

Case 18

GLOBAL CHAIN OF COMMAND

A Japanese Multinational Manufacturer in the United States

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Learning Objectives

- To help you learn different cultural and organizational values that can be crucial in understanding a multinational organization.
- To help you understand how some cultural values are manifested in communication in a multinational organization.
- To help you explore the ways in which cultural value differences can be addressed in an organizational context.

A PHONE CALL

"May I speak with Mr. Townsman?" asks a woman with a Japanese accent.

"This is he," Ron replies.

"Hello. I hope you are well. I am a secretary of Nihon Buhin Kaisha America. I am calling you on behalf of our president, Mr. Yamada, about a possible consulting work request."¹

Ron has been working as an independent consultant for several years. Before he began to work independently, he worked for a major consulting firm. He specializes in assisting at-risk organizations and in improving workers' morale, organizational climate, and overall company efficiency. As he listens, he recalls a former client mentioning that he had recommended Ron to his Japanese friend.

NBK America is a subsidiary of Nihon Buhin Kaisha, a Japanese multinational organization that manufactures various parts, such as fuel tanks and exhausts, for a Japanese

automobile company. When the Japanese economy was going strong, a subsidiary was opened in the United States. As a small city in middle America needed more jobs for the residents back then, the city and the state offered tax relief and a land-purchase deal to actively invite Japanese companies to bring their business to the area. When the NBK America manufacturer opened, residents welcomed the company with enthusiasm.

This manufacturer had been in business for a few decades and the company had its peak production in the past as the American economy thrived. However, with the deteriorating U.S. economy in recent years, the company started to suffer. This harsh economic period, coupled with a poor organizational climate, began to create problems. Various issues that went unnoticed in good times began showing up on the surface. This particular branch was experiencing the vicious cycle of lowering efficiency in production, the loss of workers' morale, and not having resources available for employee incentives or training.

NEW PRESIDENT'S DECISION

Recently, a new president from Japan, Mr. Yamada, arrived with an assignment to turn around the company. He was told that NBK America would be closed if he was not successful in redirecting the organization and raising profits within a few years. The former president told Mr. Yamada to attempt to do things differently from the Japanese ways. The Japanese company, with upper level Japanese administrators, tended to do things in ways consistent with Japanese business practices. But it is problematic to force Japanese organizational values on American workers, and this may have contributed to the vicious cycle of problems in this subsidiary. In an attempt to take the former president's advice, Mr. Yamada decided to hire an American consultant to get American ideas for reviving the company. In fact, one of his friends had recently recommended an American consultant. Shortly after he arrived in town, Mr. Yamada had his secretary set an appointment with this consultant.

WELCOME PARTY AT KABUKI JAPANESE RESTAURANT

At a popular local Japanese restaurant, Kabuki, a dozen Japanese managers are having a dinner meeting in its party room. They are all wearing their company uniforms with the company's logo printed above their chest pockets, a customary practice for a Japanese manufacturer. As one waiter brings food, another waitress picks up some dishes from the table that is set low and where they all are seated.

"Thank you all for gathering here tonight. When I first heard that I was ordered to come here, I was surprised. I thought I would miss Japanese foods," President Yamada says as he smiles to his fellow Japanese workers. They all laugh politely. "And I also thought that I was excited for the opportunity to lead this subsidiary in the United States. You all know our ship, or this branch, has been going through some rough ocean waves recently. With all of your help, I will try my best to understand how

things work here quickly so we may steer our ship to the right direction. Thank you again for this warm welcome.”

The mood at this gathering was a cheerful one. In actuality, Japanese workers were concerned with the upcoming change in the leadership. They had all heard the rumor that headquarters in Tokyo gave an ultimatum to this incoming president—turn around this organization or cut some losses by closing it down. Mr. Akagi, the vice president, thinks to himself, “I wonder if he can make any changes. President Yamada might become the last president of this subsidiary. I just have to do my job and support him as much as I can. At first, I have to help him to get adjusted here. I hear that Mr. Yamada has a good idea about hiring an American consultant, but I wonder if this American person can understand what goes on in a unique multinational manufacturer like ours.”

DINNER AT OH! MARIO FAMILY RESTAURANT

At around the same time, two families, the Millers and the Nestles, are having dinner in a family restaurant, “Oh! Mario.” Christina Miller, Paul’s wife, says, “This place has the best kids’ menu and I love it that it’s free for kids under 10 years old.” Ann Nestle, Ken’s wife, says, “That’s great to know. This incentive is certainly working well.” She laughs.

Ken and Paul work at NBK America. Ken is an assistant manager who manages production lines, and he has been in that position for more than a decade. In fact, Ken was one of the first American managers NBK America hired after this branch was opened. Paul joined the organization as an assistant manager for production and quality control a few years back. Since Paul started at NBK America, Ken has helped him navigate within the company. They often take breaks and lunch together at work, and now they are good friends.

Ken shares with Paul the history of the organization and how things have changed in recent years: “There was an incentive by the state to welcome a Japanese company that could bring jobs into this town in the 1980s. NBK in Japan wanted to expand and the incentives from the state got them here. Mr. Saito was one of the Japanese managers who worked hard to start it up and he’s the one who hired me. He and other Japanese managers had all sorts of difficulties at first. They took some time adjusting to American ways, as they were bringing in all sorts of Japanese ways of doing things—from the uniform, the assembly line patterns, warm-up exercises in the morning, and morning meetings. They took everything so seriously and were strict about following rules and regulations. They’ve worked hard, and they also wanted us to work a lot. . . . They are real hard-working, but it seemed like they really had no life other than work.”

Paul chuckles and says, “You make it sound like that’s the past. But, that’s the way they still are! You know what I mean? The Japanese managers are at work *all the time*. They stay really late at night almost every day as far as I can see. Whenever these Japanese managers request us to do overtime, they seem okay with it. I have never heard any of them complain or leave like some of our assemblers do. Hell, I heard that they

even come to work on weekends at times! I don't understand it. How can they have any time at home? How do they have a life?"

"Well, right. . . that's what I thought when I started. But let me tell you, they've loosened up a lot, compared to when they started here. They needed to realize that American people value fun and friends, and spending time with our families, you know?" Ken replies.

Ken's wife interrupts, "You sound like you're a great family man. I wish you would come home earlier and to go see our kids' soccer games more often, you know."

"Well, I am doing that as much as I can, honey," Ken says. "The orders come in with last-minute deadlines. We're expected to meet demands, no matter what. We have to oversee those assembly lines. . . . Japanese managers may sound polite, but they don't flinch about their expectations whenever the *nouki*, the deadline for auto parts, is close. And you know we're constantly late, so we constantly have to do the overtime."

Paul agrees. "Yup, we surely are expected to do overtime all the darn time. I guess we've got to do what we've got to do."

Ann says, "I know; I do understand. I just hope that Ken can come home earlier and do things with the kids a bit more."

Christina agrees. "I know what you mean, Ann. It seems like they've been doing major overtime for a few months now. How do these Japanese families deal with this overwork?"

"When I got to know Saito-san back then, I asked him about it," Ken says. "He said that their way of 'taking care of their families' is to work and be successful at work. So they think that they ARE taking care of family by staying late and working hard, even though it means being absent from home."

Paul says, "Then, it seems to me that these Japanese families may separate the father's role and mother's role more clearly, as the father being a breadwinner of the family. Well, I'd tell you right now that I would not want to live like that myself. Not spending time at home or being with my kids just doesn't sound right to me."

Christina says, "Well, they've got to realize that they came here to live. They're in the United States. We are Americans and we love spending time as a family. We don't live to work, but we work to live and enjoy our life."

Ken nods. "Right, right. Other workers at the plant would all agree with you. They hope that the Japanese don't expect us to do what they do. But we have to remember: this is a Japanese manufacturer making auto parts for Japanese automobile companies. Anyway, these days we should be grateful we have jobs. And I want to get the job done. I just get stressed by trying to meet the Japanese managers' high demands and listening to our team leaders' complaints all the time."

Paul adds, "Oh, don't get me started with these team leaders. They can always find excuses for stopping the assembly lines. They don't seem to want to complete things on time. Their jobs are to motivate the assembly workers, but they don't do that. As far as I can tell, they're working against the objective of getting things done quickly. The assembly workers don't seem to care. They don't want to do overtime and they're absent as much as they can possibly be without getting fired. They are the ones getting paid for overtime!"

"Look at the bright side," Ann says. "This company has better health care benefits than others. Let's stop talking about your work already and focus on the food."

Christina says, "A brighter side for me right now is the free kid's meal." They all chuckle.

INTERNATIONAL TELECONFERENCE

It's 6:00 a.m. and the secretary, Ms. Sato, is setting up a teleconference with company headquarters in Tokyo.

Massaging the side of his head, Mr. Akagi comes in mumbling, "I drank a little too much last night and this early meeting is killing me."

Ms. Sato replies, "Sorry to hear that. May I bring a cup of tea for you, after setting up this teleconference screen?"

"Well, thank you, Sato-san. That would really help."

Mr. Watanabe, a quality coordinator and a senior engineer, comes in. "I heard you, Akagi-san. Well, I know it's a bit too early, but we cannot help it. It's our biweekly meeting with the Tokyo Honsha (headquarters). I understand that we have to adjust to their work time."

"I understand that," Mr. Akagi says, "but the summertime is over. Now it's an hour earlier than usual! I know that we cannot complain; people at the Tokyo headquarters are working late to talk with us."

Mr. Takagi, a chief sales member, comes in at the last minute. "Whew! I got here on time. I thought I'd be late."

Ms. Sato starts the teleconference software and checks the microphone. "Test, test, test, test. Can you hear me?"

Blurry faces appear on the screen. Through the reflected screen, the head of international affairs of the Tokyo headquarters replies, "Yes, we can hear you. Can you hear us?"

Ms. Sato says, "Yes, we can see you and hear you. I think we have 2 minutes till the meeting time, so let's keep this line on. A few others and the president should be here shortly. Let me bring out some tea."

Right on time at 6:30 a.m., the meeting starts.

"Ohayou gozaimasu," (*Good morning*) say the people from headquarters.

"Konbanwa," (*Good evening*) say President Yamada, Mr. Akagi, Mr. Takagi, Mr. Watanabe, Ms. Sato, and others in the meeting room.

The meeting continues for about an hour. The agenda is the usual greeting, exchanging news, and reporting on the status of major orders, inventories, and human resource-related issues. Then at the end, the headquarters shares their concern about declining profits and sales from this U.S. subsidiary.

The chief of international operations of the Tokyo headquarters states, "Well, the subsidiaries in Europe are doing well and their profits are putting us in the black. We just cannot continue like this. We know that the United States has been in recession and it has been tough. It might be hard, but you may need to make some changes. We suggest you

look at ways to expand your sales teams and to explore new territories. We will continue to look at our options for the future.

"In the meantime, we really have to secure our current customers. With what we heard, your factory is having trouble keeping up with deadlines recently. We all know the impact that it has if we delay shipments to customers by one day! We need to keep the customer bases we already have. We have to keep up with the demand and meet deadlines for orders, and avoid any defects, so we can secure the customers we have now. Do you understand?"

Looking solemn, Mr. Yamada replies, "Yes, sir. We understand. Without doubt, we will do our best to keep up with the demand and secure our customers. We also will look carefully at ways to improve our production and sales figures, and ways to expand our customer basis."

Mr. Akagi sighs and thinks to himself, "Headquarters doesn't understand what's going on in this branch. It's been a vicious circle. Production cannot meet the deadlines. With this slow production, we don't have resources to add incentives or to offer employee educational benefits. The workers work late without much incentive. As the workers' morale goes down, production is slowed and increases the number of defects. Japanese headquarters would not understand the reluctance of workers to work late or their increased absenteeism that we see here. Well, at any rate, I have to relay their message to the middle managers. I have to ask all the assistant managers and team leaders to work late again. I bet they will not like this."

RELAYING THE MESSAGE

Mr. Yamada asks Mr. Akagi and Mr. Kawabe to relay the message to the workers. Mr. Kawabe speaks in broken English with Ken, Paul, and the other assistant managers about the information from the headquarters in Japan.

Ken understands that this time, they cannot be late, and for them to do that, many of the line workers will need to put in overtime to meet the deadline. Ken repeats exactly what is said by Mr. Kawabe to make sure he understands. As Ken repeats his words, Mr. Kawabe feels as though he is understood and is relieved.

Ken sighs, "Now here you go again. I have to go back and share the need for more overtime with a bunch of unhappy team leaders."

Ken relays the message right before the lunch break. "Okay, I have an important message to share. I got the word from above that they want to keep production up to meet the next deadline. We want you all to work overtime. Also, please ask all your workers to stay 3 hours overtime this week, so we can make the deadlines. Remember it's a leader's job to motivate and to make them want to be here."

All the team leaders complain among themselves, though not loudly. Team leader Denise listens but walks away frustrated, thinking to herself, "Yeah right, you can't make them want to work. Nobody can do that. Cameron has been so rebellious these days, ever since I suggested how things can be done in front of the others. So I bet Cameron won't

stay and if she doesn't, the others won't either. I know half of my team would stay for sure, but that won't be enough to keep the line going."

MACHINE MALFUNCTION

Not long after that, a team leader reports to Paul that one of the machines on the line has malfunctioned. Paul examines the problem. Mr. Watanabe, who happens to be walking around the assembly lines, approaches.

"Oh, a malfunction?" Mr. Watanabe asks.

Paul replies, "Yes, I can fix it in no time. Just give me 15, 20 minutes."

Mr. Watanabe says, "Well, good, that you can fix it quickly, but that's not enough."

"Okay, then what should I do?" Paul asks.

Mr. Watanabe says, "I know you can fix it quickly, but I would like to know why this has happened. We need to know why this type of mechanical malfunction is occurring. We need to know more about this problem."

"Okay, what do you want to know?"

Mr. Watanabe hesitates. "Well, you know, the details. I want to know the situation, or the patterns about how this happened and when. I want to know how to prevent this from happening again."

Paul says, "Sure, I can report that to you as soon as I can then."

Mr. Watanabe says, "Okay. Let's figure it out so this kind of malfunction will not happen again."

"Sure. Like I said, I can fix this in no time."
They both stare at the machine.

AT LUNCH BREAK

Paul joins Ken at the dining hall.

"Hey, how are you?" Ken asks.

Paul replies sarcastically: "Well, we're off to a great start today. One of the machines broke. The assembly line has stopped."

Ken nods. "Well, that happens."

"Right. You know, I was examining the machine and figured that I could fix it in no time. Then, Mr. Watanabe jumped in and insisted on taking time to look into the problems and really examine them."

"Oh, I see," Ken says. "So, that's why line 3 was stopped earlier."

"Mr. Watanabe wants me to take some time to examine the problems and give him more details. When I tell him I can fix it in no time, he says, 'We need to know more about this problem, so this kind of thing won't happen again.' So now, though this is a minor malfunction, I have to write up a report and find out the patterns of malfunctions."

AFTER FIVE

Ken thinks to himself, "It's not like I want to be here for overtime—either, but as an assistant manager, I have to. I have to go check the lines and find out how many of them actually decided to leave or stay here for overtime. Of course, all the assemblers might not want to work overtime, but they're getting paid for it!"

Ken runs into Denise.

"Hi. I'm coming to see you. Can we talk?" Denise says. Without waiting for Ken's answer, she continues, "I relayed your message. But only about half of my team is willing to stay, so the line is not going to work. The same thing happened with the other teams, so I'm going to combine my members with another line to make one assembly line. I hope that's okay."

Ken says, "Sure, I guess that's what we have to do to get the line moving. Do you have any other problems?"

Denise nods. "Actually, I promised my daughter I'd be with her this evening, and I had to ask my husband to be with her. That's okay, but many of the workers already had plans. They could have stayed for overtime if it had been announced earlier. Why can't we get notified about this earlier? Why do they expect us to work overtime all of the time?"

Ken just listens. So Denise continues, "I understand that you cannot do much. And this is nothing new; I am just communicating what I've been told. Ken, are you really communicating my complaints to the Japanese managers?"

"Of course. I just get the same response each time. They say that they'll think about it. They also say that we're having a difficult time due to the recession, which I do have to agree with."

"If you cannot get the message across to them," Denise says, "maybe I will talk to them directly!"

"No, let me handle it. They don't like people going out of the chain of command. You know that, don't you?"

Denise walks away.

BREAKING THE CHAIN OF COMMAND

Denise walks into the office to meet Mr. Akagi. "Mr. Akagi, do you have time to talk right now?" Mr. Akagi seems surprised to see her. "Sure, fine, what can I do for you?" He seems a bit nervous.

Denise starts to explain everything: her subordinates' work attitudes, her difficulties as a team leader, her team members' dissatisfaction with the overtime, and how overtime requests are being made. At one point, she realizes she is being loud and not paying attention to his reactions.

Mr. Akagi, in a state of shock, stares at her. So Denise slows down a bit. She provides more details to back up her points. She also notes that she didn't want to come to him,

that she had tried to go to Ken first, but things didn't change and she needed to bring it to his attention.

Mr. Akagi says "Yes" and "I see," nodding at times. But he also tries to cut her off. Finally, when Denise pauses, Mr. Akagi says, "Sounds to me like you have a lot to say. Please communicate to your immediate boss and he can discuss these issues further."

Denise recognizes that the conversation is over. At first she believed that Mr. Akagi was actually listening to her. But he wants her to talk with her immediate boss, which is exactly what she has been doing! "Nothing is going to change," she thinks to herself.

MEETING AT NBK AMERICA

Ron, the outside consultant, rehashes the company profile in his mind as he drives. In a few hours, he will meet with company management. He thinks, "The past few years have been rough for many companies in the United States, and this company has unique challenges. It's a multinational organization with the headquarters in Tokyo, with American middle managers and workers, and with Japanese management people mixed in. I bet there are various cultural issues to consider." He imagines meeting with the Japanese managers in just under an hour. He tells himself, "I have to bow naturally to greet Japanese businessmen."

"Hello. May I help you?" a Japanese lady at the information desk says, smiling. "I have an appointment with Mr. Yamada at 2 p.m.," Ron tells her.

She guides him upstairs to the meeting room where five Japanese men are waiting. They all stand, bow, and greet Ron. Each man presents him with a business card, so Ron exchanges his card and shakes hands with each one of them in the order that he was greeted. He is careful to receive each business card with both hands, while attempting to remember their last names: Mr. Yamada, the president of this firm, Mr. Akagi, the vice president, Mr. Kawabe, the production manager, Mr. Watanabe, the quality-control manager, and Mr. Takahashi, a sales manager. Mr. Yamada invites Ron to sit and tells all the others to have a seat.

After a 2-hour conversation, Ron learns a lot more about NBK America. This mid-sized manufacturer has roughly 300 employees and is hierarchically structured. The top management is all Japanese. A dozen middle managers, a few dozen team leaders, and all the assembly workers are American. Japanese managers are sent in from the headquarters in Tokyo, and American middle managers and assemblers are hired locally. These Japanese managers all speak English but not very well. The sales manager, Mr. Takahashi, and the secretary, Ms. Sato, both speak English well and play the role of interpreter during the meeting.

These managers share information about the company and how it started to decline. As the demand for the auto parts declined gradually, it seemed that the company had no choice but to cut some of the training, the incentive programs, and the family events like the company picnic. When they cut these out, the managers thought it would be temporary, but that continued. The employees no longer enjoy the company picnic or receive awards for "best in production." Moreover, when things were going well, the cultural differences seemed

negligible. But now they have become problematic. The organizational climate is hostile. Workers are faced with unforgiving rules and regulations, tight control, and little open communication. Some workers have expressed their dissatisfaction in the form of increased absenteeism, lowered production, and increased use of defective parts. No one at the top or middle level seems aware when the downhill cycle started. They are just trying to stay afloat in rough waves. They also thought that every business has bad times and the company would soon be headed up again. Instead, the company is caught in a vicious cycle of lower efficiency in production, poor workers' morale, and no incentives or training.

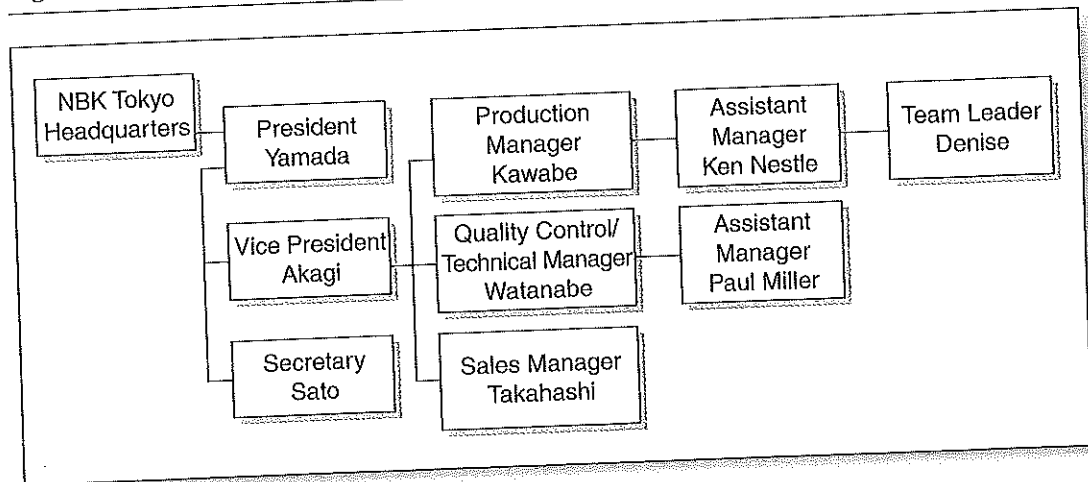
ASSESSMENT AND INTERVENTION OPTIONS

Mr. Yamada tells Ron, "So, I made a decision to hire you and ask you to assess the situation and provide me with suggestions in a prompt and timely manner." Other Japanese managers seem reluctant, but President Yamada is enthusiastic about the idea.

Ron agrees to do this task with the promise that he will receive full cooperation in the process. Ron indicates that his consulting process starts with an assessment based on interviews with key employees and observations at the firm. Ron promises that he will provide valuable suggestions for this organization to make changes, with both long-term goals and short-term goals in mind. Ron requests the list of workers and positions and is told that he will need to select a few dozen employees to interview.

Ron examines the organizational chart (Figure 18.1) and mulls over which employees he wants to interview. He plans to interview employees at different levels of the hierarchy.

Figure 18.1 NBK America Organizational Chart



He also thinks to himself that he needs to talk to these American middle managers, as they play key roles in relaying the messages between the top management and team leaders and assemblers. He needs to move quickly.

Discussion Questions

1. If you were the consultant hired by President Yamada, what would you do from here?
2. Who would you interview? What questions would you ask as an assessment? How might the interviews with American workers and with Japanese workers be conducted differently?
3. What Japanese and American cultural values are demonstrated in the scenario? What cultural variability dimensions and organizational values do you find in this case?
4. Find examples in the case of collectivism, high-context communication, high-power distance, long-term orientation, and other cultural values that may be applicable.
5. Which interventions (individual interventions, team interventions, and whole organization interventions) would work best in this case? If you were to conduct separate interventions for Japanese managers and American managers, what program would you introduce? If you were to conduct separate interventions for different levels of the hierarchy at this organization, what program would you introduce?
6. What should an organization development consultant remember about different cultural values as the intervention strategy is developed? Which interventions might prove more or less effective in this particular multinational context?

NOTE

1. This case is based on information the author obtained from her consulting work, surveys, and interviews with actual Japanese manufacturers in the United States. Typically, there are other Japanese managers, American middle managers, several team leaders, and many assemblers in this organization. The organizational chart includes characters depicted in this case. The names of all the characters who appear in this case are fictitious.

FOR FURTHER READING

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