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Noboru Yoshimura. *Inside the Kaisha: Demystifying Japanese Business*. Boston, Mass.: Harvard Business School Press, 1997. x + 259 pp. \$24.95 (cloth), ISBN 978-0-87584-415-2.

Reviewed by Robert M. March (University of Western Sydney Nepean )  
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*Inside the Kaisha* belongs to that extensive genre of books and articles about Japan that explicitly and instructively set out, like Stephanie Jones's "Working for The Japanese: Myths and Realities", or Dale's "The Myth of Japanese Uniqueness", to "de-mystify" or "demythify" the subject. (As Donald Richie I believe once said, most foreigners who have written in modern times about Japan are in their hearts teachers, so it may well be the biggest genre of all).

But this is no ordinary attempt at instruction. *Inside the Kaisha* is an ambitious book. Believing that Western understanding of Japanese management is more myth than fact (the first sentence of the book is, "Japan bewilders the outsider"), the authors set out to redress this situation of Western bewilderment and ignorance with a combination of—"an insider's perspective" (of the Japanese co-author), empirical data gathered from Japanese managers, and a "theory" (this reviewer's word) that relies on "four key themes or mechanisms" which influence Japanese "organizational behavior". They do not claim, by the use of these, to be able to "predict how a Japanese manager will behave in every situation", but that their use will help the reader "to gain insight into the [Japanese] salaryman's point of view" (p.33).

The four themes or mechanisms are:

1) "the central importance of context" (since "correct action depends on the context" pp. 33-34), which seems to be a synonym for "high context"

2) how the Japanese learn to behave, which is by "emulating a model or prototype", or what others might label as behavioral modeling (p.33)

3) "the fundamental motivation of the average

Japanese", which is "to avoid embarrassment by meeting the expectations of others", reminiscent of the shame culture concept ; and,

4) "the central role of process", which, for the Japanese, means "doing something in the right way" rather than "getting the right result" (p.33).

"The central importance of context," according to the authors, means that no one can understand the "true" meaning of Japanese behavior without understanding what the cultural context is for that individual. Behaving seriously and sedately at work, being boisterous and rude at a bar, proffering personal information only in a relaxed environment such as a golf course, budding-up when abroad with staff of your Japanese competitor, using language with a particular level of politeness in given situations, etc., are to be understood only when we know what the meaning of the context is to the actor. Importantly, who is "in", or an "insider", and who is "out", or an "outsider", is a distinction the authors highlight in Chapter 3, extending it to explain inter alia interpersonal difficulties between Japanese and American business school students. The emphasis on context is no doubt a useful rule of thumb for the Westerner in Japan dealing with the Japanese who is ignorant of the West. The authors say, "Ignoring context is the source of the single most common error outsiders make in interpreting Japanese behavior" (p.38). Correctly, they observe that non-Japanese may incorrectly attribute the observed behavior to the individual's psychology rather than to learned role behavior (what they call "organizational control mechanisms").

Their second "mechanism" is the learning of correct behavior by "emulating a model or prototype." They comment that "there seems to be a *kata*(correct form) for everything" in Japan, but add that there is more to correct

behavior than correct form. There might be several different models to choose from, so in Japan, one must also learn “to meet the expectations of other people.” Avoiding embarrassment, the third mechanism, is a powerful motivator of Japanese behavior. For example, they avoid embarrassment by apologizing in advance for inadequacy of a gift or speech, say the authors (p. 47).

Finally, there is the mechanism of the Japanese having learned to do “something the right way” (p. 51), and having less concern about achieving a favorable outcome. The authors say this can be seen in their preference for “a glorious defeat [rather than] a victory achieved without the proper spirit or attitude” (p.51); the strong tendency for Japanese managers to believe that results are dictated by fate so that emphasis should be on “process”; the emphasis by Japanese managers on human relationships before economic efficiency (p. 54); and we can see the process emphasis in the Japanese tendency to hero-worship great men who have failed (what Ivan Morris called the nobility of failure).

The book ends with a chapter entitled “Gaishi Salaryman”, meaning Japanese who work for foreign companies in Japan (*gaishi* literally means ‘foreign capital’). This chapter reports Japanese perceptions of their foreign bosses and the differences between corporate cultures in foreign companies and concludes with a short section headed “What do salarymen want Westerners to understand?”

How now should I evaluate this ambitious book? My first and strongest impression was – this is not a work of scholarship. In fact, it reads like a book intended for non-specialists, for people who are genuinely bewildered by the Japanese. My sense is that the target audience anticipated by the authors is simple-minded, un(Japan)sophisticated souls who are not interested in a careful consideration of the evidence, but merely want *the one, definitive*, “all you’ll ever need to know,” book on the subject.

The authors have opinions on a great many aspects of Japanese management (notably the behavior of “salarymen”), and on what others, especially “outsiders”, say about the Japanese, but little reference is made to what others have written, and no argument is entered into on possible alternative viewpoints or interpretations. The authors display a dated and very modest knowledge of the literature on Japanese management in English and virtually none of that in Japanese. Rather than quote specific statements from published sources, we are merely told that “outsiders” or “western specialists” believe or

assert something. To take a few examples from Chapter 2: “Western managers feel comfortable with their grasp of Japanese behavior” (p. 32); “we find Western observers presuming that the behavior of salarymen reflects certain common personality traits” (p. 38); “outside observers explain [certain Japanese ] behavior” (p. 39); “outsiders are often surprised at how constricted the accepted pattern of behavior is” (p. 41); “correct form may seem trivial to outsiders”(p. 41); “outsiders who extol the group orientation of Japanese workers are sometimes taken aback by opinion surveys”(p. 48); “those who conclude that Japanese psychology emphasizes cooperation” (p.48); “an outsider might wonder how Japanese managers can act at all” (p. 50); “When westerners try and fail to penetrate Japanese markets they wonder why basic economic principles don’t apply in the Japanese market” (p. 54).

In none of these cases (and there are many more in the book) do the authors provide any evidence that their assertions about the thoughts or opinions of “outsiders” or “westerners” are representative. I can only conclude that they are mere devices, straw men portrayed as holding shallow or stereotyped or conventional viewpoints about the Japanese, which permit them to offer opinions without the inconvenience of considering evidence or facing a more complex reality of outsiders holding informed or divergent views.

The only clue as to who the authors believe are representative of “outsiders” or “western specialists” comes from their citation of Ouchi’s 1981 *Theory Z* and the Pascale and Athos 1981 book *The Art of Japanese Management*. These are only cited in Chapter 4, when they state: “the central thesis of much Western writing on Japanese organizations is that the kaisha resembles a clan, depending on subtle social controls to create trust and harmony” (p. 82). *Inside the Kaisha* was published in 1997, 16 years after those two citations. Of course, there are Western managers, having no connection to or interest in Japan, who may still accept that *Theory Z* presents the authentic reality of Japanese management, but the consulting boom in applying theory Z ideas to American organizations and human resource practices is long since gone, and a great deal has been published on Japanese management in both English and Japanese, including serious critiques, direct or indirect, of theory Z (see for instance Rohlen 1989, Hayashi 1988, Lorriman & Takashi 1994, Dore 1994, Elger and Smith 1994, Keys et al, 1994, Matsumoto 1991, Yuzawa 1994, Voss 1993, etc. etc.).

The book also creates straw Japanese figures, as devices to make points. They say, for instance: “virtually no

Japanese analyst claims that kaisha executives are long-term thinkers.” This is another device statement. Without evidence, neither we nor they can know if this be true or false. They are merely making a point about the failure of most Japanese companies to anticipate the “economic slowdown in early 1990.” They speciously and argumentatively conclude that if Japanese managers had really had “extraordinary long-term vision”, they “would have created firms that could have better borne changes in the economy.” I suppose the implication is that some people (though we are never given a hint about who it might be) have claimed that the Japanese do have long-term vision and that the 1990s have disproved that, but what they write is too loosely framed to be argued. In any case, the Japanese economy is recovering, the bubble era is more and more in the past – may not long-term visions be realized in a larger time frame where the bubble becomes just one a temporary glitch?

Again, they write: “If you believe that lifetime employment is a Japanese company’s policy because management thinks it is the best way to maximize employee motivation, you will be surprised and upset to see the company lay off American employees just as a US company would.” The authors do not explain this, except to say mysteriously that it is the “product of deeper organizational imperatives in certain situations”(p. 10). But what if you do not know what to believe about Japanese lifetime employment, and so want to be informed? You won’t find the answer here, but part of it can be found on page 111 of March (1996). Japanese managers regard their foreign employees as “shokutaku” or non-regular staff, not as regular staff, and so in the Japanese view they can be terminated wherever they are, even in Japan.

Another disappointment lies in the quality of the data they have used. The managers interviewed for information on Japanese management appear to be almost entirely Japanese MBA students or recent graduates in the US, or Japanese managers working for US companies. Judging from the quotations in the book, most of the respondents work in Japanese banks, a few in other finance businesses—as a reader, I hardly know what to conclude about the representativeness of banking for the whole spectrum of big business in Japan. Finally, and not least, a great deal of emphasis in the book is placed on discussions of Japanese management in US subsidiaries. There is very little of Japanese companies in Japan (which I regard as the test case for propositions on Japanese management), except for occasional comments on Japanese auto companies, the content of which comes from publications, not the respondents.

Earlier, I called this book ambitious. I did so because it attempts, in a parsimonious way, to explain much by using just four factors or “mechanisms”. Being all for parsimony, I would like to see a serious attempt, using their approach or something like it, be made. A serious attempt would show knowledge of what others have written, not use the devices they have. It would present all sides or views on particular questions—this would lead probably to a narrowing of focus, that is fewer issues being addressed. It would present more verbatim material (there are none in the present book). It would not necessarily present the viewpoints of Japanese respondents on Japanese management as being definitive or the last word. Individual respondents, whatever the topic or their nationality, can be both knowledgeable and parochial, perceptive and small minded, accurate and inaccurate. The responses of individual Japanese salarymen are valuable, but with the relatively limited experience of Japanese corporate life of these business school students or graduates, they do not provide the last word, and should not be taken as experts. They are, after all, mostly in their thirties (or even younger), and are still part astute observer, pro-active kakari-cho or junior manager, still small cogs in big wheels, and still culturally and ideologically biased by their relative lack of worldly experience. A larger theoretical framework is also needed to enrich our understanding. That can come by including responses from more senior managers, from sampling industries other than banking and finance, and from telling us what is presently known about Japanese management from researchers, theorists, and business historians.

I would also have liked to have seen a discussion of the Japanese vernacular literature on Japanese management, with which I am now largely out of touch. Japanese colleagues tell me it is substantial. I know of works like Tsuda, 1991 and Hayashi 1994, but there are many specialist business publishers in Japan (Sankei, NTT, JMA, NHK, Nikkei, etc.), as well as a massive literature lurking in the “ronshu” of university departments of economics, business, management, sociology, etc. Unfortunately, the book under review has only cited 8 vernacular books, which have little connection to their management subject. One citation of a book on “shame”, which they link shakily to their proposals on “embarrassment”, is treated as a definitive source, when in fact there is a sizable literature in Japanese. Shame and embarrassment in Japanese psychological thinking are closely connected to a field of study which is uniquely Japanese: that of interpersonal fear, or *taijin kyofu*(see Iwai 1982). Nor is

mention made of the psychological literature in English in this area, which I believe would contribute much to an understanding of shame behavior wherever it occurs.

I take issue with the authors on a number of assertions about Western misunderstanding or misinterpretation of Japanese behavior, for they imply that it is something of which the Japanese are not “guilty.” Here is small sample of what I am referring to. As noted earlier, they state that Westerners may attribute observed behavior to psychology rather than to role playing; on page 33, they say that Western managers settle for simple generalizations about the Japanese, for “cookbooks” explaining the Japanese because of their [Western] “intellectual tradition”; on page 32, they write, “Western managers feel comfortable with their grasp of Japanese behavior after [hearing from] one or two Japanese”; page 50, senior Japanese executives become irritated when junior Americans speak with them freely and frankly; page 88, they query why “some Western analysts place so much emphasis on *wa* as a central Japanese value.”

All of these examples are equally true for the Japanese, and sometimes (but not always) for those Japanese who have little prior experience with foreigners. Japanese, for instance, can attribute American hard selling or argumentation to psychology rather than role playing; can swallow “cookbooks” about American values and stereotypes hook, line and sinker; Japanese “analysts” in my view place just as much emphasis on *wa* as a central value—a recent example is Sai (1995) who promotes *wa* as a central value of Japanese management (page 129); and American managers can get just as irritated as their Japanese counterparts when confronted by plain-speaking younger Japanese (See, e.g., March 1989, page 41).

Finally, a few more picky points. To explain the meaning of *kakari-cho* (page 62), they say: “A *cho* is a supervisor” This is clumsy, implying that the word “*cho*” is used as a stand alone. It is not. On page 77, they write about “the Ministry of Education, Science, and Culture”. I suppose they are referring to the *Mombusho*, but I have never heard this translation before. On page 61, they say that “salarymen...reassigned to a subsidiary” is called “*shukko* in Japanese”. This is not quite correct. *Shukko* means any kind of temporary transfer, not necessarily to a subsidiary. On page 9, they say a “*mikoshi*” is “a box in which God is placed”. This is somewhat close to literally “true”, but I can’t imagine what someone ignorant of Japan might make of that explanation. The “*koshi*” part means a palanquin or bier, not box. The “*mi*” means honourable or revered.

The “*God*” implication is of a god, probably local, but certainly not the Christian “*God the creator*.” On pages 24-5, they write about the functions of dormitory life for young company single employees, saying *inter alia*: “Pragmatically, the dormitory serves to keep bachelor salarymen under control and further their education”. This is a far too narrow (one might even say immature) perspective on dormitory life. That life, as older salarymen well know, breeds the spirit of *sessa takuma*, or living and working together in friendly rivalry, a tradition dating from samurai dormitory life in Tokugawa times. It also breeds the spirit of being members of a unique brotherhood, coded as “eating rice from the same bowl” - “*onaji kama no meshi o kuu*”. This is a bond that links together all those who have participated in the life of particular dormitories, whatever their generation, with a profound sentiment of male brotherhood and bonding.

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