

## THEORETICAL INSIGHTS OF LEADERSHIP STYLE

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**Abstract:** *Nowadays the leadership style has become very important because the interaction between managers is very important in the development of the organization. It is important to know the style of leadership that you usually use and to try to assess how effective this style is for your team. Also aware of other styles, you will be able to adapt your approach according to the situation, the project and the people who follow you at one point in order to help them be effective and reach their goals!*

**Keywords:** leadership, organization, styles, team, manager

**JEL Classification Codes:** M14.

### 1. INTRODUCTION

The importance of the leadership role cannot be overemphasized because the leader's interactions strongly influence the motivation and behavior of employees, and ultimately, the entire climate of the organization. Modern leadership theory recognizes that no single leadership style works well in all situations.

Although they have similar tasks and objectives, between leaders in different companies, and even from the same company, there are major differences in how they guide people to achieve their goals. Differences come from the personality traits, the professional experience and the training of these people.

Research has been able to synthesize some of the main styles in which people with leadership positions fall. Each style of leadership has advantages and disadvantages, depending on the team's profile. The efficiency of each style depends on when it is applied and, on the experience and abilities of the people being led.

Leader behaviours can be translated into three commonly recognized styles:

- authoritarian
- paternalistic
- participative

Moreover, there are four more types:

- laissez-faire
- transformational
- charismatic
- transactional style that are presented here to get a better understanding how the process of influencing people to direct their efforts toward the achievement of some particular goal(s) takes place.



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## **2. LITERATURE REVIEW**

Management consists of the planning, prioritizing, and organizing work efforts to accomplish objectives within a business organization (Morrison, 2006). A management style is the particular way managers go about accomplishing these objectives. It encompasses the way they make decisions, how they plan and organize work, and how they exercise authority.

Management styles vary by company, level of management, and even from person to person. A good manager is one that can adjust their management style to suit different environments and employees. An individual's management style is shaped by many different factors including internal and external business environments, and how one views the role of work in the lives of employees.

### **2.1 Internal factors**

Internal company factors that determine a management style include, but are not limited to, policies, priorities, and corporate culture, staff skill levels and motivation, and management structures.

In order to be effective a manager's style and outlook must fit into the businesses organizational culture. Their style must adhere to the policies and procedures set forth by the organization, and they must be able to achieve company objectives. They are responsible for controlling an effective work team and must uphold organizational beliefs within that team. A manager who cannot do this would likely be deemed ineffective and removed from the position.

Staff skill levels and motivation greatly affect management styles as it is necessary for a manager to accomplish objectives while maintaining a content and effective work team. Less skilled or motivated employees would require a style that is more controlling and fosters consistent supervision to ensure productivity. Highly motivated or skilled employees require less supervision and direction as they are typically more technically skilled than management and have the ability, and desire, to make more autonomous decisions. These employees would benefit from a management style that is less controlling or hands-off.

Hierarchical management structures call for decision to be made solely by upper management, and within the scope of a manager's position in the hierarchy. These types of organizations require more controlling management styles in order to meet objectives and get things done as specified. Fatter structures with more decentralized decision-making benefit from management styles that encourage team communication and employee's contribution with regard to decision-making.

### **2.2 External factors**

External factors affecting management styles are those that are outside of the control of the organization. These include, but are not limited to consumers, suppliers, competitors, the economy, and the law.

Some examples of these factors are a competitor who offers a more autonomous environment for skilled employees and control the job pool; the economy for a specific manufactured good results in a spike in demand causing a production crisis; the laws for a specific industry change and require employees who have extensive knowledge and certification causing the company employees talent and motivation to change.

In a study, Thomas has pointed out how leaders react in an intercultural setting. He distinguishes between four different types of reactions (Thomas, 2006, p. 31):

Ignorant types ignore that operation in the intercultural context includes the consideration of differences across cultures. They do not notice the differences between different cultures. It is impossible to cooperate with the ignorant type in the international arena.

Universal types are the same around the world. Cultural differences across countries do not influence their style of leadership. The Universalist meets intercultural challenges by reacting in a friendly and tolerant way as well.

Action types do not focus on intercultural differences across countries. The most important features for the action-oriented type to be successful are setting well defined goals, persuasive power and being assertive as well.

The Exponentiation understands that every culture consists of its own knowledge, beliefs, arts, moral laws, customs, habits and other capabilities. Those managers keep focus on the differences across culture. Furthermore, those managers believe that different cultures can be synchronized and bound together with the aim to get a competitive advantage in international business.

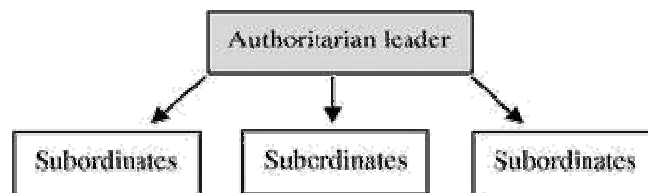
The four types of reaction also differ regarding the following dimensions:

- complexity, activism
- reflexivity and intercultural dominance
- intercultural competence
- simplicity

### 3. LEADERSHIP STYLES

#### 3.1 Authoritarian Leadership

Authoritarian leadership can be described as the use of work-centered behavior that is designed to ensure task accomplishment.



**Figure 1. Authoritarian leader**

*Source: Rothlauf, 2014, A Global View on Intercultural Management*

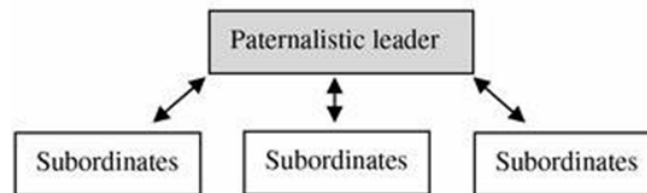
This style is characterized by the use of one-way communication. The information goes only from the manager to the subordinate. Authoritarian leaders are keeping their focus on the work performance of the employees and reaching goals. The personnel needs of the employees are less important. This leading style is used by managers who follow the Theory X or also to manage crisis in organisations. (Hodgetts et al., 2006, p. 400)

One of the biggest advantages is that the manager is able to make decisions very quickly. There is not a long working process because the leader has the sole responsibility. Furthermore, the authoritarian style can be a perfect working style for a leader who likes to have the total control and overview on the company activities. There is also a downside because the managers who follow the authoritarian style are under high pressure and that can have a negative impact on their health. This style can be difficult for certain subordinates as well. The communication goes only from one direction, so the leader tells his employees what to do. The employees are not allowed to produce new ideas or improvement suggestions. Consequently, there is a big risk that the employees get frustrated and unmotivated.

The graph makes also clear that in case of the authoritarian leadership style the communication and exchange of information go downwards, only in one direction from the leader to the subordinates.

### 3.2 Paternalistic Leadership

Paternalistic leadership is understood as a work-centred behavior coupled with a protective employee-centred concern.



**Figure 2. Paternalistic leader**

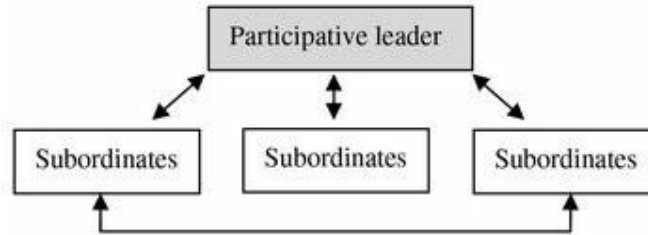
*Source: Rothlauf, 2014, A Global View on Intercultural Management*

The paternalistic style is often characterized by “work hard and the company will take care of you”. The major benefit is that the leader gives the subordinates support such as medical or retirement benefits. He is acting like a father and taking care of the social needs of his employees. They are highly motivated to deliver a good work performance. The relationship between these co-workers and the leader are extremely solid. The employees are expected to stay with the company for a longer period of time because of the loyalty and trust.

The figure illustrates that in the case of paternalistic leadership style the information flow goes from the leader to the subordinates and back. It makes also clear that there is a continual communication between those two parties.

### 3.3 Participative Leadership

The participative leadership style is a combination of a work-centered and a people-centered approach and also known as a democratic leadership where the subordinates are involved in the decision making and controlling processes of the company.



**Figure 3. Participative leader**

*Source: Rothlauf, 2014, A Global View on Intercultural Management*

This style of leadership encompasses discussion, debate and sharing of ideas and encouragement of people to feel good about their involvement. The advantage is that the employees have the opportunity of being creative which enables the company to be innovative. Furthermore, the employees can improve their skills and knowledge which leads to a higher qualification and at the end to more money. One of the mayor disadvantages linked to this style is that the decision-making process requires a lot of time because more or less all employees should be actively involved.

The figure shows that in the case of a participative leadership, the flow of information is continuous and goes from the leader to the subordinates and back. Furthermore, this style supports the interaction and communication among the subordinates.

### **3.4 Laissez-faire leadership**

Laissez-faire leadership is based upon the philosophy “let them do” and describes leaders who allow their people to work on their own. This type of leadership can also occur naturally when managers do not have enough control over their work and their people. Those leaders give their employees the possibility to take their own decisions. This kind of leadership will be supported by providing all necessary information and resources for the employees. This type of leadership is connected with a strong motivation, improved productivity and a high amount of satisfaction. However, this style is only successful when the employees are used to bear responsibility and experienced enough to carry out all main activities on their own.

### **3.5 Transformational leadership**

The transformational leader treats each co-worker as a “whole” individual rather than as an employee and considers the individual’s talents and levels of knowledge to decide what suits him or her best.

They are able to inspire and motivate their team members. Consequently, the transformational style has a positive impact on the work performances of the team. Furthermore, this style keeps the major focus on interaction between the leader and the subordinates. Communication and a continuous flow of information among the leader and the employees are the major keys to fulfil company goals.

### **3.6 Charismatic leadership**

The charismatic leader inspires and motivates employees through his or her charismatic traits and abilities. Charismatic leaders are essentially very skilled communicators – individuals who are both verbally eloquent, but also able to communicate to followers on a deep, emotional level. They are able to articulate a compelling or captivating vision, and are able to arouse strong

emotions in followers. There is also a downside, because charismatic leaders trust only themselves, not their employees. This creates a high risk because the whole organization depends on the performance of the leader and when he or she fails the entire company might collapse. Furthermore, the employees are less motivated when their leader does not believe in the team. “As long as you are going to be thinking anyway, think big.” (quoted from Donald Trump)

### 3.7 Transactional leadership

Transactional leadership is based upon the assumption that subordinates and systems work better under a clear chain of command. The implicit belief in the leader-follower relationship is that people are motivated by rewards and penalties. “Transaction” includes paying employees in return for high productivity and a good work performance. On the other hand, the transactional leader can “punish” the team members when he or she is not satisfied with their performance.

The transactional leadership style is the most effective style in international business and is characterized by the following factors, which are also known as the “I’s” (Hodgetts et al., 2006, p. 416):

Idealized influence:

Transformational leaders are a source of charisma and enjoy the admiration of their followers. They enhance pride, loyalty, and confidence in their people, and they align these followers by providing a common purpose or vision that the latter willingly accept.

Inspirational motivation:

These leaders are extremely effective in articulating their visions, missions, and beliefs in clear-cut ways, thus providing an easy-to-understand sense of purpose regarding what needs to be done.

Intellectual stimulation:

Transformation leaders are able to get their followers to question old paradigms and to accept new views of the world regarding how their things need to be done.

Individuals consideration:

These leaders are able to diagnose and elevate the needs of each of their followers through individualized consideration, thus furthering the development of these people.” Doh & Luthans, 2017).

## 4. LEADERSHIP STYLES IN THE INTERNATIONAL CONTEXT

Both economists and students have, over time, been deeply interested in studying how Japan has become such an economic power, and there is also a growing interest in studying the economic and political context in which the US became the current world leader.

*The next examples* will analyse the impact of culture on the management style of Japan, as well as in the case of the United States, which, after the collapse of the USSR and European Communism, now assumes the role of a global gendarme, supported by its extreme economy strong.

Hence, the Japanese economy can be said to have a dual structure in that the large ZAIBATSU economic groups (MITSUBISHI, MITSUI, SUMITOMO, FUJI, SONWA, DAI ICHI KONGYA) coexist with small and medium-sized enterprises. Japan's economic development has seen a phenomenon known as "bubble economy" in recent years. Rapid growth, followed by equally rapid falls, has caused panic among Japanese trying to isolate the labour market in this country, for fear that foreigners may leave jobs. The last two years have led to a relaxation of the situation, primarily due to the decrease in the unemployment rate. But the Japanese economy phenomenon is known as Keiretsu, being one of the factors that contributed

greatly to Japan's economic success in foreign markets, as the most faithful reflection of the Japanese spirit in the economy. The last three years show that Japan's economy has seen a spectacular growth well above expectations of the big investors, but it is considered unlikely that this upward trend will continue.

A similar phenomenon can't be said, however, in the US, which has adopted a different set of economic measures to reach where they are today. Country of all possibilities, the US has always been the target of emigrants coming from all continents to "The American Dream," possibly due to the purely capitalist economic and political system.

The US economic system can be defined by its decentralized nature, based on private ownership and free initiative. The intervention of federal authorities in the economy is manifested through budgetary and monetary policy strategies. At the same time, the federal budget has a research investment component, and US economic law allows the government to engage in control of business practices, with the US government also having the role of economic growth supervisor.

Despite the differences in organizational structure, management styles in both countries have made a significant contribution to the economic success of each country. In this case study, the different managerial styles adopted by each country will be extensively discussed and, in addition, a comparative analysis will be presented that highlights the different character and effects of implementing the management style in the automotive industry. In the light of this, the case study seeks to acknowledge the need to recognize and accept cultural differences through which the ability to effectively control and manage the organization and its people is formed.

#### **4.1 Management in Japan**

##### **Cultural factor**

Among the most important values and attitudes that the Japanese people have received through shintoism are: respect for life, a deep appreciation of the beauty and power of nature, love of purity and cleanliness, preference for simplicity and symbolism in aesthetics. If in the US the Protestant ethics emphasized self-confidence, independence and individual well-being, in Japan, ethics based on a mixture of shintoism, confucianism, taoism, and buddhism produced one of the most homogeneous societies and created a paternalist ideology that underpinned industrialization, the organization of Japanese economy and management.

##### **Managerial style**

##### **Employment system within Japanese companies**

Japanese management pays special attention to the human resource, recruiting staff as a long-term investment. The selection gives priority to the personal qualities needed to integrate in the knowledge and professional qualities. The employment system in Japan responds favorably to one of the fundamental aspirations of employees everywhere, namely job security.

By using the rotation system in the departments or by training according to the company's needs, the company communicates to the potential employer: "We trust you and we believe that you are the person we need for the next 50 years" (Powell, 2016), which amplifies the employee's sense of debt to reward trust.

##### **Payroll and promotion system**

In determining the income of the personnel in the enterprise, the preparation and the length of service are considered. However, the salary differences between those with higher and medium education are small, the criterion in motivating staff is old age. The number of years

worked in the company is the main foundation for determining wage size, job positioning and promotions. It is worth noting that wages are growing very rapidly, along with their seniority in the enterprise. As a rule, retirement pay is 3.5 times higher than on hiring. In addition to salaries, employees also receive bonuses, representing on average 2-3 times the monthly salary, and are awarded twice a year, depending on the company's profitability and individual performance. In addition, they receive bonuses for hard work, hazardous work and overtime, and receive additional salaries depending on the family situation. Another category of indirect income is represented by low-interest loans granted by enterprises to their employees, high interest rates for employees who make their savings in the company they work in, the assignment of houses, etc. For managerial positions, another specific way of motivation is included in the form of own spending budget, which he uses to ensure the smooth running of the activity in the compartment and to foster the company's relations with other companies.

**Employee promotion** takes place at a slow pace due to the application of the "nenko joretsu" principle that designates the promotion system based on age and experience. This system allows companies to reward those employees who have shown lifelong loyalty to the employee. Only after a long observation period, the company will be able to analyze the weaknesses and strengths of the new employee that can then be placed in a position that will enable him to develop his / her professional skills to the fullest. After about 10 years, the first level of the promotion process is reached, when the employee is allowed to choose a "successor" to train him personally in the same way that he has been trained.

**Internal staff training** takes place mainly through job rotation when staff mobility is very high and job changes are frequent. Japanese companies believe that continuing training is part of the employees' work tasks and that an employee needs to be prepared not only for the job or the current, but for all posts corresponding to his hierarchical level.

#### **Relations with trade unions**

The main characteristic of the management-trade union relationship in Japanese enterprises is the constitution of the trade unions on the company, of which only permanent staff are part. There are four major national labor organizations in Japan, to which trade unions can join. Although, in general, the objectives pursued by the workers and the managers are different, the relationships between them are not adversarial and do not affect the achievement of the objectives of the enterprise. This means that the unions constituted on the company are considering the circumstances in which the performances must be realized, understanding that they influence the employees' incomes.

Valuation of the "wa" principle within the company is found even in confrontations with the company's management, since unions are considered co-partners to maximize employee benefits. Although strikes are not a common phenomenon, when they take place, strict measures are taken to ensure that the manifestations do not interfere with the normal course of work, which usually happens after the program or the weekend.

#### **Decision-making process**

Understanding the decision-making process of the Japanese system, as well as many practices of Japanese management, requires first the understanding of national culture. Much of Japanese culture and, as such, the basis of working relationships can be explained according to the "wa" principle that signifies peace and harmony. This principle influences the working groups, the basic structure of work and management in Japan, giving great importance to cooperation, participatory management, problem solving through consensus and decision-making that takes a long time.



### **Adoption of decisions by consensus - Ringi process**

Managerial practice in Japan is based on consensus established within organizations, known as Ringi. It is considered to be one of the most representative traits, which encompasses all the virtues of Japanese management, from the emphasis on the global perspective, to the location of overall interests ahead of individual interests. The Ringi system is a process that evolves from bottom to top and requires agreement on a proposal by transmitting documented documents vertically and horizontally to all interested parties.

Thus, if a manager on a lower or middle hierarchical level faces a problem and wants to present a solution, it is necessary to agree the department he is part of before presenting the suggestions of the general manager. When consensus is reached, the formal presentation of the proposal takes place, which implies the use of a document called RINGI SHO, on the basis of which the involved managers can approve or reject certain proposals. This document ultimately comes to top management for formal approval and final implementation decision. The major disadvantages of the Ringi system are its particularly slow deployment and the fact that the system can not function in uncertainty situations, but only in very stable environments.

## **4.2 Management in the United States**

### **Cultural factors**

Puritanian representative John Cotten explains American ideology: "When a man serves another man, he actually serves God, he values work, sincerity, and prayer so that he can gain salvation." (Cotten , 2010).

Thus, early Puritan ideology reinforced the emergence of social order in the US by giving importance to every kind of work. Therefore, the specific American cultural values, individualism and accentuation of self-interest, the basis of the system of values of most Americans, efficiency and pragmatism, freedom and patriotism create the image of the American people all over the world.

From an organizational perspective, Americans prefer to meet their own interests by going beyond the company's goals or principles. American society is showing a small distance from power. Inequalities have been abolished as lower-level employees have been given increased responsibility for self-decision making and the possibility of questioning superior management's vision. Americans also have a low degree of avoidance of uncertainty that means they do not avoid or feel threatened by uncertain, ambiguous situations. American culture emphasizes the quantitative aspect of life and is therefore regarded as highly materialistic, and disinterested in cultivating long-term relationships; this may explain to some extent and why more and more frauds have been reported in the US as opposed to Japan where dominates a completely different mentality than the welfare of the company.

### **Managerial style**

The management style is based on the Anglo-Saxon model of capitalism based on individual success and short-term profit, stating that it manifests a strong authoritarian tendency, determined by the ideology that a person's status is exclusively determined by their own performance in work.

Internal communication in US organizations is based on the exchange of information on written media, formalized dashboards. Circulars, guidelines and written suggestions are ubiquitous within the company. Meetings in US enterprises have some peculiarities: they are focused on a given target, they are finalized by concrete decisions and precise solutions and are led by a meeting chairman that is not necessarily at the highest hierarchical level but which has a

recognized capacity mediation. The whole process of communication is also influenced by the reduced distance to power.

### **The hiring system**

As organizations are increasingly involved in international exchanges and job fluctuations occur, lifelong employment is a matter of the past in US corporations. Americans are quickly recruited and released from office so fast. But being fired is not a stigma. Americans tend to change the company and the job frequently, which is why companies prefer to change their staff according to their needs instead of investing in their preparation. This policy is reflected by the fact that the largest investments in human resources are geared towards selection and recruitment.

**The promotion system** is based on the qualities, the level of training and the age of the staff. The age of senior managers supports the conclusion that experience plays an important role in promoting leadership. The results of a study showed that 75% of the top managers were at least 45 when they were promoted.

### **Relations with trade unions**

In the US, there are two types of trade unions: trade unions organized on the basis of the profession and unions organized on the branch of activity. Union-management relationships have always been strained and employees are still attracted to affiliation to these unions because collective representation allows them to negotiate with company managers on an equal footing. They have made a special contribution to improving the working conditions of workers, mainly by negotiating wage increases, extra-wage benefits, and improving the working environment. Due to strong industrial growth, increased productivity, and US technology advances, companies have been able to meet demand for increased monetary and non-monetary rewards for employees. The most sensitive areas of influence relate to wages and working conditions where workplace seniority and performance are prevailing.

### **Decision-making process**

Currently, there is a trend towards decentralization of decision-making at major American companies. Americans believe that they must abandon the autocratic style of decision-making in which top executives have had the responsibility to take most of the important decisions. Lately, more and more attention is paid to investing with greater responsibility for branch managers who follow the following protocol: the first step is to recognize the problem they face and the need to make a decision; then the decision maker will have to identify the decision-making criteria, ie determine what is relevant and useful for a correct decision. In the third step, the most relevant criterion that identifies the importance of its effects must be identified, and then it should draw up a list of viable alternatives that can be applied to solve the impasse and analyzed individually. The last step is to choose the best variable from the ones outlined.

### **Benchmarking**

In comparing the Japanese and US management styles, it is absolutely necessary to have a closer look at the cultural differences, the communication styles and the contexts in which the two economic forces have become antagonistic.

A study by Laurie Dennis in 1995 highlighted some of the major cultural differences between the Japanese and the Americans. In summary, they are presented in Table 1 of Annex III.

From this table it's clear that the Americans are outperforming Japanese in terms of focus on education, family, workplace ethics, and long-term relationships, as well as long-term

orientation in making almost any kind of decision. The only area in which Americans have a clear superiority refers to the gender gap which is much diminished while in the traditionalist society of Japan, 76% of women consider their lifetime duty to be a good wife and a wise mother.

#### **4.3 Comparison between Japan and US management styles**

##### **American Management Style:**

- Workplace insecurity and labor mobility;
- Giving equal opportunities to enter higher levels;
- Specialization at the workplace;
- Decisions taken individually;
- Individual responsibility;
- Explicit and formal control;
- Care for employee welfare is secondary to productivity;
- Vertical communication is extremely limited;
- Motivational factor of monetary nature.

##### **The management style in Japan:**

- Long-term engagement and job security;
- Evaluation and promotion take place at a slow pace;
- Non-specialization and flexible jobs through departmental rotation and training;
- Drastic consequences for decision-making on an individual basis;
- Collective responsibility;
- Implicit, informal control;
- Care for the employees is at the forefront;
- Open communication and reduction of the hierarchical structure;
- Group stimulation.

As far as communication is concerned, the free and rapid flow of information is aggravated when making decisions. In the case of a high contextual culture, characterized by close and strong links between people, the information flow is informal and the communications networks are based on long-term relationships. Americans can easily give details about private life, but in the case of the Japanese they are found to be extremely withdrawn and preoccupied not to discern their true feelings, so even to the situation where the American lifestyle is considered an invasion of intimacy by the Japanese.

Which leadership style an internationally operating manager applies depends on the country and the area a company is doing business. The cultural background has a strong influence, but also the size of the company, the organizational structure, the age and the experiences a leader has made play a big role. Much research has shown that the leadership style in Europe keeps focused on decision-making, controlling, risk-taking, planning and organizational structure (Hodgetts et al., 2006, pp. 405):

“For example, British managers tend to use a highly participative leadership approach. This is true for two reasons: one because the political background of the country favours such an approach; and two because most top British managers are not highly involved in the day-to-day affairs of the business, they prefer to delegate authority and let much of the decision making be handled by middle- and lower-level managers. This preference contrasted sharply with that of the French and the Germans, who prefer a more work-centred, authoritarian approach. In fact, if

labour unions did not have legally mandated seats on the board of directors, participative management in Germany likely would be even less pervasive than it is. This is a problem that currently confronts firms like Volkswagen that are trying to reduce sharply their overhead to meet increasing competition in Europe. Scandinavian countries however make wide use of participative leadership approaches, with workers representation on the board of directors and high management-worker interaction regarding workplace design and changes.”

Consequently, most of the European managers follow the more participative and democratic leadership style.

## **5. CONCLUSIONS AND RECOMMENDATIONS:**

It's important to understand what your own driving style is, naturally, so you can adapt the approach to fit your situation. It is also useful to know what driving style you should avoid. Understanding which style suits you as a leader profile and suitable for your role within the organization, you will be able to better communicate your vision to other members of the organization.

Given that modern organizations are no longer built on many hierarchical levels and the amount of information to be managed is increasing, the role of the manager is more complex. It is no longer just a person who holds the absolute truth, making decisions to impose on others, but rather acting as a facilitator, as a mediator who will offer the possibility of manifesting the personality, the knowledge of the employees, adopting on that basis the better course of action. Leaders should therefore provide the company with a more appropriate framework to help the company's employees demonstrate and empower their skills, express initiative, and capitalize on their knowledge at the highest level.

With regard to US trends, it is believed that workers will have many automated tools that will allow them to provide services across networks and managers will increasingly benefit from telecommunications innovations. Another trend is the diversification of the workforce. Expectations are expected to increase the number of women and other minorities in the total population employed. More flexible work schedules are expected over the next decade, but the most important indicator of corporate success will be the attitude of the company's culture towards change as the number of mergers, alliances, and joint ventures grows.

The power of the trade unions will see a decrease in negotiating power, which is why young workers will experience stress and dissatisfaction at work. In terms of making decisions, account will be taken of experience rather than accurate reports and data. Remuneration will tend to provide employee stock-options, leveraging lower interest rates on loans.

In order to cope with intense competition, employees need to have a flexible attitude, be more willing to cooperate and open up than they have in the past. Producers are expected to turn to the services of scientists, engineers, the workforce of women will be increasingly sought, and the use of robots in the production process will intensify.

Cultural diversity exists and affects the way people act on the organization. Judging cultural differences as good or bad can lead us to inappropriate, undesirable attitudes and behaviors when pursuing business with foreign partners.

Despite the differences between Japanese and American management styles, both will have a huge impact on their national economies.

In the future, it is possible to meet Japanese people who want to resemble Americans and vice versa, but what will ultimately happen to the economy of each country is hard to predict. From a cultural point of view, management styles will continue to show notable differences. Even if nothing is certain, both Americans and Japanese need to continue to adapt their managerial styles to maintain global competitiveness.

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