

**Updated Draft**

# **Konosuke Matsushita's Humanistic Management**

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## **1. Introduction**

Konosuke Matsushita (1894–89), the founder of Panasonic, a very successful and broadly representative business leader in the post-war Japan, was a role model to Japanese managers. He was referred to as ‘the god of management’. He founded the original company, Matsushita Electric Housewares Manufacturing Works, in 1918. The company was later incorporated as Matsushita Electric Industrial Company, Ltd. in 1935 (The company has often changed its name in the course of time. Hereafter, the company will be referred to as Matsushita Electronics to avoid confusion). The company’s corporate philosophy was based on human dignity and humanistic management. After the war, Matsushita was eager to develop his ideas through his business and contribute socially by creating new institutions.

This chapter will focus on Matsushita’s management philosophy and practices in regards to humanistic management. After reviewing his application of humanistic management with workers and other stakeholders, a bottom-up approach initiated and executed by Matsushita is identified as a typical Japanese method of humanistic management.

Japanese employers like Matsushita have often described their management approach as humanistic management or human-centred management because they regarded the protection of employment, known as the lifetime employment system, as a management

priority. The seniority-based wage system under the lifetime employment system secures a stable family life according to this wage system the salary is commensurate with the costs of life events such as marriage, housing, and subsequent costs associated with an increase in family size. Enterprise-based unions support harmonious labour-management relationships and attain high productivity enhancement in manufacturing industries. These features of Japanese management achieve both cultural and rational strategic outcomes. Human-centred management leads to an increase in employee commitment and process innovation, which is also an integral part of the cost leadership strategy, and competitive advantages in the international market (Kuriyama, 2017, p.7 – P.11).

Matsushita established a new frontier for better working conditions, human resource development, and cohabitant networks with retailers, suppliers, and labour unions. His management practices cascaded into leading business sectors in Japanese industries during the high growth period of the Japanese economy. His symbolic leadership style influenced several business leaders in Matsushita Electronic and other Japanese industries. Schein (1985) explained that symbolic leadership can promote corporate culture through a leader's attention, messages, and behaviour.

Matsushita passed away in 1989, and his successors tried to keep the business afloat in a challenging and dynamic business environment. The company underwent a huge employment restructuring, which seemed to be a move away from the humanistic management approach of Matsushita. The name of Matsushita Electronic was changed to Panasonic in 2008. However, the information on Panasonic's website reveals that Matsushita's values make up the core of Panasonic's corporate philosophy and values. Although Panasonic has been restructuring its business, it has not altered its core value of humanistic management by Matsushita.

## **2. Management philosophy and practices of Matsushita**

### **2.1 Matsushita and the three guiding principles of humanistic management**

Matsushita's way of thinking and management practices fit with the three-stepped approach to humanistic management. First, respect to human dignity was the primary principle of his management approach. He often emphasized that respecting humanity and human beings is the most important aspect of management. In this context, the mission of the corporation was to overcome poverty and serve the society. Matsushita placed management priority on employment security because most of the general staff wanted to earn a regular income for leading a happy family life.

As per Kant, 'every human must always be seen as an end in itself, and never as a mere means' (Kant, 1785). The need to respect human dignity unconditionally is based on human rights laws, and Matsushita complied with this law by adopting a humanistic approach for managing the workers and unions of his company. Employees can decide to become instrumental in their respective organizations' growth to enhance clarity and comprehensiveness and work autonomously with self-determination. 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.

In his numerous essays, Matsushita believed in the unlimited potentials of human beings. He tried to realise human potential through intrinsic motivation, and he trusted the creative and innovative nature that resulted from such motivation. He respected human dignity not only by complying with human rights laws but also by promoting

positive aspects of freedom through better working conditions.

Second, Matsushita emphasized the ethical considerations of management decisions. 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). He established the PHP Institute in 1961 to conduct studies on diverse subjects focussed on human and society. PHP stands for 'Peace and Happiness through Prosperity'.

Last, 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 always interdependent but also very exclusive. 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' to the various stakeholders

## **2.2 The original philosophy and practices in the pre-war period**

The Great Recession occurred in 1929. General Motors in the US laid off nearly 50 per cent of its employees. Unemployment became a serious social problem in the US. This recession also had adverse impacts on Matsushita Electronic. The sales were down by more than half by December 1929. Matsushita did not agree with the proposal of his subordinate suggesting a large-scale dismissal of employees. He did not agree with employee dismissal but suggested reducing production to half of the working days

without reducing wages. He requested employees to do their best to stock the backlog. He insisted on exercising patience and refraining from dismissing employees, as layoffs would jeopardize the corporate mission. This strengthened employees' motivation and commitment and solidified the corporate vision (Matsushita 1986, pp.202 -203).

Kotter (1997, p.94) indicated that 'a no-layoff policy was adopted by major businesses in Japan only after World War II and has never been the norm among minor businesses. In 1929, there was no tradition of dealing with downturns by shifting manufacturing employees into sales'.

In 1931, Matsushita experienced the first big loss in his business; he assessed the reasons behind this failure and identified three mistakes (Kino, 2016). First, he delegated responsibilities to subordinates at their lowest points. Second, he wanted every product of Matsushita Electric to be a bestseller. Third, he solely concentrated on making quick profits. Matsushita referred to this management approach as low road (*ja-do*). He renewed management approach in the following manner and order: providing useful products to customers, improving technology and using customer-friendly and error-free production systems, and selling products that are 30 per cent cheaper than the former products. In particular, he asserted that, in the past, the absence of founding principles was a grievous oversight.

Matsushita declared the 'mission of industrialists' at the plenary meeting of the company in 1932. He insisted that the mission of an industrialist is poverty alleviation (Matsushita, 1988). The purpose of business and production is to enrich the society and not to benefit an enterprise or factory. In this context, enterprises and factories must be developed along the lines of this purpose. Poverty can be alleviated by producing goods

and providing them at the lowest possible prices (author's summary and translation). Additionally, Matsushita presented development plan for the next 250 years to the employees during the plenary meeting. Several employees were motivated by the plan, and many among them publicly announced their commitment towards achieving Matsushita's vision during this meeting (Matsushita, 1986). This far-reaching and humanitarian goal (Kotter, 1997, p. 119) united all the employees under the same corporate mission.

The ideas of this mission statement were hinged upon the exploration of unlimited human potential, which can be regarded as the 'self-actualization' model (Sakashita, 1997, pp.22-23 ). He established the PHP institute in 1946 to conduct studies on diverse subjects focussed on man and society and disseminate his ideas to the post-war Japanese industry and society. Through this institute, Matsushita propagated the message that 'humans are naturally endowed with the possibility for limitless prosperity, peace, and happiness' (<http://www.php.co.jp/en/message.php>).

This statement formed the basis of Matsushita's popular 'water-supply philosophy'. A business can alleviate poverty by producing goods abundantly and supplying them at very reasonable prices like water to the poor. In other words, the availability of abundant goods as 'readily as running water' can achieve the preconditions for material and spiritual prosperity (<http://www.php.co.jp/en/think.php>). Sakashita (1997) pointed out that the water-supply philosophy resulted in the setting of the subsequent corporate strategy of Matsushita Electronic. 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.

Kotter (1997, p.119) pointed out that Matsushita promoted employee ownership and psychological ownership among those in his distribution system. He developed a corporate pamphlet to communicate his ideas to the sales agents. The pamphlet said, 'If you think of the manufacturer as being the factory of a sales agent, and the sales agent as being a branch office of a manufacturer, you will understand why it is necessary for both to exert great efforts to help each other.... I have gradually come to believe that we must cooperate with each other in order to attain mutual prosperity and to create lives filled with welfare'.

### **2.3 Empowerment through the division system**

Matsushita reorganized the firm by product lines to execute the corporate philosophy. The four major product groups comprising radio, lamps and battery, wires and resins, and heating appliances were established in 1933. Each division autonomously manages its factory and sales offices. To the best of our knowledge, this might be the first company to have adopted such a divisional structure.

Matsushita clarified the following two goals of the division system: delegation of authority and responsibility will lead to the growth of an increasing number of employees in their jobs and this delegation equip managers and their successors with the requisite skills. A large company made up of smaller companies can take advantage of smaller business units having flexible specialization (Piore and Sable, 1984). Matsushita noted that 'it was possible through careful management to achieve the kind of mobile production activity that can respond immediately to market trends, one of the greatest strength of a small business'. He also emphasized that having more responsibilities can

facilitate employee self-development (Konosuke Matsushita, 1983).

While the division system boosted the business of Matsushita, it strained the company's human resources. Matsushita responded to this need to invest more on human resources development. Matsushita established a sales training institute in 1934 and a factory workers training facility in 1936. These institutes provided courses not only to develop job-related knowledge and skills but also to understand the company's mission, its principles, its organizing methods, and its culture (Kotter, 1997, pp.131–132).

The humble attitude of Matsushita promoted the division of the large corporation into smaller units. He said to the employees that 'no matter how large Matsushita Electronic might become in the future, never forget to maintain the modest attitude of a merchant. Think of yourselves as being employed in a small store, and carry out your work with simplicity, frugality, and humility'.

Kotter (1997, p.174) pointed out that one of the most important lessons for Matsushita from World War II was regarding the perils of hubris. He was convinced that the best merchants are open to new ideas and have a modest attitude, whereas the military and government leaders are often rigid and dogmatic. Matsushita regarded the development and sharing of collective wisdom as an important mechanism to achieve the company's mission (Kotter, 1997, p.185).

## **2.4 Building constructive labour-management relations in the post-war high growth period**

The economic and social situation was unstable and chaotic during the first five years of the post-war period. A confrontative labour movement culminated when the general



headquarters of the allied forces (GHQ) ordered the suspension of the general strike in Japan in 1947.

After the war, Matsushita was accused of war crime and assigned a list of purges from public status. GHQ ordered the dissolution of *Zaibatu* (major industrial group), and Matsushita Electronic was accused of supporting the Japanese military forces. He tried to make a petition to the government and GHQ for the removal of his name from the purge list. The accusation was turned down in 1947.

The labour movement was started for ensuring labour rights and enabling employees to confront the employers. In January 1946, the Matsushita Union was inaugurated in Osaka, and the inauguration saw the attendance of around 6,000 workers. The code of conduct for democratized union movement was adopted and several demands, including freedom of association and effective recognition of collective bargaining, were agreed. The union also demanded worker participation in management and the abolition of the worker status. Matsushita made an unexpected appearance at the event and after consultation with the company's chairman, who was in disagreement with some union members, addressed the union workers. He congratulated the workers and welcomed the creation of a labour union because he regarded trade union as an important organ of the management that represents democracy. He agreed to all the demands of the union as he believed that such fair demands of the union coincide with management's values. This decision reportedly won him tremendous appreciation.

The Matsushita Union was actively involved in petitioning for the removal of Matsushita from purge lists. The union believed that it could neither sustain the company without Matsushita nor function without his leadership. In the beginning of 1947, the

notice of exclusion of Matsushita from the purge list was released.

Matsushita tried to keep his promise with the union. The monthly management consultation meeting comprising the top management and labour union has been held since July 1946. His integrity gained the trust of the members in the union. He called the principle of labour-management relations is 'confrontation and harmony' on the one hand, the union say 'check and balance' on the other. These two principles create shared value for both the workers and management (Takahata, 1982, p.28).

The creation of shared value with the workers on this occasion was indicative of the humanistic management approach adopted by Matsushita. The freedom of association and the effective recognition of the right to collective bargaining is one of the most important conventions out of the core eight of the International Labour Organization (ILO), which were universally agreed as the basis of human rights and human dignity introduced in 1998.

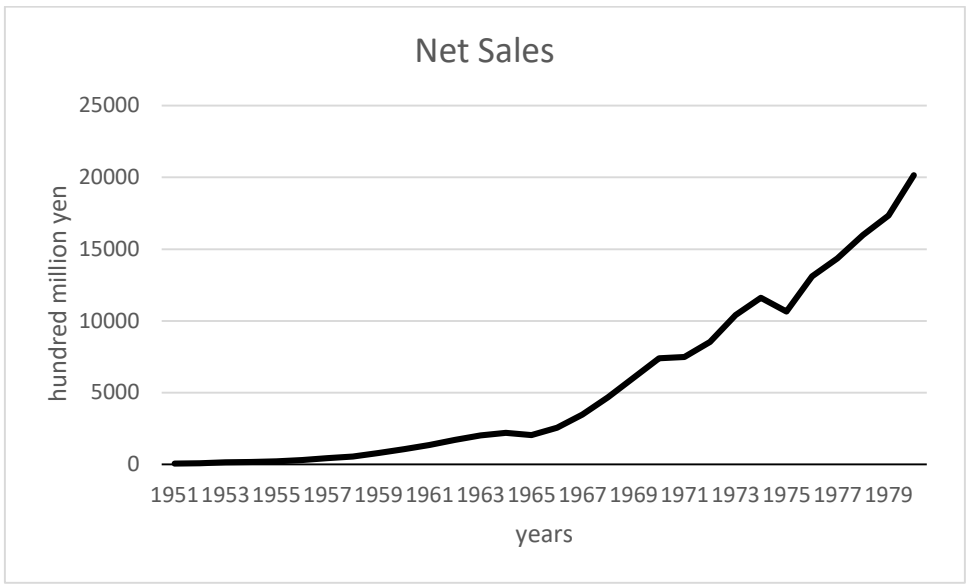
## **2.5 Respective decline and growth in employment and profits**

In 1949, the period before which Matsushita Electronic expanded its business, the Japanese economy witnessed a deflationary spiral; many customer companies in the electronic industry shut down during this period. Matsushita Electronic had difficulty paying employees. Subsequently, in 1950, it had to cutback employment and early retirement to willing employees; thus, out of 4,438 employees, the employment of 567 employees was terminated during the period. This was the first time that Matsushita announced a layoff. Matsushita expressed his sorrow in the following words: 'it was the most unwilling and desolate experience in my life' (Nikkeishimbun, Yumewosodateru watashino ririkisyo, 2001). Employee dismissal was the last resort, and Matsushita

avoided it to the maximum possible extent. However, he regretted the decision, which was driven by the unstable scenario in the post-war period (Quest for prosperity 1988, p.253).

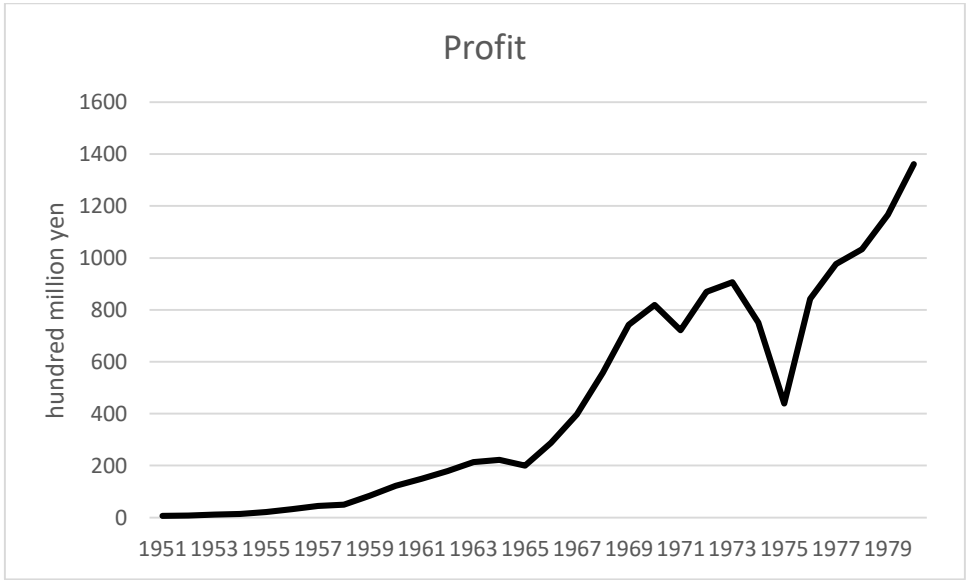
The Japanese businesses were restored from ashes. In particular, the first economic boom during the 1950s was triggered by the ‘special procurements’ of the US forces during the Korean War. Matsushita reinstated the division system in 1950. Matsushita Electronics witnessed a rapid growth in net sales and profits due to this economic boom in Japan, as shown in Figure 2.1 and Figure 2.2. Dry battery, radio, and light bulb became the top sales items in the first ten years since the establishment of the company. In the subsequent decades, the company witnessed a growth in the sales of other electric appliances, such as television, washing machine, and refrigerator. In addition, prior to clocking a sales and profit growth, the company witnessed a steady employment growth as indicated in Figure 2.3. Matsushita pioneered the economic development of Japan for three decades; however, his contribution could not last until the oil crisis that occurred in 1973.

**Figure 2.1. Net Sales Chart of Matsushita from 1951 to 1980**



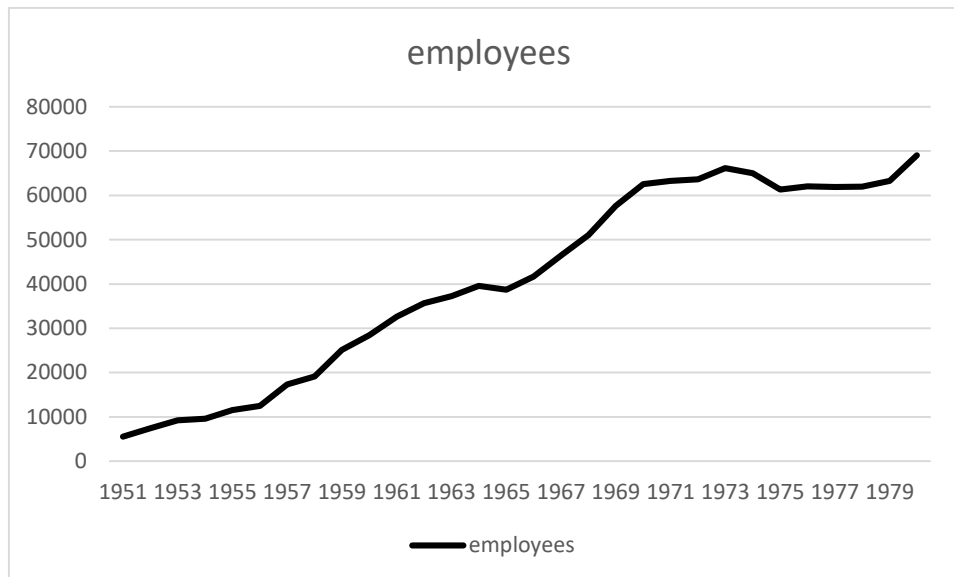
Source: Matsushita Corp.

**Figure 2.2. Profit Chart of Matsushita from 1951 to 1980**



Source: Matsushita Corp.

**Figure 2.3 Employment growth of Matsushita from 1951 to 1980**



Source: Matsushita Corp.

### **3. Adopting Japanese humanistic management approach: An ethical reflection**

#### **3.1 Improving quality for improving productivity at low cost**

Matsushita Electronic implemented the '30 per cent cheaper and better quality' strategy, based on Matsushita's water-supply philosophy. This strategy corresponded to the core value of the national productivity movement in Japan that started in 1955. The Japanese national employers' organization and unions adhered to this value and supported this movement, which was financially subsidized by the government. The key provisions in the guiding principles of this movement are as follows: employment

security, fair distribution of productivity gains, and information sharing between labour and management. The execution of these principles contributed toward increasing the commitment of workers and enhancing cooperation between co-workers (Kuriyama, 2017).

The Japanese employers often assert that they follow the 'humanistic management' approach, and this is reflected in the provision of Japanese management to secure the average Japanese workers' demands, including job security, fair treatment, and information sharing. These provisions cover all the regular workers, including blue-collar workers. The high commitment of Japanese workers as a source of competitive advantage attracted the attention of the international business community, practitioners, and academics, especially in the late 1980s.

Kotter (1997) summarized the philosophy of Matsushita as follows. First, Matsushita clarified the purpose of the private company. He never mentioned maximizing shareholder gains. The principal role of the company's management is to respond to and fulfil the desire of human beings to improve the quality of their lives (Matsushita, 1978).

Second, he emphasized the importance of the human side of management. He pointed out the importance of long-term employment perspectives because skill, determination, and motivation of employees always play a key role in the long term. He asserted that human beings have the power of choice. Matsushita said that 'people are free agents, responsible for their own destiny. They have a choice (PHP, 1994, p.3). If they have no choice, it would be crippling and disempowering'.

Third, Matsushita emphasized the empowerment of employees and information sharing between them. He said that the most effective way of human resource development is to delegate real authority and responsibility because giving orders to

employees consistently denies them the opportunity to learn and grow. In addition, employees fail to make intelligent decisions or assess the impact of those decisions without information.

### 3.2 Pioneering advanced working conditions

Matsushita led the most advanced policy on working conditions during working hours and stable working life. He provided healthy work environment to the employees, which indicated that he placed human welfare at the core of the management. Based on the concept of long-term employment until the retirement age, Matsushita Electronic planned lifelong benefits for employees according to their life events, as shown in Table 2.1.

**Table 2.1 Overview of Personnel Management of Matsushita Electronic**

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

Source: Minoru Suzuki (1967) *Matsushita Denki no Roumukanri (Personnel*

*Management of Matsushita*, p.14.

Matsushita proposed 5 working days and 40 hours a week in 1960, and it was implemented in 1965. It was beyond the expectations of the union. The aim of this proposal was to promote employee welfare through healthy work conditions in a manner that it enables employees to improve their morale and productivity. With this proposal, he envisaged the enhancement of competitiveness in international market. In 1960, the union opposed the possible labour intensification that would occur because of the implementation of the proposal, but the opposition weakened during the five years to 1965. In 1962, Matsushita formed a joint study group comprising managers and union leaders to build consensus for implementation of the proposal; the meetings of this group were held during the five-day workweek.

The union gave its consensus on the condition of steady maintenance of production and wage levels. Matsushita Electronic was the first large-scale Japanese company to introduce a five-day workweek system. Matsushita pioneered the introduction of several advanced systems that improved working conditions, including wages, leaves, and other fringe benefits, as shown in Table 2.1.

The labour union of Matsushita electronic did not compromise on the provision of healthy work conditions, and the workers realized the mutual benefits under this provision according to the union's guiding principle, 'revitalization of humanity'. After the war, the value of happiness for the average workers was based on having a happy family life. The union submitted a five-year program for home ownership in 1964. Subsequently, the personnel department propagated the 'Own your home at the age of 35' campaign in the same year. The workers' welfare foundation started providing housing loan during this period and developed the land for housing. This plan was



updated in 1966 and 1967.

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. The human nature is embedded with enormous potential, intrinsic motivation, and behaviour. Owing to this human nature, he insisted placing people at the centre of management, and hence Matsushita’s management style was referred to as ‘humanistic management’ (Yoshida, p. 205). The commitment of the employer towards this management approach was evident in its dialogue with the employees, which consequently increased the commitment and satisfaction of workers.

### **3.3 Active stakeholder engagement through dialogues**

#### **3.3.1 Workers**

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. After the presentation by Matsushita on the corporate policy of respecting humanity, a policy for upgrading part-time workers to regular worker status (*Teiji-syain* system) was proposed in 1970. In 1978, workers’ participation in management was upgraded, which allowed the workers to participate in information sharing that took place across the board—from top management level to the factory level. In particular, the operational committee at the workshop level communicated with the management on behalf of the rank-and-file workers.

### 3.3.2 Retailers

Matsushita sent many complimentary cards with his personal signature to the stakeholders with the message '*Kyozon-Kyoei*', which means coexistence and mutual prosperity. Matsushita focussed on the rapid expansion of effective sales outlets. He expanded the external sales networks by partnering with small shops and retailers. There were 6000 such shops in 1949, which increased to more than 30,000 in 1950 and to 40,000 from 1956 to 1961. However, in the next five years, ineffective outlets were closed leading to a decline in the number of outlets, from 32,000 to 34,000 (Shimotani, 1998, p.193). Matsushita awarded the high-performance shops. Frequent study meetings on technology and sales were organized. Matsushita provided support in various forms, such as shop reform, electrical signboard, and bonuses to shops that agreed exclusive sales to Matsushita (Shimotani, p. 196). Matsushita selected high-performing sales shops in 1957. Selective ratings were assigned to sales agents that worked exclusively for Matsushita. In addition, Matsushita established finance loan companies for the customers, which increased from 9 in 1951 to 30 in 1955. These networks embodied the spirit of '*Kyozon-Kyoei*' (coexistence and mutual prosperity).

In 1964, the sales of goods decreased because of the saturation of the black and white television sets and economic recession. Out of 170 stores, 20 stores had balance of payments surpluses. Matsushita conducted a three-day meeting in Japan; the meeting comprised 200 sales agents at a hotel of Atami; a resort city for 3 days. He showed his determined will of unavoidable leadership at risk towards people's trust for coexistence and mutual prosperity. During the meeting, he distributed his autobiography, which also focused on *Kyozon-Kyoei*, to the participants.

Matsushita explained the reasons behind the decline in sales; furthermore, he

apologized to the sales agents as he believed that the company's management was responsible for this decline. First, he attributed the bad sales performance to the leadership gaps at Matsushita Electronic. As per Matsushita, Matsushita Electronic possessed the requisite capabilities for improving sales performances. Second, he stressed on the need for reflecting on the founding principles and training the managerial staff of Matsushita. Third, since the sales agents contributed to Matsushita Electronic, it was the duty of the company to contribute towards the mutual prosperity of the sales agents. His speech made a deep positive impact on the participants. They understood the integrity of Matsushita, which is an important factor for symbolic leadership. Post the event, Matsushita took initiatives to implement his idea. His initiatives proved to be a turning point for the company; the company witnessed a recovery in net sales, in which surged in 1966.

Although the exclusive networks of sales agents were weakened due to the governmental measures on unfair business practices and an increase in the number of mass retailers, Matsushita's idea of mutual prosperity materialized as a policy for sales agents.

### **3.3.3 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. For improving quality and productivity, Matsushita wanted the suppliers' association to be proactive and autonomous like the suppliers' association of Japan's automobile industry. In 1971, the company selected 224 high-performance suppliers as *Kyoei-kai* (mutual prosperity association) members. This association aimed

at upgrading production capacity, developing human resources, and sharing information and welfare benefits.

The member suppliers were divided into nine groups according to the type of manufacturing, such as assembling, components processing, and moulding. In 1979, the association expanded its range of activities to include not only production and technology but also general management, personnel management, occupational health, and safety and corporate welfare. Matsushita strengthened the ratings of the suppliers; he also expected them to develop the entire management capability autonomously.

#### **4. Company's management and philosophy of succeeding Matsushita**

After the retirement of Matsushita, a series of successors were chosen, including Yamashita, Morishita, Nakamura, Otsubo, and Tsuga, who is the current CEO of the company, to manage the company (at least in 2019). These CEOs reportedly changed the management approach that was adopted by Matsushita. Kunio Nakamura took charge in the year 2000, during which Matsushita Electronic fell into financial loss several times. He executed reforms that were radically different from the traditional management approach. He referred to the change in the following words: 'destruction and creation' (Okumura, 2012, p. 17).

The media pointed out that the company had ceased to follow Matsushita's approach, and this was evident in its announcement to lay off 13,000 employees in 2001. However, an analysis of the reason behind this layoff would reveal that the reduction was carried out in a calculative manner by taking into consideration employment security, which forms the core value of Matsushita Electronic (Itami et al., 2007). A large-scale transfer was redeployed. Subsequently, the plan for a generous 'voluntary early retirement

allowance’ was released; there were more than 13,000 applications for the voluntary early retirement allowance plan (Itami et. al., p. 22). As shown in Table 2.1, the usual benchmark of early retirement allowance provided by the large Japanese companies equated to 24 months’ salary in addition to the fixed 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 double the amount of allowance usually given by such companies. It was believed that managers received 50 million yen (450,000 USD at that time) as an additional allowance. Therefore, owing to the size of allowance, the employees chose to retire wilfully, and hence it would be apt to state that employees’ retirement was not subject to any form of compulsion (Itami et.al,2007, p.42).

Table 2.2 Voluntary early retirement allowance of Panasonic in 2001 to 2002

Coverage	Length of work		
Period	Application: September 2001 to January 2002 Retirement: Until the end of March 2002		
Addition	Additional special Allowance for life plan		
to the fixed retirement allowance	Managers	Age 50 to 58	Half of the annual income until 60 years. Maximum: annual income covering 2.5 years or Allowance equating to 45 months’ salary for the senior manager

		Less than 49	Equating to 9 months' to 38 months' wages
	Employees	Age 45 to 58	Maximum: 'annual income covering 2.5 years or 40 months' wages
		Less than 44	Fixed amount

Source: Itami (2004) *Kigyo Senryaku Hakusyo (White Paper of Corporate Strategy, 2003)*, Toyokeizaishinposya publication.

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 (Itami et al., 2007, p. 266). Nakamura understood that the concept of '*Kyozon-Kyoei*' (coexistence and mutual prosperity) by Matsushita applies to hard working and independent employees (Itami, et al., 2007, p. 268).

Japanese industrial relations and human resource management after World War II suggest an effective way of creating shared value with stakeholders. Konosuke Matsushita, the founder of Panasonic, practiced symbolic leadership not only with workers but also with retailers and suppliers by embracing the principles of 'collective wisdom' and 'coexistence and prosperity'.

Matsushita's management philosophy and practices fit with the three-stepped approach to humanistic management. His humanistic management is different from classical management in Western countries. Flexible application creating shared values with various stakeholders is different from top-down, standard-setting classical management. The bottom-up approach with stakeholders that Matsushita initiated and executed can be identified as a humanistic management method. This approach is useful

to share with Asian and other cultures.

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.

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