

NANO TOOLS FOR LEADERS®

LEARNING FROM JAPAN: A NEW LEADERSHIP MODEL

Nano Tools for Leaders® are fast, effective leadership tools that you can learn and start using in less than 15 minutes—with the potential to significantly impact your success as a leader and the engagement and productivity of the people you lead.

GOAL

Strengthen your leadership by applying successful practices of Japanese organizations.

NANO TOOL

The “not invented here” (NIH) syndrome is a significant and persistent barrier to management innovation. Whether driven by personal pride, insularity, or a narrow perspective, executives often prioritize familiar sources over external ones. While this is a natural tendency, it is counterproductive in today’s global marketplace. Leaders can and should be open to the innovative practices of companies abroad—whether through direct visits or simply listening to their leaders—to gain valuable insights and evolve their own leadership practices.

That practice is common in Japan, where there is a long tradition of readiness to borrow from both the West and the East. In fact, Japan’s resolute leaders have learned how to be resolute in part by studying how foreign firms operate at home. But instead of imitating, Japanese leaders remain rooted in their unique culture and incorporate foreign practices without directly replicating them. Today—with Japan’s per capita GDP “the envy of the Group of Seven and a gift to global investors,” according to *Bloomberg*, and the CEOs of Apple, Berkshire Hathaway, Google, Intel, and OpenAI flocking to Tokyo—it makes good sense for leaders around the globe to study what Japanese organizations are getting right and consider adopting some of their practices at home.

ACTION STEPS

After considerable study and observation, the three practices outlined below stand out as the ones most favorable and feasible to foreign application.

- 1. Accelerate the Flywheel:** In *Good to Great*, Jim Collins uses the flywheel metaphor to illustrate how companies achieve success through steady, cumulative efforts. Progress starts slowly but builds momentum over time, driven by disciplined people, clear strategy, and consistent action. Success comes from sustained work, not one big breakthrough. Japanese organizations exemplify this approach: satisfied employees lead to satisfied customers, whose increased spending benefits shareholders in a reinforcing cycle. Unlike the Western zero-sum view in which employee and shareholder interests are in tension, Japanese leaders understand mutual reinforcement and patiently build focus on mutual gains and long-term momentum rather than quarterly spikes.
- 2. Focus on the Long Term:** Understanding that flywheel momentum can take years to build, Japanese leaders focus on future gains rather than immediate results. Hitting long-term benchmarks and generating outsized returns later requires near-term discipline, meaning execution is vital even if there is little to show for it now.



- 3. Embrace Personal Appeal:** The era of the distant “big boss” in Japanese business is fading, giving rise to a more approachable and inspiring leadership style. Instead of issuing orders from afar, CEOs are engaging directly with production, sharing their concerns, and energizing their teams. While some American leaders have adopted similar practices, the key difference lies in the approach: the Japanese concept of *ningenryoku* versus Western charisma. *Ningenryoku* prioritizes collective well-being and long-term stability, building trust and loyalty through humility and consistency. Charisma, by contrast, emphasizes personal influence, relying on immediate impact and persuasive appeal to lead.

HOW LEADERS USE IT

Japanese firms are currently pushing back against traditional work security without abandoning all of its features, meaning employees are still as esteemed as shareholders, not in the shadow of them. Efforts to build and reward talent mastery rather than lifetime employment and seniority-driven wages include Sumitomo Mitsui Banking Corporation’s introduction of a host of management-development programs. Stressing the importance of international experience and English mastery for its managers, it stations employees in overseas offices, provides leadership training at Western business schools including the Wharton School, and launched a “Global Bankers Program” for building networks across global offices and fostering future global leaders. These efforts represent a true hybridization of traditional Japanese and Western practices, meant to improve individual performance and engagement while creating an advantage for the organization and its shareholders.

When Hideki Kobori became CEO of Asahi Kasei Corporation in 2016, he emphasized the importance of expanding sales in 10 high-potential areas, with a 10-year timeline—not one or five. By 2030, the company aims to double the income from these growth areas, from 35 to 70 percent. Kobori stressed the importance of long-term thinking for the global chemicals and materials manufacturer: “My mission is to convey to people that Asahi Kasei is a company with a hundred years of history. My mission is to build up a solid base for the next hundred years so that we can continue to prosper and contribute to society. That’s why I accepted the position of president.”

Sony CEO Kazuo Hirai says leaders should be respected not because of their position but because they are respectable people. Explaining why leaders outside Japan should embrace *ningenryoku*, he says, “When looking at leadership, we tend to focus on the accomplishments of the leader in their business life, such as great sales or creative marketing strategies. However, the emotional qualities of the leader should also be considered before promoting them to a leadership position. ... A leader with high EQ is respected and trusted by employees, which leads to higher levels of performance and engagement.”

CONTRIBUTORS TO THIS NANO TOOL

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ABOUT NANO TOOLS

Nano Tools for Leaders® was conceived and developed by Deb Giffen, MCC, director of Custom Programs at Wharton Executive Education. *Nano Tools for Leaders*® is a collaboration between joint sponsors Wharton Executive Education and Wharton’s Center for Leadership and Change Management. This collaboration is led by Professors Michael Useem and John Paul MacDuffie.