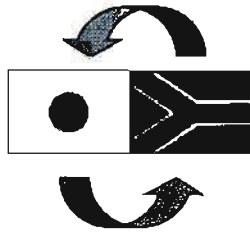


Dissertation

The Japanese – South African Business Dynamic.

10 Recommendations to consider for improving current and future relations



By

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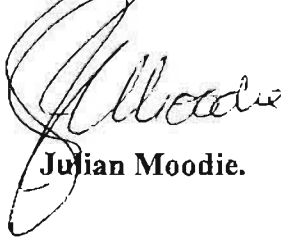
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To whom it may concern.

Due to the seniority positions held by some of the interviewees and the disclosure of their names in this document the contents of this dissertation remain confidential for a period of two years.

Sincerely,

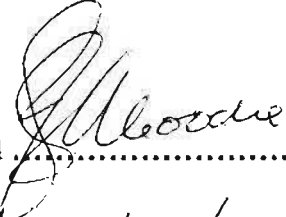

Julian Moodie.

096029

DECLARATION

This research has not been previously accepted for any degree and is not being currently submitted in candidature for any degree.

I declare that this Dissertation contains my own work except where specifically acknowledged.

Signed 

Date..... 31/01/2006

ACKNOWLEDGEMENTS

I would like to thank my wife Nikki for her understanding and support given to me during the many hours of work required to complete this dissertation. I would like to thank my supervisor Mr Martin Challenor for his guidance and leadership. Lastly, I would like to thank all the interviewees for their time and input given to this research project.

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Abstract

This thesis reveals key issues that have been identified by practitioners, Japanese and South African, supported by the appropriate theory, that may pre-empt potential problems that arise between South Africans and Japanese as a result of behavioural differences, expectations and general approach to business. By understanding, addressing, or altering behaviour, the competitive advantage and synergy may be realised. The objective of this study is to assist individuals and companies by offering ten recommendations for consideration when entering into a Japanese-South African business relationship.

1. Introduction

“In practical terms, the Japanese do not feel comfortable or right, in any person-to-person relationship that does not include *amea*. By this, they mean a feeling of complete trust and confidence, not only that the other party will not take advantage of them, but also that they, businessmen or private individuals, can presume upon the indulgence of the other. In Western societies, growing up has traditionally been related to repressing the need for *amea* and eventually giving up its practice, a factor that is obviously the key to some of the profound differences between Western and Japanese attitudes and behaviour” (Demente, B. 1981).

1.1. Background of the study

South Africa is experiencing a boom with global trade becoming a more important part of the economy's expansion. The continual downward spiral experienced by the South African economy has certainly stabilised since democratic reform and from 1994 South Africa has seen macro-economic stability with sound policy for encouraging foreign direct investment. The triad region of the US, EU and Japan have always been favoured when entering into trade agreements and until recently with the development of China, had the greatest levels of foreign direct investment specifically in the manufacturing sector. There are many issues that both the private sector and government are exposed to, or will be exposed to in order to sustain a healthy relationship or potentially develop future relationships. Is it possible for both parties to gain a better understanding of each other by realising that behaviour has deep rooted influences that need highlighting to gain maximum benefit and synergy.

This thesis firstly identifies the need for world trade, and then uses these theoretical drivers for world trade to lay the platform for investigations into current bi-lateral trade between South Africa and Japan. Secondly, economic determinants for generating international trade are discussed, as well as South Africa's economic policies and the extent of their alignment with world bodies like the World Trade organisation.

Thirdly and most importantly, the investigation leads to the perceived 'softer' relationship issues with semi-structured and documented interviews of managers closely related to the topic with the intention of putting forward 10 contemporary recommendations to guide companies or people currently in a Japanese-South African relationship or intending to enter into one in the future.

1.2. Motivation for the research

South African manufacturing has had large foreign direct investment from Japanese multinationals. The investments have predominantly been in the automotive manufacturing sector with green field investment and joint ventures. Differences in approach between Eastern and Western practices present the organisations with problems that impede progress. Japanese foreign direct investment in South Africa will continue and will be exposed to similar experiences to those documented in these research findings. The research will allow organisations to prepare for known problems and to address them prior to occurrence.

1.3. Research Problem

Multinational corporations are exposed to many problems. The nationality differences between parent and host country representatives give rise to behavioural differences, varied expectations and fundamentally different approaches to business. These differences if not fully understood and appreciated oppose any potential synergy development in the organisation and reduce competitive advantage. The Japanese Eastern practices in the South African environment present a business dynamic of high complexity. This thesis reveals key issues that have been identified by practitioners, Japanese and South African, supported by the appropriate theory that may pre-empt potential problems that arise in practice between South African and Japanese.

In the Japanese-South African environment problems arise between the two nationalities as a result of behavioural differences, differences in expectations and general approach to business. These problems can seriously limit the competitive advantage gained through lack of synergy.

1.4. Value of the Research

South Africa, with its future growth will need to focus on enabling the workforce and working environment to become globally competitive. Japanese work practices together with world class technology can offer the right ingredients. Foreign direct investment by Japanese multinationals is on the rise and information that may add value to relationship development or improvement will be beneficial. The recommendations and conclusions drawn from this research project will allow individuals preparing to enter into a Japanese-South African relationship the opportunity to present themselves in a manner deemed appropriate by their counterpart. This will allow an element of competitive advantage. The research finding will also allow individuals considering joining Japanese multinationals some insight into expected behaviours and previous experiences. The documents target is the Japanese multinational in South Africa and may be used by human resource departments to aid expatriates and specifically local South Africans with some understanding of the dynamic.

1.5. Objectives of the study

This research project's objectives are as follows:

The study evaluates current world trade, bilateral trade between South Africa and Japan and current working Japanese-South African relationships. The data collected is evaluated to determine some commonality between experiences, beliefs and behaviours. The final objective is then to establish 10 recommendations from the research for practitioners to refer to.

1.6. Research methodology

The research methodology is qualitative in nature. Primary information is gathered through semi-structured interviews with questions posed in the form of themes. The themes allow interviewees an opportunity for broader response and also for probing by the interviewer. Secondary data is drawn for existing theory through academic journals, published text books and internet searches from reputable institutions. The secondary data creates a platform to test the results of primary data, first classified into meaningful categories through the adoption of themes. Responses from interviewees are then grouped together under the respective themes to find some commonality in thought. The results are then compared to current theory to test or substantiate.

1.7. Structure of the study

The study is structured in the form of chapters in a format required for dissertation writing. The chapters and their content are detailed as follows.

Chapter 2

Chapter 2 covers the literature review which starts broad with world trade and the drivers of world trade. An evaluation is done on South African and Japanese bilateral trade through secondary data collection. The Chapter then narrows down to investigate the softer issues that arise in Japanese-South African relationships. The softer issues are identified through themes used or identified during semi-structured interviews of practitioners in Japanese-South African relationships.

Chapter 3

Chapter 3 covers the methodology used and data collection process. This chapter adopts Saunders' (2003) onion analogy to discuss the research philosophy, approach, strategy and data collection and analysis. The chapter also covers some detail on why the methodology was chosen based on the requirements of answering the problem statement.

Chapter 4

Chapter 4 covers the presentation of data. This chapter groups the respondent's answers to themes posed during semi-structured interviews. The themes are summarised based on common findings. The data is presented in a table format for simplicity and is drawn from the full document interviews in the appendix.

Chapter 5

Chapter 5 covers the discussion. This Chapter tests or substantiates theory based on the results drawn from the interview themes. Theory presented in Chapter 2 is tested or substantiated based on finding from Chapter 4. Limitations of the research are covered together with suggestions on further research.

Chapter 6

Chapter 6 covers the conclusion. This chapter offers ten recommendations drawn from the discussion. The chapter is concluded with comments on the problem statement and the degree to which it has been answered.

1.8. Summary

Japanese and South African trade and business relationships will increase in the future. A sound understanding of the complexity of the relationship due to differing practices is needed for success. South Africa needs foreign direct investment and Japanese investment is guaranteed. The impact of successful integration of the two nationalities may have a profound effect on South Africa's future therefore offering strong motivation for research. The project will add value to any individuals or companies intending to or currently involved in a Japanese-South African relationship.

The objectives of the study are to evaluate current levels of world trade, Japanese and South African bilateral trade and the softer micro issues realised at working level. The establishment of a document for practitioners to reference for understanding or preparation for Japanese-South African business relationships is the final objective.

The research is conducted in a qualitative manner with theory drawn for published text and primary data from semi-structured interviews held with practitioners in the Japanese-South African environment.

The literature review is presented in the following chapter.

2. Literature review

This literature review starts with the broad aspects of international trade, macro factors that are key drivers for trade, and then looks at the specifics of Japanese – South African bilateral trade. This is followed by a review of the micro-level factors, in the format of themes that may influence the relationship or potential relationships in the Japanese-South African business dynamic.

2.1. World trade

There are two macro factors that currently drive the increase in World trade, namely a decline in barriers that allow a free flow of Capital, goods & services and the great advancements in technology through efficiencies in communication, processing and transportation.

2.1.1 Trade and Investment Barriers:

Typically the aim of trade and investment barriers was to protect domestic economies by imposing tariffs or duties on imported goods from foreign competition. This trend started the “beggar thy neighbour” retaliatory policy where countries imposed similar tariffs to opposition causing more restrictions and less trade ultimately leading up to the great depression in the 30’s.

The General Agreement on Tariffs and Trade (GATT) was implemented on October 30th 1947 with policy to reduce barriers and move toward more free flowing trade (www.gatt.org).

Hill states that during the 90’s, many countries adopted more favourable laws governing foreign direct investment and according to the United Nations 95% of the laws were favourable (Hill, 2003: 9).

Average Tariff rates on manufactured products have also dropped substantially over the past 100 years. The Economist’s data from 1913 – 1990 shows a drop in tariffs from averages in excess of 20% to below 4% in the big trading nations. Countries have realised that Global trade and the opportunities of lower production costs in different locations world wide are essential to sustain large developed economies. Nations are becoming far more dependent on each other. The lowering of these trade barriers has facilitated globalization of manufacturing. During the period 1990 – 2000 the total flow of foreign direct investment from all countries increased fivefold. World output for the period only increased 23% with world trade increasing a staggering 82% (www.economist.com).

2.1.2 Technological change:

Renato Reggiero, Director General of the World Trade organisation stated, “Telecommunications is creating a global audience. Transport is creating a global village. From Buenos Aires to Boston to Beijing, ordinary people are watching MTV, they’re wearing Levi’s jeans, and they’re listening to Sony walkmans as the commute to work”.

The introduction of the World Wide Web, with fewer than one million users in 1990 and projections for 2005 being more than one billion people (nearly 20% of world population), has allowed for rapid communication and information processing. This exponential growth has been a key driver for globalisation and will continue.

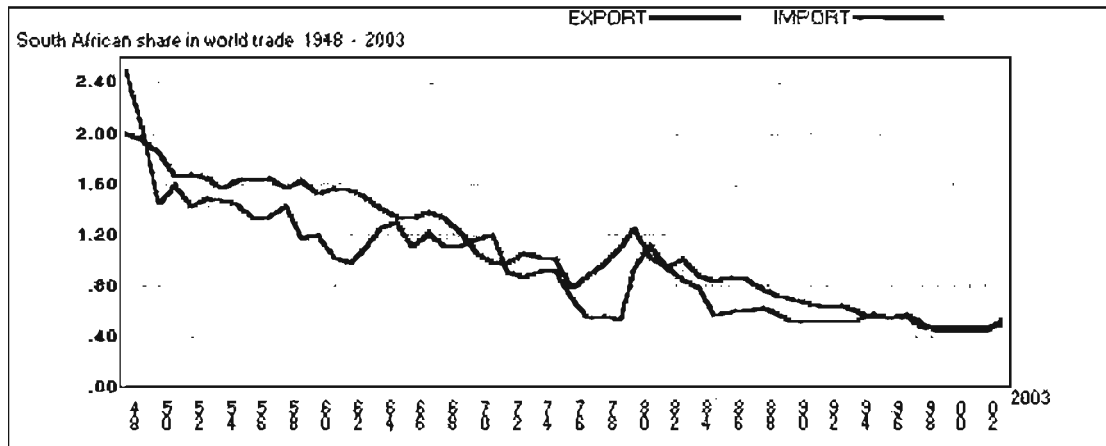
Global businesses have grown on the internet replacing traditional “brick and mortar” practices increasing inter and intra-country capital flow.

Transportation infrastructure has improved with efficient containerisation of product and the introduction of super-freighters to move larger quantities of goods faster.

It is important using these drivers as a backdrop to review South Africa and its position with World Trade.

2.2. South Africa and World trade

The TRIAD region of the US, EU and Japan have always had a significant portion of world trade along with capturing the most foreign direct investment and having the highest investment confidence indices. This has changed with the onset of the Chinese developing economy, harnessing the most foreign direct investment in the year 2003. First world economies have always been sceptical on investing in developing economies as they are synonymous with corruption, massive government intervention, economic volatility and in South Africa high crime rates. The graph below indicates how South Africa, in general, has lagged behind the rest of the world and not maintained or improved its share (%) in world trade. From '98 there has been a stability trend with small gains in 2002. It is clear that sound macro-economic policy as well as government role in encouraging FDI has played a role in the stability seen for the period '98 onwards.



Source: <http://www.dti.gov.za/econdb/> (Department of Trade and Industry)

In the 50's world trade (total imports and exports) amounted to \$98.8 billion with figures in 2003 reaching \$15.28 trillion with dominance by the US and Germany. When focusing on categorising the imports and exports separately as well as an analysis of share changes over this period, South Africa has continually reduced its contribution to world trade.

There are many contributing factors that influence a countries exposure to world trade, trade barriers and restrictions on foreign direct investment (FDI). Although South Africa had FDI incentives during the 80's with the introduction of the financial Rand, South Africa's political environment influenced these levels of foreign direct investment. During the 90's many countries adopted more favourable laws governing foreign direct investment and according to the United Nations 95% were favourable (Hill, 2003: 9).

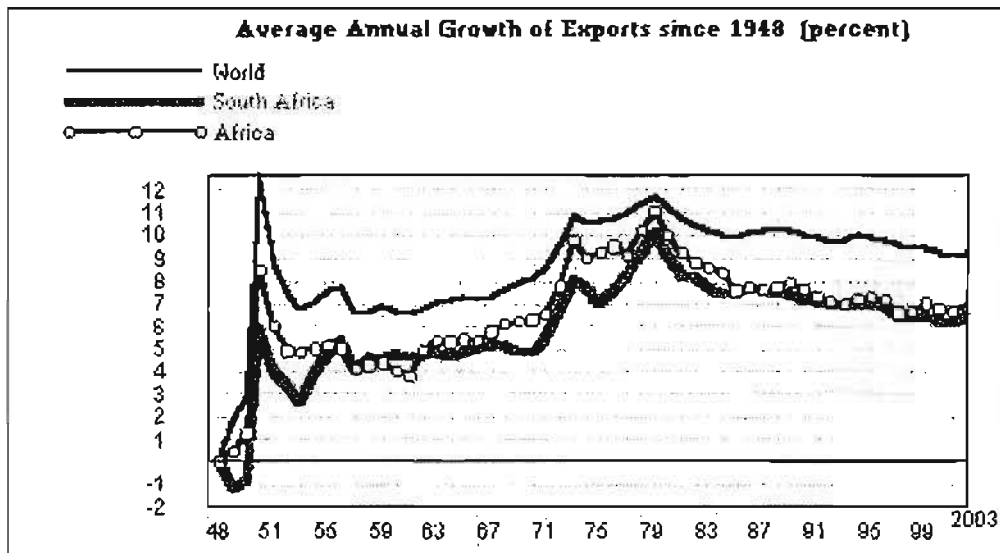
Global trade and the opportunities of lower production costs in different locations world wide are essential to sustain large developed economies. Nations are becoming far more dependent on each other. The lowering of these trade barriers has facilitated globalization of manufacturing.

A comparison on world trade between SA and Japan may seem nonsensical due to status in the world contribution stakes but on the trade front there are certainly some interesting statistics.

In 1950 South Africa contributed 1.85% to the global share of world trade exports with \$1.15 billion which was more that Japan's contribution of 1.33% and \$ 825 million respectively (JETRO).

In 2003 the comparison is far different with Japan ranking 4th globally and RSA 39th. Japan has increased its share to 6.29% with \$471.8 billion and RSA reduced to 0.49% and \$36.5 billion (DTI).

The figures for imports are relatively similar in terms of share change and proportional increase and decrease respectively.



Source: <http://www.dti.gov.za/econdb/> (Department of Trade and Industry)

South Africa, like most countries, is driven by exports. This allows for a good balance of payments and a capital account in surplus creating foreign reserves and offering government some form of counteraction to a weakening currency. South Africa's performance has been uninspiring, falling short of the African average. Averaged over the period 2001 – 4 Japan was the third largest country South Africa exported to, comprising 10.2% of total following the US at 11.7% and the UK at 10.5%. Imports show a slight difference with Japan 4th at 6.9%, Germany top at 14.3%, followed by the US and China at 8.3% and 7.6% respectively (DTI).

An analysis of the South African government policy below may shed some light on why there has been an inflow of foreign capital and also why South Africa seems to have stabilised their contribution to world trade with a small up turn in 2003.

2.3. The South African Economy

South Africa has had very small economic growth since democratic reform with an average of 2.44% GDP growth per annum with a GDP in 1997 of \$148,800 million growing to \$159,880 million in 2004 (<http://www.dti.gov.za/econdb/>). The growth has been inconsistent with a low of 0.755% in 1998 and a high of 3.56% in 2002 largely influenced by the global economy and following world trade trends. Adjusted real GDP for the 4th quarter 2004 was at an annualised rate of 4% showing improvement mainly influenced by finance, real estate and business services and followed up by manufacturing (<http://www.dti.gov.za/econdb/>).

The SACOB business confidence index (BCI) reached its highest level since record levels in September 2004 predominantly through lower inflation, interest rates and government's expansionary fiscal policy and the reserve banks inflation targeting and price stability drivers As stated in the South Africa Reserve Bank's Mission where it regards its primary goal in the South African economic system as "the achievement and maintenance of price stability". The Bureau of Economic Research reported that business confidence had reached a 23 year peak in the 4th quarter of 2004. Consumer spending increased by 32,4% year on year in February 2005 largely measure by new vehicle sales. Inflation measured by the CPIX was at 3,1% in February 2005, the 18th consecutive month falling into the reserve banks target of between 3 and 6% which was initially set as a range for 2002, 2003 and 2004 announced on the 23rd February 2000. This often has impacts on the South African currency exchange rate which is floating with no exchange rate target (<http://www.reservebank.co.za/>).

The Government has recognised that price stability and stability of the financial sector are key drivers of the primary objective of monetary policy, which is to protect the currency and encourage economic growth. Price stability is achieved when inflation or deflation rates have little influence on economic decision making. Stability in the financial sector is achieved when there is confidence that financial markets and institutions are able to meet their contractual obligations.

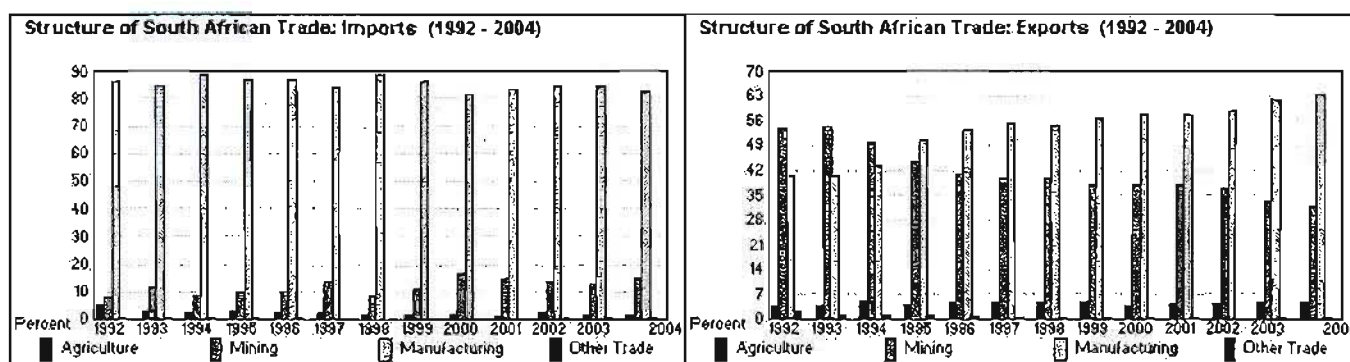
Recent crises in developing economies such as the Asian crisis propagated by the Thai Baht are proof enough that foreign investment can be pulled very quickly out of an economy that is seen as high risk. Inflation levels that exceed the developed economy levels puts more pressure on a country's global competitiveness and also discourages exports from an imported inflation perspective. Developed economies don't want to import inflation.

Secondly the exchange rate has a massive impact on imports and exports and recently South Africa has had a strong Rand which has negatively affected export potential. The intention of government is to

create a stable Rand and create a platform from which to build. Traditionally the Rand has been a mechanism exposed to manipulation to allow South Africa to remain globally competitive by continual weakening. It is clear that South Africa needs to become more competitive and not rely on a weak South African Rand and Government incentives to maintain or grow exports. A weakening Rand also creates inflation due to growing importation costs.

A third aspect of the economy that influences trade is government incentives. The Government has set programs in place to allow South Africa to become competitive. A good example is the Motor Industries Development Program which runs until 2012. This program, although potentially detrimental in the long run due to skewed competitiveness allows South Africa a period to establish manufactured exports in the motor vehicle industry. The program allows for imported parts to be brought in duty free with exports receiving coupons for a percentage value of local content. These coupons can be traded among Original Equipment Manufacturers (OEM's) and used to offset duty on completely built up imported units (DTI). A final component of the economy that has direct impact on competitiveness is import protection tariffs and non-tariff barriers. These tariffs implemented by Government to protect the local economy have been reduced and are being phased out together with non-tariff barriers such as quotas. South Africa was a founding member of the General Agreement on Tariffs and Trade (GATT, 1947) and also is committed to the principles set out by the World Trade Organisation to achieve global competitiveness. The next chapter studies the structure of South African trade with a specific view of trade balance.

2.4. Structure of South African Trade

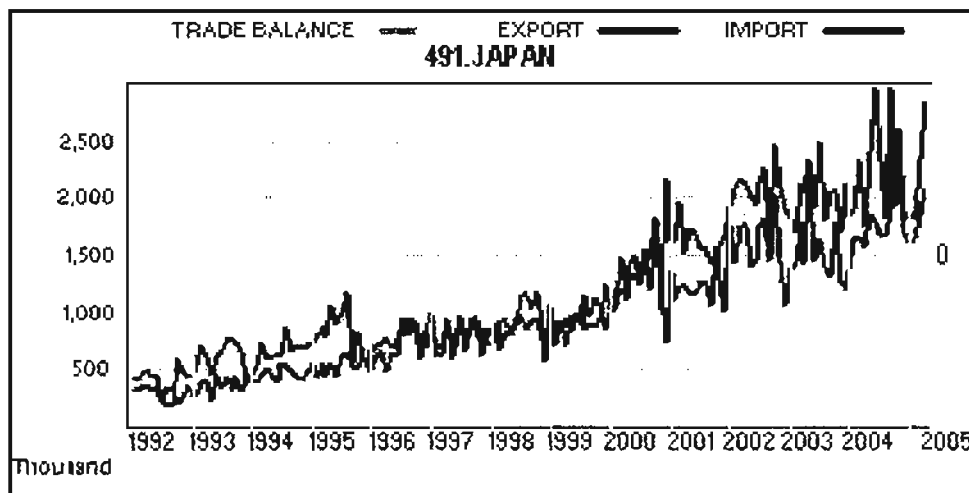


Source: <http://www.dti.gov.za/econdb/> (Department of Trade and Industry)

The graphs above show a trend in trade exports for South Africa post 1994. A movement from the export of low value added primary goods to manufactured goods. Mining is showing a downward trend

in terms of percentage of overall trade, with manufacturing contributing more than 60% of South Africa's total exports in 2004.

A Financial Mail survey conducted in 2002 on two way trade between Japan and South Africa showed that that majority of Japanese multinationals based in South Africa expected their operations to grow with one third indicating an interest in further investment (Financial Mail, October 2002).



Source: <http://www.dti.gov.za/econdb/> (Department of Trade and Industry)

From 1992 the trade between South Africa and Japan has grown considerably with a movement toward a positive South African trade balance with exports exceeding imports. Export from South Africa to Japan has been dominated by agricultural product, food, especially minerals and fuel related products with imports from Japan being secondary and tertiary goods, specifically motor vehicles, transport equipment and electrical goods. South Africa has seen an influx of Foreign Direct Investment (FDI) in the new millennium. Globalisation and associated global purchase and manufacture has attracted FDI from the Triad region where South African manufacturing facilities, previously used for import substitution, are now part, or wholly owned, subsidiaries of foreign multinational corporations. Japan is the 5th largest investor in South Africa with total investments since 1994 amounting to in excess of R2 billion. This has been predominantly in automotive vehicle related manufacture. Toyota Motor Corporation purchased 75% of Toyota South Africa and heavy investments have also been seen in Japanese Tyre manufacturing facilities.

The Partnership Forum was designed by government to strengthen South Africa's bilateral ties with Japan and has seen negotiations to mobilise support for African development. Japan has also become one of the largest donor aid contributors to the African continent.

The Financial Mail, October 2002, survey identified the following Japanese Corporations with a strong presence in South Africa.

Toyota, Nissan, Honda, Bridgestone, Hitachi, Toshiba, Sumitomo, Sony, Sanyo, Nippon Paper, Mitsui, Komatsu, NGK, NEC and the Bank of Tokyo.

2.5. South Africa and its Global Competitiveness ranking

For a country to compete in the global market place competitiveness is a measurement of potential. South Africa has shown improvement and according to the World Competitiveness Yearbook 2005 has jumped 3 rankings to 46th out of the 60 countries measured. The National Productivity Institute of South Africa (NPI) findings attributed these gains to productivity improvements of 3.2% per annum average from 1996.

There is a direct correlation between productivity, inflation rates and earnings levels of workers.

The price stability and wage increases are as a result of these productivity improvements seen for the period mentioned.

Key rankings listed are shown below:

International trade: from 52nd to 21st

International investment: From 57th to 28th

Government efficiency: From 40th to 34th

Public finance: 30th

Fiscal policy: 11th

Infrastructure: 58th (big concern requiring improvement)

Productive management of companies: 7th

Social responsibility of business leaders toward society: 8th

This strong performance by South Africa can be attributed to improved trade and foreign direct investment. This has been supported by prudent fiscal and monetary policies and continued price stability.

Considering the Macro-economic information already discussed it appears as if the South African government has addressed all the requirements for investment encouragement. It is now important to get a good understanding of issues at the Micro-level where interaction between Japanese and South Africans is at a functional level. To do this it is imperative to get an understanding of the 'softer' issues that are encountered when entering into discussion for business development or sustaining a current Japanese-South African business relationship. The following section touches on such issues.

2.6. Understanding Diversity in Global Business

Hofstede identified four cultural value dimensions in his Cultural Milieu consisting of, Power Distance, uncertainty avoidance, masculinity versus femininity and Individualism versus Collectivism. Recently a fifth dimension has been added comparing orientation relating to long and short term (Deresky 2002: 92). This gives some insight into behaviour traits that may influence relationships among different nationalities.

Power distance is the acceptance of inequality or the level to which power is distributed. Japanese and South African power distance levels are very similar but uncertainty avoidance levels are very different. Uncertainty avoidance indicates the level to which societies are threatened by the unknown and generally leads to high levels of conformity and structure.

When combining these two aspects South Africans tend to be grouped with the US and Japan similar to the Koreans. Japanese have very high uncertainty avoidance where the South Africans rank moderately and exhibit more passive and relaxed natures with a certain degree of dislike for the predictable.

When considering Individualism/Collectivism, ties between individuals being loose or grouped and Masculinity/Femininity, the degree to which sexual roles are distinct, Hofstede identified Japan as being very high in masculinity with little or no overlapping of the sexual roles and moderately collectivistic. Hofstedes analysis on South Africans showed a similar position to Germany with higher individualism and moderate masculinity.

Albrecht and Maryann state that the four dimensions have contrasting influences on an organisation with Japanese exhibiting a need for structure and conformity to avoid uncertainty with strong processes, where collective decisions are made and huge respect is given to senior staff consisting mainly of males. South Africans tend to favour the unpredictable with far less need for process and more individualism in a family type environment as apposed to rigid structure (Albrecht 2001: 12-22).

2.7. Key aspects of Japanese-South African communication

Stephen and Robbins (2001) suggest that societies that focus on the long-term, such as Japan, exercise higher levels of patience, they analyse all aspects required to achieve the long term objective. This approach is in sharp contrast to South Africans with the short-term focus, expecting quick improvements and implementation.

“The key ingredient in a successful alliance is trust” – James R Houghton, former Chairman of Corning Inc., Organisational Dynamics, spring 2001 (Deresky 2002: 128)

The Japanese enter into business transactions based on the level of trust that has developed between the two parties. These are based on long standing relationships rather than formal contracts.

This trust is built through interaction and communication with Japanese and certain aspects of the communication process and influencing factors need to be understood to achieve maximum benefit.

Kinesic behaviour, referring to body movements, is a very important aspect of communication, although non-verbal it is always associated with verbal communication. Japanese are high context by nature and do not openly show emotions. Feelings and thoughts are not expressed verbally but in a round about, indirect manner to avoid any chance of offending or insulting any members of the party present. This is in sharp contrast to South Africans low-context nature, being verbally expressive. Exposure of ones “public self” is very uncommon with Japanese and generally they allow very little exposure of their personal thoughts reducing, according to Barnlund “the unpredictability and emotional intensity of personal encounters” (cited in Dersky, H, 2002: 141-143).

The Japanese *ningensei* “human beingness” art of communication is more aligned to humanity, reciprocity, and more receiver orientated with little trust for words and logic. One’s true intentions are not merely revealed with words or contract but are presented through a relationship building process. Japanese are more concerned with giving face and always avoid public disagreements.

Different nationalities have different ways of communicating and levels of context during communication. Typically context can be divided into high and low context forms of communication where high context is associated with nationalities such as Japanese and the lower context, European influence, in the South African case. These different forms of communication influence relationships. The high context communication or message is one where there is already enough information within the person and communication is not explicit and therefore not in-depth as it is not expected.

With the low context South African style the information is far more explicit and usually a full background is given. Low context societies usually compartmentalise aspects of life therefore requiring

detailed background information. High context people can often become impatient when low context people offer information that they perceive as irrelevant and equally low context often feel that high context never release enough information for decisions to be made.

Key contrasts in Japanese and South African communication style:

Indirect verbal and non-verbal communication	More direct verbal communication
Relationship communication	Task communication
Discourage confrontational strategy	Confrontation more acceptable
Patient, longer term negotiators	Shorter term
Use fewer words	Encourage verbal interaction
Group, collective orientation	Individualism
Softer heart-like logic	Harder analytical logic
Avoidance to public decision making	Frequent decision making in public
Use go-betweens for decision making	More direct person to person
Receiver/listening centred	Speaker and message centred
Distaste for purely business transactions	Get down to business approach
Mix business and social communication	Tend to separate business and social
Shy and reserved communicators	More publicly self assertive
Decisions via <i>nemawashi</i> (consensus)	Majority rule

Source: (Deresky 2002: 92-99, 107,108)

Deresky (2002) refers to communication between different nationalities as deeper and far more complex than spoken or written communications. To realise the correct response and to therefore send the correct message is far more important. Asian communication is focused on listening and the ability to detect various cues is far more important the ability to speak.

The Asians often view Westerners as unnecessarily talkative and not listeners. The Asians also believe that the over-expressive behaviour is often a mask of confidence. Deresky also makes reference to two common English expressions namely, “Oriental poker face” and “idiotic Asian smile”. The former refers to a facial expression that reflects no particular state of mind and the latter, a fixed friendly smile. Westerners tend to adopt a more direct or frank approach which is straight to the point and often considered by Asians to be rude and showing lack of interest in the individual. Westerners are also

taught to look directly at the person when communicating, in sharp contrast to the Asians perception of importance placement on state of mind and communicative cues (Deresky 2002: 125).

Human and Le Roux's findings on Japanese-South African communication sited high complexity as a result of the Japanese homogenous makeup and the heterogeneous South African workforce. Their findings also stated that the lower level employees had few opportunities to say what they wanted to say. Both formal and informal communication was limited to the level of 'office stance' (Human & Le Roux 1983: 138).

2.8. Japanese-South African negotiation

The negotiation process is a vital component for securing any form of business transaction and John L. Graham defines bargaining behaviours by definition and relays a frequency per half hour bargaining session. Most notably are the following (Although Americans are compared one can draw parallels with South Africans) (Deresky, 2002: 164).

1. Japanese make far more recommendations predicting a pleasant environmental consequence will occur to the target.
2. Commitment, stating that future bids will not go below or above a certain level is more often made by Japanese.
3. Unpleasant mentions of punishment are made far more often by Americans than Japanese. Japanese tend to focus more on reward and positive aspects.

2.9. Relationship building and contractual agreement

Kono and Clegg state that Japanese tend to avoid legal lengthy contracts especially with the involvement of lawyers. In Japan it is considered and expensive and often a waste of time to have detailed written contracts as predicting exactly what the future hold is impossible. There is preference given to general agreements that allow for an element of dynamism or flexibility and are not absolute but rather a statement of principles by which the signers agree to work. It is also noted that a contract is merely the beginning of negotiation not the end in Japan (Kono & Clegg 2001: 206).

Human and Le Roux said it was often very upsetting for Japanese when formal legal contracts were used to establish a business relationship and in contrast South Africans might view slight deviation from

agreement as being in breach of understanding and trust. With increasing globalisation Japanese understand the necessity for contractual agreements and are moving away from the more traditional 'verbal agreements' based on goodwill and obligation. Japanese have a very strict code of conduct and informal rules governing group and individual behaviour but contractual agreement seems unnecessary as group behaviour is almost predictable. In saying this as mentioned before it has become common practice to draw up detailed contractual agreements when dealing with strangers (Human & Le Roux 1983: 133).

2.10. *The Decision making process*

Kono and Clegg state that the decision making process is largely influenced by the Japanese long term approach to business and the long term livelihood of the employees. The process therefore follows a different pattern in comparison to western decision making. Consensus is normal in Japanese decision making and full information is required for all parties to do so, often extending the length of the process. In general the idea is that the original decision making process may take longer to reach consensus but the implementation process will be quicker as information has already been made available and relevant parties involved in the process aware of requirements (Kono & Clegg 2001: 206).

Demente goes further in explaining 'Ringi Seido', a Japanese term for 'putting it in writing' and is part of the cooperative work approach where Japanese firms divide the management responsibility through a 'more or less' approach.

Management decisions are made through a bottoms-up style of management where proposals are documented by junior staff and circulated horizontally and vertically for management approval. Approval is given by stamping or signing and any party that disapproves passes it on without signing. The written proposals are subject to large amounts of scrutiny during circulation as often more than a dozen individuals may be asked to peruse. For foreign businessmen proposals for a decision to be made are subject to similar process that is entrenched in the traditional Japanese management style. This circulation period does take up a large amount of time delaying a decision. This form of decision making in Japan maintains a cooperative spirit within companies. It is noted that a *ringi* proposal is generally not submitted unless there is a relevant amount of confidence for approval (Demente, B. 1981: 84).

Human and Le Roux said that the Japanese are willing to tolerate ambiguous situations rather than defining strict rationalism to decision making. It is common practice for a Japanese manager to make a decision to proceed even in a situation where lack of information creates ambiguity. The rationale behind the thinking is what ever the outcome; there is no fixed or final result. The decision is taken by

balancing the ambiguity and imperfections with ideals. Complexity has always been an important dimension of reality and Japanese tend to lean more toward a subtle approach than complete clarity and rationalism (Human & Le Roux 1983: 134).

2.11. Japanese Management approach and Leadership

Japanese typically have an ethnocentric approach to management which is still lagging in the global management evolutionary chain. Typically all key positions are occupied by Japanese members initially with all control being performed by the head office. There is a second structure that involves local managers being promoted but decisions are still made by Japanese in conjunction with the head office as there is a feeling that too much delegation of authority to local managers may lead to failure.

Morgan's surveys done in the UK sighted similar tendencies with Japanese filling senior management positions and taking the role of 'gate-keeper' and the link between head-office in Japan and the UK. UK employees relied on Japanese for approval from head-office but the Japanese relied on local staff for acquiring business creating unnecessary tension between employees (Morgan et al, 2003: 396).

In Japanese multinationals where there are joint ventures with foreign organisations the Japanese usually judge controlling power by the amount of key resources contributed and not necessarily by the percentage share holding (Kono & Clegg 2001: 180 - 186). Sethi et al sighted similar tendencies in organisations with a clear distinction between the "Japan Staff" and the "Local staff" (Sethi et al 1984: 61).

Industrialisation has not lead to the disintegration of Japanese culture or way of life but rather preserved and incorporated it in modern technology. A good example is the interconnectedness of large organisations not through links in ownership but rather in terms of interdependence. Competition in Japan is more directed at market share and not the generation of investment returns. A company's status is generated from size and not profit generation.

Sullivan states that Japanese management is the continual exercise of power and control to create an efficient working environment with as little as possible negotiation between managers and staff (Sullivan 1992: 79).

Basu and Miroshnik's analysis of the Japanese management system and implementation at Nissan in the UK highlighted three areas very much focused on the production process. Continuous improvement, group cooperation and an emphasis on measurement of all aspects of the business no matter how small played a major role insuring Nissan UK achieved competitive advantage. The Japanese systems had a

profound effect and were eventually adopted by Ford to stay competitive (Basu and Miroshnik 1999: 722).

2.12. Performance management, appraisal and training

Redman and Wilkinson's commentary on performance appraisal state that it has become far wider spread in Western organisations with performance management, largely an American import, a major driver used for performance appraisal. Shared vision and company objectives are filtered through the organisation, setting performance target for employees, regular formal reviews of progress and also identifying training & development needs, reward outcomes, all contributing to organisational performance. In short, the primary principal of performance management is to connect the individual targets set for employees to the organisational objectives. More recently performance appraisal has broadened to encompass appraisers from the organisation vertically and horizontally, customers and suppliers. This form of 360 degree appraisal gives management a true indication of employee performance through commentary from all possible interaction sources (Redman & Wilkinson 2001: 59-61).

Human and Le Roux state that Japanese organisations place large emphasis on training and performance appraisal as it is in their best interest based on the 'employee for life' philosophy. Large corporations have rigid appraisal policy for employees. Toyota has three appraisal periods per year where employees are considered for wage adjustment and promotion once and then bi-annually for bonuses. A comparison of the results to goals is conducted with weighting dependent on positional characteristics. Management may have higher weighting for conceptual and human skills and professions such as engineering more technical affiliation.

They go further to add that the Japanese workforce has clear advantages when it comes to training due to its homogeneous makeup. The South African work force is far more complex and heterogeneous adding complexity to the training process (Human & Le Roux 1983: 137).

2.13. Business Beliefs

Kono and Clegg state that in Japan credit for new business is given based on the meeting of certain criteria. These criteria are administered by powerful officials and unofficial bureaucracies that tend to be elaborate but informal.

The larger corporations are supported by the 'main banks' that are expected to support corporate activities irrespective of profitability and in some instances the larger corporations are funded by banks in which they have ownership. Companies have long term outlooks and provide a life-long livelihood for the core employees (Kono, T. & Clegg, S, 2001: 207). Japanese companies have long and medium term planning with large investments for the future. Usually the first three years of existence is an experimental period where profit is not important. This willingness to wait for profit is often a bone of contention with partners.

Underperforming companies or business units are allowed to continue for extended periods with poor profitability before divestiture. South African organisations and predominantly western practice takes immediate action on poor performance. Japanese firms are very innovative with preferential focus given to products and the production process. Continuous improvement calls for high product quality and there is obsession toward cost, quality and technological advancement when comparing to global markets. Economic performance indicators like price-earnings ratios have not been utilised to gauge performance until fairly recently. Japanese organisations typically expect far lower returns than western organisations. Typically the ROI can range from 2% to 6%, being far lower than the 20% expected in Western organisations. More traditional Japanese practice is to measure EVA (economic value added) which is the net profit after tax and interest including a target return on investment or equity (Kono & Clegg, 2001: 102-104).

2.14. Diversity

Diversity in the work place has placed tremendous pressure on the human resource function. Laurent (1983) found during his studies of expatriate behaviour in multinationals that foreign employees tend to pronounce beliefs and values more when out of the home country. In other words, Japanese become more Japanese and South Africans become more South African exaggerating differences when out of the home country.

Japanese multinationals are typically ethnocentric in approach where the belief is home-country nationals are more intelligent, more committed and trustworthy. Key management positions are situated at the company headquarters with little acceptance of cultural differences. The general thinking is that if it works at home it works overseas. Japan is a homogeneous society with strong beliefs and links within the society in which they live (Kono & Clegg 2001: 83).

2.15. *Managing change*

Kono and Clegg indicated that after-the-fact strategy is a practice of the past with today's organisations being exposed to a continually increasing dynamic environment. Rapid technological change and global competitiveness are the main contributing factors promoting change management and to a large extent encouraging change. Japanese organisations rotate staff internally and encourage knowledge building through in-house training, often sending staff for extended period to overseas subsidiaries (Kono & Clegg 2001: 83).

2.16. *Careers, Succession Planning and Promotion*

Kono and Clegg found that the Japanese companies typically recruit during the period of April each year and generally a new recruit has a job for life. Companies do not terminate employment easily and usually is as a result of serious misconduct. Resignation or dismissal can jeopardise one's career as character is questionable under these circumstances. In Japan role definition has a high degree of ambiguity where employees are grouped to perform tasks together with no prescription as to who exactly does what. There is a high degree of inter and intra-departmental rotation to avoid boredom. Wages are determined by status and not by job description with status being achieved through time served in various positions. Japan has what is known as the dual promotion ladder where there are basically two channels for promotion. Employees at a lower level have the opportunity for status grade changes without a job change. This is as a result of length of service and merit pertaining to the specific job and individual. As an individual moves higher up in the organisation there is a combination of both promotion through job and status. Promotion is not automatic but heavily based on time served, ability and effort and is only considered through recommendation by a supervisor. Employees move through at least half a dozen status grades before being eligible for junior management roles with a 'minimum stay period' per grade of approximately two years. There is the possibility of a status promotion on expiry of the minimum stay (Kono & Clegg 2001: 83).

As a result of the rotational approach, job ambiguity and status levels there is very little emphasis put on job title as this limits flexibility and also denotes a more specific function. Japanese are highly sensitive to slight differentials in pay and grade so the age-grade system is adopted and conforms to Japanese cultural values. Human and Le Roux found that differentials in pay and grade only appear in the employees latter years, age 40 to 50, where promotion and pay increases are made based on capabilities.

Junior employees are moved through the ranks with similar promotion and pay increases until senior age is reached (Human & Le Roux 1983: 135).

Sethi states that there are often vast differences in remuneration where Japanese start equivalent positions to locals on much higher rates. Often local packages are gross salaries with Japanese net being the equivalent. Japanese staff are often granted benefits immediately where local staff may have to satisfy a probationary period. Japanese staff family members in certain instances also receive remuneration from the company (Sethi et al, 1984: 67).

The biggest problem experienced in Japanese multinationals is that the considerable training given to employees is lost through competitors luring employees through higher pay. The Japanese tend to have very slow promotion of employees often resulting in frustration.

For multinationals abroad it is recommended that the local promotional time scales are followed to prevent such occurrence. In Japan the Japanese tend to be far more loyal, therefore reducing this tendency, although recently the trend can be noted in Japan.

Human and Le Roux (1983) found striking differences between the South African companies and Japanese in that the homogeneity of the Japanese population and diversity of the South African population encouraged different process. Factors such as discipline, education and loyalty all influenced selection, recruitment and promotion.

2.17. Respect and Loyalty

Respect for people forms an integral part of Japanese corporate values. This is evident in job rotation, extensive and continuous learning and the status ladder system with guaranteed job security (Kono & Clegg, 2001: 83). Job rotation stimulates high morale and benefit seen in the quality of the products. The lifetime commitment to the organisation has been a traditional Japanese behavioural attribute. This loyalty from both sides, employee and organisation, has lead to over-employment and lower shareholder value. Corporate strategies are now being adjusted to compensate for over-employment and low share holder value. Sullivan and Jeremiah's findings identify no trend indicating that the job for life loyalty is changing especially from the organisations perspective. Studies of several thousand workers in the US and Japan showed that US managers exhibited much higher levels of loyalty to the employer where the Japanese work commitment was more closely linked to submission to managerial power (Sullivan 1992: 72).

Japanese corporate also have devotion to Japanese society and not just the stakeholders, with a strong outlook on public trust and respect for the company. Japanese social responsibility focuses on the needs of the larger society, often with sacrifice of short term profits. There is also immense respect for the

environment with social feedback systems and stringent laws. Companies have to analyse corporate strategy and its effect on society and the environment with risk management and avoidance.

2.18. *Approach to Business and Life*

In order for the Japanese to maintain high levels of quality, machinery is often transplanted in overseas plants. This strong belief in Japanese ability also encourages the use of Japanese staff to achieve these high levels of quality and a more ethnocentric approach to management. The Japanese individual is in possession of many obligations to all the groups in which member status exists. Human and Le Roux identify that there is indebtedness to family, specifically parents, teachers, leaders, the employers and the Japanese nation. There is a constant focus on these obligations to the groups. Japanese place high emphasis on social life which tends to play a large role in the work place. There is a sharp contrast to the Western approach with clear distinction between work and leisure (Human & Le Roux 1983: 134). Among the Japanese managers the evening gatherings are stress relieving and sometimes extreme commitments to which no one is bound in the morning. The Japanese view work very differently to westerners. A Japanese employee will not leave work early fearing that other employees will perceive them as bad workers. Westerners tend to look at work as an economic transaction where long hours of work may pay dividends and add to future leisure time. The Japanese view work as something that is naturally done by people and good work shows respect to the family and society. There is more emphasis placed on hard work than efficient or productive work. Sullivan's research over a fifteen year period found that on average the Japanese put in 225 hours more work than their US counterparts but were substantially less productive. Japanese employers like Sony's Morita view the company as a "fate sharing" institution where the employer is required to create an environment where employees can work for extended periods of 20 – 30 years, finish with the knowledge that the employee has had a good life. Morita states that the "fate sharing" institution creates a bond rather than an exchange relationship. Yotayo Kobayashi, President of Fuji Xerox, believes that the company is an institution that belongs to and serves society. The Japanese society is very authoritarian and this is carried through into the work place where Japanese managers maximise order, a sharp contrast to the Western approach to maximise profit (Sullivan 1992: 69 - 76).

2.19. *Specialist versus Generalist Personnel*

Japanese companies have traditionally employed generalists as the employment period is seen as a 'job-for-life' where employees may move through several different functions in the organisation over the long period of employment.

Kono and Clegg state that new practices in Japan have seen an emergence of flexibility in employment with a tendency toward specialist functions also encouraged by trends in technical requirements of most positions. There is also a movement to encourage creativity, something that has been lacking in the past (Kono & Clegg 2001: 274).

The literature search in the following chapter covers various themes that were identified during interviews with practitioners in the Japanese-South African business environment.

3. Methodology and data collection

In the Japanese-South African environment problems arise between the two nationalities as a result of behavioural differences, differences in expectations and general approach to business. These problems can seriously limit the competitive advantage gained through lack of synergy.

By understanding and pre-empting potential problems through the analysis of documented theory and through empirical evidence gathered through interviews with practitioners, it may offer companies or individuals a better understanding of what to expect and how to manage appropriately.

It is also imperative that the appropriate methodology and data collection techniques are used to generate the best answers to the research problem. Saunders' approach to research methods for business students uses the analogy of an onion and layers each stage from Philosophy through data collection and analysis (Saunders 2003: 83).

The following sections adopt Saunders' approach and methodology and are used to best satisfy the answering the research problem. Answering a research problem that draws data from opinions, experiences and beliefs can best be expressed as qualitative in nature and semi-structured interviews present good opportunity for exploration through probing.

3.1. Research Philosophy

The research process of management and business usually draws from the philosophies of positivist and interpretivist and can be reflected as realism. This philosophy, in the social sciences, recognises that there are forces and processes that influence people through the way we interpret and behave. Often we are totally unaware of these forces that influence our natural behaviour. Realism recognises that it is important to understand people's social constructs as they influence and to a certain degree constrain people's views and behaviours. The adoption of a research philosophy is the grounding for the research methodology. Saunders notes that research does not fall rigidly into philosophy categories but may follow a more flexible approach focusing on the questions or problem statement that requires answering. The philosophy gives a general indication as to which approach to adopt, a deductive or inductive (Saunders et al., 2003).

3.2. Research Approach

This research follows an inductive approach as it is far less rigid than the deductive. The inductive approach develops a theory through data collection.

The research gathers data from practitioners within the scope of the Japanese-South African business dynamic and tests these results against theory (Saunders 2003: 85).

3.3. Research Strategy

A case study strategy adopted as the approach is far less scientific in nature. Exploratory in nature the conclusions and recommendations may challenge or substantiate contemporary theory. The case study strategy allows for a broad spectrum of data collection techniques of which theme-based questionnaires and interviews are included. The research is qualitative in nature with primary and secondary data collection (Saunders 2003: 91).

3.4. Data Collection

Secondary data is drawn for existing theory through academic journals, published text books and internet searches from reputable institutions. The secondary data creates a platform to test the results of primary data that has been collected through interviews of 9 practitioners, at management level, exposed to both Japanese and South African business management. The interviews were semi-structured with a list of themes generated from the initially less structured interviews. The interviews were structured in a manner so that questions related to themes were posed relative to the flow of conversation to keep continuity. Interviewees were given the opportunity to talk freely about behaviour, experiences and beliefs allowing the interviewee to guide the direction of the interview. The semi-structured interviews allowed for probing where further explanation was required. Saunders et al, 2003, indicate that managers are far more likely to agree to interviews than complete questionnaires. Interesting topics spark interest and dialogue and allow for reflection on events without having to document them. Saunders adds that sensitive topics are difficult to write down and managers are often reluctant to do so. Interviews receive a higher response rate than questionnaires and the interviewer has more chance of

controlling how many parties are consulted or contribute to the interviewee's answers. Interviews are more advantageous in instances where there are a large number of questions to be posed with certain complexity and where order and logic of questioning may need to be altered.

3.5. Data Analysis

Qualitative data analysis is conducted through conceptualisation and differs to the traditional statistical and diagrammatic approach to quantitative data analysis. Qualitative analysis is by no means an easy option. Data analysis involves the activities of categorisation and unitisation. For this analysis data was first classified into meaningful categories through the adoption of themes. Responses from interviewees were then grouped together under the respective themes to find some commonality in thought. The results were then compared to current theory to test or substantiate.

3.6. Sample group and size

Saunders (2003) states, among others, that sampling offers an alternative to a census when time constraints prevent surveying the entire population. Sampling can take the form of probability and non-probability techniques. In the exploratory stages of research projects non-probability sampling can be used for practical reasons. The sample group selection for this research was based on self-selection sampling where prospective candidates for interviews were selected based on previous relationships and although not true convenience-sampling the selections were made based on ease of approach. A list of twenty candidates were selected and based on availability and willingness the final group of nine was used for the research project. The question on to what extent the population is represented by the sample group and size is valid. The selection of candidates was also based on period of exposure to the Japanese-South African dynamic. Individuals in senior positions with long standing relationships were selected and deemed to have a better understanding of the dynamic. Considering the limited number of people involved in the Japanese-South Africa relationships the research should be seen as founding statements. Further research can be conducted as the trade between the two nationalities increases.

The following chapter tabulates the results of the interviews into themes. The objective of this is to draw so commonality between responses from interviewees. The Discussion chapter will relate these results to secondary data gathered through text books, academic journals and websites.

4. Presentation of Data

This Chapter is broken into themes that were covered by the majority of interviewees during discussion. The themes are grouped together to make it more simple to draw commonality in thought or experience. Data is then tabulated by theme and response from interviewees for simplicity. During the semi-structured interviews discussion moved toward certain talking points or themes. The initial interviews were broad and built a foundation for ten themes to be used for more focus in the interviews that followed.

4.1. Relationship Building and Contractual Agreement

At the initial stage of any business proposal there is a necessity for a relationship to build and consensus to be reached. The perception of relationship building and the necessity for contractual agreement is seen very differently by different nationalities. Interviewees were asked to give their views on the Japanese and South African stance relating to this theme.

Interviewee	Findings on Relationship building and Contractual Agreement
Laurie Coetzee	Japanese hold loyalty and trust as key determinants for business interaction. The relationship is built through time and trust. If there is no trust there will be no loyalty and business interaction
Philip Mostert	Relationship building is vital for any business to commence. In general the relationship building process does not involve large amounts of entertainment but rather interaction to establish an understanding of abilities and knowledge. Japanese are big listeners and concentrate during discussion. Respect is shown through listening.
Peter Blomefield	Relationship building is based on trust, demonstration of knowledge and skill, mutual understanding and recognition of culture. The business relationship building assisted by previous networking based on secondary and tertiary education plus previous employment and exposure to

	<p>related parties. This ensures time saving and has a positive impact on the goals and objectives of the parties. In the case of Japanese partners this situation is not available therefore taking longer to achieve ultimate goals and objectives.</p>
<p>Krishnee Pillay</p>	<p>The Japanese tend to have a lot more trust with business or the agreement to do business often concluded with a hand shake. The business perspective is viewed as a partnership by the Japanese with loyalty and trust being given preference once gained. Often long contractual agreements are not required and Japanese in a lot of instances start new business or projects prior to signing any agreement with the signature often coming later as part of the process. Japanese tend to encourage relationships and are far more positive from the onset.</p>
<p>Yutthachai Wongdama</p>	<p>Referrals play an important role and relationships are generally formed through the aid of middle men, commonly known as specialists. When dealing with the Japanese an open policy is imperative to avoid any chance of damaging the trust aspect of the relationship</p>
<p>Takashi Hattori</p>	<p>In principal Japanese are not happy with long winded detailed contracts. This is changing as the Japanese increase their global presence. When dealing with countries like South African, what Japanese consider as the 'hidden' understanding in contractual agreements often causes problems. It is now more evident that contractual agreements that are fully detailed and unambiguous are totally necessary.</p> <p>The Japanese 'word' is commitment and cannot be broken. Breaking this word is very disrespectful and one loses face.</p> <p>Japanese do not like negative expression and try to keep a good positive relationship fro the beginning. Trust takes a very long time to develop; honouring your word builds the trust. 'Face' is the most important value you hold in Japanese business and to keep it takes a lot of effort.</p> <p>In Japanese culture making excuses for non-performance is frowned upon. People who take responsibility for unattained goals are respected but no excuses should be made. If you commit you must accept responsibility.</p>

Devin Vinnicombe	<p>Any discussions or negotiations with less senior staff are an absolute waste of time. The Japanese do not favour autonomy regarding decision making and often we encounter situations where less senior staff agree to costs out of terror of delaying a delivery, only to flatly deny any knowledge upon request for payment or purchase order etc...</p> <p>However, when negotiated at top levels, it would appear that the risk is reduced, but, plenty of relationship building is required to develop trust.</p> <p>On the surface, appearances are that they place a high value on relationships, having been in this environment for over 2 years, I somehow think that relationships are as strong as the individual's link to the senior rank.</p>
Wayne Bowyer	<p>Relationships are built socially with Dinner and drinks after work. Your relationship gets stronger if you are perceived to be knowledgeable. You can break it very easily with inaccurate information.</p> <p>Japanese accept ambiguity in agreement. A lot of contracts are not formalised but intensely spoken about in meeting. In our environment they realise the necessity for contracts. It is also important for Japanese to understand contract.</p>

Summary:

Almost all of the interviewees, of which most are South African, identified the importance of establishing a platform for a solid relationship. They identified the need for a relationship to develop based on skills presentation and ability. The implications of contractual agreement were also highlighted as being a problem for Japanese but also very necessary to eliminate any potential ambiguity. Contractual agreement in Japan was noted as being far less important due to the homogenous practices and almost predictable results. Another important aspect in the relationship building process was the contrast in approach where Japanese preferred listeners and less talk was appreciated. South Africans approach was more Western where less talk is considered non-contribution.

4.2. The Decision Making Process

The decision making process forms an integral part of the management function. The interviewees were asked to identify the key aspects of the approach to decision making taken by both South Africans and Japanese and to point out differences or similarities.

Interviewee	Findings on the Decision making process
Laurie Coetzee	<p>Understanding the way the Japanese do business has a huge influence on ones approach, with a clear understanding of each person's role in the discussion. Often one can attend a business discussion, whether it is for existing or new business, and be surrounded by a host of Japanese all from the different functional groups of the business. The rationale behind these group gatherings is the collectivism attribute, which forms part of their approach to life and where decisions are made collectively and thoroughly. Often decisions can take very long as all aspects are studied and all potential problems identified. The final decision is made with group consensus and generally is so thorough that all problems are identified and dealt with initially.</p> <p>The continuous improvement philosophy (Kaizen) forms the basis of business thus the need to analyse everything thoroughly. The PDCA (plan-do-check-action) philosophy creates an attitude to challenge problems and predict them as soon as possible.</p>
Mike Hepburn-Brown	<p>Japanese are very difficult to force into a decision. Business decisions are made in a panel format consisting of specialists from all functions of the organisation. Each member handles issues that pertain to their specific function and the final decision rests with consensus from the panel. Individual decisions are rare but are made by senior staff especially technical experts. This differs considerably from the SA perspective where individuals generally make decisions quickly. Japanese are far more drawn out with the decision making process usually taking a period of time and tend to get very nervous with the South African quick decision making.</p> <p>Decisions are very rarely made at first meetings. Japanese meetings are very strategic and differ to South African in that more junior staff attend meetings with</p>

	<p>the possibility of the MD as a backstop. South Africans tend to involve the MD from the frontline in the negotiation process.</p>
<p>Peter Blomefield</p>	<p>The decision making process in the case of South African companies is far quicker due to the relationship building impact above and the fact that SA companies aim and fire at a moving target as opposed to Japanese who take a lot longer to decide. The ultimate target in the Japanese case is "stationary" as opposed to a moving target for SA.</p> <p>There is high attention to detail with site visits a must.</p>
<p>Krishnee Pillay</p>	<p>The Japanese tend to make all decisions as a group. There are no losers with all having a chance to discuss the pros and cons of potential outcomes. The decision is made on the premise of the least amount of loss for the most gain. "Nemawashi" the process of communal decision making is very lengthy and often loses control when westerners try to adopt. South Africans tend to be individualistic in approach and often narrow without considering the bigger picture. The Japanese look at the whole and are far more medium and long term focused.</p> <p>South Africans talk a lot about synergy and teamwork but often take a dictatorial approach to decision making. Unity is also an issue as managers often focus on their individual performance rather than group or company performance. The group decision making process is definitely more fruitful as all parties participate and problems after the decision are alleviated prior to start where in the South African context decisions are often made without considerations for other departments and often a lot of extra work is required after the decision to rectify areas that were not considered initially.</p> <p>A key note is that the Japanese are listeners and South Africans should be prepared to listen and not speak so much. South Africans tend to speak based on perception of the receivers requirement.</p>
<p>Yutthachai Wongdama</p>	<p>The decision making process is very drawn out with the Japanese, initial meetings will involve information and opinion gathering, followed by a second meeting involving the relevant people required to be party to the decision. There are a lot of meetings held including visits to the related area in question. Protocol and correct members present is very important to avoid decisions being made that effect</p>

	<p>parties not present. Decisions are slow but all aspects are studied to avoid recurring problems.</p> <p>South Africans tend to make decisions far quicker which can be a problem for Japanese as there is often a narrower focus. South Africans tend to have recurring problems that are not completely rectified. There seems to be an element of enjoyment in problem solving in Africa.</p>
Takashi Hattori	<p>No decision is the worst. Some Japanese tend to drag their feet in making decisions mainly due to the 'honour' and 'face' issues. If you do not make decisions there is far less chance of losing face.</p> <p>South Africans need to take longer in the process of decision making. This will alleviate further problems that initially may not have been seen.</p>
Wayne Bowyer	<p>The 'why,why,why' principle is applied. Japanese investigate all routes to get input from all so one person is not held accountable. Decisions are made based on everyone's input. Saving face is a major issue so the Japanese are very reluctant to make decisions.</p>

Summary:

The decision making process with the Japanese is very time consuming. Meetings are held with strict protocol involving all the employees that the decision may potentially effect. The decisions are made based on group consensus adding to the lengthy process. Japanese should never be forced into making a decision and will not make a decision without consensus. It was also noted that the Japanese 'saving face' philosophy has added to practice of group decision making but also added to potential lack of decisions. Patience during the process is required as Japanese like to analyse all contributing factors to ensure smooth implementation. Japanese spend large amounts of time on planning which streamlines implementation. It was also noted that the time saved during planning by South Africans lead to longer implementation times. Patience and less talk are required.

4.3. Japanese Management (Leadership)

The management function and the application thereof determine organisational performance. The Japanese come from a very different environment to the South Africans. The environment is homogenous whereas the South African very multicultural. Leadership is crucial for direction and synergy creation. Interviewees were asked to identify similarities or differences that have a significant influence on organisational performance.

Interviewee	Findings on Japanese management (leadership)
Philip Mostert	<p>South African leaders tend to be more directive and integrative in their approach with clear focus, alignment and objectives being driven into the organisation in a more inclusive and direct manner and taking into account more external and internal variables. A proactive response tends to be more of the norm.</p> <p>Japanese leadership seems to be less communicative and direct in approach, hoping that everyone just understands the focus which is not clearly formulated or discussed. There seems to be less recognition of the historical external & internal variables that could or will affect progress which often seems to be reacted on when it occurs.</p>
Peter Blomefield	<p>Japanese have a different style of leadership with very top down approach. The South African successful managers apply a more hands on approach similar to the encouraged Japanese Gench Genbutsu 'go-look-and-see' approach.</p>
Krishnee Pillay	<p>The Japanese tend to dictate a lot and not consider local input. South Africans also appear to be more street wise and more innovative in approach. The Japanese are ethnocentric and locked into behavioural theory and often not open to change. They tend to stick to the rules with no room or accommodation for new ideas. There is also a huge focus on hours attended at work with overtime being the norm. South African managers especially in Japanese multi-nationals often do not support the South African culture and follow the Japanese way often leading to internal conflict.</p> <p>When dealing with the Japanese, you should always have a good understanding of the 'corporate rules' or protocol that should be followed.</p>
Yutthachai Wongdama	<p>A key aspect to Japanese management is conformity. It is important to understand exactly what they want as it makes activities far simpler. Japanese are rigid in</p>

	<p>requirement so once understanding is achieved it makes future tasks far simpler. Peripheral information often creates confusion with Japanese so simple explanation is required in summary format. The A3 size document encompassing all relevant information is also valuable with a graphical approach to encourage visualisation. The Japanese have a rigid process that is required to be followed to get to the end result where as the South Africans approach is far more flexible in getting to the end result.</p>
<p>Devin Vinnicombe</p>	<p>Under typical Japanese management style, local staff will not perform, and staff turnover would be high.</p> <p>The reason is that the Japanese management style is to scare employees into performing, rather than motivating and innovating.</p> <p>Achievements are not recognised at their real value, but credit is rather given for time spent in the office.</p> <p>I have been fortunate in that both my Japanese managers have been exposed to USA work environments.</p> <p>Having said that, I firmly believe that I would perform far better under a local manager with a higher skills and knowledge base than mine.</p>
<p>Wayne Bowyer</p>	<p>Japanese management is totally different to South African especially the leadership function. Japanese are not leaders. South Africans give far more direction to staff where Japanese don't give good direction. They good Japanese are very well organised with good planning and a narrowed focus. Some tend to have very broad scopes so are overloaded with work and lose control in planning and organising. Staff are generally thrown in the deep end with little focused direction from management.</p>

Summary:

The Japanese management style is very autocratic in nature. Management tend to adopt ethnocentric approaches with the Japanese placed in senior positions. South Africans tend to find the Japanese very vague with instruction and also find it very difficult to work under them. It was also made very clear that Japanese managers appreciate conformity and not individual innovation where hours at work are expected to be lengthy.

4.4. Business beliefs

Business beliefs play an important role when commencing with a business relationship. It is important to get a full understanding of each others expectations prior to commencing a relationship so there is no disappointment later on. Interviewees were asked to discuss thoughts on the different business beliefs presented by Japanese and to compare to South Africa.

Interviewee	Findings on Business Beliefs
Laurie Coetzee	Japanese believe that efficiency and profit are linked. The market determines the selling price of items and business determines the cost of items. If you manage the inputs and cost correctly, profit will follow.
Mike Hepburn-Brown	Japanese tend to separate their business and personal life. It is very rare to visit a Japanese home and have interaction with the family. Any socialising happens after work and without the family. South Africans tend to involve family members and to get an invitation to an individual's home is not rare.
Peter Blomefield	Japanese believe that the customer is always right and prepared to incur extra costs to ensure long term success of relationship including financial success.
Krishnee Pillay	Japanese are very focused on promoting joint ventures and technical aid agreements. The third world economies do not have the technology or infrastructure to support full investment. This is a common trend in the Toyota group of companies with focus on improving the ability of suppliers. Japanese also have a 360 degree focus not just forward focus so also taking into account the surrounding implications. In contrast the South Africans focus on profit and often only the short term, get rich quick approach. There also seems to be a focus on individual gain and very little on the good of the company or country. Sustained profitability is an approach taken by the Japanese with emphasis on the sustained.

Yutthachai Wongdama	It is very difficult, if not impossible, to approach the Japanese directly in business. Referrals play an important role and relationships are generally formed through the aid of middle men, commonly known as specialists. When dealing with the Japanese an open policy is imperative to avoid any chance of damaging the trust aspect of the relationship
Takashi Hattori	The fundamental belief in Japanese business is the long term approach. This strategic approach allows short term loss, where short term profit without the focus on the long term is very uncommon. Specifically with the Toyota group the focus is very long term with lots of focus on the people and their development. It is people that will make the business a success in the long-run. Short term capital expenditure does not sustain businesses
Devin Vinnicombe	In some instances, their grasp of business is very limited. In addition, they try to impose and enforce their beliefs on situations foreign to them, without first considering the local 'etiquette'
Wayne Bowyer	They are concerned about relationships with the customer. Do not focus on making too much money. Good services lead to good business.

Summary:

Japanese business is a long term approach. There is focus on profit but more importantly long term sustained profit and efficiency with the acceptance of loss in profit in the short term. Approach should be very open and honest. The approach by Japanese can also be very blinkered with little consideration for local practice. Japanese are very customer focused with the belief that a happy customer will lead to sustained profit.

4.5. Careers, Succession Planning and Promotion

People are an important resource in the organisation. People have different expectations relating to careers, succession planning and promotion. It is therefore important to fully understand the approach that management will take relating to this theme.

Interviewee	Findings on Careers, Succession Planning and promotion
Laurie Coetzee	Japanese very rarely praise one for good work, doing your job properly is what is expected. The general comments passed are “not so bad” and “not so good” and if you fall into the later serious commitment and change is required. Individual motivation is achieved by performance and not reward.
Philip Mostert	In Japan this is based on traditional levels of seniority and the “Dorkie” system but is unspoken and not communicated even to the potential candidates. It tends to happen yearly in April or May when all new recruits join. Competence, business requirements, employment equity, diversity and retention of good performers have been the driving force of the changes that one sees in South Africa. Training and development is not a high priority within Japanese organisations so you learn from your senior or draw experience from your “Dorkie” group through ongoing networking. There is especially no focus on management or leadership development which is probably the biggest drive in South African companies.
Peter Blomefield	Careers and succession planning are age dependent and years of service, top performers are however identified and offered increased exposure.
Takashi Hattori	Japanese still have respect for elders. Age automatically receives respect. If you have a higher position than an older employee there is still huge respect given to the elder. The Japanese are starting to promote younger staff, which was traditionally difficult because of the great respect given to age. Firing in Japan is a no-no. It does not happen. Managing directors are seen in a bad light if the company has to go through retrenchments.
Devin	Plans appear to change regularly based on top managements perception of performance -

Vinnicombe	time in the office, not actual achievements of targets etc... Top managements perception of local staff is largely influenced by reports from other Japanese staff, so not at all objective in multinationals.
Wayne Bowyer	Not well structured at all. They do not structure departments properly. They lack focus as they are generally stationed for 5 years overseas so they tend to have a short term focus. Very little succession planning. Japanese management do not have a full understanding of our business so they cannot objectively put a proposal/justification. Promotions are done on perception. No plan on what is required to get promotion.

Summary:

Careers in Japan are for life if performance is up to standard as firing in Japan is considered a poor reflection of the managing director's ability. Promotion is given based on performance and age, with huge respect given for elders. Networking in the organisation for training and development was also highlighted as an important practice. In South African based Japanese companies there was also an element of 'them' and 'us' syndrome identified. Promotion is approached in a very rigid manner with strict timing and positioning relative to other employees to maintain the peace.

4.6. Participation versus Autocracy

People tend to behave in a manner largely influenced by traditions and beliefs. The organisation can encourage participation, with a very flat structure or take the more autocratic traditional approach. Interviewees were asked to comment on their practical exposure to this theme and assess which categories Japanese and South Africans fell into.

Interviewee	Findings on Participation versus Autocracy
Mike Hepburn-Brown	<p>Participation in Japanese organisations seems to be more group think and sameness than diverse views and debate; it is more a process of getting buy-in on decisions already made behind closed doors normally by a few senior male managers. Very little real empowerment actually takes place even though there seems to be lots of involvement.</p> <p>There seems to be more of a benevolent democracy where we discuss and you agree. SA tends to be moving from very white male dominant autocratic management to a more inclusive involved management style where empowerment is a ongoing challenge for South African managers.</p> <p>Much higher levels of participation take place at the operational and team level in South African organisations where as in Japanese organisations participation, involvement and true empowerment are still very traditional.</p>
Peter Blomefield	<p>This can be viewed on a case by case basis, generally Top-Down approach with key decisions being taken by top management being non participative.</p> <p>Japanese company culture is moulded around Kaizen and continuous improvement ensuring bottom up idea generation. However, strategic direction and resource allocation decision making are autocratic and come from the top. SA companies employ a more bottom up approach with decision making being more participative and team driven.</p>
Krishnee Pillay	<p>Japanese are very participative in their approach where South African managers dominated by the white male still adopt, especially the older generation, a more colonial dictatorial approach. There is a change with the younger generation focusing more on democratic and open minded approach.</p>

Yutthachai Wongdama	Japanese have a very top down management style with old tradition. It unthinkable to disagree with a senior manager and usually the manager's way is followed. There is however, contribution from all parties to achieve the goal within the process. The Japanese management style is still very traditional and respect orientated. South Africans have a far more democratic approach that is participative in nature.
Takashi Hattori	Japan still has an extensive hierarchy in business, but organisations like the Toyota group encourage group participation.
Devin Vinnicombe	Autocracy would appear to be the underlying management principle, though much lip service is paid to participation.
Wayne Bowyer	Japanese run the business. They make key decisions. They work on a need to know basis so it becomes very difficult to get information. Once they are confident in local ability they are more forthcoming with information.

Summary:

The Japanese promote participation as a philosophy but tradition still influences autocratic behaviour with a very top-down approach. Japanese managers tend to enforce decisions on staff in a similar fashion to pre-democratic South Africa, which nowadays is considered a no-no. Tradition dictates organisational behaviour with the exception of companies like Toyota who endeavour to create participation. The group decision making process with the goal of consensus also indicates the participation approach. Indications are that at similar levels there is participation but top-down is still very autocratic in Japanese companies.



4.7. Change Management

The ability to manage change effectively is critical as companies strive for competitive advantage. The dynamism of business calls for continual change. Interviewees were asked to comment on Japanese and South African's abilities to manage change.

Interviewee	Findings on Change management
Mike Hepburn-Brown	<p>This is obviously one of the key strengths of SA leadership as it has been continuous for many years</p> <p>Japanese managers are grappling with the growth and management of there companies in often diverse and more adversarial climates that they find themselves in. Change has been restricted traditionally due to a homogeneous society and further ring fencing since the 2nd WW.</p>
Peter Blomefield	<p>For the Japanese managing and adapting to change (continuous improvement) is a way of life and job rotation is encouraged.</p> <p>Japanese companies as mentioned above have a strong link and alignment to team, divisional and company goals. This assists in adopting and managing change as long as the change is in line with this. SA companies however do not confirm the same alignment and therefore communicating and managing change requires more effort and is less effective.</p>
Krishnee Pillay	<p>Japanese invented the term 'Kaizen' or continuous improvement and it is implemented in all work processes very effectively. However there seems to be very little focus on implementation on the softer, people side of the business. The Japanese tend to like seeing change in process with a more tangible reason for continuous improvement.</p> <p>South Africans tend to handle change very slowly with a lot of inflexibility. Issues like length of service, personality are traits that influence acceptance to change. Change is often seen as tangible and not so much behavioural which is far more important. Often South Africans avoid change until a point is reach for forced change.</p>
Yutthachai Wongdama	<p>The Japanese plan change very well. The planning process is very well drawn up. The good planning and process adherence creates far less stress during any change. This is</p>

	something that may create far more reluctance to change in the South African context.
Takashi Hattori	In most Japanese business with exception to banking and construction the need for quick change is very well understood. South Africa has had good experiences with change, where political isolation encouraged self-sustenance. Post '94 the country has been exposed to the global community and competition where rapid change is required. There is still some reluctance to change. South Africa was able to survive more than 20 years of sanctions so the belief in ability is strong often leading to the reluctance to change.
Devin Vinnicombe	Change is not embraced by the senior Japanese members. The mindset being, it has always been done this way, who are you to challenge me and my authority?
Wayne Bowyer	Japanese like process improvement and can handle change well. They handle it better than South Africans.

Summary:

In general the ability to handle change is identified as a Japanese strong point. Technology in Japan has lead to continual change in requirements of business practice. There is some conflict of opinion as some interviewees related tradition as a hindrance to change with the Japanese. The reluctance to change however is most likely a reluctance to adopt local ways but rather to continue in a manner that is done in Japan. Again the ethnocentric approach is identified in Japanese practices.

4.8. Diversity

This is a very important theme based on the homogenous makeup of the Japanese society. South Africa is made up of several different nationalities and very diverse. Interviewees were asked to comment on the Japanese ability to handle, or their approach toward, diversity.

Interviewee	Findings on Diversity
Mike Hepburn-Brown	<p>Integration and creating unity in diversity is probably the single biggest challenge facing Japanese management and business as sameness seems to prevail which is reinforced by certain traditional aspects of the Japanese society such as the role of woman, the “Dorkie” system (Japanese business network), system of promotion, and age as a level of seniority.</p> <p>Promotion and upward mobility is based more on seniority than competence with a glass ceiling on the upward movement of woman. Very few, if any of the Japanese organisations that Mike has had interaction with, have woman in senior positions.</p>
Peter Blomefield	<p>With diversity generally Top Management attempt to implement Japanese thinking into local culture without extracting or utilising local knowledge to ensure competitive edge.</p>
Krishnee Pillay	<p>Japanese do not handle diversity very well as their focus on doing thing their way is dominant. In saying this they tend to get away with it as respectful approach is always maintained.</p> <p>The South Africans have a good understanding of diversity based on the diverse found in the country, but there still is a tendency toward prejudice as a result of the political history.</p>
Takashi Hattori	<p>In Japan communication is very easy as the society is homogenous in composition, a single ‘tribe’ where maybe one word can describe exactly the way we feel, expect and understand. This makes communication very easy but very difficult when dealing outside Japan. When Japanese come to South Africa they need to acknowledge this and adjust their communication style accordingly. Effective communication is realised through more explanation and detail.</p>
Devin Vinnicombe	<p>The Japanese have a very strong belief in Japanese ability and often present an air of arrogance and complete disregard for diversity and implications associated.</p>

Wayne Bowyer	They don't handle it well. Women are not perceived as equal in the business place so diverse nationalities are something that the Japanese battle with.
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Summary:

As a result of the homogeneous make up of Japanese society diversity really goes against the grain. Diversity was identified as a key stumbling block for the Japanese where woman are still judged differently to men. South Africa's diverse population add an element of difficulty to Japanese in South Africa and to a large extent all Japanese companies based in the West. Diversity has an influence on all aspects of the business and acceptance of difference is important.

4.9. Approach to Business and Life

The degree to which people mix business and pleasure plays a role on how people behave in their environment. The emphasis placed on work may differ together with the degree of trade-off between work and family. Interviewees were asked to comment on their practical exposure to this theme.

Interviewee	Findings on Approach to Business and life
Laurie Coetzee	There has been a change through the generations in Japan with the younger generation adopting a more western approach to business and pleasure. This is going to change the way we do business in the future but contemporary dealings are done with the older generations where respect for seniors is important and junior staff organisational behaviour still conforms. The latest generation of Japanese believe in a balance between work, social and family.
Mike Hepburn-Brown	Japanese tend to be extremists. Work is done in excess with a tremendous amount of time dedicated to working life.

Philip Mostert	Japanese tend to separate their business and personal life. It is very rare to visit a Japanese home and have interaction with the family. Any socialising happens after work and without the family. South Africans tend to involve family members and to get an invitation to an individual's home is not rare.
Peter Blomefield	Approach to work and life (values and beliefs at work should be the same and encouraged/consolidated both at work and at home) Japanese employees live to work and have a high level of delayed gratification in terms of remuneration and the associated lifestyle. South African employees are far more impatient in career building and remunerations received. This also results in job hopping and salary increments. This can also reduce loyalty to the company which is extremely high in Japanese companies.
Devin Vinnicombe	Their life centers around work. All other facets are secondary. Even though their commitment to their work is high, they don't seem to deliver in an efficient manner.
Wayne Bowyer	Japanese, Monday to Friday is work only. Weekends are Golf and entertaining Japanese guests. Family is rarely seen. They work very long hours.

Summary:

The Japanese place high importance on work and tend to separate work from family. Work is life, with the Japanese spending most of their time at work. There seems to be very little focus on the family and very little time spent with the family. This is what is expected in the Japanese environment and is associated to the long term building approach. Japanese work hard now for the next generation and set a solid platform for the future. There is also an indication that the younger generation is changing and placing more importance on living life. This may be attributed to a certain degree as Western influence.

4.10. *Communication*

Communication has a big influence on the Japanese-South African dynamic. How well we communicate determines how well things are done. Interviewees were asked to comment on how they perceived communication with Japanese and South Africans and the results of communication ability.

Interviewee	Findings on Communication
Peter Blomefield	<p>Japanese tend involve many experts and people from different departments to decide on a specific issue. This has the advantage of a collective decision. Disadvantage is that the process can be long and time is not used efficiently. Key decision makers are high-level, decision and communication is top down</p> <p>Japanese when communicating with South Africans tend to be very vague with a lot of grey areas. The lack of communication efficiency results in much re-work required. The communication remains a “secret” and not very transparent.</p>
Takashi Hattori	<p>Communication is a key success factor in South Africa.</p> <p>The Japanese communicate very differently to the South Africans. In general Japanese tend to listen and keep quiet during meetings. In Japan the more talkative you are the less junior you are perceived to be. This is in sharp contrast to the South Africans where lack of talk is sometimes viewed as lack of involvement. When Japanese travel abroad on assignment adapting to local ways is vital especially with communication. It is also equally important when returning to Japan to re-adjust.</p>
Devin Vinnicombe	<p>South Africans should always keep a formal record of all communication. The Japanese tend to avoid accountability when the ‘chips are down’.</p> <p>In addition, it appears that one must ask for information in order to appear interested. Otherwise, none is forthcoming. Generally, only the basics are communicated, enforcing staff members to waste hours determining the background to the communication. Again, this appears to ensure that staff are working hard to get information, and thus showing interest. This leads to levels of inefficiency that defy belief. Sometimes it is difficult to understand how a profit is generated as it appears that this is the last thing on anyone's mind. Generally speaking South Africans are so much easier as our business</p>

	<p>environment and management hierarchy are so much less intimidating. South Africans focus on getting the job done quickly, efficiently, and cost effectively.</p> <p>It simply boils down to vastly different cultures with completely different goals and objectives at all levels of the business.</p>
Wayne Bowyer	<p>There is a very definite language problem. South Africans need to fragment and keep communications simple. Japanese perceive things very differently and tend to try and link topics with something they are familiar with. South Africans must adopt basic English. There is often a lot of repetition which can lead to confusion, so far it is far easier to communicate in writing (email) rather than verbally. Written communication in a point by point manner allows the Japanese to study and fully understand. This is also effective at meetings.</p>

Summary:

Good communication was identified by all respondents as crucial for organisational success. The Japanese tend to communicate amongst themselves and when communicating with local South Africans adopted a very vague, grey approach. Suggestions were made to document communication to avoid misunderstanding and written communication over verbal for specifics. The vague or ambiguous nature of Japanese to South African communication results in frustration and inefficiency.

5. Discussion

5.1. Relationship Building and Contractual Agreement

The Japanese place very high importance on the business relationship. Protocol and the development of trust are imperative for any type of relationship to develop or sustain. Human and Le Roux (1983) suggests that the Japanese are not very fond of detailed contractual agreements and often find them intimidating and insulting but add that globalisation and the introduction of multi-national corporations the Japanese have realised that contractual agreement is necessary when dealing with foreigners. The end result is often predictable in Japan but when dealing with foreigners the different thought process and interpretation of requirements has led to the need for detail. There is still preference for general agreements that offer an element of dynamism. The research findings suggest that Japanese do prefer to conclude business on a hand shake and build a business relationship based on presentation of ability over a period of time. Social events are part of the process of relationship building. It is also noted that before entering into a possible negotiation it is imperative to have a full understanding of all aspects, including, most importantly a 'been there, seen it' approach emphasised by the Japanese term 'Genchi Genbutsu' which means go-look-and-see. Good preparation is required for meetings as often the Japanese will have strong representation in the form of panels where experts from the various functions of the organisation are present. A typical presentation document, single A3 format, also allows for easy interpretation of the business plan or proposal. Listening is a key aspect of Japanese behaviour and too much talking is considered to be done by junior personnel. The less said, in general, the more respect gained.

5.2. The decision Making process

The decision making process with the Japanese is very time consuming. Meetings are held with strict protocol involving all the employees that the decision may potentially effect. The decisions are made based on group consensus adding to the lengthy process. Japanese should never be forced into making a decision and will not make a decision without consensus. It was also noted that the Japanese 'saving face' philosophy has added to practice of group decision making but also added to potential lack of decisions. Patience during the process is required as Japanese like to analyse all contributing factors to ensure smooth implementation. Kono and Clegg explain that the Japanese spend large amounts of time

on planning which streamlines implementation (Kono & Clegg 2001: 206). Interviewees all identified with the lengthy decision making process and how different it was to South African process and this is supported by Kono and Clegg and the Japanese long term approach to business and the livelihood of employees.

The 'win-win' approach noted by practitioners is supported by Demente's identification of the cooperative work approach where consensus is documented.

There seems to be a direct correlation between theory of Japanese decision making and practice. The process of decision making has its origins deeply entrenched in Japanese tradition and specifically the collective behaviour. For South Africans the process is frustrating but the understanding the overall span from decision to final implementation yields the same result may alleviate some tension. More planning orientation will lead to quicker implementation marred by fewer problems.

5.3. Japanese management (leadership)

Morgan (2003), Kono & Clegg (2001) and Sethi (1984) all made reference to the 'them' and 'us' syndrome in Japanese multi-nationals abroad. The Japanese are put in the senior and executive positions and act as the window to Japan head office. This ethnocentric approach is common practice in South African based Japanese firms with a strong belief that Japanese do it better and, this is how it is done in Japan, so we must conform. For South Africans this conformity does lead to confrontation. Adapting to local conditions 'glocalisation' is not considered by Japanese management and is not only restricted to the South African context but also identified by Morgan's survey in the UK. This practice was identified as counter-productive by South Africans.

Sullivan (1992) refers to the Japanese management style as a continual exercise of power and control that creates an environment where there can be as little confrontation between manager and staff. Interviewees all identified with the dictatorial approach taken by Japanese managers where staff should do as instructed. Also noted was the ambiguity of instruction by Japanese managers which is supported by Human and Le Roux's reference to the Japanese willingness to tolerate ambiguity rather than defining strict rationalism to decision making by management. For South Africans this ambiguity leads to frustration.

Basu and Miroshnik's (1999) studies on Japanese multinationals in the UK stated that major improvements were achieved by the adoption of particular management techniques. South African

respondents held great respect for the management techniques that revolved around the production process. There was a tendency to question Japanese people management principles being applied in South Africa.

5.4. Business beliefs

Japanese business is a long term approach. There is focus on profit but more importantly long term sustained profit and efficiency. The long term approach noted in practice with little or no focus on short term profit is substantiated by Kono and Clegg who add that the first three years of a business life is really experimental period and can often be a bone of contention with foreign business partners. There is further evidence supporting the theory by Kono and Clegg with the Japanese companies typically expecting small rate of return from 2 to 6%, in sharp contrast to US corporations expecting figures of 20% (Kono & Clegg 2001: 102 – 104, 207). Kono and Clegg point out that preferential treatment is given to process and product and continuous improvement resulting in profit in the long term. Interviews holding senior roles in South African companies with joint ventures or share holding commented on this approach and the Japanese focus on inputs and cost management resulting in profits following. There was also elements of frustration evident with local South African managers as the Japanese tended to ignore local 'etiquette and adopt traditional Japanese practices.

Another important point noted in practice was the difficulty in approaching Japanese organisations in an attempt to engage in some form of business. Referrals play a crucial role and protocol must be followed.

5.5. Careers, Succession Planning and Promotion

Kono and Clegg's (2001) reference to specific periods of the year when recruitment takes place and orderly structure in which Japanese companies recruit 'freshman' from university and the reluctance to terminate service is substantiated by interviewees where indications are given that Japanese see retrenchment as a no-no and a poor reflection on the company. Promotion on status or age is common practice and also supported by Human and Le Roux's studies on the Japanese management style in the South African context (Human & Le Roux 1983: 135).

Sullivan states that there is more emphasis placed on hard work than efficient or productive work. On average Japanese put in 225 hours more work than their US counterparts but are substantially less productive (Sullivan 1992: 69 - 76). It was noted that this occurred in the South African based Japanese

companies where high emphasis was placed on amount of time attendance at work and not necessarily target driven.

5.6. Participation versus Autocracy

Japanese companies tend to promote participation but this may be more closely linked to group thinks with respect to the decision making theory on Japanese. Sullivan (1992) stated that US workers exhibited higher levels of loyalty than their Japanese counterparts and that the Japanese spent extensive time at work as a result of their submission to managerial power. This can be attributed to a more autocratic style of leadership. It seems that at the more junior level there certainly is a collective approach as identified by Hofstede on Japanese behaviour (Deresky, 2002: 95).

The Japanese promote participation as a philosophy but tradition still influences autocratic behaviour with a very top-down approach. Sethi makes reference to authority as being 'absolute' and also greatly respected. This is not based from any legal or contractual arrangements but rather from traditions and customs and the interpersonal relationships between junior and senior staff (Sethi, 1984: 12). Japanese managers tend to enforce decisions on staff in a similar fashion to pre-democratic South Africa, which nowadays is considered a no-no supported by Sullivan's theory on the Japanese management being a continual exercise of power and control to create an efficient working environment with as little as possible negotiation between managers and staff (Sullivan 1992: 79).

Tradition dictates organisational behaviour with the exception of companies like Toyota who endeavour to create participation. The group decision making process with the goal of consensus also indicates the participation approach. Indications are that at similar levels there is participation but top-down is still very autocratic in Japanese companies.

5.7. Change management

In general the ability to handle change is identified as a Japanese strong point. Technology in Japan has lead to continual change in requirements of business practice. There is some conflict of opinion as some interviewees related tradition as a hindrance to change with the Japanese. The reluctance to change however is most likely a reluctance to adopt local ways but rather to continue in a manner that is done in Japan. Again the ethnocentric approach is identified in Japanese practices. Kono and Clegg refer to Japanese multinationals being typically ethnocentric in approach where the belief is home-country

nationals are more intelligent, more committed and trustworthy. Key management positions are situated at the company headquarters with little acceptance of cultural differences. The general thinking is that if it works at home it works overseas. Japan is a homogeneous society with strong beliefs and links within the society in which they live (Kono & Clegg 2001: 83). These factors may well contribute to the reluctance to change to suit local conditions.

5.8. Diversity

Kono and Clegg's reference to ethnocentric Japanese behaviour undoubtedly influences acceptance of diversity. Interviewees made mention of the Japanese finding the diversity in South Africa a problem and potentially a big impediment. Kono and Clegg elaborated further on the thinking that home country nationals are more intelligent, more committed and trustworthy (Kono & Clegg 2001: 83-84). The homogenous Japanese society cannot relate to the South African diversity. Home town practices by Japanese tend to cause frustration and animosity among staff. The Japanese reluctance to accept woman in the work place is also an indication of their conservative approach and their reluctance to accept diversity. There was also continual reference to the 'them' and 'us' syndrome with South Africans never really feeling part of the organisation but merely workers. Morgan's UK survey stated that Japanese took the role of 'gate-keepers' and all decisions were relayed through Japanese staff to Japan for approval. Japanese also relied on local staff for acquiring business creating unnecessary tension between employees (Morgan et al, 2003: 396). The trend is seen in the South African context.

5.9. Approach to Business and Life

Human and Le Roux (1983) referred to the Japanese as being indebted to family, specifically parents, teachers, leaders, the employers and the Japanese nation. The indebtedness focus influenced work practices. Human and Le Roux went further to add the Japanese place high emphasis on social life which tends to play a large role in the work place. Among the Japanese managers the evening gatherings are stress relieving and sometimes extreme commitments to which no one is bound in the morning. The Japanese view work very differently to westerners and will not leave work early fearing that other employees will perceive them as bad workers. Responses were slightly contradictory with South Africans indicating that family was kept very separate from business. It was also pointed out that the Japanese spent so much time at work and entertaining Japanese guests that time for family was very limited.

Sullivan's research over a fifteen year period found that on average Japanese put in 225 hours more work than their US counterparts, but were substantially less productive (Sullivan 1992: 69 - 76). This trend was noted by interviewees and strong reference made to hours attendance with poor productivity. There was also an indication that the younger generation is changing and placing more importance on living life. This may be attributed to a certain degree as Western influence.

5.10. Communication

Deresky's analysis on kinesic behaviour, referring to body movements, is a very important aspect of Japanese communication, although non-verbal it is always associated with verbal communication. Japanese are high context by nature and do not openly show emotions. Feelings and thoughts are not expressed verbally but in a round about, indirect manner to avoid any chance of offending or insulting any members of the party present. This is in sharp contrast to South Africans low-context nature, being verbally expressive. Exposure of ones "public self" is very uncommon with Japanese and generally they allow very little exposure of their personal thoughts reducing, according to Barnlund "the unpredictability and emotional intensity of personal encounters" (sited in Dersky, H, 2002: 141-143). The South African interpretation of Japanese communication with South Africans pointed toward ambiguity and vagueness. The lack of verbal communication by the Japanese and to a degree the expectation that South Africans will understand relates to Deresky's (2002) low context, high context nature of South African and Japanese respectively. Senior Japanese staff interviewed also made reference to how communication had to be adjusted between travels to Japan and South Africa as the requirements were totally different. South Africans also indicated that the language difference was a impediment and it was often necessary to document communication to avoid ambiguity or misunderstanding.

Practitioners in the Japanese-South African business dynamic do identify with documented theory. It is necessary to highlight certain limitations of the research that was conducted and also to propose further topics for study. This is done in the following two sections.

5.11. *Limitations of the research*

5.11.1 *Biases*

There may be certain biases that influence commentary as all individuals interviewed have evolved differently through the relationship development with South Africans and Japanese. Certain issues may be personally influenced by previous good or bad interactions with both parties.

5.11.2 *Reliability*

Due to lack of standardisation in the questioning of interviewees there are concerns on reliability and if similar results would be achieved with alternate interviewers. In most instances there has been a relationship between interviewer and interviewee thus allowing for certain biases and responses. Reliability issues can also be viewed in terms of the dynamic content of discussion that may yield different responses at different time. They therefore reflect reality at the time of interview which may be subject to change (Marshall and Rossman 1999).

5.11.3 *Sensitivity*

All individuals interviewed have been informed of the objectives of the research and that this document may be available to industry. This may dampen respondent's comments and feelings toward certain topics or themes mentioned during interviews.

5.11.4 *Perceptions*

Some of the interviewees may have had preconceived ideas relating to the research and may alter their responses accordingly.

5.11.5 *Perceptions Distance between interviewer and interviewee*

Under such circumstances interviews were conducted by email with a follow-up and discussion telephonically. Responses to themes may not have achieved the same level of results as a personal interview due to lack of interaction and the ability to perceive emotional value for further probing.

5.11.6 Sample group implications

The sample group chosen for interviewing has limited size based on the existing population. All interviewees, South African and Japanese were in some way affiliated with the Toyota Group of companies. The respondents therefore have been largely exposed to the 'Toyota Way' which may have a large effect on many aspects of the themes posed. It is therefore necessary to indicate that not all Japanese and South Africans have the same views.

5.12. Further research required

From the research carried out for this thesis there appeared to be a link between an individual's character and his or hers ability to interact positively with Japanese. Further research focusing on individual's characters or personalities and identifying appropriate personalities for the Japanese environment may allow Japanese multinationals the opportunity to recruit appropriately and therefore avoid traditional problems identified in this research. This will however only deal with the 'Japanese employer-South African employee' dynamic.

The objective of the research was to identify problems that arise in the relationship dynamic of South Africans and Japanese. The following chapter, the conclusion, addresses all ten themes in the discussion and makes appropriate recommendations.

6. Recommendations and conclusion

South Africa is experiencing positive growth and has embraced globalisation and the understanding of the necessity for world trade. There has been a dramatic change in the economic sector with a focus on value added exports. The movement from primary goods exports from the mining sector to the dominance of manufacturing sector. South Africa has seen large growth in the automotive sector with Billions of Rand in foreign direct investment from Japan. Toyota and affiliated companies have targeted South Africa as a global manufacturing base and believe that South Africa has sound economic policy and market growth potential. South African government has aligned practice with the WTO requirement by reducing protection tariffs and barriers to entry. There has been a move in recent years to drop exchange control in stages, and talk that the Minister of Finance will drop exchange control completely in his 2006/7 budget speech. With huge unemployment levels and government drive toward entrepreneurial engagement, countries like Japan with economic power and technological prowess are potentially perfect partners. In saying all of this it is vital to understand the key issues that arise when two different nationalities, ingrained with traditional practices and behaviour, interact at a business level. The relationship is very complex with both parties having different expectations and understandings on behavioural requirements. Complexity and differences are seen in all aspects of business operations from the initial business proposal to the establishment of an acceptable code of practice that may suit both parties. Japanese multinationals located in South Africa and worldwide tend to exhibit a 'them' and 'us' syndrome where national staff often feel excluded from major decisions. Ethnocentric approach to management is predominant with a tendency to ignore local conditions which often leads to employee frustration. Different nationalities exhibit different forms of communication with Japanese being high context with far more indirect verbal and non-verbal communication. Japanese long history and practices allow for almost predictable behaviour from employees therefore requiring far less management and entrepreneurial display. The South African communication is low context, very verbal and direct. The difference leads to confusion for both parties with Japanese often misunderstanding South African intentions and Japanese communication 'greyish' in construct.

It is evident from the research that both Japanese and South Africans bring differences to the relationship with some of the differences being complimentary and reinforcing competitive advantage. It is also very important to identify differences that oppose synergy in the organisation and make these differences available for organisations to apply to training and education.

The research conducted and presented in the literature review with substantiation by practitioners in the South-African business dynamic allow South Africans, and Japanese, to get insight on stumbling blocks that typically present themselves in such relationships.

The research conducted does identify ten themes that will, if considered or adopted practically, improve the relationship dynamic of South Africans and Japanese.

Ten recommendations follow.

6.1. Recommendation 1: Relationship Building and Contractual agreement

Japanese will only do business once a relationship is built. This relationship is grown through presentation of ability and trust. If the trust is broken the relationship severs. There is a tendency for Japanese to avoid lengthy contractual agreements but to avoid miscommunication and differing expectations they are necessary especially when dealing with foreigners.

6.2. Recommendation 2: The Decision Making Process

Patience is required as the Japanese take time to make decisions. There is a great deal of planning, but in general, implementation is streamlined. South Africans need to see the benefit of good planning and studying situations intensely as benefit is definitely seen in the end result. At the same time it is necessary to ensure decisions are made, as decision avoidance is common practice.

6.3. Recommendation 3: Japanese Management (Leadership)

The Japanese have a very traditional top-down management approach. Management is an exercise of power and control. There is very little guidance given to the South Africans by Japanese management. This style or approach is very deep-rooted in tradition and potentially counter-productive if applied to South Africans. The management of South Africans by Japanese creates inefficiencies in the organisation that can be considerably improved upon by appointing local managers. The adoption of Japanese management principles in the production process guarantees success.

6.4. Recommendation 4: Business beliefs

The Japanese approach is long term with little or no consideration given to short term profit but rather sustained long term profit. There is a general acceptance for new companies to run at a loss for a period of three years with mandatory recuperation of all losses within five years. South African approach can be more short term with immediate profit. It is necessary to evaluate the requirements of both parties.

6.5. Recommendation 5: Careers, Succession Planning and Promotion

The Japanese place very high emphasis on time attendance at work. In general an employee's level of loyalty and performance is measured by time at work. There is also immense respect given to elders with status promotion. Promotion does occur to that age of 40 based on age, but after this there is more focus on individual ability and performance. There is also a high probability of the "them & us" syndrome identified in Japanese multinationals. It is therefore necessary to draw up a comprehensive human resource platform to eliminate problems with staff and the different approaches.

6.6. Recommendation 6: Participation versus Autocracy

The Japanese management style is very top-down and traditional. It is autocratic by nature, but there is certainly extensive group participation at lower levels. The power and authority practiced by Japanese managers therefore restricting staff potential does create problems in South Africa as South African staff require freedom of expression. Frustration for both parties is inevitable so serious consideration must be taken when structuring the organisation. The group approach taken by the Japanese certainly can add huge value and should be considered.

6.7. Recommendation 7: Change management

The Japanese exposure to technology has promoted necessary acceptance to change. There is however a reluctance to adopt local ways and an ethnocentric approach, that is often perceived as arrogant by South Africans. This ethnocentricity does not bode well for Japanese multinationals and needs to be addressed and considered when forming a partnership.

6.8. Recommendation 8: Diversity

Japanese society is homogeneous which influences behaviour and business practices. The diversity of the South African environment presents problems when adopting Japanese principles. The basic practices in the organisation can become complex when dealing with diversity. Training to expose the differences in the two nationalities should be mandatory.

6.9. Recommendation 9: Approach to business and life

Japanese expect all staff to maximise their time spent working. Traditional influences play a major role on management's expectations which has caused animosity between nationalities. A performance measurement system should be agreed upon and applied. The differences in approach to work must also be made very clear to Japanese and South African management and staff.

6.10. Recommendation 10: Communication

Good communication is essential for the organisation. The high context Japanese and low context South Africans present a high possibility for misinterpretation. South Africans and Japanese need to get a full understanding on the basic communication differences between them. Written communication is initially suggested to reduce ambiguity and misinterpretation of either party's expectations.

6.11. *Conclusion*

Extensive foreign direct investment in South African by Japanese multinationals, specifically in the automotive sector, motivates requirement for research that may add value. **The problems that arise between the two nationalities due to behavioural differences, differences in expectations and general approach to business limit competitive advantage and organisational synergy.** This problem statement has to large extent been substantiated through an extensive literature survey and feedback from practitioners during primary data collection. The objectives of the study included an evaluation of world trade, Japanese and South African bilateral trade and at the micro-level a study of the Japanese-South African relationship. The final and most important objective of the research was to put forward a working document with ten recommendations for practitioners to refer to. The research methodology adopted has gone a long way to provide answers to the problem statement and resulted in 10 practical recommendations. Considering the sample group and the limited population currently available for research the recommendations may be considered as founding statements. Further research is recommended as the population increases.

7. Appendix 1

7.1. Interviewee # 1: Laurie Coetzee – Commercial Director, Smiths Manufacturing.

Background:

Mr Coetzee holds the position of Commercial Director at Smiths manufacturing an automotive parts and assembly manufacturer with sales to all the Original equipment manufacturer's in South Africa, the biggest being Toyota. The company is the second largest in South Africa in its respective field and has many Joint Ventures and technical agreements with Japanese concerns. Recently DENSO from Japan, the biggest manufacturer in the Toyota group acquired a 25% share in Smiths manufacturing joining a whole host of other Toyota group companies investing in South Africa as a result of Toyota South Africa's expansion and export plans.

Mr Coetzee has made in excess of 30 trips to Japan in his 15 years of business relations with the Japanese has learnt a great deal from the Japanese in his approach to life and business.

He has adopted a philosophy of trust and loyalty as being paramount and believes that facts can never be disputed so problems should always be approached with the facts to avoid procrastination and confusion.

- Relationship building

Japanese hold loyalty and trust as key determinants for business interaction. The relationship is built through time and trust. If there is no trust there will be no loyalty and business interaction.

- The decision making process

Understanding the way the Japanese do business has a huge influence on ones approach, with a clear understanding of each person's role in the discussion. Often one can attend a business discussion, whether it is for existing or new business, and be surrounded by a host of Japanese all from the different functional groups of the business. The rationale behind these group gatherings is the collectivism attribute, which forms part of their approach to life and where decisions are made collectively and thoroughly. Often decisions can take very long as all aspects are studied and all potential problems

identified. The final decision is made with group consensus and generally is so thorough that all problems are identified and dealt with initially.

The continuous improvement philosophy (Kaizen) forms the basis of business thus the need to analyse everything thoroughly. The PDCA (plan-do-check-action) philosophy creates an attitude to challenge problems and predict them as soon as possible.

- Work and social behaviour

There has been a change through the generations in Japan with the younger generation adopting a more western approach to business and pleasure. This is going to change the way we do business in the future but contemporary dealings are done with the older generations where respect for seniors is important and junior staff organisational behaviour still conforms. The latest generation of Japanese believe in a balance between work, social and family.

- Performance appraisal

Japanese very rarely praise one for good work, doing your job properly is what is expected. The general comments passed are “not so bad” and “not so good” and if you fall into the later serious commitment and change is required. Individual motivation is achieved by performance and not reward.

- Perception and involvement with South Africa

Although there is commentary on the generally accepted attributes a country may or may not have that encourages FDI there are two aspects that affect the Japanese-SA context specifically. Firstly the incredible transformation that RSA has gone through over the past decade has had a tremendous impact on perception of diversity and the success with which transformation has occurred has commanded respect from all nations. The ability to handle and manage diversity is a key attribute in globalisation success. There is another factor that has severe negative impacts on our economic growth and that is crime. In all discussion with Japanese the major concern for them, based on their “Genchi-Genbutsu” philosophy which in essence means go-look-and-see or, work should be done on a more tangible basis, generally requires re-location for Japanese in order for success. The South African crime environment is a real concern for the many Japanese currently living apart from spouses to alleviate their exposure to crime.

- Business beliefs

Japanese believe that efficiency and profit are linked. The market determines the selling price of items and business determines the cost of items. If you manage the inputs and cost correctly, profit will follow.

Conclusion

1. The Japanese collectivism nature is very dominant and teamwork is essential. Employees are expected to conform and individualism is frowned upon, leading to a one-team mentality.
2. Any interaction with Japanese requires a clear definition of roles. Each member of a decision party must fully understand their role and how their position links to the group.
3. Positive and collective attitude toward problem solving and decision making.
4. The most important requirement is to build a relationship of trust and respect the basic requirement in any meaningful relationship with Japanese.

7.2. Interviewee # 2: Mike Hepburn Brown, Director, ITISA (Interdependence & Transformation in South Africa)

Background:

Mike has been involved with Toyota Tsusho Corporation, the trading arm of the Toyota group, as a consultant leading them through the growth phase in the business cycle and predominantly to instil understanding on dealing with change and efficiency improvement to sustain global competitiveness. Mike has been working closely with Japanese and SA business for the past five years and is held in high regard by senior Japanese and national staff at Toyota Tsusho Corporation. The following are key issues that Mike has found during dialogue and business in the Japanese-South African context and may be seen as recommendations. Mike stresses that the information given is purely based on his practical

observations and not theoretical readings and goes further to state that the “[points] listed are by no means exhaustive and conclusive”.

- Differing style of leadership

South African leaders tend to be more directive and integrative in their approach with clear focus, alignment and objectives being driven into the organisation in a more inclusive and direct manner and taking into account more external and internal variables. A proactive response tends to be more of the norm.

Japanese leadership seems to be less communicative and direct in approach, hoping that everyone just understands the focus which is not clearly formulated or discussed. There seems to be less recognition of the historical external & internal variables that could or will affect progress which often seems to be reacted on when it occurs.

- Measures of performance and success

Measurement in South African business is more inclusive as the external legislative and historical perspectives require i.e. Measurement tends to reflect financial, production efficiencies, people practice (employment equity, labour relations, economic empowerment etc), market competitiveness, customer profiling, brand and company image, new business and product development and offerings etc. Financial measures seem to be the only continuous measure applied by Japanese business, in general output measures with no tracking of input efficiencies encouraging the vast majority of senior management to be financial practitioners.

- Diversity

Integration and creating unity in diversity is probably the single biggest challenge facing Japanese management and business as sameness seems to prevail which is re-inforced by certain traditional aspects of the Japanese society such as the role of woman, the “Dorkie” system (Japanese business network), system of promotion, and age as a level of seniority.

Promotion and upward mobility is based more on seniority than competence with a glass ceiling on the upward movement of woman. Very few, if any of the Japanese organisations that Mike has had interaction with, have woman in senior positions.

- Policies, procedures and guidelines

Clear policy, procedure and guidelines are not available in Japanese organisations, except for financial reporting. Human resource frameworks including job structure, competency job descriptions, job evaluation and grading are non-existent. Best people and business practice in terms of meetings, performance reviews, structured communication are not common practice in Japanese organisations. Guidelines seem to be historically and traditionally based, whereas in South Africa this has been a driving force in organisations either by choice or enforced through legislation.

- Participation versus autocracy

Participation in Japanese organisations seems to be more group think and sameness than diverse views and debate, it is more a process of getting buy-in on decisions already made behind closed doors normally by a few senior male managers. Very little real empowerment actually takes place even though there seems to be lots of involvement.

There seems to be more of a benevolent democracy where we discuss and you agree.

SA tends to be moving from very white male dominant autocratic management to a more inclusive involved management style where empowerment is an ongoing challenge for South African managers. Much higher levels of participation take place at the operational and team level in South African organisations whereas in Japanese organisations participation, involvement and true empowerment are still very traditional.

- Careers and succession planning

In Japan this is based on traditional levels of seniority and the “Dorkie” system but is unspoken and not communicated even to the potential candidates. It tends to happen yearly in April or May when all new recruits join.

Competence, business requirements, employment equity, diversity and retention of good performers have been the driving force of the changes that one sees in South Africa.

Training and development is not a high priority within Japanese organisations so you learn from your senior or draw experience from your “Dorkie” group through ongoing networking. There is especially no focus on management or leadership development which is probably the biggest drive in South African companies.

- Management of performance

Performance management is very informal or non-existent in Japanese companies and there is a very high level of tolerance for non-performers which seems to be driven by the traditional concepts of “job for life” and loyalty.

South African organisations are driving performance management as one of the most important catalysts to enhance business success, sometimes non-performers are eliminated without adequate reasons although this is changing due to pressures from labour legislation and the CCMA presence.

SA managers are far better at managing people performance and issues relating to people than their Japanese counterparts, often due to high levels of management and leadership development.

- Managing and adapting to change

This is obviously one of the key strengths of SA leadership as it has been continuous for many years. Japanese managers are grappling with the growth and management of their companies in often diverse and more adversarial climates that they find themselves in. Change has been restricted traditionally due to a homogeneous society and further ring fencing since the 2nd WW.

7.3. Interviewee #3: Mr Philip Mostert – Marketing and Technical Director, Smiths Plastics (Pty) Ltd.

- Background

Philip Mostert has had dealing in business with Japanese for 12 years. During this period he has made in excess of 20 visits to Japan representing his employer. The majority of his dealings have been related to Toyota group with direct interaction with Toyota Motor Corporation and their group suppliers. Philip has had direct involvement with Japanese from a technical aspect as well as developing new business for Smiths Plastics. During his interaction Philip has developed extensive knowledge on Japanese behaviour and values. Listed below are some key issues Philip believes are important.

- Respect and loyalty

Japanese have very high respect for experience especially in the technical fields. Japanese in senior positions gain respect from fellow employees and generally move to senior positions based on knowledge and skills ability. In general employees that are in favour receive far more work, from a work load and also from an importance perspective.

Japanese can also be very aggressive at first meetings to gain an understanding of ones ability and knowledge. Loyalty and respect are gained through ability and relationship building.

Japanese and the “job for life” have always been prominent in commentary but generally a large portion of the staff compliment is temporary. Japanese tend to be very loyal to their organisations even if only in temporary positions. This is in sharp contrast to South African organisations where the relationship between employer and employee is far more balanced.

- Promotion and development

Promotions are achievable on merit not favouritism. Management hold their positions through proven track records and thus are respected for their positions.

- Approach to work and life

Japanese tend to be extremists. Work is done in excess with a tremendous amount of time dedicated to working life.

- Japanese perception of South Africa

Japanese have interest in investment in South Africa. Japan is on a drive to push all manufacturing out of Japan due to high costs. In doing this they are spreading all manufacturing concerns to all four corners of the globe. Environmental issues are also placing pressure on Japan which also favours investment in developing economies. Japanese usually invest in economies that have already a Japanese representation as generating new business form scratch is extremely difficult. Profitability, quality and lead time are key drivers in Japanese business. Lead time reduction through efficiency by enabling people and their environment. The Japanese still perceive South Africa as backward and third world but

by imparting South African information and knowledge the perception changes. In order to achieve confidence visits are a must.

- Relationships

Relationship building is vital for any business to commence. In general the relationship building process does not involve large amounts of entertainment but rather interaction to establish an understanding of abilities and knowledge. Japanese are big listeners and concentrate during discussion. Respect is shown through listening.

- Meetings and discussions

Topics are discussed one at a time and are structured. Changing topics prior to completion creates confusion. As mentioned earlier the listening aspect is key, too much talk is disrespectful.

Presentation should always be completely open and advice should always be seen in a positive light.

- Decision making process

Japanese are very difficult to force into a decision. Business decisions are made in a panel format consisting of specialists from all functions of the organisation. Each member handles issues that pertain to their specific function and the final decision rests with consensus from the panel. Individual decisions are rare but are made by senior staff especially technical experts. This differs considerably from the SA perspective where individuals generally make decisions quickly. Japanese are far more drawn out with the decision making process usually taking a period of time and tend to get very nervous with the South African quick decision making. Decisions are very rarely made at first meetings. Japanese meetings are very strategic and differ to South African in that more junior staff attend meetings with the possibility of the MD as a backstop. South Africans tend to involve the MD from the frontline in the negotiation process.

- Specialist versus Generalist personnel

The Japanese economy is very large offering huge support to personnel allowing the opportunity for specialists. The “panel” type meetings can be very intense with each member focusing on their function.

This is in sharp contrast to South Africa where personnel take a much more generalist approach as resources are few. This adds further difficulty to the negotiation process.

- Business and personal life

Japanese tend to separate their business and personal life. It is very rare to visit a Japanese home and have interaction with the family. Any socialising happens after work and without the family. South Africans tend to involve family members and to get an invitation to an individual's home is not rare.

7.4. Interviewee # 4: Mr Peter Blomefield – Corporate Manager, Toyota Tsusho Africa (Pty) Ltd.

- **Background**

Peter Blomefield has worked in the Japanese corporate environment for 4 years with extensive exposure in the field relating to corporate function. Company vision and strategy rollout, change management and particular exposure to the human resource function. Peter has reported directly to Japanese as well as visiting Japan. His scope of work has also allowed him to develop a good understanding of the Japanese way of running a business.

- **Relationship building**

Relationship building (based on trust/demonstration of knowledge and skill/mutual understanding and recognition of culture)

The business relationship building assisted by previous networking based on secondary and tertiary education plus previous employment and exposure to related parties. This ensures time saving and has a positive impact on the goals and objectives of the parties. In the case of Japanese partners this situation is not available therefore taking longer to achieve ultimate goals and objectives.

- **Decision making process**

The decision making process - In the case of South African companies this is far quicker due to the relationship building impact above and the fact that SA companies aim and fire at a moving target as opposed to Japanese who take a lot longer to decide - the ultimate target in the Japanese case in "stationary" as opposed to a moving target for SA.

(Attention to detail/prefer to visit the actual site or location (Genchi)/collective approach seeking opinion)

- **Work and Social behaviour**

Japanese work hard and play hard. Japanese utilise social opportunities to develop relationships.

- **Performance appraisal**

Performance appraisal - SA companies reward on a NPV basis and expected future revenue of a project whereas Japanese companies generally are results driven with a larger portion of "variable" remuneration than with SA companies. It follows on that Japanese top management will be subject to salary reduction during decline stages. The opposite applies to SA where top management ("fat cats") continue to draw large salaries during decline and downsizing the organisation to maintain this - lay-off. (softer value structure takes precedence on results eg. method and attitude towards problem solving has greater emphasis than actual achievement/linked to delayed gratification and extended time in making decisions/Top Management are impacted mostly when results are bad ie Variable Cost portion is high and fixed portion low.

- **Business beliefs**

Japanese believe that the customer is always right and prepared to incur extra costs to ensure long term success of relationship including financial success.

- **Differing style of leadership**

Differing style of leadership (traditional top down leadership with respect for Top Management Opinion/reward innovation and continuous improvement)

Successful SA leaders are floor walkers who have a hands on approach. In this way they adopt the "genchi" style of management and look for themselves. This fosters healthy relationships with all staff. Japanese leaders tend to send a trusted representative who will in turn report back to top management.

- **Measures of performance and success**

Measures of performance and success - SA companies are generally more subjective and qualitative in setting targets and measuring achievement. The impact is less direction and alignment to performance to company goals and objectives. Japanese companies are however more quantitative and objective in aligning individual results to company objectives and goals. This ensures a focused driven organisation.

- **Diversity**

With diversity generally Top Management attempt to implement Japanese thinking into local culture without extracting or utilising local knowledge to ensure competitive edge.

- **Participation versus Autocracy**

This can be viewed on a case by case basis, generally Top-Down approach with key decisions being taken by top management being non participative.

Japanese company culture is moulded around Kaizen and continuous improvement ensuring bottom up idea generation. However, strategic direction and resource allocation decision making are autocratic and come from the top. SA companies employ a more bottom up approach with decision making being more participative and team driven.

- **Careers and succession planning**

Careers and succession planning are age dependent and years of service, top performers are however identified and offered increased exposure.

- **Managing and adapting to change**

Managing and adapting to change (continuous improvement is a way of life, job rotation is encouraged) Japanese companies as mentioned above have a strong link and alignment to team, divisional and company goals. This assists in adopting and managing change as long as the change is in line with this.

SA companies however do not confirm the same alignment and therefore communicating and managing change requires more effort and is less effective.

- **Approach to work and life**

Approach to work and life (values and beliefs at work should be the same and encouraged/consolidated both at work and at home)

Japanese employees live to work and have a high level of delayed gratification in terms of remuneration and the associated lifestyle. South African employees are far more impatient in career building and remunerations received. This also results in job hopping and salary increments. This can also reduce loyalty to the company which is extremely high in Japanese companies.

- **Japanese perception of South Africa**

Japanese perception of South Africa is a great climate, educated staff are cheap, high crime.

- **Meetings and discussions**

Meetings and discussions can become more brain storming sessions with no real outcome as opposed to agenda and task driven.

- **Communication**

Japanese tend to involve many experts and people from different departments to decide on a specific issue. This has the advantage of a collective decision. Disadvantage is that the process can be long and time is not used efficiently. Key decision makers are high-level, decision and communication is top down. Japanese when communicating with South Africans tend to be very vague with a lot of grey areas. The lack of communication efficiency results in lots of re-work required. The communication remains a “secret” and not very transparent.

7.5. Interviewee # 5: Ms Krishnee Pillay – Purchasing Manager, Toyota South Africa Manufacturing.

- **Background**

Ms Pillay currently holds the position of Purchasing manager at Toyota south Africa Manufacturing on original equipment procurement. She has been employed by Toyota for the past 16 years originally starting as a clerk and moving over the years to her current position. Ms. Pillay's term employment has been interesting as Toyota Motor Corporation acquired the South African manufacturing plant during this term giving her exposure to change, integration and diversity. Ms. Pillay has had continual practical exposure to the Japanese and their ways for the past 10 years with the last 4 years in a management position.

- **Relationship building and contractual agreement**

The Japanese tend to have a lot more trust with business or the agreement to do business often concluded with a hand shake. The business perspective is viewed as a partnership by the Japanese with loyalty and trust being given preference once gained. Often long contractual agreements are not required and Japanese in a lot of instances start new business or projects prior to signing any agreement with the signature often coming later as part of the process. Japanese tend to encourage relationships and are far more positive from the onset.

The South African approach is quite different where initially there is distrust with the intention of building trust. South Africans like to have all the contracts concluded prior to any starting and generally like a far more detail. There is often a dominant party with the intention of a one winner and one loser. Japanese tend to push more for a collaborative relationship with a win-win result.

- **Decision making process**

The Japanese tend to make all decisions as a group. There are no losers with all having a chance to discuss the pros and cons of potential outcomes. The decision is made on the premise of the least

amount of loss for the most gain. ‘Nemawashi’ the process of communal decision making is very lengthy and often loses control when westerners try to adopt. South Africans tend to be individualistic in approach and often narrow without considering the bigger picture. The Japanese look at the whole and are far more medium and long term focused.

South Africans talk a lot about synergy and teamwork but often take a dictatorial approach to decision making. Unity is also an issue as managers often focus on their individual performance rather than group or company performance. The group decision making process is definitely more fruitful as all parties participate and problems after the decision are alleviated prior to start where in the South African context decisions are often made without considerations for other departments and often a lot of extra work is required after the decision to rectify areas that were not considered initially.

A key note is that the Japanese are listeners and South Africans should be prepared to listen and not speak so much. South Africans tend to speak based on perception of the receivers requirement.

- **Key aspects of management approach in Japanese and SA multi-nationals**

The Japanese tend to dictate a lot and not consider local input. South Africans also appear to be more street wise and more innovative in approach. The Japanese are ethnocentric and locked into behavioural theory and often not open to change. They tend to stick to the rules with no room or accommodation for new ideas. There is also a huge focus on hours attended at work with overtime being the norm. South African managers especially in Japanese multi-nationals often do not support the South African culture and follow the Japanese way often leading to internal conflict.

When dealing with the Japanese, you should always have a good understanding of the ‘corporate rules’ or protocol that should be followed.

- **Business beliefs**

Japanese are very focused on promoting joint ventures and technical aid agreements. The third world economies do not have the technology or infrastructure to support full investment. This is a common trend in the Toyota group of companies with focus on improving the ability of suppliers. Japanese also have a 360 degree focus not just forward focus so also taking into account the surrounding implications. In contrast the South Africans focus on profit and often only the short term, get rich quick approach. There also seems to be a focus on individual gain and very little on the good of the company or country. Sustained profitability is an approach taken by the Japanese with emphasis on the sustained.

- **Diversity**

Japanese do not handle diversity very well as their focus on doing things their way is dominant. In saying this they tend to get away with it as a respectful approach is always maintained.

The South Africans have a good understanding of diversity based on the diverse found in the country, but there still is a tendency toward prejudice as a result of the political history.

- **Managing change**

Japanese invented the term 'Kaizen' or continuous improvement and it is implemented in all work processes very effectively. However there seems to be very little focus on implementation on the softer, people side of the business. The Japanese tend to like seeing change in process with a more tangible reason for continuous improvement.

South Africans tend to handle change very slowly with a lot of inflexibility. Issues like length of service, personality are traits that influence acceptance to change. Change is often seen as tangible and not so much behavioural which is far more important. Often South Africans avoid change until a point is reached for forced change.

- **Participation vs Autocracy**

Japanese are very participative in their approach where South African managers dominated by the white male still adopt, especially the older generation, a more colonial dictatorial approach. There is a change with the younger generation focusing more on democratic and open minded approach.

- **Specialist vs Generalist Approach**

Japanese are specialist and protocol is very important. If you are a member of purchasing all dealings should be done through the purchasing department at the counter part. There is very little cross functional interaction in a direct approach which leads to time inefficiencies. The South Africans are more generalist but even in the specialist case a generalist approach is acceptable with cross functional interaction and far more relaxed protocol.

- **General comments**

There is considerable investment currently by the Japanese in South Africa but the focus is always on Japan and gains for Japan. It is questionable if there is any intent to uplift the South Africans.

7.6. Interviewee # 6: Mr Yutthachai Wongdama – Assistant Manager, Production Support, Toyota Tsusho Africa (Pty) Ltd.

- **Background**

Mr Wongdama is a Thai national and has worked for Toyota Tsusho Corporation for 6 years, during this period he served 5 years in the Thailand office in Bangkok and currently is seconded to the South African office for a contractual period of two years. Mr Wongdama has had extensive exposure to the Japanese way during his term with direct reporting to senior Japanese management. Mr Wongdama is of Thai nationality and has also developed a sound understanding of the South African working environment during his first year. Mr Wongdama was heavily involved in the new IMV project for Toyota Tsusho and during the launch of the vehicle gained vast knowledge on how many Japanese automotive suppliers conduct business and develop relationships with local companies through joint ventures and technical aid agreements.

- **Relationship building and contractual agreement**

When the Japanese are first consider the possibility of some form of business relationship information is gathered through their extensive business network. The Japanese have the uncanny ability to gather information and appear to have access to extensive information through local data bases and networking. Once the information has been gathered, a visit to the foreign base is always required, following the tradition of 'genchi genbutsu' the go look and see approach. It is very difficult, if not impossible, to approach the Japanese directly in business. Referrals play an important role and relationships are generally formed through the aid of middle men, commonly known as specialists. When dealing with the Japanese an open policy is imperative to avoid any chance of damaging the trust aspect of the relationship. Dinner is common in the relationship developing process but during dinner there is generally little or no talk of business. It is however a time to develop the relationship with conclusion of business agreement coming at the end of the dinner outing.

The South Africans tend to be far more relaxed about relationship development with far less protocol or agenda requirements. Dinner is a time for discussion that can involve personal issues and business issues

depending on the flow of conversation. It seems as if there is some protocol that should be followed and at social events like dinner outings business should not be discussed but if it is there are no problems or offence taken.

- **Decision making process**

The decision making process is very drawn out with the Japanese, initial meetings will involve information and opinion gathering, followed by a second meeting involving the relevant people required to be party to the decision. There are a lot of meetings held including visits to the related area in question. Protocol and correct members present is very important to avoid decisions being made that effect parties not present. Decisions are slow but all aspects are studied to avoid recurring problems.

South Africans tend to make decisions far quicker which can be a problem for Japanese as there is often a narrower focus. South Africans tend to have recurring problems that are not completely rectified. There seems to be an element of enjoyment in problem solving in Africa.

- **Key aspects of management approach in Japanese and SA multi-nationals**

A key aspect to Japanese management is conformity. It is important to understand exactly what they want as it makes activities far simpler. Japanese are rigid in requirement so once understanding is achieved it makes future tasks far simpler. Peripheral information often creates confusion with Japanese so simple explanation is required in summary format. The A3 size document encompassing all relevant information is also valuable with a graphical approach to encourage visualisation. The Japanese have a rigid process that is required to be followed to get to the end result where as the South Africans approach is far more flexible in getting to the end result.

- **Performance appraisal and Training**

The Japanese measure performance by how quickly you react to a request. The idea that today's work is completed today is key often resulting in many hours attended at work. Training is very important to the Japanese and if something new is to be done there is usually a manual drawn up explaining process and creating awareness. There is also the Kaizen, continuous improvement, aspect that is pushed through all activities.

The South Africans approach is far less rigid with less detail in the process. The Japanese steer clear of the flexible approach due to their risk adversity and stick to manuals and the 'safe route'.

- **Managing change**

The Japanese plan change very well. The planning process is very well drawn up. The good planning and process adherence creates far less stress during any change. This is something that may create far more reluctance to change in the South African context.

- **Participation vs Autocracy**

Japanese have a very top down management style with old tradition. It unthinkable to disagree with a senior manager and usually the manager's way is followed. There is however, contribution from all parties to achieve the goal within the process. The Japanese management style is still very traditional and respect orientated.

South Africans have a far more democratic approach that is participative in nature.

- **Respect and loyalty**

In Japan you cannot say anything that shows disrespect. Disrespect is not tolerated and instances of disrespect spread like wild fire. The work place is very formal with first names never used. Name card reading is very important showing respect for the person you are meeting and also encouraging you to remember the name and person.

- **Specialist vs Generalist**

The Japanese use the term specialist differently to the westerners. The term specialist refers to a well connected 'middle-man'.

7.7. Interviewee # 7: Mr Takashi Hattori – Managing Director, Toyota Tsusho Africa (Pty) Ltd.

- **Background**

Mr Hattori has worked for Toyota Tsusho Corporation for 28 years and has fallen under the automobile sales division. Mr Hattori's first job involved business with Africa, with his first overseas assignment being Kenya (5 yrs), followed by the Ivory coast (4 yrs) and his recent position as Managing Director of Toyota Tsusho Africa. Mr Hattori has had extensive interaction with Africans and from a practical perspective can shed extensive light on the South African-Japanese business perspective.

- **General comments**

Japan has an obligation to South East Asia for economic development. If you consider South Africa and its position in Africa the responsibility is very similar.

- **Diversity**

In Japan communication is very easy as the society is homogenous in composition, a single 'tribe' where maybe one word can describe exactly the way we feel, expect and understand. This makes communication very easy but very difficult when dealing outside Japan. When Japanese come to South Africa they need to acknowledge this and adjust their communication style accordingly. Effective communication is realised through more explanation and detail.

- **Communication**

Communication is a key success factor in South Africa. Mr Hattori has ensured complete transparency in the organisation to allow effective communication to develop.

The Japanese communicate very differently to the South Africans. In general Japanese tend to listen and keep quiet during meetings. In Japan the more talkative you are the less junior you are perceived to be. This is in sharp contrast to the South Africans where lack of talk is sometimes viewed as lack of

involvement. When Japanese travel abroad on assignment adapting to local ways is vital especially with communication. It is also equally important when returning to Japan to re-adjust.

- **Relationship building and contractual agreement**

In principal Japanese are not happy with long winded detailed contracts. This is changing as the Japanese increase their global presence. When dealing with countries like South African, what Japanese consider as the 'hidden' understanding in contractual agreements often causes problems. It is now more evident that contractual agreements that are fully detailed and unambiguous are totally necessary.

The Japanese 'word' is commitment and cannot be broken. Breaking this word is very disrespectful and one loses face.

Japanese do not like negative expression and try to keep a good positive relationship from the beginning. Trust takes a very long time to develop; honouring your word builds the trust. 'Face' is the most important value you hold in Japanese business and to keep it takes a lot of effort.

In Japanese culture making excuses for non-performance is frowned upon. People who take responsibility for unattained goals are respected but no excuses should be made. If you commit you must accept responsibility.

- **Business beliefs**

In the first three years of a new businesses cycle you must make profit in one year and by the fifth year all losses must be recuperated. The fundamental belief in Japanese business is the long term approach. This strategic approach allows short term loss, where short term profit without the focus on the long term is very uncommon. Specifically with the Toyota group the focus is very long term with lots of focus on the people and their development. It is people that will make the business a success in the long-run. Short term capital expenditure does not sustain businesses. With the majority of EU and US companies the main focus is to satisfy the shareholders where in Japanese businesses, especially big companies like Toyota the employees and customers are the focus. Japanese business tend to focus on all the stakeholders.

- **Managing change**

In most Japanese business with exception to banking and construction the need for quick change is very well understood. South Africa has had good experiences with change, where political isolation

encouraged self-sustenance. Post '94 the country has been exposed to the global community and competition where rapid change is required. There is still some reluctance to change. South Africa was able to survive more than 20 years of sanctions so the belief in ability is strong often leading to the reluctance to change.

- **Participation versus Autocracy**

Japan still has an extensive hierarchy in business, but organisations like the Toyota group encourage group participation.

- **Respect and loyalty**

Japanese still have respect for elders. Age automatically receives respect. If you have a higher position than an older employee there is still huge respect given to the elder. The Japanese are starting to promote younger staff, which was traditionally difficult because of the great respect given to age.

Firing in Japan is a no-no. It does not happen. Managing directors are seen in a bad light if the company has to go through retrenchments.

- **Decision making process**

No decision is the worst. Some Japanese tend to drag their feet in making decisions mainly due to the 'honour' and 'face' issues. If you do not make decisions there is far less chance of losing face.

South Africans need to take longer in the process of decision making. This will alleviate further problems that initially may not have been seen.

7.8. Interviewee # 8: Mr Devin Vinnicombe – Machinery Manager, Toyota Tsusho Africa (Pty)Ltd.

- **Background**

Mr Vinnicombe has worked for Toyota Tsusho in a management position for three years. Mr Vinnicombe's job involves the procurement of machinery, installation and commissioning through

Japanese corporations. This gives him vast experience based on the types of interaction with dozens of different Japanese companies.

- **Relationship building and contractual agreement**

Contracts are a nightmare to negotiate, unless with the owner or director of the institution.

Any discussions or negotiations with less senior staff are an absolute waste of time.

The Japanese do not favour autonomy regarding decision making and often we encounter situations where less senior staff agree to costs out of terror of delaying a delivery, only to flatly deny any knowledge upon request for payment or purchase order etc...

However, when negotiated at top levels, it would appear that the risk is reduced, but, plenty of relationship building is required to develop trust.

On the surface, appearances are that they place a high value on relationships, having been in this environment for over 2 years, I somehow think that relationships are as strong as the individual's link to the senior rank.

- **Decision making process**

This is a largely painful experience as seemingly small, insignificant items are discussed for hours on end.

Typically, a local manager will focus on the items that have a direct impact on the success of a deal, whereas the Japanese will focus on who will buy and pay for a fridge for the engineer.

The typical Japanese staff unit will shy away from any decision making as they seem to need the consensus of the entire team, and some of their tennis friends!

- **Key aspects of management approach in Japanese and South African multinationals**

Under typical Japanese management style, local staff will not perform, and staff turnover would be high. The reason is that the Japanese management style is to scare employees into performing, rather than motivating and innovating.

Achievements are not recognised at their real value, but credit is rather given for time spent in the office. Mr Vinnicome has been fortunate in that both of his Japanese managers have been exposed to USA work environments.

He firmly believes that he would perform far better under a local manager with a higher skills and knowledge base than his own.

- **Business Beliefs**

In some instances Japanese grasp of business is very limited. In addition the Japanese try to impose and enforce their beliefs on situations foreign to them, without first considering the local 'etiquette'.

- **Diversity**

Diversity is approached as follows:

Japanese are supreme, faultless beings of superior intelligence.

- **Managing change**

Change is not embraced by the senior Japanese members.

The mindset being, it has always been done this way, who are you to challenge me and my authority?

- **Policies, Procedures and Guideline**

From experience, these are focused on inconsequential areas.

Operational aspects are ignored.

- **Participation versus Autocracy**

Autocracy would appear to be the underlying management principle, though much lip service is paid to participation.

- **Careers, Succession Planning and Promotion**

Plans appear to change regularly based on top managements perception of performance - time in the office, not actual achievements of targets etc...

Top managements perception of local staff is largely influenced by reports from other Japanese staff, so not at all objective in multinationals.

- **Respect and Loyalty**

Japanese respect is a lip service thing in Mr Vinnicombe's experience, if South Africans were respected, they would be included in the 'partnership'.

- **Approach to Business and Life**

Japanese life centers around work. All other facets are secondary.

Even though their commitment to their work is high, they don't seem to deliver in an efficient manner.

- **Meetings and discussions**

Japanese meetings are long, drawn out with plenty time wasted on inconsequential items. Not focused and to the point. Almost as if time has no value.

- **Specialist versus Generalist Personnel**

Some Japanese appointments are simply astounding, we are a specialised business, yet we have many staff with absolutely no exposure to any facet of our business at all. This requires years of training to rectify and in South Africa it simply does not work as locals tend to have no loyalty to their employers.

- **Communication**

South Africans should always keep a formal record of all communication. The Japanese tend to avoid accountability when the 'chips are down'.

In addition, it appears that one must ask for information in order to appear interested.

Otherwise, none is forthcoming. Generally, only the basics are communicated, enforcing staff members to waste hours determining the background to the communication. Again, this appears to ensure that

staff are working hard to get information, and thus showing interest. This leads to levels of inefficiency that defy belief. Sometimes it is difficult to understand how a profit is generated as it appears that this is the last thing on anyone's mind. Generally speaking South Africans are so much easier as our business environment and management hierarchy are so much less intimidating. South Africans focus on getting the job done quickly, efficiently, and cost effectively.

It simply boils down to vastly different cultures with completely different goals and objectives at all levels of the business.

7.9. Interviewee # 9: Mr Wayne Bowyer – General Manager, Green Metals Inc..

- **Background**

Mr Wayne Bowyer has been working with Japanese for 3 years with majority of daily function being projects. Interaction with Japanese is daily and his immediate boss is Japanese. Mr Bowyer has had extensive experience in manufacturing specifically those with Toyota orientation. The use of Japanese production philosophies and principles has played an integral part in his career.

- **Relationship Building and Contractual Agreement**

Relationships are built socially with Dinner and drinks after work. Your relationship gets stronger if you are perceived to be knowledgeable. You can break it very easily with inaccurate information.

Japanese accept ambiguity in agreement. A lot of contracts are not formalised but intensely spoken about in meeting. In our environment they realise the necessity for contracts. It is also important for Japanese to understand contract.

- **Decision Making Process**

The 'why,why,why' principle is applied. Japanese investigate all routes to get input from all so one person is not held accountable. Decisions are made based on everyone's input. Saving face is a major issue so the Japanese are very reluctant to make decisions.

- **Japanese Management (Leadership)**

Japanese management is totally different to South African especially the leadership function. Japanese are not leaders. South Africans give far more direction to staff where Japanese don't give good direction. They good Japanese are very well organised with good planning and a narrowed focus. Some tend to have very broad scopes so are overloaded with work and lose control in planning and organising. Staff are generally thrown in the deep end with little focused direction from management.

- **Business beliefs**

They are concerned about relationships with the customer. Do not focus on making too much money. Good services lead to good business.

- **Careers, Succession Planning and Promotion**

Not well structured at all. They do not structure departments properly. They lack focus as they are generally stationed for 5 years overseas so they tend to have a short term focus. Very little succession planning. Japanese management do not have a full understanding of our business so they cannot objectively put a proposal/justification. Promotions are done on perception. No plan on what is required to get promotion.

- **Participation versus Autocracy**

Japanese run the business. They make key decisions. They work on a need to know basis so it becomes very difficult to get information. Once they are confident in local ability they are more forthcoming with information.

- **Change Management**

They like process improvement and can handle change well. They handle it better than South Africans.

- **Diversity**

They don't handle it well. Women are not perceived as equal in the business place so diverse nationalities are something that the Japanese battle with.

- **Approach to Business and Life**

Japanese, Monday to Friday is work only. Weekends are Golf and entertaining Japanese guests. Family is rarely seen. They work very long hours.

- **Communication**

There is a very definite language problem. South Africans need to fragment and keep communications simple. Japanese perceive things very differently and tend to try and link topics with something they are familiar with. South Africans must adopt basic English. There is often a lot of repetition which can lead to confusion, so far it is far easier to communicate in writing (email) rather than verbally. Written communication in a point by point manner allows the Japanese to study and fully understand. This is also effective at meetings.

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