

A View of Japanese Commerce

By Dr. N. Kobayashi (Keio Business School)

Thousands of Japanese business and educational people have paid their visit to the U.S. and European countries in the post World War II period and third to learn and absorb the Western and particularly American ways of doing business. By doing so, they hoped that they could contribute to the post war economic reconstruction and then the economic growth of their country. The results of their efforts along this line, as many of you in the audience may agree, have proven to be very successful.

However, it is misleading and dangerous for a foreign businessman wishing to manage business in Japan to assume that all American business concepts and practices were adopted blindly by Japanese and that his way of doing business for instance in America can be transplanted to and utilized easily on the Japanese soil. Then, what is the correct understanding of the situation? It is to understand that Japanese have adopted the Western or more precisely American concepts or practices of business management only so far as they meet the environmental conditions that are peculiar to Japan and distinguishable from those existing in the Western world.

Though I should admit that it is a bit of exaggeration, I recall that one of my Western friends once remarked: "I have never seen people like Japanese who have read so much about American business, practiced differently and yet succeeded in developing their business miraculously."

By way of illustration, let me here to cite a few characteristics of Japanese management that cannot be ignored by anyone who wish to operate his business in Japan.

In the first place, Japanese business organizations are structured on a basis of seniority oriented permanent employment system. This is incompatible with what they learned from the West, that is: A rational organization needs to be built on a merit and need-oriented-mobile employment system.

Secondly, many Japanese business are depending on debt rather than equity financing. As I shall later elaborate, a Western business analyst may be shocked to see the general average of the net worth to total asset ratio prevailing at present in a typical Japanese company is no more than 17.46%. In the West, as many of you are aware of it, for this ratio, a figure as high as 60 to 70% is adopted as an indicator of sound financial structure of a firm.

Thirdly, a close cooperative or partner relationship exists between the government and American business consultant friends made an observation on this point as follows:

"As is so often the case in discussing Japan, we seem once again to be dealing with what is to Western observers a paradox. Like many interrelations in Japanese society, the relations between government and business do not lend themselves easily to Western categories. Perhaps the phrase, Japan, Incorporated, will do as well as any for a brief description. Government and business in Japan work in partnership, with generally agreed on goals. It is difficult and perhaps not useful, to attempt to define the boundary between government and business in any given major business decision. Yet this relationship is not comparable to

that of a socialist economy, with the state in control of economy, nor yet analogous to the U.S. in the late 19th century, with government essentially an instrumentality of big business."

I think my friend's observation is basically correct in seeing the heart of matter. Factors contributing to the formation of this relationship special to Japan are yet to be explained. However, factors which I think are worthy to note include the followings.

Historically, in Japan's very abrupt shift... from a feudal economy to industrialization, the (government) took important initiatives and played the major role. As a matter of fact, the early investments in modern industry were made for the most part by the central government, and subsequently sold on favorable terms to private interests.

A second factor is the strong sense of national identity that pervades the nation. For the formation of such identity, it is important to recognize the contribution made by such factors as Japan's island geography, long policy of exclusion of foreigners, single language, homogeneous culture, and sense of racial identity.

In fact, many Japanese leaders seem to find a strong moral support and mental stability in believing what is good for his company or industry is what is good for his country and visa versa.

A third, but not the least important factor is the similarity in education and training of top men in government bureaus and in large business firms. Higher education in Japan is very much centered in a half-dozen universities and there is a considerable common background and interest, as much as mutual respect, that is less commonly observed in the United States for example.

As already observed:

"That there are differences between Western or more precisely American and Japanese ways of managing business no one would deny. However, it is precisely what accounts for those differences that is not quite so obvious. Some economists feel that the basic cause is a kind of managerial gap resulting from the continued backwardness of Japanese management. If that is true, bridging the gap is a comparatively easy task: All that Japanese management has to do is imitate American management, profited by the experience of people who have achieved a higher degree of managerial progress. But not all economists are agreed that the basic cause is quite so simple. Some are convinced that differences in managerial practices result from environmental differences that have compelled businessmen in the two countries to adopt special, and sometimes apparently incompatible, ways of thinking and acting. If these economists are right, then the problem is a far more complicated one. It is possible to bridge a gap; it is not possible to change history.

Recognizing the importance of taking a due cognizance of differences, let us come back to more realistic problem: that is how a foreign wishing to operate business in Japan should behave. Should he adopt 100% the so-called Japanese business concepts and practices and behave like a Japanese when he is in Japan? Or should he re-

tain his own concepts and practices or in many cases the so-called Western innovative ideas and compels the local management to adopt it? Here again, the answer is not so simple. As a matter of reality, the degree of modification made by Japanese so that what they learned from the West to adopt better to the local environment varies considerably from one aspect of management process to another. What one needs to do, as a result, is often a judicious and pragmatic reappraisal of management practices which he intends to bring with him to Japan in relation with particular environmental factor differences that he may find in his local operations on a case by case basis.

In connection with this, another point important to remember is the fact that Japanese, as I explained before, who has read so much about the so-called American management, done much differently from what they read and succeeded, are rarely aware of the conversion they have made and they are making.

In fact, a few years ago, I was amused to hear from one of my business school teacher friends in this part of the world making the following remark:

"Because of environmental similarities existing between Japan and my country more so than those between the U.S. and my country and because of our observation of Japanese management success which we know has been accomplished by the very tactful transformation of its original version in the oriental way, I sent my students to Japanese business schools to learn the techniques of conversion and adaptation. But I am disappointed to see that all what my students learned in Japan is how to organize and manage a production line for GM and marketing system for P & G. Are you Japanese hiding your secret of success from us?"

It is true that we seem to have an efficient and often effective mental process for conversion. But the process has neither been explained in any formalistic way nor many of us even realize the possession of such mechanism among ourselves. So, it may sound a bit strange. But when we are asked by people from overseas to explain the differences and reasons for such differences existing between the Japanese and foreign management concepts and practices, it takes our conscious effort to search answers to such question. Why do many Japanese have such a mechanism inherently? I think it is appropriate to go back to our process of modern industrialization in Japan in which we have long been trained under a slogan: "Let us catch up with the West by the adoption of Western technology, of course, including those of business management, with Japanese spirit."

If Japanese were successful in adopting Western management concepts and practices with Japanese spirit, what are to be hoped for a foreign wishing to operate business in Japan? It, I think, is to adopt, at least to some workable extent, Japanese management concepts and practices with foreign (or his own country spirit).

Here let us contemplate on the problems of doing business in Japan and environmental factors accompanied with them that may confront you when you as a foreign businessman

try to manage financial aspect of your business in Japan.

1) Foreign-owned firms operate outside "Japan Inc."

There is no legal discrimination on the raising of funds by foreign-owned firms from local sources in Japan. But it is obvious that for them there exist a number of intangible disadvantages stemming from indigenous social, linguistic, or accounting customs. It is, therefore, essential for any foreign company envisaging and capital sourcing in Japan to acquaint itself thoroughly with the country's ways of thinking and doing which in many cases, as observed previously, differ radically from those in the West.

One of the most important disadvantages which a foreign company newly entered into the country may encounter is the fact that it stands outside the complex network of affiliation and mutual help as may be called "Japan, Incorporated," that exists between Japanese competitors and their banking houses. In fact, Japanese banks often maintain a close relation with most of major industrial companies to which they provide funds. Banks even own a portion of equity in a number of client firms.

Under an easy money condition like we experienced in Japan last year, foreign firms in Japan did rarely encounter any big difficulties in raising funds necessary for financing their local operations. But in true of tight money, the banks tend to restrict their extension of loans mainly to their affiliates and there is a danger that foreign firms without a proper banking connections will be pinched badly.

There seems to be a few protective measures applicable to prevent the occurrence of such adverse situation.

The first is to make a corporate in a joint venture form with local partners who have strong relationship and affiliation with Japanese banks, the service of which may be shared profitably between the foreign and Japanese partners.

Secondly, though it is outside the banking system, it is also useful to maintain a good working connection with major companies in Japan since they often like to double their role as finance—organizer.

Thirdly, foreign-owned companies in Japan can borrow necessary fund from abroad. However, such borrowing always require case-by-case approval by the Foreign Investment Council.

2) Shortage of Personnel Supply with Expert Knowledge and Skill

Once you are in Japan with funds sufficient to run your local operations, then you need to look for an indigenous personnel who can manage and control the funds in many cases as the head office dictates its procedure and standard.

Though auditing of the corporate amount may be handled properly by internationally approved accounting firms retained from year to year, you still need to have some one inside your operating unit to deal with its daily control of operations. And this is an area where you may also run into a considerable difficulty.

In Japan, not like in the U.S., there is few or almost no (except my Keio University Business School) high educational institutes which are designed to develop "professional managers." In the University, particularly in the traditional Faculty of Commerce and Business, young students are of course trained in accounting. But the training so given often tends to

be too academic to find any immediate practical use after their graduation from the University and the recruitment by your local unit. Moreover, what they are trained at school does not necessary correspond to the teaching of Anthony as many of their American colleagues may be exposed.

Under the circumstances, if you need an accountant or finance-controller with the qualification you like to see him be equipped, you must go to a proper school, recruit a novice and train him on the job in your company till he will develop the skill you require. It is a long and time consuming process that few of the impatient businessman can endure.

Then, a natural alternative is to go to some established Japanese concerns with reasonable accounting and finance control experience and mechanism and recruit or pirate an expert who have already had necessary on-the-job-training and experience to meet your requirements. Aside from the very likely differences in accounting and control approaches used in the Japanese company, this is a very difficult maneuver since very few, if any, particularly if he is a good & able employee of an established Japanese firm, wishes to separate himself from the slow but stable career under the previously explained seniority conscious permanent employment system and more into a more challenging and interesting but naturally more risky and unstable career in a new foreign firm.

Because of this difficulty of recruitment, the merit of going joint venture with an established Japanese companies is often emphasized since formation of such a partnership can at least assure the import of some personnel with expertise knowledge and skill from the Japanese partner.

3) Management on debt—financing

To the eyes of a Western business analyst, Japanese firms are seriously undercapitalized. In accordance with the Bank of Japan statistics, the ratio of net worth to total assets for major Japanese companies in all industries in September 1972 was a mere 17.46%, down from 17.98% a year before. This gives Japanese companies a debt equity ratio of 4.73 compared with 1.9 in the U.K. and 0.9 in the U.S.

Current ratios (current assets to current liabilities) of Japanese firms also illustrate their highly illiquid condition. In September 1972 all industry had a current ratio of 1.10.

In view of these, Japanese firms rely to a great extent on external financing for survival. Short and long term borrowings are the main sources of funds, while securities issues play a smaller role.

Financial institutions, especially private institutions were the main source of fund in 1970 (about 84% of the total funds). Of total funds supplied by financial institutions, city banks provided 38%, long-term credit banks 10.9%, trust banks 15.6%, provisional banks 7.4%, government financial institutions 10.7% and other financial institutions including insurance companies 17.8%.

Of remaining funds raised by companies, only about 11% came from stock and bond issues, and 5% from foreign borrowings.

Let us here ponder on some of the major background reasons for such managerial dependence on debt financing in Japanese corporations.

In the first place, as long as Japanese businesses continue to grow using corporate debt as a

sorry about a poor debt equity leverage, there was nothing to worry about a poor debt equity ratio. After all, the cost of debt financing has been cheaper than those of equity financing.

Secondly, under a strong inflationary pressure as we are experiencing today, this type of financial management was considered to be less risky than equity financing. (In the post world war II period during which Japan has accomplished a miraculous recovery and development, the Japanese government itself encouraged large investments in plant facilities through liberal extension of city bank loans, backed up by the money-issuing central bank, the Bank of Japan. Japanese businessmen were naturally aware of the danger of relying too heavily on bank loans. But there were also compensations.)

For example a loan of ¥100 million today might be worth only ¥50 million tomorrow, thus easing the return of the used money. Whereas an identical increase in equity capital might simply have entailed future contraction of corporate net worth making the actual cost of the initial investment very high.

In this connection, I recall that I heard many people say; "since everyone else is using borrowed money for business expansion, why shouldn't I do the same? If I do not and as a result cannot meet the increase demands of tomorrow's market, my market share may decrease and may be very expensive to regain."

Thirdly, there is an unconscious belief that Japan Incorporated can not afford to see a business in the establishment going out of business.

As long as some truth is involved in these assumptions and belief, there seems to be no immediate impetus for Japanese managers to take concrete action changing status quo.

On June 13, 1973, the Ministry of International Trade and Industry of the Japanese Government made public results of their "survey on the state of foreign capital affiliated business." This survey compares the business performance of 1,176 foreign capital affiliated companies presently operating business in Japan with those of major domestic companies. At a glance of the results, I found them very interesting. Let me here cite some of its highlights.

1) Though the total volume of sales by foreign capital affiliated companies is as small as 1.7% of the total sales of all businesses operating in Japan, their rate of growth in sales and net profit after tax ratio are much better than those of their Japanese counterparts.

(1) For an example, using the 1964 level as the standard (=100), the growth rate in sales of major Japanese firms stood at 255% for all industrial categories and 245% for manufacturing sector. In the meantime, foreign capital affiliated firms showed a higher growth rate of 315% and 316% on a similar comparative basis.

(On this point, MITI explains that this is attributable to the fact that the majority of foreign firms have entered into promising Japanese industrial fields and that most of them are newly established ones hence they tend to have a higher growth possibility as compared with relatively older major Japanese firms.)

(2) Next, concerning net profit after tax, the rates of net profit to sales for foreign capital affiliated firms were 3.7% for manufacturing and 1.6% for non-manufacturing firms.

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Editorial

International Youth Survey

This August, the statement of the international youth survey was published by Japan Prime Minister's Office. The survey was conducted last year among each 2,000 youth of eleven nations of the world.

The statement says in its preamble: "The aim of this investigation is to collect data that will make foundation of policy for the Japanese youth. So, it is necessary to know the present conditions of the Japanese youth exactly and the reasons why they came to the present conditions. If not so, policy for youth will go nowhere." Adding to this, the statement says:

"Therefore, concretely speaking, the investigation has an aim to clarify how the post-war rapid modernization and economic growth influenced the Japanese youth."

As the best way to grasp the present conditions of the Japanese youth as they are, comparative study with foreign youth was adopted in the survey. Nations in the comparison are the United States, Great Britain, Northern Ireland, West Germany, France, Yugoslavia, Switzerland, Sweden, India, Philippines, and Brazil. They youth involved are aged from 18 to 24 with various occupations. Questions are about their family-life, school life, working conditions and their views of life.

We will take a look at some of the investigation results and make some comments on them.

Views of Life

Question: What do you want most in your life? Each majority of all nations answered "sincerity and love between myself and others." Among them, the percentage was the highest (63.5%) with Americans and the lowest (34.9%) with Indians, and 35.8% with Japanese. Of the Japanese who were involved in the survey, 28% answered "a job worth doing" and 18.7% answered they did not know what they wanted. This was the highest percentage.

As to this question, the Japanese youth showed similar results to those of the West German. Especially, males of both nations answered "a job worth doing."

Ever since the Imperial Restoration, life-aims of the people have been confined to the control of the governmental power. Because the then Government took a drastic policy emphasizing rapid modernization and high economic growth to catch up with other developed nations.

However, now that each individual has become aware of the fact that individual interest can not necessarily go along with the national interest, the people appear to be unable to find how to live in their own way. In relation to this, it is often said that the traditional value-concept and morals have begun to collapse. However, many of those concepts were built up in the past one century, and one hundred years is not long enough to make ideological entity of any sort traditional. So, what has collapsed in only one century can not be evaluated as "traditional." In this sense, we should not be misled in thinking that faith and devotion to the nation and employers were traditional.

Originally, value concept and morals are not given by the nation. They were born by the people and have been growing among the people. From now on, it is ourselves that make true value-concept and morals.

School Life

A storm of student movements, which rose first in Paris in 1968, raged all over the world. We know that the appeal common to every student movement aimed to show their dissatisfaction with the administration system of schools, especially that of universities, which was not ready to accept students' opinions. At the same time, their appeal put various problems of education in relief.

Last year at Keio, during the strike over the problem of tuition-hike, we also discussed the meanings of university education.

With respect to those problems, the results of the investigation on school life clarify as follows. At the first sight, we find that as compared with the youth of other countries, the Japanese youth show extraordinary high dissatisfactions with school life. Twenty-nine percent of French show the same dissatisfactions and this is the highest percentage of all nations, except 45.3% of the Japanese. To sum up the dissatisfactions of the Japanese, the conclusion is this:

Present-day school education tends to be mass-productive and put its emphasis on mere memorization and examination results, while disregarding human qualities of students. Despite the fact that such educational problems came to the fore several years ago, it is surprising that they are left unsolved even now. We think that the Government and Central Educational Council intend to make schools an organization to produce stereo-typed men who act only as told.

Next, we will think about the Japanese youth on their higher education. Nearly 40% of them say that they need to go to higher schools for better education, and 25% of them say that their purpose to study at higher schools is to get chances for better job and marriage. Views of education and higher education will be various according to nations, societies, and individuals. But education should pursue its own purposes, though school education tends to be a kind of instrument for the attainment of certain purposes. We know one of the examples in World War II that education was used as instrument. Education has so much influence on the formation of humanity that it must not be used mechanically. Meanwhile, 24.8% say they have to go to higher schools

in order to improve their chances for good job and marriage. This clearly shows an aspect of the present social conditions of Japan. For example, there is a problem of "gakureki" (a social tendency to place an extraordinary emphasis on how one was educated).

Nation and Social Life

What do you think is the most important thing for our country to do now? Select one out of the following six items:

1. To respect tradition and culture
2. To improve and enrich the nation's economic life
3. To place more emphasis on social security and a secure way of life for the people
4. To build a peaceful society
5. To protect natural environment
6. To earn respect in the international community

Those who selected item 3 registered a very high percentage in every nation. Judging from those results, it can be said that social security is commonly important to every nation. In Japan also, social security is selected as the most important thing. This is reconfirmed by other investigation results which say:

1. Present day society is, for old people, hard to live in (82.9%).
2. The present policy, which is oriented to industrial development, tends to make people unhappy (90.4%).

There are other dissatisfactions, each of which is also increasing. How will they try to settle their dissatisfactions?

Nearly half of the Japanese youth answer that they will use their voting right but do nothing more. Thirty-six percents of them say that they will resort to legal measures, such as petition, letters of complaint, demonstration, strikes, and others. Only 3.6% say they will take illegal measures, if necessary.

Next, the survey asks the reasons for the answer that they will use their voting right but do nothing more. Almost four-thirds of them say that social problems around them are beyond the reach of individual power. Eighteen percent of them say their personal affairs are more important.

Is it too hasty to conclude, from these two answers, that most Japanese youth are disappointed at their government?

The voting right is the foundation of parliamentary democracy. It seems that we use the voting right to improve our living rather than our government. Our politicians make policies on the basis of the results of our voting, and this is the basic rule of our democracy.

We have thus analyzed the results of international youth survey for the purpose of learning their view of life, school-life, and social life. It seems an urgent social demand to settle these dissatisfactions caused from rapid modernization and economic growth. So, if we can find effective ways to settle those dissatisfactions, that will be very helpful for the solution of similar problems in other developed nations. However, it is also true that evils in the present social conditions are not necessarily resulted from rapid modernization and economic growth. Only to say that the Government is bad does not improve the present social conditions. Therefore, not only politicians but also the people need to re-consider the results of the international youth survey.

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The similar ratios for Japanese firms were 1.9% and 1.4% respectively.

2) A comparison of more general financial ratios between foreign capital affiliated companies and major Japanese companies shows extremely interesting results.

For major Japanese companies in the fiscal year of 1971, average level for current ratio, fixed ratio and net worth to total asset ratio were 110.37, 252.02 and 17.46. The identical ratios for major foreign capital affiliated companies vary depending on the percentage of foreign shareholdings. In the first place, the so-called 50/50 joint ventures left the poorest record, leaving figures like, current ratio 107.2, fixed ratio 230.9 and networth to total asset 26.2. Secondly, the foreign capital affiliated companies in which foreign investors held a minority did slightly better, with current ratio 130.3, fixed ratio 142.9 and networth to total asset ratio 26.2. Thirdly, companies in which foreign investors control the majority of shares recorded the best performance. Current ratio was 158.3, fixed ratio 78.4 and above-all networth to total capital ratio 58.1.

What does this mean?

The percentage of shareholdings tends to reflect the degree of control of management techniques and methods including financial control that can be exerted by particular shareholders. When foreign investors

control the majority of shareholders, isn't it wrong or misleading to assume that they have had a broader freedom to apply their Western oriented management thinking and practices to their Japanese operations? If this is true, and if it has worked well, then a new hypothesis may be formulated to the effect that so-called Western or more particularly American method of management, including those of finance, may be applicable effectively to Japanese environment and produce better results than the management relying chiefly on Japanese method or the management whose choice of method is undecided between 50/50 control split.

However, I feel it a bit too hasty to arrive at this easy conclusion. Because even in an management where American type control is predominant, a sensible must be always conscious of the need and ways how to adapt his home country method to new environment so that such application can produce an optimum result.

This question of how to maintain a balance between uniformly and fragmentation in the choice of managerial method seems to be an eternal problem for an international managers in the age of multi-national operations of business.

Nevertheless, the MITI report just discussed does not disclose any details in the degree of adaptation of local ways of doing business in Japan by foreign managers of foreign capital af-

Cultural Exchange Between Japan and S.E. Asia

By Dr. R. Taira (Keio Law Det.)

The Japanese Government had been giving aid to the universities in the Southeast Asian countries by sending teachers of the Japanese language and Japanology and by providing necessary books and materials. Starting from October 1972, the business was succeeded by the Japan Foundation, newly organized body to promote cultural exchange between Japan and foreign countries.

From the beginning of the program, Keio University has been extending assistance to Chinese University of Hong Kong by sending three members of the staffs of Japanese language and study under the program. As a member of the staffs, I have spent from the year 1972 to 1973 at Chinese University. The staying in Hong Kong gave me an opportunity to think of the problems concerning international cultural exchange.

In Chinese University, we have about 200 students who are enrolled in the courses of Japanese language and study. 60% of them are the students in the field of social science, mainly economics and commerce, 30% of them study the liberal arts, and 10% of them belong to natural science field. The university authorities wish to offer the Japanese study course in the field of business or commerce for the years. This comes from the influence Hong Kong itself has.

The city Hong Kong has developed as a trade post of the market town of the Far East. But Hong Kong itself is artificially made; it has no well-established cultural background or tradition in its history. And Hong Kong is still a colony of the Great Britain. In a colony, rulers will not encourage the discussion on the subjects of politics among the people. Mainly they make the people pay their attention to the field of economics or business which might bring prosperity of colony and better living of the people.

In addition to this background, post war influence of Japan to the Southeast Asia, including Hong Kong, has been conspicuous in the field of economics and business. Japan is a country of a huge economic force which can not be ignored for the trade and industrialization of Hong Kong. This must be reason why many students would like to take Japan lessons in the college and many people in the town are taking the Japanese course in the Japanese schools. The motives to study Japanese language are very practical in this sense. We can find only a few students who wish to pursue Japanese language as base for the study of the Japanese culture. Also we have small but growing number of natural science students who wish to take the Japanese language course.

It seems to Chinese people

that Japan is less culturally developed area, because Japan is a small country located in the frontier of the Chinese cultural area. That might be the reason why only a few Chinese people show particular interest in the study of Japan, whereas Chinese classics have been studied for centuries in Japan.

However, since Japan has played a leading role of modernization in Asia in this century and offered a model of westernization in Asia, many people in Asia has paid much attention to Japan. Early in this century, many Chinese people came to Japan to study her modernization, but Japan failed to meet their expectation and became unfavorable 'leader' of the area. Even after World War II, many people in the Southeast Asia are looking Japan and wish to learn something from Japan, because Japan achieved a big economic development in the quarter of this century and Japan is the only country in this area making democratization without coup d'etat, civil wars, rebellions in these 25 years. Also some people wish to absorb the fruits of development of Japanese natural science. Though the most people are studying Japanese language for particular purposes, we can also recognize some people are studying Japanese language as instrument of the further Japanese studies.

Even though many people in the Southeast Asia, including Hong Kong, are taking lessons of Japanese language, they are not necessarily given good training. Some of the teachers are teaching Japanese merely because they can speak Japanese, but they lack training for languages.

Some of the textbooks of Japanese language are not good enough as the language study. Our preparations for this are not complete. We have almost no institutions which give linguistic training of Japanese for foreigners. We have no system to improve the ability of Japanese language teachers. For example, there is a problem of textbooks. Though each of them may have certain purpose, some might aim at intensive training, which is not suitable for long term teaching, and some might be good for practical purposes but not suitable for academic study of Japan. The method of teaching should be various, according to each area, so that Japanese Government must offer the model of Japanese language teaching.

We have long been accustomed to absorb cultures of foreign countries and not well trained to transfer our culture to foreign countries. Even though we have a number of Japanese scholars abroad, it is difficult to find adequate teachers who can teach Japanology in the overseas universities.

In Japan also, we have only a few teachers who could teach Japanology in the overseas universities. So even though Prime Minister of Japan gave a promise to extend aid for Japanology in the overseas countries, what we can do at most is to provide monetary support for these institutions. Even though Japan is making great overseas expansion in these days, we are not ready to provide any cultural information to the overseas countries. It must be necessary for us to train teachers in this field and give them the honorable status.

Therefore, the proving of validity of the hypothesis I proposed still wait for future research and study.

Here I should like to close my remark, while only reminding you of my previous suggestion—that is to say: when you operate your business in Japan "please try and test again by yourself the Japanese experience that has proven so successful in the past by adapting your method and practices to the Japanese environment with your own spirit."