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William Evans

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DOCTORAT EN CO-ASSOCIATION ENTRE TELECOM ECOLE DE MANAGEMENT ET L'UNIVERSITE D'EVRY VAL D'ESSONNES

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Présentée par
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DOCTEUR DE TELECOM ECOLE DE MANAGEMENT

Trust in Japanese Management and Culture

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INTRODUCTION

Nagasaki today still retains that old turn of the century feeling. The city is hilly and atop one is a small but consequential cemetery called the Sakamoto International Cemetery for here lie French and Vietnamese soldiers from the Boxer Rebellion, British traders, sailors and missionaries, British and American entrepreneurs. The famous, infamous and ordinary have been reposing here side by side for the last 120 years or so. Grandfather Evans with his beloved English wife and my father have a spot here. Grandfather after serving on board the USS Petrel in Southeast Asia left the US Navy in 1880 at the port of Yokohama and settled in Nagasaki. He established the first western-style pharmacy and became part of the foreign settlement which consisted of about two hundred and fifty persons.

My father, born in Nagasaki studied engineering and helped the *zaibatsu* develop the gold mining industry in Japan and in Korea which was then a colony of the Japanese Empire. Bill Evans Sr. as a young man was a colorful personality in the Japan of pre-World War 2. An anecdote - being fluent in Japanese he was permitted to negotiate the release of two American pilots (Pangborn and Herndon) who in 1931 while attempting to fly non-stop transpacific entered Japan without proper documentation and were imprisoned by the Black Dragon Society (ultra-nationalist secret society). He enjoyed privileged relations with Japanese and American government officials albeit imprisonment during WW2 by the Japanese *Kempetai* (Secret Police) for his American citizenship. Ironically, upon release he continued his mining work in Korea in collaboration with American interests until the outbreak of the Korean War which was to prove his demise. Mother, a Tokyoite and I were living in Kobe.

St. Francis Xavier in the 16th century alighted in Japan via Kagoshima (literally, basket-island) located at the most southern tip of Japan and established the first fountainhead of Christianity in a very hostile and closed Japan. Christians today make up only five percent of the Japanese population and western values are upheld and propagated through Christian/Catholic churches, schools and universities. My British Catholic school managed and taught by Catholic brothers comprised foreigners from some 20 countries and local Japanese, Chinese and Koreans searching for an alternative to the classic Japanese education. In addition to the normal British curriculum; we were given a healthy dose of languages (French, German, Latin and Japanese). Interestingly, Japanese was expected to be learned but we were not allowed to speak it during school hours at school. Colonial thinking! And this in a sea of "Japaneseness"; Japanese friends, Japanese mother espousing the articles of Japanese thinking and values yet with a connection to western notions. If vagueness, ambiguity and reserve were Japanese traits then these were counterbalanced by a paradoxical acceptance of the absolute, of right and wrong, hence, a simultaneous Japanese and occidental upbringing, neither one nor the other predominating.

At age eighteen I went abroad to the US for university and obtained undergraduate and graduate degrees. My business career began in New York City at age 27 in airlines advertising, Sodexho, Swatch watch and Motorola. For every company I managed to successfully orient my responsibilities towards the Japanese market and actually spent some ten years as an expatriate working in Japan. As I think back on those thirty years I consider myself fortunate in experiencing that Japan of the 1970's, '80s and early 90's; a period which scholars refer to as the "hey-days" of Japanese economic power. We were able to feel, think and be a part of that exciting transition from old world Japan to what we today know as contemporary Japan. I constructed business plans based on relations and trust and defended those in front of Cartesian-

trained Frenchmen and old school, management by objectives type New Yorkers. Conversely I argued occidental logic-based business strategies to my Japanese intuition-based intermediaries. I have been on both sides of the fence.

Japanese life is, ironically enough, full of examples of trust and confidence exercised between people. And thus was probably truer in "olden days". This is simply a fact one learns when coming to Japan for the first time. Perhaps it was due to the general low crime rate; perhaps it was because people in general were *shinsetsu* (kind) to one another. Whatever the reason, you did not feel too uneasy amongst strangers, you could generally count on retrieving forgotten items on public transportation, and the newspapers often carried stories of thieves turning themselves in. Only last year while travelling in a train in Kagoshima I observed something I myself had enjoyed as a child some 60+ years ago; a grandmother giving out sweets to children. Trust?

Fast forward and I find myself in the work environment in the US; with not-so cooperative colleagues and small promises broken routinely. Teamwork works only when leadership is obvious, and overt. Some thirteen hours later I would find myself in Japan and more often than not met at the airport, a small group for dinner and even larger group for meetings the following day…all routine as anywhere in the world yet something different. Japanese work teams just felt more like teams in the true sense of the word; willing and willfully cooperative, a hint of something desired and somebody was on to it immediately. Then a supplier meeting during which the discussions would ebb and flow, followed by several punctuations of quiet moments followed by an understated approval by one of ours quickly, clearly answered by the supplier with a slight bow and a "thank you". The meeting would end and the supplier is seen to continue chatting with several of my younger staff in a more public space in the open office.

Clearly, many details and thoughts exchanged, more bows and it's over. And this exercise is repeated over and over, a lot of quiet talking, small groups, larger groups, telephone calls back and forth and yet not a scrap of paper denoting an agreement, a commitment, and an order. If the back office or service admin issued purchase orders or contracts; I did not see it. It might have been issued sometime during that quarter, that half year? Back in New York City now all this in contrast to verbal commitment quickly followed up with contracts awaiting a signature if not multiple signatures. And if meanwhile there were pending supplier questions on overspending, overbilling, woe to those parties involved. Lack of trust?

And what of situations where things did not go according to plan? …issues with suppliers and delayed delivery for example. Despite normally adversarial natures … such issues in New York were worked out: suppliers and clients knew each other well. But sometimes the threat of cancellation, non-payment, changing partners did indeed surface. Yet in Tokyo not once did I witness such action. How were these issues resolved? If resolved quietly, why was it possible to do so? What allowed for understated resolution? At this juncture, Yvon Pesqueux and Jean-Pierre Tyberghein say:

« La confiance est un autre principe éthique du comportement japonais. Les Japonais pensent que, sans confiance, il n'y aurait pas d'affaires. Ils se comportent donc, à tout moment, de façon à obtenir la confiance de leurs interlocuteurs. Ils respectent rigoureusement leurs engagements : qualité, prix, délai...Une fois des relations de confiance établies avec leur fournisseur ou leur client, ils s'engagent à travailler avec lui à long terme…Pour les Japonais, en effet, il vaut mieux se fier à la confiance réciproque qu'à un contrat sensé protéger moins efficacement les intérêts en jeu » (Y. Pesqueux and JP Tybergein, 2009, p.49), translation in attachment .

On reflection this seeming dichotomy between Japanese and Western ways appeared vast yet the latter seemed easier to comprehend given the notion of self, independence and contracts and contractual relations. What was harder to understand was the Japanese perspective. Was I trying to understand something not given to intellectual understanding? The Japanese perspective was almost always "comprehensible" if intuition and feeling intervened. Given the obvious absence of physical contracts, was relations and resolution of issues simply due to mutual trust? Was it in fact trust? Could trust be the tip of the iceberg or was there more?

This central question evolved from small clusters of related questions. What really is trust to a Japanese practicing commerce in Japan? How is this trust expressed? In other words, in what form or forms does trust actually, tangibly appear? When does trust make its appearance and "where" is it located? How is trust is embedded in the culture and to what extent is it embedded? Can we point to it and note its location in Japanese commercial life?

Benjamin Coriat with Hiroyuki Yoshikawa (University of Tokyo) clearly shows us the extraordinary importance of "trust" in Japanese culture and business life is evident when they say: « Les atouts principaux de l'industrie japonaise sont les employés eux-mêmes et les relations qu'ils entretiennent entre eux. Les valeurs morales comptent beaucoup, notamment le désir de travailler … Tout cela repose sur des relations de confiance, entre les employés et leurs compagnies, entre les compagnies elles-mêmes, et également entre les employés de différentes compagnies. De telles relations doivent absolument être préservées … » (Coriat and Yoshikawa, 1998), translation in attachment.

To understand "what" and "where" trust is today we will go back to its feudal past. A chapter entitled "Historical Interpretation" will be devoted to this and my text will be based on primarily A Short Cultural History of Japan by G.B. Samsom; Japanese Yearbook on Business

History (1986,1993,1996, 2002), Yushodo Press and Foreign Business in Japan before World War II by Takeshi Yuzawa, 1990. Dorinne Kondo's book entitled Crafting Selves (1990) inspired me to write in the present tense and she describes working class Japan in a remarkable fashion.

Whilst the Literature Review will critically evaluate the pertinent literature on my topic, my chapter entitled Historical Interpretation will offer a perspective on management, and foreign business activity into Japan over time.

This question on trust finds expression in a so many down-trodden ways from the banal "you need to develop personal relations to do business in Japan", the common-sense "human relations is important in Japan", to "Western people are so and so"; you see where all this might lead to?

The Japanese imply that there is a fundamental difference, metaphysically, between Japan and the West or Japanese and occidental. Can Japanese specificity be that different from all else? We shall see. The literature on this topic trust per se is … with the exception of a very few presume a definition and understanding of what it is. The extant literature assumes we all have an understanding, albeit common and that we agree with that assumed definition as well. And still… that definition is fundamentally and at best, a common-sense one. This is not to say that the latter is incorrect or wrong. But is it sufficient? As Prof. Takemura (Meiji University) says: "there is little or no content (in the definition of trust within the extant literature)". Will the extant literature be sufficient to arm the mind, and heart so we might have a solid understanding of Japanese trust? Many questions arise: why has it been traditionally difficult to work with Japanese? Why is the West asked to adapt to Japanese ways? Why, indeed, do the Japanese not

adopt to Western ways? What is it about Japanese culture which appears to inadequately prepare Japanese to adapt to western ways?

This all points to the fundamental question I propose to study which is: in what manner is trust embedded in the culture and to what extent is it embedded? In so doing, we shall uncover "where" Japanese trust is located, albeit its abstract nature. And this question after undergoing a thorough maturing process becomes "is trust, as understood and employed in the Japanese business environment… embedded in its own culture …? If this paper will determine its embeddedness and its "location", it will forcibly tell us "what" it is.

It is one thing to raise the "whys and wherefores"; it is another to discuss why not. Here lies a topic not mentioned in the literature yet necessary for its full appreciation, i.e. a "dark side" of Japanese thinking and behavior. … What is the price to pay for breaking accepted conventions (e.g. acting in a distrustful manner), within commercial behavior or simply within Japanese daily life? Are these even separate matters? Thus as we ponder what trust is and where we will find it; we will have uncovered its structure and in so doing discover innermost thoughts of Japanese buyers and sellers in the manufacturing and service sectors. Ours is a trip into the deep recesses of Japanese managerial minds where we will hear voices rarely heard, statements rarely made and this in the spirit of honné, expressing inside true feeling (versus tatémaé, spirit of saying the expected).

If such is the purpose of the paper its journey is dependent on a rigorous roadmap; an outline that is capable of enduring a necessarily complex process of data analysis, one which will bridge the abstract and the tangible such that its final outcome should bear a rich and full conclusion; philosophically and culturally meaningful for the practitioner should he wish to apply that knowledge in real world and equally illuminating for the scholar whose quest is a

fresh vision and appreciation of the Japanese mind. The roadmap ambitiously sets out early with a review of the extant literature on Japanese trust; trust as generally understood and appreciated in commerce, as exercised in the Japanese auto industry and historical trust traced from its earliest recorded start in the Middle Ages. The review equally highlights contemporary French luminaries and Japanese scholars whose ideas helped to mold and shape Japanese industry as we know it today. Thus by including contemporary critical thought I interject that sense of "now" into the paper because the Japan of today is rapidly changing and metamorphosing. And importantly, Japanese culture and trust must be studied not only in the light of history, in terms of my respondents' comments but also in the context of the evolution of Japanese industrial management and this as seen through the eyes of French, European, Anglo American and Japanese intellectuals and scholars.

But a roadmap with a trove of analytics is given life and assumes some level of significance dependant on some theory which pretends to explain those phenomena. The exciting insights, and comments offered by my respondents seek a bold and dynamic backdrop; a theory which on its own merits should stand up and yet when put to the test against the given data should naturally commence to elicit meaning and sense there from. The data becomes knowledge via the theory.

The metaphysics of Japanese trust experienced by buyer and seller lies in an unshakable belief in and never-ending practice of human relations building and this process and phenomena when subjected to the exigencies of the International Marketing and Purchasing Group (IMP) becomes intelligible and comprehensible. The IMP Theory is a singularly robust concept created in the mid 1970's by European scholars and researchers whose scrutiny of industrial buyers and sellers, and organizations and institutions which put forward the idea those mutually beneficial

transactions are consistently and foremost grounded on intra and extra relations; relationship building within and without the enterprise. The earliest application of IMP took place in France, Germany, Italy, Sweden, and the UK. This continual and mutual bridging of people and things fosters trust which in turn would contribute to a mutually satisfying transaction. Thus, key words describing IMP Theory are organizational reciprocity, exchange processes, relationships and interaction. The IMP Theory we soon discover is occidental in outlook, and Cartesian in structure. It presumes a linear logic and almost "fishbone" in process. More importantly, it is "scientific" in spirit, that is, a certain outcome is expected if certain conditions are met. How will these key words stand up to the Japanese conundrum where culture, individual feelings, intuition and old values define buyer seller transaction quality?

If theory upholds and informs data then roadmap or outline is the general architecture striking a balance between all elements that need to be explored. A sensible outcome is anticipated. The outline links what's been said about trust and conversely what's not been said about trust with raw data after the latter has been minutely filtered through qualitative coding. Transcriptions will yield key words and concepts (categories or unit of analysis) and these will be coded for purposes of easy identification. All relevant text will be associated with each key word or category. At this point I will construct several matrices to order and arrange the concepts and text. The connecting schema is where I seek associations, connections, and discoveries across all key words. Herein lies the hidden responses brought to light in answer to the research questions asked.

Thus, we have with broad strokes looked at the aspirations of this paper; the research objectives within a particular cultural context from the perspectives and interpretations of Japanese practitioners', European academics and thinkers as well as from a subjective one. A

rigorous review of the extant literature in conjunction with a plausible theory will bring us closer to the construction of a research design and methodology befitting the nature of this query; qualitative social sciences. Data analysis will ultimately reveal responses to the primary question, “is trust embedded in Japanese culture and if so, to what extent is it so?”.

LITERATURE REVIEW

The literature review is complicated. Seen as a whole the notion of trust is studied by scholars as being part of management philosophy and business practice for all markets and not treated as a particular topic per se nor specifically for the Japanese market. Certainly there is exceptionally existant literature relative to Japan but as we shall see this is limited. Thus, the given literature's primary purpose is to illuminate the broader subject-matter of management. And if there is specific application to Japan, the literature shifts to highlight the importance of relations in management rather than engaging in trying to establish if and how trust is embedded in Japanese culture as well as trying to determine its degree of embeddedness.

The Japanese "boom years" attracted scholars who investigated the Japanese automobile industry and this appears to have given rise to a hitherto dormant subject, that of business-to-business buyer seller relations. This initiative in turn propelled the development of the IMP Group and accompanying theory. Since the IMP Group was European in origin, attention was drawn to a host of case studies which necessarily looked at trust but within a European context.

Many scholars indeed contributed to understanding relationships and did integrate trust into the framework of buyer seller relations but did not, once again, study trust as a stand-alone element within the very complex inter and intra company environment. The popular meaning of trust was a given and therefore assumed to be understood. We are at this juncture removed from the original objective of the research question.

The literature review despite these challenges continues its investigation and we see continuing scholarly works which delve into and explain Japanese management practices as well as production and manufacturing systems. And what is noteworthy is that the notion of trust is nevertheless, ubiquitous. Trust is stubbornly present and appears to "take on" a life of its own.

Thus, trust slowly but surely manifests itself in all equations which render Japanese phenomenon comprehensible; from strictly human relations to business relations.

Thus whilst the literature is complicated and did not directly answer the research question, it did serve an equally important function for this research. It became the foundational necessary parts of a puzzle. This puzzle observed from a 'distance' or as a whole, pointed to the missing links. These latter "missing links" when finally assembled would emerge as the basis of my research questions. The contribution of the literature to my work is thus abundant and measurable. And some examples are notable. The contemporary literature championed by luminaries the likes of Pesqueux has included the notion of humanism in their vast repertoire of ideas. And we shall see that Japanese treatment of management issues cannot be divorced from notions of humanism. Maricourt also integrates culture into his management thinking and is therefore naturally inclined towards leading us towards an understanding of Japanese trust. And then we have Japanese scholars and practitioners whose literature is rich and full of processes and systems do not adequately identify and analyze irreducible core drivers of success; the intangible yet real qualities such as trust and other cultural values. Yet these scholars and practitioners have contributed much to answering my questions, albeit indirectly.

The term "trust" in business literature is, as expected, ubiquitous and its sources are vast in numbers. Add to this word others such as management, contract and Japan and a rather different landscape appears. I estimate some hundred twenty scholarly articles which in some measure relate to my topic of research, i.e. trust in the context of Japanese companies.
The pertinent papers appear to broadly entertain three categories, namely;

- Japanese automotive industries
- Industrial buying and selling

- “stand alone” articles which are not specific and industry related

Several names feature prominently, e.g., Sako, Granovetter, Wilson, Zoet, Takemura, Wang, Abrahamsen, and Huemer. The literature on Japanese management on the other hand is plentiful and in many cases of high quality given the great interest on Japan shown by scholars during Japan’s boom years. This is not surprising since a lot of thought was given to the why’s and how’s of Japanese management.

Thus Japanese management analysis appears in scholarly articles as well as in book form. C. R. Christopher’s The Japanese Mind (1983) is a classic. He’s “been there, and done it”. Another thinker and writer perhaps forgotten in some circles is Robert J. Ballon SJ who already in the early 1960’s wrote prolifically about Japanese companies and management.

The matter of trust whilst present via the previously mentioned categories is however positioned in slightly varying ways. The most basic foundational positioning i.e. trust is a basic cornerstone of Japanese management unique to Japan and lead to the success of Japanese enterprise system and so forth, is championed by many including Drucker and Abegglen, (Kaisha), the latter the grand doyen in matters of Japanese business. J. Bernard Keys points to Japanese success as a result of long-term planning, interdependency between boss and subordinates and the interrelationships between firms.

Certain scholars position trust in yet another way; they examine how trust fits into a buyer seller relationship and introduce other variables into the equation. Thus, Hakansson and Wootz (1979) in explaining the buyer seller relationship, tell us that trust between firms is not a given and that there is a need to “gain personal confidence and trust on an individual basis”. Interestingly, they refer to Homan who as early as 1954 suggested that “friendship” is a result of interaction and not a condition of interaction”. Hakansson and Wootz very presciently say “an

important research goal is to map interaction processes in different countries" (Hakansson and Wootz, 1979, p. 33). This article however does not refer to Japanese industry and presumably is Europe-oriented given their previous work within the IMP model.

Heide and John (1990) on the other hand do make reference to Japan and explain the latter's success through "joint-activity" and the "interpenetration of organizational boundaries" (Guetzkow 1966, Laumann, Glaskiewicz, and Marsden, 1978). Trust is squarely placed in the buyer seller relationship. They further integrate the manufacturing process, and importance of relationships into their model. Wilson in his buyer seller relations study refers to the "interaction approach" of the IMP. He says that "interaction is a series of short-term social interactions that are influenced by long-term business process that bind the firms together" (Wilson, 1995, p.337). He clearly identifies "trust as one element amongst many which make up his list of relationship variables". Wilson affirms that trust is a "fundamental relationship model-building block…" and he identifies four definitions.

Zahen and Perrone (1988) explore industrial buyer's assessment of the technical and commercial skills of suppliers and the latter's ability to build relationship and commitment. Trust in this relationship is that element which allows for interaction given that both partners need each other and need to adapt to one another (Zahen and Perrone, 1998).

Ford and Turnball, Ford and Cunningham, respectively; address interaction and networks in B2B buyer seller relations. Ford examines the importance of relationship development during assessment of suppliers' skills. Interestingly the specific term "trust" appears relative to the issues of relations between buyer and seller being hampered by distance (D. Ford, 1984). The data upon which the paper is based was collected via European members of the IMP. Turnball et al take an interesting turn by emphasizing the relationship (buyer seller) per se as "unit of

analysis" rather than "the individual transaction". Here Turnball introduces the importance of considering the network of players rather than the simple one on one relation. He champions the notion of viewing relationships as a "portfolio"… in "technological terms" thus a "portfolio of relationships is a way of managing a portfolio of technologies". (Turnball, Ford and Cunnigham, 1986).

Hagen and Choc (1998) view trust in yet a different way. They propose that the "trust-induced cooperation" (between buyer seller) is due to institutional and societal sanctioning mechanisms. Thus, "sanctions foster trust". They make reference to the Japanese automobile industry where the "nature of sanctioning embedded in… manufacturers- subcontractor relations becomes…critical in understanding how trust is fostered in Japanese inter firm relations". Hagen and Choc go on to discuss the transferability of Japanese buyer-supplier networks into foreign settings and suggest that they might encounter difficulties. They tell us that trust as an attitude is "difficult to operationalize for research purposes" (Hagen and Choc, 1998)

Let us review some key points of various scholars who have placed the notion of trust within the inter-firm buyer seller relations and observe differences and similarities therein.

David Ford, David Wilson, Heidi Jan B and George John examine factors and determinants in the buyer seller relationship. In Heidi and John's article, dimensions such as "joint action" are studied to determine how they affect the relationship between buyer and seller. Both discuss the adaptations that need to be made by buyer and seller. David Wilson emphasizes commitment and trust.

Ford says "we have noted that the decisions taken by a supplier on the extent to which is prepared to adapt to individual customers are of major importance" (D. Ford, 1984).

Similarly, Heide and George refer to Hakansson who says "the buying firm's manufacturing process may impose certain requirements on its supplier relationships" (Hakansson, 1982).

Wilson says "most definitions of trust involve a belief that one relationship partner will act in the best interests of the other partner" (Wilson, 1995, p. 337)

A third grouping or category of articles deals with trust and opportunism in the UK, US and Japan. Mari Sako is often referred to in this context. Asanuma Banri's perspective regarding relation-specific skills is refreshing (A. Banri, 1988) and Yamagishi and Kikuchi demonstrate that trustful people are more "vigilant and prudent in processing information about specific person's trustworthiness" (Yamagishi and Kikuchi, 1999, p.146).

Asanuma presents interesting findings which question the classic stereotypic and intuitive notions we adhere to about Japanese business and this in the US and Japan context. He says "a typical Japanese manufacturing firm tends to buy only from a select group of firms which has been formed having this firm either as the organizer or as a participating member thereof; members of such a group maintain perpetual business relations with each other, which nonmembers face difficulties to enter. Second, formation of such a group is a phenomenon specific to Japan and is therefore to be explained only in terms of cultural or historical peculiarities of the Japanese" (Asanuma, 1988, p.1)

Sako and Helper "examine the determinants of inter-organizational trust…" They say "virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time…" (Sako and Helper, 1998, p.387-388). They refer to Granovetter who said that trust is "sometimes understood to be a byproduct of norms embedded in social networks and rarely brought about through relational instrumental means".

Sako and Helper continue; “it (trust) is regarded as a scarce commodity which only a few can afford (Gambetta, 1988, p.224). Before an explicit strategy of developing and maintaining trust can be considered feasible, the determinants of trust must be identified.”

Several observations regarding the existing literature can be made. These appear to manifest the following characteristics:

1) The greater majority if not virtually all the companies researched and interviewed are MNC’s and in many cases are if not related to the automobile industry.
2) Most of the authors in writing about “trust” presume understanding, a universal understanding and appreciation of it. There is preconception at work.
3) A very few notably, Mari Sako, do offer definitions albeit bordering on the abstract.
4) Most authors present “trust” as a pragmatic “tool” (although abstract) for purposes of, for example, reducing costs or enhancing competitive advantage. “Trust” would appear to have a “corporate soul”.
5) The notion of trust has according to the literature undergone severe statistical quantitative analysis and the modeling by scholars and this is impressive. And I still feel that conclusions drawn are abstract if not esoteric. How indeed is or can that theoretical knowledge be used by a practitioner?
6) Lastly, those articles that discuss trust in abstraction or theoretically do so quite well, academically speaking. But these strategic statements or observations are basically common sense. Any mid-level manager working in an SME of MNC worth his or her salt would know such theoretical truisms.

Thus, I find the existing literature on trust in general and on Japan trust running parallel at best to my objective. Some authors have touched upon, indeed mentioned that trust is embedded in culture and moved on. But this very point is that which needs to be demonstrated. That is where I might alight ultimately. It would appear that there is no body of literature which would address, entertain or support my contention. The literature I would need must necessarily discuss the tangible attributes of Japanese trust and only then would we begin to have a definition of trust. The literature would need to illustrate how we are to recognize its "appearance" on the buyer-seller stage. And finally, would that literature-suffice to engage the core of my research, that is, to determine whether Japanese trust is embedded in its own culture? That is, how after its "appearance" does it continue to morph into more complex and tangible expressions of itself?

On the matter of explaining Japanese trust from a theoretical perspective I have found H. Hakansson's book, International Marketing and Purchasing of Industrial Goods (1982) and Turnball's article, "Interaction, relationship and networks in business markets: an evolving perspective"1996, most useful. Hakansson's book is entitled An Interaction Approach and is most appropriate when deciphering Japanese human relations, and buyer seller relations. Most of my discussion on IMP Theory comes from these sources.

Other than scholarly articles there are some fine books which address Japanese management topics. If trust were a socio-cultural phenomenon, to best appreciate its present value we need to have observed its development and passage through time i.e. through history. Socio-economic and cultural events would most certainly have been part of its definitional evolution. Hence, I turned to G.B Samson's classic; Japan A short Cultural History (1986). Samson notes the earliest mention of artisanal activities and organizational structures during the feudal Edo period. We see the remarkable presence and development of notions of loyalty,

hierarchy, relations, collectivism and discipline. Given the author's strictly historical-cultural perspective; I found it necessary to buttress the aforementioned via some very useful sources, namely Yearbooks on Business History published by the Japan Business History Institute. These are all essays written by Japanese scholars and trace the development of specific industries from the feudal period to this date. Since the focus is on business we note the presence of terms such as management and contracts.

By weaving the various issues together we see the evolution from cluster of feudal organizational notions to complex modern complex business organizations. Similarly, we see feudal socio-cultural values thriving in the Japan of today. That thread of continuity is surprisingly very much alive and well today. The notion of Japanese trust becomes meaningful within the context of management because the topic of management is indeed brought out very explicitly in this series of yearbooks.

And lastly we look at how Japanese management fared as a result of foreign (western) enterprise entry into Japan. Here is a trove of case studies of various western companies and their relations with Japan. Did these fundamentally change old Japanese values? For this I refer to Yuzawa and Udagawa's Foreign Business in Japan before World War II (1990). The various case studies whilst rigorously describing partnership travails also illustrates the fascinating topic of occidental influence in bringing Japan into the modern world. The following are some examples.

Kaoru Ishikawa, considered to be the pioneer of quality management in the 1960's, championed the management concept of W. Edwards Deming and Joseph H. Duran and adapted

these to the Japanese System and in so doing was successful in driving the quality-improvement initiatives towards and within various sectors of Japanese industry.

Best known for his “fishbone” diagram formally designated so in 1968, its application was first in the area of product design and quality defect prevention. The fishbone effectively and logically aligns provable causes leading to corresponding effects. Categories of causes include elements from manufacturing such as; methods, machines, materials and management. The version P’s from marketing and elements from the service industry. Thus, the fishbone is in effect a sophisticated cause and effect diagram which highlights relationships between different variables and ultimately illumines possible sources of process behavior. Its use is to determine root causes.

Given Ishikawa’s engineering background, he created the concept of “quality circles” in 1962. Ishikawa’s thinking went beyond the boundaries of engineering excellence in that he equated quality control and improvement as a continuous process driving the bar upwards and affecting man and machines and everyday lives. If standards were a necessity in continuous quality control then he would even subject these standards to evaluation and change. If standards were part of decision-making then he would champion the notion of customer satisfaction as the ultimate arbiter.

What is remarkable is Ishikawa’s sense and vision of customer satisfaction. We must be reminded that it is only after the mid 1960’s that Japan’s economy as a whole began to be resuscitated, not to mention that then the concept of consumerism or customer satisfaction was non-existent. Scholars could argue that customer satisfaction proper perhaps only saw the light during the late 1970’s if not the1980’s. Dare we say that had Ishikawa not championed and fashioned that notion, Japan just might have missed if not adopted it later than commonly

appreciated. It is indeed the confluence of events pioneered by entrepreneurial leaders post World War II that Japan enjoyed its boom years. That is, if Ishikawa was thinking about management and quality; Morita was building and improving radios and electronics, Honda was launching quickly many models of powered cycles and so forth. If Ishikawa was a humanist as well as engineer then other too were thinking of the common good; a recurring theme in my research.

Taichi Ohno and Toyota system.

The Toyota Production System, an off-shoot of Taylorism is considered to be foundational to Japanese management and production systems. As in so many things Japanese, TPS was the result of critical assessment of the then US mode of automobile manufacturing in the 1950's and 60's. Taichi Ohno, an engineer at Toyota studied American production processes and concluded that these were not applicable in Japan primarily because Toyota could not afford to maintain parts and stock at US levels due to Japanese lack of space and capital. Ohno adapted the US process but changed its very core by empowering the line worker and reducing stock to the necessary and required quantities to maintain production.

Empowering employees enhanced quality and especially in an environment of zero stock. Hence whilst pure Taylorism would reduce worker knowledge into component parts and pieces as well as functions into smaller activities, TPS would convert the worker into a multifunctional type of worker; exercising autonomy of action. The TPS comprised three major and new elements; (a) quality circle which encouraged exchange horizontally and vertically in dialogues of common interest, e.g. product launches. (b) management by objective which brought together

members for different departments involved in, for example, a product launch again, to identify problems and correct them early on. Lastly, (c) the *ringi* or document which was passed along vertically and horizontally seeking consensus in decision-making.

The operating premise here is that a worker that is knowledgeable and empowered would wish to be creative, to innovate and feel involved in the future growth of the company. Similarly, exchanging ideas up and down fosters cooperation. Hence TPS in its application was astute in that it understood the right "buttons to push" insofar as Japanese cultural behavior was concerned. To illustrate further, the practice of *kanban* (just in time) is simply a natural result of TPS in that *muda* (waste) is not condoned. Indeed, *muda* is not condoned at all in Japanese life. TPS then extends further than simply a method of production into management system. It is a paradox that the U.S. system while it was founded in an environment of plenty discovered a means to exercise rational and non-excessive usage of resources. And yet the Japanese living in austerity would find a method to live with even more austerity.

How did Japanese firms in the 1980's and 1990's operate? Masahiko Aoki addresses this question and further asks if the Japanese model is culturally unique? (Aoki, 1990). Thus, Aoki explains the internal operations of the Japanese firm and how it is different from the Anglo American model or "H-mode".

Information sharing

A fundamental key to understanding Japanese industrial performance is linked to Japanese firm's ability to react swiftly to emergent information. Hence, new information is shared and utilized by operations. It is useful to note Japanese consumer tastes have traditionally

been diverse and demanding. The overwhelming variety of new consumer products, small and large attest to this fact also inevitably reveals a multitude of improvements made to existing products. Here there is a simple yet effective illustration of information passed on and acted upon quickly. Speed of operations is an integral part of the successful performance of Japanese firms.

Aoki cites how “integrated engineering control rooms” at a certain Japanese plant “exist side by side with the engineering office for such workshop”. These are not hierarchically ordered in terms of status in order to encourage knowledge sharing (Aoki, 1990, p. 6).

Aoki in describing new product development says that whilst the order of hierarchy is similar to Western structures, the subtle difference lies in how feedback systems are put in place. Thus, whilst H-systems display more cut and dry phases, the Japanese version transitions more flexibly with more intermeshing, thus allowing more interaction between design engineers and plant engineers and facilitates more informal information sharing. In effect, this system permits the design engineer to listen in on what the plant engineers have to say and presumably avoid possible potential problems, at the manufacturing level. Could this be an astute application of a face-saving device put to good use?

Cross disciplinary teams are organized early on in the product development phase. Hence these teams in effect exercise feedback but are already internalized in the process.
Similarly, at each development phase, these teams collectively solve problems. The end result is that as compared to Western systems, the Japanese method is probably more intensive in horizontal coordination yet is more informal. Thus Aoki says that insofar information sharing in concerned, the Japanese rely mainly on informal, verbal communications whilst the American counterpart utilizes explicit documentation and network systems.

Aoki adds an interesting comment and says that "the ethnic homogeneity of the Japanese domestic factory may have been a crucial factor for the development and effectiveness of the J-mode" (Aoki, 1988). This notion we shall see repeated in this paper.

Hierarchy of Ranks

Aoki says that H-mode operations teams take responsibility for their specific tasks whilst J-mode requires execution as well as coordination between tasks. Thus, the former relies on specialized skills whilst J-mode needs workers that understand work process as well. This then Aoki tells us leads to incentives for J-workers that are not tightly related to specific job categories. Thus, Japanese firms have adopted rank hierarchies for line (blue collar) workers, white collar worker, engineers and management. Thus notwithstanding identified starting points (blue, white-collar, engineers etc.) employees compete for promotions in rank therein during their careers. And this takes us to criteria for promotion which include years of service, communications skills and so forth. Thus, whilst gainfully employed, a Japanese employee at mid-career is indeed under pressure to exhibit progress for purposes of promotion. And slippage might mean being off-loaded from particular upward routes or escalators of career development. In that sense seniority advancement is not an all-together automatic fact.

With this system as complex as it appears, it is not surprising that Japanese firms have developed powerful personnel administration systems. Aoki asks if J-mode today needs to be looked at again as objects of "economic analysis". He suggests that there may be greater convergence of organizational forms given …. natural selection… through international market competition.

Ouchi and Price (1978) refer to Rensis Likert's contribution to the study of humanistic organizations. Likert did not think that creation of effective groups did not solve the problem of cooperation. Indeed he thought that that might simply move conflict between individuals to conflict between groups. He championed the notion of a common culture and to do this he suggested the rotation of managers between functions and the use of multiple overlapping memberships and thus there would be the development of a companywide culture (Ouchi and Price, 1978).

This concept is not in contradiction to the classic Japanese practice of establishing an overriding if sometimes implicit and pervasive common culture. Add to this Ouchi's concept of clan and we see an interesting organizational development. A clan, he tells us is "a culturally homogenous organization, one in which most members share a common set of values or objectives plus beliefs about how to coordinate effort in order to reach common objectives" (Ouchi and Price, 1978, p. 36).

The clan socializes each member so that individual goals merge thoroughly with organizational ones. The individual is then motivated to support the organization. This system works best when members already share values of the organization. This is true of Japanese society with its homogenous workforce and new company recruits with broadly similar educational and family background.

On the question of control within Japanese organizations, Ouchi says that they (Japanese) have developed a mechanism of control that relies far less on bureaucratic hierarchy than do Western organizations (Ouchi and Price, 1978).

This point is borne out in my research. There appears to be an almost self-monitoring system exercised naturally amongst Japanese employees. Ouchi highlights some weaknesses

inherent in this system. His type Z organization named after McGregor, despite being American, has similar characteristics to its Japanese equivalent clan-organization and is unable to cope with differing viewpoints. Thus, culturally dissimilar employees such as minorities and women are excluded from the corporate mainstream.

Ouchi discusses organizational philosophy which he defines as "a mechanism for integrating an individual into an organization" and is also "a mechanism for integrating an organization into the society". We shall see various illustrations of this in chapters to come. The Japanese employee embodies the whole of society inclusive of company whilst the company is but a collection of individuals.

Organizational philosophy makes its presence known in a multitude of places and means. And albeit its ambiguous wording, it is often the only specific directive adequate to define business objectives. Hence if used to define these business objectives, the employee may be left on his own to interpret the often platitudinous sounding words of an organization's philosophy and convert these to a more tangible expression. It is argued that the method's advantage would lie in its universal applicability.

Ouchi poses a rhetorical question by asking why if organizational philosophies have so many advantages, why they would not all develop explicit philosophies? His response is that that is so because organizations have little incentive to be integrated into the society (Ouchi, 1980). This response inadvertently supports another Japanese phenomenon; that ubiquitous practice of Japanese firms identifying with Japanese society as a whole, if not with the nation!

Ouchi and Wilkins raise the question: "can culture be intentionally managed?" Ouchi tells us that the study of organizational culture typically takes culture as the independent variable. He continues "the descriptions of efforts to change culture are not encouraging to those who believe

culture can be a tool for management control" (Ouchi and Wilkins, 1985, p.476). These premises pose interesting questions in the case of Japanese firms operating in Japan. If these firms mirror Japanese culture then is the original question regarding "intentional management" still valid?

Renaud Maricourt asks whether Japanese managers try to manage and use culture in order to do perform their job or do they simply put in action the culture (*culture dominante*) to naturally guide the flow of events? He identifies the many rituals and slogans so prevalent in Japanese companies such as company songs, morning meetings, uniforms, and slogan ("for beautiful human life" (Kanebo). Indeed if one uses an occidental template otherwise French, presuming that the latter really is Cartesian in spirit; the outcome would certainly be as he is wont to say.

However the question remains why it would even be necessary to take a so-called occidental perspective? Maricourt reviews Aoki's discussion of the "J-mode" and addresses specifically the matter of internal communications. He says the Japanese exchange information continually does so informally and orally (R. Maricourt, 1994). We shall see more of this in my paper. If the occidental system (H-model) places too much importance on hierarchy and if on the opposite end of the spectrum we have a too loose or unstable organization; then it is in between these two extremes that the J-model functions best. If information as Maricourt says is key to efficiency then everything is done in a Japanese firm to facilitate the upward and sideways distribution of information. Company offices he says are designed for information flow and access. And this according to Maricourt symbolizes effectively the "tribal culture" of Japan. It is interesting that he uses the term "tribal" for that term also appears in Robert Christopher's, The Japanese Mind. Maricourt goes on in his article about Japanese means of communication (use

of silence) and concludes by saying that external and internal communications are naturally integrated to form a single cohesive message.

Gervase R. Bushe discusses cultural barriers to innovation in the automotive industry. Specifically, he studies SPC (Statistical Process Control) as applied in Japanese and American factories. Bushe says that American quality control involves inspection of finished parts to determine whether they are "shippable, capable of being reworked or unredeemable". In Japanese factories, on the other hand, "workers sample parts as they move through manufacturing processes and through manufacturing processes and through the use of control charts, ensure that any deviation from specifications are quickly readjusted. This ensures that virtually all finished products meet specifications" (G. Bushe, 1988, p. 21).

Bushe refers to Garvin (1983, 1984) who identifies Japanese cost of quality at 1,3% of sales whereas the Americans ranged from 2,8% to 5,8% of sales. Bushe contends that the Japanese system involved preventive maintenance and more learning versus performance and Garvin (1986) says that Americans have a more "closed system approach to thinking about quality".

Alain Flourens in his preface makes an astute observation with regards to Pesqueux and Tyberghien's work ("*l'école japonaise d'organisation*, 2009"). He says "they bring us back to basics: man is at the heart of the organization in terms of management and time, key elements to success". The two authors quickly reach into the net differences in "perspectives" of organizational models of Anglo American versus Japanese and in so doing define a socio-philosophical expression of what would normally be elements of management. For example, whilst Anglo-Americans champion a civil code (*le républicanisme civique*) the Japanese rely on an "ethical, oriental" code. Another, the Anglo-American emphasis on "explicit objectives"

("spell it out" as Americans are wont to say) versus the Japanese reliance on the implicit and face.

The authors trace early signs of Japanese specificity of organizations such as feudal loyalty back to early Meiji through the appearance of *zaibatsu* and adroitly connects that to cultural notions of mutual obligations.

Given that *keiretsu sogo shosha* (trading houses) handle some 65% of imported products and 50% of exported products, Pesqueux and Tyberghien (2009) tell us that this is the heart of the Japanese model of organization. If specific institutions embody cultural specificities then more abstract notions such as "nation" do so also. Hence, from Meiji times workers, managers and owners toiled for nation. On the micro-micro level, the individual often refers to self as "we, Japanese etc…" as Mr. Shintaro Okazaki (Tokyo TeleMessage Company) says "we Japanese survived the bomb, we will survive the tsunami". Interestingly, nation translated into Japanese is *kuni* and *kuni* also means place of birth or origin. Pesqueux and Tyberghien go on to explain key cultural concepts amongst which the term "*confiance*" (trust) is addressed. They say that "the Japanese think that without trust, there is no business…once trust is established with suppliers or customers, they begin work in earnest for the long term". This paper will demonstrate many such examples. We shall see much evidence of this in this paper. Much attention is given to the various concepts, tools and methods (JIT, *kanban kaizen*, team work) which according to the two authors constitute the "Japanese school" (*école japonaise*). I note one point in their text referring to the size of work teams. They identify small teams of six to seven person teams at Toyota run by very multi-disciplined (*polyvalence*) team leaders. This is reminiscent of military organizations where the squad is the smallest team numbering some nine persons. As a side note, love of military behavior is clearly favored in Japanese civil life in general. Examples abound;

observe the display of traffic agents at construction sites, automobile driving instructors, train conductors and so forth…all putting on soldierly behavior. Why do the train conductors offer military salutes during the discharge of their functions on a railroad platform?

While Pesqueux and Tryberghien integrate purely cultural values such as "*seiri*" (tidiness), "*seiton*" (orderliness) into the Japanese organizational model; we shall see further support of this observation in my text. On a more down-to-earth and technical production matter, the authors tell us that a Japanese worker has the capacity to stop an active production line. Thus, we note that he is indeed empowered and this supports Bushe's point that Japanese "workers sample parts as they move through manufacturing processes…… (and)….. ensure that any deviation from specifications are quickly readjusted."

The latter part of the author's work reviews the contributions made by luminaries such as Masahiko Aoki (J system), Y. Modan, I. Nonaka and H. Takeuchi. They created the notion of "knowledge conversion" (*conversion de connaissances*) in which new knowledge is created and passed on via the social interaction of explicit and tacit knowledge. They felt that Japanese thinking is founded on the combination of humanity and nature. Thus, Japanese perception or views is trained towards visible concrete objects as well their essences. They contend that Japanese relate human thought and nature without recourse to any abstract theory or metaphysics. In brief, personal direct experience rather than systematic science and clear precise reasoning is at the heart of Japanese management. Otherwise, this is equivalent to subjective knowledge and intuitive intelligence. The "you" and the "me" are both the same.

Pesqueux and Tyberghein (2009) consider Kenichi Ohmae's thinking to be "Japanese school" and highlights the human factor and focus on client. Ohmae formalizes the three C's as client, company and competition. Management is expected to drive dialogue with employees and

is involved in the latter's daily life. If young recruits and employees are expected to learn respect for hand work and nation, then education is fundamental. This theme originates from feudal times in Japan and we shall see this often.

Consequently, we have at this point established with confidence that trust is clearly related if not, embedded in the national culture of Japan. But by the same token the links between trust and the culture per the literature are not, in my opinion, explained. The links are assumed and one gets the feeling that it is almost a "plug-in"; an element placed judiciously "after-the-fact" for the equation to work.

The extant literature raises many fundamental questions. Is trust an independent or dependant variable? Is this about trust or can trust be substituted by, for example, assurance as Professor Takemura posits? In their attempt to engage my question regarding trust, the scholars do indeed interpret many cultural elements including trust but their findings are limited to within the relative context of culture and management. If some interpretation of trust is uncovered it is almost incidental and definitely abstract because these findings are too "loose" and not anchored to real actions in the daily lives of buyers and sellers as pursue the real-world process and steps of transactional negotiations.

In order to answer my research question I need specific, tangible, concrete data and this within realistic frameworks of time. In other words, my data must be in real-world context. To drive this point further, I seek data which is not passive but dynamic. Since various cultural values will be examined these will be subject to heterogeneity and dynamism. I anticipate meaningful differences between the variables and I also suspect there might be changes among the differences over time. Then we might observe that these dynamic intricacies and movements to be grounded in the culture and trust may appear to be a formidable pillar therein.

It is in fact the enormous binding strength connecting cultural values which is remarkable. And this connectivity would be the root "cause" of the creation and emergence of trust in transactional buyer seller relations. The extant literature as mentioned in the early part of this chapter addresses the research question only indirectly and insufficiently. Consequently, I have devised a research design and methodology which will rigorously engage practitioners and through this engagement I expect to obtain the necessary data in order to commence the process of answering the research question.

THEORETICAL FRAMEWORK

The pursuit of Japanese trust, its understanding and location in the full panorama of Japanese culture in general and specifically in the management begin with the notion of relations. That is, we have observed that in the case of Japan relations-building is a given if not the first step taken between players, i.e. potential buyer and seller. We seek a theory which might explain the Japanese phenomena of trust building. This process is surprisingly concrete, disciplined and consistent on a human level. It is about relations and interactivity. And this brings us to the Swedish International Marketing and Purchasing Group and their theory of buyer seller interaction.

Before attempting to cast the IMP template upon the Japanese practice, I wish to reflect on the observations and contributions of IMP scholars with regards to concepts such as, trust and relations. Relations are foundational to the IMP theory and trust plays a somewhat narrower role therein. In Japan on the other hand trust and relations is "everything".

Overview of the occidental literature on trust and relations

The earliest literature on this aspect can be found in the occidental text books describing marketing management activities between manufacturer (seller) and end user consumer (buyer). This concept is formalized by scholars such as Kotler and McCarthy who championed the marketing mix or "four-P's"; product, place, price and promotion. Hence the seller actively engages a potential buyer utilizing optimal strategies with varying intensities of each "p" such that a desired reaction by the buyer is obtained. The assumption is that the buyer is basically passive whilst the seller is the "doer". Various interpretations of this phenomenon have traditionally been in evidence; the seller "manipulates" the buyer, the buyer is a victim of the "hard-sell" and so forth. Clearly, the most sanguine explanation is that a buyer or consumer would naturally react favorably to a meaningful transmission of offerings. Thus the buyer is an intelligent consumer and not duped.

While the occidental scholar was exporting these ideas to Japan in the early 1960's, the Japanese were already busy adapting them to the market. And in so doing the West was to learn that many of the presumptions upon which the "4 P's" theory was founded did not work in Japan. The popular literature is full of banal examples depicting this tendency; Japan is unique and so forth.

Yet this exercise has served a greater purpose. The Japanese buyer has rarely responded well to the "hard sell", unknown brands did poorly and low price in and of itself was not a guarantor of sales. Too many factors of an "occidental" nature interfered with a potential application of the "4 P's". One striking illustration was the presumption that occidental markets

were heterogeneous in nature while Japanese markets tended to be homogenous. If Japanese consumers were similar why would it be necessary to segment buyers and design special 4-p mixes to attract them? Another illustration was the type of promotion unleashed onto consumers. The occidental hard sell converted into driving product/price messages carried by print and electronic media in the West. Tomes have been written on the why's of soft-sell, image-oriented promotional messages so prevalent in Japan. Barbara Mueller as early as in 1986 in her article "Reflections of Culture: An Analysis of Japanese and American Advertising Appeals, p. 7", says "…Japanese advertising tends to be less direct when compared with Western styles of advertising. The Eastern advertisements appeal much more to the emotional level of the consumer …". Shintaro Okazaki *et al* says "Mueller (1987) found that soft-sell appeals were employed in excess of four times as often in Japanese advertisements as in the U.S. ones. Hard – sell appeals were a rarity in Japanese commercial messages." (S. Okazaki, B. Mueller, C. Taylor, 2010)

Thus we see the shortfall of occidental marketing in its attempt to explain the Japanese basic buyer seller relations. And yet the literature is replete with a cascade of notions addressing relations between buyer and seller. These mainly focus on inter and intra organizational activities.

We note at this stage that the earliest theory of seller buyer relations (as expressed by the marketing mix concept…) evolves into studies of organizational behavior and relations. We have left the realm of personal relations and entered the abstract and impersonal. Meanwhile, the Japanese we see have never left the personal level.

At this juncture let us pause to reflect on some characteristics of Japanese management relations. What is fundamental in appreciating the basic difference between occidental and

Japanese business relations is the fact that Japanese business relations is basically simply personal relations, whilst occidental business relations is exactly that; relations defined by business interests.

Another differentiating characteristic lies in the micro level at which Japanese buyer seller relations develops whilst organization (departments, SBU's and so forth) assume the relations building activities between buyer seller in the occident.

Further, Japanese relations-building has as object the building of relations in and of itself. Buyers and sellers in the first instance do not meet to pressure one another to obtain an advantage. This is not to say that participants engage naively, however, they do mutually understand that there is no shame in not obtaining an advantage. On the contrary the Japanese is acutely aware that good relations are in itself an asset, albeit on a human level.

The micro-level meeting which constitutes relationship building illustrates the individual, personal face-to-face initiative. Conceivably at some point in the relationship, an individual might represent a department and so move from the personal to corporate representation. The literature addressing occidental relations building abounds. There is no dearth of information. Yet virtually all writing is organizational-level oriented. In so many words, entire groups of people or a strategic business unit is in action with another group or business unit. The literature must necessarily become abstract at this point. And in so doing the human element (the person-as-person, the sense of the unknown) is discounted. Ultimately the mutual effort tends to be measurable and indeed is measured. One side or the other gains something, after all, both sides started out with gain as an objective. The literature inevitably expresses an ideal outcome with both sides gaining something. If the latter were true one could question whether both sides equally gain advantages. Reality it would seem would not bear this out.

A further investigation into an occidental perspective of business relations building is not without merit. My research demonstrates the existence and appearance of multiple cultural as well as straight-forward human values during the process of trust construction.
Thus, we shall see that Japanese negotiators at certain moments will summon *kimochi* (feelings) and *ningen kankei* (human relations), in their narrative concerning the establishment of mutual trust.

If B2C's mantra is full of emotion and behavior changing strategies; its B2B equivalent is quite the opposite. B2B relations are fundamentally rational and use limited amounts of emotion-affecting strategies. In fairness it is necessary to state that there has always existed a body of literature attesting to the convergence of styles between B2C and B2B. Notwithstanding, scholars such as J. Tahtinen and K. Blois boldly put forward, for example, human elements such as emotion, squarely into the B2B equation. They have studied emotions and their influence during difficult business relationships. (J. Tahtinen, K. Blois, 2010, p. 2).

There are further interesting twists to the study of occidental-style business relations. The general literature suggests the importance of "contract" and its place in the buyer seller relations. The popular literature has emphasized the importance of "contract" in the Western world whilst alerting us to its de-emphasis in Japan. Thus, C. Camen, P. Gottfridsson and B. Rundh in their analysis conclude that "contracts function as cornerstones in relationship building" (C. Camen, P. Gottfridsson, B. Rundh, 2010, p. 10). Their article discusses "trust" and references various scholars; Hakansson, Mouzas and others. Thus, relationship progression is marked by developing commitment and trust, and the latter is seen as a "pre requisite for increased commitment". (C. Camen, P. Gottfridsson, B. Rundh, 2010, p 10).

Camen et al then suggests that "one way to develop commitment and trust could be during the process while the parties discuss the conditions for the relationship" (Camen, Gottfridsson, Rundh, 2010, p.5). Here one senses a "quasi-scientific" approach to building trust and relations. In other words, there appears an attempt to legislate trust into existence. "Discussing the conditions for the relationship" might mean a recognition that since trust is not existent; it needs to be 'willed' into existence. In conclusion, the authors tell us that "contracts function as cornerstones in the relationship building". The Japanese we will see tell us that trust is the cornerstone.

Whilst some emphasize "contract" and its importance in buyer seller relations, others such as Aniko Bodi-Schumbert attempt to draw a distinction between relations development and relationship success. In so doing, Schubert identifies factors which support buyer seller firms in reaching relationship success, such as, "mutual trust…commitment, solution-oriented problem solving; effective information sharing…" (Aniko Bodi-Schubert, 2010, p. 2). Shubert in wanting to identify "exact definitions…to clarify the idea of success…" tells us that most papers generally "use implicit terminologies to express success content...". Shubert then lists, for example, the following relationship success factors: increasing mutual commitment, joint learning and knowledge transfer, relationship development…" (Aniko Bodi-Schubert, 2010 p.3).

What is noteworthy is that the process 'measures' increases in transactions. In short, the more transactions, the higher the likelihood of a relationship developing to successful levels. Schubert, referencing and reporting a case study (Hungarian pet food wholesaler and multinational), says, "the ….relationship was generated… by…. mutual reliability, which created trust between partners" (Aniko Schubert, 2010, p. 6). The Japanese practice we shall see takes a

different approach. Relations for relations' sake may produce a rich environment which favors the issuance of a purchase order. Trust has been established.

Given the importance of affective relations and relationship building in Japanese practice, our attention is drawn to Hyder, Lonnstedt, Loudlad's article entitled, "Affective relationship commitment in industrial customer-supplier relations: a psychological contract approach". Thus, Hyder, Lonnstedt, Loudlad, in 2009, says, "X feels that y has proven reliable in past interactions (trust has increased), and therefore X is willing to share more sensitive information with y… Y recognizes this and feels more committed to the relationship with X…" (Hyder, Lonnstedt, Loudlad, 2009, p. 4).

Here again we observe occidental logic in play; that is, because Y is seen to be reliable, X will share more information with Y and so forth. And this is contrary to Japanese practice where information is offered "freely", often times at risk to the party taking that initiative, with little expectation other than trust to be the end result. The interplay in Japanese practice is very much on the personal, one-on-one level. Trust development is strictly a personal matter for the Japanese.

Celunch, Bantham and Kasouf (2006, pg. 573) say that, "notable weaknesses in the buyer-seller relationship literature appear to be related to the need to examine buyer-seller relationships at a more micro, individual level…" And the Japanese do exactly that!

We now migrate from the discussion of relations to the next logical phase, that of trust. Here there is no deviation from the Japanese experience. Relations are a first step towards trust development. In fact, the Japanese practice, we shall see, is in a sense more rigorous, meaning that relationship building is its own reward with no guarantee of an outcome of trust.

Naomi Piriez says that there is "not widely accepted economic definition for it (trust)…" (N. Piriez, 2010, P.1), and refers to George Simmel's works in which the latter viewed trust as "highly abstract" and akin to "religious faith" (N. Piriez, 2010, p.2). What is interesting here is the notion that trust is connected to "economics" and that it is an abstraction. We shall see that the Japanese have little patience for such philosophical attributions and are disinclined to associate trust with economics. Japanese trust is above all personal and human.

N. Piriez and Tibor Mandjak argue that trust is "calculable, risk-decreasing, relationship-based, … soft resource embedded in a permanent changing environment". (N. Piriez, T. Mandjak, 2012, p. 5). Clearly, the driver to comprehend trust is scientific and quantitative.

And this is again the opposite of the Japanese buyer seller notion of trust building. Other scholars such as Amma Khan, Judy Zolkiewski and John Murphy wish to position trust as dynamic versus the presumed popular treatment of trust as a static phenomenon (A. Khan, J. Zolkiewski, J. Murphy, 2012, p. 1). While focusing on trust in a Chinese business context they posit trust as changeable, malleable in nature and capable of developing "prior to relationship, during the relationship and ….adaptations and help can strengthen trust".

Still others inquire about trust in an environment where it (trust) "cannot be anticipated in advance" (C. Camen, P. Gottfridsson, B. Rundh, 2011, p. 2). Here the scholars are studying relationships in, for example, a tendering context (Laing and Lian, 2005). In order to guarantee fairness for all parties the notion of trust is forcibly taken out thus leaving only the contract to be the medium of relations developer. As attractive as this concept appears to be, it has been my experience that Japanese tendering methods while sharing some common mechanical and formal features with its occidental counterpart, is fundamentally different. The Japanese method relies

on classic (Japanese) relations and trust building processes. The contract helped to build the relationship but trust was always first established in its own inimitable manner.

Certain works have tried to link interpersonal trust to inter organizational relationships and according to Z. Jiang, S. Hanneburg and P. Nande, this has resulted in "cross-level fallacy" (Jiang, Hanneburg, Naude, 2009, p.1). Consequently they wish to validate, "the distinct importance of inter-organizational reliance vis-à-vis interpersonal trust in business markets" (Jiang, Hanneburg, Naude, 2009, p.1). There is a concerted and careful effort to establish a relationship, a correlation between the inter-person and inter-organizational. Whilst this initiative is laudable we note that the Japanese have no problems in establishing an equation between interpersonal trust and inter-organizational. On the contrary, the interpersonal is, in practice, the inter-organizational.

The IMP Theory and B2B

In reviewing this chapter so far; we have looked at multiple scholars who have contributed toward the goals of the IMP Group. And in so doing we have made allusions to the true end of this research, that is, a better understanding of Japanese relations and trust. Will these allusions ultimately connect Japanese practice and IMP Theory? As a first step we need to comprehend the IMP Theory and its generic connection to the b2b community.

We are reminded that these scholars share a focused interest in matters of industrial relationship development, personal and organizational interaction, and trust personal and otherwise. The elements similarly constitute the structural bulwark of this Japanese study as

well. What is apparent even at this early stage is that whilst words and concepts; occidental and Japanese, appear similar, their meanings can be quite different.

We can say that applied words render different interpretation and significance. Simply put, the way an occidental behaves during relations building may be different than his Japanese counterpart; whilst both may indeed be exercising the same activity. Thus, evidence of trust achievement may be radically different, seen from an occidental or Japanese perspective. The literature review will make the appropriate assessment as to the value creation of the extant literature toward the specific goal of this research.

However, we have had to enumerate and review that literature which is deemed closest to this chapter's goal. And that goal continues to be a search for a theoretical framework which might render meaning to the narrative data obtained for this study. We have demonstrated how various IMP scholars have presented nuanced interpretations of key words and concepts within the context of buyer seller interactivity. This has brought us to the next phase, which is a discussion of IMP theory per se.

IMP thinking is an offshoot of marketing practices of the late 1960's and found its calling some dozen years later. The 60's witnessed the heyday of consumer marketing. Kotler and Levy represent some of the luminaries that championed so-called classical marketing. Classical marketing's soul was best expressed as the "4 P's". This was a signal to end that period of American prowess in mass production exemplified by Henry T. Ford's "you can have any automobile as long as it is black". Consumers wanted choice and the marketing mix concept was born. The appropriate balance of product, price place and promotion exercised by the seller and levied against a target segment would produce desired outcomes. A generation of marketers ensued with equally abundant and contented consumers. Whilst this marketing philosophy and

practice found its following in primarily the consumer market; it appears insufficient attention was given to the industrial market, that is the business-to-business sector.

The efficacy of consumer marketing via optimization of the marketing mix presumed that the seller to be the initiator. Consequently, the buyer would assume a more passive role in this equation. Thus, marketing mix strategies were delivered "against" consumers. Is one strategy did not work then a different mix would be concocted. Perhaps it was this unilateral type strategy which helped to define marketing as a "selling" tool. It is not surprising that critics of marketing would raise controversial issues such as "consumer manipulation" and the likes.

Interestingly, an indirect response to this state of affairs came from the industrial sector. Business-to-business marketing found its day and although to date this topic is still work-in-progress; advancements have been made in no small manner. It would be fair to say that progress in the B2C area, meaning consumer reactivity and involvement is particularly evident in the e-commerce, and the digital sectors. Consumers actively participate in the marketing process. Practitioners such as Paul Sherrington (Sherrington, 1999) and Michael Brodie (Brodie, 2000) have studied the hot topic of convergence between B2B and B2C.

The IMP concept is at its fundamental core, an approach which connects B2B buyers and sellers in a framework which recognizes and encourages the two parties' interactions in the interest of mutual profitability. Thus, by definition IMP Theory has departed from classical marketing. It places the locus of activity in the relational aspect shared by buyer and seller, thus redefining each player's role. Hence, a buyer is no longer simply the "target" and "recipient" of a particular marketing mix, but rather actively takes the initiative to engage in a relationship with a seller. If the macro view incorporates buyer and seller firms then the same philosophy of

engagement within the buying or selling firm also calls for relational activities as well. Thus, we have a situation of interdepartmental relations within either the buying or selling firm.

This interdepartmental relational development is, despite its appearance of renewed freshness, is reminiscent of an old issue, that of, departments maintaining its walls against intrusions of other departments within the same company. The IMP Theory calls for a bringing down of those walls!

The presumption is that more internal communications leads to a better company-wide positioning. If both buyer and seller were to exercise similar initiatives and were to not behave in "classical marketing" manner; then the IMP Theory purports that the new focus on relations would produce mutually more satisfying results.

The logic so far of IMP Theory is that inter-organizational communications exercised by both buyer and seller ultimately finds a mutually profitable outlet via an interactive final relationship between the two entities. Thus key word here is interaction about which the full significance of this theory revolves.

The premise upon which IMP interaction is built is that the very act of interaction constitutes exchange of various sorts which all lead to a desired long-term relationship. The exchanges are material such as product or services, information, financial and social. (H. Hakansson, 1981, chpt. 2, p.16). In short, this would mean all and any elements given, traded or negotiated during business relationships building. Interestingly for my purposes, trust is one element within this social exchange. Trust has made its entry and done so in a dynamic, moving and "in-process" environment. Having described albeit briefly some of the broader touch points or connectors between buyer and seller organizations, the IMP Theory draws our attention to the context within which all the aforementioned takes place. And that is referred to as "atmosphere"

by IMP Theory. Atmosphere is the "power dependence relationship which exists between the companies, the state of conflict or co-operation and overall closeness or distance of the relationship as well as by the companies' mutual expectations… the atmosphere is a product of the relationship…" (H. Hakansson, 1981, p.12)

In summary we note that the classical active marketer and passive buyer have evolved into a relational and interactive engagement whereby both seller and buyer focus on specific exchange touch points. Thus the concept of marketing mix has been replaced by exchange. This is further reminiscent of B2B Theory which says that buyers and sellers come together to, in effect solve mutually such problems as products, delivery and contractual commercial issues. The buyer is not passive anymore, and therefore reactive faced with a set of strategically calculated product pricing strategies. Buyer and seller whilst confronted by more options, problems and opportunities, choose to develop relational strategies to ensure longevity and profitability.

The IMP Theory and the Japanese case

Identifying a theoretical framework which explains the significance of the Japanese data is not without challenges. It might be similar to trying to explain Cartesian thought and behavior through the use of Japanese Buddhism and Confucianism. As mentioned at the start of this chapter both IMP theory and the Japanese pursuit of trust use similar vocabulary. Thus, relations, interaction, trust are words used by both camps but on analyzing the pertinent literature carry different meanings or simply are used to mean different things.

Notwithstanding, the IMP Theory does in fact provide a satisfactory theoretical framework which for the most part explains the complexities of the Japanese buyer seller relations.

Let us first summarize the Japanese case. This research will have demonstrated that Japanese individuals, be they businessmen or otherwise, engage in relationship building. This act is foundational to Japanese society and thus it is second nature. Given the importance of group affiliation in Japanese society, relations' building is natural and necessary. Thus, the self is defined in terms of the other. Notwithstanding this context of group affiliation it is interesting to note from a singularly linguistic perspective that while the pronoun "I" with reference to the "self" is rarely used; there are a dozen ways to express the same. It is the context which determines the appropriate pronoun. And this is relative to whom or with whom I am talking.

Interestingly, the occidental framework has defined, à priori, that there exists a buyer and seller. Thus, roles have been defined even at the earliest relationship development phase whilst the Japanese parties simply relate to build a bridge with unclear notions of either party being designated as "buyer" versus "seller" therefore little or no expectations surface. The literature on "relations" earlier alluded to is fraught with notions of gain and self-interest. In so many words, the investment made into the development of relations is in function to an expectation. Thus, in a business negotiation context, there already exists a pecuniary objective with regards to relations building. This is the occidental perspective. In a material setting the IMP Theory would probably interpret Japanese behavior as simply a prelude to a real engagement. Meanwhile the Japanese would go about busily "relating" simply to see if trust might ensue.

At this juncture let us introduce the notion of risk. The occidental in applying the precepts of IMP Theory is trying to reduce uncertainty and risk via his investment (albeit measured) while

trying to build relations. The Japanese players while “thinking of the other”, look for opportunities upon which one or the other might benefit. One could *de rigueur* say that the Japanese also seek some measure of investment or equity-building (to put it in a somewhat severe occidental mode).

Often times, party A will suggest the name of a non-present third party who could be of help solving a problem that party B might be having. Here we have a very Japanese form of risk-taking; bringing in or mentioning a third party. Interestingly, such risk taking is in fact based on a certain amount of trust! It goes without saying that if indeed that third party were to engage with party B and the engagement ultimately fails for any good reason; party A would assume moral responsibility for that failure. This ensures that relations building continues and survives notwithstanding failure or success of any given project.

Thus the IMP theory, despite its occidental Cartesian outlook contributes to some extent towards an understanding of Japanese relations development; meaning that in both schools of thought the interaction per se is indeed the focal point. The Japanese would be quicker than his occidental counterpart to distance himself from the "old" or classical notion of marketing. For a Japanese marketer to be "pushy" (as indeed to a great extent the French marketer as well) would be most distasteful. Japan has always been the market of the "soft sell". Continuing our tour de l’ horizon; we study the two extremities of the interaction; the seller on the one hand and buyer on the other. We shall in due course focus quite intently on the interaction portion of the equation.

There is no contradiction between the IMP interaction model and the Japanese one which is far less formal in structure than the IMP model. Buyer and seller (both pre-defined as such in the occidental model) engage one another whilst the Japanese engagement is animated by persons who seek at this early stage, among other things simply to be "recognized" hopefully as

a buyer or seller. That is, the early relations-building meeting or meetings do not as such forcibly define roles in any firm manner. They are there to establish a basis for relations and possibly trust to develop and this is strictly on a personal level despite the fact that each party does in fact represent his company. The IMP model would have even at this stage both parties actually exercising their particular roles. In so many words, maneuvering with advantage and disadvantage in mind. Both take calculated initiatives. Here the IMP theory vacillates by designating and defining buyer and seller as either an individual or a firm. That is, the IMP Theory appears to presume an "either/or" designation. The Japanese on the other hand would find such polarity uncomfortable. He engages in meetings on a personal level keeping in mind that he is a representative of his company. The formality of representation occurs naturally during the course of the meeting or meetings. This will be evident from the data obtained from the analytic chapter of this paper. However it is now introduced to better comprehend the relations between the occidental IMP theory and Japanese model. Thus, the Japanese model appears to be simple and practical. Individuals are there to see if they might relate personally and eventually become sellers and buyers.

If the Japanese player is ill-equipped in terms of formal titles befitting roles such as an occidental marketing manager or purchasing manager, he is on the other hand well supported by an impressive array of cultural tools which he brings to the table and these will help him to build relations. His pluses are his group affiliation, introduction by a third party and his knowledge that his is a society which possesses a penchant for relations-building. These elements are inter-related. The natural proclivity is for example, a video-film maker to connect with a marketing communications manager. The former by profession belongs to the broader category, i.e. marketing. And this scenario is driven by mutual desire and need (in an existential sense) to

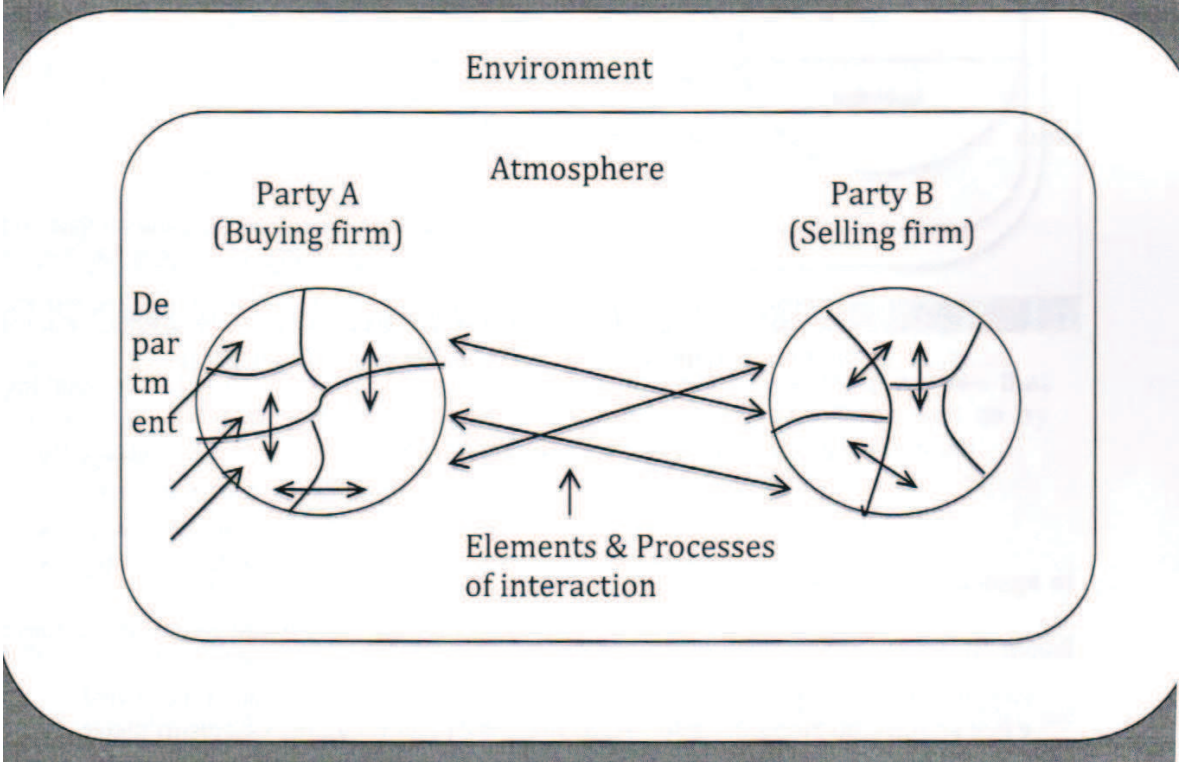
relate. There is no life without relations and relations might lead to trust. It is note-worthy that both buyer and seller in the Japanese model come to the table equipped with similar tools. There is remarkable homogeneity. Hence, the total Japanese buyer seller perspective is cultural in nature at the early phase of relations development. The IMP theory on the other hand defines the same buyer/seller perspective in abstract terms. Thus they are defined either as an individual with "aims (and) experiences" or as an organization composed of "technology, structure, strategy" (H. Hakansson, 1982, figure 2.2, p. 24). The occidental model in attempting to explain the Japanese phenomenon does, despite certain incompatibilities, encourage one to most profoundly think about the Japanese perspective. Seen from the IMP point of view, the Japanese reliance on strictly cultural values might be problematic. Wouldn't an individual supported by "technology, structure and strategy" be in a better position to negotiate? The occidental certainly thinks so.

As significant as this question may appear we are quickly reminded that the Japanese presence at such meetings is a) to build relations per se and b) to seek trust. And for these purposes he is equipped with a formidable array of cultural tools e.g. self- perpetuating machinery of human relations development (*ningen kankei*), human feelings (*kimochi*) which the Japanese treat as a serious compass and barometer of confidence assessment, and ambiguity or vagueness (*aimai*), a finely tuned interpreter of reality. Grayness is more true and real than "black and white".

We have at this phase seen the overall picture of the IMP theoretical framework. It is in effect an equation; two parties which engage in interactivity which presumably produces business results satisfactory to all. Consequently, we now plunge into the heart of the matter - the interaction. Hakansson refers to this activity as "elements and processes of interaction where four

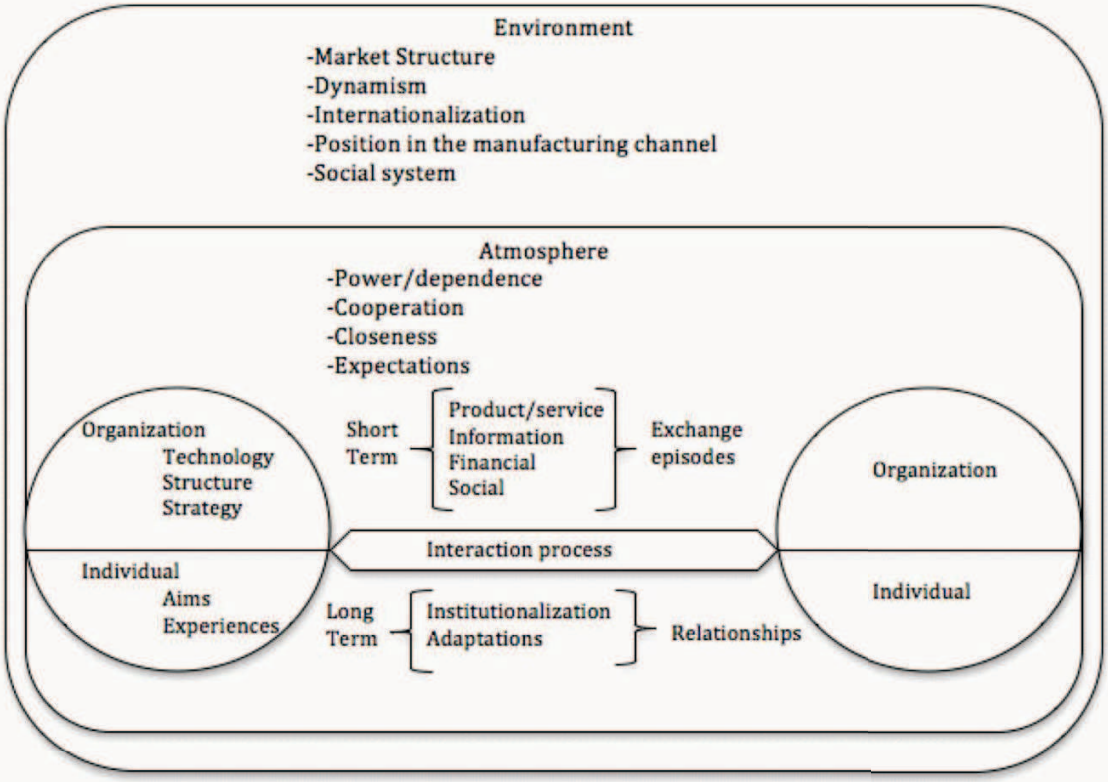
elements are exchanged: product and service... information exchange... financial exchange... social exchange" (H. Hakansson, 1982, chpt.2, p.16). And this interaction activity is within a context or "atmosphere" which is comprised of "power/dependence, cooperation, closeness, (and) expectations." (H. Hakansson, 1982, Fig. 2.2, chpt.2, p.22). The IMP model has in theory dissected in a very Cartesian manner the components which make up occidental "interaction". We are at an important juncture in this chapter. A visual review of the IMP model is useful.

Figure 2.1: Main elements of the interaction model (H. Hakansson, 1982)



Departments within each firm relate and interact internally and the firm as a whole then interacts with the partner company. The interaction process is defined by different elements and the equation as a single entity is surrounded by an "atmosphere" which in turn is buoyed by an "environment".

Figure 2: An illustration of the interaction model (H. Hakansson, 1982)



The above figure (Figure 2.2) completes the preceding one. Here we see that buying and selling organizations are represented by individuals as well as by organizations. Details comprising atmosphere and environment are shown.

While neither the occidental nor the Japanese practice would discount the concept of interaction, the components of that activity phase are dissimilar in parts. The IMP model presumes that interactivity constitutes a discussion or negotiations during which there are exchanges of products/services information, financial, social matters. The Japanese do not engage in such particulars at this phase. Yet, the IMP model as a possible theoretical

framework allows us to examine how the occidental model illuminates the Japanese practice. To what extent does the model, in fact, explain the Japanese modus operandi? We note that information and social exchanges are made by the Japanese. From a strict definitional point of view there is congruence with some noticeable differences.

Informational exchange (*Johoo Kookan*), if exercised during interaction is done in a "discrete" manner. It is given freely and in anticipation of building trust. The occidental model alludes to "context of information" as characterized by the degree to which technical, economic or organizational questions dominate the exchange... (H. Hakansson, 1982, chpt.2, p.16). This implies a calculated investment in which information is offered.

The IMP theory says that social exchanges "interlock the two firms… many aspect of the agreements between the buying and selling firms are not fully formalized nor based on legal criteria". (H. Hakansson, 1982, chpt.2, p.17). He says "the need for mutual trust and the requirement of social exchange varies with differences in the elements exchanged in different relationships …". (H. Hakansson, 1982, chpt. 2, p.17). Here the IMP theory agrees with Japanese practice in that many aspects of Japanese agreements are not based on "formalized… legal criteria". On the other hand the Japanese practice simply disregards the legal and formal aspects of agreements. Further, the Japanese would very much agree with Hakansson when he says "information and social exchange between parties can continue for a considerable time without there being an exchange of product or money". (H. Hakansson, 1982, chpt. 2, p. 17)

At this phase the Japanese are meeting to establish relations for relations-sake. This observation will be borne out by the ensuing research data and analysis. However it is at this stage being introduced for the specific purpose of comprehending the theoretical framework. Thus, the meetings occur, always with the long run in mind to build trust and would exclude

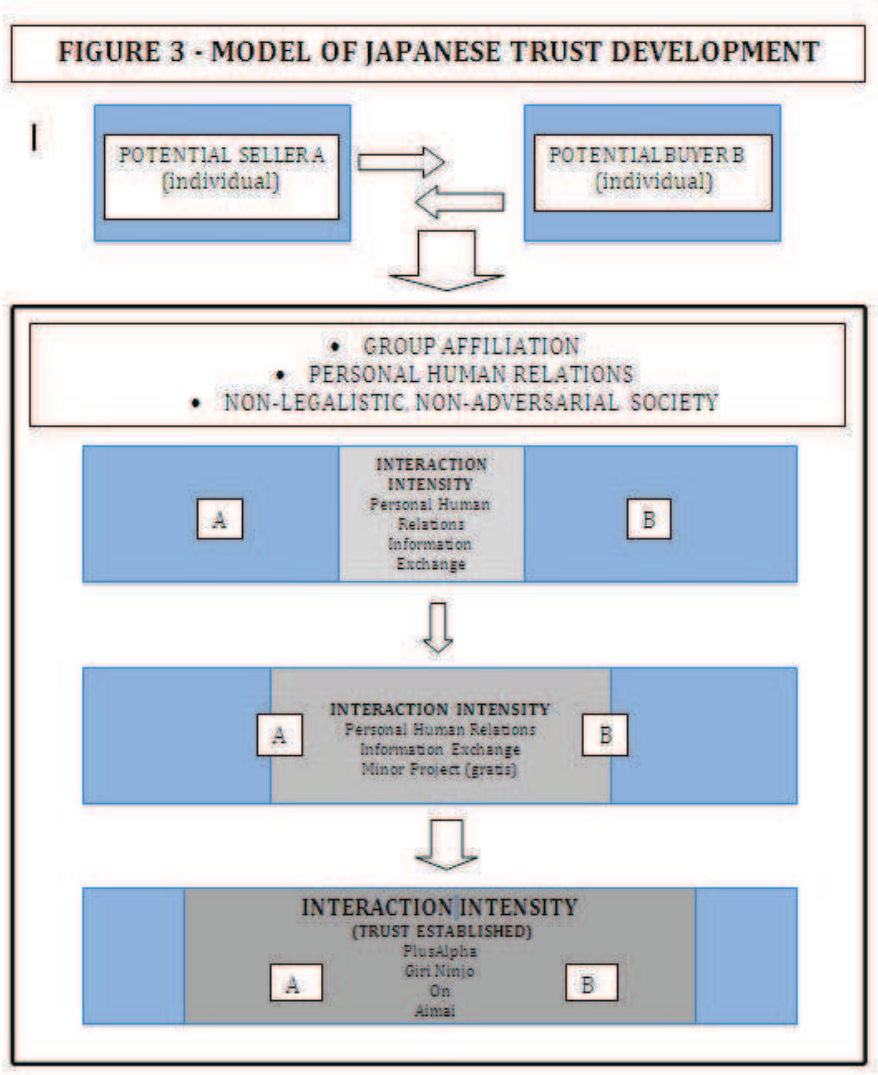
any suggestion of a product/service or financial exchange. What tools are in fact being utilized by the Japanese during this interaction phase? Successful meetings will be defined by a suggestion by the potential buyer that the hopeful seller perform a minor project on a gratis basis which upon completion might normally leads to an offer of a purchase order (*hachusho*). If and when a purchase order is issued this would usually be accompanied by a request for "*service/ PlusAlpha*" (gratis services, discounts or free merchandise). At this phase trust has been established. And various other cultural tools or values will have also come into play. These are for example, moral duty, human feeling (*giri ninjo*), and obligation (*on*).

We have noted earlier that the IMP model encapsulates the interaction process within an atmosphere consisting of cooperation, closeness, expectation and so forth. The Japanese practice however does not compartmentalize these elements neatly. The Japanese interaction is fluid, vague and above all human. It would be interesting to study whether this is so because trust is the objective sought after or whether it is so because of the very nature of Japanese relations-building. This may be a logical point to illustrate the Japanese model of interaction which I have constructed based on the narrative data of this research.

The Japanese Model

If the IMP model possesses hard and soft i.e. formalized structural relations, compartmentalized activities and social exchanges, the Japanese model is soft. That is, no structure is predefined and interactive activities are porous and flow one into the other in a natural way. When and where various cultural elements come into play is strictly dependent on how the relations develop. Since the components of interactivity are cultural elements, there is no

recourse to standards of objective measurement systems. The individual is himself and internally the carrier of these cultural tools. On the other hand we note from research narrative that the relations and trust building process behavior does in fact reflect a certain discipline and formality. That is, two parties engage in meetings to create an intensity of interaction and this is followed by a request to do free work. Ultimately at the optional moment when all cultural values intersect (i.e. trust is established), a purchase order is issued and two parties are in business. This overall process is the "hard" and unchanging aspect of the Japanese model.



A and B interact progressively and do so using Japanese cultural elements.

This exercise continues until trust is achieved through the acquisition of a purchase order. Borrowing the IMP concept the entire process is enveloped in an atmosphere and environment which is primarily group-oriented and partners build trust through personal human relations construction in a non-adversarial manner.

The soft nature of the Japanese model is an indicator of the qualitative nature of this research. The theoretical orientation will issue from research itself however we can even at this phase make some observations.

We note that the occidental drive for interaction has one objective in mind which is the acquisition of a contract. And this presumes an appreciation of contract in its full measure, legal and otherwise. It is conceivable that the occidental nature of impersonal buyer seller activities are "what they are" because both parties work with the knowledge that there is always legal recourse in the event of contractual default or problems.

The Japanese have no such recourse and do not favor the usage of contracts. This has enormous impact on why and how the Japanese system is built on strictly cultural and human values. The narrative data demonstrates that trust being the primary objective of relationship building, the purchase order is almost a byproduct. Herein lies a subtlety, for trust is not strictly sought after to obtain a *hachusho* (purchase order). Fundamentally the Japanese thinks that "all is possible" once trust is achieved. Thus, even if the two parties encountered difficulties, the trust relations would overcome that! And indeed that is the case for the Japanese practice "*hanashi-ai*" (dialoguing with intent to resolve issues) to overcome knotty problems.

Another explanation of the Japanese narrative may be more basic and pragmatic. As we shall see from the research the Japanese whilst striving for relations and trust also know very well that in the event of malfeasance, neither party can physically escape one another. The sanction levied against the *malfaiteur* is by and large non-legal yet extremely effective. The wrongdoer is simply barred from associating with other members of the affiliation. Consequently there is material interest in safe-guarding the accepted practice of personal relations and problem resolution.

A third observation, which in my sense is the most significant one which might explain the Japanese process, reverts to the importance given relations and group affiliations. At every phase of the development of trust there is a noticeable "increase" in cultural touch points which appear in clusters until trust is established at which point a purchase order is issued. What is extraordinary is that all touch points are part of a single entity which is human relations. Thus, every cultural element is part and parcel of human relations and nothing is external to it. In brief, no business management document or tool is utilized.

Closely parallel to the notion of human relations is that of group affiliation. If "belonging" holds more value than "possessing" for a Japanese then belonging to and being accepted by a group is incalculably important. In the context of business and management all workers and executives belong to and are part of industry affiliations. This sense of belonging will be alluded to later in this research work in the context of sanctions. Such is the importance of belonging that loss of status carries a far greater stigma than paying monetary fines as a result of malfeasance. Group affiliation is one of the cornerstones of Japanese society and is ubiquitous. One's identity, personal and professional is defined by your membership in an organization. And once in you do not leave it.

If contract is the strongest magnet holding people and things in place as in the case of the IMP theory of interactions; it would be considered a weak second in Japan given the importance the Japanese give to the notion of affiliation. Thus contract may be a hoped-for objective on a linear scale, Japanese human relations and group affiliation activities is all-pervasive and ever-present.

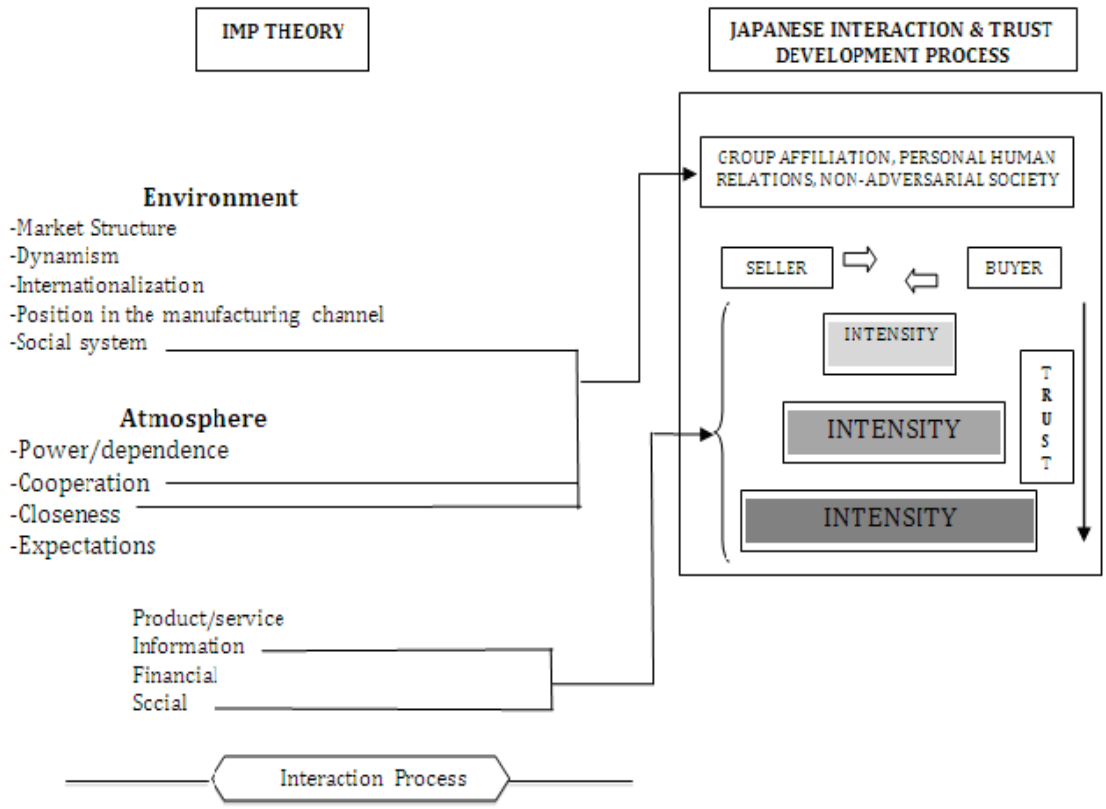
Overview of IMP and the Japanese theoretical framework of trust development

The Japanese equivalent of “atmosphere and environment” is active, dynamic and intimately connected in a “real” sense to the cultural elements with the interaction process. With every additional meeting the expectation is a growth in intensity within each phase of the process. Thus the components of the Japanese "atmosphere and environment" are the architecture and driver of the trust building or interaction process.

The figure below illustrates how the IMP Theory as a theoretical framework might relate to the Japanese model. It is not the best fit nor do the words carry same meaning for both occidental and Japanese but there is some congruence. But as earlier mentioned, the IMP theory does engage our minds to think and rethink the Japanese model which might be criticized as being ephemeral.

FIGURE 4 - A THEORETICAL FRAMEWORK - IMP THEORY APPLICATION TO JAPANESE INTERACTION &TRUST DEVELOPMENT

IMP diagram excerpted from Figure 2: An illustration of the interaction model (H. Hankansson, 1982)



The diagram under the rubric « IMP Theory » is excerpted from H. Hakansson, 1982, whilst the diagram corresponding to "Japanese interaction & trust development process" is the creation of the author of this thesis.

In closing this chapter it is noteworthy that scholars such as Philippe Portier have challenged the IMP positioning of trust as paradoxal and inadequate. He says "trust appears as being one of the outputs of the interaction between the parties... the authors respond implicitly

that trust is the aim of exchange..." (P. Portier, 2009, p.19). The Japanese position on the other has been clear and unambiguous. Trust is the objective and it is explicit.

RESEARCH DESIGN

This paper's ultimate goal is to determine how and to what extent "trust" is embedded in Japanese business culture. To do that, the design of the research process will structure cultural building blocks in a particular manner and study each element with the expectation that the process of analysis will produce responses to my query.

The interaction between buyer and seller is the foundation upon which all analysis rests and that interaction is guided by the mutual need to build trust. Therefore the central question is what design in the research process is necessary to accomplish this? The essence of that design needs to be:

- Relational
- Personal
- Trust-building

In other words, the research design needs to integrate those same structural elements of the buyer seller relationship analysis. The research design mirrors the process of trust building in practice. A research design based on relations would mean constructing a web of personal contacts created from my network of active contacts in Japan and motivating them to participate in the project. Interestingly, to accomplish this meant the application of three elements simultaneously with the exception that my future collaborators had to share trust with me a priori. Fortunately, trusted friends and collaborators were willing to embark on this "adventure" ("adventure" from their

perspective). Trusted relations here meant involving people I had known or worked with from some 30 years ago! Can one ever "repay" such people for what they were about to do for me?

The design of the research process needed to have a "personal" element; that is, this author's physical presence was required in the field because the manner in which the respondents were expected to answer was totally dependent on me. And secondly, just as this research seeks trust, so too my respondents require an environment of trust in order to reveal their most private thoughts. Much work will go into preparing the respondents for their moment. And thirdly, the "personal" element is needed for I will interpret the findings meaning that the fundamental premise is that the author's personal background and therefore interpretation is as much a source of contribution as the respondents' comments. I expect to cast a complex cultural template upon the acquired data in order to tease out meaningful and original findings and conclusions. This cultural template is a Japanese-western self and soul embedded within a French American life and work experience.

Thus, in a manner of speaking; the research design is no different than a buyer and seller embarking on an interactive series of activities to build trust. However before beginning to explain the operational aspect of the research process it is helpful to review a history and chronology of events.

Primary research and interview process

The earliest conception of the research question is centered in determining to what extent country specific cultural factors are found in the design and practice of CRM in Japan. That question has matured and it is today 'how and to what extent is trust embedded in Japanese business culture'? Furthermore, the original question and objective intended to focus on strictly buyer/seller

relations and after sales interactions. The research design called for a combination of hard data (financial) and soft (data from interviews). In order to do a feasibility study to determine whether or not the research was even possible, a direct mail piece consisting of 100 questions addressing financial, and management or strategic questions was designed and emailed in 2011 to some 250 medium-sized companies joint venture companies mainly in the Tokyo area. The positioning was skewed toward the foreign partner's perspective towards operations in Japan. An appropriate cover letter explaining who I was and the purpose of the survey was included and the package was addressed to specific persons. Thirty-four responses came back and all had answered all the questions. Yet none wished to be interviewed one-on-one claiming that further discussion would run the risk of divulging company secrets or proprietary information. This project from start to end took six months. This exercise was not futile in that it drew my attention from within their responses to the notion and importance of and 'discovery' of one cultural value which appeared to be a cornerstone within the notion of 'human relations'. That element is the concept of "trust" as evidenced in the Japanese business environment. The fact that none wished to be interviewed was also an important indicator. Impersonal devices such as direct mail have enormous limitations in a society that places equally importance on personal relations (as will be seen in this paper). And yet it is interesting that all responded to all questions…an earliest hint at of the Japanese practice of tatémaé and honné (what is said as per expected response vs. true response and not voiced)?

A research design needs be flexible. Thus, whilst my earliest approach to identify candidates companies for purpose of interviewing was classical in approach and perhaps might have been successful and useful in the West but apparently not so in Japan. Thus, drawing on my own personal contacts developed over a thirty year career in international business focused on

Japan I decided to find my candidates one at a time. And in so doing, a natural by-product was an ever growing confidence in the design and methodology of the research.

In order to draw in closely 'trust' and 'human relations' within a buyer/seller environment I needed a theoretical grounding which might bind the two together. That grounding I found in part via the theory proposed by the IMP Group, a school of thought championed originally by Norwegian and Finnish academics. If the IMP could harbor my initiative, it was not without limitations. Whilst, the research design is served by a qualitative approach suited for the analysis of one-on-one interview material; its final interpretation and analysis is supported by my perspective and to a certain extent by the IMP theory. This perspective is in effect the anima of the paper. I decided to construct a plan which would integrate a maximum of cultural elements, remove biases and lead me to authenticity in my pursuit of an answer to the research question. The plan needed to address: what type (industry sector) of companies to target, who (owners, presidents, managers, Japanese nationals, non-Japanese nationals) to interview. I relied on my personal upbringing and business experience which led me to the following mix:

- Historical/Geographical
- Typical Japanese products
- Culturally authentic Japanese products
- Hi Tech products
- Presidents and/or Managers
- Large corporations
- Small Medium companies
- Academics

If Kanto (Tokyo) was most sophisticated meaning affected by non-Japanese (Western) notions, then Kansai (Osaka/Kobe) and Kyushu would perhaps embody "Japaneseness". Diverse thinking was necessary. Through the kind assistance of Mr. Kamizuru I was able to access three key manufacturers of very Japanese products (vinegar, fish cake, and shochu) all based in Kagoshima, an island located in the most southern extremely of Japan, the literal first entry point of all things western? I had met Mr. Kamizuru some years ago in Paris during a trade show (glass from Kyushu) he was managing. St. Francis Xavier perhaps one of the earliest known figures to enter Japan alighted in Kagoshima. The Kansai area particularly Kobe and Osaka has its own particularities given that this area is populated by foreigners (non-Japanese westerners as well as Asian), who had settled prior to the Second World War. Osaka specifically has always had an entrepreneurial and commercial reputation. And Tokyo the seat of government, banks and multinational has always boasted of its cosmopolitan and 'western-oriented' lifestyle.

Thus, having grown up and worked in Japan I was able to secure a list of qualified people. In Kobe, my hometown I encountered no difficulties. And having worked in Tokyo I was able to access the necessary people via an old friend and ex-working colleague, Mr. Mineshima.
Mr. Mineshima, owner of a promotions and video production company played an important role in the development of this paper as we shall soon see). Given the constraint of vast distance, limited time and costs, not to mention the enormous havoc created by the tsunami and the Fukushima nuclear accident, the next challenge was in ensuring conditions which would provide me the maximum return in terms of quality of interview content hence the logistics of a trip as well as the "setup" of planned meetings. This was a capital challenge. Japanese are reticent to speaking their minds directly not to mention, profoundly and in earnest on any "first try". Here

the use of “interlocutors”; Messrs. Kamizuru and Mineshima were absolutely necessary. Twenty-eight persons companies were targeted. During a six-month period, Messrs. Kamizuru and Mineshima would contact, re-contact and yet again re-contact the candidates by telephone, e-mail and letter explaining and re-explaining the purpose of the interviews as well as the “expected” content of the interviews.

Given the natural penchant of Japanese to study all questions and be “fully prepared” (i.e. do their homework); the challenge was in disseminating questions broad enough yet doing so without destroying the expected spontaneity of responses. This task was truly a committed cooperative effort shared by Messrs. Kamizuru and Mineshima and myself. In designing the methodology I was acutely aware that final and real quality of responses would be co-created on the spot during the interviews itself. I would have to ‘connect’ with most interviewees so he would reveal *honné* (true sentiment) and not *tatémaé* (expected responses), and this in sixty to a hundred twenty minutes. The six months preparation consisted of passing information which would allow the interviewee to be emotionally comfortable with me as a person. In the case of Kyushu and Kagoshima, that meant explaining my family roots - grand-father, American coming to Japan as a settler during Meiji and establishing a medical facility in Nagasaki. For the Kanto’ Tokyo interviewees, it meant Mr. Mineshima using his personal reputation and my past working relations history with him in order to establish meaningful contacts who would be desirous of disclosing innermost thoughts. The Kansai Kobe contacts were not difficult. I knew all my contacts from childhood days.

Thus, the composition of the 23 potential participants reflected a mix of mostly senior managers (presidents) and owners of manufacturing and service companies which were involved in traditional Japanese products as well as high technology and electronics, located in traditional

Japanese countryside and modern cities and finally covering most of the country (the recent earthquake and nuclear disasters of 2011 prevented me from venturing further north-east of Tokyo). A few middle management persons also participated and this would allow me to see if age had any influence in the general outlook of the respondent group.

All interviews were held in the Japanese language, one-on-one and recorded. The interviews with the foreigners were held in English and in Japanese. The interviews lasted an average of ninety minutes. Five took place in Kagoshima and Fukuoka (Kyushu), four in central Japan in Kobe and Nagoya, two in Kyoto and the rest in Tokyo.

A full explanation of the purpose of interview and an explanation of who I was preceded the actual interview and this was done by Messrs. Kamizuru and Mineshima. A clear explanation of a thesis was rendered and I explained why I chose this particular company and person to interview. All interviews were held in great seriousness. I was without exception offered the "best" location to sit i.e. facing an alcove, facing a view and so forth. The setting was formal hence the president would also appear formal yet I was expected to be slightly more so. Hence, relatively speaking the respondent displayed a certain "*aisance*" and I played the role of "student", someone here to learn about management…an application of Confucian ethos? Despite my "student" posture I felt I was given much respect. Perhaps the respect shown was recognition of my age (65), past relations I had with Japan, and the school I represented. It is noted again that much information about me and my project had earlier been explained by Messrs. Kamizuru and Mineshima several times. Physically speaking, my behavior was such that I sat quite erect in my seat, feet never crossed and with minimal gesticulations if any at all.

The introduction to the interviews always raised the key questions I was seeking but in a non-direct, non-aggressive manner. This was done for purposes of protocol but as earlier

mentioned, I did not wish to disclose the key question I sought to research. The questions then were:

1. What is your appreciation of the significance of trust in your business life?
2. What importance does trust have for you in terms of customers or suppliers?
3. Has trust changed for you as a result of working with the west?

Given the dislike the Japanese have for direct confrontational questions, I was careful in working the questions. These were couched in politeness, modesty and indirectness allowing the respondent to browse and find a comfortable starting place in his delivery of response. I explained that his comments would be analyzed and possibly used toward the writing of my text. The recorder was then activated.

Nine interviews took place in guest offices, two in the President's office, two in the residences of the respondents, three in restaurants, three at a country club and the rest by telephone, Skype and e-mail. Twenty-one respondents invited me to lunch or dinner and I was invited to stay overnight in the residences of three respondents. Two respondents insisted we go to a local Buddhist temple to pray for success in my endeavor! I offered my gift as a token of thanks at the end of each face-to-face meeting. I explained that the gift was of a personal nature, that it was "100% Parisian", and purchased at the Louvre. The gift was either a calendar or coffee table accent drapery. My host would reciprocate with bottles of vinegar, processed fish, or shochu and so forth. Interestingly, my host would inevitably add, during lunch or dinner, one or two additional thoughts - almost a personal "final" commentary regarding the meeting we had just concluded.

Qualitative Approach

An investigation into my research question necessarily entails social research and therefore qualitative in nature. We are asking participants to divulge their inner most thoughts about certain management practices. Thus, language, words and freedom of expression are paramount. Words and sentences in series form narratives. And these in turn observed and studied give us data which in turn when analyzed and interpreted purport to offer insight, illumination, knowledge and understanding. Qualitative data is composed of words. I have chosen the path of individual interviews utilizing open-ended questions as that means of allowing freedom of expression and the full force of language. The Japanese language possesses its own logic of construction and transmission of data, thought and comprehension. The so-called "Japanese silence" is indeed part of Japanese communications. If silence speaks then we need to physically observe the speaker for he may be saying something silently!

Given natural Japanese tendency to avoid overt expression it is necessary to calmly observe the interviewee who in turn is equally calm… calm despite the storm that might be raging in his mind and heart. And if that calm demeanor does not betray feeling then how are we ever to know what is being meant by the speaker? Unlike the British understatement which is well known and recognized and the American overstatement uttered in a matter-of-fact manner; how do we understand a Japanese speaker whose language and culture is so discreet in every sense of the word? … Discreet to the point where silence *per se* communicates? What other language formalizes the non-verbal?

Tape Recording, Skype, Telephone, E-mail & Transcription

26 respondents were queried of which 21 were recorded on-site, 6 were recorded via Skype a 2nd time, 6 by telephone and Skype, 1 via e-mail. The recorded material (raw data) was analyzed in the following manner:

Step 1

Preparation of the audio:

Each recording lasted between 60 and 90 minutes. Half a dozen were transcribed into Japanese and then into English. 8 were recorded in English and of which 6 were non-Japanese respondents. Rate of transcription from Japanese audio into Japanese text was on average four hours per fifteen minutes of recording.

Step 2

Quality-control & verification of transcription vs. audio:

This was done with a Japanese professor (PhD geopolitics) residing in Paris and Professor Takemura Masaaki (Meiji University, Dept. of Marketing).

Step 3

Listening to recordings for comprehension:

I reviewed the comments and responses while keeping in mind the three broad open-ended questions that I asked. This permitted me to (a) 'view' how the respondent constructed his

arguments i.e. what vocabulary was employed and how that vocabulary was employed and (b) study his actual responses;

Step 4

This crucial step was one of preparing and setting up the transcription data in a disciplined and meaningful manner so that it could be analyzed. Key words were identified and matrices were designed to associate each key word with a respondent and his comments. Regarding Step 4, given its importance it will be treated specially in the next chapter under Research Methodology and a comprehensive explanation of the Grounded Theory and Coding will be presented.

RESEARCH METHODOLOGY

My research work is clearly not in the realm of the hard sciences and would therefore fall in the category of the social sciences within which one would find topics such as management. The research question being pursued is socio cultural and managerial. It so happens that we are interested in this question relative to one country, i.e. Japan.

Notwithstanding the dearth of secondary data, I think it necessary to mine primary data. The direct face to face interview is the method of choice. The extreme difficulties and challenges of this method in and of itself are real and will be discussed in a separate section. Quantitative research uses numbers, statistics and numerical measurements to assess different phenomena. And this category of hard science research possesses one special characteristic, i.e. the analysis should be able to be replicated over and over by others. Qualitative research on the other hand is not dependent on numerical measurements. We seek comprehensive understanding from deep

interviews of few cases. Quantitative or hard science research methods are labeled "scientific" yet; our qualitative research needs to be "scientific"; rigorous and disciplined.

Scholars continue to debate whether or not one method or the other (if indeed they are even mutually exclusive) reigns true. Yet we do know that the social sciences subject matters are difficult to put to the statistical test. Hence, what is the so-called "scientific" aspect of social science research?

King, Keohane and Verba (1994) say that good (scientific) researches can be quantitative or qualitative in style but in design it needs to possess several significant characteristics:

1. Scientific research is designed to make descriptive or explanatory inferences (on the basis of empirical information) therefore, the goal is inference. That is, the data collected allows us … to go beyond the obvious to making descriptive or causal inferences (learning about other unobserved facts or causal effects from the observed data, respectively).

2. Uncertainty is part of the equation. Uncertain data do not produce perfect conclusions.

3. The validity of scientific research is content-focused and not subject focused. The rules are the key rather than the application which is unlimited.

King, Keohane, and Verba on the subject of choosing a research question offer several options. Rather than list all options I will highlight two which are closest to my own. They say "design research to illuminate or evaluate unquestioned assumptions in the literature" and another, "argue that an important topic has been overlooked in the literature and proceed to contribute a systematic study to the area" (King, Keohane, and Verba, 1994). The extant literature on trust in general assumes a common understanding and definition. There is no

literature which defines trust in general as well as trust in the Japan context. Similarly, no literature addresses the question of whether or not Japanese trust is embedded in its own culture. Hence, according to the standards of King, Keohane and Verba, I have questions which if addressed would contribute to the literature.

On the subject matter of inference (which King, Keohanne, and Verba champion), they say that we use known data from observations to take us to the unknown (our research question). Here King, Keohanne and Verba suggest the use of a theory. We organize facts in terms of observable implications of that theory. The IMP Theory (which I have identified) appears to be one which highlights interactions and relations, inter and intra-company. Given that Japanese business practitioners excel in relations and interactions, I have used the IMP Theory as a backdrop, albeit the latter is strictly European in concept and practice. That is, case studies are European and the founders of IMP happen to be European as well. The raw data (in my case, interview information) needs to be organized and systematized in such a way that these are implications of my theory.

King, Keohane, and Verba (1994, p.51) say that there are many models of data collection; "observation (which can be numerical, verbal, visual or any other type of empirical data), participant observation, intensive interviews, large scale sample surveys, history recorded from secondary sources, randomized experiments, content analysis and any other method of collecting reliable evidence". They continue "the most important rule for all data collection is to report how the data were created and how we came to possess them". The data is modeled with "variables, units and observations".

A research design, King, Keohane and Verba tell us is a plan that shows, "through a discussion of our model and data, how we expect to use our evidence to make

inferences….inference is the process of using facts we know to learn something about facts we do not know" (King, Keohane, and Verba, 1994). On measurement, King, Keohane, and Verba say that qualitative and quantitative measurements are similar in some ways; for each the "categories" or "measures" are created by the researcher and we ought to "use the measure that is most appropriate to our theoretical purposes". The authors go on to the matter of coding information and then present a summary which restates their key points; the importance of "maximizing leverage over research problems" by finding "as many observable implications of your theory as possible …" (King, Keohane and Verba, 1994, p. 208)

CODING & GROUNDED THEORY

The practical and more mechanistic aspect of the research process; data collection and analysis is best expressed by Ellen Taylor-Powell and Marcus Renner (University of Wisconsin-Extension, Madison, Wisconsin) and Dr. Sonja K. Foss and Dr. William Waters (University of Colorado Denver) useful. They champion the coding of qualitative data. Coding is considered a typical method of qualitative data analysis and Corbin and Strauss sees it as the "interpretive process by which data is broken down analytically … compared against others for similarities and differences; they are conceptually labeled… grouped together to form categories …" (Corbin, Strauss, 1990). Of the different means of coding and there are three, all (including this Open Coding) are derived from Grounded Theory which in turn finds its theoretical underpinnings from Pragmatism. Essentially, Grounded Theory recognizes that phenomena are continually changing and therefore the method of analysis needs to build change into the method proper. Thus, how do the actors (respondents being interviewed) respond to changing

conditions? It seeks to identify patterns of action and interaction among the social units or categories being studied. Will a process emerge? Grounded Theory recognizes that every concept repeatedly should be present in each interview. It is this repetition which enables that concept to become part of the theory.

Thus Grounded Theory methodology according to B. Glazer in "Theoretical Sensitivity", 1978, involves the generation of theory and doing social research (as) two parts of the same process. I. Baszanger in "*La Trame de la Négociation: Sociologie Qualitative et Interactionnisme*", 1992, was impressed by this method of research and its required "hard work". Another way of appreciating Grounded Theories is to view these as "systematic statements of plausible relationships" (Anselm Strauss and Juliet Corbin, 1997)

The validity of the process of coding of data is dependent on a given theory and in this case, that of King, Keohane and Verba. And we reiterate once again King, Keohane and Verba's basic point which is that the underlying logic of quantitative and qualitative research is basically the same. In other words, qualitative research is as rigorous as quantitative research. But how true is this and what does the extant literature say about this?

Munck says that King, Keohane and Verba's Designing Social Inquiry (1994) is "presumably … the most widely read book on methodology" and has "shaped and crystallized extant methodological debates and thus is the logical point of departure in an effort to take stock of these debates" (Munck, 1998, p.19).

Tarrow says that King, Keohane, and Verba "ought to have paid more attention to the relations between quantitative and qualitative approaches …but while they offer a good deal of generous advice to qualitatively oriented scholars, they say very little about how qualitative approaches can be combined with quantitative research" (Tarrow, 1995, p.471).

Corbin and Strauss do not address King, Keohane, and Verba's specifically but discuss the matter of coding extensively. They mention various types of coding of which one is that of "open coding", and this is the "interpretive process by which data is broken down analytically. The purpose of open coding is to help the analyst gain new insights into the data… in open coding, event/action/interaction, and so forth are, are compared against others for similarities and differences; they are also conceptually labeled…" (Corbin and Strauss, 1990, p. 423)

Selective Coding is the process according to Corbin and Strauss by which "all categories are unified around a central "core" category …the core category represents the central phenomenon of the study. It is identified by asking questions such as: What is the main analytic idea present in the research? If I had to conceptualize my findings in a few sentences, what would I say?..." (Corbin and Strauss, 1990, p.424).

Caporaso commenting on King, Keohane and Verba's DSI says that by outlining a research strategy applicable in both descriptive and causal settings and relevant to qualitative and quantitative research, King, Keohane, and Verba hold the promise of unifying previously fragmented parts of our discipline. "At the very least, DSI encourages us to talk to one another and to learn more precisely where our differences lie" (Caporaso, 1995, p. 460).

Brady and Collier say: "…we have misgivings about important parts of the book's argument…DSI does not adequately address basic weaknesses in the mainstream quantitative approach it advocates. . .we disagree with the claim that DSI provides a general framework for "scientific inference in qualitative research".. DSI has been…successful in achieving its basic goal of encouraging researchers to think more carefully about methodological issues…" (Brady and Collier, 2011, p. 18).

Thus in relation to my work at hand which is clearly qualitative in nature, King, Keohane, and Verba offer an intellectually robust approach to data management. The notion of "inferences" applied to my case is most appropriate in that my analysis will show that there indeed will be a grouping of categories from which the reader will infer the presence of trust. In fact, the narratives while following recurring key words and categories will on their own produce responses to the research question. Thus, the combination of King, Keohane, and Verba theory coupled with the coding of data suggested by Powell and Renner (2003), Foss and Waters (2007) provide methodological rigor to my analytic process.

CATEGORIES

Thus in this Step 4 the recorded audio data were transcribed into "codable form". This exercise consists in identifying data most relevant to answering the research question and collecting them in a category or unit of analysis. The key here is to develop the most appropriate types of categories or discrete units of that are concrete and manageable. Repeated listening of the recordings and the studying of corresponding transcriptions revealed the totality of each respondent's specific narrative and also revealed which themes preoccupied all respondents. Thus, those themes which plausibly connected or related to, answering the research question were given attention by all if not most respondents. That is, the relevant quote or narratives were extracted and grouped into categories or units of analysis, and these were:

- Ningen Kankei (human relations)

- Kimochi (human feeling)
- Working for Society
- Service Plus Alpha (gratis services, discounts, free merchandise)
- Aimai (ambiguous, vague)
- Giri Ninjo (moral duty human feeling)
- Johoo Kookan (information exchange)
- On (obligation)
- Shinrai (trust)
- Hachusho (purchase order)
- Keyyaku (contract)

Meiji Era

Several observations can be made as to how these categories came about. Firstly, the instant the concept of trust (*shinrai*) was evoked at the start of the interview, respondents immediately brought up the notion of "human relations". Thus, the very starting point was a "pre-existing" condition, that is, the existence of human relations was a given and necessitated its being upheld no matter the circumstances, and nurtured by all concerned such as buyer and seller.

Secondly, the notion of investment in time or 'time necessary' to build trust, for example, was never manifestly given importance by the respondents. That is, none explicitly said "time is required to attain trust etc". Thus, rather than a linear movement over time (to build trust), one got the impression that 'circles of values' continued to emerge from a core (relations), and these

‘circles’ grew and continually merged with one another. And at some almost intuitive moment, trust had mutually been attained. If we are pressed to state precisely when trust was achieved, one could say that that moment was when buyer and seller agreed to the use a “*hachusho*” or purchase order. Thus, attaining a state of mutual trust is not necessarily a function of neither time nor limited by time. It can be obtained quickly or slowly in the occidental sense. It lacks the occidental perspective of logic. Trust does not emerge because certain elements are ‘in place’. At the risk of appearing esoteric, it is noted that Buddhist theology indeed proscribes to the concept of the mandala, a never ending circle of life. The various other ‘circles of values’ were the other categories enumerated previously. Also, it is noteworthy that of all the categories, there are only three which could be deemed “business” terminology, and these are: *Service Plus Apha*, *Hachuso* and *Keyyaku*. All others are strictly non-business cultural terminology.

And thirdly, it was quite obvious that none of the respondents had ever been asked to think about and respond to questions about trust-building. Uniformity was observable among most if not all respondents in their choice of key words; an indication of similarity of education and notwithstanding their industry or level of job responsibilities; another piece of evidence regarding the notion of a homogenous culture.

Thus we may at this point venture to forecast that despite the variation in background of the respondents, the responses of the participants revealed a striking similarity.

MATRIX

Having established viable categories the next step comprises the efficient structuring of these categories which would best render their contents for analysis.

Two sets of matrices were created and each set grouped categories. The content of the categories were the comments made by the respondents. The first sets of matrices are structured so that we may read the narrative of each respondent with regards to a specific single category (key word). Thus, we have access to the profound thoughts of every respondent regarding a key word and this is possible because all respondents' names and corresponding narratives follow consecutively on the X-axis and there is but one key word on the Y-axis. The matrix most importantly also reveals the relative importance given by practitioners to a particular key word (i.e. its value towards trust creation)

The second set of matrices presents the same data (narratives of respondents) differently. The X-axis lists all the different narratives by category and the single respondent name is found on the Y-axis. Here we have access to the groupings, breadth and composition of different key words and their narratives issuing from a single respondent. Consequently we are able to assess their importance towards trust-creation.

Thus, each set of matrices provides its unique data and illuminations and when combined and cross-referenced provides a comprehensive analysis and subsequent findings. The analytic exercise consists in seeking relationships, patterns and coherence between categories, a chronological or cause and effect relationship between categories. Do two or more themes occur together consistently in the data?

The two sets of matrices reflect the very words verbatim of the different respondents and constitute raw data. Despite the gravity of the spoken word by every participant, I felt that placing them in the core text would have been distracting from the analysis and findings which are clearly expressed in the subsequent two chapters, namely; "condensed summaries of the narratives with synthetic analysis of observations and commentaries" and "cluster of categories (key words) which imply development of trust". Consequently, the raw data have been placed as annex.

The analysis produces the schema and Sonja Foss says the schema is, "the conceptual, organizing principle which allows me to tell the story of my data in an interesting and meaningful way" (Foss, 2007, p. 234). The "schema" we shall note will emerge from the cluster of key words. The following illustrates the use of the matrices, and how they participate in the development of "clusters of categories" which signal the emergence of trust.

Illustration of Matrix Application

- Mr. X says _____regarding *hachusho* (purchase order) and Mr. Y says _____ (similar to Mr. X) regarding *hachusho*. Therefore there is a general consensus (Mr. X, Mr.Y etc) of opinion regarding the notion of *hachusho*.
- Concepts such as *Service/plus alpha* (discounts) and *johoo kookan* (information exchange) often are mentioned together in Mr. X, Mr. Y, etc narratives. Therefore there is a pattern. Different respondents see similar associations of categories

- Concepts such as human relations, information exchange and hachusho are given associative importance by a respondent and this is repeated by other respondents. Therefore, we now have 'clusters of categories' which point to the development of trust.

Type of questions asked

- Are there consistency and /or variation between Mr. X and Mr. Y regarding a category?
- Are there unique responses?
- What key ideas are expressed within the particular key word category?
- What key ideas are expressed between different categories?
- Are there systematic linking (connectors and nodal points, patterns and associations) of descriptions, and accounts within and between categories?
- Are there new connectors?
- Is the linking chronological and cumulative over time?

Broad patterns of commonality and differences issuing from these emergent key words pointing to a likely schema. The schema which connects all and explains the development of trust and its place (extent of embeddedness) in Japanese culture. How do the different values connect such that they lead to trust-creation? This paper is a social science paper hence is reliant on qualitative research and data analysis. There is, however, a limited statistical aspect which would reveal, for example, how many respondents considered which key (and how many) words to be important, how often certain keywords made their appearance in conjunction with

other related key words and so forth. This statistical aspect is strictly limited in value and does not allow any sort of forecasting or interpolation applicable to the population as a whole.

Given the cultural nature of the entire interview process we note that any quantitative description or insight offers superficial appreciation of the data. Simply put, what is said and how it is said is dependent on the nature of the relations of the actors.

- Q: Is trust a precondition when Japanese work with each other?
- A: _ It is a normal expectation.
- Q: Is trust a precondition when Japanese work with non-Japanese?
- A1: _ _ _ _ _ Well, _ _ it would not be a normal expectation.
- A2: We use contracts

ANALYSIS

The analysis comprises three parts:

1. Condensed summaries of the narratives – synthetic analytic observations and commentaries.

2. Cluster of categories (key word) - implying development of trust

3. Schema – the emergent principle which holds the research together and ushers in trust

CONDENSED SUMMARIES OF THE NARRATIVES WITH SYNTHETIC ANALYSIS OF OBSERVATIONS AND COMMENTARIES

HUMAN RELATIONS

All agree that trust is a necessary element in order to do business, without which you have an empty relationship. A non-trust based relationship is short lived or does not possess adequate staying power to drive the business relations to a more productive plain.

The relations would rest on the experimental level neither party being able to give and take. It is neither Trust-based nor contract-based; a sort of limbo.

The development of trust is primarily a human endeavor, its attainment then producing a well-earned by-product i.e. application in a business environment and resulting in positive transactions without the constraints of a contract in the Japanese case. The rewards of trust achievement are quite impressive: best quality products and mutually appreciated prices with the knowledge that seller is doing his utmost to deliver an honest quantity of product. In short, a basically ideal situation between buyer and seller has been achieved.

The concept of Human Relations (*ningen kankei*) is nothing to trifle with. *Kankei* meaning 'reason', 'connection' is full of meaning. It presumes obligation and responsibility. Hence, the Japanese constantly assess, measure, evaluate the type, characteristics and intensity of *kankei* with others. One frets over the impact that certain actions have over my "*kankei*" with so and so. Needless relations would presume wasted attendance or maintenance. Thus so called "casual relations" emanating from informal encounters do not take root well in Japanese relations. Uninvited self-introductions garner little respect therefore importance is placed on a trusted third party to pave the way to a mutually useful introduction and perhaps relations.

The Japanese rarely stays on the philosophical plane thus, and just as easily moves from the metaphysical to the tangible. Mr. Arimura says "If people like my product then there is en

between people. En or relations quickly is represented by "product". The tangible becomes an easy conduit for the abstract and vice-versa. Mr. Arimura drives his point further. He says "I have no sales team. I have relations. If I maintain my relations carefully, people will know my product." The physical product appears to embody the virtues of relations and relations promote the product's existence and virtues; this bond holding all players in place. Mr. Arimura then refines the notion of human relations when he says that with "*kimochi*" (feelings) we can have *otsukiai* (social relations) which one day may lead to doing business. James V. Reilly defines *otsukiai* as "associating with" or "friendship". It is basically the practice of protocol as to how to get along in Japanese society in general and Japanese business environment. Thus Arimura equates *otsukiai* with relations. He contends that "maintaining my relations carefully leads to people knowing his product" … a bold if not interesting equation. He says "even if we don't work together, we have tsukiai, shinyo and kimochi therefore we may work someday".

But real world often complicates theory. Thus, what if two companies working together encounter difficulties despite good relations between the corresponding actors? What if two companies do enjoy good working relations despite two collaborators that do not have good relations. Then what?

Mr. Katayama; 'There may be no business between A and B <u>but it is best to connect</u> to get information. Perhaps during the meeting I may be learn something whereby I might be able to introduce a third party, which might be able to do a piece of work. Hence I build trust as well as individual relations'. Here Mr. Katayama Takahiro says that management enters the picture (as would a *Deus Ex Machina*) to resolve the conflict in the eventuality of, for example, payment issues.

Mr. Kazuhiro has a slightly different take on the question of human relations. In the service industry (advertising agency), the service provider or supplier needs to pass a "censorship test", before the potential customer would propose a piece of business. Thus, Kazuhiro says given that no relationship exists and this is going to be firstly a B2B situation, "I need to know who Mr. X is, what he does and so forth? If I am confident in my human relationship of Mr. X then the censorship can begin".

Kazuhiro further explains and says that knowing a person is equivalent to knowing what that person's business or company does. Here a resume or profile is useful. This then is best enhanced if a third party were to introduce me (potential customer) to Mr. X.

Mr. Machigashira elucidates on human relations in yet another way. He says that the importance of human relations is evidenced in the traditional practice of *nenko joretsu* (promotions by seniority). This is a complex exercise which integrates a cultural qualitative value (old age/wisdom) with a schedule of pay raises. Suffice it to say that per Machigashira, this system is at the most fundamental level one of human relations i.e. relations between employer and employee.

Mr. Nakayama in his discussion of "trustworthiness" refers to its creation through "engagement with employees." Nakayama equates "*shinrai kankei*" or "trust relations" with "human relations."

Fritz Leonhardt (Swiss) explains human relations as an exercise involving people desirous of "strengthening ties". He says that at the 'appropriate' moment (reminiscent of the 'intuitive' moment when trust is achieved), they (your collaborator) feed you something (piece of work, useful information).

Dave Wouters, (American) refers to a third party who "set up the relationship" between himself and the U.S potential client. Both client and Wouters needed the intervention of the third party who in representing Wouters to the customs official (in this instance) successfully established a solid basis of relations. The U.S. company wanted to pay the third party. There was no need to pay. Wouters later explained that he was not used to this method of doing business. He had had only Southeast Asian experience. The third party was in fact a hotel manager who went out of his way to assist customs in the process of product passage and delivery. In turn customs began to act in a cooperative manner with the U.S. company.

Sorab Wadia describes human relations practice as a strengthening of ties between potential collaborators through mutual feeding of items of value, e.g. information.

Hideki Yamamoto thinks that "*ningen kankei*" (human relations) expresses itself even during the more advanced period of early negotiations between parties. Thus, one or the other seeking a '*plus alpha*' (an additional discount) is in effect part of "*ningen kankei*."

Mr. Nakamura says that we "work for others" and this is all part of human relations. Mr. Teshima says "Japanese know each other because we are a homogenous society thus we have a fair understanding of the other. Hence the start of a relationship is "easy". I think *en* (relations, connection) is mainly spontaneous and unexpected. It might exist without the element of trust and probably occurs more often in non-business environments.

Mr. Uebayashi says "a human relation is a first step to building trust. Is there a sense of mutual desire to work together? There needs to be a certain amount of intuition."

KIMOCHI

Kimochi translated as "feeling" plays a surprisingly important role in Japanese life and business. As often is the case, the word *ki* goes back to Chinese origins (center focal point), however we shall concern ourselves with a more contemporary sense of the word kimochi.

What role does a positive sense of *kimochi* have in the conduct of business transactions? *Kimochi* makes its appearance as might be expected in this study of human relations. It is interesting that despite its strictly qualitative and subjective nature it plays an important part in the conduct of business.

Arimura tells us that as a result of a twenty-five year relationship with an Indonesian partner, he decided to build a factory there despite not speaking English but he had kimochi, a feeling but more than that, Arimura says "we understood each other."

What if one is in an extremely strong position towards a competitor and that competitor is in effect a small company? What feelings are felt? Katayama says that his feeling is that "big companies do not want to crush the small company."

WORKING FOR SOCIETY

Nakayama traces the origins of company to the Edo Period during which the *han* or organization was the instrument which allowed for the individual to prosper. Thus, self and "company" is indivisible. He says, "If the *han* did not grow then there was no life, no progress. Thus, growth of the company was desired and employees did not seek money primarily. This point is supported by Leonhardt who says that "Japanese employees would not switch companies for more salary".

Mr. Teshima's approach is direct: *kimochi* plays an important role in Japan. It is non-rational. Thus, *aimai* (ambiguous, vague) comes into the picture. But a good salesman knows how to manage all these elements well!

Yamamoto Hideki says "we work for employees and not for shareholders (as in the USA)". He feels that today that sense of self and independence is more prevalent. And this according to Yamamoto is due to the current poor state of education in Japan. He believes Japanese values are not taught sufficiently at school and as a result new employees in companies do not know about these things … as a result "Japanese companies have weakened…and western ideas have come in". He thinks that it is necessary to maintain some old ideas and foster these in schools. Specifically, he would like to see more "team cooperation" versus the prevalent "self-centered" values. He does attribute today's state of affairs to some extent on the economy. In the past, one put up with an unpleasant boss and toiled for the company; not so today.

Mr. Machigashira sees an equation between the company and employees. He says "the company is the people. We believe it is important we (company, employees and head) move toward the same goal".

This notion of 'togetherness' is echoed by Richard Brueggemann; "we develop a mutual vision and understanding of the market." Here Brueggemann includes the suppliers in the "we".

Takuya Nakamura says "work for others we have lost this and selfishness has come in. We need *kachikan*, (love of country) has been lost (because of McArthur). We modernized but lost patriotism, respect for the Emperor…this is coming from the West. West is replacing shinrai…perhaps globalization may be cause of unconscious change on Japan side …"

Mr. Teshima's response is unusual and straight forward "I work mainly for self and family with some feeling for the company".

AIMAI

Here I dare say is an example of a word so often uttered and so embedded in Japanese thought process: *aimai* or ambiguous. The Japanese love of the indirect, the vague, and the ambiguous is well-known. Avoidance of confrontation and the absolute must needs bring the Japanese to the ambiguous. If the Anglo-culture praise directness and forthrightness; so too the Japanese love indirectness and vagueness. Examples connected to this notion abound from the stereotypic Japanese business "contract", to Japanese colors such as '*muji*' and the blank look of sales clerks unable to answer customer queries to the classic expression denoting "I don't know "via the utterance of "*saaah*!". There is great comfort in ambiguity and vagueness.

But the real question is where *aimai* resides in the order of things as far as business transactions are concerned. And will our practitioners admit to its existence in the realities of buyer/seller relations. Despite the absolute or abstract nature of concepts (e.g. trust), Mr. Machigashira is quick to qualify his rendition of trust creation when he says that a supplier offering different prices to him (manufacturer) runs the risk of affecting their mutually developed sense of trust. He says that such conditions contribute to a "rough" meaning to trust because trust is variable. There appears to be comfort in the Japanese world of *aimai*. Whilst contracts spell out in detail the expected behavior of all concerned parties, it leaves little if not no room for a flexible relationship which would be tolerant of misgivings or errors. Hence the Japanese world of *gomen* or "sorry" and "let it pass" i.e. the world of *aimai* is preferred, (Kamizuru). This *aimai* or *gomen nasai* in effect offers protection.

Y. Shoichi explains concretely his view of *aimai*. When taking on a PR (public relations) project from a non-Japanese client, and the work is expected to be creative in nature;

Shoichi feels that the notion of trust takes on a particular importance. At this stage in the client relationship he feels a contract is necessary; an English language contract, general in nature and without details and thus ultimately Japanese in style. This is the aimai aspect of the relationship.

Professor Toshmitsu describes Japanese contracts to be ambiguous and therefore obliges parties to address and resolve issues as they surface and this resolution is possible if trust exists.

SERVICE, PLUS ALPHA

Two terms which often appear simultaneously and more often than not, interchangeably are *service* and *plus alpha*. These are always uttered and referred to in the English language version. The term "service" is often heard by an end user customer who is told by the vendor that the latter is offering something; a price discount, an additional product, a gift coupon, a token, a gift in addition to the purchased product. And yet the term "service" appears during the negotiation period of the intended transaction. Here "service" takes on a somewhat different meaning. This 'asked for' service is something that is over and beyond the agreed-to terms and conditions of the agreement. A buyer will in the course of the negotiation ask for "service" in an overt fashion or as the case may be in a more subtle and implied manner. What indeed is being asked for? And more importantly - why?

The other expression plus alpha is one which occurs at the B2B or intra-company negotiations level and is not voiced during the retailer to end-user customer interactivity. Here again it is the buyer that is expressing a want over and beyond the apparent agreed to terms and conditions of the transaction. Plus alpha is rich and full in meaning, subtle in form. What indeed is *plus alpha*?

Nakayama explains "service" in the context of a telecom related company distributing cell phones to consumer and users and providing after-sales services, i.e. reparations, and in this context, free and gratis. And Yamamoto Hideki describes "service" as that "something more" that the b2b buyer desires but will not verbalize! It is unspoken and reflects the buyer's feeling that the negotiations are *mono tarra nai*, (lacking something). Hence the buyer would ask for

plus alpha to make up for this apparent lack of satisfaction. Using the terminology of plus alpha avoids hurting the feelings of the seller. Thus, Yamamoto (playing the role of buyer) says "if you see my eyes, my face color, read my feelings... you should understand what I am asking for... It is not good if you cannot "read me"!

Another perspective offered by Yamamoto is for the buyer to imply "you are faithful to your company... but how about a *plus alpha* e.g. a new idea (give me a new idea), a little extra effort (on your part), or why not study this (a proposition)". Thus, service or plus alpha is about "something more", a lower price, something else? It is about "making another effort".

Dave Wouters delivered more than required in order to gain credibility. He says he worked weekends gratis. As a result client gave us more searched and assignments. Thus his expression of plus alpha was free labor.

Sorab Wadia's example is concrete. A British firm based in Hong Kong noted "the high level of creativity and attention to detail of Wadia's work done in Japan". Wadia went about preparing further development work for this potential client. He provided gratis work for a period of three months and chose to bill only expenses at two million yen. Sadly in Wadia's case, the British firm chose not to pay this symbolic amount.

Shigehisa Hiroshi's explanation is probably the most abstract. He refers to plus alpha as the "unwritten part" of a non-existent contract. This unwritten part represents the "extra conditions" of a transaction. He says "in Japanese culture, the unwritten is known". And Mr. Kan refers to plus alpha as *omakke* or "giving an extra unit as a *yoroshiku*; or "best regards". *Korrekara saki yoroshiku* i.e. with best intentions for the future. Thus *plus alpha* is a service, an *orei* (thanks), a "tip". *Joho* or 'information giving' is also part of *plus alpha*.

Mr. Uebayashi's take is concrete and comprehensive. He says that the plus alpha mechanism allows for the inclusion of more elements (into an agreement) than originally agreed to. Thus, price reduction per unit is one example or plus alpha. Volume discount or cash rebate (cash-back) is another example. The system allows for the seller also requesting changes as well. It allows for flexibility.

GIRI NINJO

Of the multitude of cultural values in play in the daily lives of Japanese and specifically in their business lives, the term *giri ninjo* is another which is often not uttered but practiced. This term grounded in ancient history and recognized by young and old, is alive and well in contemporary Japan. And yet its application in the business theatre may be waning. In its briefest form, *giri ninjo* is that reciprocal sense of connectivity between individuals; obligation and sentiment felt by one towards the other. Thus *giri ninjo* would be part of the thinking process of an individual preparing to enter or having entered into a business transaction discussion. We wish to investigate to what extent *giri ninjo* plays in that process.

Arimura Koichi says "In the old days, company took care of housing for employees. I also lent money to employees. I let people work past retirement and do not lower salaries"….implying that Arimura felt *giri* and the employees *ninjo.* Yamamoto Hideki says "in Japan, although not written but companies assist employees financially and take care of their needs". And Bruggemann tells us *giri on* are connected to trust. "We help each other out. The Japanese never forget your help and this can be on the company or individual level!"

Mr. Teshima says "I was raised on it (*giri ninjo*). Volunteering for an unpleasant task or for a risky task which might cause me loss; all for a boss for whom I felt *giri* is *giri ninjo* in action". And Mr. Uebayashi says *giri ninjo* has nothing to do with age, young or old. It is part of the Japanese psyche therefore we find it in business also. *Giri ninjo* was exercised recently

during the 2011 Earthquake when products were hard to come by but we all made an effort because our customers had helped us in the past".

JOHOO KOOKAN

Johoo is information and *kookan* is exchange and the hunger for "information" is legendary in Japan. Hence "information" has taken on currency value. This is a term which is heard often during early relationship building and negotiation stages. It appears to serve multiple purposes. People meet with a view to obtain if not exchange information or it takes on such value that it is used as a bargaining tool. We shall examine this device in great detail.

Mr. Kan values "information" as part of *Plus Alpha*, and Mr. Katayama says that despite the fact that there may not be business between two parties, it would be sensible if they did connect in the interest of obtaining information from one another. Thus, even if the two parties would not immediately work together their meeting might lead to a third party introduction. Thus, a third party might indeed obtain work. Extraordinary! Two parties exchanging information such that an unknown third party might come into play.

Mr. Machigashira says that the accumulation of accurate and good information given by, for example, a supplier to a manufacturer works positively towards building trust.
Mr. S. Hiroshi's tells us that his first action in establishing a market entry strategy in Korea was to "exchange information" with the Koreans. This was followed by a study of the Korean market.

R. Brueggemann (Impex Co.) in his dealings with European suppliers would provide them "information". Suppliers today see Bruggemann's company as a source of information

(product, new market trends etc) and this is according to Brueggemann the cement binding customers to his firm. Thus, European suppliers welcome any feedback from the ultimate customer or the intermediary such as Impex Co. Thus Impex becomes a "gateway" and facilitates the flow and exchange of information. Bruggemann says "you 'sense' (things). The expectation is that they (Japanese buyers and suppliers) understand intrinsically…".

F. Leonhardt sees "information exchange" as a necessary adjunct to "service" and Wadia has exercised *johoo kookan* (information exchange) as a means of expressing thanks for work received. In his case he would write and offer reports to customers *gratis*.

Teshima is pragmatic and says that when *johoo kookan* (information exchange) is exercised; the quantity of information is of primary importance followed by its quality and usefulness. Similarly, the nature of the source of information is key, meaning, is the source reliable? Thus, I may offer information gratis but the recipient may not feel that it is "free". Teshima is often confronted with requests for information and so feels that an upfront open request is best. What precisely would he the suppliant like to know? He says "sometimes I give nothing. It is all variable". Information exchange is important to Mr. Uebayashi who believes that it can be useful to self, especially if the information is relative to competitive data or customer information. He says that information can substitute price reductions.

ON

One measure to determine your standing with regards to another is that of on. That is, the greater your feeling of "*on*" towards another, the more repayment is expected of you. But this phenomena would occur in most if not any society one could say. What then is its significance in Japanese society? Considerable importance is given to notions of obligations, and maintenance of harmony thus no small attention is given to the calculus of on. An inadvertent creation and 'casting' of on upon another creates mutual uneasiness. How does one eliminate an unintended on without losing face? Moral dilemmas are unwelcome. Yet on the other hand when one has no choice but to be the recipient of a needed 'thing' albeit it be moral or otherwise; I must take on that *on* and one day repay it.

It is rather simple to see how *on* figures in into the negotiation process of a transaction assuming that *on* were but an accounting issue. But how does *on* as a moral value play an active role in transaction activity? In line with concepts as *giri ninjo* is that of *on* – debt incurred; moral or material.

Nakayama relates an anecdote which illustrates this practice. A particular retailer owned by his telecom company happened to face an imminent shortage of cash due to particular business circumstances beyond the retailer's control. Nakayama would "advance" the retailer the needed 100 million yen to cover this impending shortfall and simultaneously shipped the necessary quantity of product ensuring the retailer stock. This entire action was, in his own words, based on the *tsukiai* (relationship) that the two persons had. Hence, the shopkeeper took on an *on* whilst Nakayama confidently believed that he would be "repaid" in the future with

more orders. And Bruggeman similarly says that *giri on* are connected to trust. He says "We help each other and the Japanese will never forget your help either at the company level or individual level. Amazing!"

HACHUSHO

The *hachusho* is the undisputed device for developing and executing transactions of a "buy sell" nature and favored by the vast majority of practitioners. It appears to be that singular instrument which commits buyer and seller to their agreed-to-arrangements (in terms of identification of specific product, delivery terms and conditions as well as price) yet allows for all parties to avoid the implications of a contract; the latter is cast in the light of heavy legalism, adversarial relations, and more often associated with working with non-Japanese.
Despite its overwhelming popularity there are indeed slight variations in terms of how these are viewed by practitioners.

Thus, Nakamura and Shoichi refer to the *hachu* as a 'rough' type of contract; Machigashira views it as an "agreement". Uebayashi prefers to use a *hachu* with contract and Yamaguchi prefers a 'general agreement' in conjunction with a contract. Nakayama makes a clear distinction between using a *hachu* for transactions relative to cellular telephones and the usage of contracts for transactions involving telecommunications infrastructure sales. Shigehisa prefers contracts but with limited usage and Wouters and Wadia use no contract and Nakayama feels that a contract (as understood in the western world) limits the relationship between buyer and seller to specific written terms and conditions thus leaving no breathing room in the event of a problem! The *hachusho* on the other hand is "signed and sealed by several managers thus spreading the risk in the event of problems". Mr Nakayama says that infrastructure sales between Motorola (supplier) and DDI (Dai Ni Den Den – buyer) were done using contracts. He says "DDI purchased on behalf of the country and this activity would take a long period of time.

Therefore that type transaction was contracted. On the other hand the purchase and sales of cellular phones between our CT (Regional Offices) and Motorola sales personnel were connected with trust; also each CT's requirements varied and Motorola's sales persons responded to the customer's "need, not need" requirements. Therefore there was a greater need for trust". Hence, Mr. Nakayama implies that the *hachu* was the appropriate device for such transactions.

Mr. Kan says his firm utilizes a *hachusho* which identifies item, quantity and price and so is viewed in the same legal light as a contract. On the other hand when dealing with independent contractors; he would expect some amount of advance payment. He thinks that recently contracts have been more visible due to globalization and the fact that individuals more away from their birthplaces (implying increasing risk). He says "this distancing from birthplaces since the 1980's makes the building of trust more difficult". Yet he will say that "despite the use of contracts there are no hard feelings because the intent is always to build trust".

Mr. Shigehisa Hiroshi sees the hachusho and contract as a barometer of trust level. The *hachu* is "product-oriented", he says. Thus in the beginning of a transaction relationship since no trust exists, Mr. Hiroshi, will use a contract. Despite the use of contracts, given trust existence, contracts themselves change.

Nakamura favors a "rough" contract which is more akin to an agreement. And thus finds its use convenient since one would not have to go to court in the event of a problem. And Mr. Katayama Takahiro takes a more formal approach and states that no trust is possible during the first year of a transaction relationship with foreigners and therefore will insist on advance payment of a third up front. In the event of payment issues, his firm will rely on their trading company partner to resolve the matter. Yet with Japanese suppliers he favors the use of hachusho as a general rule and not the use of a formal contract.

Mr. Yamamoto Hideki says that they use a *ukke yoosho* (an instrument similar to *hachusho*) when dealing with foreign suppliers. Richard Brueggemann favors the *hachu* for firm orders despite the fact that some suppliers want a formal contract. But he tries to avoid legal contracts. Given that results are unknown he finds that the *hachu* provides greatest flexibility. Thus as he says "if all goes well then both sides realize that there is no need for a contract. When Impex sells to all Japan a contract with details is needed or when a distributor with specificity or specific customers is involved. Otherwise, it is a gentleman's agreement and understanding and mutual trust is normal with our suppliers". Bruggemann says he sometimes uses a *bye bye keiyakku* - a one-time contract covering all transactions or better-known as a general purchasing contract.

Wadia says "There are no signed documents in the Japanese system". Both Wadia and Wouters use no contracts.

Mr. Shoichi interestingly feels that in his line of work (Public Relations) if he is expected to do creative work, the element of trust takes on importance and so will write up a contract in English but one with few details. Thus specific client needs are not included in that document and this 'contract' is Japanese in style. It is *aimai* (ambiguous and vague). He continues…"the first phase of work is on a trial basis followed by a one-year contract but one that is open to cancellation if performance is deemed unsatisfactory. Cancellation occurs with a one-month notice".

Takuya Nakamura, government official of the City of Fukuoka says that his job is to assess private contractors and assign projects to them. Thus when beginning work with contractors there are few details known what is offered are so called "contracts" which are purposefully 'rough'. He prefers to call these instruments "agreements". This has the added

advantage of not having to go to court in the event of problems. Having said this, Nakamura is quick to admit that "westernization" has entered even the Japanese government system. This is illustrated through the use of the Private Finance Initiative - an instrument used to outsource projects to private companies. This PFI was introduced some fifteen to twenty years ago. The City of Fukuoka manages some five hundred to one thousand projects of which only three to five per cent use the PFI. Its unpopularity lies in the fact that so many details needs to be incorporated that the PFI takes an over-whelming amount of time to produce. The document requires anticipating multiple "in-case" problem scenarios. Ultimately, Mr. Nakamura says he is "unsure whether the PFI is in fact cost effective".

Mr. Arimura says that even when working with Japanese trading companies; he never writes contracts but only uses hachusho. Mr. Yamaguchi when asked about hachusho says "we make a basic agreement that contains the terms and conditions of the transaction. At the beginning of every transaction, firstly we will make the non-disclosure agreement".

Mr. Nakayama sees things from a cost perspective. He says that contracts are complicated and their use would oblige the company (issuing the contract) to pay the *shinyushi* tax. Thus, he favors verbal commitments at the start. Yet he would admit that verbal commitments have their disadvantages. An unscrupulous customer might place and order and suddenly cancel if the customer felt that to his advantage. He says that disputes based on contracts inevitably lead to the court whereby the "court makes decisions and people do not". A *hachu*, Mr. Nakayama feels is as good as any contract and would be accepted as evidence by a court system.

Mr. Machigachira favors flexible contracts. As a producer of *shochu* (sweet potato wine) he is dependent on a fairly extensive supply chain as well as on an uncontrollable element,

the weather. Satsuma Shuzo is dependent on a *nakagai san* or *zairyo san* (intermediary supplier or raw materials supplier) who buys from the local sweet potato farmers and cooperatives. In order to offer a sense of safety to his suppliers he offers a contract to purchase all that the latter can himself produce (i.e. buy from the farmers). Satsuma Shuzo in turn sells to a *tonya* (wholesaler) using a *tokuyyaku keiyaku* (exclusive agreement) who in turn sells to retailers or *ryohanten* or *kohriten*. Machigashira offers sales contracts on a case-by-case system to the wholesalers. The last link, wholesaler to retailer is "dry" meaning "more price/demand oriented" than based on trust. Therefore, the *shibari* is *yurui*, the binding and commitment is weak. Despite the use of contracts, Machigashira quickly notes that these are "flexible" and are in reality *yakkusoku* or simply, promises.

Fritz Leonhardt says "contracts were unheard of and a willingness to execute a transaction was based on reputation and trust" and Willweber thinks a contract does not cover everything. Therefore he asks, "How do you solve contract problems… by some basis of trust". Wouters tells us that he has given gratis time and even assistance in writing contracts (for his American clients) as well as setting up trade show supplies with the help of Japanese Customs office, and all this without any contract!

Mr. Uebayashi describes his supply chain in terms of *hachu* and contracts with a *shosha* who in turn contracts with a retailer. However, the product shipment is executed based on a *hachusho* between his firm and the retailer.

Mr. Yamuguchi says "at beginning of every transaction, firstly we will make the non-disclosure agreement. And next go to making the basic transaction agreement and any specific agreement (case by case). "Since we are a bank", Mr. Ishii says "we contract with, for example, call centers. This contract spells out the specific "must do" items, cost or *taika,* and terms and

conditions in the event of cancellation. We give our private customer list to the call centre therefore we need to be very careful in the contract".

SHINRAI

Mr. Arimura says "if people like my product then there is *en* (relations) between people. Shops will sell my product and that action becomes shinrai. That shop owner also buys from me and that also is *shinrai*. I built a factory in Indonesia because of a twenty-five year *en* I had with a local. I spoke no English but felt a *kimochi* and so we understood each other. On the other hand, we may not work with each other but we have a *tsukiai* (business relations) and *shinyo* and so can have and understand our *kimochi*. Thus, we may work together some day. Hence, a *tsukiai* may or may not lead to doing business. Mr. Arimura relates an anecdote concerning a Taiwanese collaborator who failed to pay a debt of five million yen at the appointed time. Yet, Mr. Arimura professes that he did not believe that he was being cheated due to the relations he had, i.e. his *tsukiai* with him. After an absence of five years this person, unannounced, suddenly appeared at my office to repay his debt in full.

Another example Arimura cites to demonstrate *shinrai*; he says "If my supplier is short on product which he is expected to provide me, he will continue to provide me with his best product. This is *shinrai*. If my supplier increases his prices to me (and I know that his costs are rising), I will buy at the higher price. This is *shinyo*" (confidence) and *tsukiai*. Because I trust my supplier, I do not beat him down because if I do, he will not give me his best product. Thus, I maintain my relations carefully and people will know my product. I don't need a sales staff".

Mr. Kan says that contracts are normally not used in Japan because problems occurring between collaborators are very rare however when a trading company (*shosha*) works with a foreign partner a contract is first issued and then followed with a purchase order. Kan thinks that this is a specificity of Japanese business practice, i.e. no contract and no non-disclosure

agreements. He says "the idea in Japan is that we trust each other. In Japan we have few people who are *imin* (foreigners) and furthermore Japanese normally stay put (implying work close to area of birth). People who do bad things have few places to escape to and are easily caught. Perhaps it is more of a "no place to hide" rather than the use of *shinrai*? We ask where the person was born. And we know what kind of person he is, whether he can be trusted, after learning the birthplace. I use trust, and if after this, a problem arises, then trust will be broken. People don't move much". This means of 'geographic identification' is referred to as *kenrinsei* or prefecture, thus, the 'nature of the people of that ken (prefecture), Mr. Kan continues "if problems occur, formally speaking, it would be the bad guy's fault but in Japan, the other party (good guy) assumes some responsibility and feels guilt. The feeling is "I got cheated" (emphasis on the "I"). To resolve this problem, I will rely on a third party to resolve the matter because "it is *iizurai* (difficult to verbalize, embarrassing to talk about) and because neither party wish to face each other and talk directly. At this point *shinrai* is broken".

Mr. Kan cites further examples of *shinrai*. To build trust within the company, an employee will do *daigyo*, or overtime or *chikko shinnai* or come to work early. These actions are described as being *majime* (sincere, correct), *ikkani seikaku* (as expected), *youwaretta kotto wo hanashi wo kikku* (open to listening carefully to what is said).

Mr. Machigashira in explaining how trust is developed says "the accumulation of accurate and good information (provided by a supplier to a manufacturer) and which is built up step by step, works to building *shinrai*. He says "the issue of trust precedes negotiations" and supports Arimura's earlier comment that *tsukiai, shinyo* (confidence) and *kimochi* are interconnected and lead to trust. Thus, if you have trust then theoretically, there is no need to negotiate. The idea is that I can trust the company because I don't need to enter into negotiations

with them. If a producer has to raise prices, he will consider all elements before doing so and will talk to retailers to accept the higher price. This is yet another example of trust".

Mr. Machigashira elaborates on the development of trust within his supply chain. Satsuma shoji purchases large quantities of raw material necessary for the production of *shochu*. This is done by establishing a yearly contract with their *nakkagai* or "intermediary supplier" whose function it is to find, negotiate and purchase product from different farmers. The contract specifies total expected quantity, prices, delivery, product specifications etc. This contract guarantees purchase of the full amount and thus establishes security for the intermediary. Product is then delivered on a daily basis to Satsuma Shoji and abides by the terms and conditions. No other documents generally speaking are expected or issued. Mr. Machigashira says that whilst the *nakkagai* could at times sell product at higher than agreed to prices; he will not. Yet to 'compensate' for this, the Tonya might sell 'excess' product to clients other than Satsuma Shoji. All this is *shinrai*.

Mr. Nakamura contends that the practice of PFI required setting up a company specializing in making loans. The banks involved require so many details that Nakamura asks "why are so many details needed if we have shinrai? Thus, Nakamura feels that the very application of PFI might indeed cause of loss of trust between collaborators. The PFI required the Bank to ask the borrower "of what would you do if an Earthquake strikes every 5000 years?" However, since we are government the banks trust us. Hence the meaning of trust is different for me and for the private citizen. We the government don't go bankrupt. Trust continues. He says "In the olden Japan of *mura-shakai*, the small village society people could physically see face-to-face the money lender so the borrowers always paid back small loans. This is trust and still exists today. But we see change today. Because we are "westernized" we are concerned with

details today and have lost trust. We modernized but lost patriotism and respect for the Emperor. This is a direct outcome due to contract with the West. It has replaced Trust. When asked if loss of trust is measurable, Nakamura says that the National Government Research Centre tracks citizens' awareness of matters such as these and related issues. Nakamura thinks that globalization may be contributing to Japan's loss of trust values on a subconscious level.

Mr. Nakayama says "management needs to show "trustworthiness" to employees. This is accomplished through engagement with employees. Mr. Nakayama instituted the "Let's talk to the President" sessions in his company. He says "I listened, chastised and praised" employees. This very act was seen to create trust between management and employees. I was viewed as a "trustworthy judge". The growth of trust is called *shinrai kankei* (trust relations). He says that this sort of action was seen first in Japan during the Edo Period. Owners of shops and businesses then listened to employees to create an ambiance for trust to grow. The *han* or organization of that period fostered because the individual equated self with the organization. Hence growth of the *han* meant progress and individual well-being. The growth of the company was desired by employees and not the acquisition of money. Interestingly, Nakayama sees a melding corporate trust and personal trust.

In terms of concrete examples Mr. Nakayama says "If I needed for example 1000 cellular phones and I placed an order for 1200 units, the additional 200 would be evidence of *shinrai* towards the provider. Despite quality issues, the fact that Mr. Evans would visit me often is evidence of *shinrai* and would encourage me to place more orders for product. On the other hand, should the product fail and the supplier would take too long to resolve the problem; there would be loss of trust".

Nakayama equates trust building as a mutual activity between buyer and seller. Thus as a customer he says that if he were to easily cancel orders from suppliers (after placing the order), such acts would be counterproductive to creating trust. He goes further and says that DDI (Dai Ni Den Den) would provide "service" (such as reparation services for free) to create *hojin kankei* (client relations) to create trust. Here we note the appearance of the ubiquitous term *kankei* (relations).

For Mr. Shigehisa, transaction trust is intimately bound up with the self, the person. He says "to create trust, we increase mutual communication. We "see" the person more and more." He elaborates "trust me as a person, not my product. If you trust me, you will trust my product. If I cannot trust the maker/person then I cannot trust the product". The equation between self, product and trust is understandable when we note that the Japanese see product as an assurance of protection between final users/purchasers and the supplier. Hence, a pragmatic application of a moral device! In the case of entering the Korean market, Mr. Shigehisa says that information exchange (with a potential partner) as a first step lead to a market study and then to a contract. Thus a contract expected by the Korean partner created a sense of ease (in particular for the Korean partner) and this despite an existing mutual trust. Similarly since both partners have personnel the existence of a contract felt more able to protect their own. The contract is useful only when there is a problem because we can "pre-decide" what to do in the event of a problem after three years we still use contracts. He says …if my client visits my factory, he has a *kimochi* about the factory and about me. And if we share trust we can change things, we can change (even) the contract".

Shigehisa says "in the olden days retailers always sold at the manufacturer's suggested price. Today retailers want to be free to sell at any price. Therefore contracts are demanded by

them. This gives them assurances in the event the manufacturer may not be able to provide the necessary quantity of product. Consequently, if I the manufacturer wish to sell a lot then I am obliged to offer a contract".

Mr Yamamoto Hideki defines trust building as a matter of establishing *hinshistu* (quality control), and *nohki* (delivery as promised). He feels that large Japanese companies in their desire to adapt to the West are discarding "old ideas and good things". He champions returning to traditional ways and thinks that education is at fault because these values are not adequately taught in schools. This situation is *hazukashi* (shameful). Some further values that should be reintroduced according to Mr. Yamamoto are: *seiketsu* to make 'clean, pure and virtuous', *seiri* to put in order and maintain order, and *seikon* to put one's heart and soul into something? These concepts come from Japan quality control which in turn comes from Japanese daily life. Thus, Nissan having instructed their line workers to perform efficient hand/arm movements were able to save 0.1 seconds per iteration according to M. Takemura.

What Japanese-raised child has not heard the ever-present instructions from mother to "*seiri shinna sai"*, put your room in order! And yet the term *seiri* implies a spiritual perspective as well. And all these initiatives he thinks are lacking in new employees and in companies and thus weaken the notion of trust. One further addition necessary to re-establish trust among employees is the *shushin koyoh* (guaranteed employment up to a certain age) or *nenko* (salary grade based on seniority). Building trust among employees is a matter of the *naibu* and is part of *roomoo kankei* or labor relations. *Joshi bukka* or drinking with the boss - Yamamoto says that this practice was prevalent up to some twenty years ago but has today died out. Thus, today salary increases with performance and young workers don't want to feel obliged to "go out" with

their bosses. Hence, he says “today; self and independence are the mainstay… the Kyushu teachers and parents still possess old ideas.

Mr. Yamamoto contends that the normal use of *ukeyosho* (or *hachusho*) is *atarimai* (normal) and is a sign of trust. Regarding trust building between manufacturer and dealers (B2B companies that buy wiring devices); Yamamoto says “Denko was good with dealers”. He says “our relations were *chikai* (close) and we had good *tsukiai* (business relations and atmosphere) and thus we could talk easily with them. If our Matsushita Denki (consumer electronics division) clients were large *ryohanten* (consumer electronic discount stores) then our relations become more dependent on price. And this was because we faced more competition for their business. Thus the relations were based less on human relations and more on price.

Mr. Teshima has a dual approach to the question of *shinrai*. He makes a distinction between corporate shinrai and personal shinrai. He says “We have long established customers especially in B2B therefore there is already some trust existing between companies. But individuals need to be “checked out”. Our company works with trading companies (*shosha*) who in turn sell to customers which we the manufacturer do not deal with. We issue a *kihon no keyyaku* or general contract which stipulates terms and conditions, product line, price delivery etc. But the hachusho remains the normal device for transactions. In Japan customers are demanding and ask for many things therefore a contract is insufficient. I don’t think our foreign experience has changed my sense of shinrai.

Mr. Yamaguchi of Sangetsu Company, manufacturer of household furnishings explains how his firm develops trust is developed with their suppliers. “Our corporate credo is ‘integrity or in good faith (*seijitsu*)’. Over the years Sangetsu has developed in good faith the Japanese suppliers step by step by performing every oral promise (example, payments, promotion of the

volume of development items, guarantee of the purchase amount). Sangetsu develops new Japanese suppliers by making persistent efforts". With regards to trust development with customers; Yamaguchi says "most of Sangetsu's direct customers are small businesses, interior shops or constructors, we perform … promises example; in terms of payment, delivery system, procurement of items stock, assortment of items, the sample book as sales materials...) Sangetsu's delivery system is very unique, JIT. Sangetsu has established logistics bases in Japan and set up seven big stores rooms in Japanese main cities".

Mr. Ishii, banker with Mizuho Ginko describes trust in action thus "I manage a six person team. Trust level required is a function of the task-at-hand. I determine the level of output and performance necessary for the task and I choose the appropriate person. I study that person's *ningensei* (humanism and competence) via his or her *kosei* (personality report). I also study his or her *hyoka* i.e. personal performance. I also integrate his "outside work characteristics" (how is his/her behavior during holidays, during after-hours drinking and dining etc...).

Ms. Yoshinaga, PhD., of Riken KK tells us that to ensure trust with suppliers she "makes multiple visits and personally studies the people of those firms. Contracts are needed but bad people will still do bad things".

Fritz Leonhardt addresses trust thus: "dealers were a buffer between us (importer) and the dealers' customers. Dealers handled payment/credit risk issues, that is, they were creating trust. They were part of a trust organization. Dealers would give us a "guarantee" of about 10% but this was just a formality. We did not pay our suppliers until six months had passed. This is trust. When we would ship to dealers, the dealer had not yet even shipped to their clients and thus had not yet even been paid by their clients! Now, if dealer's customers went bankrupt, that

dealer would not come to us for help. The dealer took care of the problem. This would occur at even the sub-dealer level".

Leonhardt continues "contracts were unheard of... everything was built on reputation and trust. When the Japanese say "it will be ready on so and so date; it was ready! We paid a little more but the quality was better and you could rely on delivery. This was the "we can do it, the 'service thing'. These things were all investments for the Japanese. Success was through trust". On the notion of "service", Leonhardt says "European customers purchased product in large quantities so dealers were not necessary. In Japan, the lots were smaller and dealers performed all related tasks as a service. This 'service' also meant that a rep would show his face to the client often although there was 'nothing to say' and the dealers would 'keep track of this'! Finally, Fritz Leonhardt says "despite the world economic crisis, the world invests in Japan; in other words, 'Trust Japan' is on the macro level. Invest in yen, keep your money in Japan (although it bears no interest) because it is safe... you can trust".

Sorab Wadia's view on trust is straightforward. He says "We have trust in Japanese business... The companies I work with have a history of relations... I am protected in Japan. You work with people you know, people you trust in. There are no signed documents in Japanese system.

Martin Willweber says "The Japanese work to earn trust and trust to get work... It's simultaneous. I want to seriously build a relationship or *seiyo motte*; meaning "building of fairness". All this implies a cooperative and mutual effort to ...cover difficulties. In Kansai, you ask someone to fill in work for you and this work is not even theirs …! Therefore there has to be *shinrai*. Otherwise the (unthinkable) alternative would be to hire all the necessary people to ensure that everyone has work equitably. Then you could never be profitable. There is even

shinrai kankei (trust relations) between competitors. And this means not discussing secrets for example. Sometimes, we even tell the client! Japanese packing crews are the best. Pride in your profession is one basis for *shinrai*. In Kansai, we know each other directly or indirectly. We have an infrastructure and we need to be sensitive. There are boundaries I would not cross just to get business. We don't think that the type of aggressiveness displayed in Tokyo is authentic. Unless there is some basis for trust, there are grounds for suspicion".

Dave Wouters (referring to the Inolex case) sees the trust element as the single necessary connector between his U.S client, his Japanese hotel contact and Japanese customs. Thus in that example Wouters integrates; free extra work, relationship, trust and no written contract.
Mr. Y. Shoichi says that in his field of Public Relations he assigns work for about one month to an individual... "then I feel *shinrai* and only then will we truly start business. Will he be dedicated? We discuss budgetary matters in our early discussions to avoid over/under budget issues. And this is a result of foreign (U.S) influence. Now, if the work required is routine such as website management, design work etc. Then we don't need much *shinrai*.

Takahiro Katayama (Dentsu TEC) who deals with foreign clients says "We issue contracts for foreign clients. They change employees constantly therefore a contract creates *anzen* (safety) and *kizuna* (connection). In the past, we always had stable individual to individual relations. Sometimes we start with a contract but then we use *shinrai* or 'individual influence' but essentially the contract remains. Between Japanese partners a supplier might say that his work output is worth say, 100 000 yen and that he would not be able to do more for that sum. Yet on an individual basis we want to maintain "*shinrai*" and he will do actual work worth 150, 000 yen with the expectation that someday he would receive more assignments. But this

difference if 50, 000 yen he does not view as a risk. He willingly does the extra work to build trust".

Another example Katayama cites; whilst Katayama and B have no business, Katayama will connect with the potential collaborator so that a third party could be introduced into a potential project thus enabling the development of shinrai between Katayama and B as well as between all three parties. Professor Toshimitsu says "in Kagoshima, *kao awasé* (face to face) will continue …not only one on one but relations spread and network and all are connected. This is *shinrai*"

CLUSTER OF CATEGORIES (KEY WORDS) WHICH IMPLY DEVELOPMENT OF TRUST

Hachu, PlusAlpha, Johoo Kookan, Giri Ninjo

Certain activities or cultural values appear to be relatively more closely associated with one another during that time when products are being purchased or sold i.e. during negotiations. Thus if we were to say that the issuance of a *hachu* were the most significant act representing success, presumably enjoyed by both partners, then the asking for and receiving a plus alpha and *johoo kookan* would be next closest. This is not to say that every *hachu* is accompanied by a plus alpha and/or *johoo kookan*. What is clear is that universally speaking the three elements coexist. Assuming negotiations to precede the issuance of a *hachu*, that element closest to negotiations stage rather than the execution stage *hachu* would be *johoo kookan*. This activity is solicitous in nature. One gives or exchanges information with (or without) an expectation to enter into a commercial engagement.

On the other hand, plus alpha falls squarely in the category of transaction execution. And again, no data exists which would determine what percentage of successful transactions are associated with the occurrence of plus alpha. Whilst *johoo kookan* activities appear to be for more prevalent, *plus alpha* appears more limited in practice given the penchant the Japanese have for long term relations; it would be out of character for a buyer to ask for a plus alpha concession frequently. In fact one would venture to say that plus alpha would be asked for one time and would be applied indefinitely for the life of the "contract"; contract meaning life of the agreement, explicit or otherwise.

The *hachu* then necessarily is that instrument within which the plus alpha concession has been integrated. The *hachu* reflects the basic final price agreed to. Whilst it has been argued that plus alpha falls into transaction execution (discounts or concessions); we see examples of plus

alpha being used as a tool (as in the care of *johoo kookan* to solicit business. The data suggests this practice to be less prevalent yet it is unavoidable and deserves our attention.

Interestingly the terms service and plus alpha are often used in the same context. However some measure of precision may be useful. The term "service" more often than not is uttered by the seller to the buyer and this oftentimes in a retail environment. Thus the seller is thanking you the customer for business received. Yet the term *plus alpha* is a B2B terminology and it is the buyer who would be asking for a *plus alpha*. The seller if he is willing to affirmatively respond to the request would do so without by direct reference to the specific concession; price discount free product or other favorable terms and conditions. It is odd to note that whilst the notion of service takes enormous importance in Japan; it relies on the English language to make its existence known. The term *omake* (discount) is today not as popular as it once was. Thus the notion of service/plus alpha connotes on one hand something desired by buyer over and above an agreed-to situation and on the other hand it is something offered by a hopeful seller free of charge to obtain to obtain a piece of business.

To the uninitiated this practice could be construed as an indication that Japanese business persons lack decisiveness or a sense of finality in the course of transactional activity thus, fuelling stereotypic attitudes that working with Japanese is frustrating. Yet given the fundamental context of "no contract", this practice makes sense and even more so when one considers its dual function; a device to request better terms and conditions or a device albeit unsolicited, presents the hopeful seller as a very interested partner willing to invest at risk to self.

Thus, if seen strictly as a means to obtain future business Wouters, Kan and Wahib have denoted; it boldly sends the message "I want to work with you and I am willing to invest my time and energy to demonstrate that willingness". But deeper within is that ultimate objective

which is trust-building. Hence, rather than a logically contracted sales pitch highlighting product attributes presumably beneficial to the potential buyer; hopeful seller simply performs work and offers it. Driving the logic of this process to completion, one could argue that the recipient coming from the same cultural background might come back to the seller at some point time with a positive response based on genuine business need and in response to a feeling of moral obligation or sense of reciprocity.

Let us consider a different perspective; that of plus alpha from the buyer's point of view. Given that plus alpha request might be satisfied by various methods, e.g. price discounts, extra inventory, favorable financial terms; it would seem that the very mention of plus alpha signifies a general unease with the agreement. If the asking side finds it difficult to voice his displeasure openly and cloaks this reticence behind a *plus alpha* coded expression then the expectation is that the encoded message received by seller is understood albeit it being vague. What concession indeed is to be given? Here the onus is on the seller for he is expected to read the other's face and feelings. And once again as Shigehisa says "the unwritten is known" or as Yamamoto refers to *isshin denshin*, as an intuitive and simultaneous response to a question or thought.

Clearly the practice of plus alpha demonstrates the absolute denial of the notion of 'contract'; a device created to define limits and sanctions in the event of transgression of limits. *Plus alpha* remains profoundly on the human level despite its application in the business environment. Thus the business environment is a human one. Whilst the material representation of an acquiescence to offer plus alpha might be material; the form and style of the request is strictly human and quite Japanese. If it were not for the fact that the request and subsequent offer of *plus alpha* were arbitrary, one would be tempted think of this practice more as an expected ritual than anything else. Note, not always are concessions asked for and when asked for do not

necessarily always anticipate a favorable reply. Almost surprisingly we see cases where the approach to a plus alpha situation is "cut and dry". As Mr. Teshima plainly says that he prefers a buyer to clearly state what "information" he desires; "information" here implying an act of *plus alpha.*

Giri ninjo are value sets which play a slightly indirect role within this cluster. In brief, *giri* denotes obligation and *ninjo* compassion, otherwise; duty versus heart. Japanese literature abounds with examples of this tension and subsequent difficult life choices often resulting in pathos. It is that guiding principle which is ever-present but not necessarily "called upon" each and every time when buyer and seller interact. Since it is a measure of "who owes what to whom", it need not be exercised, for example, between strangers during the early period of relations building or negotiations. Whilst today's Japan might not exercise overtly talk about *giri ninjo*, it is practiced and some of our practitioners were quick to offer examples. Thus, Bruggemann relates *giri ninjo* to the notion of trust and mutual help. That is, the notion is grounded in trust. Teshima says that he was "born into it" and practices it. Uebayeshi plainly tells us it is part of Japanese psyche and cities examples from the devastation of the recent major earthquake. Yamamoto Hideki alludes to *giri ninjo* via "unwritten practices" and relates how some companies today will still lookout for the economic and general needs of employees. Thus, *Giri Ninjo* is probably not as pervasive and active an element, but is connected albeit tenuously to the more "material" structural components of trust, i.e. *hachu*, *plus alpha* and *johoo kookan*.

What is interesting here is that there are connections at all because the *hachu*, *plus alpha* and *johoo kookan* are more results than otherwise, deriving from values such as *giri ninjo*. Hence far from being flimsy as this seeming tenuous connection would have us believe, it is perhaps quite the opposite. *Giri ninjo* lives then very much in the general daily lives of Japanese

albeit its specific application in every business transaction analysis is limited. Carrying this further, one can say that the term *giri* on its own is heard often in Japanese life, that is, one is often indebted to another generally in daily life and not specifically in a commercial environment. The notion of *giri* runs deep and is in fact a foundational cornerstone of Japanese society and behavior. An argument could be made that given the Japanese company to be an extension of family; *giri* if not *giri ninjo* would then quite naturally be exercised in corporate life.

On

Another profoundly Japanese value is that of *on*; that sense of repayment due. Here again is a purely social if not common driver within Japanese life. As understated and banal as it might appear, in reality it is a monumental issue and appears to have more applications in the business lives of Japanese employees. Nakayama and Kan tell us they practice on and Bruggemann again connects it to the notion of trust. Whilst Nakayama sees on as a necessary element in the proper functioning of "relationship"; Kan specifically connects on to *giri*. He explains that a supplier, that is, even at a loss. And this is done to adhere to a principle referred to as *kazu wo sorou* (align the correct quantity). So the supplier may have lost money for a certain percentage of the product he has to make a special effort to secure for his client but he will have created a state of giri on with Kan. And most certainly this debt will be repaid at some point in the future.

On must be paid. Nakayama relates how he saved a partner company by extending an advance and for which this partner accepted the on. This act on his part and expected acceptance of the obligation by the partners are simply part of relations or *tsukiai* according to Nakayama. *On* possesses many facets, some even surprising. One imagines that a suppliant in asking for something and having received that something would in all probability 'owe' i.e. having incurred a debt needs to repay that debt. Yet when examining Kan's example of his supplier ensuring inventory for his client (i.e. for Kan) and this at a loss; Kan the customer incurs the *on* and is obliged to repay at some date. Kan was, in this case, not a supplicant but the customer. And the supplier on his own free will find a way to locate the necessary quantity required by the client. Yet it is Kan who takes on the *on*. One could argue that the counterbalance to Kan's *on* is the

supplier's sense of *giri.* Clearly, some powerful driver is at work here. If the quantity is expected and a supplier for some legitimate reason is not able to come up with that quantity, he could most legitimately make a case with his client. But what drives the supplier to take extraordinary steps to ensure the promised quantity of product? Professionalism you would say. But somehow that word pales next to *giri.* If professionalism is a mode of behavior as in business, then *giri* would be a mode of living, a philosophy of being…hence more profound than its application as in the business world. *giri* touches the very core of Japanese life. It is simply part and parcel of that which constitutes Japanese being.

Thus our supplier to Mr. Kan, in a sense, could not help but find a solution. As Leonhardt says when Japanese promise to deliver, they deliver. Be that as it may, reality is such that indeed that supplier had not come through with the expected quantity. However, we can rest assured that every possible avenue had been looked into and even then he would apologize for not having been successful.

Given a "no-contract" environment, the Japanese rely on self as a guarantor of performance; be it purchasing obligations and/or delivery obligations. There is no separation between the individual and his company. No place to hide. This raises further questions. Does the individual feel *giri*; corporate *giri*? Or is it individual *giri* that he feels? Employees identify with their employer company closely. Our question is perhaps "moot"; yet the younger generation of workers might opt for "individual" conscience and *giri*. We have here a profoundly human, very Japanese, mechanism at work and applied to the business transaction activity. Here is a cultural element found in every strata of Japanese life and quite comfortably adapted to business needs.

Thus in perhaps the final analysis there is yet another factor in play; i.e. equilibrium. There must needs be a balance between *giri* and *on* and one might ask, who or what is the arbiter of that balance? What if any, is the metric with which one measures the "t" account, the balance sheet? If nothing is written and nothing is formally monitored then what is in play? Self-monitoring or mutual monitoring; an almost intuitive behavior, every person understanding each other's roles and responsibilities. An independent course of action yet collective in its application is apparent. Given the Japanese penchant for group thinking and action, the collective - an abstraction becomes the arbiter. For on to exist, there must exist a *giri* and vice versa. And the metric of intensity, albeit qualitative, is real and constantly in motion. It is not relegated to paper and pen, documented and brought to light in the event of a problem. The *giri* and on are created, felt and kept in the self- always present. If equilibrium is an operative word, then harmony is yet another. At the risk of losing our thread, suffice it to say that relations, human relations building, we have said is a desire, *a priori*, to developing business relations. Thus, is equilibrium expected to result in a 'no-loser situation'?

Kimochi, Aimai

Whilst the banal translation of this word might be "feeling", there lies a deeper and near-untranslatable meaning of kimochi. Ki refers to the "inner" and "essence" of self, thus when joined to *mochi* (from *motsu*, meaning 'to have'); *kimochi* is something (a feeling) that comes from my being. Scholars will continue to study and ponder this very Japanese concept. But of interest to us is its application in real life.

As earlier discussed by Arimura Shigehisa and Teshima; *kimochi* plays an important role in management. Always in the general context of relations, it cements and bridges people such that important actions result there from.

Arimura builds a factory because in part of a *kimochi*. Shigehisa invites a partner to visit his factory to develop a "feeling". Teshima tells us that *kimochi* is not rational and is co-joined with aimai. And a slightly different interpretation of *aimai* is offered by Kamizuru who says that in the world of contracts (presumably occidental world), "*gomen gomen*" (sorry!sorry!) would not be accepted. And he says that this "*gomen gomen*" is another example of *aimai*. In so many words errors can be forgiven in the Japanese context but not so in the occidental world.
Here we have another layer, another qualitative ingredient playing a support role towards that overriding objective of developing human relations and trust. It connects with *giri ninjo* as another element in and of its own yet melds into the former, despite its being 'aimai' and ambiguous.

Thus, if *kimochi* is vague by definition, belief in it is hardly vague. Without the right *kimochi*, could Arimura have built his factory based strictly on hard-nosed facts and data, i.e. a

strictly business plan? Interestingly, no mention of profitability was mentioned by Arimura which, of course, is not to say that he would have built had the forecasts been negative. Presumably his forecasts were positive but what is significant is that his desire to build is predicated on the positive *kimoch*i and *en* he held. This 'feeling' issuing from his very core appears to be the driver as well as sustenance support for his plans; a complex integration of objective facts and figures, business hard-headedness and a purely psychological, if not ambiguous element and rationale. Shigehisa desires a potential client/partner to visit his factory in order to develop a *kimochi;* in this case obviously a positive one, to see his product and believe in the person (in him).

Clearly, this is no banal feeling or sentiment at play. It is as it were one means of affirmation. If I possess a certain *kimoch*i about a thing, person or situation; I affirm with my whole being that which I sense. Hard to translate, *kimochi* denotes a psychic place; a belief somewhere between an occidental objective proof and Japanese intuitive subjectivity.

SCHEMA – THE PRINCIPLE CONNECTING ALL ELEMENTS (WITHIN THE CONDENSED SUMMARIES AND CLUSTERS OF CATEGORIES) TO THE PERSONAL HISTORICAL PERSPECTIVE

The preceding chapters identified summaries of respondent narratives and clusters of categories with their respective narratives. What is expected to emerge is a schema; a principle emanating from the data and holding everything in place which would allow me to relate this paper's story. Additionally, this chapter will present a personal and historical viewpoint in support of the schema.

Perhaps the single most discernible observation is that the term, shinrai, in and of itself appears to invite the broadest range of comments from all participants. It stirs the passions of Japanese and opens a Pandora's Box rife with commentaries. We have carefully tracked multiple nodal points issuing from key concepts and seen their interplay; from an indirect supporting role (in building an environment favorable to transaction activity i.e. relationship building) developing into an environment of trust expression; the cluster categories consisting of the *hachu, plus alpha, johoo kookan.*

In a preceding chapter we have noted the multitude of perspectives (narratives) on the dozen key concepts most often referred to. That concept underlying all those perspectives is trust itself and the latter is firmly grounded and looped back on human relations building. The notion of trust is primordial to the Japanese and it appears to override everything. If the building of relations is natural and practically subconscious; it may be true to say that a close second would be the building of a trust relation.

Thus, the schema could be stated as: buyers and sellers engage in activities to create the best possible opportunity for trust to take root. This process in and of itself is composed of human relations and trust building. Tangibly this means engaging in meetings for meetings sake, evolving into meetings whereby information is exchanged, to meetings during which a hachusho is offered in conjunction with service plus alpha. This last step denotes that a state of trust exists

between buyer and seller. Noticeably, human relations and trust building are themselves supported by a vast number of interconnected cultural values which are often not discrete and flow into one another.

The schema reveals further broader observations regarding the process of trust building. Firstly, the Japanese ambivalence towards occidental values and the latter's application in the world of business and specifically, transaction activity. Secondly, the surprising strictly non-business, purely cultural and human ways and means applied to buyer seller transaction activity and thirdly, the total buy-in by Japanese and resident-foreigners alike of this notion of trust.

Occidental values have little if no place in buyer seller transaction activity. The notion of the occidental contract is explicitly avoided, discarded or treated with disdain. And yet it is employed when engaging a non-Japanese partner or when that partner requires its application. Consequently, transaction building Japanese-style must necessarily be purely cultural in outlook, construct and outcome. The business-related end of trust building is fully dependant on a process which is non-businesslike and strictly cultural and in our case, limited to Japanese culture.

Lastly, resident-foreigners with no exception practice Japanese buyer seller relationships and trust building indicating no areas of conflict as foreigner qua foreigner. Thus, any suspicion that a Judeo Christian or occidental base of thinking or background might be reason for possible conflict with Japanese practice is definitely quashed. One is tempted to think that the Japanese practice is somehow universal if abstracted and therefore could be exported out of Japan. But we know from experience that the Japanese practice in *toto* simply does not work outside. Yet, certain specific Japanese applied manufacturing practices such as JIT and *kanban* have indeed been exported. Thinkers such as Y. Pesqueux have demonstrated this point profusely.

We have seen how trust establishment is rooted in human relations building and noted the various components of relations structure and trust manifestation. We have tried extricating a theory from our empirical data and observations but fell short. The IMP Theory is best suited to explain occidental organizational buyer seller relations. Indeed, that is precisely its intention. And yet the IMP Theory has served an unexpected purpose. It has helped to show the vast chasm between a Japanese buyer and western buyer seller relationship. But this study whilst conclusive in terms of its specific objectives has naturally created a craving for more; that is, a desire for a vision on another level. We need to contemplate the trust matter on a higher plane and broader context.

At this juncture a personal interpretation is suggested.

There are various factors which have contributed to our reality. Firstly, the abrupt transition from a too long feudal period to modernity and this modernity we note was an occidental one. Secondly, World War II and its aftermath had enormous impact on all things Japanese. Understanding and appreciating these two factors would satisfy that craving "for more"; a schema that would unite all elements historical and human such that we would appreciate "trust" in the light of socio-historical events. The long feudal isolation of Japan came to a crashing end with the restoration of Meiji.

However for our purposes what is intriguing is that Japanese feudalism was transformed into a quasi-occidental liberalism; from two hundred years of class servitude and absolute loyalty to warlords into a strange admixture of sovereignty, ancient bureaucracy and western notions of division of powers and people's rights. The old Japan pristine yet uncultured rushes headlong into an occidental model of thinking. And it is here that the initial and perhaps beguiling impact is felt.

West European political systems are studied and rejected for one reason or another by the nation's leaders. And we must remember that the architects of government are former samurai whose international travels often were focused on matters military and whose mindsets were Confucian; odd bedfellows all who would build nation but build they did. We have a clash of metaphysics; Japanese ancient versus European enlightenment, a group-centered culture and civilization suddenly asked to embrace individual rights and liberties. If lords meted out justice in the past, then now, an impersonal body laws would take on that role. Interestingly we have here the Emperor Meiji himself personifying progress and desirous of in applying western ethics to his government whose leaders despite their brilliance and forward thinking were, in effect, old-school Confucian. But they did succeed for today Japan is touted as an exemplary example of democratic success in the political arena and in modern business. The much forgotten aspect is the contradictory feelings the Japanese harbor; ancient Confucian sentiment and occidental viewpoints on tangible matters and the practical. Thus this tension is part of Japanese psyche and therefore embedded in the Japanese soul of today.

It is remarkable that Meiji restoration or revolution embraced the very opposite of philosophies. Japan did not suddenly go from feudalism to a new progressive Asian modernity but rather an occidental one. It is almost unimaginable to ponder what Japan today might be had this not occurred. If tension exists then certainly all Japanese thinking and acting would be imbued by this. And so would matters of relations, contracts and trust be so imbued. And yet practicality and pragmatism always wins in Japan; thus "things western, Japanese spirit" reigns. And here is where early on we see Japanese templates placed over overtly uncomfortable issues. And contract is substituted by a, some would say, watered-down version of the same; the purchase order. And such an act requires a familiar and tested tool of implementation; trust and

relations. Thus if we strip away all values and abstractions we are left with indeed, the thing itself, the product, the technology, a process all easily importable from abroad. Thus, Meiji Japan satisfies its ravenous hunger for things western and this with apparent ease. The tension is hidden.

Now in all fairness to the leaders of Meiji, it must be mentioned that enormous progress was made then. They took Japan, a nation of artisans and suppressed peoples, headlong into the hustle and bustle of the 19th century and 20th centuries. Railways, blast furnaces and ladies' French dresses and designs rapidly entered Japan and were eagerly consumed. Japan had inadvertently proven that it did not have to be occidental to be modern. And this recognition would become an integral part of the Japanese mind set into the 21st century.

This odd perspective of "things western, Japanese spirit" logical in its historic setting would appear and reappear in Japanese industrial development. As late as the 1980's I recall a Japanese executive say "sell me the brand (which happened at the time to be Vittel) and we'll fill it with Japanese water"… an innocent or perhaps not so innocent statement but nevertheless indicative of a wholesale lack of understanding and appreciation of the true meaning of brand albeit an occidental one.

If technology and industrial importation was successful, can the same be said of philosophy, political science and sociology? And what of theology? Educators from the west did alight in Japan but this was not a question of colonizing a country. Educators were invited to teach whilst admittedly missionaries were more overt in their expression of desire to proselytize. If Japanese leaders went to the West to learn political systems, this was not an exaggerated desire to see foreign politicians expounding the virtues of European democracy. Yet despite what would appear to be a contradiction, Japanese leaders imbued in Confucian ethics diffused

occidental political theory. The seeds of democratic thought were planted in indelibly in the Japanese fabric. Thus, notions of individual rights, individual ownership and contract law found engagement to a certain if not large extent in Japanese life then and today. The tension earlier mentioned is apparent in the few examples of contract-use by some respondents. And if we study their narrative, these appear somehow haphazardly and always with some regret. And in most cases these revert back to tried and tested Japanese solution, that is, use of trust and the hachusho or Purchase Order.

The Second World War and its aftermath continue to impact Japanese society. From zero contract with the outside world during its period of isolation (although in truth there indeed was contact of a minimal nature) and this for a long period of time; far longer than other countries experiencing feudalism, to a headlong dive into the occidental modern century, Japan endured yet another violent monumental event; World War II. To put matters in historical perspective, it is significant that this war took place when it did. Japanese military adventurism had been going on from as early as the late 19th century with its forays into neighboring China and Korea. In fact the opening of Japan to the outside world was heralded with similar military interventions.

Thus Japan experiences nationalist expression within and without, while the captains of industry busily build businesses and finance wars. What is noteworthy is that the leaders of that period and who laid the ground work for the second World War are members of old Japan, that is, the Meiji oligarchs and these we know as bearers of Japanese traditional thinking ; Confucianism loyalty, emperors as divine and so forth. As a consequence of what some intellectuals might see as a series of tragic historical events, we note one colossal error in the sometimes logical unfolding of historical events in Japanese history. If colossal error but with equally grand consequences, the likes of which had not been experienced in Japanese history. If

Meiji thrust Japan into occidental modernity, then World War II ushered Japan into an American century. In a matter of a little more than three quarters of a century, we see Japan not quite decided on its public and worldwide countenance, thrust again headlong into another brave new world and that of its enemy. For if the old sages in the early 1900's would hark back to the days of Meiji and old Japan; they would now be the grand old men admonishing the younger rebels just prior to the war. Thus we have a neat transmission of values but what extraordinary messages might they have had?

The defeat of Japan of the war allowed for the wholesale importation of American political thought, social democratic philosophies and that inevitable single and monumental phenomenon; American products and business thinking. Still today when old and young debate Japanese affairs or simply express nostalgia; opinions and comments are grouped by whether the speaker by date of birth is "pre-war" or "post-war". Thus the "pre-war" people think a certain way and the "post-war" people another way. Usually as can be imagined the pre-war "old" people cling to the old values and these include the twelve key words earlier discussed in this paper. The expectation is therefore that the younger generation must necessarily have a set of values that are new. And here is where the difficulty lies. What is touted by the young to be new ideas when examined closely appears not to be truly new but are rather refurbished old ideas or old ideas given new application. And once again the Japanese are very good at this. They will have changed something and adapted it to new use. In the intellectual life we may see signs of change; a little more emphasis on personal rights and freedom, women's rights and interest in things foreign. But note in the latter case, Japan has always been interested in things external.

Consider what it must have been like after the war to have governed or to have lived an imposed constitution, one which was foreign in nature and had been drawn up in a matter of

weeks by the Occupation officials after the end of the war. This would in one fell swoop eliminate practically all known and recognized artifacts of the old government and way of life and tear existing social fabric. Were the old sages from the Meiji Era all wrong? Did only the militarists lead the country astray? The post war pundits would say that Japan needed a true renaissance in the form of real political change to an American-styled democracy but this belies a more complex issue. If change is "really real" then with it must necessarily come a whole host of tools and values necessary to living life in a western democracy? We have seen that change has certainly taken place. But those tools and cultural devices are surprisingly similar if not the same as those from pre-war days. The young generation is saying things in one fashion or another but their behavior is at its fundamental core the same. Here we are again confronted with a metaphysics and a peculiarity of Japan.

Adaptation is constant but very adroitly never at the risk of losing essence. Thus, the pre-war and post-war generations meet on common ground for both recognized what those commonalities are. What better evidence in support of traditional (i.e. non-American) ways might be offered than to know that a surprising number of the post war generation pines for the "olden days". And we have heard the narratives of our younger interviewees during the course of this research. But a closer examination of the "olden days" reveals some very hackneyed and popular issues worldwide, e.g., respect for teachers and elders, sense of communal duty and so forth. Yet in Japan, fundamentally speaking, the split is often on the matter of expression of individual freedom or what amount of freedom is permissible in Japanese society? Going back to the "old ways" inevitably means more obedience, and less personal freedom.

Thus the post war mindset came of age within the confines of a dying prewar sentiment and enforced American model of society. In effect we have tension between loyalty, obedience,

personal subjective tolerance versus the impersonal external rule of law, and guarantor of rights and liberties. Ultimately we have two types of young executives representing the post war set; those who have a penchant for traditional values and those who while appearing to embrace the more liberal American model still find comfort in the old ways. But we are reminded that even this latter group must certainly entertain in some part of their soul that remaining carry-over from the culture of the Meiji days. And what better evidence of that than the continued reverence displayed for the Emperor representing an eternal link from mythology to the present and all things Japanese.

HISTORICAL INTERPRETATION

We have seen in the last chapter that trust emerged from within clusters of values. Similarly, we have studied the different clusters, the particular composition of each cluster and their specific subsequent emergent. These phenomena and their delivery in orderly succession are particular to Japan and specific to trust development.

Japanese history has much to say about trust in general and in its application in contemporary buyer seller relations. In addition to the aforementioned method of trust creation in the business environment, we need to approach this matter through another level; a historical perspective because history's mosaic of human activities specially provides rich texture and fresh interpretation of this Japanese phenomenon. It should offer greater understanding how trust is located within Japanese culture and in the Japanese business world.

Certainly the sharp focus on trust as a means of binding buyers and sellers are most easily observed today given the obviously large number of transactions and case studies available,

while the feudal period enjoyed far fewer observable transactions. Yet on the other hand, it was during the feudal period that cultural values took on a certain importance despite the fact that trust as a single value may not have been so pronounced. Communities were as in the case of Europe divided into villages and people enjoyed no movement. Powerful forces were at work and notions such as “inside” and “outside” took hold.

It could be argued that trust-building was a necessity within a predefined community, the village, in order to survive. Even more so when we consider that there existed a priori mistrust between members of a severely hierarchically structured society. Thus, the village mentality today is still very much the norm and trust is sought after not so much today as means of survival but as preferred means of business conduct between buyers and sellers.

Feudal Japan underwent radical change during the Meiji Restoration which ushered in modernization or occidental influence. Despite European partners into the Japanese commercial landscape we note a steadfast continuance of Japanese cultural thinking governing the conduct of commercial activities.

An overview of this chapter is in order. Perhaps two key observations can be made with regards to a historical treatment of Japanese management practice. Firstly, we note that overriding influence of Chinese culture and ethics in all things Japanese; daily life and commerce. And this presence will be felt throughout and up to present day. Secondly, if the fundamental cultural values governing the conduct of commerce had been established during the feudal period then, even though Japan had witnessed enormous changes in societal life styles with accompanying cultural values, the ancient values have not been not been substituted nor been replaced. Despite the ravages of World War II, cultural values of “old Japan” persist.

This chapter traverses particular periods of history to observe if and how Japanese management practices have evolved; always keeping in mind the central question how trust evolved. The Edo or feudal period witnessed the establishment of Confucian ethics, hierarchy and class systems, loyalty and the *bushi* (warrior code). This was followed by the culture of Meiji Period or pre-modern era during which management took on more formal structures such as *zaibatsu*, and the corporation. While the structure have reflected modernism of sorts, its management philosophy swerved back and forth between the old ways and values and the more recently introduced western practices. It is interesting to note as we shall see, that these upheavals took place within a sometimes dramatic political and economic environment. Japan due to its often aggressive behavior towards its neighbors suffered internal strife which in turn affected its business practices. Yet some traits rarely changed, for example, the notion of network maintenance, human relations, and the practice of *giri ninjo*.

We begin with the Tokugawa or feudal era which commenced in the 1600's through the 1800's up to the 1868 Meiji Restoration which in turn brought Japan into the modern era. As we earlier noted trust is fundamentally the ultimate outcome of a congruence of cultural values being played out during the course of management interaction between players. Consequently it can be said that these cultural values are themselves expressions of larger states of being and particularly true in the case of Japan. I identify three such phenomena which directly connect with the notion of trust. These could be personal human relations as the core philosophy and practice defining aspect of the metaphysics of the individual Japanese life, business or otherwise.

The second would be group of affiliation. Japanese places much importance on adherence or affiliation to a particular group. Hierarchy has always played an important role in Japanese nation building and management. Thus one's affiliation defines the identity of any one

individual. And lastly, I note the nature of social interaction in Japan to be non-adversarial. This aspect is perhaps the more complicated perspective of life in general and business in particular. In brief, this means that there needs to be continual never-ending process of conflict avoidance. The emphasis is clearly in preventing situations which could become conflictual. As can be imagined there exists enormous pressure in daily life to sustain amicability and good relations.

Thus, these three tendencies envelop all of Japanese life and constitute in part what the IMP theory would broadly refer to as "atmosphere and environment". In following the logic of the IMP theory as a possible "theoretical framework" to explain the Japanese practice, these Japanese pillars of social foundations and status of being would be the Japanese equivalent. And it is here where history serves my purpose.

We shall trace these foundational tendencies through the ages. What historical events might have supported these? Or were these tendencies likely to not have been affected through the ages? Thus, in review we can say that the Japanese interaction process is one which matures and becomes more complex, more intense and not necessarily in a linear fashion forcibly over time. The phases of intensity we have seen are composed of various cultural elements which at a particular moment produce a purchase order (*hachusho)*. And this moment we define as trust establishment.

What is noteworthy is that while cultural elements are being summoned (formation of "clusters"); this process is in fact supported by even stronger cultural pillars of social philosophy, e.g. personal human relations group affiliation and a system of non-adversarial social behavior.

This chapter looks at how certain cultural drivers such as group affiliation, hierarchy, education and law began to become part of the fabric Japanese society through history and so contributed directly, if not indirectly towards relations-building and ultimately trust. If Edo can

be pinpointed as to when many such values had gotten their start, Meiji might be that era when these matured into the full panorama of international trade.

The Tokugawa Era (1600-1868)

This era has special significance in Japanese history due to several major events, e.g. establishment of peace, decline of the old samurai ways, establishment of a merchant class, educational, financial and legal systems and a weakening of anti-western sentiment. Despite Japan's self-imposed isolation the country witnessed a growth in prosperity. Tokugawa's policy of retaining *daimyo* (regional leaders) in Edo encouraged the building and maintenance of roads. This in turn encouraged trade and the appearance of wholesalers (*tonya*). Consequently, hitherto inaccessible parts of Japan, i.e. villages were connected more or less to the mainstream. Government philosophy was fundamentally Neo-Confucian which championed the classic hierarchy of relationships and encouraged self-development of morals. Thus, whilst trade transactions were guided by various codes and edicts, merchants were held in lower regard than the samurai. The samurai still enjoyed respect and status as moral leaders yet found themselves in need of pecuniary support from merchants.

Neo-Confucianism's emphasis on learning helped the country in its development of education and various schools were established and significant sectors of society had access to them. Lucien Ellington in his article " Economics in world history: Two Success Stories " (2012, p. 89) says that by end of the Tokugawa period there were some 10,000 *terakoya* (temple schools) ... And 40% male and 15% female were literate.

Another perspective on this subject of education is illuminating. Education within the merchant houses meant first learning of etiquette followed by particular disciplines such as

accounting and the business itself. Japanese trading companies today continue to maintain that tradition and many young females are known to seek employment to receive the appropriate education. The reputation of the well-mannered and polite “elevator lady” working in Japanese multinationals and in major department stores is not an accident.

The evolution of Japanese law is interesting. A visitor coming to Japan is undoubtedly struck by the apparent lax application of law in daily life. So many issues which normally would be resolved in a courtroom are most often settled through mediation and out of court. And there are peculiarities. The Japanese criminal justice system produces confessions and convictions at rates unheard of in the occident in a system which relies on mainly successful prosecutions. But how did this come about? Again, we go back to the Edo times when the vast majority of the population lived in villages which by and large exercised self-management.

Alex Y. Seita in commenting on John O. Haley's book "Authority without power: Law and the Japanese Paradox”, Oxford Press, 1991 makes an interesting observation. He says that mediation in settling disputes works effectively and the prevalence in Japan of ongoing interdependency relationships lowers the likelihood of litigation". He explains that in the case of criminal justice matters, the "victim's forgiveness of the criminal... increases the chance of efficiency and together with victim compensation - reduces public demands for punishment... another important characteristic of law enforcement is, paradoxically, its absence. Informal social pressures exerted by society at large and ... family firms, friends, "have a powerful influence on controlling deviant behavior". (Seita, 1991, p 242 & 247) We see some if this in the research narrative; buyer and seller negotiating a transaction in which one and/or the other feels or shares "shame" in the process.

Seita identifies more examples from Haley to illustrate the notion of "informal enforcement". Thus, Haley reverts to weak law enforcement in the case of debt collection. He believes that is so because the debtor's trustworthiness is crucial such that the debtor's affiliation members would pressure the former to own up in the interest of the group's reputation.

The cultural mind-sets of leaders are revealing. Since samurai were by definition warriors and moral leaders, they exercised multiple roles during the early part of Tokugawa. They governed and were captains of commerce as well. Over time these became the new merchant class. Given their Confucian upbringing their commerce reflected that philosophy as well. This philosophical grounding was so embedded that we see traces of it through Meiji and some would argue, even into Modern times. It is during this period we witness the rise of the "Osaka merchant", a reputation which largely remains intact to this day. If Osaka and the Kansai area was commerce oriented, Tokyo was the seat of government. And this is still true today.

The government or *bakufu* by definition were interested in political management while wishing to control commerce in the nation. Thus Tokugawa is rich in episodes of negotiated agreements between commercial interests and government. Fear of imbalance between commercial and political interests reached such intensities that there were even attempts to curb the dangers of villages falling victim to commercial morals. Confucianism was well and alive. Seen from a cultural economic point of view we have an interesting warrior or samurai rice-economy together with a growing money-based economy. Similarly, the rice inevitably needed to be converted into money thus fueling the monetary economy. Noteworthy, as mentioned earlier this was a period marked by the beginnings of "law" for hitherto government was content to issue edicts. Thus the management of the economy was strictly a human management issue.

If Japan is characterized by the coexistence of the "old and new" this was already true in Edo times. Thus, if law was slowly being formalized, management was clearly family and loyalty-based. Thus, hired managers were chosen from the ranks of those who had received training since childhood, proven their loyalty and were treated practically as family members. Similarly, merchant houses in their decision-making process would hold "mutual discussion" so that "the opinion of even a youth apprentice … be made known to all staff …" (Japanese Yearbook on Business History, Vol. 13, 1996, p.128-129). This system of "mutual discussion" is reminiscent of DDI Company's Mr. Nakayama (ref. chapter on Analysis) who created the informal "Meet the President" in-house meetings; an open forum where employees voiced openly their displeasures and expected the President to pass judgment on disputes. Since everyone was involved in this mutual discussion and suggestions were put into writing; we see the early elements of modern day management utilizing the consensus method of non-adversarial decision-making.

If this era illustrates the transition and slow departure from feudalism certain cultural values were uncommonly strong and clear. For example, Bito Masahide says "the sense of commonality that bound individuals in Japan was based on their mutual affiliation with a particular group, the scale of that group could be expanded from the house, town or retainer band and beyond that to the nation … the sense of commonality in fact could transcend the state or ethnic group" (Masahide, 1991, p. 377-378)

In closing this brief overview on the economic life of Edo it is necessary to mention the incursions of the West. Popular literature relates Commodore Perry as the person that formally opened Japan to the United States in 1753. While this is true we note that throughout the long period of isolation there were various on-going trade between the Japanese and foreigners. The

famous island-port of Dejima in Nagasaki was one example of a permanent establishment permitted by the government. As a matter of fact Shoji Mitarai in his article "An exploration of the History of Cross - Cultural Negotiation" mentions the Americans first came to Japanese shores as early as 1791 (Mitarai, 2004, p.1). Thus we see early European contact with Japanese via Kyushu followed by multiple American attempts to form engagements. Similarly, Japan had had trading contact with Southeast Asian countries including Korea and China. Thus these exchanges were limited however extended over a long period of time but given Japan's geographic location and seclusion it was "adverse to interchange and negotiation with foreign counterparts" (Mitarai, 2004, p 8)

He continues and with regards to Japanese negotiations with the Americans says "... at the initial stage of negotiation with a stranger or strangers, as in common in Japanese practice, the instinct of the Japanese is to make every effort to sidestep any potential clash or confrontation, and to avoid what they see as a peculiarly American propensity to formulate general rules to cover specific cases... a certain Captain Kendrick on April 28, 1791 offers to sell sea otter furs but the Japanese, are unable to deal... until they have established a personal relationship. (Mitarai, 2004, p. 12-13)

Mitarai refers to parties talking to create an "atmosphere of community of interest" ... an immobility in the middle game ... (a) preference for establishing a relationship before getting into business relationships... deals should be completed by cooperating on an individual and personal level as well as between firms and industries". (Mitarai, 2004, p 15-19)

We note from the preceding that earliest Japanese contact with the outsiders demonstrate today's mindset and practices regarding relationships. Presumably, this would have been the norm during Edo days. Again what is remarkable is the longevity of that practice. We now turn

our attention from Tokugawa to Meiji Period and ascertain what changes, if any, Japanese relations building values and the notion of trust, have undergone.

Meiji and the Zaibatsu

The Tokugawa era prepared the foundations of an industrialized Meiji which enjoyed full access to the Occidental world of commerce and technology. Thus Meiji spanned the years 1868 up to the 1920's (Taisho) and early Showa periods. What indicators might we uncover which could illuminate an appreciation of those drivers of today's Japanese relationship-oriented trust-seeking buyers and sellers?

We are impressed by the great houses and clans which constituted today's well-known retail giants which in turn were the basis of the *zaibatsu.* Given that these all had a start as family businesses it would not be surprising to note their continuance as group-oriented independent entities. Yet as Morck and Nakamura point out, the Zaibatsu as a turn came into vogue during Taisho despite several of them having been founded during Meiji.

Interestingly by the very definition of *zaibatsu*, "a term replete with the ambiguity Japanese so admire", will spawn into the Modern Era, the keiretsu, "deeply flavored with the characteristic Japanese taste for ambiguity". (Morck and Nakamura, 2003, p. 374 & 438)

Thus, we find evidence of a cultural tendency on a macroeconomic basis. We observe the emergence of government directly in the affairs of private enterprise to the point of even establishing state-owned enterprises in the interest of industrial growth and political aims. If zaibatsu and keiretsu represented large combines; similar large family holding yet on a much smaller scale appeared in regional areas of Japan. What unites these large and not so large family

combines is their overt expression of allegiance to tradition and history. We find traces of this in the research narrative. Respondents working for large multinationals often integrated words such as "*keiretsu*" into their dialogue and smaller but dominant firms (*shochu* and vinegar makers, fish cake producer) inevitably defined their mission in terms of their geographic predominance and sense of duty to contribute to that local economy and to the rest of the country. What is obviously common is their sense of tradition, heredity and mission.

Nabyla Daidj goes further and says "… the cohesion of the *keiretsu* is based on a long term commitment between the main manufacturer and the other firms and on regular (formal and informal) relationships (supply chain, production, financial, commercial) between members. The economic logic is based on mutual trust and self-enforcing commitment …" (Daidj, 2009, p. 78)

One striking example is Morck and Nakamura's statement "... a general trading firm, or *sogo shosha* to transact better businesses domestically and to handle transactions with foreigners..." (Morck and Nakamura, 2003, p. 402). More than one of my research respondents mentioned that they would always revert to shosha if they needed to execute contracts (with foreigners) or were having billing/payment issues. Thus, we see a micro example of group affiliation and its precepts. *Shosha* have international experience and will take a local producer "under its wings" to resolve money related problems as well as act as a conduit for international market entry. And therein lays the bond between members of an affiliation. The small producer desires an avoidance of conflict (money matters) and leaves that issue in the hands of the larger trading company. Brought down to the level of individuals, trust still binds all players allowing the continuance of work in a non adversarial atmosphere.

Modern Era

The Meiji Restoration was instrumental in preparing the political landscape of Japan to openly invite Western technology and trade. We have seen that domestic commerce was firmly established through zaibatsu and thus the nation was prepared to take on the expected enthusiasm of foreign traders.

We now trace the development of Western exporters, FDI's and joint-ventures beginning in the early 1900's through the war years. And in so doing we try to observe cultural factors which affected the relationship building between nations. Sometimes these were obvious and other times subtle. The Japanese model is put to the test although we must say that the model itself is undergoing growing pains. Hence, this process lasting through the economic boom and recessionary years emerges into today's so-called Japanese management system. We expect to observe what cultural signposts survived and study why. The respondents from this research, young and old, will ascertain how culture works between buyer and seller. We shall see if and where trust is embedded in the culture itself.

The British armorers were one of the earliest trading partners with the Japanese beginning in the 1900's and enjoyed healthy equity positions of 5% to 40%. The Japanese navy purchased British electrically driven turrets for battleships. Yet by the 1930's physic distance and xenophobia caused havoc between partners and the different business cultures suffered mutual obstacles. (T. Yuzawa ed., C. Trebilcock, 1990, p. 88)

The Swiss had been exporting 400,000 yen worth of watches by the 1900's to the Japanese who according to Caspar Brennwald "… (have) no notion of the value of time ..." (Brennwald, Rapport General, op.cit. pp. 46-48) Already then due to lack of trust, business was cash-based yet the Swiss wished to introduce the notion of credit. By WWI, the Japanese

watchmaker Hattori was producing 500, 000 pieces per year and exporting to Britain and France! The Japanese would "honor the creator" by copying the foreign model. (Walter Thurnheer, 1973, p. 32) This practice reminds us of the intervention of Swatch in the 1980's to inject innovation into a conservative Swiss watch industry in order to save it from the Japanese!

The early German experience was a different one. Lack of knowledge of Japanese language was in the case of the Germans a barrier to effective commercial development. Otherwise, the Germans would bypass Japanese trading companies and try to connect with consumers. We see this practice into the 1970's. German firms in the 1930's were not permitted into Japanese control associations (*tosei kumiai*), further frustrating trade efforts. (T. Yuzawa ed, 1990, Erich Pauer, p. 251)

The French did well in Japan. Although their involvement goes back to Meiji, their first Japanese subsidiary was created in 1910. Air Liquide (Teikoku Sanso) together with the name of Hauchecorne (French Consul General, 1924) were household names in Kobe well into the late 1950's.

Air Liquide provided oxygen and acetylene works as well equipment for welding and cutting of metals. The company had unusual practices; two-lower branches, promotions for learning French and expat managers remained in-country for as long as ten years. J. M. Li links AL's success to innovative, viable technology and French directorship (T. Yuzawa, 1990, J. M. Li, p. 236)

The post-war years was marked by the occupation which exercised weeping changes. Private enterprise gained independence. The family-countered *zaibatsu* were dissolved and American institutions took held. The Japanese enterprise system was born.

History is a good medium with which we can better appreciate the small and large phenomena connecting man, institutions and cultural tenets. Japan's story is unusual. Its feudal period lasted longer than its equivalent in Europe. That period was punctuated by isolationism which upon ending invited a non-Japanese culture into its core. Soon after Japan engages the West in a quarrel of epic proportions and pays the price with total destruction and rises as a phoenix to second place in world economics.

It could be argued that Confucianism and Japanese bed-rock adherence to it held the national culture together during all these vast changes. Perhaps it is Confucianism comingled with Shintoism. Clearly the seeds of loyalty, discipline, social ethics and hierarchy were sown and embedded in Japanese life in the distant past notwithstanding a formal willful rejection of foreign ideas.

If disdain of the "outside" was norm, we observe with surprise the emergence of an individual on the national political scene dedicated to the overthrow of isolation. The Emperor Meiji, perhaps Japan's first true entrepreneur, acknowledges Japan's backwardness and invites the West in a bid to end isolationist policy. Europeans with their technology begin streaming into Nagasaki, Kobe and Yokohama. Railroads, golf courses corporations, law, military systems and myriad other hitherto unknown things and ideas pour into Japan. Japan plays the role of importer of goods and ideas and is no longer materially isolated from the rest of the world, except physically; Japan vacillates between the old and the new. Here we observe the lingering of feudal values despite the utilization of occidental goods and material. In fact, the old values become more entrenched in the culture despite outward appearances. The population obedient to their sovereign put into practice the national slogan "things western, Japanese spirit". Bold expressions of feudal values appear; relations and loyalty are to be found everywhere.

Emboldened by progress the Japanese sense of adventurism is awakened and the somewhat dormant military eyes lands and natural resources beyond the Empire's borders. And this pre and post-World War period is marked by frenetic commercial exchanges with European and western nations. Nation after nation comes to Japan to establish subsidiaries and markets. This time Japan is not simply an importer of goods but a negotiator. Inasmuch as Japanese companies accepted goods, it also established business terms and conditions with their foreign partners. Japan boldly copies foreign goods and builds the domestic market. It has learned to be a competitor. And what is interesting in Japan's fierce adherence to traditional cultural values is the conduct of their commercial transactions. And once again we note the continuing solidifying of values as foundational to organizational structure and operational activities. The peculiarly Japanese zaibatsu, for example and major branded corporations have taken root. Their hiring practices and treatment of employees are based on Japanese cultural values. On a micro level, Japanese businessmen negotiate, buy and sell using age-old cultural values. Trust is well and alive.

Japan's defeat in World War 2 ushers in another phase marked by an insatiable hunger for "things American" and to some extent management philosophy. And during which time the national political conscience and "old" corporate ways and means were put to the test. Despite this period of self-assessment Japan did rise to world power. If Japan wholeheartedly accepted, for example, Deming's notions of quality and "management by objectives"; we are cautioned by Annick Bourguignon who says "notre analyse suggère ensuite d'inciter à la plus grande prudence les entreprises qui implantent en Orient établissements et instruments de gestion centraux. Ces derniers, qui incarnent la pensée occidentale, offrent des visions du monde et de l'action totalement étrangères à la pensée locale" [Our analysis suggests prudence to firms that establish

themselves and their management systems in the Orient. These offer a vision of the world and action which are totally foreign to the local thinking] (Bourguinon, 2008, p.10)

On the other hand it could be argued that this ascendancy even further affirmed the Japanese belief in the old ways. Whilst Japanese trust creation and application has been shown in this research to be viable in buyer seller transactions, we ponder its future in a globalized world. Seen from feudal times Japan's history, I daresay, bears witness to not having repeated itself and the continued presence of core Japanese cultural values is undeniably real.

History viewed as a science of human activities over time allows the observer to draw conclusions, some convincingly others tentatively. In our case we venture to note the continual presence of certain cultural elements throughout the Edo to Modern era, as well as the establishing of new indices. In short, history reveals a code of social and moral behavior.

This code is, of course, composed of a multitude of cultural values and concepts. We are particularly interested in those that take us to and define trust as a culturally embedded value in Japanese management and life. Thus, the broad strokes identify, for example, Confucianism, *bushi* (ways of the warrior), and *en* (relations) as ever-present cultural elements. Along with each of these broad categories we find related values such as hierarchy, loyalty and the notion of "the other".

The significance of Confucian hierarchy and en, for example, spawns the common occurrence of how buyers and sellers connect and relate. *Giri ninjo, on* and *aimai* are more "specific" manifestations of this connection and relations building. Thus, the Edo era relied on Confucian philosophy to manage government and trade; the Tokugawa era endeavored to build a merchant class and sustain village life and productivity. Here we see the beginnings of family groupings and power consolidation in the form of retail establishments. What allowed for this to

take place was due in part to that innate Japanese sense of belonging and loyalty to a particular group. Hence relations building, buyer seller relationship, and information exchange. The connection between merchants, warriors and officials, we note, was not contractual but based on trust.

Paradoxically if new indices were introduced into this unchanging social and moral backdrop, these might be the result of foreign intervention. Clashes as a result of cultural differences and business behavior in particular during the early 1900's may have contributed to the current practice of small and medium-sized businesses opting to let shosha (trading companies) handle contractual and sticky money matters involving non-Japanese partners.

Thus, clustering of cultural values in the form of key words; en (relations), *ningen kankei* (human relations building), *johoo kookan* (information exchange) in the leading-up to trust formation and acquisition of a *hachusho* (purchase order) is, in effect, a continuance of history in action. Japanese commercial life or buyer seller activities when seen from the macro perspective of history appear to simply be an expression of cultural values applied to the world of management.

PERSONAL INTERPRETATION

HUMAN RELATIONS

In thinking back over thirty years of Japan business experience certain anecdotes stand out and unaffected by time still impress me. These tell me something about Japanese thinking and behavior.

If human relations-building is a messy task and is the basis of corporate life anywhere, it is certainly no less so in Japan yet frankly speaking it is in fact almost a pleasure in the Japanese environment. Since human relations building are given such attention in Japan, it does produce some extraordinary phenomenon. If an overt state of tension is normal in an occidental corporate environment due to a built-in competitive state of being, quite the opposite seems to be the norm in a Japanese setting. By and large that has been my experience. Human relations building is expected to provide harmony amongst co-workers. This works if the "other" is as important as "self". Add to this the incessant "personalization" of relationships and a good dose of time and you have a rather well-oiled process and work environment. That is indeed how each corporate experience in Japan felt. In my younger corporate days during the early 70's I was managed by local Japanese managers like Nakayama, Okazaki who were traditionalists. I as a post-World War 2 baby-boomer raised in Japan naturally connected with and understood their world view. I was practicing what I had been taught at home…behavior is dependent on circumstances of age, rank and purpose of engagement…good relations leads to more but should be practiced as though it were an end in itself. The "other" defines "us" and once "*en*" is created, it needs to be nurtured.

Thus the relations I worked hard to develop then survive today. I am bound to Yamamoto and Mineshima in abstraction as well as tangibly. Yamamoto's elderly father of ninety-four recalls fondly my first visit in 1965 during my college days to his home in Kyoto. I had rumbled into his elegant Japanese garden and home on a motorcycle! Mineshima came to me via a third trusted party as a service provider during my first expatriation to Japan for a New York advertising agency in the mid-1970's and early1980's. I don't recall issuing a single "hachusho" while working with him. Thus, trust whether it is in a business environment or not is but a natural consequence of good relations building and this interactivity is a supremely human one. Mineshima has spent countless hours in establishing the logistics of my research and prays at his local Buddhist temple for my success!

I was the fortunate recipient of goodwill but I too have cast this net of relationship building to my younger charges during my later working years in Japan and these will no doubt continue this age old practice in their own time.

HUMAN ENDEAVOR

We have observed that relationship building that most abstract first step is undertaken with a built-in desire to establish the final goal – trust. That first basic "simple" action moves to the complex and gathers momentum with various notions and values simultaneously emerging and melding; *Joho Kokan*, *On*, *Service/Plus Alpha*, *Giri Ninjo* and so forth…until the *hachusho* is finally obtained and so heralding a successful engagement by all concerned.

Whilst this process in and of itself is remarkable its beauty lies in the fact that it is a strictly human effort and one requiring no tangible management tools such as control documents and the like. It relies simply on ancient practiced social beliefs, expectations and habits.

The "*hachu*" in a sense is more than a simple purchase order. It carries with it and represents more than meets the eye. It is full of moral implication. It shouts "trust works". Its "external "façade" identifies product type, price, and quantity and delivery terms. But equally important its true value lies in the fact that it represents symbolically a commitment of trust between partners.

This is extraordinary when we note that we are here doing business and therefore money matters are involved. If the west is quick to draw up a contract to protect oneself from the vagaries of human nature the Japanese on the contrary appear not to suffer this. But how so? If the starting point in the West is self-protection it would appear that its equivalent in Japan is human relations building to develop trust.

Thus if transaction negotiating and business activity is treated as a very human activity, we observe another characteristic of the entire process that somehow all component parts i.e. cultural values, meld into one another and naturally so. Relations, Japanese social values, information exchange, product and the self, private life and company life, trust, all connect and blend into a singularity. Thus, a Japanese championing the virtues of a "personal relationship" is in effect talking about a "trusting relationship" or a reference to my "*uchi*"(home) could mean my "company", a mention of "*giri*" presumes the existence of an "*on*" and so on and so forth. A "*kimochi*", either good or not, might be substituted by a product evaluation, favorable or otherwise. And there are more; a job viewed as "well-done" equates with a 'trustworthy' collaborator, a worker's personal life in conjunction with his professionalism can be assessed as exemplary and therefore that person may be suited to be given a challenging task. He is

“trusted”. Hence, all parts integrate into a vast logic which appears to monitor itself. Therefore we have here a system which is grounded on strictly human values, disdainful of western notions and seeking a non-legalistic method to engage the other in the mutual enterprise of transaction building.

DISCIPLINE

Discipline and hard work are one of the earliest things noticeable in a Japanese setting; not that the same are lacking in an occidental environment. Perhaps these are more “visible” in a Japanese setting? We shall not include here the banal comments of some that deny Japanese employees sitting about because the “boss had not left the office” and leave that to consumers desirous of one-minute explanation of Japanese behavior. By discipline we refer to the almost intuitive understanding and acceptance of tasks to be accomplished (always with an equal understanding of time limits) such that the project on hand is achieved by the whole.

Japanese exercise of discipline is visceral. I was on assignment from my New York advertising agency to our Japanese partner in Tokyo. Within two weeks on arriving I was asked by New York to prepare a client presentation in a week’s time in New York. Our client then was the Pan American Airlines. With youthful vigor my Japanese team and I prepared the presentation. The trip to New York was supposed to have been a 3-day affair but ended sooner than expected therefore I was able to return to Tokyo a day earlier albeit unannounced. When I returned from New York I was surprised to find my office in disarray. Upon enquiring what had happened it was explained to me that members of my team of five had decided to take turns staying and sleeping in the office in case I would call from New York at any hour and ask for

information. My staff was composed of young college graduates! From whence this sense of dedication and discipline? "Simple" they explained "you were representing us and we had to show the New York management we were professional, that we were a team and wanted to give a good accounting of ourselves". There is more. They explained that despite the fact that no personal relations had been developed because of the obviously brief time we had known each other, their dedication or loyalty was to the "office" i.e. the "evans *roomu*". Hence, the team was expressing a commitment to an abstraction and yet … not quite so abstract!

I was older than my teammates but quietly impressed by this show of strength. It is not difficult to see how in the Japanese mind, values such as "*giri*", and other related values such as loyalty might not be too far a distant and ever present. Clearly, this was not a case of "*giri*" but what is remarkable is this underlying sense of commitment, in this case, discipline. Human values take precedence and so much so in a business environment.

Some years later while working on a project for a French firm in Tokyo I developed a friendship with the owner of a chain of restaurants with whom we planned to do business. During a general discussion on human resources in his office, he turned to me and said "you see that man there… he's an ex-gambler…I paid-off his entire gambling debt. He swore allegiance to me for the rest of his working days and I hired him". Somehow all this sounded feudalistic but then this was Kyoto and clearly values of "*Giri Ninjo*" and "*On*" were well and alive.

On another occasion whilst working for the same French company I was in process of negotiating a contract with a major Japanese engineering company to provision them food supplies and manpower. The Japanese firm was about to build a gas pipeline station in the Sahara. The negotiation process extended over twelve months. And towards its close my client counterpart "instructed" me simply to be available, physically at his office once if not twice a

week… just in case. And this, notwithstanding the fact that I was based in Tokyo and he in Nagasaki, the opposite end of Japan. I complied for a period of five crucial weeks.

Physical presence in and of itself is significant as it denotes commitment. Presence is good form. Presence is sincerity. And yet presence for presence sake serves a practical purpose as well. We have here this unique Japanese admixture of form and substance anchored in the "Japanese way"; discipline exemplified by uncomplaining, consistent presence. If there were interminable hours of just waiting about, and there were …the Japanese would simply refer to that exercise as necessary "*gamman*" or patience. The pain of enduring is made bearable through "*gamman*"; another virtue every Japanese child is taught at home.

The Japanese love discipline. It appeared unexpectedly whilst working for an American high technology company. I was given responsibility to train an inadequately experienced sales team. Different programs were put in place to enhance their selling capabilities but I felt the team needed cohesion. I happened to come across a document which outlined key characteristics of military leadership. One team member was charged with its diffusion. The result was remarkable. It was not so much selling of technology which was important but the fact that a team under the banner of a disciplined code of behavior could adhere to meaningful relations internal to the groups cemented one with another thus defining "inside" and differentiating from "outside". In another sense "*uchi*" or "*ie*" home or company versus the outside, that which is foreign or "*sotto*".

EFFORT

Effort could best be described as prompt response to any and all queries raised by the potential buyer. It is also curiously definable as "presence". Presence is effort incarnated and in the Japanese system "excessive" presence is laudable. Hence effort in all its manifestations is a continued exercise much like the Japanese penchant for continual quality improvement. The effort, per se, is the expectation. Thus, frequency of client visits with a good dose, of immobility and silence if not on a descending scale, prepares the route to relationship building. We note here that if immobility and silence change in inverse relations to the development of trust; the other component; effort, does not. Not even if the seller is 'rewarded' with sales is he expected to lessen the "exhibited effort". And on the contrary upon receipt of an order or "*hachu*", the seller will demonstrate bodily, mentally and "spiritually" his thanks.

Japanese business is a human endeavor first and foremost. Lest we give the impression that their entire process smacks of theatrical comings and doings; the reality is quiet, finely executed and surprisingly rapid. The Japanese are very good at subtlety and execute deftly. This kind of subtlety is often the norm. Subtleties are everywhere. Thus, if Mr. Shigehisa manages to equate self with product to create trust, Mr. Nakayama equates trust with the presence of an individual salesperson. The final result is a purchase order.

Effort *per se* is rewarded. A client whose well-known reputation as irascible and cantankerous, once complained to me about a barely audible squeak emanating from one of our cellular phone models. Upon inspection the tension of the spring which held the cover protecting the small keyboard was excessive thus causing the squeak. This phenomenon had never been seen as a problem elsewhere in the world but in Japan it was enough such that the client

threatened to send back the lot to us. This situation escalated into a potentially serious matter. Engineers, the factory, sales and logistics were all involved. After a tense three weeks the problem was resolved without our having to reengineer the model. The client expressed his satisfaction by telling me that my efforts (*doryyoku)* were appreciated. This same client some years later would crack a bottle of whiskey at 10:00 in the morning, and offer me a drink to celebrate a difficult piece of business we had mutually negotiated.

IMMOBILITY AND SILENCE

Sales calls in Japan are complex matters. The obvious first reason for complexity is because as we have established the buyer seller enters into a relationship building engagement. Whilst it can be argued correctly that occidentals also enter as will into a relationship building first step. The Japanese one is infinitely more involved. Another fundamental difference lies in the physical and mental outlook of the players and mainly that of the seller. Thus body and mind assume a certain formalism of sorts which is expected to be interpreted by the buyer as respectful. If I were introduced to the buyer by someone junior to myself then I would speak more than the junior person however were I introduced by someone senior to me the reverse would occur. I distinctly recall one occasion when the latter occurred and I said not one word during the meeting and was later advised my behavior was exemplary by my Japanese boss who in turn was landed by our client who had noted the conduct of the meeting with great satisfaction.

Silence says much in Japan. But the point here is not so much the “do’s and don’ts” of behavior during a Japanese meeting. That is trite. But rather we note that our being is projected

onto a common stage shared with another, the buyer; it is observed and analyzed intuitively and finally judgment passed as to my suitability in terms of relationship building. Hence if nothing was verbalized then form representing the physical and mental carries the message. But given that the Japanese even during so-called normal meetings will rarely betray inner emotions other than an occasional "finger movement" as Burgess calls it; how indeed is my seeming immobility and silence understood? How does more immobility and silence enhance my suitability as a future relationship partner? Clearly immobility, and silence go well hand-in-hand and in so doing is a mark of respect and upbringing for self and the other. This is simply Japanese.

If this is but the beginning of relationship, all that follows subsequently is logical. And by "all" we mean Japanese behavior, social and otherwise. The literature is replete of such examples. Other than "immobility and silence" as outward expressions of an inward state and quickly noted by the observer; there is another quality that if "effort and sincerity" which needs to be part of the relationship building landscape.

AMBIVALENCE

Japan and Japanese culture produced no original products a Japanese friend once ruefully said to me... except the wax covered bamboo umbrella and *geta* (wooden clogs). Even its reputation for high quality production originates from an outsider, Professor Deming. If all things from political thought, social philosophy, societal infrastructure to modern day products originate from outside Japan; all, I daresay, have experienced adaptation and then entered into mainstream Japan. The literature is rife on this vast topic. It is no wonder that one result of this is the 'Japan unique' notion. Whilst it could be argued whether Japan is unique amongst all nations;

it is abundantly clear that the vast specificities of Japanese thought and life are not found elsewhere.

St Francis Xavier's landing in Japan at Kagoshima was met with curiosity and hostility. Five centuries later, the Christian population in Japan is at a mere 0.5%. This was followed by mere trickle of foreigners that entered Japan and were confined to a tiny sliver of land – Dejima whilst Japan closed itself to the world until 1856 thus sealing off any possible dialogue between itself and the world. Meiji whilst opening Japan to the West in a grand way was nevertheless marked by that indelible mindset of "Things western, spirit Japanese". To this day Japanese attitude toward occidental thought and ways could be viewed, at best, as ambivalent.
Given the notion of 'contract' to be occidental in origin (*Magna Carta* as first "contract"), the Japanese reaction to the notion of "contract" is politely negative save some U.S.- oriented firms (Public Relations, Advertising) which grudgingly accept its usage. What is abundantly clear is that the vast majority of our participant companies do not use contracts with their internal Japanese suppliers and customers. Those that use contracts were quick to modify them such that they became in effect more like "agreements". But what is interesting is that anti-western, if not anti-American sentiment surfaces and were voiced during this topic's discussion. We hasten to mention that such sentiment was expressed within the narrow context of transaction analysis.

On the other hand if we deviate ever so slightly from our focal point; this anti-western sentiment albeit limited to "contract" finds expression in more a politico-social context. Japan's loss of so-called "traditional, old values" is somehow the work of western American intervention. Despite applying a most measured, and disciplined and fair assessment to such expressions; the Japanese, at best, have an ambivalent outlook with regards to occidental thought broadly speaking and business methods specifically. Yet one can only imagine the scenario were

the Japanese to embrace occidental methods of engaging suppliers and customers whilst rejecting occidental culture. The opposite appears to be truer. Acceptance of occidental culture e.g. lifestyle, is rampant. Anglo-style business contracts are unwelcome.

Then again Japanese ambivalence towards western thought is certainly not a new topic. That thinking has been going on from the early opening days of Japan during Meiji. Can ambivalence be viewed as "*aimai*"? One would think so. Is not ambivalence a sense of "neither for nor against" equivalent to "ambiguous" and "rough"? Hence, the argument that loss of Japanese values is due to the occident becomes unclear, and vague. How are we to appreciate this notion of ambivalence; clearly far more difficult to engage than if it were straightforward dislike. Whilst the Japanese appear to be comfortable with ambivalence and the West finds this state unsettling; there might be some comfort in the knowledge that much of Japanese life is composed of grey "zones" and "tones".

Thus, vocabulary such as "*kimochi*", "*aimai*", "*muji*" (a multicolor, muted and having no equivalent in English) possess an undisputed place in Japanese vocabulary and psyche. There is safety in vagueness. Japanese from ancient times lived in vertical society and opinions were not voiced without approval hence developed an entire culture which to this day cherishes ambivalence. And if ambivalence is the order of the day then trust within narrow singular groups becomes even more important.

FOREIGNERS

If this study is about Japanese living and working in Japan, what of foreigners in the same situation? Would they offer a perspective different from that of the Japanese simply because they are not Japanese? What indeed would such a foreigner shave to say? This question poses several difficulties. What ought to be the profile of such a foreigner? There are various types or classification of foreigners in Japan. They are the gaijin or pejorative allusion to "foreigner" and who properly should be referred to as "*gaikokujin*", the correct and polite manner. This is the expatriate who holding a mid-management or senior management position works in Japan for some three to five years and then returns to his origin country or corporate. The foreigner who has married a Japanese and now has been living and working for some ten years if not several decades and who probably speaks fair Japanese and holds a mid-management position or otherwise in a foreign-capital company. Or a foreign who came to Japan via academics and possesses a high level of Japanese language skills?

Neither of the three suffices for our needs. The first albeit a professional and senior manager is least implicated into the fabric of Japanese society. He is in transit with a mission to accomplish after which he returns from where he came. The second type despite their often long stay most probably first came as an adventurer. We find here a mix of English language teachers and many who have been job-hopping amongst smaller joint-venture, partnered companies. What might the reliability level of these workers? The last category is the academics whose knowledge of Japan would be profound with often exceptional language skills. Their expertise would be too narrow.

But there is one category that meets our requirements. And this category is limited to perhaps to a few hundred if not dozen persons. These possess a totally unique profile and possess these attributes:

- Born in Japan and remained in Japan
- Ancestors settled in Japan pre-World war 2 or earlier during 'Meiji'
- Educated in international school in Japan
- Parentage mixed indeed, Japanese

It goes without saying that these all speak Japanese fluently and work for (if not retired) Japanese and foreign firms. Some are proprietors of businesses, others senior managers. I would add to this group those few foreigners that do not precisely fit this profile yet because of their very long stay in Japan and their serious commitment to the community and industry would indeed fit our desired profile as well. David Wouters is one such example.

These people are probably in as good a position as "100% typical Japanese" to offer meaningful observations on our topic of interest. Perhaps there might even be a slight advantage or value- added in their case. Given their mixed heritage and international education; would their explanations be different than those submitted by the Japanese? Will our "native foreigners" be clear, focused and Cartesian in his explanations? The Japanese we encountered have provided us the unabashed, raw material; will the "native foreigner" do likewise? If the Japanese find it difficult to abstract; the foreigner by dint of his education ought not to have that problem. Thus, our foreigner should be able to match the Japanese in all with perhaps one additional factor; he should be able to describe the "Japanese feeling", the *kimochi* behind it all.

If the "native foreigner" is fortunate to possess a duality of perspectives, i.e. understanding the Japanese point of view as well as the occidental one; how has this influenced

his daily work and encounters with Japanese and foreigners alike? They have done well because despite their being foreign they have played the game perfectly. The Japanese would feel no stress in dealing with these "native foreigners". They the Japanese know that these are here to stay. Some foreigners are, in fact, leaders of their community. And history is on their side. The relationship has been going on for a very long time and trust established. Have some foreigners had to "work harder" to gain acceptance within the business community? I would say so.

Willweber at an early age discovered that using a particular form of the Japanese language was lauded by his Japanese colleagues and acceptance in the community enhanced. Bruggemann's carefully articulated management style has won him respect from employees, clients and suppliers. Wadia's affable nature and intense devotion to serving Japanese clients has won him kudos. Wouters, probably the longest residing American in Tokyo has been recognized by the community for his voracious devotion to customers; Japanese and American. Leonhardt, a doyen of the foreign community of Kobe and champion of the chemicals industry post-World War 2 is trust personified. There are more …

Thus these and countless others have and continue to build relations, develop trust and invest in the latter's maintenance. And the drivers and cultural values for this work issue from their very person. The process is perfectly natural to them and not in contradiction to any part of their western sense of being. This latter phraseology "western sense of being" is full of presumptions and assumptions but we cannot deviate from our focus and delve into new subject matters however it does deserve some attention.

Let us consider individualism, that one element so cherished in western society. Clearly our native foreigner must feel no unease in subscribing to that other profoundly fundamental Japanese principle; the principle of group consensus and collectivism. This equates with the

notion of the “other”, again fundamental to Japanese social interaction. Are we saying here that the foreigner is unconsciously and naturally behaving as would Japanese i.e. in a collectivist manner? Before answering the question, let us remind ourselves that collectivism, group consensus must necessarily imply relationship building, trust development and all else. We have earlier noted the intense intra linking of values and concepts leading to trust. This group of “native foreigners” is a category apart. There is no learning curve here and “west and east” are in perfect harmony and synchronicity. Japanese management practice is simply second nature to them if not altogether natural. But that which really sets them apart is the depth and width of their understanding of Japanese management practice and subsequent application of such knowledge in the conduct of their business and lives. Whilst an experienced westerner might successfully execute transaction negotiation, our “native foreigner” is in and of himself part of the process. There is no “mask” of foreignness to take refuge in no matter how transparent it might appear; no quarter taken none given. Yet that most obvious factor, physical features is first and foremost if not the last element, to engage in this matter of transaction building. The literature is replete with a plethora of examples, anecdotes and arguments describing the troublesome effects incurred by a foreigner as a result of not looking Asian, if not Japanese. Yet that which is abundantly clear is that in the case of these particular foreigners there is total acceptance, full integration.

A modest statement mentioning Kobe during an introduction quickly establishes status in the eyes of the Japanese. The Japanese as we have previously mentioned need to know and understand who the interlocutor is. This reminds us of the banal explanation regarding the importance of the use of business cards and the like in Japanese society. Thus, a Kobe resident-foreigner of long standing embodies the “long-term”, a concept akin to trustworthiness and trust,

as a matter of general principle. And within which we would find all elements inter-connected and in play, constituting trust. We have our occidental looking foreigner accepted by the Japanese.

THE DARK SIDE

What price a transactional system founded on trust? Otherwise, where no litigation in principle exists and contracts are few and far in-between, what costs are paid by those who would not abide by unwritten rules and commit a breach in agreement?
Mineshima and Kan were most outspoken on this question. Ostracism! Kan tells us the culprit has no place to go and Mineshima says that such a person would be shunned if not put "out of the village" and in today's world, the work group. In the case of Mineshima that would mean ostracism from the entire advertising and promotions industry in Japan! The exclusion is ensured and enforced by group members who write letters to one another detailing the unfortunate's misdemeanor. Once word gets out it is not difficult to envision other personal consequences which might follow; catastrophic loss of face, shunned by neighbors and so forth. Japanese society follows the precepts of *awase bunka*, culture of consensus thus right or wrong he would face a tidal wave of criticism. Japanese society is unforgiving. What amount of fines paid could substitute a breach of Japanese trust? How is loss of face and trust regained? And yet there are obviously fines, penalties and jail sentences meted out every day to those breaking the law. Hence one's wrongdoing is punishable by formal law and unwritten social tradition.

Lafcadio Hearn (1904) tells us that penal codes of the 17th century to mid-19th century Japan included penalties against individuals who would put themselves ahead of the general

interests of the community. Thus in a group-centered collectivist society, ostracism would be and indeed is a specially trying form of punishment. If one is ostracized from one group, can that person resurface in another group? "…that may be possible but it depends on the new group's needs and whether he brings something badly needed by that group but it is very improbable", Mineshima says.

ADVICE TO THE OCCIDENTAL

The vast majority of occidentals come to Japan as business expatriates for some five years. Broadly speaking these are either senior management executives or middle management operations level. The first category often deals mainly with their Japanese counterpart and the latter are generally speaking very suave and cosmopolitan in behavior if just in outlook. This is probably due to their English language … wide travels and education. Thus they are adept at engaging occidentals and appear almost western. Men of great stature share commonalities and cross national boundaries. Perhaps the issue they share can be abstracted. In any case at their lofty levels, trust building takes on somewhat different dimensions if indeed trust building is an objective. Senior managers working for multinationals often take on their Japanese responsibilities with an advantage; the reputation of their multinational corporation.

This advantage appears to be less evident with occidental middle managers and especially for those that need to personally engage with Japanese counterparts in the realization of specific business objectives. There the westerner not only has to cope with and manage his own team of Japanese staff as well as face his Japanese customer or supplier during the cdevelopment of successful transactions. The full force of cultural mores, thinking and behavior come to the

surface. Hence this western manager will most probably have to come into a pre-existing active web of networks, relations, obligations and indeed; trust relations.

Consequently, the manager's task will be to be accepted into a status quo before any serious work can be accomplished. And this status quo is inflexible and unforgiving.
The invisible curtain is the culture itself which is effectively looking inward a closed loop. Assuming that this westerner is sent to the Japan subsidiary of the foreign multinational, little of what he sees or hears will evoke the headquarters corporate feel or culture. Offices will be like any other office in Japan; open, noisy and often messy. The Japanese staff will be hard pressed "to live" the corporate culture for the individual's personal life is too different from that of his counterpart not to mention the lack of "corporate color" in the physical surroundings of the office environment. Thus, the Japanese will give no or little accommodation to the expat nor should the latter expect to receive any.

I do not think that Japan is a so-called melting pot and I do not believe it wants to be one. All who are not born here or have extraordinary reasons to be in Japan are at best viewed as transitory. The Japanese will astonishingly ask you why you wish to be in Japan for in their mind they would not leave to settle elsewhere.

HOW THE WEST WOULD CRITIQUE TRUST RELATIONS

The occidental sense of justice, the cost and ethics would in assessing Japanese trust see to pay for its attainment as being excessive. Most criticism leveled at this aspect of Japanese culture is not incorrect. The western notion of justice establishes equilibrium and redemption once a debt has been paid. Thus a person in trouble might regain entry into society. However

Japanese society is unforgiving in the sense that since little judicial intervention is offered in the case of, for example, a dishonest party in buyer seller relations, no openly accepted means of forgiveness is available. Consequently, the now-forgiven wrong-… is left to his own devices to reestablish himself. Consequently, this means that he has to rely on his personal network or the auspices of a mentor to resuscitate him.

If the overt offering of a profuse apologies, as usually the case, when senior managers assume responsibility for major corporate mishaps is standard behavior; the Japanese more often than not, are willing to accept them as evidence of "sincerity". The westerner would see this as a shortening for where is the material expression of (compensation or fail term) of wrong doing and its correction. The occidental through his Judeo Christian upbringing has in his self a belief in the absolute; good and bad, and therefore looks for originals which denote some sense of finality, that is, all is forgiven. But the Japanese even after paying compensation is faced with the scourge of "loss of face". Can such a loss ever be "regained" in an environment where à priori relations are maintained and maintained to develop trust?

Thus, the occidental not accustomed to using "face" as a measure of self worth would find it extremely difficult to come to terms with the accepted ways and means of resolving breeches in the dark side of Japanese business life is rife with incomprehensible phenomena. An anecdote brings to mind an incident.

An occidental general manager committed a gaffe with regards to his client through a series of blunders. This was taken badly by the client who promptly wrote a letter designating the general manager which was addressed to his (client's) president as well as circulated among managers.

There was no recourse and no room for apologies. Thus causing ostracism and loss of face among his own Japanese staff. Since no remedy was possible, the only action was an exit. I was not surprised by this excessive reaction.

If relations is a precondition and trust is an objective to achieve and the entire system loops onto itself; it follows that there are certain assumptions probably difficult to accept by an occidental whose stay in Japan might be temporary. And it is the very notion that relations are a must in order to survive and especially so in the environment of Japanese commerce.

Thus an unfettered spirit, a bohemian of sorts or an eccentric personality has no place in Japanese commercial life. He would neither seek relations nor be given relations consequently would have no existence in the Japanese equation of relationship and trust. Simply put; conformity is laudable in Japan and non-conformity is bad. Condemnation is swift and severe. There is no real choice and this would be contrary to the most fundamental tenets of Judeo Christian thinking.

CERTAIN CHARACTERISTICS OF TRUST AND DIFFICULTY OF ITS ACCEPTANCE BY THE OCCIDENTAL

Let us assume that our occidental middle management manager has embarked on a relations and trust building initiative. Can he be successful? It is noted that no study has been performed which would answer the question which would answer the question in any empirical manner. However we can extrapolate based on the evidence of this paper. We assume that our western manager is not a “resident-foreigner” but simply an expatriate doing his best in the given environment. The simple answer is a “yes”. He has earned the trust of clients or suppliers, his

hierarchy and his staff and so forth. He has “passed the test” more easily than a Japanese in doing the same. That is, the foreigner is within a Japanese company and supported by the Japanese cultural infrastructure. And here is the rub. Were he to be alone or accomplished by a very lean staff, the matter would be altogether different.

Every effect to make him successful would be undertaken for various reasons; face saving of the group, or his role might be viewed as simply rubber stamping approvals and soon. Be that as it may, this patronizing attitude and practice (prevalent as it is) is often distasteful to the foreign and for good cause. Thus we see a double standard in play. Which is of itself would be unacceptable. The manager is in effect a non-person, an outsider, a *gaijin*-foreigner. We are back where we started.

If this scenario is indicative of something troubling, it is this; Japanese relations and trust building works remarkably well within strictly defined parameters. The players have to be Japanese and the game needs to be played in Japan. By definition the foreigner is excluded as a serious player. And we are reminded that the Western notion of contract is treated with much disdain by the Japanese negotiation for various reasons one of which is that it challenges the cherished practice of trust.

CONCLUSION

This paper set out to determine to what extent « trust » is embedded in Japanese culture. And in that effort we have learned other interesting facets of this question. Our study uncovered the existence of a process second nature to a Japanese whose goal it is to connect individuals through the use of cultural beliefs to achieve mutual trust and thereby engage in meaningful commercial transactions. We have also noted that all this was possible despite the exclusion of a contract between buyer and seller albeit it be an occidental type contract. Our study probed a certain disdain for occidental notions of business contracts. Thus, we find ourselves in a classic Japanese conundrum; the "inside" … "outside", in short, a tribal outlook.

Let us treat this "occidental contract "as a passageway from the Japanese point of view to the external world and we find ourselves leaving the comfort zone of "trust practices" in the Japanese environment and find ourselves in an unwelcoming and in the extreme "un-Japanese" environment.

How extensive indeed is this pain? We have no answers at this time but what is slowly emerging in a troubling sense that "shinrai" works well but only in the Japanese context. Is it possible that "trust", presumably a universal concept could be so manipulated to fit a particular culture? Here we are reminded of Professor M. Takemura's notion that what is at play is not trust *per se* but more "assurance". He and Professor Wang Yi-Jen believe the Japanese seek a more practicable tool, that of assurances rather than trust along the rocky road of relations building.

Thus if the smallest dent has been made into this fabric of trust, we are obliged to face, in a sense, the unthinkable; is there indeed such a thing as Japanese trust as opposed to universal trust? If indeed so, then we face even more arduous a task.

Japan has during its recent history been too keen in its desire to tell the world that the country and people were unique, that's its people were not Asian but Japanese! Japan has in its heyday traded with the world but was never truly part of the world community. Why would the then second world power not firmly establish English as a required second language in the national educational curriculum? Germany is an example of an outstanding globalized country. Angela Merkel urges listeners to "imagine a future very soon in which German children would all be fluent in English, and familiar with Chinese culture" (IHT, Oct 30, 2012)

This discussion on trust is far-reaching. If we accept the premise that trust as studied in this paper makes sense within Japanese confines, then we are obliged to entertain another set of questions. That is, how well do the Japanese perform outside the country using presumably occidental contracts? Is the use of contracts de rigueur or are there instances where typical Japanese practices apply, meaning, strictly on a trust basis? Here we are talking about knowledge transfer but not in the sense of JIT or *kanban*. Applied knowledge e.g. manufacturing methods, quality control have been successfully exported. Consequently, given the success of JIT, for example, we could simply conclude that technology exports but intangibles requiring direct human intervention (such as services or Japanese style negotiation) does not or at least does so to a limited degree.

Having lifted ever so slightly the lid off Pandora's Box, let me address a single point. A question noted by non-Japanese thinkers more often than not, concerns Japan's place in the World. This question came into prominence after the Second World War because until then little attention was given Japan nor did Japan want attention. But the war thrust Japan onto the world. It is remarkable that even during the period when Japan ranked the second economic power that same question was being asked. And there were no responses then as now. Japan's as political

leader or economic leader drew a blank. Always playing the indifferent, ambivalent, "younger brother" to the elder colossal brother; the United States, Japan managed to dodge getting involved with international issues broadly speaking except for, quite naturally, all matters economic. Japan, the great exporter of goods protected itself behind a veil of cultural screens; Japan the misunderstood, the incomprehensible, Japan unique. Meanwhile, Japanese executives were touting the "to be successful in Japan, you must make personal relationships; you must develop trust relations with your partners".

Thus while the West was showered by these repeated banalities, Japan was exporting manufacturing methods, building share in every corner of the world, and rebuilding the nation. Phalanxes of blue-suited "salary men" negotiated hard everywhere and brought the bacon home. And trust connected far and wide, between and among Japanese at home and abroad. Thus Japan over time and perhaps even over history from as early as the feudal period began its self-contemplation of *nihonjiron* or study of Japanese culture and mentality. This was to become very popular just after the Second World War and foreign intellectuals and Japan apologists played an important role in its development. One important aspect of *nihonjiron* has to do with the "uniqueness" of Japan and its inhabitants. And it is here that the difficulties begin, for in driving "uniqueness" the Japanese have succeeded in highlighting "Japanese exceptionalism".

Thomas L. Friedman, well-known journalist recently said the following regarding the fast-approaching American national elections, "Romney and Ryan denounced Obama for not touting 'American exceptionalism'. That's actually how a great country becomes unexceptional. You give up great journeys and just assert your exceptionalism louder. Exceptionalism has to be earned by each generation, and, when that happens, its speaks for itself" (IHT, Oct. 2012)

Thus has Japan convinced the world that is unique and painted itself into a corner? And in so doing, what about "trust"? Do we have here a Japanese-only type of trust and therefore unique to Japanese? If uniqueness is the main message and I am tempted to believe that, then Japanese exceptionalism as a legitimate narrative should have been better explained and happily championed. But it was not. In fact it was compromised to becoming simply a device to justify and maintain Japanese belief and practice with regards to the outside world. And despite that, succeed it did.

Now if exceptionalism and uniqueness were used to "flog", as some might say, the West when the latter tried to enter the Japanese market during Japanese ascendancy worldwide, what of it today? Japan today with its forever recession, deflation, unemployment, weak government, expensive Yen, effects of natural and man-made disasters, and loss of its once proudly won place as economic power; where is its exceptionalism and uniqueness? Should these not come to rescue that same nation? Why are exceptionalism and uniqueness not part of the vocabulary in saving the Japan of today? In fairness, is trust working to hold Japan together or is it not doing enough? And if it is helping, is the Japan issue of today bigger than its boundaries and trust alone too feeble.

We find ourselves at a brink; Japan losing out to China and hanging on to that very instrument which once contributed to its greatness; its self-sufficient culture, this culture which clearly played a major role in developing its economy. Most countries would abide by "contractual law" placing faith in third party systems and individuals to resolve conflict but Japan had chosen to engage the larger community with its own unique blend of home-spun ways and means; agreements based on trust.

Today's question regarding Japanese trust in the larger context comes down to determining to what extent it is embedded in the culture of a globalized Japan. Herein lies the challenge. Since Japan's culture and its ways of undertaking commerce are in effect one and the same, how should the country's learning curve be structured and what is necessary to accelerate it? In short, what needs to be modified in the mosaic of Japanese culture such that there is a seamless true connectivity to the rest of the world in order to drive innovation and industry? Trust is the very essence and fabric of Japanese culture in general and cements buyer and seller. This same substance must now be restruck and given new life.

Professor Masae Takimoto (Osaka University of Economics and Law) says 'many (Japanese) believe there exist(s) spirit in all things. Sake manufacturers believe there exists sake-spirit, Japanese sword manufacturer believe (in) sword spirit, rice spirit…. In Japanese companies, you can find small shrine in their office… *Sekon* means soul".

Thus if matter is informed by spirit so too would contract not be imbued with trust in tomorrow's brave new world?

ATTACHMENTS

Chart 1	No of Respondents/Key Word vs. No of Words	
Keyword	No. of respondents who commented	Total number of words
Ningen Kankei	18	
Kimochi	6	140
Working for Society	5	210
Service Plus Alpha	10	455
Aimai	9	380
Giri Ninjo	12	304
Johoo Kookan	10	564
On	5	129
Shinrai	25	1854
Hachusho	19	421
Keyyaku	20	675
Meiji Era	1	44
	140	5176

Chart 2

No of Words* from Narrative by Respondent vs. Category

Category	Arimura K	Bruggeman R	Ishii K	Kamizuru T	Kan S	Katayama T	Leonhardt F	Machigashira H	Mineshima F	Nakamura T	Nakayama T	Okazaki S	Shigehisa H	Teshima M	Uebayashi	Wadia S	Wilweber M	Wouters D	Yamaguchi Y	Yamamoto H	Yamamoto K	Yoshikawa S	Yoshiteru H	Yoshinaga K	Yakemura M	Toshimitsu M	Wang Yi Jin	Total
Ningen Kankei	220	95	36		18	86	55	11		20	24		128	28		56	27	12		122	64	16						1018
Kimochi	47					13							34	29						11			7					141
Working for Society		40								12	15			10						133								210
Service Plus Alpha	26				91	79	23				31		35		12	18		12		129								456
Aimai	31			33				54	9	69			61	4								87				9		357
Giri Ninjo	35	22	8	15	30			14	4		17			38	9				54	33						24		303
Johoo Kookan		150			57	70		32	3				86	9	18	53		86										564
On	4	22									68								29									123
Shinrai	146	163	27		130	11	125	101	119	46	156		79	39	10	42	102	87	19	79	119	14	17	12	3	110	98	1854
Hachusho	17	74			25	44		7	3	26	35		70	3	21	12	2	4	13	34		14	17					421
Keyyaku		71	24	34	8	71	6	21	4		65		25	48	7	10	15	41	80		10	13	93			34		680
Meiji Era											44																	44
	526	637	95	82	359	374	209	240	142	173	455	0	518	208	77	191	146	242	195	541	193	144	134	12	3	177	98	

* No of words denoting importance given to that keyword (CATEGORY)

Attachment 3

Yvon Pesqueux and Jean-Pierre Tyberghein

Trust is another ethical principle with regards to Japanese behavior. The Japanese believe that without trust there can be no business. They therefore always behave in such a way as to obtain trust from their co-workers. They unfailingly respect their commitments: quality, price, delay. Once a trust relationship has been established with their suppliers or their customers, they are engaged to work with them for the long-term. For the Japanese, in fact, it is better to rely on mutual trust rather than on a contract which might less efficiently provide protection for the issues on hand

Attachment 4

Benjamin Coriat and Hiroyuki Yoshikawa

The main trump card of Japanese industry is the employees themselves and the relations they have with one another. Moral values matter much, in particular their desire to work…All this rests on trust relations, between employees and their companies, between companies themselves, and equally so between employees of different companies. Those relations must absolutely be preserved…

ANALYSIS

MATRIX No 1

ALL RESPONDENTS' NARRATIVES VS KEY WORD

HUMAN RELATIONS

Mr. Arimura Koichi
Fish paste
KK ARIMURA

If people like my product, then there is en between people. Shop sells products and that action becomes shinrai. He also thus also buying from me and that also is shinrai. In old days, company took care of housing for employees. I also lent money to employees. I do not have a contract with employees I speak no English but kimochi. We understand each other, we have tsukiai and shinyo (relations and trust) and we understand kimochi. Thus we may work some day! Tsukiai is relations. May or may not lead to doing business. If supplier has little product he will provide me with the best. This is shinrai. If a supplier increases price to me (and I know his cost is rising) and I buy at higher price. This is shinyo! All this is tsukiai! Because I trust my supplier, I do not beat him down because he will not give me best product. All pricing matters are seen over the long period of relationships so it is not concerned with any one transaction. If I buy 5% from others, then my conditions are more severe and tough. Therefore I will not have a deep relationship with such a supplier. I have relations but no a sales staff. If I maintain my relations carefully, people will know my product.

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

Japanese employee would not switch for little more salary and despite that the company was a foreign company. If dealer's customer went bankrupt, dealer did not come to us for help, dealer took care of it. Develop a mutual vision and mutual unity of market, goals, there is no measurement of effect. Need to have good communication. Gentlemen's agreement, understandings and mutual trust - is normal with our suppliers. I allow workers/employees to develop, evolve and grow themselves. I lead by example. They understand my expectations I am actually paying my workers to work for customer!

Mr. Ishii Katsuyaki
Milk Products
MEIJI CO. LTD

Ningensei or humanness is taken into account when I assign tasks and determine trust with an employee. I also study his "outside of work" characteristics and his hyoka or personal performance. Kosei means personality of person.

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

Idea in Japan is we trust each other … therefore it is Japanese to work with purchase order

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

If company and another company's relations is good but human relations is not good. Then what? If company and another company's relations are not good but human relations are good, then what? If payment issues occur then management takes decision (despite good human relations). Therefore contract creates anzen or safety. Kizuna is connection. In the past, stability means individual to individual relations. So another company (third party) can do it! CIME company will introduce third company (to A and B) to build shinrai and individual relations.

Mr. Leonhardt Fritz
Pharmaceuticals
CLARIANT

"Contracts were unheard of"…based on reputation, built on trust. (Suppliers) brought in parts at a loss to save reputation. Japanese employee would not switch for little more salary and despite that the company was a foreign company. If dealer's customer went bankrupt, dealer did not come to us for help, dealer took care of it.

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

Also found in nenko joretsu (seniority system) relations between employer and employee.

Mr. Nakamura Takuya
City Management
CITY OF FUKUOKA

No details decided so if unexpected happens, then we discuss. “Work for others” ritta shin - for family, for others.

Mr. Takashi Nakayama
Cellular products
DAI NI DEN DEN (DDI)

To create trust, management needs to show “trustworthiness” to employees. This is created through engagement with employees. Human relations is shinrai kankei is the same as trust relations.

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

We increase mutual communication, we “see” the person more and more. And this despite existing mutual trust, also since we have a mutual staff. Trust me (as a person), not my product. Trusting me is trusting my product. This thing is made by a certain kind of person, from this area… Because of mutual feeling, our communication increased. On a personal level we had developed trust but because we had a staff behind us, we had to provide protection for them. Shop is a place where my product is sold. If I can’t trust the maker-person than I can’t trust the product. What does the shop want? The person? The product? Would I pay for the product that I made?

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

Japanese know each other because we are homogenous society. So we have a fair understanding of the other, therefore the start of relations is quite easy.

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

Human relations are first step to building trust. Is there a sense of mutual desire to work together? There is a certain amount of intuition. This leads to trust.

Mr. Wadia Sorab
Advertising
COMMUNICATION RESOURCES

SORAB says "we have trust in Japanese business... you and I have history (relations)... You work with people you know, people you work with, and people you trust in. You get some work; just help us with a problem etc...human relations: one or two people... strengthen ties... They feed you something! (They feed me, this time).

Mr. Wilweber Martin
Logistics
ALLIED PICKFORDS

We know how to do business with Japan and that's a matter of trust relationship… at first trust and then comes the relationship follows…

Mr. Wouters Dave
Management Consultants
INTERSEARCH Co.

The hotel manager set up the relationship with…so the hotel trusted Dave

Mr. Yamamoto Hideki
Electrical Wiring
MATSUSHITA DENKO

We work for employees not for shareholders as in USA. Maybe not up to giri on. There is some problem when Japanese company works with each other. In Japan, although not written but company would give money or needs to take care of employees…to build trust among employees. This is naibu rhoomu kankei- labor relations issue. Shushin Koyoh employment - up to age limit employment was guaranteed (this builds trust). Chikai - close relations. Tsukini - atmosphere. Easy to talk to dealers. Our relations were easy (if customer was big like ryohanten then relations become based on price. Matsushita Denko sells to dairiten (dealer) and denkiya-san (electronic goods shop) therefore relations are easier. Due to competition, issue becomes price therefore less human relations

Mr. Yamamoto Kazuhiro
Promotion Marketing
ADK MINDSHARE MEDIA CENTER

Therefore it is a company to company relationship. On the other hand, if I do this, I need to know Mr Mineshima first .i.e. what is he doing? Etc... If I am confidant (human relationship) of Mr Mineshima, then I start the censorship. Know person i.e. what his company is doing (via Resume/ Profile). Start Development Relationship (i.e. somebody introduces me to Mineshima san)

Mr. Yoshikawa Shoichi
Public Relations
HILL & KNOWLTON PR

One month work, then if I feel shinrai for the individual (account person) then start business.

SHINRAI (TRUST)

Mr. Arimura Koichi
Fish paste
KK ARIMURA

Shop sells products and that action becomes shinrai (trust). Shop also buying from me and that also is shinrai. Even if we don't work together, we have tsukiai & shinyo (relations & confidence) and we understand kimochi (feeling). How does shinrai connect with zairyo genryo zaiko (raw material process) prices? If supplier has little product, he will provide me with the best. This is shinrai. Because I trust my supplier, I do not beat him down because he will then not give me best product. If a supplier increases price to me (and I know his cost is rising) and I buy at higher price. This is shinyo! All is tsukiai! I trust my supplier. If I buy 5% of my requirements from others, I cannot say my relationship is deep with such a supplier. If I maintain my relations carefully, people will know my product.

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

Trust with suppliers (European)... suppliers need to trust us. Once supplier understands, we have market knowledge, and then trust begins. They come to us via a 3rd party therefore there is some level of trust. Using a third party appears to build trust. Gentleman's agreement, understandings and mutual trust - is normal with our suppliers. We need to serve our clients at same level as Japanese suppliers do or trading company does. This is the first level of trust, shinrai. Trust is a formality not a "trust issue". It is "information" for the customers (info on new product, new trends from other markets). This is what "binds" customer to us. This is trust. Customers see all the way up to supplier, we become "gateway" and this is also trust. Client can't call office sometimes but calls directly tantosha (supervisor). This is also trust. Giri/On (responsibility

and obligation) is connected to trust. Shinrai is fundamentally embedded in Japanese culture. It's taken for granted here.

Mr. Ishii Katsuyaki
Milk Products
MEIJI CO. LTD

I have a six member team. I determine who I trust most based on best output, history & task. I include ningesei (humanness) and kosei (personality) characteristics.

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

Idea in Japan is we trust each other therefore it is Japanese to work with purchase order. Perhaps it is more of a "no place to hide" rather than use of shinrai. We wish to know where he was born. And so we know what kind of a person he is and whether we can trust him. If specify within Osaka, more trust or Osaka vs. Tokyo is also OK…. without proof (contract, bunsho/written documentation). I use trust (after learning birthplace), and then if problem arises, then we lose trust. Therefore it becomes more difficult to build trust. Despite use of contract there are no hard feelings because the intent is always to build trust. To build trust within company, we do daigyo (over time work) or chikko shinai (coming early to work)

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

Does shinrai change? Yes. I feel something. Money issues are important

Mr. Leonhardt Fritz
Pharmaceuticals
CLARIANT

Dealers were a buffer and handled payment and credit risk issues therefore were creating trust; was part of trust organization. Suppliers brought in parts at a loss to save reputation, 'we can do

it'! The "service thing" is all an investment for the Japanese. They succeeded through trust. I have no degree but am trusted because I am a foreigner and Swiss technicians also non-degreed and trusted but Japanese staff is not trusted if no degree. Dealers would give us "guarantee" but this was just a formality (around 10% down). We don't pay suppliers until six months later. This is trust. You can trust Japan on macro level. Keep money in Japan (although no interest paid), it is safe in Japan... you can trust Japan.

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

The accumulation of accurate and good information and given by a supplier to the manufacturer works towards building trust. Issue of trust precedes negotiations. Thus, if you have trust then theoretically, no need to negotiate. The idea is trusting the company means I don't have to enter negotiations. Vertical relations usually have Trust. If producer has to raise prices, he will consider all elements before doing so … talks to retailer to accept higher price…, and this is another example of trust. Thus I give a "rough" (aimai) meaning to trust because it is variable

Mr. Mineshima Fumio
Video & Marketing
CIME

Connection between people causes product to move. Therefore individuals connect to build trust and work begins. Even if a company is large, the entry point is personal and individual-based. We work within groups or "keiretsu" therefore trust exists. Trust exists within fixed groups. We are family, village society. We work inside a small world so we are Mura Hachibu, if we make mistake we are ostracized from our village, our society. So we work within confines of our narrow world, village. It is one village against another village. If I want to do work with some I do not know then I must build relations and I ask a friend of mine to introduce me to that unknown person.

Mr. Nakamura Takuya
City Management
CITY OF FUKUOKA

We may lose trust if we use this system (PFI). Meaning of trust different for me and for private citizen. Does shinrai change because contract with foreigner? It is changing a little today because we are "westernized". Westernization causes lack of trust. West is replacing shinrai.

Mr. Takashi Nakayama
Cellular products
DAI NI DEN DEN (DDI)

To create trust, management needs to show “trustworthiness” to employees. This is created through engagement with employees. Such act is seen to create trust. I was a “trustworthy judge”! Growth of trust is shinrai kankei (trust relations). Keitai sales (cellular phone sales) – is selling by creating shinrai. Buyer buys more through trust. There is “corporate trust” and “personal trust”. Manager and owner listens to employee to create ambiance for trust to grow… building of a trust relations. There is variation in our need of product, in other words fluctuations between “need ….not need” and this means there was more need for trust. If I execute additional quantity purchase, for example 200 pieces extra, this is evidence of trust. Now if product fails and the seller takes too long to fix then shinrai is lost...can’t trust some cellular companies that would cancel order soon after placing the order. Thus, no trust can be built under those conditions.

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

To create trust, we increase mutual communication. Trust me as a person, not my product, if you trust me, you will trust my product. Shop is a place where my product is sold. If I can't trust the maker person then I can't trust the product. To build trust, I ask my client to visit my factory so he has kimochi (feeling) about my factory & the owner also. If there is trust, we can change things, change contract.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

Guzen-sei (spontaneous relations) may exist without trust. Long established customer especially in b2b, therefore there is already some trust between companies but individuals need to be "checked out". I don't think foreign experience has changed my sense of trust.

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

Our corporate credo is "integrity or in good faith" (Seijitsu).

Mr. Wadia Sorab
Advertising
COMMUNICATION RESOURCES

We have trust in Japanese business... you and I (people doing business in Japan) have a history (relations)...I am protected in Japan by the principle of trust. You work with people you know, people you work with, and people you trust in.

Mr. Wilweber Martin
Logistics
ALLIED PICKFORDS

We work to earn trust. We trust to get work. How to solve contract problems? By some basis of trust. In Kansai, you ask someone to fill in for work which is even not theirs so there has to be shinrai or the alternative is to hire all the staff to make work for everyone equitably. shinrai kankei (trust relations) between competitors ... means not talking about secrets, for example. Pride in profession is one basis for shinrai. Unless there is some trust, there are grounds for suspicion. Our packers are the best in the world. They have pride in their work.

Mr. Wouters Dave
Management Consultants
INTERSEARCH Co.

We know how to do business with Japan and that's a matter of trust relationship … at first trust and then comes the relationship and building that up….." In one case the hotel manager "set up the relationship with…" and trusted me. In another case the client "tested" me and asked me to find a buyer for a building. He did it on trust. My company got the search; we had to first establish trust. As result client supplier gave me more trust or searches… more business.

Mr. Yamaguchi Yuzaburo
Home Furnishings
SANGETSU NAGOYA

Over the years, Sangetsu develop in good faith the Japanese suppliers step by step by performing every oral promises.

Mr. Yamamoto Hideki
Electrical Wiring
MATSUSHITA DENKO

Some shinrai exists because I give him some work to do. shinrai is important for quality of work and time management. I believe in giving "trust" to locals when I do business overseas. Japan education - "keep promise" is losing out if today is changing and Japan needs to come back in. To build trust; establish hinshitsu (Quality Control), and noki (delivery as promised). To build trust among employees, there is shushin koyoh nenko (Employment Wage Distribution by Age).

Mr. Yamamoto Kazuhiro
Promotion Marketing
ADK MINDSHARE MEDIA CENTER

We have censorship before begin business. Need background check. This is business to business relationship. On the other hand I need to know the individual first. What is he doing? If I am confidant (human relationship) of Mr. X then I start censorship. If there is censorship but no trust then there is not yet trust relationship. But I give some work and shinrai exists. Trust is important for quality of work and time management! Process is as follows: somebody introduces me to X.

I "know" the person i.e. what his company is doing (via resume and profile). Then I know his company (via censorship). Then probably give X something to do. Otsukiai (business relations) - leads to trust.

Mr. Yoshikawa Shoichi
Public Relations
HILL & KNOWLTON PR

After one month work, if I feel shinrai for the individual then start business.

Mr. Yoshiteru Hoshino
Medical Devices
TERUMA CORPORATION

We must capture shinrai of doctors and hospitals. Trust is soogo kaiketsu. Balance is what we want.

Ms. Yoshinaga Keiko
Vitamins
RIKEN VITAMIN CO.

I visit new customer several times and check people before beginning business.

Prof. Takemura Masaaki
Marketing
MEIJI UNIVERSITY

…assurance rather than trust…whilst trust places faith from point A all the way to point Z, assurance is that which guarantees a sense of safety (reducing risk) along that path from point A to point Z. Japanese are probably referring to assurance when often using the term trust. The application of assurance in Japanese life is a costly system.

Prof. Toshimitsu Miyasako
Economics
KAGOSHIMA UNIVERSITY

New work rules have created "dry" and harder conditions. Thus, shinrai is probably diminishing. Shin is kokoro or heart. Chuseishin is loyalty. Family Mart Case; the President offered one million yen to each employee after the tsunami problem and this is part of trust. This is known as bushin and ryomen or "things" and "heart". In shinrai; management will take care of the lower ranks. On (obligation) will be received and can be returned by life or feeling. Shinrai has changed today because people can manage without management intervention. In supplier relations; shinrai is diminishing. In Kagoshima, shinrai is one-on-one, face to face, relations spreading and networks grow...this is shinrai.

Prof. Wang Yi Jin
Faculty of Commerce
UMDS

New work rules have created "dry" and harder conditions. Thus, shinrai is probably diminishing. Trust has the risk of betrayal. In the Japanese society and business practice Japanese hate "to be betrayed", so Japanese use "Assurance" instead of "Trust" to avoid betrayal and keep the business relation stable. And this stable business relation makes the managers easy to make long-term planning. Assurance is the condition that someone believes in the others without the fear of the uncertainty (to be betrayed). Because a strong punishment comes after the betrayal. (Yamagishi "Change the society from assurance to trust" 1999, pp.18-21)

KEYYAKU (CONTRACT)

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

Some suppliers want a formal contract. But we try to avoid legal contract... because we don't know results. If it goes well then we all realize no need for contract. We do sign when distributor for specific customers is involved. But normally we sell to all Japan so a contract with details is needed. Sometimes we have a one-time (ByBy Keyakusho); it covers all transaction, general purchasing contract. West is contract-based.

Mr. Ishii Katsuyaki
Milk Products
MEIJI CO. LTD

Keyyaku (Contract) - Must do items, taika (amounts), and terms and conditions. I've given our private list to call center (so contract is useful).

Mr. Kamizuru Tamaru
Consultant
Kagoshima Industry

Keyyaku (contract) is necessary because it protects the company which manufactured the product. "Contract" is a visible expression of trust! We cannot trust foreign products. We do things that create trust. We make products properly.

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

I do not have a contract with employees.

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

Rare to have problems with each other but when shosha (trading company) works with foreigners they make contract and then purchase order. This is a specificity of Japan without contract, without non-disclosure agreement. If payment issues, then management takes decision even if human relations are good. Yoroshiku (I wish you well) implies shinrai and trust. Sometimes start with contract then use trust. Foreign company employees always changing so contract creates safety.

Mr. Leonhardt Fritz
Pharmaceuticals
CLARIANT

We try to avoid legal contract.

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

If former has an agreement with me the manufacturer, the contract protects the suppliers and a sense of trust is created

Mr. Mineshima
Video & Marketing
CIME

I don’t use keyyaku.

Mr. Nakayama Takashi
Cellular products
DAI NI DEN DEN (DDI)

A contract limits the relationship to the specific & written terms & conditions, thus no breathing room if there is a problem. For Telecom Company, infrastructure sales are done by contract between Motorola and Dai Ni DenDen. For infrastructure sales, it is contract. For cellular subscriber products or keitai - use hachu (purchase order) because "push" and personal and trust is needed for cellular sales.

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

Today retailers want contracts to protect themselves, against non-delivery of product. If I want to sell a lot then I would ask for a contract.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

Kihon no keyyaku (special contract with terms and conditions, product description etc) is sometimes used and this includes terms conditions and product price. With foreigners we use contracts. The shosha or trading company contracts with customer. In Japan, customers ask for many things therefore a contract is insufficient.

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

Contract are used with only trading companies

Mr. Wadia Sorab
Advertising
COMMUNICATION RESOURCES

Contracts were unheard of… based on reputation, built on trust.

Mr. Wilweber Martin
Logistics
ALLIED PICKFORDS

Contract does not cover everything. How to solve contract problems? By some basis of trust.

Mr. Wouters Dave
Management Consultants
INTERSEARCH Co.

No signed document in Japanese system. We gave them one week-end, two weekends … for free... we help clients to write their contracts, we did trade shows and helped supplies move through customs. All this without a contract and for free.

Mr. Yamaguchi Yuzaburo
Home Furnishings
SANGETSU NAGOYA

At beginning of every transaction, firstly we will make the non-disclosure agreement. And next go to making the basic transaction agreement and any specific agreement (case by case). Of course we have many agreements between our suppliers and customers right now. With foreigners we have no discriminatory treatments with between Japanese and non-Japanese. However, we, without exception, make agreement in English with non-Japanese customers and suppliers. Because we think that clear and precise agreement reduce the disputes between the parties.

Mr. Yamamoto Kazuhiro
Promotion Marketing
ADK MINDSHARE MEDIA CENTER

Business starts with trust. We use kotoh or verbal transaction.

Mr. Yoshikawa Shoichi
Public Relations
HILL & KNOWLTON PR

"Specific needs" not included in agreement. Contract is still general and Japanese style.
Mr. Yoshiteru Hoshino

Medical Devices
TERUMA CORPORATION

Because of FDA requirement, kihon torihiki keyyaku (payment terms, time period contract) is a must. KTK is company to company. Kobai shiosho - product specifications, lead time; himitsu hoji keyyaku – non-disclosure agreement. Hachusho (Purchase Order) is same as chumonsho. Requests outside these are negotiated based on trust. We must capture the shinrai of doctors and hospitals. We work with patent people therefore teamwork is important. Soodan (discussion/advice) is not very businesslike so we compromise therefore trust or sogo kaikettsu (resolution through discussion) is necessary. We seek a balance or kyorokku or cooperation.

Prof. Takemura Masaaki
Marketing
MEIJI UNIVERSITY

Prof. Toshimitsu Miyasako
Economics
KAGOSHIMA UNIVERSITY

Assistance was given to Chinese workers during tsunami and that is example of trust, in other words, outside of contract. If problems occur in a contract the problems are resolved based on shinrai (trust)

Prof. Wang Yi Jin
Faculty of Commerce
UMDS

HACHUSHO (PURCHASE ORDER)

Mr. Arimura Koichi
Fish paste
KK ARIMURA

I do not use foreign machines. Even with shosha (trading companies) I work with hachusho (purchase order).

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

Hachu (purchase order) is issued. Learn the product etc... Some suppliers want a formal contract. But we try to avoid legal contract... We don't know results. If it goes well then we all realize no need for contract. We do sign when distributor for specific customers is involved. But normally we sell to all Japan so a contract with details is needed. Gentleman agreement, understandings and mutual trust - is normal with our suppliers.

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

Conditions suddenly changing, or 'will terminate' rarely happens. Idea in Japan is we trust each other therefore it is Japanese to work with purchase order

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

If no "trust" even after one year... then require advance payment 1/3 up front. Use Trading Company to resolve money matters and problems. With Japanese supplier: use hachusho (Purchase Order), not keyyaku (contract). For CIME Company (partner) however a hachusho is like a keyyaku (contract).

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

We use (hachusho) purchase order by fax.

Mr. Mineshima
Video & Marketing
CIME

We use hachu

Mr. Nakamura Takuya
City Management
CITY OF FUKUOKA

No contracts traditionally. But we do use contracts but it is “rough”. It is really an agreement. We don’t go to court if a problem occurs.

Mr. Nakayama Takashi
Cellular products
DAI NI DEN DEN (DDI)

We used hachusho signed & sealed by several managers. Thus risk is spread. A contract limits the relationship to the specific & written terms & conditions, thus no breathing room if there is a problem.

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

If there is trust I can extend payment terms whether there is a contract or not- that’s trust. Mono (things or product) need a hachusho but payment (money issues) needs a contract. Conditions change depending on trust level whether hachusho or contract. Because there is no trust at start we use contract. Because there are so many conditions, if there is trust, we can change things, change even a contract.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

Hachusho is used.

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

I offer a hachu to Retailer. I use a keyyaku (contract) with trading company. And retailers use contract with trading company.

Mr. Wadia Sorab
Advertising
COMMUNICATION RESOURCES

This would not happen in Japan. No signed document in Japanese system.

Mr. Wilweber Martin
Logistics
ALLIED PICKFORDS

No contracts!

Mr. Wouters Dave
Management Consultants
INTERSEARCH Co.

All without a contract!!

Mr. Yamaguchi Yuzaburo
Home Furnishings
SANGETSU NAGOYA

We make basic agreement that contains the conditions of the transactions and exchanges

Mr. Yamamoto Hideki
Electrical Wiring
MATSUSHITA DENKO

Japanese use ukkeyosho (purchase order or hachusho) with foreign seller. If company has no staff, then use hachusho but don't go so far as a contract. It is atarimai (normal) to have shinyo (trust).

Mr. Yoshikawa Shoichi
Public Relations
HILL & KNOWLTON PR

"Needs" (detailed requirements) not included in agreement and contract is still general (Japanese style).

Mr. Hoshino Yoshiteru
Medical Devices
TERUMA CORPORATION

Kihon torihiki keyaku (special contract specifying payment terms, time period … for FDA requirements) is a must.

Prof. Takemura Masaaki
Marketing
MEIJI UNIVERSITY

Prof. Wang Yi Jin
Faculty of Commerce
UMDS

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

Mr. Arimura Koichi
Fish paste
KK ARIMURA

In old days, company took care of housing for employees. I also lent money to employees. I do not have contract with employees. I let people work past retirement and I do not lower salary.

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

Giri/On (responsibility/obligation) is connected to trust. We help each other out. Japanese will never forget your help (company level & individual level). Amazing!

Mr. Ishii Katsuyaki
Milk Products
MEIJI CO. LTD

kotoh de hachu is delivery based on verbal hachu.

Mr. Kamizuru Tamaru
Consultant
KAGOSHIMA INDUSTRY

We have giri ninjo in our company and have not changed because of foreign contact

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

Supplier will find way to kazu wo sorou meaning even at a loss a supplier will find material for me and "put out the required numbers". This is giri on.

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

Also found in Japan is nenko joretsu (relations between employer and employee, and seniority).

Mr. Mineshima
Video & Marketing
CIME

Giri ninjo is good.

Mr. Nakayama Takashi
Cellular products
DAI NI DEN DEN (DDI)

To create trust, management needs to show "trustworthiness" to employees. This is created through engagement with employees.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

I was raised on it. I worked for higher ups even at a loss or I volunteered for unpleasant task for "long term giri boss. Hard to say if good or bad. This is part of "aimai" ambiguity.

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

….has no connection with someone's age. He can be young or old.

Mr. Yamaguchi Yuzaburo
Home Furnishings
SANGETSU NAGOYA

Basically there are no other values such as "giri/on" exercised by our management within the company. There are reasonable value judgments and recently we are required to have a due process of risk management before the judgment in the business stage. However, within personal transaction, we Japanese have values such as "giri/on" right now.

Mr. Yamamoto Hideki

Electrical Wiring
MATSUSHITA DENKO

We work for employees not for shareholders as in USA. Maybe not up to to Giri On. In Japan, although not written but company would give money or goods to take care of employees.

Prof. Takemura Masaaki
Marketing
MEIJI UNIVERSITY

Prof. Toshimitsu Miyasako
Economics
KAGOSHIMA UNIVERSITY

Giri Ninjo as well as On (obligation) are diminishing in our world of globalization. But keyyaku or contract will not replace shinraisei (trusworthiness).

ON (OBLIGATION)

Mr. Arimura Koichi
Fish paste
KK ARIMURA

Lending money creates on…

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

Giri/On is connected to trust. We help each other out. Japanese will never forget your help (company level & individual level). Amazing!

Mr. Mineshima Fumio
Video & Marketing
CIME

Giri ninjo & On are related

Mr. Nakayama Takashi
Cellular products
DAI NI DEN DEN (DDI)

Someone stood to lose a 100 million yen if I shipped him product as had been agreed to. So he took on from me and I believed that he would return the favor. This is tsukiai (business relations). This action of mine (advance of 100 million yen in the form of additional commission) would save him, and he would "repay" the favor in the future with more orders.

Mr. Yamaguchi Yuzaburo
Home Furnishings
SANGETSU NAGOYA

Basically there are no other values such as giri/on exercised by our management within the company. However, within personal transaction, we Japanese have values such as giri/on right now.

AIMAI (AMBIGUOUS & VAGUE)

Mr. Arimura Koichi
Fish paste
KK ARIMURA

If I accept to buy, for example, 5% from others (suppliers), then my conditions are more severe and tough. Therefore I will not have a deep relationship with such a supplier.

Mr. Kamizuru Tamaru
Consultant
KAGOSHIMA INDUSTRY

The width of shinrai is great so although it is aimai - we need to make judgment. Aimai does not work in world of contracts. Gomen (excuse me) does not work.

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

If supplier has an agreement with me, the manufacturer, the contract protects the supplier and a sense of trust is created. Yet if the supplier sells at 10 yen more to a different manufacturer, the sense of trust relationship is negatively affected... Thus I give a “rough” meaning to trust because it is variable.

Mr. Mineshima Fumio
Video & Marketing
CIME

Voicing opinion is aimai, need approval of senior person.

Mr. Nakamura Takuya
City Management
CITY OF FUKUOKA

No details decided so if unexpected happens, then we discuss. This is the rule. No contracts traditionally. But we do use contracts but “rough”. It is really an "agreement". We don’t go to court if a problem occurs. Western system has come in: “PFI” system; Private Finance Initiative. We outsource projects to private companies. And we detail things. We outsource to save money. The PFI started 15-20 years ago.

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

Kamizuru says “contract” is a visible expression of trust. We can’t trust foreign goods. We do things that create trust. We always make products properly! Aimai (ambiguous) and gomen gomen (sorry sorry) works but in 'contract world' the gomen gomen doesn’t pass. We have not changed but something has changed. In Japanese culture, the unwritten is known”. For supplier (tonya), we use contracts. Aimai or gomennasai (sorry) - In Japan this protection is allowed but in world of contracts, there would be no room for aimai.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

Giri ninjo is aimai.

Mr. Yoshikawa Shoichi
Public Relations
HILL & KNOWLTON PR

One month work, then if I feel shinrai for the individual (account person) then start business. Will he be dedicated? Budget topic is included in early discussion to avoid over/under budget issues. This is foreign influence. If it is acquisition of routine work for us then don’t need shinrai (ex.

website, design work etc). If we have to create something then “shinrai becomes important. This requires contract, English language contract but no details… This is the aimai part. “Needs” not included. Contract is still general (Japanese style).

JOHOO KOOKAN (INFORMATION EXCHANGE)

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

We inform our suppliers in Europe. Japan client sees a Japanese company. We sell to Japanese clients. European sees foreign company operating in Japan. Both “faces” of company are important to bridge the “gap perception”. We do not just provide services. It is information for the customers (information on new product, new trends from other markets). This is what “binds” customer to us. This is trust. Customers see all the way up to supplier, we become “gateway” and this is also trust. Europeans also want information. Customers work at high level...so any feedback to Europeans is welcomed by Europeans. Service and information exchange - Example 1) Europe customers buy in large quantity so dealer not necessary. In Japan, the lots are smaller and dealer performed this extra work as a “service”. 2) Service also means to show face even though “nothing to say” and dealer would “keep track” of this!

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

PlusAlpha, omakke (free service and freebie), I give an extra unit as a yoroshiku” (wish you goodwill). This is service. Oréi (thanks), korekarre saki... yoroshiku..(Henceforth we wish goodwill) or joho or information is also is part of plus alpha. To build trust within company, we do daigyo, extra-time overtime or chikko shinnai come early to work.

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

I am party A. CIME Company is party B. No business between party A and party B but best to connect to get information … perhaps this may create work for a third party C, give chance to another company! CIME Company will introduce me A to party C to build shinrai (between A and B) and build relations. Tsuké - credit or “bill me later” is an old Japanese idea.

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

The accumulation of accurate and good information and given by a supplier to the manufacturer works towards building trust. Has always existed in Japan: 1) Organization 2) Region, local area 3) Family

Mr. Mineshima Fumio
Video & Marketing
CIME

…human relations building…

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

No mistake...or sense of anshin (safety) is felt because of long history. To create trust, we increase mutual communication. We "see" the person more and more. Firstly we need to exchange information, then I start to study Korea market, we go into a keyyaku (contract - because it is a Korean style). I agree with contract way to give me easiness to work with Korean. And this despite existing mutual trust. Also since we have a mutual staff we must protect them therefore contract is necessary.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

Quantity of information is primary then quality/usefulness comes next

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

Information is important because I can benefit…competitive information, customer information. I can offer information instead of price reductions!

Mr. Wadia Sorab
Advertising
COMMUNICATION RESOURCES

I am protected in Japan. This is trust. You work with people you know, people you work with, and people you trust in. You get some work from potential client; they say "just help us with a problem etc..." I give them a memo (marketing report, information) free of charge.

Mr. Wouters Dave
Management Consultants
INTERSEARCH Co.

3rd party, hotel manager, assisted us and then the US side wanted to pay him. No need to pay. The American later told me that it was not a question of mistrust but that he was not used to this. He had South East Asian experience. In Japan it is different. The hotel manager set up the relationship with customs…and the hotel trusted me. I, (Dave Wouters) explained who we were, and hotel guy prints INOLEX on customs form and then customs started to provide Information.

KIMOCHI (FEELING)

Mr. Arimura Koichi
Fish paste
KK ARIMURA

In the old days, company took care of housing for employees. I also lent money to employees. I speak no English but kimochi. I have kimochi (feeling) from deceased person. Even without work, we have tsukiai (relations) and shinrai and we understand kimochi.

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

Feeling is that a big company does not want to crush small guy

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

Because of mutual feeling, our communication increased. To build trust, I ask my client to visit my factory so he has kimochi (feeling and sense) about my factory and the owner (about me) also.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

It is not logical and not rational in Japan; it is aimai (ambiguous) and good salesman manages all this well. Its position (concept and application) is important in Japan.

Mr. Yamamoto Hideki
Electrical Wiring
MATSUSHITA DENKO

Company would give money or goods to take care of employees

Mr. Yoshiteru Hoshino
Medical Devices
TERUMA CORPORATION

Kimochi and feeling and safety are same.

WORK FOR SOCIETY

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

In Japanese company, there is more individual freedom. In Japan no one covers your work. You are responsible for your work. No one to take over and therefore nobody can take long vacations. It is about personal responsibility, and commitments.

Mr. Nakamura Takuya
City Management
CITY OF FUKUOKA

Work for others - We have lost this. Selfishness has come in.

Mr. Nakayama Takashi
Cellular products
DAI NI DEN DEN (DDI)

In old days, people worked for han and not for money. Han was the organization.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

I feel something but I work for self and family

Mr. Yamamoto Hideki
Electrical Wiring
MATSUSHITA DENKO

We work for employees not for shareholders as in USA. This is a matter of education. That is, sense of self and independence is now more current. Company size is not factor. In Kyushu – teachers and parents probably still have old ideas. I (Hideki Yamamoto) feel it is necessary to maintain some old ideas; especially for and in schools. It is now selfish vs. team & cooperation, others should be protected. The economy has some effect on current thinking. In past, we put up with bad ineffective boss and we worked for the company. We need to work for society or local area (I work for local agricultural cooperative in Kyoto). When things get difficult you say omaiga… (since you said so, then I accept). This is not logical but it is shinrai!

MEIJI ERA 1868 - 1912

Mr. Nakayama Takashi
Cellular products
DAI NI DEN DEN (DDI)

During Edo period - characteristically the owner listened to workers to create atmosphere of trust. Self or company is han or organization. If han did not grow then there was no life no progress. Growth of company was desired. Money was not the objective.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

Mr. Arimura Koichi
Fish paste
KK ARIMURA

If I buy 5% from others, then my conditions are more severe and tough. Therefore I will not have a deep relationship with such a supplier.

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

Plus Alpha, omakke, I give an extra unit as a yoroshiku (thanks and goodwill expression). This is service or plus alpha. Oréi (thanks), korekarra saki... yoroshiku..(wish future goodwill). Joho or information also is part of plus alpha. I want 100 units. Supplier has only 80. But supplier will look for 100 and sell to me 100 units... (even at loss because it cost him a lot to get the 20) kazu wo sorowu (make numbers fit, get the required quantity no matter what) - this is important notion in Japan.

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

If there is shinrai then I (supplier) can say I can do only 100 yen worth of work and not more. But I (CIME) will do 150 yen worth of work, in fact. Expectation is some day; more assignments will come to me (CIME). But this is not viewed as a risk by CIME! Working per se is building shinrai - therefore CIME is willing to do the extra work (50 yen more) but be paid only 100 yen

Mr. Leonhardt Fritz
Pharmaceuticals
CLARIANT

When it's ready on a promised date..., it was ready!!... Better to pay a little more, and get better quality and reliable delivery

Mr. Nakayama Takashi
Cellular products
DAI NI DEN DEN (DDI)

Thus, the buying company will distribute cell phones to consumer end user. For the hojin (client) there is "service" (services, repairs... done for free). This is hojin kankei or client relations.

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

In Japan we don't think we should be bound or limited by a contract. The unwritten part is plus alpha extra conditions and this is based on shinrai. In Japanese culture, the unwritten is known.

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

Plus alpha allows for more than originally agreed to. Plus alpha works.

Mr. Wadia Sorab
Advertising
COMMUNICATION RESOURCES

I (Sorab) work "gratis" (service) for three months and will bill just for expenses at two million yen

Mr. Wouters Dave
Management Consultants
INTERSEARCH Co.

Working for free is my plus alpha". I worked weekends for free.

Mr. Yamamoto Hideki
Electrical Wiring
MATSUSHITA DENKO

Plus alpha is treated as “service”. They (buyer) want “something more”. Is it lower price? Is it something else? This is unspoken. They express mono tarra nai... (Something lacking). They ask for plus alpha... mochotto shité kuré... (give me a little something more). This is prevalent not only in business! When I’m not a 100% satisfied, I ask for plus alpha. They (buyers) don’t want to hurt feeling of seller, so they ask for plus alpha. If you see my eyes... my face color... read my feelings... You should understand what I’m asking for... not good if you can’t “read me”. Buyer says or expresses “You are faithful (to your company but how about a plus alpha i.e. a new idea, a little extra effort, think about this ...."

MATRIX No 2

SINGLE RESPONDENT'S NARRATIVE VS ALL KEY WORDS

Arimura Koichi
Fish paste
KK ARIMURA

HUMAN RELATIONS

If people like my product, then there is en between people. Shop sells products and that action becomes shinrai. He also thus also buying from me and that also is shinrai. In old days, company took care of housing for employees. I also lent money to employees. I do not have a contract with employees I speak no English but kimochi. We understand each other, we have tsukiai and shinyo (relations and trust) and we understand kimochi. Thus we may work some day! Tsukiai is relations. May or may not lead to doing business. If supplier has little product he will provide me with the best. This is shinrai. If a supplier increases price to me (and I know his cost is rising) and I buy at higher price. This is shinyo! All this is tsukiai! Because I trust my supplier, I do not beat him down because he will not give me best product. All pricing matters are seen over the long period of relationships so it is not concerned with any one transaction. If I buy 5% from others, then my conditions are more severe and tough. Therefore I will not have a deep relationship with such a supplier. I have relations but no a sales staff. If I maintain my relations carefully, people will know my product.

SHINRAI (TRUST)

Shop sells products and that action becomes shinrai (trust). Shop also buying from me and that also is shinrai. Even if we don't work together, we have tsukiai & shinyo (relations & confidence) and we understand kimochi (feeling). How does shinrai connect with zairyo genryo zaiko (raw material process) prices? If supplier has little product, he will provide me with the best. This is shinrai. Because I trust my supplier, I do not beat him down because he will then not give me best product. If a supplier increases price to me (and I know his cost is rising) and I buy at higher price. This is shinyo! All is tsukiai! I trust my supplier. If I buy 5% of my requirements from others, I will not have a deep relationship with such a supplier. If I maintain my relations carefully, people will know my product.

HACHUSHO (PURCHASE ORDER)

I do not use foreign machines. Even with shosha (trading companies) I work with hachusho (purchase order).

GIRI NINJO (MORAL DUTY - HUMAN FEELING)
In old days, company took care of housing for employees. I also lent money to employees. I do not have contract with employees. I let people work past retirement and I do not lower salary.

ON (OBLIGATION)

Lending money creates On…

AIMAI (AMBIGUOUS & VAGUE)

If I accept to buy, for example, 5% from others (suppliers), then my conditions are more severe and tough. Therefore I will not have a deep relationship with such a supplier.

KIMOCHI (FEELING)

In the old days, company took care of housing for employees. I also lent money to employees. I speak no English but kimochi. I have kimochi (feeling) from person not present. Even if we don't work together, we have tsukiai (relations) and shinrai and we understand kimochi.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

If I buy 5% from others, then my conditions are more severe and tough. Therefore I will not have a deep relationship with such a supplier.

Mr. Bruggeman Richard
Chemicals
IMPEX CHEMICALS

NINGEN KANKEI (HUMAN RELATIONS)

Japanese employee would not switch for little more salary & despite that the company was a foreign company. If dealer's customer went bankrupt, dealer did not come to us for help, dealer took care of it. Develop a mutual vision/ mutual unity of market, goals, there is no measurement of effect. Need to have good communication. Gentlemen's agreement, understandings and mutual trust - is normal with our suppliers. I allow workers/employees to develop, evolve and grow themselves. I lead by example. They understand my expectations I am actually paying my workers to work for customer!

SHINRAI (TRUST)

Trust with suppliers (European)... suppliers need to trust us. Once supplier understands, we have market knowledge, and then trust begins. They come to us via a 3rd party therefore there is some level of trust. Using a third party appears to build trust. Gentleman's agreement, understandings and mutual trust - is normal with our suppliers. We service clients at same level as Japanese suppliers do or trading company does. This is the first level of trust, shinrai. Trust is a formality not a "trust issue". It is "information" for the customers (info on new product, new trends from other markets). This is what "binds" customer to us. This is trust. Customers see all the way up to supplier, we become "gateway" and this is also trust. Client can't call office sometimes but calls directly tantosha (supervisor). This is also trust. Giri/on (responsibility and obligation) is connected to trust. shinrai is fundamentally embedded in Japanese culture. It's taken for granted here.

KEYYAKU (CONTRACT)

Some suppliers want a formal contract. But we try to avoid legal contract... because we don't know results. If all goes well, then both sides realize no need for contract. We do sign when distributor for specific customers is involved. But normally we sell to all Japan so a contract with details is needed. Sometimes we have a one-time (ByByKeyakusho); it covers all transaction, general purchasing contract. West is contract based.

HACHUSHO (PURCHASE ORDER)

Hachu (purchase order) is issued. Learn the product etc... Some suppliers want a formal contract. But we try to avoid legal contract... We don't know results. If all goes well, then both sides realize no need for contract. We do sign when distributor for specific customers is involved. But normally we sell to all Japan so a contract with details is needed. Gentleman agreement, understandings and mutual trust - is normal with our suppliers.

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

Giri/ninjo is connected to trust. We help each other out. Japanese will never forget your help (company level & individual level). Amazing!

ON (OBLIGATION)

Giri/On is connected to trust. We help each other out. Japanese will never forget your help (company level & individual level). Amazing!

JOHO KOOKAN (INFORMATION EXCHANGE)

We inform our suppliers in Europe. Japan client sees a Japanese company. We sell to Japanese clients. European sees foreign company operating in Japan. Both "faces" of company are important to bridge the "gap perception". We do not just provide services. It is information for the customers (information on new product, new trends from other markets). This is what "binds" customer to us. This is trust. Customers see all the way up to supplier, we become "gateway" and

this is also trust. Europeans also want information. Customers work at high level...so any feedback to Europeans is welcomed by Europeans. Service and information exchange - Example 1) Europe customers buy in large quantity so dealer not necessary. In Japan, the lots are smaller and dealer performed this extra work as a “service”. 2) Service also means to show face even though “nothing to say” and dealer would “keep track” of this!

WORK FOR SOCIETY

In Japanese company, there is more individual freedom. In Japan no one covers your work. You are responsible for your work. No one to take over and therefore nobody can take long vacations. It is about personal responsibility, and commitments.

Mr. Ishii Katsuyaki
Milk Products
MEIJI CO. LTD

NINGEN KANKEI (HUMAN RELATIONS)

Ningensei or humanness is taken into account when I assign tasks and determine trust with an employee. I look at his characteristics away from work and his hyoka or personal performance. Kosei means personality of person.

SHINRAI (TRUST)

My staff is six persons. I determine who I trust most based on best output, history and task. I include ningesei (humanness) and kosei (personality) characteristics.

KEYYAKU (CONTRACT)

Keyyaku (Contract) - Must do items, taika (amounts), and terms and conditions. I've given our private list to call center (so contract is useful).

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

kotoh de hachu - delivery based on verbal hachu.

Mr. Kan Shintaro
Vinegar
KK FUKUYAMA BUSSAN

NINGEN KANKEI (HUMAN RELATIONS)

Idea in Japan is we trust each other … therefore it is Japanese to work with purchase order

SHINRAI (TRUST)

Idea in Japan is we trust each other therefore it is Japanese to work with purchase order. Perhaps it is more of a "no place to hide" rather than use of shinrai. We ask where were you born? And so we know what kind of person he is and whether he can be trusted. If specify within Osaka, more trust or Osaka vs. Tokyo is also OK…. without proof (contract, bunsho/written documentation). I use trust (after learning birthplace), and then if problem arises, then we lose trust. Therefore it becomes more difficult to build trust. Despite use of contract there are no hard feelings because the intent is always to build trust. To build trust within company, we do daigyo (over time work) or chikko shinai (coming early to work)

KEYYAKU (CONTRACT)

I do not have a contract with employees.

HACHUSHO (PURCHASE ORDER)

Conditions suddenly changing, or 'will terminate' rarely happens. Idea in Japan is we trust each other therefore it is Japanese to work with purchase order

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

Supplier will find way to kazu wo sorou meaning even at a loss a supplier will find material for me and "put out the required numbers". This is giri on.

JOHO KOOKAN (INFORMATION EXCHANGE)

Plus alpha, omakke (free service and freebie), I give an extra unit as a yoroshiku" (wish you goodwill). This is service. Oréi (thanks), korekarra saki... yoroshiku..(Henceforth we wish goodwill) or johoo or information is also is part of plus alpha. To build trust within company, we do daigyo, extra-time overtime or chikko shinnai come early to work.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

Plus Alpha,, omakke, I give an extra unit as a yoroshiku (thanks and goodwill expression). This is service or Plus alpha. Oréi (thanks), korekarre saki... yoroshiku"..(wish future goodwill). "Joho" or information also is part of plus alpha. I want 100 units. Supplier has only 80. But supplier will look for 100 and sell to me a 100 units... (even at loss because it cost him a lot to get the 20). "Kazu wo sorowu" (make numbers fit, get the required quantity no matter what) –
this is important notion in Japan.

Mr. Katayama Takahiro
Promotions & advertising
DENTSU TEC

NINGEN KANKEI (HUMAN RELATIONS)

If company and another company's relations is good but human relations is not good. Then what? If company and another company's relations are not good but human relations are good, then what? If payment issues occur then management takes decision (despite good human relations). Therefore contract creates anzen or safety. Kizuna is connection. In the past, stability means individual to individual relations. So another company (third party) can do it! CIME company will introduce third company (to A and B) to build shinrai and individual relations.

SHINRAI (TRUST)

Does shinrai change? Yes. I feel something. Money issues are important

KEYYAKU (CONTRACT)

Rare to have problems with each other but when shosha (trading company) works with foreigners they make contract and then purchase order. This is a specificity of Japan without contract, without non-disclosure agreement. If payment issues, then management takes decision even if human relations are good. Yoroshiku (I wish you well) implies shinrai and trust. Sometimes start with contract then use trust. Foreign company employees always changing so contract creates safety.

HACHUSHO (PURCHASE ORDER)

If no "trust" even after one year... then require advance payment 1/3 up front. Use Trading Company to resolve money matters and problems. With Japanese supplier: use hachusho

(Purchase Order), not keyyaku (contract). For CIME (partner) however a hachusho is like a keyyaku (contract).

JOHO KOOKAN (INFORMATION EXCHANGE)

I am party A. CIME Company is party B. No business between party A and party B but best to connect to get information … perhaps this may create work for a third party C, give chance to another company! CIME Company will introduce me A to party C to build shinrai (between A and B) and build relations. Tsuké - credit or "bill me later" is an old Japanese idea.

KIMOCHI (FEELING)

Feeling is that a big company does not want to crush small guy

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

If there is shinrai then I (supplier) can say I can do only 100 yen worth of work and not more. But I (CIME) will do 150 yen worth of work, in fact. Expectation is some day; more assignments will come to me (CIME). But this is not viewed as a risk by CIME! Working per se is building shinrai - therefore CIME is willing to do the extra work (50 yen more) but be paid only 100 yen

Mr. Leonhardt Fritz
Pharmaceuticals
CLARIANT

NINGEN KANKEI (HUMAN RELATIONS)

Contracts were unheard of ... based on reputation, built on trust. Suppliers brought in parts at a loss to save reputation. Japanese employee would not switch for little more salary and despite that the company was a foreign company. If dealer's customer went bankrupt, dealer did not come to us for help, dealer took care of it.

SHINRAI (TRUST)

Dealers were a buffer and handled payment and credit risk issues therefore were creating trust; was part of trust organization. Suppliers brought in parts at a loss to save reputation, 'we can do it'! The "service thing" is all an investment for the Japanese. They succeeded through trust. I have no degree but am trusted because I am a foreigner and Swiss technicians also non-degreed and trusted but Japanese staff is not trusted if no degree. Dealers would give us "guarantee" but this was just a formality (around 10% down). We don't pay suppliers until six months later. This is trust. You can trust Japan on macro level. Keep money in Japan (although no interest paid), it is safe in Japan... you can trust Japan.

KEYYAKU (CONTRACT)

We try to avoid legal contract.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

When it's ready on a promised date..., it was ready!!... Better to pay a little more, and get better quality and reliable delivery

Mr. Machigashira Hitoshi
Shochu Wine
SATSUMA SHUZO SHOCHU

NINGEN KANKEI (HUMAN RELATIONS)

Also found in Nenko Joretsu (seniority system) relations between employer and employee

SHINRAI (TRUST)

The accumulation of accurate and good information and given by a supplier to the manufacturer works towards building trust. Issue of trust precedes negotiations. Thus, if you have trust then theoretically, no need to negotiate. The idea is that I can trust the company because I don't need to enter in negotiation with them. Vertical relations usually have Trust. If producer has to raise prices, he will consider all elements before doing so … talks to retailer to accept higher the higher price. And this is one more example of trust. Thus I give a "rough" (aimai) meaning to trust because it is variable

KEYYAKU (CONTRACT)

If former has an agreement with me the manufacturer, the contract protects the suppliers and a sense of trust is created

HACHUSHO (PURCHASE ORDER)

We use (hachusho) purchase order by fax.

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

Also found in Japan is Nenko joretsu (relations between employer and employee, and seniority).

AIMAI (AMBIGUOUS & VAGUE)

If supplier has an agreement with me, the manufacturer, the contract protects the supplier and a sense of trust is created. Yet if the supplier sells at 10 yen more to a different manufacturer, the sense of trust relationship is negatively affected... Thus I give a “rough” meaning to trust because it is variable.

JOHO KOOKAN (INFORMATION EXCHANGE)

The accumulation of accurate and good information and given by a supplier to the manufacturer works towards building trust. Has always existed in Japan: 1) Organization 2) Region, local area 3) Family

Mr. Mineshima Fumio
Video & Marketing
CIME

SHINRAI (TRUST)

Connection between people causes product to move. Therefore individuals connect to build trust and work begins. Even if a company is large, the entry point is personal and individual-based. We work within groups or keiretsu therefore trust exists. Trust exists within fixed groups. We are family, village society. We work inside a small world so we are mura hachibu, if we make mistake we are ostracized from our village, our society. So we work within confines of our narrow world, village. It is one village against another village. If I want to do work with someone I do not know then I must build relations. I ask a friend to introduce me to the unknown third person.

KEYYAKU (CONTRACT)

I don't use keyyaku.

HACHUSHO (PURCHASE ORDER)

We use hachu

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

Giri ninjo is good.

ON (OBLIGATION)

Giri ninjo & On are related

AIMAI (AMBIGUOUS & VAGUE)

Voicing opinion is aimai, need approval of senior person.

JOHO KOOKAN (INFORMATION EXCHANGE)

…human relations building

Mr. Nakamura Takuya
City Management
CITY OF FUKUOKA

NINGEN KANKEI (HUMAN RELATIONS)

No details decided so if unexpected happens, then we discuss. “Work for others” ritta shin - for family, for others.

SHINRAI (TRUST)

We may lose trust if we use this system (PFI). Meaning of trust different for me and for private citizen. Does shinrai change because contract with foreigner? It is changing a little today because we are "westernized". Westernization causes lack of trust. West is replacing shinrai.

HACHUSHO (PURCHASE ORDER)

No contracts traditionally. But we do use contracts but it is “rough”. It is really an agreement. We don’t go to court if a problem occurs.

AIMAI (AMBIGUOUS & VAGUE)

No details decided so if unexpected happens, then we discuss. This is the rule. No contracts traditionally. But we do use contracts but “rough”. It is really an "agreement". We don’t go to court if a problem occurs. Western system has come in: “PFI” system; Private Finance Initiative. We outsource projects to private companies. And we detail things. We outsource to save money. The PFI started 15-20 years ago.

WORK FOR SOCIETY

Work for others - We have lost this. Selfishness has come in.

Mr. Takashi Nakayama
Cellular products
DAI NI DEN DEN (DDI)

NINGEN KANKEI (HUMAN RELATIONS)

To create Trust, management needs to show trustworthiness to employees. This is created through engagement with employees. Human relations are shinrai kankei (trust relations).

SHINRAI (TRUST)

To create trust, management needs to show trustworthiness to employees. This is created through engagement with employees. Such act is seen to create trust. I was a “trustworthy judge”! Growth of trust is shinrai kankei (trust relations). Keitai sales (cellular phone sales) – is selling by creating shinrai. Buyer buys more through trust. There is “corporate trust” and “personal trust”. Manager and owner listens to employee to create ambiance for trust to grow… building of a trust relations. There is variation in our need of product, in other words fluctuations between ‘need and not need’. This means there is more need for trust. If I execute additional quantity purchase, for example, 200 pieces extra, this is evidence of trust. Now if product fails and the seller takes too long to fix then shinrai is lost...can’t trust some cellular companies that would cancel order soon after placing the order. Thus, no trust can be built under those conditions.

KEYYAKU (CONTRACT)

A contract limits the relationship to the specific & written terms & conditions, thus no breathing room if there is a problem. For Telecom Company, infrastructure sales are done by contract between Motorola and Dai Ni DenDen. For infrastructure sales, it is contract. For cellular subscriber products or keitai - use hachu (purchase order) because "push" and personal and trust is needed for cellular sales.

HACHUSHO (PURCHASE ORDER)

We used hachusho signed & sealed by several managers. Thus risk is spread. A contract limits the relationship to the specific & written terms & conditions, thus no breathing room if there is a problem.

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

To create trust, management needs to show "trustworthiness" to employees. This is created through engagement with employees.

ON (OBLIGATION)

Someone stood to lose a 100 million yen if I shipped him product as had been agreed to. So he took on from me and I believed that he would return the favor. This is tsukiai (business relations). This action of mine (advance of 100 million yen in the form of additional commission) would save him, and he would “repay” the favor in the future with more orders.

WORK FOR SOCIETY

In old days, people worked for han and not for money. Han was the organization.

MEIJI ERA 1868 - 1912

During Edo period - characteristically the owner listened to workers to create atmosphere of trust. Self or company is han or organization. If han did not grow then there was no life no progress. Growth of company was desired. Money was not the objective.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

Thus, the buying company will distribute cell phones to consumer end user. For the hojin (client) there is “service” (services, repairs... done for free). This is hojin kankei or client relations.

Mr. Shigehisa Hiroshi
Vinegar
KK FUKUYAMA BUSSAN

NINGEN KANKEI (HUMAN RELATIONS)

We increase mutual communication, we "see" the person more and more. And this despite existing mutual trust, also since we have a mutual staff. Trust me (as a person), not my product. If you trust me, you will trust my product. This thing is made by a certain kind of person, from this area… Because of mutual feeling, our communication increased. We developed trust on personal level we had a staff behind us, we had to provide protection for them. Shop is a place where my product is sold. If I can't trust the maker-person than I can't trust the product. What does the shop want? The person? The product? Would I pay for the product that I made?

SHINRAI (TRUST)

To create trust, we increase mutual communication. Trust me as a person, not my product, if you trust me, you will trust my product. Shop is a place where my product is sold. If I can't trust the maker person then I can't trust the product. To build trust, I ask my client to visit my factory so he has kimochi (feeling) about my factory & the owner also. If there is trust, we can change things, change contract.

KEYYAKU (CONTRACT)

Today retailers want contracts to protect themselves, against non-delivery of product. If I want to sell a lot then I would ask for a contract.

HACHUSHO (PURCHASE ORDER)

If there is trust I can extend payment terms whether there is a contract or not- that's trust. Mono (things or product) need a hachusho but payment (money issues) needs a contract. Conditions change depending on trust level whether hachusho or contract. Because there is no trust at start we use contract. Because there are so many conditions, if there is trust, we can change things, change even a contract.

AIMAI (AMBIGUOUS & VAGUE)

Aimai (ambiguous) and gomen gomen (sorry sorry) works but in 'contract world' the gomen gomen doesn't pass. We have not changed but something has changed. In Japanese culture, the unwritten is known". For supplier (tonya), we use contracts. Aimai or gomennasai (sorry) - In Japan this protection is allowed but in world of contracts, there would be no room for aimai.

JOHO KOOKAN (INFORMATION EXCHANGE)

No mistake...or sense of anshin (safety) is felt because of long history. To create trust, we increase mutual communication. We "see" the person more and more. Firstly we need to exchange information, then I start to study Korea market, we go into a keyyaku (contract - because it is a Korean style). I agree with contract way to give me easiness to work with Korean. And this despite existing mutual trust. Also since we have a mutual staff we must protect them therefore contract is necessary.

KIMOCHI (FEELING)

Because of mutual feeling, our communication increased. To build trust, I ask my client to visit my factory so he has kimochi (feeling and sense) about my factory and the owner (about me) also.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

In Japan we don't think we should be bound or limited by a contract. The unwritten part is plus alpha extra conditions and this is based on shinrai. In Japanese culture, the unwritten is known.

Mr. Teshima Masahiro
Aluminum Products
SUMITOMO LIGHT METAL INDUSTRIES LTD

NINGEN KANKEI (HUMAN RELATIONS)

Japanese know each other because we are homogenous society. So we have a fair understanding of the other, therefore the start of relations is quite “easy”

SHINRAI (TRUST)

Guzen-sei (spontaneous relations) may exist without trust. Long established customer especially in b2b, therefore there is already some trust between companies but individuals need to be "checked out". I don't think foreign experience has changed my sense of trust.

KEYYAKU (CONTRACT)

Kihon no keyyaku (special contract with terms and conditions, product description etc) is sometimes used and this includes terms conditions and product price. With foreigners we use contracts. The shosha or trading company contracts with customer. In Japan, customers ask for many things therefore a contract is insufficient.

HACHUSHO (PURCHASE ORDER)

Hachusho is used.

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

I was raised on it. I worked for higher ups even at a loss or I volunteered for unpleasant task for "long term giri boss. Hard to say if good or bad. This is part of aimai ambiguity.

AIMAI (AMBIGUOUS & VAGUE)

Giri ninjo is aimai.

JOHO KOOKAN (INFORMATION EXCHANGE)

Quantity of information is primary then quality/usefulness comes next

KIMOCHI (FEELING)

It is not logical and not rational in Japan; it is aimai (ambiguous) and good salesman manages all this well. Its position (concept and application) is important in Japan.

WORK FOR SOCIETY

I feel something but I work for self and family

Mr. Uebayashi Hideyuki
Soy Sauce
KIKKOMAN CO.

NINGEN KANKEI (HUMAN RELATIONS)

Human relations is first step to building trust. Is there a sense of mutual desire to work together? We rely on intuition. This leads to trust.

SHINRAI (TRUST)

Our corporate credo is "integrity or in good faith", Seijitsu.

KEYYAKU (CONTRACT)

Contract are used with only trading companies

HACHUSHO (PURCHASE ORDER)

I offer a hachu to retailer. I use a keyyaku (contract) with trading company. And retailers use contract with trading company.

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

….has nothing to do with young or old

JOHO KOOKAN (INFORMATION EXCHANGE)

Information is important because I can benefit…competitive information, customer information. I can offer information instead of price reductions!

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

Plus alpha allows for more than originally agreed to. Plus alpha works.

Mr. Wadia Sorab
Advertising
COMMUNICATION RESOURCES

NINGEN KANKEI (HUMAN RELATIONS)

Sorab says "we have trust in Japanese business... you and I have history (relations)... You work with people you know, people you work with, and people you TRUST in". You get some work; just help us with a problem etc...Human relations: one or two people... strengthen ties... They feed you something! (They feed me, this time).

SHINRAI (TRUST)

We have trust in Japanese business... you and I (people doing business in Japan) have a history (relations)...I am protected in Japan by the principle of trust. You work with people you know, people you work with, and people you trust in.

KEYYAKU (CONTRACT)

Contracts were unheard of… based on reputation, built on trust.

HACHUSHO (PURCHASE ORDER)

This would not happen in Japan. No signed document in Japanese system.

JOHOO KOOKAN (INFORMATION EXCHANGE)

I am protected in Japan. This is trust. You work with people you know, people you work with, and people you trust in. You get some work from potential client; they say "just help us with a problem etc..." I give them a memo (marketing report, information) free of charge.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)
I (Sorab) work "gratis" (service) for three months and will bill just for expenses at two million Yen

Mr. Wilweber Martin
Logistics
ALLIED PICKFORDS

NINGEN KANKEI (HUMAN RELATIONS)

We know how to do business with Japan and that's a matter of trust relationship… at first trust and then comes the relationship & building that up…

SHINRAI (TRUST)

We work to earn trust. We trust to get work. How to solve contract problems? By some basis of trust. In Kansai, you ask someone to fill in for work which is even not theirs so there has to be shinrai or the alternative is to hire all the staff to make work for everyone equitably. Shinrai kankei (trust relations) between competitors ... means not talking about secrets, for example. Pride in profession is one basis for shinrai. Unless there is some trust, there are grounds for suspicion. We have the world's best packers. They have pride in their work.

KEYYAKU (CONTRACT)

Contract does not cover everything. How to solve contract problems? By some basis of trust.

HACHUSHO (PURCHASE ORDER)

No contracts!

Mr. Wouters Dave
Management Consultants
INTERSEARCH Co.

NINGEN KANKEI (HUMAN RELATIONS)
The hotel manager "set up the relationship with…" the hotel trusted Dave

SHINRAI (TRUST)

We know how to do business with Japan and that's a matter of trust relationship … at first trust and then comes the relationship and building that up….." To give you an example, a hotel manager "set up the relationship with…" and trusted me. In another case the client "tested" me and asked me to find a buyer for a building. He did it on trust. My company got the search; we had to first establish trust. As result client supplier gave me more trust or searches… more business

KEYYAKU (CONTRACT)

No signed document in Japanese system. We gave them one week-end, two weekends … for free... we help clients to write their contracts, we did trade shows and helped supplies move through customs. All this without a contract and for free.

HACHUSHO (PURCHASE ORDER)
All without a contract!!

JOHOO KOOKAN (INFORMATION EXCHANGE)
3rd party, hotel manager, assisted us and then the US side wanted to pay him. No need to pay. The American later told me that it was not a question of mistrust but that he was not used to this. He had South East Asian experience. In Japan it is different. The hotel manager "set up the relationship with customs…"and the hotel trusted me. I, (Dave Wouters) explained who we were, and hotel guy prints INOLEX on customs form and then customs started to provide Information.

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

Working for free is my plus alpha". I worked weekends for free.

Mr. Yamaguchi Yuzaburo
Home Furnishings
SANGETSU NAGOYA

SHINRAI (TRUST)

Over the years, Sangetsu develop in good faith the Japanese suppliers step by step by performing every oral promise.

KEYYAKU (CONTRACT)

At beginning of every transaction, firstly we will make the non-disclosure agreement. And next go to making the basic transaction agreement and any specific agreement (case by case). Of course we have many agreements between our suppliers and customers right now. With foreigners we have no discriminatory treatments with between Japanese and non-Japanese. However, we, without exception, make agreement in English with non-Japanese customers and suppliers. Because we think that clear and precise agreement reduce the disputes between the parties.

HACHUSHO (PURCHASE ORDER)

We make basic agreement that contains the terms and conditions of the transactions

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

Basically there are no other values such as giri/on exercised by our management within the company. There are reasonable value judgments and recently we are required to have a due process of risk management before the judgment in the business stage. However, within personal transaction, we Japanese have values such as giri/on right now.

ON (OBLIGATION)

Basically there are no other values such as giri/on exercised by our management within the company. However, within personal transaction, we Japanese have values such as giri/on right now.

Mr. Yamamoto Hideki
Electrical Wiring
MATSUSHITA DENKO

NINGEN KANKEI (HUMAN RELATIONS)

We work for employees not for shareholders as in USA. Maybe not up to giri on. There is some problem when Japanese company works with each other. In Japan, although not written but company would give money or needs to take care of employees…to build trust among employees. This is naibu rhoomu kankei- labor relations issue. Shushin Koyoh employment - up to age limit employment was guaranteed (this builds trust). Chikai - close relations. Tsukini - atmosphere. Easy to talk to dealers. Our relations were easy (if customer was big like ryohanten then relations become based on price. Matsushita Denko sells to dairiten (dealer) and denkiya-san (electronic goods shop) therefore relations are easier. Due to competition, issue becomes price therefore less human relations

SHINRAI (TRUST)

Some shinrai exists because I give him some work to do. Shinrai is important for quality of work and time management. I believe in giving "trust" to locals when I do business overseas. Japan education - "keep promise" is losing out if today is changing and Japan needs to come back in. To build trust; establish hinshitsu (Quality Control), and noki (delivery as promised). To build trust among employees, there is shushin koyoh nenko (Employment Wage Distribution by Age).

HACHUSHO (PURCHASE ORDER)

Japanese use ukkeyosho (purchase order or hachusho) with foreign seller. If company has no staff, then use hachusho but don’t go so far as a contract. It is atarimai (normal) to have shinyo (trust).

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

We work for employees not for shareholders as in USA. Maybe not up to giri on. In Japan, although not written but company would give money or goods to take care of employees.
KIMOCHI (FEELING)

Company would give money or goods to take care of employees

WORK FOR SOCIETY

We work for employees not for shareholders as in USA. This is an issue of education. That is, sense of self and independence is now more current. Company size is not factor. In Kyushu – teachers and parents probably still have old ideas. I (Hideki Yamamoto) think it is necessary to keep some old ideas; especially for and in schools. It is now selfish vs. team & cooperation, others should be protected. The economy has some effect on current thinking. In past, we put up with bad ineffective boss and we worked for the company. We need to work for society or local area (I work for local agricultural cooperative in Kyoto). When things get difficult you say omaiga… (since you said so, then I accept). This is not logical but it is shinrai!

SERVICE & PLUS ALPHA (FREE/GRATIS SERVICES, GOODS & DISCOUNTS)

Plus Alpha is treated as "service". They (buyer) want "something more". Is it lower price? Is it something else? This is unspoken. They express mono tarra nai... (Something lacking). They ask for "plus alpha... mochotto shité kuré"... (give me a little something more). This is prevalent not only in business! When I'm not a 100% satisfied, I ask for plus alpha. They (buyers) don't want to hurt feeling of seller, so they ask for plus alpha". If you see my eyes... my face color... read my feelings... You should understand what I'm asking for... not good if you can't "read me". Buyer says or expresses "You are faithful (to your company but how about a 'plus alpha' i.e.
new idea, a little extra effort, think about this ....

Mr. Yamamoto Kazuhiro
Promotion Marketing
ADK MINDSHARE MEDIA CENTER

NINGEN KANKEI (HUMAN RELATIONS)

Therefore it is a company to company relationship. On the other hand, if I do this, I need to know Mr Mineshima first .i.e. what is he doing? etc... If I am confidant (human relationship) of Mr Mineshima, then I start the censorship. Know person i.e. what his company is doing (via Resume/ Profile). Start Development Relationship (i.e. somebody introduces me to Mineshima san)

SHINRAI (TRUST)

We have censorship before begin business. Need background check. This is business to business relationship. On the other hand I need to know the individual first. What is he doing? If I am confidant (human relationship) of Mr. X then I start censorship. If there is censorship but no trust then there is not yet trust relationship. But I give some work and shinrai exists. Trust is important for quality of work and time management! Process is as follows: somebody introduces me to X. I "know" the person i.e. what his company is doing (via resume and profile). Then I know his company (via censorship). Then probably give X something to do. Otsukiai (business relations) - leads to trust.

KEYYAKU (CONTRACT)

Business starts with Trust. We use kotoh or verbal transaction

Mr. Yoshikawa Shoichi
Public Relations
HILL & KNOWLTON PR

NINGEN KANKEI (HUMAN RELATIONS)

One month work, then if I feel shinrai for the individual (account person) then start business.

SHINRAI (TRUST)

After one month work, if I feel shinrai for the individual then start business.

KEYYAKU (CONTRACT)

"Specific needs" not included in agreement. Contract is still general and Japanese style.

HACHUSHO (PURCHASE ORDER)

"Needs" (detailed requirements) not included in agreement and contract is still general (Japanese style).

AIMAI (AMBIGUOUS & VAGUE)

One month work, then if I feel shinrai for the individual (account person) then start business.Will he be dedicated? Budget topic is included in early discussion to avoid over/under budgetissues. This is foreign influence. If it is acquisition of routine work for us then don't need shinrai(ex. website, design work etc). If we have to create something then shinrai becomes important.This requires contract, English language contract but no details… This is the aimai part. "Needs" not included. Contract is still general (Japanese style).

Mr. Yoshiteru Hoshino
Medical Devices
TERUMA CORPORATION

SHINRAI (TRUST)

We must capture shinrai of doctors and hospitals. Trust is soogo kaiketsu, balance is what we want.

KEYYAKU (CONTRACT)

Because of FDA requirement, kihon torihiki keyyaku (payment terms, time period contract) is a must. KTK is company to company. Kobai shiosho - product specifications, lead time; himitsu hoji keyyaku – non disclosure agreement. Hachusho (purchase order) is same as chumonsho. Requests outside these are negotiated based on trust. We must capture the shinrai of doctors and hospitals. We work with patent people therefore teamwork is important. Soodan (discussion/advice) is not very businesslike so we compromise therefore trust or sogo kaikettsu (resolution through discussion) is necessary. We seek a balance or kyorokku or cooperation.

HACHUSHO (PURCHASE ORDER)

Kihon torihiki keyaku (special contract specifying payment terms, time period … for FDA requirements) is a must

KIMOCHI (FEELING)

Kimochi and feeling and safety are same.

Ms. Yoshinaga Keiko, PhD
Vitamins
RIKEN VITAMIN CO.

SHINRAI (TRUST)

I visit new customer several times and check people before beginning business.

Prof. Takemura Masaaki
Marketing
MEIJI UNIVERSITY

SHINRAI (TRUST)

…assurance rather than trust…

Professor Toshimitsu Miyasako
Economics
KAGOSHIMA UNIVERSITY

SHINRAI (TRUST)

New work rules have created "dry" and harder conditions. Thus, «shinrai» is probably diminishing. Shin is kokoro or heart. Chuseishin is loyalty. Family Mart Case; the President offered one million yen to each employee after the tsunami problem and this is part of trust. This is known as bushin and ryomen or "things" and "heart". In shinrai; management will take care of the lower ranks. On (obligation) will be received and can be returned by life or feeling. Shinrai has changed today because people can manage without management intervention. In supplier relations; shinrai is diminishing. In Kagoshima, shinrai is one-on-one, face to face, relations spreading and networks grow...this is shinrai.

KEYYAKU (CONTRACT)

Assistance was given to Chinese workers during tsunami and that is example of trust, in other words, outside of contract. If problems occur in a contract the problems are resolved based on shinrai (trust)

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

Giri ninjo as well as On (obligation) are diminishing in our world of globalization. But keyyaku or contract will not replace shinrai sei (trusworthiness).

AIMAI (AMBIGUOUS & VAGUE)

Japanese contracts are aimai ambiguous, they have no details

Professor. Wang Yi Jin, PhD
Faculty of Commerce
UMDS

SHINRAI (TRUST)

New work rules have created "dry" and harder conditions. Thus, shinrai is probably diminishing. Trust has the risk of betrayal. In the Japanese society and business practice Japanese hate "to be betrayed", so Japanese use "Assurance" instead of "Trust" to avoid betrayal and keep the business relation stable. And this stable business relation makes the managers easy to make long-term planning. Assurance is the condition that someone believes in the others without the fear of the uncertainty (to be betrayed). Because a strong punishment comes after the betrayal. (Yamagishi "Change the society from Assurance to Trust" 1999, pp.18-21)

Mr. Kamizuru Tamaru
Consultant
Kagoshima Industry

KEYYAKU (CONTRACT)

Keyyaku is necessary because it protects the company which manufactured the product. Contract is a visible expression of trust! We cannot trust foreign products. We do things that create trust. We make products properly.

GIRI NINJO (MORAL DUTY - HUMAN FEELING)

We have giri ninjo in our company and have not changed because of foreign contact

AIMAI (AMBIGUOUS & VAGUE)

The width of shinrai is great so although it is aimai (rough, ambiguous) - we need to make judgment. Aimai does not work in world of contracts. Gomen (excuse me) does not work.

Greetings sent by e-mail

様

拝啓　時下ますますご清栄の段お慶び申し上げます。
この度は、私が携わっております「日本におけるマネージメント学」のために行いました「ステージⅠ：予備調査アンケート」にご協力いただき誠にありがとうございました。
心から御礼申し上げます。
貴社のご回答は大変示唆に富み、興味深く拝見いたしました。
つきましては重ねてのお願いで恐縮ですが、「ステージⅡ：本調査インタビュー」といたしまして、２時間ほど直接お目にかかりお話を伺いたいと存じます。
本年７月１日より３０日まで日本に滞在いたしますので、ご都合のよろしい日をご指定いただければ幸いに存じます。
日本と諸外国との架け橋となる論文を完成させ、貴社をはじめご協力いただきました各社のご期待に応えたいと考えております。
なにとぞご了承を賜りますようお願い申し上げます。
末筆ながら、今回の貴国の大震災を憂えるフランス国民の一人として
心からお見舞い申し上げるとともに、一日も早い復興をお祈りしております。

敬具

記

「ステージⅡ／本調査インタビュー」対談取材方法
日　程　２０１１年７月１日ー７月３０日の間のご指定日
場　所　貴社ご指定先へ訪問いたします
時　間　２時間以内を予定
参加者　ウイリアム・エバンス、通訳１名
連絡先　株式会社 シム・コーポレーション　　峰島文男
東京都港区浜松町１−１２−５　α・Ｈビル６階
Tel.０３−５４０１−０３２１ Fax.０３−５４０３−７３２８
e-mail:cimehub@cime.co.jp

Telecom & Management SudParis 国立大学
マーケティング・マネーメント学部教授
ウイリアム・エバンス

Self-introductory & Survey questions

Dear Mr. XXXXXXXXXXXXXXXX
Thank you for your response to my preliminary enquete which I think is quite interesting. As mentioned in my letter to you I propose to do a second enquete with you by visiting you and having a face to face interview. I plan to come to Japan this summer during the month of July (before the summer holiday season). I think a two-hour meeting will be quite satisfactory. Please let me know which week during July would be best for you.
We in France are quite aware and sensitive to the plight of Japan and we pray for your recovery during this very difficult moment in your history.
Thank you.

Sincerely,

William Evans
CIME
XXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXX

Sample response summary of Stage 1

質問
Questions
Yes もしくは No を○で囲んでご回答ください。
Please circle yes or no.

●提携形態について
Regarding partnership types

1.提携先外国企業は、日本の市場に参入するために貴社に投資したのですか。
Did you invest in your partner to enter into the Japanese market?
2.提携先外国企業は、日本のテクノロジーを取り込むために貴社に投資したのですか。
Did you invest in your partner to obtain Japanese technology?
3.提携先外国企業は、日本の流通機構を利用するために貴社に投資したのですか。
Did you invest in your partner to gain access to Japanese distributors?
4.提携先外国企業は、日本の労働力を利用するために貴社に投資したのですか。
Did you invest in your partner to utilize Japanese labor?
5.提携先外国企業は、日本の経営術を学ぶために貴社に投資したのですか。
Did you invest in your partner to study Japanese management?
6.提携先外国企業は、貴社に資本の出費をしていますか。
Did you make a capital investment in your partner?
7.提携先外国企業は、貴社に技術提供をしていますか。
Did you provide your partner with technology?
8.提携先外国企業は、貴社に人材育成のための資金投資をしていますか。
Did you provide your partner with funds to invest in human resource development?
9.提携先外国企業は、貴社の知的財産育成（know how）のために投資をしていますか。
Did you invest in your partner to obtain know how?
10.提携先外国企業は、エンジニアリング業務を貴社と分担していますか。
Do you and your partner share responsibility for engineering?
11.提携先外国企業は、流通業務を貴社と分担していますか。
Do you and your partner share responsibility for distribution?
12.提携先外国企業から、部材（parts and components）購入に関するノウハウを提供していますか。
Do you and your partner share know how on parts and component purchasing?

● 契約について
Regarding contracts

13.貴社は現在、調達先企業と書面による契約書を取り交わしていますか。
Do you exchange formal written contracts with your current suppliers?
14.貴社は現在、顧客企業と書面による契約書を取り交わしていますか。
Do you exchange formal written contracts with your customers?
15.提携先の外国企業が貴社と共同事業を開始する以前から、貴社は調達先企業と書面による契約書を取り交わしていましたか。
Before entering the partnership did you exchange formal written contracts with your suppliers?
16.外国企業と共同事業を開始する以前から、貴社は顧客企業と書面による契約書を取り交わしていましたか。
Before entering the partnership did you exchange formal written contracts with your customers?

●外国企業と提携したことにより、下記の事項に関して影響を受けましたか。
Have any of the following occurred due to partnering with a foreign company?
◇対外的な変化
External changes...
1.調達先企業に対する接し方に関して
in relation to how you relate to your suppliers
2.顧客企業に対する接し方に関して
in relation to how you relate with your customers
3.マスメディアに対する接し方に関して
in relation to how you relate to the mass media
4.調達先企業を尊重する考え方に関して
in relation to respecting supplier relationships
5.顧客企業を尊重する考え方に関して
in relation to respecting customer relationships

◇社内的な変化
Internal changes

1.経営哲学に関して
in relation to management philosophy
2.経営上の慣行に関して
in relation to management culture
3.雇用の安定性に関して
in relation to stable employment
4.人事制度に関して
in relation to the human resources
5.従業員と会社との一体感の育成に関して
in relation to nurturing unity between employees and the company
6.職場の人の和に関して
in relation to harmony in the workplace
7.年功序列制度に関して
in relation to the seniority system

8.従業員の定着率に関して
in relation to employee retention
9.従業員の忠誠心に関して
in relation to employee loyalty
10.定期採用制度に関して
in relation to the recruitment system
11.終身雇用制度に関して
in relation to the lifetime employment system
12.人事の学歴重視に関して
in relation to emphasis on educational background
13.人事異動制度に関して
in relation to staff rotation
14.従業員教育制度に関して
in relation to employee education
15.職場の士気に関して
in relation to workplace morale
16.雇用における待遇に関して
in relation to compensation
17.昇進制度に関して
in relation to promotion/advancement
18.会社に対する依頼心や甘え現象に関して
in relation to be overly reliant on/dependant on the company
19.従業員の個性や独創性の評価に関して
in relation to the value placed on employee individuality and creativity.
20.新事業の策定に関して
in relation to new business creation
21.製品の研究・開発に関して
in relation to the research and development of new products
22.福利厚生制度に関して
in relation to employee benefits
23.休暇制度に関して
in relation to vacation system
24.業務の迅速化・推進速度に関して
in relation to the pace/progress of business
25.決済業務の速度に関して
in relation to the speed in which accounts are settled
26.企業内の情報交換活動に関して
in relation to how information is exchanged internally
27.スペシャリストの能力評価に関して
in relation to the value placed on specialists
28.会社の温情主義（過保護）的サービスに関して
in relation to paternalism/over protectiveness
29.従業員を尊重する考え方に関して
in relation to respect for employees
30.合意形成のための集団的な意思決定の慣行に関して
in relation to the decision making custom of group consensus
31.「義理人情（giri-ninjo）」等、人間関係に関して
in relation to human relations (loyalty and compassion)
32.ダイバーシティ（女性、外国人の採用・登用など）に関して
in relation to diversity (e.g. women, employment and appointment of non-Japanese)

33.社会貢献活動（ボランティア活動を含む）に関して
in relation to social responsibility including volunteering
34.環境保全活動（Co2 の排出量削減、リサイクル・リユース・リデュースなど）に関して
in relation to environmentalism (i.e. CO2 and the 3Rs, reduce, reuse and recycle)

MEIJI UNIVERSITY

SCHOOL OF COMMERCE
KANDA-SURUGADAI, CHIYODA-KU,
TOKYO, JAPAN

ATTESTATION

William Evans
Research work done in conjunction with writing of PhD thesis

I have examined and confirm the professional and high quality level of:

- Original Japanese language audio recordings of interviews
- Transcription of same into Japanese text
- Translation of Japanese text into English text
- English text vs. audio recordings

Mr. Evans' personal competence in the use of the Japanese language is also highly recommended.

竹村正明

Massaki TAKEMURA,
Associate Professor
Marketing
Meiji University

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INTERVIEWS

Interview Schedule		
Mr. Arimura Koichi	Personal Interview	15-juil-11
Mr. Bruggeman Richard	Personal Interview	19-juil-11
Mr. Bruggeman Richard	Telephone Interview	28-févr-12
Mr. Ishii Katsuyaki	Telephone Interview	19-avr-12
Mr. Kamizuru Tamaru	Personal Interview	15-juil-11
Mr. Kan Shintaro	Telephone Interview	23-févr-12
Mr. Katayama Takahiro	Personal Interview	25-juil-11
Mr. Leonhardt Fritz	Personal Interview	20-juil-11
Mr. Machigashira Hitoshi	Personal Interview	15-juil-11
Mr. Mineshima Fumio	Personal Interview	2011, 2012
Mr. Nakamura Takuya	Personal Interview	17-juil-11
Mr. Nakayama Takashi	Personal Interview	18-juil-11
Mr. Nakayama Takashi	Telephone Interview	18-févr-12
Mr. Okazaki Shintaro	Personal Interview	17-juil-11
Mr. Shigehisa Hiroshi	Personal Interview	16-juil-11
Mr. Shigehisa Hiroshi	Telephone Interview	18-févr-12
Mr. Teshima Masahiro	Telephone Interview	18-avr-12
Mr. Uebayashi	Telephone Interview	17-avr-12
Mr. Wadia Sorab	Personal Interview	20-juil-11
Mr. Wadia Sorab	Telephone Interview	08-avr-12
Mr. Willweber Martin	Personal Interview	20-juil-11
Mr. Wouters Dave	Personal Interview	23-juil-11
Mr. Yamaguchi Yuzaburo	Personal Interview	21-juil-11
Mr. Yamamoto Hideki	Personal Interview	17-juil-11
Mr. Yamamoto Hideki	Telephone Interview	26-févr-12
Mr. Yamamoto Kazuhiro	Personal Interview	22-juil-11
Mr. Yamamoto Kazuhiro	Telephone Interview	21-juin-12
Mr. Yoshikawa Shoichi	Personal Interview	25-juil-11
Mr. Yoshiteru Hoshino	Telephone Interview	22-avr-12
Ms. Yoshinaga Keiko	Telephone Interview	22-avr-12
Prof. Takemura Masaaki	Personal Interview	23-juil-11
Prof. Toshimitsu Miyasako	Personal Interview	14-juil-11
Prof. Wang Yi-Jen	Personal Interview	19-juil-11

Company Profiles			
INTERVIEWEE	COMPANY	PRODUCT	JY SALES 2012
Mr. Arimura Koichi	KK Arimura	Fish Paste	1 150 000 000
Mr. Bruggemann Richard	Impex Chemicals	Chemicals	2 065 000 000
Mr. Ishii Katsuyaki	Mizuho Ginko	Banking	701 000 000 000
Mr. Kamizuru Tamaru	Consultant	Foodstuffs	800 000
Mr. Katayama Katahiro	Dentsu TEC	Promotion&Advertising	140 000 000 000
Mr. Leonhardt Fritz	Clariant	Pharmaceuticals	600 000 000 000
Mr. Machigashira Hitoshi	Satsuma Shuzo Shochu	Shochu Wine	20 400 000 000
Mr. Mineshima Fumio	Cime	Video & Marketing	300 000 000
Mr. Nakamura Takuya	City of Fukuoka	City Management	N/A
Mr. Nakayama Takashi	Kyoto	Dai Ni Den Den telecom	N/A
Messrs. Shigehisa Hiroshi & Kan	KK Fukuyama Bussan	Vinegar	520 000 000
Mr. Sorab Wadia	Communication Resources	Advertising	N/A
Mr. Teshima Masahiro	Sumitomo Light Metals	Aluminum Sheets	147 340 000 000
Mr. Uebayashi	Kikkoman Co.	Soy Sauce	280 000 000 000
Mr. Willweber Martin	Allied Pickford	Logistics	100 000 000
Mr. Wouters Dave	Intersearch Co.	Management Consultant	40 000 000
Mr. Yoshiteru Hoshino	Teruma Corporation	Medical devices	386 700 000 000
Mr. Yamamoto Hideki	Matsushita Denko Co.	ElectricalWiring	1,457,486,000,000
Mr. Yamamoto Kazuhiro	ADK Mindshare Media Center	Promotions Marketing	320 000 000 000
Mr. Yamaguchi Yuzaburo	Sangetsu Nagoya	Home furnishings	117 000 000 000
Mr. Yoshikawa Shoichi	Hill & Knowlton PR	Public Relations	N/A
Ms. Yoshinaga Keiko	Riken Vitamin Co.	Vitamins	75 300 000 000

Trust in Japanese Management and Culture

Japan, destroyed by an ill-fought war and risen to world power and yet again recently broken by natural and man-made phenomena, a nation intensely recognized the world over yet misunderstood, victim of its own exceptionalism, today needs to ask an old question. Will Japan participate in the international community as a full active member? Japan's involvement with the world was narrowly defined and confined to that of a trader and its image sustained by a self-proclaimed unique culture and all these today are put to the test. The trader's fundamental reliance on strictly cultural values to achieve success may today be insufficient to sustain their survival in a globalized world. Thus, the Japanese as well as foreigners question the validity of hitherto successful cultural tools such as loyalty in the future conduct of globalized commerce.

William H. Evans

Doctoral Candidate

TELECOM ECOLE DE MANAGEMENT

Evry, 2012