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Japanese Global Companies: The Shift from Multinationals to Multiculturals

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Cover Page Footnote

Introduction

When we examine nation states and the expansion of ethnic groups with their own cultures within and across their borders, we find various types. Some states have many multiple ethnic groups, cultures, and languages. The United States is one example of this. There are other cases in which one ethnic group, with its own culture and language extends across national borders. Rarely do we find—as with Japan—a mono-ethnic, mono-cultural, and monolingual state in modern times.

The world is like a mosaic with nation states, ethnic groups, cultures, and languages all intricately intermeshed. Each economic region, such as Europe, Africa, the Middle East, Oceania, Asia, and others, is made up of individual societies in which multiple ethnic groups live with their own unique religions, cultures, and languages.

In such a world the leading global businesses may have to change their self-perception and identity as "multinational companies" and develop a new concept of "a *multicultural* company" in order to successfully serve their various markets. In other words, a modern global company should think of its products and services, production, sales, advertising, publicity, and human resource management not only in terms of national but also cultural strategies.

Within this perspective, this paper will touch upon the currently prevailing situation and develop an ideal image of global management from a communication point of view. It will concentrate on Japanese multinationals in particular. The paper will discuss their management strategies in their worldwide attempts to cope with various religions, ethnic groups, cultures, and languages all mixed up together, while comparing them to their Western counterparts. Furthermore, it will focus on such issues as the communications between an HQ and its overseas subsidiaries, local employees, and stakeholders. Moreover, intercultural management and English as a corporate language (among other factors) will be also discussed.

International management by Japanese MNCs

Localization of management
The Survey of Overseas Business Activities (the Basic Survey) compiled by the Japanese Ministry of Economy, Trade and Industry every year publishes detailed statistics of 'overseas affiliates' in terms of the answers to the ministry's

questionnaire to Japanese business companies (who employ about five million people outside of Japan). They include a question concerning who makes managerial decisions. According to the Ministry of Economy, Trade and Industry (2010), there were 18,599 answers for the subject regions such as North America, Latin America, Southeast Asia, China, the Middle East, EU, and Africa. The questionnaire sent to these overseas subsidiaries a year before asked respondents to pick the most appropriate answer out of the following five questions (METI, 2009a):

(1)   Entrusting non-Japanese local staff with the managerial decision making,

(2)   Entrusting third country national staff with the managerial decision making,

(3)   Putting an appropriate person other than a Japanese into the local management even though the managerial decision is made by a Japanese manager,

(4)   Having a Japanese manager make all the decisions at overseas affiliates, and

(5)   Making overseas affiliates free from any decision as the HQ in Japan makes all the decisions.

Responses show that 80% to 85% of all the subject business companies answered either (3), (4), or (5) over almost all the countries and regions surveyed. This result suggests that Japanese multinationals have decision making at their overseas affiliates made by the HQ or the Japanese local managers. Today's world has become multi-polarized with the advent of emerging economies in Asia, the Middle East, South America, and elsewhere. Against the backdrop of such changes in the global business arena, Japanese multinationals should also change their philosophy and attitude toward decision-making and toward their global business strategies in order to maintain and further enhance their competitive powers.

Yoshihara (2005), who has published several monographs on Japanese multinationals, notes that they tend to have the following three characteristics:

(1)   Management by Japanese,

(2)   Management in Japanese, and

(3)   The Japanese central hub model.

He showed that at Japanese multinationals the core personnel abroad are Japanese who work or have worked at the Japanese parent companies (Yoshihara, 2005, p.252). His research is supported by the results of the 2009 Ministry survey.

Japanese multinationals should change their management style by Japanese, in Japanese, and by the Japanese parent company, and try to entrust local and third country national staff with local management. They should provide non-Japanese staff with responsible positions and let the local staff and the labor market in the territory know that they can assume managerial positions if they have sufficient capability. Unless Japanese multinationals change their old system, they will not be able to attract nor employ talented people, and as a result, they will be destined to fail in their global management. Although we will discuss this issue again in the latter part of this paper, let us take a brief look below at one success story as an example for Japanese multinationals to follow.

Kikkoman, a well-known soy source brewer, started its global expansion relatively early at the beginning of the 1970s. In September, 2007, the US Congress and Senate adopted a resolution which praised Kikkoman, commemorating the 50th anniversary of the start of its US operation, for its contribution to the US economy and food culture (Ohkubo, 2007). Thus Kikkoman's performance has been acclaimed in the US. However, behind its success today, there were a series of hard efforts to localize its management in a way that was acceptable to US society.

Mogi, their CEO, stated in his book *International Strategy without Friction*, which he published when he was a junior managing director, "What is 'localization of management'? It is a philosophy of living and flourishing together in harmony with society, in particular a local society. And, to crystallize this philosophy is the 'localization of management' (Mogi, 1998, p. 88)." He further listed the following five rules for Kikkoman's localization of management (Mogi, 1988):

(1) To employ and promote as many local staff as possible,
(2) To transact business positively with local businesses,
(3) To participate positively in local activities and events,
(4) To require Japanese staff sent from HQ to avoid living in an enclave, and
(5) To delegate power to locals and let them decide as much as possible.

Globalization of Japanese Multinationals

The advent of the Internet has brought about new mode of communications known as Information and Communication Technology (ICT). As a result, business processes and systems have changed a great deal. ICT has made it possible for companies to expand their designing, purchasing, assembling, and marketing their products into foreign countries.

Representative models of this change are modularization and outsourcing. Modularization is revolutionizing production systems in such industries as aerospace, automobiles, electronics, etc. Component parts of a product are manufactured separately by specialized producers in different countries. These modularized, outsourced parts are then transported to a factory in another country for assembly before being shipped to world markets.

Global transactions like these are conducted daily regardless of the size of the businesses. Both small and large overseas individuals and companies receive outsourcing design jobs from big manufacturers. The draft designs are then created by Computer Aided Design (CAD) and sent to an overseas outsourcing manufacturer, where the company will use Computer Aided Manufacturing (CAM) to produce the product and export it to a finished-goods manufacturing company in another country. Then the product will be assembled at the final assembly line and shipped to the final selling market. However, in these varieties of highly divided labor and market business models, it is necessary for companies to communicate effectively with foreigners and foreign companies that use different languages and have different cultures.

Suppose that a Japanese company is dealing with business connections located in Vietnam, Thailand, China, Korea, and the United States. The communication process in these circumstances might be variously managed in accordance with one or more of the following four models:

1. Using translators who can understand both of the languages used,
2. Having the business counterpart understand your native language,
3. Understanding the language used by your counterpart, and
4. Using a third language or a *lingua franca* that both sides can understand.

Each individual business needs to decide which model is most appropriate to its needs in connecting widely scattered locations. To make such a decision, a company needs to conduct a thorough cost-effectiveness analysis, since each of

these four models has its advantages and disadvantages from a cost/benefit perspective. If, for example, the information exchange is conducted through the Internet, the time-consuming and costly option of using translators is avoided, and communication is conducted directly with the other party using one of the other three options.

However, if the message sender is not proficient in the recipient's native language, but has no choice but to send the message in that language, the sender incurs translation costs (in terms of time and trouble) in carrying out this task effectively. Alternatively, if the sender spends little time and energy in expressing the communication in the recipient's native language, the effectiveness of the communication might be compromised. These and other problems highlight the economic significance of using BELF (Business English as a Lingua Franca), equivalent to the above item (4). In this regard, Coulmas (1993) has noted as follows:

> Economy cannot be thought of without communication, and communication is costly because the world consists of many different languages. Because many languages are being used in the world and each market has its own peculiar language environment, there should be a communicative capability most ideal to economic actions in such a peculiar environment. (p.176)

In addition, Coulmas (1993) has pointed out that a particular language might be more convenient *inside* a company and another *between* companies; in these circumstances, it is important for managers to decide which language should be employed, how it should be employed, and where it should be employed.

Many Japanese companies previously did not need to analyze complex modes of communication. The relationship between component manufacturers and finished-goods manufacturers was vertically integrated, stable, and long-term. Under the circumstances it was possible for the parties to understand each other with little or no communication. Silent agreement was all that was needed.

It is not likely that this kind of communication will continue to be effective. Businesses as well as products of today are modularized. People are going to live in a world where manufacturers will be specializing in assembling the products within their core competency and outsourcing the production of component parts they need for their assembly lines. Moreover, these activities will be conducted across

borders. In many industrial fields, building globally structured networks is getting to be fundamentally necessary, and networks among people are becoming the core of the global economy.

International Management in the Multi-cultural Society

Global business by today's multinationals

Let's look into the world of global business by multinationals in terms of outsourcing. Not producing a product by oneself is called outsourcing or business process outsourcing (BPO). Today outsourcing is practiced not only in production industries, but also in research and development and operations fields such as call centers, company payroll and accounting data processing services, software development, etc. It has also expanded to knowledge industries such as biotechnology, market research and analysis, etc. This kind of intellectual outsourcing without the physical movement of goods is called knowledge process outsourcing (KPO).

Outsourcing now is common in global business. According to *Nihon Keizai Shimbun* (2007), the design of Airbus's main planes, Boeing's navigation assistance systems, and the development of research reports for an investment bank were all outsourced to Indian companies. Currently Japanese manufacturers supply Apple with approximately 40% of the iPhone 5 components. Also, in Boeing's new 787 Dreamliner nearly 45% of its component parts, including the fuselage and wings, are supplied by Japanese manufacturers.

In a similar vein are the globally synchronized supply chain management systems of major computer manufacturers. In many cases the big PC manufacturers manage their global supply chains to minimize inventory through the use of ICT. They use the Internet to feed real-time information about order flow to their suppliers worldwide, who then have up-to-the-minute information about demand trends for the parts they produce and supply. The suppliers use this type of information to adjust their own production schedules on a real-time basis, producing just enough component parts for their needs and shipping them by the most appropriate mode so that they arrive just in time for production. Thus, their ICT-based ordering and procurement systems have allowed them to synchronize demand and supply. And, their subcontracting companies in India offer BPO customer services to these suppliers as well as to global companies.

Issues of culture and international management

Hofstede, Hofstede, and Minkov (2010) introduced the concept of *value* as a core dimension of culture. According to them, values are broad tendencies to prefer certain states of affairs over others. Values are feelings containing a positive or a negative attribute. Also, values are abstract ideas about what a group believes to be good, right, and desirable. They are shared assumptions about how things ought to be.

Furthermore, US management specialists have introduced the ideas of 'norms' and 'folkways' in addition to 'values' (Hill, 2009). Norms are the social rules and guidelines that prescribe appropriate behavior in particular situations. Norms can be subdivided further into two major categories: folkways and mores. Folkways are the routine conventions of everyday life. They are actions of little moral significance. They are social conventions concerning things such as the appropriate dress code, good social manners, eating with the correct utensils, neighborly behavior, etc. Although folkways define the way people are expected to behave, violation of them is not normally a serious matter. Even if one violates a folkway, law does not usually punish him or her. Foreigners may initially be excused for violating folkways in many countries.

Hill (2009, p. 89) explains mores as norms that are seen as central to the functioning of a society and to its social life. They have much greater significance than folkways. Violating mores can bring serious retribution, focusing on such factors as indictments against theft, adultery, incest, and cannibalism. In many societies, certain mores have been enacted into law. However, there are also many differences between cultures. In Saudi Arabia, for example, the consumption of alcohol is viewed as violating important social mores and is punished by imprisonment. But, in Malaysia, another Islamic country, those who are not Muslims and foreigners are free to drink alcohol. In Japan, Korea, China, and the US, and also in many other Western countries, drinking alcohol is widely accepted.

When we go to either Africa or Europe, we find that cultural, linguistic, and national borders often differ and don't overlap. Many of the national borders in Africa were drawn by the former colonial nations and reflect the bargaining powers of each involved developing state. These artificial lines often ignore local cultures, languages, and kinship relations. Situations thus exist in which an ethnic group shares a language and possesses similar mores and folkways but dwells across one

or more national borders. Clearly, therefore, the concept of a nation and a society do not always mean the same thing.

As Hofstede et al. (2010, p. 21) note:

> Societies are, historically, organically developed forms of social organization. Strictly speaking, the concept of a common culture applies to societies, not to nations. Nevertheless, many nations do form historically developed wholes even if they consist of clearly different groups and even if they contain less integrated minorities… In research on cultural differences, nationality—the passport one holds—should therefore be used with care. (p. 21)

In order for a group to be called a society, it should have the following three conditions:

1. Uninterrupted communication between the members within the group,
2. Regular activities by inner group members related to each other, and
3. Clear distinction between the group members and outsiders, which can be demonstrated formally.

In other words, we can call such a group a society if the members share something which demonstrates their membership, such as a language and common knowledge, and continuously communicate with each other. In this regard, Marukus (1991) writes in his thought-provoking book, *A View of Contemporary International Society*, that "A human being is not a species who can live isolated from others … The development of language, a means of communication, gives a significant meaning to a species called a human being. That is to say a language naturally develops on condition that there exists others. It can be reasonably said that the fact that a language changes means that a human is not an isolated being in the first place." (pp. 43-44)

Verbal communications in Japanese multinationals
It is often said that a culture and a language are two sides of a coin, which means the two are inseparable. If this is so, then global managers of Japanese multinationals

first have to understand the features of their own language style in beginning to understand successful international management. They must recognize that their own Japanese cultural backgrounds are different from those living in foreign societies. In this section we will look into language and communication styles peculiar to Japanese such as (1) *Ho-Ren-So*, (2) *Nemawashi*, and (3) *Ringi Seido.*

(1) *Horenso*
"*Ho-Ren-So*" is an acronym taking the first syllables of *Hokoku* (Reporting), *Renraku* (Contacting) and *Sodan* (Consulting). It signifies the basis of business communication in Japan. It is a continual and collaborative communication process between superiors, subordinates, and colleagues over the course of a project. Each term means as follows:

- *Hokoku* (Reporting): It means reporting to superiors on the progress, changes, if any, and result of your work in a timely manner when and if instructions and/or orders are given by superiors.
- *Renraku* (Contacting): *Renraku* means transmiting useful information of one's own will to those who may need it.
- *Sodan* (Consulting): It signifies ongoing consultation and discussion, usually with superiors and/or those involved over an issue or problem that one has to resolve, and asking for their opinions and suggestions.

The ways and means for the transmission of these processes involve oral communication, documents, or emails and other electronic communication tools. When selecting these tools, a manager must pay attention to the following points:

- Deciding on an appropriate tool, depending on the urgency, contents, and importance of each message,
- Recognizing that the purpose of a message is not only to transmit an idea but to have one's counterpart(s) understand it correctly,
- Practicing 5W1H (who, what, when, where, why and how) thoroughly and avoiding vagueness in the message,
- Separating facts from opinions for accurate information
- Attaching great importance to speed.

Horenso is a typical business communication practice peculiar to Japanese culture, in which great importance is placed upon cooperation within a group, which is considered the source of business success.

(2) *Nemawashi*

In Japanese business society managers have a unique system of communicating, negotiating, and decision-making different from the Western system. They usually prefer to reach a solution as amicably as possible and to compromise with others by laying the groundwork informally before reaching a final, formal agreement. This groundwork is referred to as *nemawashi*, which literally means "to dig around the root of a tree".

Nemawashi is a gardening word that means to prepare a tree for transplanting first by digging around it and then cutting some of the roots for taking new and thin roots. When the tree is transplanted in two to three months after this groundwork, it would be free from worries of withering. The term is now widely used in Japan today, especially in business circles, to mean the groundwork done before moving ahead with a plan.

Nemawashi involves approaching unofficially a person who would probably object to one's plan, has an influential voice, etc. to explain the issue and develop a consensus before proposing the idea at a conference. *Nemawashi*, as one of the features of Japanese style management, is commonly used as a prior maneuver for a board of directors meeting or a junior executive directors meeting to make the decision-making process run more smoothly. In Japan the adoption of a proposition or the making of a decision is often accomplished through a unanimous rather than a majority vote. Thus *nemawashi* is crucial in building complete support for a plan.

Nemawashi is practiced with the purpose of approaching in advance those who may object to one's proposal at a conference and asking them for support. This suggests that a conference in Japan is different from its counterpart in the Western world in that it does not allow for the clash of opinions. At a Japanese-style conference or meeting an opinions clash easily can lead to a damaging clash of personalities. However, at a Western style conference there is a tacit understanding that an opinions clash is only for the sake of argument. Because of this unspoken agreement, even a heated argument never ruins the human relationship of the parties concerned. A Western conference is for discussing and arguing propositions, but a Japanese conference serves mostly to inform participants about

the issues already decided upon informally and to record a unanimous approval of the decision.

(3) *Ringi Seido*

Ringi Seido generally means "written proposal system". It is a process in which lower level managers, subordinates, and staff members make a proposal in a request form (*Ringi sho*) seeking the approval by the top management. This system consists of proposals written by the initiating section or department that are circulated horizontally and vertically to all layers of management for approval. Managers show approval of the proposal by stamping the document with their *hanko* (name seals) in the prescribed place. If managers disapprove the proposal, they just pass the document on without stamping, or they put their seals on it sideways. However, because of nemawashi, this seldom happens.

When approval is not unanimous, higher executives may send the document back with recommendations that more staff work be done on it or that the opinions of those who disapprove be taken into consideration. Managers may attach comments to the proposal if they wish (De Mente, 1994, p. 70). It is said that this system has the following advantages:

- To provide a safe way of making decisions because it allows the persons concerned with the plan to express their opinions on it, and it also assures that the plan will be reviewed by a large number of people,
- To give those who approve the plan the feeling of participation in formulating it; this makes it possible to implement the plan more smoothly, and
- To give the younger employees an opportunity to participate in business planning as originators, which makes them more interested in the company's operations (Nippon Steel Human Resources Development, 1995, pp. 163-165).

However, this system is also known to have disadvantages, such as diffusion of responsibility (difficulty in determining where responsibility lies), a time-consuming process (taking a long time to get a decision), etc. (Futagami, 2006).

In sum, the Japanese management system represented by *Ho-Ren-So*, *Nemawashi*, and *Ringi Seido* bases its principles on collectivism, featuring

"bottom-up" management. This system or management style is different from that of the West, where the management is based on principles of individualism practiced by "top-down" executives.

The oft-quoted "collectivism represents the Japanese management system" is especially true in terms of the self-identification of salaried-men. The Japanese word *Uchi* literally means "inside", "interior" and also "house" or "home". It signifies "my house", "my place", an organization or group one belongs to, and has produced such terms and usages as *Uchi de wa*, which, for example, means "at our place (university, company, etc.)", *Uchi no shohin* meaning "our products", *Uchi no shacho* for "our president" all of which are everyday terms peculiar to Japanese businesspeople.

Drucker (2005) once said, "Suppose that we have a gathering of Westerners and Japanese. When asked what one does, a Westerner usually answers 'an accountant' while a Japanese would most probably say, '[I am working for] Toyota'. Introducing not one's profession, but one's organization shows that each individual member of a Japanese organization has a kind of family consciousness. Here lies the greatest strength of Japan". These words aptly describe Japan's collectivist culture.

International management and corporate common language
One of the major changes in international trade in the latter half of the 20th century was the flourishing of intra-company trade across nations and cultures. Along with its development, various types of across-border businesses have developed within the same company. They are not only involved in product design, production and assembly, order placement and procurement of component parts from suppliers, and domestic and overseas sales of the finished products, but also exchanges of information, issuing of instructions, and sharing of technical information.

However, to manage these complex business models, it was essential for people to communicate effectively with cross-border partners who use different languages and have different cultures. It became inevitable that a company would need a corporate common language for smoother communication among employees and affiliates having varying cultures and languages. Only with a common language would intra-company operations and communication run smoothly and efficiently

Consider the following two situations which illustrate the common language issue. The first situation is often seen in European companies where employees

work together yet possess different nationalities. The other situation occurs in many Asian and African countries—multi-ethnic nation states. In these territories people who have the same nationality may share the same work site, yet they consist of multiple ethnic groups. In both situations a common language is needed.

For example, the population of Singapore consists of a mix of people from many ethnic backgrounds, including Chinese, Malay, and Tamil. Each of these ethnic groupings has its own language and culture. English has emerged as the 'link language' for these otherwise disparate peoples. Similarly, in Nigeria various people speak Hausa, Yoruba, Ibo, and other local languages. It is significant that within these post-colonial countries, English also continues to play an important role as a 'linking' language among peoples of varying cultures and languages.

An ideal corporate common language cannot always be a language of the territory where the headquarters or subsidiaries are located. Imada and Sonoda (1995) write, "If you speak Malay, Malaysian employees will definitely be pleased and good communication can be guaranteed. However, you will annoy the employees of other ethnic groups such as Chinese or Tamil as a person who is on good terms only with a particular ethnic group different from them (p. 88)." They continue, "When there exists multiple ethnic groups with their own strong identities, chances are it will make the best impression to communicate in a language which none of the ethnic groups uses. Actually, in Malaysia 'English,' the language of their ex-suzerain country, plays that role." (*Ibid*.)

International Management and the Role of Local Managers

The role of local managers and competency required

What is the ability for a local manager at an overseas subsidiary of a modern multinational to fulfill his or her role? Consider first the function of a multinational. Yasumuro (1995) defines this kind of organization as:

> a company that engages in a variety of management operations (production, sales, research and development, etc.) by using management resources (human, merchandise, money, and information) existing in various countries. Therefore, it functions to mobilize various management resources to activate various operations under the umbrella of one single business system. It must create and operate various business ventures and run them smoothly, particularly by employing

various people with heterogeneous cultural backgrounds and having them work successfully together (p.111).

The local manager is the key to the successful operation of a multinational, and we can summarize his role as follows.

A local manager is an administrator, communicator, and cross-cultural integrator. This person shares information with, talks to, receive reports from, or discusses ideas with the headquarters, local employees, and customers and suppliers in the host country and in surrounding countries. He must be especially attentive to local governments and their officials. The role of a local manager requires communication competency not only within a country or a cultural sphere but also within the company's global business environment across national, cultural, and linguistic borders.

Abilities required for a local manager, who in the 21st century probably should be called a global manager, are a first class ability to perform the duty as a manager, excellent ability to maintain human relations, and high-grade adaptability to different cultures (Yasumuro, 1993). All of these attributes require management communication ability. This ability involves skill in managing human relations with superiors, subordinates, colleagues, coworkers of other departments and sections, customers, suppliers, and all the other stakeholders. Management communication ability of this kind is equivalent to cross-cultural communication ability. Success comes to Japanese managers who have learned to avoid treating local employees as "locals" or "foreigners." Instead they are sensitive to the variety of ethnicities, cultures, and languages found in a multinational setting and communicate accordingly.

Multi-polarized markets and global staff

For Japanese multinationals that have to make their global management successful in a world of multi-polarized markets, new strategies for dealing with staffing must be developed. The Japanese system of managing overseas subsidiaries' staffs by dividing them into headquarters (Japanese sent from Japan) and local employees must be modified to accommodate all the varieties of cultures and languages discussed earlier.

It is common that in Asia, already a powerful consumer market, and Africa, expected to grow into a huge market, a variety of multi-ethnic groups with their

various cultures, religions, languages and lifestyles are all mixed up together. The role a local manager has to play under these circumstances is not only to unite organically the local staff, customers and suppliers, and the headquarters, but also, as stated before, to serve the many global stakeholders beyond national and cultural borders. Such a manager must be armed with an ability to take a broad view of things, seeing the world with both local and global visions together. The local manager must have sufficient knowledge to understand the whole organization that the headquarters is developing worldwide. The manager must have an accurate grasp of the whole object of the multinational company for which he or she works and must apply his knowledge to the local conditions.

Given the exceptional abilities required of a local manager, a Japanese multinational should consider a variety of options. One approach is assigning a senior, director-level Japanese manager to an overseas Asian subsidiary supervisory position, even if the cost becomes rather high. Alternatively, it should contemplate assigning a non-Japanese from the US or Europe as the president of the Asian unit. Ideally, it should select a host country manager. Whatever the HQ does, the multicultural Japanese company should be led by Japanese, Asians, Americans, and Europeans, etc. as well as employing the variety of cultural and ethnic groups that exist in the markets served by the corporation.

Necessity of training global human resources

Japanese multinationals will have to train their staff so that they can become truly qualified local managers with a global perspective. According to the Japanese Ministry of Economy, Trade and Industry (METI, 2009b), the major goal of Japanese multinationals to truly globalize their operations is the "development /securing of HRs (human resources) to win global competition." The human resources required are (1) HRs capable of communicating/negotiating in foreign languages, (2) HRs equipped with borderless management skills, (3) HRs well experienced in overseas markets, and (4) HRs with high skills, etc. capable of innovation.

It is said that the success of Japanese civilization is rooted in the concept of *monozukuri*, which involves the relentless pursuit of excellence.[1] However, regarding this point, Nakatani, a global business specialist, has issued a warning, saying, "What is the essence of Japanese culture? It is Japan's "civilization" and "view of religion," both of which have contributed greatly to promoting Japan to

one of the greatest economies in the world? …. [However,] Japanese multinationals are facing such issues as a decrease in population and market saturation and are compelled from now on to develop   full-scale globalization. But the Japanese unquestionably are short of human resources suitable for genuine globalization.... Without training global human resources who have advanced communication skills, Japanese multinationals can expect a lowered probability of success in their globalization."

Nakatani's warning is to the point. Japan's culture and civilization have a great many wonderful ideas and things that no other countries have. Japan's most urgent task, nevertheless, is to encourage and foster well-prepared global staffs equipped with abilities to make the most use of those assets of Japan.

Conclusion

I have argued in this paper that Japanese MNCs are not globalized yet as to their overseas management, with a few exceptions, and proposed that their present staffing system should be changed. I propose a new identification of MNCs as " multicultural companies (MCCs)." Along these lines, I have described how Japanese MNCs have conducted their worldwide operations in terms of management style and the use of language and called for change. International management in multicultural societies, involving new patterns of business such as BPO and KPO, must take into account a sophisticated understanding of both society and culture.

The development of a sophisticated understanding in part can be built on strengths in verbal communications in Japanese MNCs such as *Ho-ren-so*, *Nemawashi*, and *Ringi-seido*. These were introduced as a unique and valuable system of communicating, negotiating, and decision-making prevailing among Japanese companies. The discussion also focused on consideration of what an ideal corporate common language would require. Finally, the paper covered the subject of international management from the viewpoint of HRM (the human resource management) and suggested the necessity of training truly global human resources for the further development of Japanese MNCs.

Although I have covered a wide range of subject matters in this paper, I was unable to touch upon the question of each individual businessperson's quality. His or her natural character and talent must also play an important role in making a

global business a success. There is a generally accepted notion that the world is made up of distinct groups of people that think and act in predictable ways within the group. However, even within the same cultural grouping, there is so much diversity that cultural traits can only really be considered as made up of the most cursory and surface level stereotypes.   We should separate cultural traits from the personalities of those working in the global business arena and with whom Japanese global managers must work. What varieties of personalities exist, and how do they differ from cultural traits? I would like to pursue these important issues in the next study as a new research theme.

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