New Opportunities for Polish-Japanese Cooperation: Diagnoses and Prospects

The presented papers are very much diversified with respect to their content and writing styles. The book itself reflects an eclectic approach. The multifaceted approach to the discussed issues facilitates the comparison of expectations against real activities. The most important goal of the book is to identify the challenges and needs for changes in the context of leading to a new stage of reciprocally profitable relations between Poland and Japan in today's globalised world.

This monograph covers the output of the conference titled "2014 - New Opportunities for Japan and V4 Cooperation and Relations between Poland and Japan:右手 and Prospects", in which administrative bodies (central and local government), who participated in the conference, all of whom are searching for common solutions.

New Opportunities for Polish-Japanese Cooperation: Diagnoses and Prospects

edited by Jolanta Modawska-Bronowska
Corporate culture in every country is related to a country's particular culture. Culture can be defined in many ways, however for each society it always combines moral values, norms, historical experience, as well as institutions and the human behaviour resulting from them [Deal, Kennedy 2000; Schein 2010].

Cross-cultural competence is of significance in many aspects: Japan’s corporate culture (against greed), ethos of work (ethics) and advanced technologies deserve better understanding if Polish partners wish to initiate or upgrade their mutual business contacts. All these themes were discussed at the conference: “2014 – New Opportunities for Japan – V-4 Cooperation”. Culture awareness is critical not only for managers who work abroad, but also for those who operate domestically but wish to emerge internationally. And of course, there are more and more Japanese firms doing business in Poland. Nowadays there are approximately 300 Japanese enterprises here, offering employment to more than 40,000 persons.

The research clearly demonstrates that understanding a foreign culture is crucial to enhancing communication and delivering efficiency in international economic relations [Kotter, Heskett 1992; Kotter 2014]. This is true for firms involved in cross-border M&A (mergers and acquisitions), outsourcing to foreign countries, venturing into promising markets by FDI (foreign direct investment), and also hiring manpower from abroad or exporting their products. Even in everyday life ignorance of one's uniqueness may lead to uncomfortable situations or even to culture clash. On the other hand, cross-cultural competence may be a source of gaining respect and, as such, may be very much appreciated in foreign countries.
This is paramount both in face-to-face business relations as well as at the level of institutional communication.

The Japanese presence in Poland is becoming more and more visible. Representatives of both countries’ companies are discussing the kind of investment needed in Poland. Is it manufacturing, services or R&D (research and development)? [Ministry of Economy 2014] It is useful to note a change in the investment pattern. Firstly, over the course of time Japan’s currency has slowly appreciated, thus promoting Polish export. Secondly, economic cooperation today involves not only large corporations but also Polish SMEs (small and medium enterprises). Thirdly, there are many multinational, global firms with Japanese capital in Asia, and fourthly Polish entrepreneurs can engage in business with Japanese partners in Europe. Japanese investors in Poland started with the automobile industry and home electronic appliances; then ventured into securities, the financial sector, food industry, BPO (business process outsourcing), modern financial services etc. However, debating investment in modern versus traditional industries is not appropriate because – as has been argued [ibidem] – even in the so-called traditional industries, technological progress fosters changes and prevents firms from declining. As the so-called traditional industries established R&D units at their companies, this division has melted now.

Examples of Japanese innovative products include: small petrol engines (a new investment product by Toyota), particular filters for purification of gas in diesel vehicles, as well as sensors for carbon dioxide. In addition to products there are innovative services. The most significant incentives triggering them include the vast resources of excellent Polish human capital, highly skilled and devoted. Last but not the least investors are attracted by favourable investment incentives in special economic zones (available until 2026) and the very strong European demand for cars.

With reference to the development (evolution) of the Japanese investment pattern in Poland, the following sequence could be observed: production (service), R&D, organization culture, although not in every case do all of these phases appear. For instance, in an investigation into the operations of twelve Japanese companies active in the Mazovian Special Economic Zone, it was easy to note that only a few had developed research sectors and if so, only after several years of joining the zone. The most advanced stage is connected with dissemination of a company’s sophisticated culture, e.g. Toyota’s kaizen (meant as the never-ending process of upgrading technologies and products).

There is a huge question about future priorities when distributing funds dedicated to innovation and economic growth in Poland. Firstly, the support provided by EU funds will focus on private firms’ R&D, not
on those from public sector. Secondly, the financial aid will amount to eight billion euro over seven years (five billion from the EU and three billion from Polish taxpayers). Thirdly, the most highly valued sectors include: material engineering, ICT (information and communication technologies), biotechnology (biomedicine), industries supporting medical aid and medical industries mix. Apart from the structural funds of “Horizon 2020” there are financial links between Poland and Japan, where funds flow directly to particularly innovative firms.

It seems that chances for obtaining foreign financial support are the highest in the Polish energy sector, health prevention, IT (especially connected with programming) as well as bio-engineering. The high skills of Polish engineers are recognized internationally. What should be additionally noted is the growing prestige of the “soft competences” of Polish specialists e.g. in the field of crisis management. In order to attract more Japanese engagement in the Special Economic Zones it is appropriate to invest into country’s human resources, including not only engineers but also managers. In addition to the injection of public money into big investments, are there other moves which might encourage Japanese entrepreneurs? It seems that Polish engineers’ knowledge of small improvements (not only extensive investment) should be appealing in attracting the Japanese. This is kaizen and this method of management has been applied in Poland already of more than a decade, having its roots in Japanese industrial practices (Imai 2012). It is applied not only in products but also to services in some industries: home electronics, pharmaceuticals and furniture. Nowadays kaizen, understood as the process of constant improvements, is almost impossible to separate from investment. The Japanese idea of kaizen has deeply enriched the Polish investment climate.

2. Geert Hofstede’s primary findings

Study into the cross-cultural field was pioneered by a Dutch researcher, Geert Hofstede. He investigated over 16,000 questionnaires he solicited from IBM respondents. Seeking the main national characteristics in 70 countries, Hofstede explored the literature in sociology, psychology and political science. His most significant books include: “Culture's Consequences” (1980), and “Cultures and Organizations: Software of the Mind” (1991). According to his findings there are four most evident characteristics of national culture which help to differentiate countries:
power distance, uncertainty avoidance, individualism, and masculinity [Rugman, Collinson 2009, pp. 136–138; Hofstede et al. 2002]. One may ask: What is Japan’s score on these dimensions?

The first dimension – power distance, mirrors people’s (especially those less powerful) opinions on the unequal distribution of power in a society. The evidence testifies that Japan is “in the middle” when one takes various economies into view. The first impression a foreigner may have, while visiting Japan, is that it is a very hierarchical society, and really the Japanese know exactly and generally accept their position in this order. However, what is less realized is that this concerns horizontal more than vertical lines. In order to justify this statement it is important to note a famous traditional\textit{ ringi} system in Japanese companies [Vogel 1985, pp. 159–167; Wolf 2013]. The above mentioned method requires signatures at all lower levels (!) before any final decision is taken at the top. The supposed power distance score is also sure to be reduced after one has also investigated Japan’s GINI index [OECD 2014]. Income inequalities in Japan amounted to a level slightly higher than the OECD average. In 2009 the GINI coefficient was 0.34 compared to 0.32 as the OECD average.

The second determinant – uncertainty avoidance- maintains traditionally high scores as Japan is one of the most risk-adverse countries in the world (over 90 points on Hofstede’s 100 point scale). This record can be easily traced to abundance of natural calamities which have visited upon or threatened Japan for ages. All reliable methods of predicting disaster as well as disaster prevention are crucial for nation’s survival. In everyday circumstances rituals, ceremonies and routines contribute to diminishing the risk of the unknown. Thus, it is no wonder that in the Japanese corporate culture no decision can be taken when future results are ambiguous, and only the highly predictable projects are favoured. Unfortunately, in an attempt to decrease risk, Japan has developed an unnecessary “by-product”, i.e. extensive red tape.

Individualism forms the third cultural dimension. This feature is usually juxtaposed with collectivism. The Japanese are perceived as strongly adhering to a group at the cost of individual independence. Priority is given to group targets, often over the profit of individuals. This evident group affiliation is especially visible as loyalty within a member group versus competition from the outside. A good example of this phenomenon in the Japanese economy may be observed among firms included in the same \textit{keiretsu} (large capital and technology related conglomerates). Taking into account all the organizational and emotional relations in the average Japanese company, we can compare it to one’s family, which is somewhat unusual on an international scale. The Hofstede’s score for individualism is, at 46 points, rather low.
Masculinity constitutes the fourth of the most important national cultural dimensions. It roughly means that the social order is established by men with their typical features such as ambition, drive for success, money as well as authority and power. However, as Hofstede wisely puts it, the very high score of Japan in this dimension (95 points) is distinctively lessened by the low record of individualism [The Hofstede Centre 2014]. All in all, women’s professional career chances in Japan are much more limited than those of men.

Apart from the above-discussed four leading cultural dimensions, in the course of his latest research G. Hofstede added two more: long term orientation (pragmatic approach) and indulgence [ibidem]. Pragmatism is in a way similar to being practical as opposed to theoretical or somewhat abstract. My own understanding as an economist is that this is reflected in the well-known Japanese bias towards good experience in conducting economic policies, at the cost of an elegant theory (neo-classical, first of all). Japan’s pragmatism can be surely seen in the street, where seeing a lady in kimono and cycle helmet riding a scooter is nothing unusual. In their daily life people follow values and fair practices. This pragmatism runs in parallel with the official designing of the so-called “living national treasures”, i.e. those who have reached mastery in a chosen branch of Japanese traditional culture. Japan ranks quite high on the pragmatism scale – 88 points.

The final “comprehensive lens” used by Hofstede is indulgency. The Japanese rank on indulgence as a cultural dimension is rather low, at 42 points. This means that on average the Japanese feel quite self-restrained about yielding to their desires, and are able to await any gratification.

Geert Hofstede has received much recognition for his work in cross-cultural analysis, although his adversaries pointed to at least two deficiencies in his research: firstly, the impact of national cultures on business behaviour results in too much determinism (stereotypes) [McSweeney 2002]; and secondly, only a few percentage points of the differences in individual values can be explained by national characteristics [Gerhart, Fang 2005].

3. A. Trompenaars, GLOBE, D. Pirrotti-Hummel

Many authors have elaborated on significance of national culture and its influence on business relations. The distinguished Dutch organization theorist, Alfons Trompenaars, conducted a profound study on a sample of 15,000 managers from 50 countries in the period of 1986–1993. He specified seven cultural dimensions, against which each of these countries
were valued. The dimensions consisted of the following: (1) universalism versus particularism; (2) individualism versus collectivism; (3) neutral versus emotional; (4) specific versus diffuse; (5) achievement versus ascription; (6) sequential versus synchronic; (7) attitudes toward the environment [Trompenaars, Woolliams 2003, pp. 23–99]. The majority of these comprehensive lenses look similar to those stipulated by Hofstede, hence I would like to discuss only the new and the most convincing i.e. numbers 1, 3, 5 and 6. The inclination towards universal codes of behaviour is strictly connected with supposedly true and binding values (e.g. the Ten Commandments in the West). There is a tendency in the Western world to analyse different situations and put them in a kind of universal order which, in turn, simplifies evaluation. People give priority to law as a general key for settling disputes and telling the difference between right and wrong. Western beliefs are full of ideals and absolutes. In Japan, on the contrary, “ethics are situational”. This is very strange for foreigners. It means that the Japanese are focused on wa (harmony), which may result in changing one’s behaviour according to circumstances [Zhuo 2012].

Trompenaars’s and Hampden-Turners’ research show that the Japanese tend to behave officially at their workplace and they do not present their emotions in an outward fashion, although the phenomenon called amaе is peculiar to this nation only. The feeling of amaе could be interpreted as emotional submission and trustfulness towards higher ranking persons [Hampden-Turner, Trompenaars 1994, pp. 159–161]. From the Western point of view, it often seems that employees in a Japanese firm are treated like and behave like “children”, awarding their superiors with confidence, obedience and respect. However, as amaе results in a two-way flow, there is always a feedback from the superior. The more he cares for his co-workers, the more he succeeds in climbing the professional ladder. It is true that Japanese bosses are, on average, sympathetic and have a heart for their firm’s staff. Getting a promotion does not mean the superior becomes alien to his co-workers; after advancement most directors in Japanese firms continue to sit in the same room with their staff.

The next determinant of national culture is connected with personal status, which may be accorded on the basis of performance or gender, education, seniority etc. Judging people by their achievements is adequate for Western countries, whereas referring to other traits is attributed mainly to East Asian societies. Of course, it can be easily proved that becoming more successful and boasting more achievements go together with growing old and having long life experience. What’s important is that this concerns the willingness of the status-ascribing societies, and Japan is surely included, to trust in people’s future behaviour and… performance. There are at least two good examples supporting this thesis.
First, let us consider the Japanese system of seniority and life-employment. Apparently, the time of university studies is perceived as period of competition and selection. When the brightest graduates enter a corporation, they are ascribed high status as a prolongation and recognition of the status they have previously earned [Trompenaars, Woolliams 2003, p. 76]. The second example played a pivotal role in the stunning success of post-war Japan's economy. The government of Japan, using the power of ascription, at the time chose a few promising industries and announced their preferential treatment by measures such as subsidized credit, tax exemptions etc. This strategy was widely known as “picking the winners” from among the country’s infant industries. The rationale behind the method of ascription was a conscious choice depending on a previously declared value system.

Sequential versus synchronic is associated with the idea of time. Both terms are used in both Western and Buddhist cultures, but the most important factor is the frequency of their usage. Sequential means that all the phenomena are treated in a sequence, becoming reasons or results. This idea is more often referred to in the West. A synchronic view can be dubbed as parallel and constitutes a compelling feature of the Japanese way of thinking. It can be reconsidered in a philosophical context and in the context of beliefs that there is no end to people’s lives; only souls in the process of reincarnation return as spirits (kami) to inhabit all the living creatures as well as nature [Hampden-Turner, Trompenaars 1994, p. 138]. This is why the universe in Japan is generally conceived in cycles and recurrences.

The concept of recurrence is extremely useful when examining the origin of seminal Japanese products which were targeted in the course of the Japanese industrial policies pursued after the World War II. The case of steel and its offspring is a good example. As Hampden-Turner and Trompenaars aptly put it: “We might consider steel, which repeats itself in product after product; so do microchips, semiconductors, biochips, machine tools, metal ceramics, photovoltaic cells, computers, telecommunications, optical imaging, robots, optic fibres, carbon fibres etc.” [ibidem, p. 140]. Japan is traditionally famous for the long time horizon of its strategic planning. Growth and market share are rated more highly than short-term profits. This is one of the reasons why it belongs to the stakeholders’ economies, in opposition to the shareholders’ model.

Members of a synchronous culture tend to do things simultaneously rather than phase-by-phase. Such codes of behaviour decrease production costs and help to increase savings. One of the widely recognized Japanese inventions is called the “just-in-time system”, which aims at an immediate delivery of spare parts by outsider suppliers only a few minutes
before they are really needed for assembling. By this nearly coincidental supply, the production process goes on without warehouses, which greatly reduces costs.

Apart from the research of Hofstede and Trompenaars, we also mentioned GLOBE (The Global Leadership and Organizational Behaviour Effectiveness Project), the largest study of corporate culture across countries to date, initiated in 1992 by the Wharton School of Pennsylvania [House, Hanges, Javidan 2004]. The number of poll recipients questioned in this research amounted to 18,000 managers from 62 countries. The most recent data were issued in 2009, but we haven’t commented on them because the national cultural dimensions as well as the scores are quite similar to those having been recorded in the studies of Hofstede and Trompenaars earlier described.

Denise Pirotti Hummel, an American psychologist and lawyer of Italian origin, described the determinants of a national culture crucial for efficient business relations. In 2006 she compiled the Business Model of Intercultural Analysis (BMIA) [Hummel 2012]. Since then it has been extensively used by the American government and by US companies as a benchmark to help managers meet the challenges resulting from countries’ different cultures. D. P. Hummel introduced six comprehensive lenses for assessment. We would like to elaborate here on three of them: time, longevity and communication.

As the perception of time is more “flexible” in Asian than in Western countries, misunderstandings are likely to happen. In the West business people are of the opinion that “time is money” and quick profits predominate. They come to the first meeting with a prepared schedule to run through talks and reach agreement as soon as possible. The Japanese, on the reverse, take their time and this also concerns trade negotiations. It is highly improbable that they will talk business seriously during the first meeting. Instead, Japanese negotiators try to find whether they can trust their potential partners and work comfortably with them in future. So at the first encounter one obtains neither a commitment nor a rejection. The other consequence is that the Japanese feel there is nothing wrong with protracted bargaining, while the Westerners do and cease negotiations, making price concessions when they are not yet needed.

Longevity in Japan is a standard; people live long lives and at their advanced age enjoy the high esteem and respect from younger generations. The “ancestors’ cult” and deep reverence toward the aging members of the society are rooted in the Japanese people’s indigenous faith, called shinto (the way of the gods). While in the West the myths of youth as well as the “fast track” as a way of establishing a professional career are among the most desired goods, in Asia seniority is admired as the essence of know-
ledge, wisdom and experience. Coming from different premises, a Western party may send a young, smart manager for business talks with his aged Japanese partner, which could be regarded as an insult. Nevertheless, a successful Westerner expects to reach an agreement, negotiating directly with his older adversary, while in fact the deal requires consent of all the employees concerned. This is probably the key reason (sometimes a secret one) why finalizing a bargain takes so long in Japan. But once a deal has been concluded, it takes comparatively little time to realize it. On the other hand, it should be kept in mind that once agreed upon, it will be very difficult to change such a decision.

Communication in corporate Japan is indirect and tactful. The word “no”, meaning rejection, is rarely used at the cost of more pleasant expressions, e.g. “we shall study it”, “we shall see” etc. For good future results foreigners should not push either for immediate acknowledgment or denial. There is an assumption, perhaps a guess, that behind the practice of not saying a blunt “no” is the Japanese desire to not lose face. Loss of reputation is very embarrassing, if not devastating, for the Japanese, so in relationships with strangers he also tries to spare somebody’s feelings [McFarlin, Sweeney 2006, p. 200; Nix 2015, pp. 50–52].

Misunderstandings in communication may arise in the course of negotiations when both parties encounter obstacles. In such a case Westerners would probably explain hard and present arguments to the other side to show their way of thinking, while the Japanese counterpart would have recourse to silence. In East Asian countries such an attitude is considered appropriate for diminishing tension and recovering harmony and peace [Martinuzzi 2013]. This is an example of differences stemming from different cultures: Western cultures are extrovert and Asian are more formal and introvert. My own experience points to the fact that the Japanese feel at ease without exchanging words. They might be examining whether they can build trust during such silences.

In conclusion we would like to stress that the benefits of exploring other countries’ corporate cultures cannot be overestimated. This is not only a fascinating task in itself, but also a tool to enhance profitability of reciprocal international business relations.
Streszczenie

Kultura korporacyjna w każdym kraju stanowi pochodną kultury narodowej. Autorka wskazuje na fakt, że znajomość kultury kraju, z którym utrzymywane są stosunki ekonomiczne, kontakty handlowe i inwestycyjne, jest nie do przecenienia. Ponad 300 japońskich firm na stałe wpisalo się już w gospodarczy krajobraz Polski, dając zatrudnienie więcej niż 40 tys. pracowników, dlatego też problematyka artykułu jest tak istotna. W tekście zostały przedstawione poglądy naukowców z dziedziny teorii organizacji, socjologii, psychologii, m.in. Geerta Hofstede, Alfonsa Trompenaarsa oraz ekspertów z dziedziny praktyki gospodarczej (Denise Pirrotti-Hummel). G. Hofstede, w pionierskich badaniach, przesłodził opinie ponad 1600 respondentów – pracowników IBM z 70 krajów. Pytania dotyczyły „cech narodowych”, zdaniem Hofstede, różnicujących poszczególne kultury biznesu. Jako determinanty tych różnic uwzględnił: hierarchiczność struktur i stosunek do kwestii nierówności społecznych, postawy wobec ryzyka i niepewności, indywidualizm (priorytet jednostki albo grupy), a także stopień maskulinizacji społeczeństwa. W toku późniejszych badań autor dodał do wyżej wymienionych „papierków lakmusowych” pragmatyzm oraz samoocenę.

Z kolei A. Trompenaars w latach 1886–1993, na podstawie ankiet skierowanych do 15 tysięcy menedżerów z 50 krajów, określił, jego zdaniem, zestaw najważniejszych cech specyficznych, przesądzających o odmienności narodowych kultur korporacyjnych. W artykule omówiono niektóre z nich: (1) uniwersalizm kontra partykularyzm; (2) opanowanie kontra emocjonalność; (3) ocena ex post według faktycznych osiągnięć kontra przypisanie znaczenia ex ante; (4) synchroniczność kontra sekwencyjność w pojmowaniu czasu. I wreszcie ostatni z wymienionych na wstępie badaczy kultury biznesowej, Denise Pirrotti-Hummel, zwraca uwagę na szczegółowe, jej zdaniem, cechy japońskich partnerów gospodarczych: długi horyzont podejmowania decyzji (planowanie), pełna akceptacja zasad starszeństwa, czy niewerbalny charakter komunikacji międzyludzkiej. Autorka artykułu nie tylko zapoznaje czytelnika z wieloma determinantami zachowań Japończyków w biznesie, ale i poddaje krytycznej analizie konsekwencje, jakie mogą one mieć dla przebiegu negocjacji w dziedzinie gospodarki oraz w procesach decyzyjnych.
References


This monograph covers the output of the conference titled “2014 – New Opportunities for Japan and V-4 Cooperation” and contains Japanese and Polish contributions. It offers reflections on the status nascendi of economic and cultural relations between the two nations. Viewpoints and research results mirror the various interests and arguments of the scholars (mainly economists, sociologists, and Japanologists), businessmen, and representatives of administrative bodies (central and local governments) who participated in the conference, all of whom are searching for common solutions.

The presented papers are very much diversified with respect to their content and writing styles. The book itself reflects an eclectic approach. The multifaceted approach to the discussed issues facilitates the comparison of expectations against real life activities. The most important goal of the book is to identify the potential for collaboration and crucial fields in which there exist challenges and a need for changes, all in the interest of leading to a new stage of reciprocally profitable relations between Poland and Japan in today’s globalised world.

New Opportunities for Polish-Japanese Cooperation: Diagnosis and Prospects

edited by Jolanta Młodawska-Bronowska