JAPAN HAS MORE THAN TWO ACHILLIE'S HEALS: A PERSPECTIVE ON JAPAN'S FAULTERING STRATEGIC MARKETING PARADIGM

A Strategic Marketing Perspective on Japan as Compared to the U. S. Its Convergence & Divergence of Marketing Ideas, Philosophies and Futures

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Abstract

One of the more resilient topics of conversation among Japanese and American managers has been the subject of marketing management paradigms which debate fundamental issues that have arisen between Japan and the United States over global market competitiveness and domination. The concerns are multidimensional in nature and significantly rooted in each nation's history of cultural behavior, which has influenced the distinct differences in marketing strategy. In addition, during my stay in Japan, over a four-year period, I was witness to many economic challenges, in terms of both domestic and export markets. Here are three of the phenomenal oddities of the Japanese marketplace and economy:

- An economy faltering for eleven years;
- A domestic consumer base with only minimal recognition of the problem with even less visible reaction and response to its problems; and
- An international marketing program still revered by most developed nations.

There clearly are significant levels of the gamesmanship going on. But, has the fox fooled itself? The risk and reward of the Japan industries' marketing strategies suggest that the nation, as a whole, may have embarked upon a path with too many tributaries, many of which may very well lead to dead ends- its Achilles' heels are showing.

To understand the context of the global marketing challenge, one needs only to refer back to the nature and duration in which the two respective cultures have had to develop. There is a plethora of evidence that suggests the cultural foundation between these two countries is a difference of night and day. Yet in spite of vast array of cultural differences, the fundamentals of Japan and United States marketing management theory remain as one of the few unifying mediums. Probably the most significant example of this has been the wholesale adoption of an American by the name of Dr. W. Edward Deming. With the proliferation of a management techniques such as Management By Objectives (MBO), Total Quality Management (TQM), cross functional teams, and self-managed work groups, the fundamental principles of new marketing techniques and their extent of advocacy by either of the two nations seems far from clear.

Marketing management is forever a changing science as is the business environment to which it is primarily intended for. This has been true for Japan and the United States. While these two countries seemed to have originated from the same common beginnings, they have, none-the-less, diverged along the path- a path that was and continues to be planned for global market dominance.

The Japanese and American corporate marketing and management styles may be defined in five similar but divergent areas. This paper will address the nature of Japan's strategic marketing management paradigm and contrast it's programs, policies and future with that of the United States. Japan's business marketing process will be reviewed in terms of its convergence and divergence path of development with that of the US. In addition, a field survey was conducted with both Japanese and American management. The questions asked were:

- WHAT ELEMENTS/FACTORS DO YOU CONSIDER TO BE ESSENTIAL FOR [AMERICAN or JAPANESE] BUSINESSES TO TAKE ADVANTAGE OF GLOBAL OPPORTUNITIES OVER THE NEXT 20 TO 30 YEARS?

- WHAT ELEMENTS/FACTORS DO YOU CONSIDER TO BE THE GREATER THREATS, CHALLENGES AND/OR BARRIERS THAT [AMERICAN or JAPANESE] BUSINESS MANAGERS MAY LIKELY EXPERIENCE OVER THE NEXT 20 TO 30 YEARS?

The Two Marketing Management Cultures:

Japan and the United States in Divergence and Convergence

There are signs that Japan's economy is finally pulling itself out of its longest recession in its history. For the first time in many years, Japan's automobile industry is in the black with profits settling in just above the water's surface. A good sign, absolutely, but there are still rough waters yet to navigate. Let us not forget that Japan is still in deep economic trouble. At the height of the boom Japanese aggregate stocks were worth 590 trillion yen. Today the value has plummeted to 210 trillion yen—a loss of two-thirds of the original value. In addition, the Ministry of Finance has revised its estimate of insolvent loans in Japanese banks from 23 trillion to 79 trillion yen. According to non Japanese financial experts, the bad loans may be grossly underestimated with possible figures upwards of 120 to 200 trillion yen (880 billion to 1.3 trillion dollars). [Massao Yukawa, 1999]

As Japan's businesses remount their somewhat tarnished economic chariots for the next millennium, there seem to be a far less assured executive profiles amongst many Japanese leaders- a crack in the armor. In some ways Japan's recent weaknesses are part and parcel of the great marketing challenges facing much of the world and personified by two other global powers, the United Stated and the Europe Union. A plethora a papers has addressed the technological, financial, operational, competition, and customer service issues, debacles, and challenges facing these nations. No nation, nor its national industries, is invincible and most all expends constant energy and effort in shoring up their respective problems. It seems that all businesses, even our mighty Internet and E-commerce have one or two Achilles' heals exposed from time-to-time.

Our research findings indicate that market dynamics in Japan seems to reveal far greater chasms than an occasional blip on the scale. Japan, its domestic and international commerce, has, of late, begun to exhibit tremendous difficulties in its marketing strategies and in the implementation results. The once formidable Titan now manifests significant vulnerability. For what seemingly was heretofore an invincible economic army with great marketing steeds, riding on a platform global prowess, at this juncture, no longer flashes and flares with such dramatic dominance. Although clearly market capable and still of significant global might, Japan's economic recession has brought forth more than a few chinks in its armor, it has unveiled more than two Achilles' heals, some of which it may not yet know that they are so dramatically exposed. The findings will be dispersed throughout this paper. And the combined primary and secondary research will lead the author towards projected future outcomes.

The Japanese and American corporate marketing management styles can be defined in five similar but divergent areas:

1. EMPLOYEE RELATIONSHIP PERCEPTIONS OF THE MANAGERIAL TEAM;

2. CORPORATE ACCOUNTABILITY AND INSULARITY;

3. PUBLIC AND PRIVATE SECTOR CONNECTIONS;

4. CORPORATE ALLIANCES AND INSTITUTIONAL BONDING; AND

5. MANAGING TODAY WHILE STILL HOLDING ON TO THE PAST.

Divergence and convergence- EMPLOYEE RELATIONSHIP PERCEPTIONS OF THE MANAGERIAL TEAM

The first major divergence occurs with the nature of the individual and the whole. Differences in Japanese and American management techniques are deeply rooted in the communitarian rather than individualistic nature of Japanese culture. Shoichiro Irimajiri has compared the two management styles in terms of baseball and football when relating American and Japanese relationships with employees. The concept of teamwork, while practiced by both Japanese and American managers, is implemented in much different terms much like baseball and football. When describing the Japanese concept of management, Irimajiri described Japanese as baseball players. When the ball is struck, everyone's job is to try to catch the ball. Everyone has a communal role- an identical job function that is seldom differentiated. Such close identity leads one to postulate the conditions of the communal workplace carry a most distinct relationship to the consistency of Japan’s domestic consumption. ‘The family must also consume that which the family produces collectively.’

American management perceptions diverge slightly and may be exemplified using Irimajiri's comparison of American style management in terms of football. Everyone has a specific job tasking with the overall goal of getting the ball over the goal line. Task orientation is individualized with specific jobs and yet teams oriented during the playing of the game. American and Japanese management, while working through a team effort, carry out their strategies in very different fashions. Although there is considerable divergence of thought between the two rationales, both methodologies come full circle to converge on the concept of teamwork. When one considers the dynamics of the U.S. domestic marketplace, it is easy to postulate an apparent difference in terms of work and consumption patterns.

Unlike the Japanese employee-consumer, the individualistic nature of the American worker has clearly shown that ‘what was produced domestically need not be what is consumed.’ What one may gain from the distinction of the consumer being ‘distant’ from his/her workplace would potentially yield objective and projective insight regarding market changes of needs, wants and desires of the consumer. However, the Japanese consumer’s collectivism would likely only cloud the underlying issues of its market dynamics. Given that both nation’s industries have long used their respective domestic consumption patterns as projective data for international marketing positioning, one can readily see the devastating implications of false readings from its domestic markets. Taken simply, the closer the family links the less objective the analysis.

Divergence and convergence- CORPORATE ACCOUNTABILITY AND INSULARITY

The second area of divergence is in the region of managerial accountability to stockholders. Japanese corporate leaders have little accountability to the shareholders in the company. Due to the relative insularity of corporate leaders, senior management place the employees well above their shareholders recognizing that overall profitability lies more with the workers rather than the wealth. Unencumbered by traditional American management-to-shareholder mentality, this one distinct element enables Japanese firms to explore and exploit markets at whatever investment and return horizon that they deem appropriate. Unlike their American counterparts who scramble to make short-term decisions to generate dividends, Japanese corporate leaders have the freedom to engage in long-term ventures and even incur loss without having to answer to shareholders. There is no convergence on this level.

Yet, with seemingly a clear reign of freedom to investigate marketing opportunities, does this not also give rise to error in paths being chosen? Does not the shear lack of a higher-order responsibility suggest the potentiality for a greater degree of whimsical investments and/or less rigorous market planning? Someone once said that ‘freedom has its price.’ The price for Japan’s management may very well be its extended recession. Consider the glaring inefficiencies of Japan’s domestic retailing, wholesaling, agriculture, and logistics that have exacted a heavy toll on its economy- higher costs, incompatibility with foreign markets, and weakened competitiveness of many export industries. [Council on Foreign Relations, 1999]

Divergence and convergence- PUBLIC AND PRIVATE SECTOR CONNECTIONS

A third divergence between Japanese and American firms are their relationships with their respective governments. Japanese managers allow the influential hand of government to guide their business marketing decisions and also to secure investments. The relationship between government and business in Japan has been one of cooperative efforts, much like with many European countries, particularly in Germany. American business tends to reflect a hands-off, almost adversarial, approach to government. Although present day American politician seem more in favor of a closer relationship with Corporate America suggesting linkage similar to Japan and Europe, none-the-less, at present, there is no convergence on this level.

The marketing implications of government-to-business are most unique, indeed. Consider the benefits of government and business joining forces for the common good of its citizenry. Much could be said about the positive aspects of synergy between the two institutional mechanisms. And, Japan's recent history clearly reflects that it has benefited from the 'partnership.' Yet, here again, one must contemplate the ramifications of Japanese industries' lack of accountability. According to the Council on Foreign Relations, documented in Foreign Affairs mid year 1999, "The problem starts with the [Japanese] government's mistrust of competition, which often makes it intervene in the economy in ways that harm the nation's productivity and prosperity." [Council on Foreign Relations, 1999]

Many international analyst feel that the Japanese government has lost its objectivity by 'myopically' positioning its primary resources in the single direction of its foreign economic policies, similar to that of Japan's industrial sector. For example, a shortage of well-trained talent exists in Japan, particularly in the fields of chemistry, chemical engineering, software and aeronautical engineering, and finance. [Council on Foreign Relations, 1999] The lack of attention towards the needs and issues of its domestic market suggest potentially devastating consequences. The net result of the Japanese economy is visibly clear that its home market is in dire straits and economic disarray.

Divergence and convergence- CORPORATE ALLIANCES AND INSTITUTIONAL BONDING

The fourth area of divergence noted by Shoichiro Irimajiri is with the concept of business consortiums based around independent, related and unrelated business concerns. In Japan, this is termed, *keiretsu*. The *keiretsu* embodies groupings of businesses with long-term stakes. This network-based model allows for long-term relationship between the vertically integrated market and its financiers. Through cross-holdings of each other's stocks (up to three fourths of stock holdings in Japanese companies are held by other businesses within the *keiretsu*). Japan's managers are more insulated from short-run profit pressures and can afford to build long-term market shares, which directly relate to the second divergence of managerial accountability. Such a corporate network model carries enormous strategic value and global market power in open-market systems. These system structures are being widely adopted in the United States and a good portion of the advanced industrialized countries (ACs). The U. S. firms, however, have recently offered a counter attack by establishing alliance relations on both horizontal and vertical market levels. In a recent article entitled, "The Dragons Bulk Up," Kunii, Moore and Veale spoke of an emerging alliance activity in Japan to include NEC Corporation and Hitachi Ltd. aligning to develop a new dynamic random access memory (DRAM) chip. Declared NEC President Koji Nishigaki: "It's the only way to survive." [Kunii, Moore, Veale, 1999]

Increasingly, American companies are developing strategic alliance relationships with other firms giving these firms a more viable market threat in direct (horizontal) competitiveness. In addition, vertical links have integrated multiple company distribution processes, which have derived significant cost savings and better focused product-to-market valuation. Taken on a global scale, alliances and vertical market relationships reflect the risk sharing embodied within the concept of the keiretsu. As such, there is a fundamental convergence of ideas in this fourth area.

None-the-less, for both Japan and the US, the danger of multi-organizational collectivism is based upon the age-old axiom, 'never place all the eggs in one basket.' Simply stated, the keiretsu has an inherent Achilles' heel- where one goes, all goes. If the lead firm makes a strategic marketing mistake in its direction(s), all of the related firms may suffer.

Divergence & convergence: MANAGING TODAY WHILE STILL HOLDING ON TO THE PAST

According to Mayumi Otsubo, a noted professor at the University of Shizuoka, the Japanese have become so intoxicated with their past triumphs that they are unable to respond to the problems now emerging. Case in point, the once powerful electronic giant, the Matsushita Company. Matsushita's problems include domestic deflation and falling demand for its products resulting in a definite squeezing of it profits. As of May 1999, the firm' announced a 43% fall in consolidated pretax profits for the year ending March 1999, to 203.3 billion Yen ($1.6 billion). And, although it blamed these sorry results largely on falling prices for semiconductors and other important products, analyst say that the company still has too many employees and too many lame businesses. [The Economist Newspaper, Ltd., 1999]

A second lingering weakness lies in leadership articulation of middle managers. The Japanese Association of Corporate Executives said that companies whom are moving away from the traditional emphasis on winning market share should promote middle managers by ability, which represents a big change in Japan. The plight of the middle managers in Japanese corporations has been one of long hours and consensus based decision making with little incentive or room for individual creativity. Middle managers have merely functioned as go-betweens and have been strictly promoted on length of service. Empowerment of the managers in Japan is nothing short of a radical process by which the top business executives are attempting to empower middle managers to take a proactive decision making path. In consensus-conscious Japan, it's nothing short of revolutionary according to Emily Thorton in her article entitled "Japan's Struggle to be Creative." The creativity factor has thus become a concern and challenge for many of Japan's leading business figures.

But, what of the cross-culture amalgam and is Japan's culture now so 'tainted' by Westernism that it no longer can reach from within and find its true being? And, if Westerners are so confused by Japan's marketing strategies, maybe, just maybe many Japanese are equally confused. Mr. Eunakubo of Fuji Xerox, addressed three societal ills of Japan that likely will compromise its global market effectiveness, "1) Non-workaholism of the younger generation; 2) The resurgence of reactionary conservatism; and 3) The rapid decline of the current Japanese business energy." The magnitude of this societal ailing have yet to be determined and may not be internally understood nor recognized by competing Asian and Western societies. However, the implications of the younger generations being less committed to the success of its society may present profound consequences. Another Achilles' heel for Japan may be emerging?

Yoshiharu Fukuhara, president of Shiseido cosmetics, when addressing some his executives at a creativity retreat, stated that they must make products, which also have spirit. By this, he meant that he was looking for creativity and risk taking. As with Fukuhara's quest for creativity, Japan has excelled at improving existing products, but they have hardly been technology pioneers. Companies say that the pace of technological change is too swift for the old sort of centralized control to work well, and that foreign subsidiaries are now often run by men too senior to be bossed about by anyone at headquarters except those at the very top. This ingrained aged philosophy is what many concerned managers are trying to reconcile through conscious awareness and employee-wide training programs. Retreats such as that of Shiseido and those of Matsushita are geared towards the creative impetus.

The move towards change is often a slow process when comparing it with the change of markets. This process is also an antithetical analogy of the creativity dilemma mentioned previously. Companies will hesitate to effect even a minor reform because it may want to remain competitive in a market. Market divestment is even slow in the face of deteriorating conditions. Organizations will increasingly have to plan abandonment rather than try to prolong the life of a successful product, policy, or practice something that so far only a few large Japanese companies have faced up to. Japanese companies are slowly emerging from this problem. In the current corporate environment in Japan, it is believed that any company the moves toward change cannot remain in the fiercely competitive market, and thus it is not wise to take such a risk. If history is the forbear of the future, Japanese might appreciate, yet fear, the words of Mayumi Otsubo who stated that Japan is enveloped a deep "intoxication" with the accolades of their own success- a weakness of potentially catastrophic proportions and the most significant Achilles' Heal. There is no convergence of this management style in American business but America's divergence may be equally insidious.

One may contend that future substantive marketing problems with U.S. management will originate from to its present-day preoccupation of new ideas. Over reliance of new ideas, in which unjustified value is being placed upon their respective concepts, may not sustain sufficient marketability and/or financial stability. The shear surge of Internet applications, investments and mega-wealth for its multitude of entrepreneurs certainly insinuate that the past offers little to no relevance for the future. A plethora of recent articles are pointing out that Americans tend to overvalue new knowledge and undervalue experience. This seems to be particularly acute in marketing conversations. The net result of such quick-on-the-trigger development has caused many European and Asian consumers to label American goods as shoddy reflecting technological wizardry but lacking the care and attention to detail and quality. A weakness with an imperative need for resolution.

Suggestions for Resolving Japan s Strategic Marketing Programs

There are seven recommendations to assist Japanese industry in reformulating its strategic marketing paradigms. It is likely that these recommendations will also assist Japan in pulling it out of its horrid recession. The recommendations are:

- LOOK WITHIN FOR CORE COMPETENCE;
- SEEK INTERNATIONAL PARTNERSHIPS FOR MARKETING MIX AND STRATEGIC MANAGEMENT SUPPORT;
- BEGIN A MULTIPLE 5-YEAR STRATEGIC PROGRAM TO ATTRACT SPECIFIC FOREIGN DIRECT INVESTMENTS;
- DIVEST AND/OR ELIMINATE MARGINAL AND 'SUNSET' BUSINESS UNITS, COMPANIES AND/OR INDUSTRIES;
- FREE UP THE FINANCIAL COFFERS FOR MORE ENTREPRENEURIAL VENTURES;
- ESTABLISH SHORTER TERM PLANNING HORIZONS WITH DEFINABLE AND MEASURABLE PROGRESS; AND
- EXPAND THE BUSINESS ROLES AND FINANCIAL SUPPORT FOR ITS YOUNGER WORKFORCE, PARTICULARLY ITS WOMEN.

Step 1 towards resolution- LOOKING WITHIN

Corporate education in Japan has been traditionally conducted from outside of the academic system. Executive development has typically taken place within the corporate structure, although an increasing number of Japanese students are pursuing Western-style management education. As a result of cross-cultured education and an ever-increasing international economic dependence, Japan has generated a burgeoning propensity to incorporate Western ideology into strategic marketing decisions. This has intern generated an amalgam of Japanese management styles. The combination of perspectives offers a mosaic of marketing methodologies and clearly confuses western societies in how Japan 'should' relate to rest of the world. However, in spite of the cross-pollination, Japan's strength still lies in its own multi-thousand year old philosophies and cultural homogeneity. It is readily accepted by East- and Western socialoligist that the positive aspects of Japanese, as well as Asian managers in general, are the cultural traditions of honoring age and wisdom that come from experience and timeless patterns of repetition.

Japanese management philosophy is more steeped in tradition than a set of defined principles, practices and concepts. The Japanese manager comes culturally equipped with a pair of concepts; *omote* (in front) and *ura* (behind the scenes). *Omote* is more of a ceremonial front for the benefit of others whereas *ura* denotes the true nature or worldly existence, incorporated into the day-to-day decision making. It is the dualistic nature of Japanese corporate and societal culture that reflects their management strength and marketing prowess. Japanese management practices are therefore much more complex as they are grounded in successive layers of culture. To the Japanese, culture and tradition are critically important to their national identity and sense of self.

Japanese companies go to the extremes of creating a culture and a sense of community. The individual is a part of a greater whole. Matsushita Electric Company is one of many examples of companies, which have retreats for their employees in which corporate culture is taught. Matsushita Electric Company goes to great lengths in indoctrinating employees into the history and wisdom of its founder Konosuke Matsushita. The process encultures them into the worldview of the company. Through culture building, Japanese management gains a deeper sense of the company as a whole and its role in the international market place. Respected observers of Japanese businesses attribute their success in part to such practices as "bottom-up" communication, extensive lateral communication across functional areas, and a pronounced use of participate or consensus style decision making that supposedly leads to higher-quality decisions and implementation of marketing programs.

Step 2 towards resolution- SEEK INTERNATIONAL PARTNERSHIPS

For sometime now, Japan's isolationist policies have long a subject of heated debate and has caused economic strain between it and much of the rest of the industrialized world. The Council on Foreign Relations wrote, "The single biggest lesson from Japan's failures is that the government should abandon its anti-competitive policies' and to 'rethink lax antitrust policy, rampant cartels and consortia, government guidance, and regulatory barriers to competition.'" [Foreign Affairs, 1999]

Now it is time for change, not a patch job, but a wholesale turnabout. Strategic and tactical international business alliances provide for a way to reduce the economic strain through offering a sharing of risk and reward with international market leaders and sunrise business ventures. Such activity conducted in abundance may reduce the constant political battles that wage between Japan and her trade countries and supply the Japanese economy with a needed injection of new ventures and marketing management savvy. Fortunately, over the past few years the number of Japanese firms that aligning themselves with foreign partners is at a growing and healthy clip but an even greater thrust must be initiated.

Step 3 towards resolution- BEGIN A MULTIPLE 5-YEAR STRATEGIC PROGRAM TO ATTRACT F.D.I.

Isolationism or no, strategically initiated foreign direct investment (F.D.I.) programs can stimulate the economy, even of a nation of the size and market complexity of Japan. A fortuitous F.D.I. program should provide long-term benefits but there are inherent risks with each reward. As presented by Mr. Yukawa in The Washington Quarterly, Japan must take on the risks to reap the rewards. Mr. Yukawa wrote that "Japanese globalization must occur in the 'denominator' instead of the 'numerator. Globalization in the numerator includes moving businesses and factories abroad and setting up international sales channels. Globalization in the denominator, however, means bringing overseas money, people, good, information, and technology into Japan." [Massao Yukawa, 1999]

Ironically, the Korean 5-year models of F.D.I. and its attractiveness indices are probably the best programs to review. The irony is that these two nations have had a bitter time of it with WWII and later with their respective economic developments and competitive challenges towards each other. Korean business analysts are quick to sight Japanese management and market savvy as prime factors incorporated into their own economic models. And, the world attests that, in spite a couple of blips on the scale, Korea has accomplished a truly Herculean feat of phenomenal economic proportions. The Korean model of economic development and F.D.I. activity has worked for Korea and worked extremely well.

Japanese businesses, in conjunction with their government, needs to incorporate elements of the Korean investment model so as to stimulate its own economy, technological transfer, inter and intra trade flows, and human capital development. A multi- five-year foreign investment program may be just what the doctor (doctorate in economics, that is) ordered.

Step 4 towards resolution- DIVEST AND/OR ELIMINATE MARGINAL AND SUNSET BUSINESS UNITS, COMPANIES AND/OR INDUSTRIES

The Japanese government, while working with its automobile industry, has long sense designed effective ways to encourage its domestic consumers to repurchase new vehicles at a faster rate than that of most other developed nations. The government simply taxes older vehicles at such a high rate that it becomes cost prohibitive to continue to own the vehicle more than four or five years. Clearly, such taxation policy stimulates new car purchasing. A comparable approach towards marginal and/or sunset businesses may offer similar economic benefits.

Yet, in spite of such governmental actions, Japanese automobile firms have been reluctant to encourage internal modifications that would enable them to strengthen their corporate position both domestically and globally. It's a message that some companies have been forced to act upon and in some rather drastic ways. Recently written in the *Los Angeles Times*, Nissan Motor Company, once a highflying icon of Japanese economic might, late last year announced a historic reorganization providing both a stark reminder of its fall from grace and the most dramatic evidence yet that Japan is on the road to meaningful restructuring after years of paralysis. The new Nissan CEO Carlos Ghosn unveiled the plan to close five factories, cut 21,000 jobs, pare $9 billion in cost, overhaul suppliers, stop selling bland cars and fundamentally alter its Japanese management practices. [Los Angeles Times, 1999]

Unknown to many westerns, Japan is not an ultra modern marketing machine. In fact, due to Japanese tradition, there are literally thousands of businesses that are archaic in operation, inefficient in production, and ineffective in marketing growth. Mr. Brian Bremner, a Business Week corespondent in Japan, researched this situation and found out that Japan is indeed lumbering with enormous excess capacity—some $700 billion worth of idle or unused plant and equipment, which equals a full year's worth of capital spending in Japan. [Brian Bremner, 1999] Many of these business survive on a financial thread or have the good fortune of being protected under the umbrella of the Keiretsu (the Japanese loosely held conglomeration). In fact, some of the Japanese businesspersons that I talked with during my stay in Japan had said that they attribute much of Japan's outrageous cost structure to these marginal enterprises. Others have said that high domestic costs and old fashion organizational structures go hand-in-hand. Confirmed by the Electronics Weekly, David Manners wrote that, "The way of management is changing because of email and information flows which makes for flat organizations, but most of Japanese industries have hierarchical, bureaucratic styles of management and it's very difficult to move them very quickly. So the digital revolution is making it very difficult for big companies in Japan." [David Manners, 1999]

Suggesting any kind of institutional penalizing for these low value businesses and sunset industries may seem harsh for any country to tackle, much less Japan with its highly touted life-term employment programs. None-the-less, this author feels that such activity must take place. Of course, where there is a 'stick' there can also be present a 'carrot'. The Japanese government would necessarily need to present these companies and industries with carrots of retraining, low-to-no-fee loans for new ventures, and other incentives to move them towards sunrise business and industry opportunities. In fact, it seems that the moneys are on the way. According to Mr. Bremner and Business Week, Japanese Prime Minister Keizo Obuchi will give billions of dollars worth of tax breaks to companies that scrap excess capacity. In addition, Prime Minister Obuchi will expand unemployment benefits (i.e. $15 billion on massive job retraining) to make companies feel less guilty about shedding yet more workers onto Japan's rising unemployment rate.

Step 5 towards resolution- FREE UP THE FINANCIAL COFFERS FOR MORE ENTREPRENEURIAL VENTURES

While the inherent strengths of Japanese management have a solid basing in culture and philosophy, the Japanese are striving to master the concepts of creativity, individuality and risk taking. For example, Andersen Consulting Group claims that business-to-consumer e-commerce in Japan is four to five years behind the US. In addition, David Kilburn wrote that the rigid, hierarchical structures of Japanese corporations have slowed the decision-making process and led to many decisions that were poorer than they might have been. [Kilburn, David 1999]

Japanese must embrace more risk taking. An MCI operations officer in the U.S. once stated that they should 'shoot' people who don't take risks. While this seems extreme, the concept is clear, one has to take risks to be successful in business today. Risk, yes…entrepreneurial ventures, yes…government support, yes…but watch out about the implementation! The Japanese government has already stubbed its toes on its latest funding program of entrepreneurial ventures by focusing on the 'old boy' (OBs) network, persons who are nearing retirement age who have been rewarded with cozy sinecures. Says Yoneko Matsuura, head of a local civic group, third sector (entrepreneurial ventures) projects have sprung up precisely in order to create jobs for Obs. As she says, "the rationale for the projects is 'upside-down.'" [The Economist Newspaper, Ltd., 1999]

Management in the United States is fortunate to have a culture of risk takers whereas the Japanese have to contend with consensus based agreement. Individuality provides for diversity. If Americans can not capitalized on the diversity of managerial talent, then the window of opportunity may well be lost if the Japanese ever break with the communal traditions in industry. It is imperative that Japanese firms utilize more marketing/management trainers and business cultural theorist to help stimulate and empower the creative elements of its workforce. It is, therefore, imperative that more entrepreneurial spirit is fostered throughout Japan.

Step 6 towards resolution- ESTABLISH SHORT-TERM PLANNING HORIZONS WITH DEFINABLE AND MEASURABLE PROGRESS

Japanese firms have received world recognition for their very lengthy strategic planning horizons. Some firms, focusing upon their culture's three-generation family orientation, consider 100 year planning horizons to be most appropriate. Westerners, utilizing traditional three to ten-year planning cycles, may have once been awestricken by the mega-years of

Japanese firms' planning horizons. However, in today's fast-paced business arena, it may not be in the best interest of Japan to apply such lofty, long-range planning cycles.

According to the Electronics Weekly, the social revolution brings forth a greater concern about the short-term issues of running a business- accentuating profit rather than on increasing turnover and market share. The Electronics Weekly interviewed Yoshihide Fujii, general manager of Toshiba's semiconductor business planning division who said, "Japanese companies now appreciate profitability more. To run the business more healthily we have learnt that management for profit in more important." Another interview was conducted on NEC's new president, Koji Nishigaki who told his employees recently that the company would:

- Concentrate on 'fanning the spark of individuality';
- Require business plans to focus on profitability and exit unprofitable business;
- Seek to balance profits and investment by evaluating its businesses against global performance indices such as return on investment and cash flow; and
- Develop human capital by fostering individual creativity and individuality." [David Manners, 1999]

Successful Japanese marketing managers have learned to be alert for the waves of change as they transpire. At the same time, some of these persons have maintained a high level of flexibility to ride those waves and to anticipate the new shapes as they evolve. This focus may very well usher in a new philosophy of conduct- a social revolution in Japan. This is substantiated by Mr. Hirokazu Eunakubo, Staff Manager- Marketing Group at Fuji Xerox International, whose survey response to this paper stated that both, "economic deregulation of the Japanese government and the burgeoning growth of individualism throughout the modern education systems have assisted in bringing about a Western-type entrepreneurial spirit. The rational behind these philosophies present global scale market opportunities to the Japanese system.

Seventh step towards resolution- EXPAND THE BUSINESS ROLES AND FINANCIAL SUPPORT FOR ITS YOUNGER WORKFORCE, PARTICULARLY ITS WOMEN

Matsushita, once an icon of Japanese entrepreneurial high-tech innovation, has taken on an internal innovation that many Japanese firms are eyeing with interest. As the company has moved into new, "creative" industries such as software engineering and network-communications technology, Matsushita no longer values experience so highly. Mr. Murayama, the company's personnel director, points out that some of the companies' brightest ideas are coming from its youngest people, whose voices tend to be stifled by the seniority-based system. Space, freedom and recognition (components of Western-style empowerment) are now an integral part of Matsushita's operations. It wants to emulate what it sees as desirable Western behavior by promoting individuality and risk-taking among its staff and by attracting people with these qualities. [The Economist Newspaper, Ltd., 1999]

Over one-half of the Japanese population is comprised of women. Although many of these women have recently taken on jobs outside of the household, most are working in low-pay positions with minimal marketing exposure and financial support. According to the New York Times and the Wall Street Journal, the number of Japanese companies led by women toped 60,000 for the first time, signaling improvement in status of women in business, but 60,593 companies led by women make up just 5.3% of the country's 1.14 million companies. [The New York Time Company, 1999] Business Week echoed similar statements by writing that female executives are rare at Japan's elite corporations, and few expect dramatic improvement. In supporting their article, Business Week's correspondent Ms. Emily Thornton interviewed Mr. Mizuho Fukushima, leading women's rights activist and a House of Councilors member who stated, "Women are so low on the totem pole that they cannot see what is happening at the top." [Emily Thornton, 1999]

In terms of education and advanced training programs, it is all too evident that Japanese males dominate the classrooms and seminars. Essentially, there exist far too many persons in Japan whom are culturally excluded from mainstream marketing and management opportunities. A direct turnabout for Japanese women is absolutely necessary and it will require severe cultural adjustments and significant funding from the Japanese banks.

Conclusion

A GLIMPSE OF THE GROWING GLOBAL MARKETS AND THEIR COMPLEXITIES

The opportunities for which Japanese marketing strategy rest seem to be based upon the timeless qualities of human relations, communication and quality of implementation. The philosophical and historical basing in concert with adapted management techniques from the west, more specifically the Deming method, have given the Japanese a market position centered on flexibility. It is the ambiguity of reason and admonition of deep-seated cultural change, which allow for this flexibility. It would seem that such flexibility must be astutely applied to the present and up-coming global marketing conditions.

In conjunction with Japanese marketing and management momentum comes the tremendous allegiance of its workforce. In response to the questionnaire on future global opportunities for Japanese businesses, Mr. Eiichi Ishimine, past president and current consultant of Ajinomoto-Okinawa, Ltd., states, “Human resources- Japanese employees’ high loyalty in a great asset.” Or, as a Japanese historian and linguist for the University of Maryland- Asian Division, Ms. Noriko Tanabe stated in response to the same survey question, “Japanese society is unified in areas much as racial composition and language. It is that unification and dedication that may enable Japan to weather this and future economic storms. ”

Tradition, while previously addressed as a cultural endowment also reflects an inherent frailty, noting the duality of Japanese management. As a result, the fundamental market change and corporate behavior in Japan cannot be achieved without a thorough reform of the entire social and economic system. Japan is slowly succumbing to these changes in light of the continued political consternation of the United States and European countries, which have challenged Japan’s domestic trade policies.

Over time, the divergence between the two cultures and their marketing management concepts will likely converge as the international markets become increasingly intertwined. The major threats, although, remains to be seen. Clearly the global reach of electronic marketing will play an ever-increasing role in penetrating new international markets and sustaining global market positions of mind and heart share. Along structural lines, Mr. Ishimine, past President of Ajinomoto-Okinawa, stressed in his survey response that, “Technological gap between USA and Japan, especially in electronics will represent the greatest threat to Japan’s market power. Never over look the obvious, technology is the foundation to future economics and we [Japan] are behind.”

In addition, the looming threat originating from two enormous market regions; 1- China along with the newly industrialized tigers of Southeast Asia; and 2- the expanding eighteen-nation European Union (EU) will offer immense uncertainties in terms of global/regional marketing strategies and complex resource management systems. As foreign direct investment continues to poor into China and the Asian Tigers, the vast array of technological transfers and marketing expertise will increasingly be absorbed, only to eventually be merge with their own cultural morays and subsequently activated as their own global tactics to achieve market dominance.

We believe that the future of global market competition will demand the delivery of goods and services to be developed within the organization's total obsession of quality performance standards in every aspect of its operations. The infusion of quality reflects the need for change in the management of quality. Clearly, a balance must be incorporated within the firm’s marketing environment. It seems most appropriate for the Japanese to adopt American creativeness, harness its dynamics, but manage it with age-old wisdom and fundamentals of the Japanese culture

In closing, Ms. Tanabe, the Japanese linguist, offered a most intriguing prospect that both Japan and the US must heed: “Western people are more likely to express their opinions openly in a self-asserting way. On the other hand, Japanese tend to speak and act only after due consideration has been given to the other person’s feelings and point of view. In Japanese society, we can’t say what we really mean and have to say what we are supposed to say. Those elements cause misunderstanding between Japanese business managers and [when encountered] Western ones [managers].” In spite of great technological advancements and sophisticated market delivery systems, it may very be that fundamental person-to-person communications may pose the greatest threats to the Japanese and the US market dominance over the next few decades.

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