

Doing Business with the Japanese

By Geoffrey Bownas, David Powers, Christopher P Hood and Contributors
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Perusing the many 'Guide to Doing Business with Japan' books (such as Zimmerman 1976, Norbury & Bownas 1980, Deutsh 1983, Jenkins 1983, Thian 1992, Rice 1995, McAlinn 1996) one is struck by the obvious need for a good text that is up-to-date, that includes assessment of the momentous changes now taking place in Japan, and one that is both engagingly readable and factually practical. And now, for those setting out on the long road towards a successful business presence in Japan, that is just what this splendid and polished little volume provides.

The reader sets off with six pages from Sir Stephen Gomersall, Britain's Ambassador in Tokyo, flagging up the size and attractions of the Japanese economy and marketplace. This is followed by two assessments of current economic prospects, the first by a Japanese writer and the second by an outsider. Tomohiko Taniguchi is refreshingly objective, setting out Japan's post-war development in neat stages and concluding with the thought that Japan's economy seems to 'move in sync with the morale of its populace' and adding that this 'is at last finding a psychological upturn'. Anthony Rowley's analysis of current economic developments provides the best chapter of the book, clinically dissecting the strengths and weaknesses, observing the changing role of foreign firms (and individuals such as the formidable Carlos Ghosn at Nissan), appropriately raising concerns over Japan's fast ageing population in the longer term – and over Japan's parlous banks in the very much shorter term. Rowley's conclusion that 'a massive monetization (with attendant inflationary risks) seems likely to be forced eventually on the Bank of Japan' is altogether more alarming than Taniguchi's optimism.

In passing, let us pick a few minutiae to consider. I was particularly interested in Taniguchi's brief account of the challenge posed by China's low wage policies. It is well put and worth quoting in full.

'Chinese wage levels will be kept competitively low for longer than has been the case with any other developing country. The Chinese state divides the populace into two – those born in urban areas and those from rural areas. The sons and daughters of farmers are often unable to get job interviews in major cities. Should they wish to send their children to city schools, they have to pay more than city dwellers. The minimum wage requirements that apply to city workers do not apply to those from rural parts. Controlling the influx of migrant workers from rural to urban areas is one of the prime purposes of these discriminatory customs. As a result, workers with farm backgrounds rarely settle in cities, but tend to go back to their home areas after a limited period. Once jobs are vacated, new groups move into the cities from the rural areas, and start working for the lowest possible wages. As this practice is most likely to continue, the overall wage level of the Chinese economy will be kept accordingly low. No nation other than China has operated a similar system in the past.'

Secondly, for a British publication, I would want to alter Taniguchi's observation about corruption in Japan that 'many elite bureaucrats were either arrested or had to resign'. In Japan,

being arrested may be tantamount to being guilty but here one would hope that such a comment would either say that they were convicted or not mention it at all!

Thirdly, Rowley is misleading when he speaks of the period between 1985 and 1990 as being one of 'supercharged growth'. The 1950s and 1960s were a time when Japan boosted corporate capital accumulation (and thus investment) by a range of dubious policies and practices which could be described as supercharged (high) growth. But by contrast the late 1980s were a time of monetary irresponsibility giving only a superficial impression of modest growth involving much ill-judged investment. Rather than being called supercharged growth, this latter period is more usefully described as 'growth on steroids'.

Two chapters follow by David Powers, long-time BBC man in Tokyo, which assess the difficulties and opportunities for foreigners investing in or selling into Japan, together with four recent case studies of Brits who have successfully set up high tech type businesses there. These are chapters of enthusiasm and caution which rightly emphasize the advice that, if one has the right scheme or product and has a clear strategic focus plus a willingness to be polite, genuine and persistent, then Japan is a place where profits can be made. For those who might ask what schemes or products might be 'right', notes are provided on growth sectors and changing tastes.

The four case studies form what is perhaps the most original part of this book, drawing on the recent experiences of four British entrepreneurs and allowing them each to express in their own way the lessons they feel can be passed on to others. Here again, the verdict has to be very positive – subject only to details for dissent. For one thing, it would have been useful to have some case studies from a wider range of activities. For another, I felt uneasy with Clare Ridley's comment that 'the parable of the Good Samaritan wouldn't work in Japan, because the beggar wouldn't want to receive a good deed from a stranger, as he would then owe him a favour in return', because that does not represent my understanding of the parable's meaning.

But these are details. Let us go on, because this book is also a businessman's travel guide setting out the bones (if not the critique) of the legal formalities appropriate for setting up and running a Japanese business, then instructing the novice on those aspects of greeting and meeting where misunderstandings can so easily occur, and then even presenting vital travel 'inside' information to help in route planning and budgeting. This is all admirably practical material – and is capped off by appendices on useful contacts, language tips and even weather information.

Well indexed, neatly composed and thoroughly to the point for those needing both a handy guide and a short reference for business, *Doing Business with the Japanese* deserves 'must buy' status for both businesspersons and students nervously approaching this extraordinary country.

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