentally sustainable businesses from the core

# Matsushita and Ethical Decision

- Matsushita was **open-minded and listened to others carefully**.
- He was a very humble decision-maker and trusted **'collective wisdom'**. Badaracco (2002) suggested that 'many big problems can only be resolved by a long series of small efforts'. The 'quiet leaders' make ethical decisions instantly and thereby enact changes through small efforts at workplaces with virtues of restraint, modesty, and tenacity (Badaracco, 2009. p.387).

# Third step to humanistic management

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## Three – stepped approach to humanistic management

3

Seeking  
legitimacy  
through  
stakeholder  
engage-  
ment

- Stakeholder engagements often disappoint all parties involved
- Stakeholder claims are not recognized as having intrinsic value but are seen as instrumental to business aims that are unrelated to the actual claim
- In humanistic management stakeholders have a right to be heard and their concerns are genuinely taken serious and viewed as having intrinsic value
- In successful stakeholder engagements the power of the better argument supersedes factual power

# Matsushita and Dialogue

- he extended dialogic engagement with stakeholders. In particular, he was heavily engaged in dialogue with workers, labour union, retailers, and suppliers.
- These relationships were not interdependent. Occasionally, they were in serious conflict with each other, but Matsushita treated them as equal partners.
- He sent several illustrative messages to various stakeholders, which symbolized 'coexistence and mutual prosperity'



# What is humanistic management?

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Three – stepped approach to humanistic management



# Big Sympathy with respecting Humanity among managers and workers



(1894 to 1989)

- Respect of humanity fitted with the value of Japanese social partners after the world war II .
- Konosuke Matsushita, the founder of Panasonic; the most respectful manager in Japan said that “the company is the place for realizing employees’ **humanity** and growth.”

Today

Matsushita Memorial Library reopened in the 3<sup>rd</sup> of December 2013 in front of Kyoto station.

# Human potential is limitless

- (Human beings) are endowed with **limitless potential for growth**....Training and educating people is important precisely because of the immense human potential to be tapped.
- It is of vital importance to place individuals in the right situation and in the right position to allow their abilities to come into **full play**.

PHP Institute, *The Heart of Management: Konosuke Matsushita's Enduring Insights*, originally published in 1994, Paperback ,Second Printing in 2018, p.170.

# Employing people is a public responsibility

- ...you should be aware that employing people is not private but public endeavor, and that those you employ are not working for your personal benefit, but are, rather, collaborating with you in work for betterment of society.
- .....your enterprise is an instrument of public welfare and the **employing people is a public matter**.....

PHP Institute, *The Heart of Management: Konosuke Matsushita's Enduring Insights*, originally published in 1994, Paperback ,Second Printing in 2018, p.171.

# Mission of industrialists; Water-supply philosophy

## PHP; Peace and Happiness through Prosperity

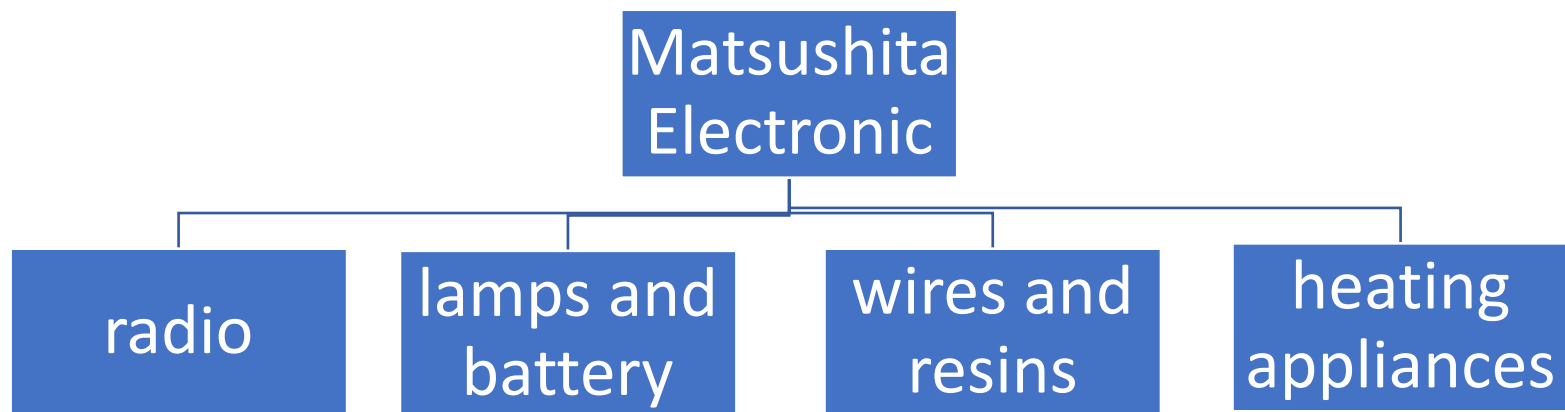
- He insisted that the mission of an industrialist is **poverty alleviation**.
- A business can alleviate poverty by producing goods abundantly and supplying them at very reasonable prices like water to the poor.
- The supply of cheap and quality products comprise the prime focus of a 'cost leadership strategy', and they are manufactured using economies of scale and process innovation within the relational network of employees, suppliers, and retailers.

# Matsushita and Human dignity

- Matsushita promoted **employee autonomy** to break the restraints of corporate governance. He promoted **better working conditions** and autonomous decision making by division of power delegation and responsibility.
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# Empowerment through the division system

- The four major product groups comprising radio, lamps and battery, wires and resins, and heating appliances were established in 1933.
- two goals of the division system: delegation of authority and responsibility to smaller business units, and employee self-development.

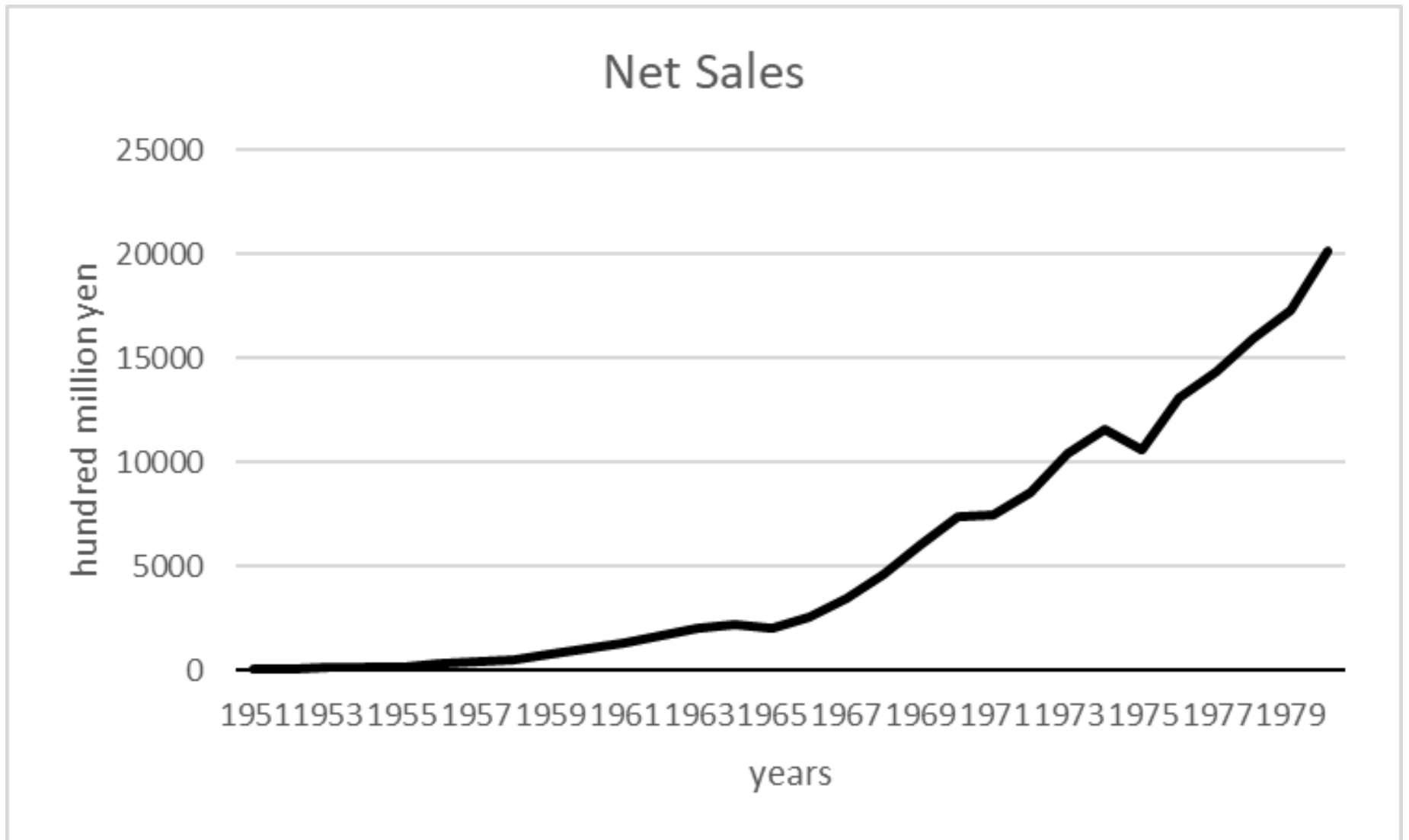


# Building constructive labour-management relations

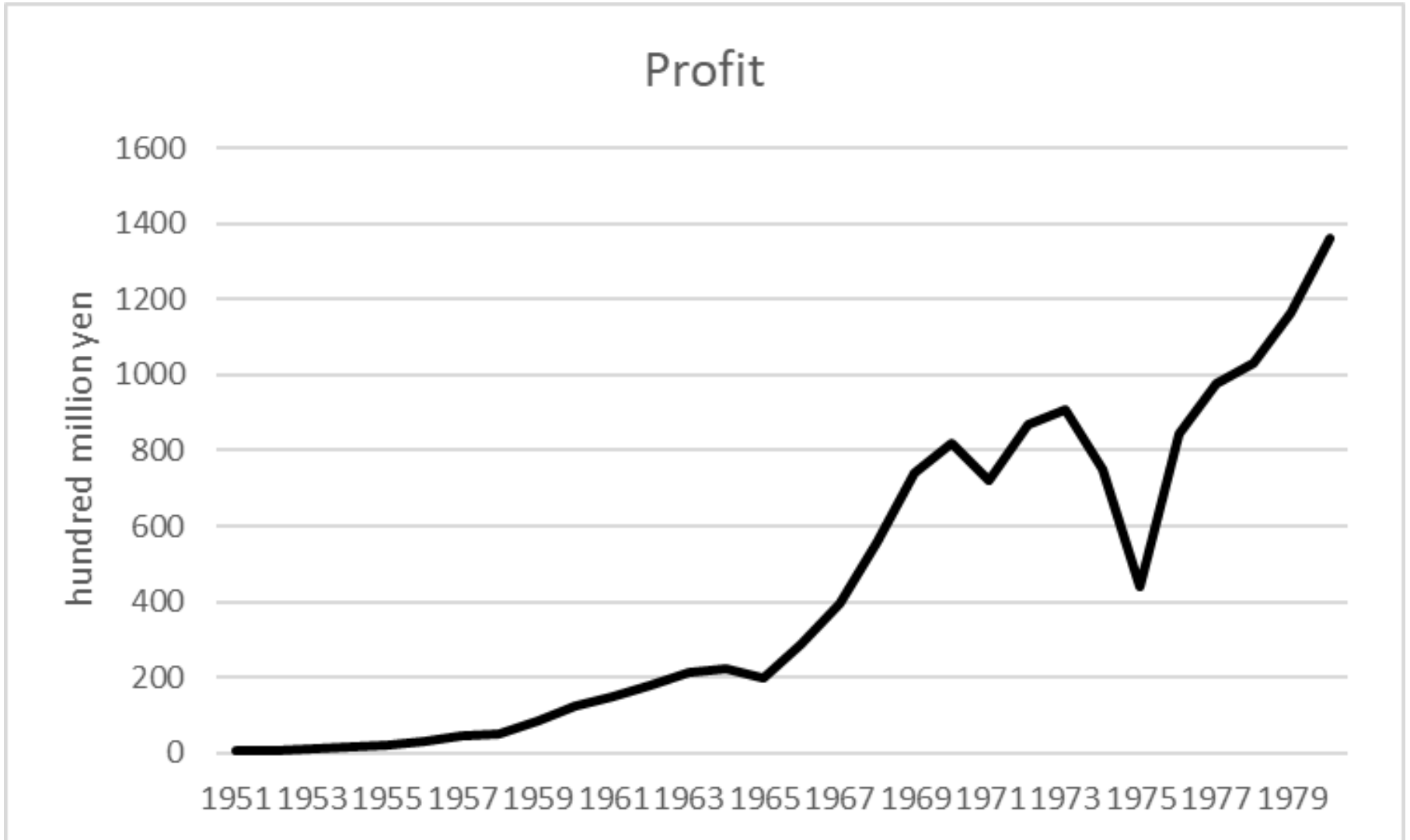
- The monthly management consultation meeting comprising the top management and labour union has been held since July 1946.
- He called the principle of labour-management relations is 'confrontation and harmony'



# Net Sales Chart of Matsushita from 1951 to 1980



# Profit Chart of Matsushita from 1951 to 1980



# Employment growth of Matsushita from 1951 to 1980



# Employing people is a public responsibility

- ...you should be aware that employing people is not private but public endeavor, and that those you employ are not working for your personal benefit, but are, rather, collaborating with you in work for betterment of society.
- .....your enterprise is an instrument of public welfare and the **employing people is a public matter**.....

# Unemployment rate (Jan.2021)

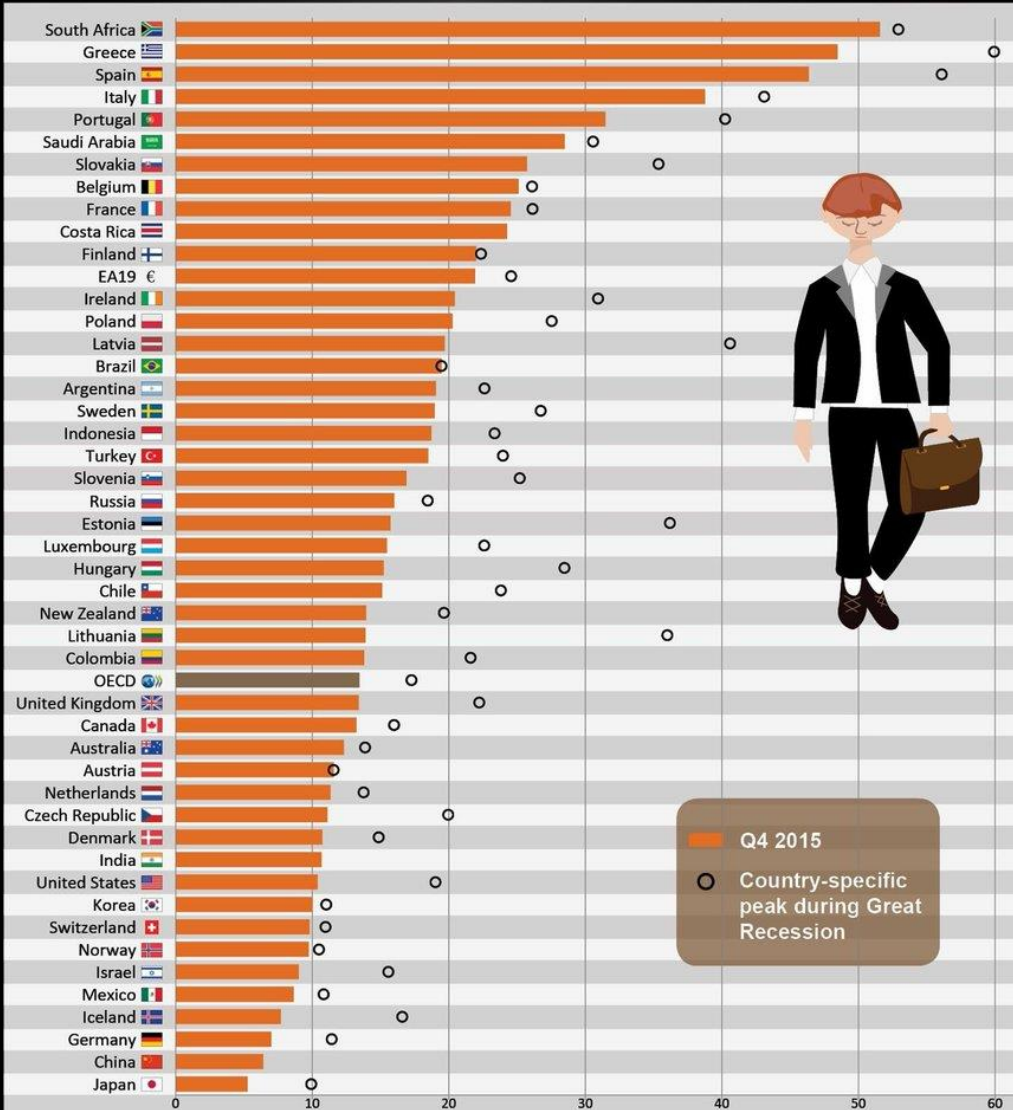
The value of employment in Japan

	%
France	7.9
Sweden	8.9
U.S.	6.3
Germany	4.6
Japan	2.9
South Korea	5.4
Canada	9.4

# Youth unemployment

As percentage of youth labour force (aged 15-24)

Source: OECD



2015

Spain  
Italy

France

Indonesia

OECD  
average

India  
US

Japan is the  
lowest.

Illustration: Shutterstock

Source: OECD calculations based on the OECD Short-Term Labour Market Statistics Database and national labour force surveys.

# The source of commitment by keeping employment as psychological contract

- Mr. Takano, Japan Victor Corporation; A project leader with integrity protected the employment of his staff.
- The Project was led by three ordinal engineers graduated only from vocational high school.
- **Responsible management in employment security** was sympathized by Mr. **Konosuke Matsushita**, the founder of Panasonic



Mr. **Konosuke Matsushita** (left) and Mr. Shizuo Takano (right) met at the production line of VHS. Mr. Matsushita showed his support for VHS changed his preference from Sony.

# Overview of Personnel Management of Matsushita Electronic

<b>Life events</b>	<b>Recruitment Membership Marriage Maternity Child-education Transfer, Disease &amp; Disasters, Retirement</b>
<b>Working time</b>	<b>A five-day work week</b>
<b>Wages</b>	<b>Job-based wages</b>
<b>Benefit</b>	<b>Periodical bonus for summer and winter and retirement allowance</b>
<b>Leaves</b>	<b>Paid leave, Menstrual leave, Public leaves, Maternity leave, Leaves for weddings and funerals</b>
<b>Allowances</b>	<b>Congratulatory and Condolence Money, Consolation Payment, absence Payment</b>
<b>Mutual aid</b>	<b>Loan from company for wedding, maternity, education, funerals, and other special occasions</b>
<b>Pension</b>	<b>Corporate pension system after retirement</b>
<b>Welfare</b>	<b>Matsushita Hospital, resort facilities, employee stock ownership</b>



# Pioneering advanced working conditions

- Matsushita implemented 5 working days and 40 hours a week in 1965.
- Subsequently, the personnel department propagated the 'Own your home at the age of 35' campaign in the same year.
- Matsushita published a proposition titled 'New Perspectives on Humans' in 1972. He emphasized on the supreme human nature and its inherent need for mutual respect.

# Building constructive labour-management relations at Panasonic

- The monthly management consultation meeting comprising the top management and labour union has been held since July 1946.
- He called the principle of labour-management relations is 'confrontation and harmony'



# Active stakeholder engagement through dialogues

- The joint consultation body comprising the labour union and managers was set up in 1956. The committee met once a month to share insights on topical issues for facilitating mutual understanding.
- Matsushita stressed that the purpose of union's participation in management is to promote humanization at workplaces and stabilize employment.

# A Japanese approach of stakeholder engagement

- the bottom-up joint efforts, communications.
- ‘By identifying effective and efficient response measures, both parties can enjoy the advantage of reductions in the cost of compliance and auditing costs’ (The Commentary of the Tokyo 2020 Olympic and Paralympic Games Sustainability Sourcing Code).
- The process of engagement, empowerment, communication, and dialogue.

# Responsible management in supply chains and Matsushita

- In the process of enforcement, engagement, and empowerment, communication and dialogue with suppliers are important for creating a desirable situation to execute ethical sourcing.
- A long-term commitment to the supply chain having a fostering function to local suppliers. This approach is represented by the philosophy of Matsushita's **Kyozon-Kyoei (Co-existence and Co-prosperity)**.

# Mutual prosperity with Retailers

- He expanded the external sales networks by partnering with small shops and retailers.
- Matsushita provided support in various forms, such as shop reform, electrical signboard, and bonuses to shops that agreed exclusive sales to Matsushita.
- Matsushita's idea of mutual prosperity materialized as a policy for sales agents.
- 'Kyozon-Kyoei' (coexistence and mutual prosperity)

Matsushita invited 200 shop owners to a hotel in Atami in 1964. He apologized for the fall of sales because of the lack of care by the head office. A big empathy of mutual prosperity was spread among the participants.



# Mutual prosperity with Suppliers

- Matsushita established a suppliers' association in 1970; the association comprised of around 6000 suppliers. These suppliers heavily depended on the production orders from Matsushita Electronic.
- This association aimed at upgrading production capacity, developing human resources, and sharing information and welfare benefits.

Suppliers visited the other suppliers to learn upgrading their production.



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Enabling  
Approach



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# Company's management and Philosophy post-Matsushita

- 'destruction and creation'
- **'Voluntary early retirement allowance'**
- In Matsushita Electronic, this allowance equated to the salary for 40 months, 45 months, and 50 months for union members, section chief, and department chief, respectively.
- It was believed that managers received 50 million-yen (450,000 USD at that time) as an additional retirement allowance.

# Changing Values and Unchanged Values

- The core value of humanity is not to secure lifetime employment, but it means to grow as a human being and to develop potentials according to one's strength
- The Panasonic Corporation could face several challenges in future. The leaders of Panasonic should execute innovative management measures, based on the corporate philosophy of the founder, as their core value.