


An Abstract of the Thesis of

Patrick Oblander for the degree of Master of Science in Forest Management presented on November 14, 1994. Title: Intercultural Communication and the United States-Japan Wood Products Trade.

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This paper seeks to answer whether problems in intercultural communication contribute to difficulties in wood products trade between the United States and Japan. It summarizes the more commonly heard complaints about the current state of this trade flow, including trade barriers and product specifications. It then offers a list of rules to follow in intercultural business situations, as distilled from various publications on the subject. The author surveyed American companies that export wood products to Japan and the Japanese companies that import the products to assess these companies' performance in relation to these rules. The quantitative survey identified several key areas of concern to these businesses, and these concerns served as the basis to a series of qualitative interviews with the individuals who filled out the survey. The paper reports the comments of these interviewees and discusses the results. The paper finds that the interviewees do find intercultural communication to be problematic, reveals that the two sides interpret some aspects of their communication differently, and relates several pieces of advice offered by the participants concerning U.S.-Japan wood products trade. The paper concludes that the long distribution channels characteristic of the trade flow hinder the flow of information and thus prevent better communication.

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Intercultural Communication
and the
United States-Japan Wood Products Trade

by

Patrick Oblander

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I understand that my thesis will become part of the permanent collection of Oregon State University libraries. My signature below authorizes release of my thesis to any reader upon request.

Signature redacted for privacy.

Patrick Oblander, Author

Dedicated lovingly to my family, Yuko and Carver.

線消える
時、日、海、森
望み、君

Lines fade, conjoining
Water, woods, time, shadow, hope
Where these blend, you are.

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Table of Contents

I. The Purpose of This Study: Culture and Communication as Trade Barriers in Wood Products Trade	1
II. Background to Problems with U.S.-Japan Wood Products Trade.....	4
II.1. The Tenor of U.S.-Japan Trade.....	4
II.2. A Sketch of U.S.-Japan Forest Products Trade through Time.....	6
II.3. The Trade Barriers We Face.....	8
III. A Concept and Operational Definition of Intercultural Communication	15
IV. Literature Review: The Role of Communication in Japanese-American Trade.....	17
V. Rules to Follow in International Business Communication.....	25
VI. Statement of Research Questions.....	30
VII. Methodology.....	32
VII.1. Type of Study.....	32
VII.2. The Survey Instrument--Purpose and Structure.....	33
VII.3. The Interview--Purpose and Structure.....	33
VII.4. Participants in the Study.....	34
VIII. Results of the Survey and How These Affected Wording of the Interview.....	36
VIII.1. The Importers' Survey.....	36
VIII.2. The Exporters' Survey.....	36
VIII.3. Comparison of Surveys.....	37
IX. Interview Results.....	39
IX.1. An Overview.....	39
IX.2. Language.....	40
IX.3. Relative Concepts of Etiquette.....	42
IX.4. Cultural Values.....	43
IX.5. Technical Preparation.....	50
IX.6. Appropriate Pacing.....	51
IX.7. Personal Relationships.....	53
IX.8. Appropriate Personnel.....	58

Table of Contents (Continued)

X. Conclusion.....	60
X.1. Discussion.....	60
X.2. Answering the Questions of Interest.....	70
X.3. Theory Revisited.....	74
X.4. Implications of Results.....	76
X.5. Caveats--Limitations of the Study.....	77
X.6. Future Research.....	78
X.7. Afterword.....	78
Bibliography.....	81
Appendices.....	85
Appendix A.....	86
Appendix B.....	88
Appendix C.....	90
Appendix D.....	92

List of figures

<u>Figure</u>	<u>Page</u>
1. A possible chain of transactions showing the flow of wood products (upward) and money (downward).....	12
2. Framework of the research method.....	32
3. The chain of transactions that carry not only wood products upward and money downward but also information in both directions.....	69

Intercultural Communication and the United States-Japan Wood Products Trade

I. The Purpose of This Study: Culture and Communication as Trade Barriers in Wood Products Trade

In recent years Americans have become familiar with the term "trade friction," especially when the trading partner in question is Japan. We have heard about barriers that interfere with the two countries' trade. Analysts point to escalating tariffs, buy-domestic campaigns and subsidies to protect native industries as common trade barriers.

But writers in recent years have extended their definition of trade barriers to include the subtle and the indirect. Modern communication theory suggests that cultural differences frequently lead to poor intercultural working relations, even acts of military aggression (Berger, 1987). Interacting with members of other cultures or groups within a culture does not by itself lessen the distance between them. Gudykunst, Yang and Nishida (1985) found no support for the idea that increased communication reduces tension, for example. Meeting and talking to others, even in the same language, does not mean one is communicating. As Barnlund (1989) words it,

[C]ontact between nations has, more often than not, actually exacerbated existing antagonisms. Armed hostilities are more common across the borders of neighboring cultures than between cultures separated by great distance. Familiarity, it is said, breeds contempt, especially when contact consists only of uncomprehending confrontation.

Stephan and Stephan (1985) label the resulting tension intergroup anxiety. The consequences of such anxiety are behavioral, cognitive and affective. Behavior changes in that people attempt to avoid or limit encounters with culturally-different others, exaggerate cultural norms of interaction behavior (such as politeness) or else abandon such norms completely. Cognitively, intergroup anxiety causes those who interact to process information in ways that reconfirm stereotypes and to feel self-conscious and defensive. Affectively, participants in intergroup encounters find their emotions and evaluations of each other heightened. For example, a small setback causes more disappointment than usual (Stephan and Stephan, 1985).

Systematically speaking, Hall and Hall (1987) note several factors that make cultural interfacing difficult. For example, cultures with a high level of context (in which less meaning is invested in explicit messages than in implicit messages) make it difficult for other cultures to interact with them. For another, two groups with a great cultural distance will find interfacing difficult.

We may well suspect, then, that Japanese and Americans will find their interactions difficult and stressful. Japanese are famously high context and Americans low context (Hall and Hall, 1987). Hofstede's (1984) study defined four cultural variables (individualism, power distance, uncertainty avoidance, and masculinity) and found that the U.S. and Japan rated significantly far apart on all of these except power distance. As a result, we recognize, as does Tung (1984), that "Given the vast socio-cultural differences between the two nations, an American businessman cannot approach a business negotiation with a Japanese partner with the same attitude and perspective as he would a domestic or West European counterpart."

This study questioned how well American wood products exporters and Japanese importers communicate in the act of negotiation. Does the industry reflect the same tendencies that Barnlund and Tung observe, and might this account for some of the problems this area of trade has demonstrated?

The study used the following format. The coming pages give an introduction to the tenor of U.S.-Japanese trade in general and the wood products trade between the two countries specifically. There follows a sketch of the history of the two countries' wood products trade relations, and a summary of the arguments usually made about perceived Japanese barriers to the import of American wood products.

After filling in this background, the study turns to the role of intercultural communication in U.S.-Japan trade, beginning with conceptual definitions. It proceeds to a review of literature about the effect that culture in general and communication in particular exert on international business. From these theoretical and practical readings come a list of often-given suggestions concerning intercultural communication for those doing business with Japan. These ideas become the basis for answering the questions of interest, which are then related. The tools for answering these questions include a survey of Japanese and American wood products traders to discover which of the issues noted actually concern individuals in this industry. These results, in turn, serve as the foundation for a series of interviews with these same individuals to acquire qualitative information. Analysis of these remarks will open a discussion on the state of relations between Japanese importers and American exporters of American wood products, to answer the questions

of interest, and to suggest possible research topics for the future. In this way we will gain insight into the role that intercultural communication plays in the U.S.-Japan trade in wood products. We then can evaluate whether in this case familiarity has bred contempt.

II. Background to Problems with U.S.-Japan Wood Products Trade

II.1. The Tenor of U.S.-Japan Trade

Mutual suspicion has marked U.S.-Japan trade for decades now. A defeated nation in 1945, Japan depended on U.S. aid to survive. Perhaps sensing no threat from a nation it had so recently defeated, the U.S. seemed unconcerned when in the 1960's Japan began to supplant the U.S. television industry and took a great share of sales away from U.S. automobile companies. Some Americans declared that Japanese were obviously better copiers and improvers than inventors. In the 1980's Japanese investors bought well-known American real estate (most notably, the Rockefeller Center) touching off fears of a massive selling out of the country to Japanese overlords. In fact, Japanese investment in America never equaled that of the British, a fact that prompted criticism that certain Americans were inciting irrational, racist fears of Japan as a non-Caucasian country. The evening news brought us images of American autoworkers smashing Japanese cars with sledgehammers and Japanese farmers burning U.S. presidents in effigy. Two American scholars predicted far worse in *The Coming War with Japan*, which claimed that the two nations had put themselves on an irreversible course toward trade war and possibly military war. Not long before the book's publication, a division of Toshiba was caught making sales of restricted submarine parts to the Soviet Union. This led to more anger and mistrust that only heightened with the publication of *The Japan That Can Say No*, by Ishihara Shintaro (1991), a Japanese politician who hinted that Japan could alter the global balance of power by siding with the Soviet Union.

From our present vantage point in the mid-1990's, we can see that the rhetoric between the two nations has cooled considerably. For one thing, the Soviet Union and Cold War no longer exist, and in general the rhetoric of trade disputes, however heated, has refrained from military threats. For another, Japanese investment in the U.S. has slowed considerably, so much so that the fear of a Japanese "takeover" is all but forgotten.

Nonetheless, trade disputes and threats of trade war persist, albeit stripped of the nationalism they inspired in earlier years. American politicians continue to press aggressively for the opening of the Japanese market to imported rice and cellular telephones and for numerical targets to assure that more U.S. automobiles are sold in Japan. But the fact that previous trade issues, such as those over beef, oranges and apples, eventually were resolved, tempers passions in the current disputes. Japanese negotiators still try to

protect their native industries, but certain of these, such as agriculture, have seen their influence diminish with the decline of the Liberal Democratic Party, their traditional ally (and, by the way, the party of Ishihara Shintaro, author of *The Japan That Can Say No.*) Despite all the changes, these trade disputes persist largely out of inertia. The several changes in government that the two countries have undergone since the famous Ron-Yasu years (the tenure of President Ronald Reagan and Prime Minister Nakasone Yasuhiro) have actually resulted in little change in these questions. This may reflect the presence of entrenched bureaucracies in both countries, but even more it is a measure of the near-intractability of the trade issue between the U.S. and Japan.

Wood products trade between the U.S. and Japan has experienced these same trends. In the years after World War II, Japan went heavily into the production of plywood, eventually becoming the world's major source of the product and crippling the industry in the previous major source, the United States. Japan got into this industry by importing American wood for manufacture into plywood; this has set the pattern for U.S.-Japan wood products trade disputes to the present day, in which U.S. log suppliers find a sizable demand for their product in Japan, but manufacturers of value-added products have a difficult time selling their goods in the country. Problems in wood products trade resemble the general trade dispute with Japan in other ways. American exporters of wood products have encountered difficulty with escalating tariffs, that is, a higher rate of duty on the more value-added products, market inefficiencies due to complex distribution channels, differences in quality standards and differences in product specifications. Japanese wood products importers defend themselves with an argument similar to importers in other industries: the product is not suitable for the Japanese market. U.S.-Japan negotiators have addressed the issues in the area of wood products trade, with considerable success in the Tokyo Round of the General Agreement on Tariffs and Trade (GATT) and in the Market Oriented Sector Specific (MOSS) talks, and with a great deal of frustration in the Uruguay Round of GATT. The wood products trade dispute, then, is a microcosm of the greater U.S.-Japan trade debate. It is only one part of this greater debate, but many among us who live in the Pacific Northwest, where a significant share of employment derives from wood products, have a material interest in this dispute.

II.2. A Sketch of U.S.-Japan Forest Products Trade through Time

The following lists the major events in the history of the U.S.-Japan forest products trade:

1860's: Japan enters the international forest products trade as a net exporter of wood (Moffett and Waggener, 1992).

1907: Japan's net wood exports peak at 1.0 million cubic meters (Moffett and Waggener, 1992).

1921: Japan lowers tariffs on imported wood to satisfy domestic demand. The country becomes a net importer of forest products for the first time (Moffett and Waggener, 1992).

1923: The Great Kanto Earthquake destroys Tokyo. The rebuilding effort creates a huge demand for American lumber (Western Wood Products Association, 1992b).

1926-33: Japan raises tariffs five times to encourage domestic production and cut imports (Murashima, 1988).

1945: World War II has leveled Tokyo and a hundred other cities and towns. Though Japan needs to rebuild, it has already plundered its own forests, has lost its colonies, and has little foreign exchange with which to import forest products. The government adopts a policy of building as many non-wooden structures as possible and reforesting the country. The country begins to import logs from various countries, which it manufactures into plywood to sell primarily to the United States. The Japanese dominate international plywood manufacturing until the mid-1960's (Western Wood Products Association, 1992b).

1950's: Japan's economy begins to grow quickly, and along with it demand for wood products.

Late 1950's. American protests force Japan to curtail plywood exports (Moffett and Waggener, 1992).

1962: The Columbus Day Storm blows down an estimated 7.5 million cubic meters of timber in the Pacific Northwest. The region finds a ready market for the timber in Japan, and this event helps establish a flow of forest products between the Pacific Northwest and Japan (Moffett and Waggener, 1992).

1968: Congress appends the Morse Amendment, limiting log exports from federal lands to 826,000 cubic meters per year, to the Foreign Assistance Act (Moffett and Waggener, 1992).

1970: Japan becomes a net importer of both processed and unprocessed forest products, despite high tariffs, such as 20% on plywood (Moffett and Waggener, 1992).

1970's Further legislation completely eliminates the export of unprocessed logs from federal lands in the western United States (Hines, 1987). Other acts limit log exports from state forest lands in California, Idaho, and Oregon (Flora, 1991).

Early 1980's: Indonesia bans the export of raw logs, depriving Japan of an important source of lauan logs, favored for making plywood (U.S. Department of Commerce: International Trade Administration, 1989).

1985: U.S. President Ronald Reagan and Japan Prime Minister Nakasone Yasuhiro help initiate the Market Oriented Sector Specific (MOSS) talks. These talks aim to improve U.S. access to the Japanese market for forest products and three other commodity sectors. The talks led, in the following two years, to tariff reductions, the writing of standards for some engineered wood products to allow their use in construction, and a process for facilitating approval of imported wood products (U.S. Department of Commerce: International Trade Administration, 1989).

1986: The Tokyo Round of the General Agreement on Tariffs and Trade ends, and the developed countries sharply reduce their tariffs on imported wood products (Puttock, Sabourin and Meilke, 1994). In the same year, Japanese government subsidies for forestry and forest industries increased by 96% over the previous year (The American Chamber of Commerce in Japan, 1994).

1989: The U.S. Trade Representative designates Japan an unfair trading country, singling out its policies on forest products trade (Japan Lumber Importers Association, 1989).

1990: Japanese housing starts peak at 1.7 million units. (Japan Lumber Importers Association, 1994). Japan and the U.S. negotiate the Wood Products Super 301 Agreement, in which Japan pledges it will gradually eliminate tariffs on lumber imports from the U.S. (The Associated Press, 1994b)

1991: The Japanese recession begins, and housing starts crash to 1.37 million units, improving only slowly the following two years. (Japan Lumber Importers Association, 1994).

1992: Government subsidies to the forestry industry in Japan rise 113% over 1990 levels (The American Chamber of Commerce in Japan, 1994).

1993: Japan, the United States and many other countries complete the Uruguay Round of the General Agreement on Tariffs and Trade. The U.S. has pressed for the complete elimination of Japan's tariffs on wood products in exchange for reduction of U.S. tariffs on electronic goods. Japan pledges only to reduce wood products tariffs by 50% over five years. The chief U.S. negotiator says the Uruguay Round settled most of the country's trade disputes with Japan, with wood products the key remaining issue. The two nations agree to continue bilateral negotiations after the Uruguay Round (The Oregonian, 1994).

1994--the present: The U.S. seeks a compromise by asking Japan to reduce its wood products import tariffs by 75%. Japan sticks to its 50% pledge (The Associated Press, 1994b). The United States Trade Representative puts Japan on a "trade watch" list as a warning that Japan maintains barriers to imports of American wood and paper products (The Associated Press, 1994a).

II.3. The Trade Barriers We Face

Since 1986 the United States forest products industry has enjoyed a period of concessions by the Japanese government, and with obvious effect. Between 1986 and 1989, U.S. wood products exports to Japan more than doubled. But many believe much more is possible (U.S. Department of Commerce: International Trade Administration, 1989).

Tariffs on wood products imported into Japan are among the most obvious policies dampening the flow of these goods. These tariffs strive to protect native industries. For example, in a practice known as tariff escalation, softwood logs enter Japan duty-free, roughly finished softwood lumber at 4.8%, and very finished softwood lumber at up to 8 or 10%, depending on species. (All rates were valid before the conclusion of the Uruguay Round.) Hardwood lumber and some softwood lumber species have no tariff where they do not compete directly with Japanese products. Plywood tariffs range from 10 to 20%, depending on species type, thickness, and surface finish, primarily to protect the native plywood industry from Indonesian hardwood plywood imports. American softwood plywood, while less in demand because of its knotty appearance, nonetheless draws the same tariff rates as hardwood plywood. To impose a separate rate, the Japanese say, would be discriminatory. The variety of engineered wood products like laminated veneer lumber, glulam, particleboard, oriented strand board and waferboard are subject to diverse rates of duty. Here the problem has not only to do with the rates themselves but also in the uniform application of rates. Customs officials unfamiliar with these products have misclassified the materials and applied the wrong rate on occasion. Officially the customs office should tax glulam at 3.9%, but has assessed rates of 15 or even 20%. In some cases, the U.S. Department of Commerce: International Trade Administration suspects Japanese officials of deliberately altering the application of tariff rates to protect certain industries. Importers of laminated veneer lumber have seen their product's rate of taxation go from 10% to 20% through such an unofficial alteration. The Japanese government, it is noted, has targeted this product for domestic production (U.S. Department of Commerce: International Trade Administration, 1989).

Nations can also discourage imports through a variety of non-tariff barriers. Japan subjects most of its wood products imports to the Japan Agricultural Standard, or JAS. A number of problems are mentioned in regard to this standard. First, some people feel that Japanese authorities apply JAS more strictly to imported products than to domestic. Also, the JAS puts a great deal of emphasis on product appearance. Americans who test their own products with machines that measure load-bearing capability or bending strength express shock when a Japanese inspector conducts his own tests visually. Also, the testing process takes time. In response to U.S. pressure during the Market Oriented Sector Specific talks, Japan now allows foreign producers and industrial groups to apply for a JAS stamp, in other words, the authority to certify their own goods. Applying for this stamp takes time as well, but once received allows for speedier delivery of goods to the buyer. American exporters have little problem with the JAS as it concerns lumber, but have taken exception to its stipulations toward other products. Plywood standards are

based largely on the presence of surface knots. As for laminated lumber, the U.S. convinced Japan in the MOSS talks to test this product solely on the basis of strength (U.S. Department of Commerce: International Trade Administration, 1989).

Other types of standards apply as well. Japan's Ministry of Construction effectively denies the use of certain American products by enforcing the nation's Building Standards Law. The U.S. considers this law a trade barrier because the fire protection standards it includes are obsolete. For example, the law keeps wood off the exterior of buildings in densely-populated "fire zones". This reflects the Japanese strategy of trying to isolate fires to one building, whereas U.S. construction seeks to isolate fires to one room or floor. The U.S. has a valid point in considering Japan's standards obsolete: in 1982, 30.5 people in Japan perished per one thousand incidents of fire, compared to only 2.4 in the U.S.. Japan's fire standards can actually discriminate against fire-resistant wood products. In an extreme case, an American producer of such material submitted a sample for fire-resistant testing. The Japanese test required that the material be exposed to flame for a minimum period of time. But the fire-retardant foam which coated the wood repeatedly doused the flame before the minimum time had elapsed. The product failed the test for working too well. U.S. pressure has convinced the Japanese to make specific changes in its construction policies. For example, single-family wooden houses of three stories are now allowed. Beginning in 1986, Japan's Building Technical Review Committee, with one U.S. representative, convened to consider other changes to the Building Standards Law (U.S. Department of Commerce: International Trade Administration, 1989).

Aside from government-set standards, the wood products industry has evolved its own standard known as J-Grade, or Japan Grade. There is no single definition of J-Grade, but typically lumber importers and exporters will work out the details of this premium grade lumber which exceeds JAS and tends to fetch a price 5-15% higher. Some estimate that up to 90% of lumber shipments from the U.S. to Japan consist of J-Grade. Like official lumber standards, J-Grade standards do not appear to diminish lumber sales to Japan (U.S. Department of Commerce: International Trade Administration, 1989).

The Japanese government also applies financial policies that aid its native forest industries and thus indirectly work against those who would export wood products to Japan. These policies include subsidies, loans, tax incentives, and anti-bankruptcy measures. Government money subsidizes fledgling industries, such as companies that manufacture laminated veneer lumber, and industrial coops of small and medium companies. Norinkoko and Norinchukin are two government public finance agencies which extend loans to finance silviculture operations (such as thinning), facility upgrades, and product development. The government sets favorable tax rules for small and medium forestry

businesses. Finally, anti-bankruptcy measures exist. To the Japanese, bankruptcy is a delicate issue. The closing of a business displaces citizens and moves the country one step further from its goal of long-term self-sufficiency (U.S. Department of Commerce: International Trade Administration, 1989). The Japanese government apparently offers greater subsidies even as other market barriers come down. Sharp increases in overall subsidies to the forest industry occurred almost immediately after the 1986 conclusion of the MOSS talks and the 1990 Wood Products Super 301 Agreement (The American Chamber of Commerce in Japan, 1994).

Many industries express frustration at the inefficiencies of Japan's distribution system. The same problems exist in the wood products trade. In the log trade, as of the 1970's, only a dozen Japanese companies handled 86% of imports from the U.S. (The Boston Consulting Group, year unknown). This fact reflects the central role of the Japanese trading company in all wood products trade, but belies the reality of the innumerable companies that will handle the product before it reaches the final user. Participants in this study averred that there is not a "typical" distribution channel, but Figure 1 below captures many of the common components.

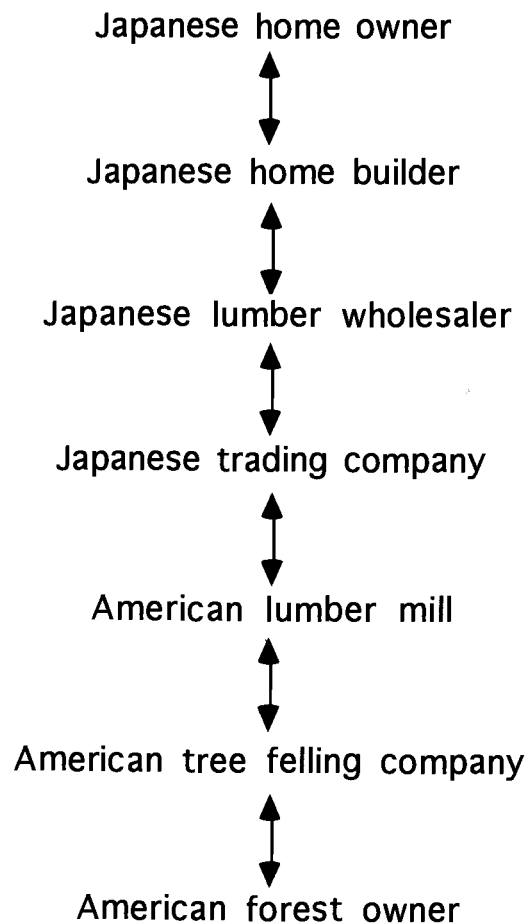


Figure 1: A possible chain of transactions showing the flow of wood products (upward) and money (downward).

We may think of the upward arrows as the flow of wood products and the downward arrows as the flow of money. The complexity and length of these distribution channels slow down the flow of information and goods. The U.S. Department of Commerce: International Trade Administration (1989) points out that each layer within a distribution channel adds interest, labor, land cost and profit margins which the consumer finally pays, making the product less economical.

As Ando (1982) describes it, Japanese distribution channels continue to evolve; new channels co-exist with older ones. He outlines three types of distribution channels that operate in the Tokyo area. In the first, the roughly 500 lumber mills and wholesalers

in the Tokyo Bay area accumulate materials from foreign and domestic sources and pass their products down through traditional channels. One Japanese in the study said that as many as five Japanese companies may handle these products, as they work their way through various mills, major wholesalers, minor wholesalers, retailers, and home builders. In a second type of channel, a group of 10-30 wholesalers will gather in areas of new construction. Such markets service the builders with virtually any product they need. At the time of Ando's writing, about twenty such groupings existed in the Tokyo area, carefully leaving enough distance among themselves to avoid competition. In a third pattern, major housing companies set up direct trade links with mills. Since the mills are tooled to cut to the housing company's unique specifications, the mill cannot easily change customers. Ando adds that the distribution channels will continue to change. In the meantime, says a government-sponsored report, the best way to gain a foothold in this distribution system is to find an appropriate Japanese partner who is already in it (U.S. International Trade Division, 1990).

When we consider wood products trade in isolation, it is easy to incriminate Japan for the various ways it consciously or unconsciously sets up trade barriers. In Japan's defense, if we consider all product types, we learn that the U.S. protects 34% of its product categories with some trade barrier, Japan only 7% of its products (Onkvisit and Shaw, 1988). In other words, in this study we are concentrating on a product type not very representative of Japanese industry as a whole. Further, we are concentrating only on the flow of wood products to Japan, not to the U.S.. This diverts our attention from the fact that the U.S. actually has higher wood products tariffs on primary wood products than does Japan, and like Japan, engages in tariff escalation (Puttock, Sabourin, and Meilke, 1994). Some find fault with the U.S.'s attempts generally to reform Japan without trying to improve itself, saying their efforts are "the sound of one hand clapping" (United States International Trade Commission, 1990). U.S. wood products companies could make some improvements as well, such as working to speed up lengthy delivery schedules and exerting a stronger effort to work with Japan (The Boston Consulting Group, year unknown).

Another factor that reduces potential exports to Japan is the fact that Japanese and U.S. housebuilding styles differ, making some U.S. products inappropriate to the Japanese market. U.S. home builders use a style called platform frame housing, whereas the Japanese have traditionally used "post and beam" structures. The Japanese style depends on a series of posts which support horizontal beams. The various wooden parts are held together with a series of precisely-cut grooves, making nails unnecessary (U.S. Department of Commerce: International Trade Administration, 1989).

Japanese post-and-beam construction represents a centuries-old tradition. Like so many Japanese arts, practitioners of this tradition spend many years in training to master its techniques. Though certainly not the only style practiced today, this style of home-building persists despite numerous disadvantages: long construction times, a shrinking force of skilled carpenters, and its great use of labor, materials, and energy. The technique endures because it is so ingrained in the culture and other forms are not well known (U.S. Department of Commerce: International Trade Administration, 1989). This style accounts for over 90% of all new wooden homes (Western Wood Products Association, 1992b).

Though modern Japanese use an increasing amount of non-wood materials in this type of construction, they still prefer a great deal of wood on the interior of the house. Lumber and plywood cut to American dimensions cannot substitute for these materials. American "two-by-four" lumber does not compare with Japanese posts, about four inches square, or beams of about four and a half inches by twelve inches by thirteen feet (U.S. Department of Commerce, 1989). Finally, Japanese plywood sizes (typically three feet by six or eight feet) do not correspond to the American (and world-wide) standard of four feet by eight feet (Western Wood Products Association, 1992b).

American companies look instead to a small but growing demand for platform frame housing. A builder can usually erect such a house in one-third the time and at about two-thirds the price of a post-and-beam structure, and platform frame housing is considered safer in earthquakes and fire. Platform frame housing (commonly referred to as "two-by-four" housing) uses quite a bit of dimension lumber made and kiln-dried in North America, where production is cheaper. These are still Japanese-designed homes, however. The designs do not encourage use of American dimension plywood. (U.S. Department of Commerce, 1989).

III. A Concept and Operational Definition of Intercultural Communication

The definition of intercultural communication employed here derives from speech communication theory. In this perspective, we may consider identity as something emergent, after Collier (1993). In other words, who we are depends on who we are with and in what context. Our identity is partly avowed (how we define ourselves) and partly ascribed (how the other defines us.) Our cultural identity is "the particular character of the group communication system that emerges in the particular situation" (Collier, 1993) or "an enactment of cultural communication" (Hecht, Collier, and Ribeau, 1993). Thus, the identity the Japanese importers or American exporters in this study take on in the act of trade negotiations with each other may differ from the identity they take on in domestic business or in their leisure time. Second, how well two persons from different groups communicate is equal to how well each side's avowed identity matches his or her ascribed identity. One may think he has spoken precisely, but if his partner disagrees, the pair have failed to communicate competently (Spitzberg and Cupach, 1984; Collier, 1993).

To understand what the phrase "intercultural communication" means, let us consider its individual components. Culture, says Collier (1993), is a "historically transmitted system of symbols, meanings, and norms." In this definition, a cultural group shares not only language and symbols (such as a smile) but also a common understanding of those symbols (a smile may indicate affability, embarrassment, mocking, or frivolity) and guidelines for using those symbols (liberally, not at all, or only by some groups, such as children.) These symbols, meanings, and norms pass down through history. As they pass down, they change, but enough stays the same to allow an observer to identify boundaries between cultures. Just as they do not remain fixed over time, neither do cultures exist within solid borders as nations do. Culture is systemic, running on the interdependence of its many parts within permeable boundaries.

Collier continues that to be a culture, a group must recognize itself as a group. The unifying characteristics of such a group may include nationality, ethnicity, organization or profession, among others. So while this study deals primarily with the interplay of two national cultures, it also recognizes other levels of cultures at work in this interaction. For example, American exporters from the Pacific Northwest behave and think differently from those of other regions of the U.S.; Japanese importers stationed in the U.S. have a viewpoint distinctly different from those in Japan. The fact that the importers and exporters in the study work in a common industry sector suggests that at least some

elements of a common culture exists among them. But enough differences emerged between the Japanese and Americans to suggest that national culture took precedence over this industrial culture.

To say that any exchange is intercultural means that the transaction has occurred between two individuals in capacities based on their differing cultures. The interplay between the Japanese buyers and American sellers in this study certainly qualifies as intercultural.

Carbaugh (1993) delineates three basic assumptions concerning communication: "(1) Communication is the primary social process." This approach considers all persons, relations and institutions as both instruments and results of communication. Again, identities do not pre-exist; the act of communicating creates them. "(2) Communication involves structures and processes of meaning-making." Simply put, communication is the way people make sense of their world. "(3) Communication is situated action, involving particular forms and multiple functions." That is, communication occurs in some physical location, between persons or classes of persons, on some topic, through some particular forms, devices or acts, with any of numerous goals in mind. In sum, says Carbaugh, "communication is the primary and situated social process of meaning-making, which occurs in particular forms and yields multiple outcomes."

If we specify that the communication is to occur in intercultural contexts, we can amend Carbaugh's definition. For our intentions, intercultural communication "is the primary and situated social process of meaning-making between persons of different cultures which occurs in particular forms and yields multiple outcomes." The tools they have with which to accomplish this task include their own historically-grounded but evolving culture which serves as a reference point, and perhaps a history of communicating with the other, an experience which can help lead to a convergence of cultural systems.

This type of communication occurs in the act of U.S.-Japan wood products trade negotiating. The culturally-different individuals (Japanese buyers and American sellers), in the context of negotiating a sale, each strive to make sense of the symbols in use (such as an offer, a counteroffer, a complaint, or particular choice of personnel) for any of multiple aims (making the maximum profit on a sale, establishing or maintaining a relationship, and so on.) As corporate and national cultures change over time, and as the two sides build up a body of experience in dealing with each other, their communication patterns change as well. This paper will use these concepts as criteria for measuring the level of competence with which the Japanese and American wood products traders communicate with each other using their changing but distinctly different systems of symbols, meanings and norms.

IV. Literature Review: The Role of Communication in Japanese-American Trade

The literature influencing this study falls roughly into three categories. First, we examine a number of studies whose primary intention is to synthesize or explain one or more aspects of Japanese culture and possibly how it interfaces with non-Japanese cultures. There follow a few of the numerous "how-to" writings that offer specific suggestions for improving intercultural business communication. The ideas in these writings served as the basis for the list of rules in the next section and the survey given to the participants in the study. The review then highlights intercultural business communication research. This literature is distinct from the first group in that it tries more to answer questions through research than to explain those answers. The distinction may be somewhat arbitrary, since one purpose of research is to explain. But in this last category I have put readings which focus on laboratory-type experiments or field observations. Those in the first category largely are based on the same types of research, but those readings attempt more to synthesize answers than to offer new ones.

Cultural synthesis readings: Nakane (1970), an anthropologist, examined Japanese society to identify its unique underlying structures. Most importantly, Nakane expounded the idea of a "vertical society" in contrast to the American "horizontal society." These structures influence how each culture defines its rules of etiquette, a topic pursued in Chapter V. In brief, this distinction predisposes Japanese and Americans to adopt contrary modes of address, the former emphasizing status, the latter downplaying it.

Barnlund (1989), a professor of humanities, built on this and other themes from Nakane (such as Japanese collectiveness) and showed how these are opposed to American tendencies (such as individuality) and make intercultural communication more difficult. Barnlund hypothesized that the preferred communicating style of Japanese would leave a greater portion of the self unrevealed than is the case with Americans. In consequence, Japanese would prefer more formal interactions with fewer people, while Americans would prefer to have informal interactions and to do so with more people. This makes members of the two cultures communicate differently. Barnlund's research indirectly supported his basic hypothesis and in particular the idea that Japanese draw a clearer distinction between those inside and outside one's circle than Americans do.

Lebra (1976) classified the various domains of situational interaction in Japanese cultures and explains how these play out in Japanese interactions with foreigners. The

Japanese are extremely sensitive to social interaction and relationships, which they see as means to another end (such as security) and not an end in themselves.

Lebra described Japanese society with the help of two sets of social variables: *uchi/soto* and *ura/omote*. *Uchi* (inside) and *soto* (outside) represent a dichotomy to classify which individuals are inside, and which outside, a person's social circle. Different behaviors and feelings are expressed towards each. *Ura* (back) and *omote* (front) refer to the level of social penetration an individual allows to particular persons. Those who are *omote* will only be related to superficially; *ura* persons will be allowed more completely into the person's thoughts and feelings. These social dichotomies bear certain implications for foreigners who do business with Japanese. The Japanese may treat such persons somewhat ritually at first, but once intimate relations start to develop will open up considerably.

Doi (1971), a psychologist, identified a feature of the Japanese psyche known as "amae", or indulgent dependence on others. Several business writers have used this idea to back up their contention that in Japanese negotiation emotions hold far more sway than in American negotiation. Whereas an American might try to get a proposal accepted on its own logical merits, a Japanese might appeal to his counterpart's sense of sympathy or honor. Subsequent writings by various authors have reaffirmed this as a uniquely Japanese phenomenon.

Hall and Hall (1987) in their book *Hidden Differences: Doing Business with the Japanese* approached these issues in anthropological terms. Specifically, the Halls examined the varying concepts of time, space and context, and described the difficulties that occur in the interface of two cultures which have very different concepts of these. For example, they considered Americans monochronic, territorial, and low context. That is, Americans tend to do one task at a time, stake out private offices, and state everything clearly. In contrast, polychronic, unterritorial, high context Japanese feel less need to do things on a set schedule, work in open offices, and exchange more information implicitly than explicitly. The authors hypothesized that these differences will make interfacing difficult between the two cultures. Americans, for whom they wrote this work, will especially struggle to communicate in a high context environment, though guidelines exist which can overcome these difficulties. The authors included several brief case studies along with advice distilled from interviews with American businesspersons successful in Japan.

March (1988) wrote specifically about negotiating with the Japanese. He confirmed Doi's claim that Japanese base their negotiating style on emotional persuasion, and added that a strong Japanese victim mentality marks Japanese negotiating style. He made another informative point by contrasting game negotiations with tactical negotiations. In

the former, mutual agreement sets the rules; in the latter, there are no rules, and the winner takes all. International negotiations often fall into the tactical style because the two sides are unfamiliar with each other's rules.

Knowles and Maio (1990) offered a bicultural view in their book *Nichibei Bijinesu "Nego" no Honne (Face to Face in Negotiations.)* The authors, one American and one Japanese, discussed the varying mindsets at work in several fictional "case studies" as the basis for advice tailored specifically to either Japanese or American businesspersons. They discuss, for example, the tendency of Americans to promote themselves, their product, or their company to a degree which discomforts the Japanese, who put more emphasis on status within the company than individual accomplishments. The authors also devote a chapter to the theme of trust. Whereas Americans use legal means to enforce contracts, Japanese work on solidifying relationships so that both sides are more willing to deal in good faith.

The present study built on these cultural background readings in several ways. It inquired into culturally-different expectations of etiquette between Americans and Japanese based on Nakane and Barnlund, who both suggested that American informality would clash with Japanese ritualism. The inquiry about culturally-different values stemmed partly from Hall and Hall's discussion of Japanese indirectness, March's views on American aggressiveness, and Knowles and Maio's theme of American self-promotion. Lebra's explanation that relationships with Japanese develop slowly as they pass through a ritualistic stage justifies the present study's look into the issue of appropriate pacing and relationship building. Nakane's idea of vertical Japanese and horizontal American relationships prompted the study's look into relationships as well as appropriate use of personnel (as in appropriate ranks of personnel) into U.S.-Japan trading contexts. Hall and Hall's distinction between monochronic Americans and polychronic Japanese also suggests inquiry into appropriate pacing. The present study does not pursue Doi's theme of the role of the emotions in negotiations with the Japanese, but included it in this review for reference because a great deal of other literature expands on this theme.

"How to" readings: Other authors concentrated on practical advice for adapting one's behavior for intercultural business situations. Herbig and Kramer (1992) discussed how negotiation style broadly differs in Japan, China, Korea, Russia, the Middle East and Latin America, and the authors pointed out what American traits might be inappropriate in intercultural contexts. The authors also gave certain advice specific to negotiations between Americans and individuals from each of these countries or regions. This approach indicates that adapting one's negotiating style is not just a problem between Americans

and Japanese. Therefore the next chapter of this study defines seven rules of intercultural communication generally, and bases advice specific to U.S.-Japan partnerships on these.

Rowland (1993) and Flannigan (1990) focused on advice specific to U.S.-Japanese business communication. Rowland offered an entire volume on the subject of Japanese expectations of propriety in all the situations where Western businesspeople may find themselves in Japan, not only at the negotiating table, but also in restaurants, bars, and even elevators. She also wrote about business etiquette in nearly every phase of a business negotiating process. This suggests that success in Japan requires not merely changing a few habits in a few venues, but a willingness to make broad and fundamental changes in style and philosophy, such as using a team approach rather than going it alone, and choosing negotiators who communicate more subtly and less extrovertedly. The current study, therefore, asks not only about culturally-different ways of conducting business, but culturally-relevant values.

Flannigan briefly explained how to accomplish the most basic actions involved with doing business with the Japanese, including exchange of cards and how to spend time warming up to the other person. The author made the significant point that whereas Japanese have long studied our American culture and our language, we have generally studied very little about their culture and thus have a distinct disadvantage at the negotiating table. This is especially relevant when the present study addresses technical preparation and language competence.

Zimmerman (1985), writing from his own experience as an American businessman in Japan, discussed the broad topics of understanding Japanese cultural values, negotiating with Japanese, and competing in the Japanese market. In discussing etiquette, he narrated exactly how a given interaction proceeds, such as the exchange of business cards or gifts, and also related what allowances Japanese make for Westerners. Because of his own experience, Zimmerman could explain not only *what* is correct procedure, but *why*, and how Westerners can adapt to these procedures for their own advantage. For example, he explained the proper way to receive and keep a partner's business card which not only shows respect, but also allows the receiver an easy way to record all business contacts. The author had collected business cards from 6000 business contacts, on which he had made notes and which he sorted carefully by company to assure that he could always recall earlier contacts. Zimmerman's thoughts directly relate to most of the categories of rules for intercultural communication found in the next chapter.

Tung (1984), discussed in more detail in the following sub-section on research, also generated a number of ideas for working with cultural factors in doing business with Japan. Over a hundred executives of American companies operating in Japan directly

identified steps which Americans could take to improve business in Japan. A common response to her own survey was that Americans can help themselves by learning Japanese business and social customs, a bit of advice frequently heard in the course of the present study.

Grimes (1989) concentrated his advice on the act of starting a Japanese-American business relationship, specifically recommending that American companies employ a *shokaisha*, or introducer, such as the Japanese commonly do. The *shokaisha* may be the targeted company's banker, for example, and will directly initiate the relationship and may go on to mediate it if disputes occur. As if to underscore the importance of this concept, the current study's interviews will show that Japanese initiate most wood products transactions and Americans have little success initiating them on their own.

Aside from these works, several of the cultural background works listed above also offered specific advice. These works include Hall and Hall (1987), Knowles and Maio (1990), and March (1988). Together with the "how to" literature, these serve as the foundation for the list of rules to follow in intercultural communication, in the next chapter.

Intercultural business communication research readings: Empirical research in the area of intercultural communication, particularly in the field of business, is of very recent origin. What does exist suffers from several shortcomings (Limaye and Victor, 1991). Much of it is more anecdotal than empirical, lacks a developed theoretical basis, and very little of the research constrains itself to business communication. Hawrysh and Zaichkowsky (1989) agreed that most of the writings in the field tend toward the descriptive instead of the theoretical, accounting for the large number of "how to" writings. Limaye and Victor added that the time, planning and expense involved discourages intercultural research.

A few major studies have occurred however. Hofstede (1984) surveyed thousands of individuals working for subsidiaries of one corporation in many countries, and from the results defined four cultural dimensions (masculinity-femininity, individualism-collectivism, power distance, and uncertainty avoidance) in which each country ranked along a continuum between two extremes. These dimensions of cultural variability find continuous use in numerous later studies on cultural differences. The United States and Japan showed significant differences on all variables except power distance (54 and 40, respectively, on a scale extending roughly from zero to 100.) The U.S. and Japan turned up much further apart in the variables of individualism (91 and 46; indicative of their respective emphases on individualism and collectivism) and uncertainty avoidance (46 and 92; suggesting that Japanese feel more anxiety in the presence of ambiguity and

therefore have greater need of absolutes and less tolerance of deviation.) Both of these differences bear certain implications on the present study. We may ask, for example, whether Japanese collective decision-making meshes well with decisions made by lone individuals in American companies. We may wonder if the oft-reported Japanese indirectness causes problems for American wood products suppliers.

A number of studies have concentrated specifically on Japanese business communication with other Japanese or with members of other cultures. Graham and Andrews (1987) offered an insightful analysis of face-to-face cross-cultural negotiations as one aspect of international business relationships. The authors set out to pioneer a holistic approach to the topic. As they did so, they tried to find answers to two open-ended questions: "How does cultural variation of the parties involved influence the process and outcome of marketing negotiations?" and "What happens when parties of the two cultures meet across a negotiation table?" The authors set up 12 negotiating dyads from among 24 businessmen, 12 each from the United States and Japan. The buyer/seller dyads included three Japanese/Japanese, three American/American, and six American/Japanese pairs. Each dyad bargained over the price of three commodities. While the authors could not conclusively answer such wide-open questions as they endeavored to, they managed to isolate a few of the difficulties Americans and Japanese have in intercultural negotiation settings. Most important among them, they reported, was that when language problems occurred, both sides began to focus on quantitative information and ignore the qualitative. Therefore the current study also considers the level of language competence demonstrated by Japanese and American wood products traders.

Graham (1983) found that in negotiating dyads, Japanese did much better as buyers than as sellers. This reflects the higher status that buyers have over sellers in Japanese culture. Since in the wood products trade Japanese are almost always buyers, we might wonder if they enjoy the same advantages as buyers in international transactions that they do at home.

A few other examples exist of laboratory-type studies of American and Japanese negotiating style. While these efforts did not have such a direct influence on the present study as did those above, they are included to give a fuller picture of the kind of research being carried out. Van Zandt (1970) and Graham (1985) tested the frequency with which both American and Japanese businesspersons used aggressive tactics and offered concessions. Graham's work included a content analysis which showed that American negotiators used the word "no" far more often in a given time period than Japanese. Allerheiligen *et al* (1985), with subjects from Japan, the U.S. and two other countries, analyzed the relation of the businessperson's professed use of honest negotiating tactics to

amount of profit made and professed level of satisfaction with the negotiation results. Lewis and Fry (1977) examined the role of eye contact in negotiations, noting what happened when a physical barrier impeded this contact.

Others have pursued survey methods. Tung (1984) surveyed a number of American companies operating in Japan to see what factors (in such categories as attitude, cultural awareness, product characteristics and personal relationships) they felt contributed to success or failure of negotiations with Japanese companies. The category of factors with highest combined rating as very important or important to success of negotiations was a group called "Attitude of U.S. firm," which included preparedness, patience, and sincerity. Other important factors were the Japanese team's sincerity (83%), uniqueness of the U.S. product or service (77%), personal ties (71%), and technical expertise provide by U.S. firm in the past (68%). Factors said to be responsible for failure of negotiations "to some extent" or "to a very great extent" included "Communication breakdown" (69%), "Japanese did not need products/services" (83%), and "Too many competitors all offering same products/services" (73%). The present study touched on a few of these themes when it inquired about the role of relationships and cultural values in the U.S.-Japan wood products trade.

Namiki (1989) surveyed a number of manufacturers of computer hardware about their experiences exporting to Japan. This study asked the participants to rate the extent to which thirteen factors posed barriers to their trade with Japan. The list included the often-mentioned problems of high tariffs and strict import quotas, but also contained the category of language and cultural differences. On average, the participants rated these cultural factors the fifth most important barrier on the list of thirteen, suggesting that future research continue to investigate the role of these factors in this and other product sectors.

Karrass (1970) listed 45 characteristics of negotiators and asked more than 100 American executives to choose the most important from the list. Graham and Sano (1984) built on this work by repeating the survey with 50 executives each from Brazil, China, and Japan. After tallying the results, the researchers found that the American and Brazilian executives had six characteristics in common out of the top seven, Americans and Chinese had three, and Americans and Japanese had only one. This study clearly demonstrated that American and Japanese executive do have different values. The present study therefore considered the role of culturally-different values.

Finally, Hamada (1991) carried out an ethnographic study at a U.S.-Japanese joint venture, a plastics company located in Japan. She discussed several disputes that the two parent companies had over day-to-day operations and isolated the opposing

assumptions implicit in their positions. For example, when the joint venture's products would not sell because of imperfect appearance, the American parent company tried to convince the Japanese parent to "educate" the consumers that appearance did not matter. The Japanese parent finally prevailed upon the American parent company that in fact appearance is an important characteristic to Japanese customers and that they should adapt the product to the consumers, not vice versa. Similar arguments occur concerning wood products exported to Japan, so the present study looked into the importance of Japanese product standards, how much flexibility the Japanese have with these standards, and how well Americans understand them.

The readings in all three parts of this literature review reveal the widely-held opinion that the Japanese and American cultures differ in fundamental ways, and that these differences become stumbling blocks in the world of business. The cultural synthesis readings do this in a descriptive way, the "how to" literature likewise describes but also seeks creative ways of bridging this gap, and the intercultural business communication research literature confirms that the two cultures demonstrate observable differences. Another thread that runs through them is the idea that ignorance of each other's cultural patterns exacerbates these blocks. Several of the readings leave one with the sense that Americans have "failed" to adapt to the Japanese way of doing business, implying a certain superiority in the latter. Of course, most of these authors were addressing an American audience, particularly businesspeople wanting to understand Japanese business style or practices. A review of literature aimed at Japanese readers on the same subjects might balance this impression overall.

V. Rules to Follow in International Business Communication

As cultures develop through time, they develop sets of rules which they impose on their members. The culture may communicate these rules implicitly, and indeed the members of the culture may be unconscious of them most of the time. For example, in American culture the person who answers the telephone speaks first by custom. Failing to do so would unsettle the caller. Such rules serve various functions, according to Cushman and King (1986). They communicate group membership, establish and maintain group membership, allow participation in group rituals, help explain group behavior, and discourage aberration from accepted group behavior.

When members of different cultures meet, inevitably certain of their rules will contradict each other. This hinders the individuals' ability to establish and maintain a relationship. Cushman and King (1986) give four ways in which the two sides can get around this. One partner can study the other's cultural rules and adapt to them, in a process called outgroup convergence. One or both partners can seek areas of overlap in their rules and strive to emphasize those, ignoring differences (overlap convergence.) The partner can attempt to respect the other's particular needs and ask for the same respect in return (partial convergence/partial divergence.) Or the two partners can negotiate a new form of relationship which goes beyond group norms (transcendent convergence.)

This chapter relates a series of rules derived from the "how-to" literature in intercultural business. Actually, these are rules about rules, since they express norms for converging culturally-different norms. In most cases, the literature suggests a certain amount of outgroup convergence or partial convergence/partial divergence. These norms of rule convergence served as the basis for a survey of Japanese and American wood products traders asking them to assess themselves and each other in their trade negotiations together. The rules fall into seven broad categories, as listed below, categorized as those rules general to any intercultural business context and those specific to trade between the U.S. and Japan.

1. Language. Theoretical background: Gudykunst (1988) proposes that second-language competence decreases the overall level of anxiety and gives each side the feeling of knowing each other well. Hall and Hall (1987) add that members of high-context cultures invest more meaning in non-verbal messages and are more sensitive to such messages. Members of low-context cultures tend not to understand non-verbal messages and thus have difficulty interfacing with high-context cultures.

General rules: Businesspeople should be willing to speak in the language of their foreign counterparts, or bring along bilingual staff if this is not possible. This fluency should also extend to non-spoken language (Herbig and Kramer, 1992).

Specific rules: Both sides should be prepared to speak the partner's language (Flannigan, 1990; Hall and Hall, 1987; Tung, 1984; Zimmerman, 1985). Americans should learn to recognize Japanese non-verbal or indirect ways to express refusal or discomfort (Graham and Sano, 1984; Herbig and Kramer, 1992; Rowland, 1993; Zimmerman, 1985). Americans should base their points not only on logic, but also on feelings and emotions (Hall and Hall, 1987). Americans should know going in that Japanese typically have greater periods of silence in the act of negotiation, and Americans should not try to fill these silences by talking too much. Japanese should understand that long periods of silence may make Americans nervous (Knowles and Maio, 1990).

2. Relative concepts of etiquette. Theoretical background: Cushman and King (1986) stressed the roles of various types of rule convergence. Regardless of which way convergence happens, one must consciously understand one's own and one's partner's norms of conduct to allow convergence to happen. Stephan and Stephan (1985) add that individuals often observe culturally-different norms in practice, but do not understand them. As a result, the individual attempting to interact with a person of another culture will exaggerate interaction norms or disregard them completely.

General rules: Both sides should be aware of the other's rules of etiquette, and be willing to use them when appropriate (Herbig and Kramer, 1992).

Specific rules: Both sides should understand how Japanese and Americans differ in how they greet and part (bowing, shaking hands;) drink and eat (e.g. how a teacup is held, how much alcohol it is appropriate to consume;) speak (relative degrees of formality according to rank or gender; how much eye contact to make;) and perform various other tasks (such as exchanging business cards and exchanging gifts.) Americans and Japanese should understand that direct criticism, prying questions, and showing emotions to relative strangers are more tolerable in America, more embarrassing in Japan. They should prepare by reading literature on the subject, and should not be flippant with etiquette (Flannigan, 1990; Graham and Sano, 1984; Grimes, 1989; Herbig and Kramer, 1992; Rowland, 1993; Zimmerman, 1985).

3. Relative values. Theoretical background: Please refer to the theoretical background of the previous section on etiquette. In addition, a number of cultural variables identified by theorists help explain diverging cultural values. For example, Hofstede (1984) identifies four cultural value variables, on three of which the U.S. and Japan ranked rather far apart. In another example (Gudykunst and Ting-Toomey, 1988) explained

various "value orientations." In this scheme, the U.S. culture was felt to have a very strong "activity orientation," as opposed to the "being" or "being-in-becoming" orientations of some cultures.

General rules: Apart from one's actions (etiquette), a businessperson should be aware of what personal *qualities* his or her counterpart values (Herbig and Kramer, 1992).

Specific rules: Each side should know how his or her counterpart feels about seniority, age, spiritual enlightenment, authority, willingness to compromise, and relative degrees of cooperativeness and aggressiveness. For example, Japanese may give greater respect to seniority, age, and cooperativeness, while Americans may have more respect for youthful energy, aggressiveness, and the ability to compromise (Graham and Sano, 1984; Knowles and Maio, 1990; Rowland, 1993; Tung, 1984; Zimmerman, 1985).

4. Technical preparation. Theoretical background: Among Hofstede's (1984) four dimensions of cultural variability, the dimension of uncertainty avoidance found Japan and the United States far apart. Countries with a strong tendency toward uncertainty avoidance (such as Japan) have less tolerance of ambiguity than those with a weak tendency (such as the U.S.) This results in more anxiety, a greater need for rules of conduct and belief in absolute truth, and lower tolerance for ideas or behaviors considered deviant. Japanese discomfort with ambiguity, it follows, would lead to a greater desire for preparation going into an encounter with a stranger.

General rules: Each person should know his or her position and bottom line so one is ready to answer questions, does not contradict oneself or others from the same side, and does not appear to waver (Herbig and Kramer, 1992).

Specific rules: Japanese put more emphasis on details (Flannigan, 1990; Hall and Hall, 1987; Zimmerman, 1985). Americans should therefore be well-prepared before meetings (Hall and Hall, 1987). Both Americans and Japanese should understand that Japanese firms have usually decided their terms before negotiations begin, but an American firm may still be considering this at the beginning of talks. They should know that Americans may prefer to see a willingness to compromise, while Japanese may view this with distrust, since they feel their basic position is right (Herbig and Kramer, 1992).

5. Appropriate pacing. Theoretical background: Given the varying levels of context each culture communicates in, Americans should expect communicating with Japanese to be more problematic and time-consuming than with people of a similarly low level of context (Hall and Hall, 1987). Also, according to Hall and Hall, Americans work in "monochronic" time, which emphasizes the completion of one task at a time and puts tasks above people. Japanese work in "polychronic" time, doing several tasks at once and

putting relationships before tasks. The interface of these two concepts of time can cause communication problems (Hall and Hall, 1987).

General rules: Both should be prepared for longer negotiating periods than might be the case with a domestic partner, and should avoid unnecessary deadlines (Herbig and Kramer, 1992).

Specific rules: Americans working with Japanese firms should schedule many sessions with plenty of intervening time. This allows the complicated system of decision-making to work (Grimes, 1989; Zimmerman, 1985). Americans should not rush their Japanese counterparts (Tung, 1984a). Japanese dealing with American firms should understand that they would probably like to conclude negotiations as quickly as possible (Graham and Sano, 1984; Herbig and Kramer, 1992).

6. Personal relationships. Theoretical background: As stated in the previous section, polychronic cultures such as Japan put more emphasis on relationships than on tasks, exactly opposite the pattern of monochronic cultures, such as the U.S. (Hall and Hall, 1987). Hofstede's (1984) variable of individualism/collectivism posits that relationships will be more ephemeral in individualistic societies such as the U.S. and more permanent (thus requiring more attention) in collectivistic societies like Japan.

General rules: Both partners should be aware of their counterpart's expectations regarding the closeness and permanence of the relationship (Herbig and Kramer, 1992).

Specific rules: Japanese put much more emphasis on long-term relationships than do Americans (Hall and Hall, 1987). Japanese feel this is a way of building trust (Tung, 1984). Americans instead emphasize contracts as a way of ensuring trust (Graham and Sano, 1984). As one reading put it, "Americans negotiate a contract. Japanese negotiate a relationship." (Herbig and Kramer, 1992). Both should understand this distinction.

Americans can build up this relationship through after-hours socializing with their Japanese counterparts. Americans should understand the importance of what Graham and Sano (1984) call "non-task sounding." Japanese working with Americans should be aware that Americans may prefer to spend their free time with their families, or may wish to socialize with their Japanese counterparts with everyone's spouses coming along, which is uncommon in Japan (Hall and Hall, 1987; Rowland, 1993).

7. Appropriate personnel. Theoretical background: Given all the references to theory made in the previous sections, individuals and groups showing a high degree of understanding and tolerance of strangers, as well as having other characteristics deemed desirable by the other side in an encounter, would have more success communicating with others. Training can develop some characteristics and can also help screen personnel who may not be ready for encounters with other cultures (Brislin, 1989).

General rules: Companies should carefully choose and train personnel whom they intend to have work in a foreign culture, emphasizing "personal suitability" and language ability (Hall, 1980). Also, companies should send people in appropriate numbers and of appropriate rank and function (Herbig and Kramer, 1992).

Specific rules: Each side should try to determine how many people the counterpart will send to the meeting, and respond in kind. Japanese tend to send more personnel than Americans, which can intimidate the Americans (Graham and Sano, 1984; Herbig and Kramer, 1992). Additionally, each should understand that people with specific functions may be considered essential or inappropriate depending on the purpose of the meeting. Specifically, Americans may expect a lawyer at the first meeting; a lawyer's presence might make Japanese nervous since America is known as a litigious society (Hall and Hall, 1987; Herbig and Kramer, 1992).

VI. Statement of Research Questions

In the flow of wood products trade between two such different cultures as the United States and Japan, does communication, the process of meaning-making, ever create problems for the two sides? Do such problems hinder their business? How do Japanese and American perceptions of these intercultural encounters differ from each other? If problems exist, what can the two sides do to ameliorate them? The research questions formally read as follows:

Research Question 1: *Do Japanese importers and American exporters of wood products perceive communication in intercultural negotiation as problematic?*

Hypothesis 1: *Japanese importers and American exporters of wood products perceive communication in intercultural negotiation as problematic.*

This question asks whether communication problems have a tangible impact on wood products companies' business between Japan and the U.S., but not only this. It leaves the definition of "problematic" open to allow participants in the study to define for themselves what problems they see in their intercultural relations with each other. Given the wide cultural gap between members of the two cultures, we may suspect that Japanese and American wood products traders will perceive their intercultural communication as problematic.

Research Question 2: *Does the evaluation that the importers and exporters give of their own success at adapting their negotiating skills interculturally match the evaluation that they give of each other's success at adapting their negotiating skills interculturally?*

Hypothesis 2: *The evaluation that the importers and exporters give of their own success at adapting their negotiating skills interculturally will not match the evaluation that they give of each other's success at adapting their negotiating skills interculturally.*

Chapter III related a definition of competent communication which requires us to consider the responses of all sides in an encounter. To repeat, how competently two culturally-different individuals communicate equals the extent to which each side's avowed identity matches his or her ascribed identity. Therefore the study asked both the importers and exporters to evaluate their own individual intercultural communication competence as well as the competence level of the other side collectively. Do the perceptions Japanese have of themselves in terms of intercultural communication competence resemble the perceptions the Americans have of the Japanese? We may ask the same of the Americans' competence. The widespread level of frustration between businesspeople

from the two countries explains the hypothesis that indeed these sets of evaluations do not correspond.

Research Question 3: *What specific suggestions do the importers and exporters give to facilitate successful intercultural communication in the wood products trade between the United States and Japan?*

Providing that the first two research questions identified ways in which intercultural communication causes problems for the members of the study, what suggestions do these members give to resolve or avoid these problems?

VII. Methodology

VII.1. Type of Study

This study gathered and analyzed data as shown in the diagram in Figure 2 below. The readings in the literature review suggested what communication problems frequently occur in intercultural business situations. These suggestions led to the writing of a pencil-and-paper survey which asked the participants to rate the extent to which these problems occur in their own experience. The results influenced the line of questioning used in telephone or in-person interviews of the same individuals who had filled out the survey. Comments received in interviews were analyzed and used to answer the question of interest.

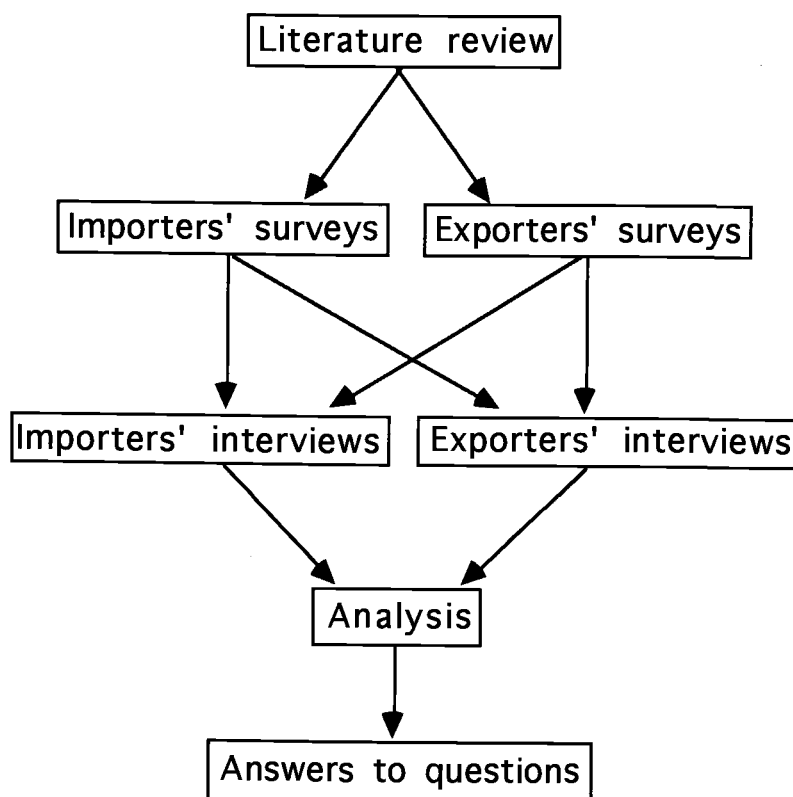


Figure 2: Framework of the research method.

VII.2. The Survey Instrument--Purpose and Structure

The survey helped explain how American exporters and Japanese importers perceive each other's communication style in the act of negotiating a sale of wood products.

The seven categories of advice gleaned from the business literature on intercultural business communication formed the basis for the survey, in particular those issues the literature said happened most frequently in Japanese-American dialogues (such as the fact that Japanese businesspersons sometimes have trouble conducting business in English.)

The main section (Section A) of the survey asked the participants to rate the validity of each of these specific problems mentioned in the literature. Each statement claimed that one issue or another did *not* occur¹ in U.S.-Japan intercultural negotiations, and in each case the participant could answer on a Likert scale to what degree he agreed with the statement, from "Strongly disagree" (1) to "Strongly agree" (5) or "No response" (NR). Therefore a low rating suggested that the participant felt a problem existed.

Sections B and C allowed the participants to express their views in their own words. Section B asked them for any comments they had on the issues mentioned in Section A. Section C asked them to identify other issues that occurred as a result of intercultural communication.

Subjects received one of two versions of the survey: an English-language version for U.S. wood products exporters, and a Japanese-language version for Japanese importers of U.S. wood products. The exporters' survey appears in Appendix A, the English translation of the importers' survey in Appendix B.

VII.3. The Interview--Purpose and Structure

Interviewing the participants who sent back the survey offered several advantages as a follow-up technique. The interview format allowed for open-ended lines of questioning that could offer deeper insight into the importers' and exporters' concerns, and encouraged more trust and openness than a rather impersonal survey.

The basic interview format answered the research questions in a qualitative manner. It included open-ended questions that allowed the participants to pursue any topic that they desired to talk about within the confines of the study and a time limit of thirty

¹One exception occurred because of an oversight. Statement 6 on the importers' survey asserted that the issue *did* occur. I adjusted the scoring on this question accordingly.

minutes. Therefore not every interview managed to bring up every question. Appendix C contains the English translation of the importers' interview format, Appendix D the questions asked of the exporters.

The basic interview consisted of the following three sections. Section A contained a complex of open-ended questions which asked the participants about the experiences that led them to answer the way they did on the survey. These questions helped to elicit a conversation about the quality of the participants' cross-cultural negotiations. The subjects related specific instances of problematic negotiations and discussed how they thought they might prevent or resolve such a situation in the future. These ideas provided direct answers to research question 3 ("What specific suggestions do the importers and exporters give to facilitate successful intercultural communication in the wood products trade between the United States and Japan?")

Section B of the interview strove to answer Research Question 2 ("Does the evaluation that the importers and exporters give of their own success at adapting their negotiating skills cross-culturally match the evaluation that they give of each other's success at adapting their negotiating skills cross-culturally?") To see whether the importers' view of their own communication skills matched the exporters' view of the importers' skills, and vice versa, the informants evaluated themselves on those issues which the other sub-population had identified as the outstanding issues. For example, because the exporters had said on their survey that they widely disagree with statement 10 ("Japanese importers are sufficiently willing to compromise on quality considerations") the importers answered the question "Are you sufficiently willing or not to compromise on quality?"

Finally, Section C sought to answer Research Question 1 directly ("Do Japanese importers and American exporters of wood products perceive communication in cross-cultural negotiation as problematic?") Previous lines of questioning asked about the *occurrence* of certain issues in intercultural communication; these asked how much it really mattered.

VII.4. Participants in the Study

The Western Wood Products Association, Japan External Trade Organization (JETRO), academics at Kyoto University, area businesses and directories of wood products companies helped identify Japanese importers and American exporters of wood products. The list included 81 Japanese offices (35 in the U.S. and 46 in Japan), and 79 American companies with offices in the states of Oregon, Washington, and Idaho.

Seventeen individuals from Japanese companies and eighteen from American companies responded with completed surveys. Three other individuals from American companies disqualified themselves from the survey since they had no current direct contacts with Japan. There were two special cases: a non-American working at an American trading company and an individual who had dealt with the Japanese in the past offered their unique comments. Their comments appear in Chapter IX with notes indicating their unique background.

VIII. Results of the Survey and How These Affected Wording of the Interview

VIII.1. The Importers' Survey

The seventeen individuals who worked at importing companies gave a wide range of responses to most statements. The reader may find a list of the survey statements and summary results in Appendix A. The average responses on the Likert scale indicated particularly low scores (indicating a problem that the participant has noted in intercultural business negotiation) on statements 7, 12, 13 and 20. These results imply that many of the Japanese feel they do not share similar world views with their American trading partners (average response = 2.7; number of individuals answering with a 1 or 2 = 6), Americans move too fast for the Japanese in making agreements (2.9; 6), Americans do not allow enough time for Japanese-style decision-making (2.7; 7), and Americans do not allow contracts to be renegotiated when circumstances change (2.2; 9). All but the last of these statements, of course, are very close to the "neutral" score of 3, so we should exercise caution in using these results as the basis of any conclusion. However, their low score relative to the other statements indicate that these issues do stand out in comparison, and so were included in the interviews.

Also notice though that certain issues received especially high scores, implying that the field of wood products trade has had less difficulty with these issues than the literature suggests occurs in other sectors. The Japanese indicated that Americans do not necessarily insist that lawyers attend contract-signing (4.7; number of individuals answering with a 1 or 2 = 0) and that Japanese are not extremely uncomfortable in the presence of lawyers (4.4; 0). Other positive implications included the general agreement that American exporters approached business meetings with an appropriate level of formality (statement 6; 3.7; 0).

VIII.2. The Exporters' Survey

The eighteen respondents from American exporting companies likewise gave wide-ranging answers. Appendix B gives summary results. Particularly low scores occurred on statements 10, 13, 14, 16, and 17. In the last case, a statement concerning how comfortable Japanese felt with a lawyer present at the negotiations, all but four respondents

gave no response, some noting that they do not need lawyers in this type of business. Therefore, the other four issues with low marks went into the basic interview format, while the question of lawyers was asked only of those few who disagreed with statement 17. The Americans more widely disagreed with the following statements: Japanese importers are sufficiently willing to compromise on quality considerations (average response = 1.8; number of individuals answering with a 1 or 2 = 14); Japanese negotiators are able to make commitments "on the spot", that is, without long consultations with their companies (2.6; 9); Japanese importers do not delay business by insisting on building relationships first (2.5; 10); and negotiations with Japanese importers tend to have balanced sides (e.g. equal number of members on each side, negotiators with equal rank) (2.6; 7).

Americans widely agreed with other statements on their survey, indicating general satisfaction with these points. Americans indicated that Japanese importers and American exporters were sufficiently familiar with each other's way of doing business (4.2; 0); and Japanese negotiators were reported to be assertive enough (3.9; 3).

VIII.3. Comparison of Surveys

Statements on one version of the survey did not necessarily have an equivalent on the other, but in a few cases statements did correspond exactly and these lent themselves to statistical comparison. Statements that matched included (respectively from the survey of importers and survey of exporters:) #1 and #1; #2 and #2; #3 and #4; #4 and #6; #5 and #5; #7 and #7; and #17 and #16.

A two-sample t-test (at 95% confidence) of each of these pairs showed that only one was significantly different: importers' #17 and exporters' #16, which asked whether U.S.-Japanese negotiations tended to have balanced sides (for example an equal number of members, or negotiators with equal rank.) The Japanese agreed with this statement on average (3.8 on the 1 to 5 Likert scale;) Americans tended to disagree (2.6), a difference significant to a p-value of .007. Thus, Americans seemed more aware of imbalances in negotiating situations.

One other pair of statements (importers' #3 and exporters' #4) revealed a difference that was nearly significant ($p=.075$). These statements each asked whether both sides were sufficiently familiar with each other's way of doing business. The Americans (average response of 4.2) and Japanese (3.5) both agreed with the statement on average, but to different degrees.

Some respondents pursued one or both of these issues in subsequent interviews, and their comments appear in the next chapter with the rest of the interview results.

One might question whether the Americans and Japanese tended to evaluate these types of questions differently, since such a phenomenon has occurred in other studies. Specifically, do the Americans tend to rate themselves more optimistically than do the Japanese, and do the Americans rate the Japanese more negatively than Japanese rate Americans? These phenomena did not occur in these survey results.

The statements on each survey fell into three categories: those asking the participants to evaluate themselves (importers' #1, 5, 19, exporters' #6;) those asking them to evaluate members of the other side (importers' #4, 6, 8-16, 18, 20, exporters' #1, 3, 5, 8-15, 17, 18;) and those asking them to evaluate both sides together (importers' #2, 3, 7, 17, exporters' #2, 4, 7, 16.) In the first category, the Japanese evaluated themselves an average of 3.6; Americans 3.8. In the second, Japanese ranked Americans 3.2 on average; Americans ranked Japanese 3.1 on average. Finally, when evaluating both together, the Japanese and American average response came out an equal 3.4. So we cannot conclude on this basis that one side had a tendency to rate any of these categories fundamentally differently than the other side.

IX. Interview Results

IX.1. An Overview

A simultaneous reporting of the comments of both importers and exporters will help compare and contrast their views. After this summary, discussion of these views will follow in seven general categories, paralleling the seven areas of concern identified in the business literature on intercultural communication.

Many individuals noted linguistic ability as a factor in U.S.-Japan wood products trade. Especially when discussing technical details, they felt that linguistics has caused them problems or has great potential to do so. Many interviewees like to get things in writing as much as possible.

The survey and interview results indicated that etiquette, despite the amount of attention it receives in much of the business literature, did not concern the participants in this study greatly. However, some Americans expressed frustration that Japanese are too reserved to express their opinions directly.

A difference in cultural values has a significant effect on U.S.-Japan wood products trade. These values often concern product characteristics. Whereas Americans stress efficiency in production, the Japanese stress quality, and the Japanese idea of quality has much more to do with visible characteristics than the American idea. The final users of the product, the Japanese home builders, will not accept products that do not meet their visual approval, and this constrains the importers from buying certain American products. The limited availability of high quality raw materials constrains the producers from meeting Japanese demands perfectly. The importers and exporters do not always understand the constraints their partners face. While the trade suffers from lack of clarity, most felt the other side negotiated honestly.

A number of individuals emphasized the importance of technical preparation when arranging a trade, while admitting to the difficulty involved in obtaining information. It is hard to compare prices, for example, because products differ so much. The long distribution channels that can sometimes form between producer and final user slow down the exchange of information. Having an office in the foreign country gives a company an advantage.

The question of pacing evoked a response from nearly every participant. Both sides agreed that Japanese customers take more time than American customers to make a decision to order or not. There are concrete reasons for this. Importing companies may

supply hundreds of small customers in Japan, and trying to keep up with their needs requires a great deal of planning. In addition, the Japanese have far more product categories than U.S. customers do, and this complexity adds to the time required to gauge inventory needs properly. In large Japanese trading companies, employees need permission before making a firm decision. The extra time required for decision making creates a conflict between American companies who want to move the product and Japanese companies who want them to hold the product long enough for the Japanese to make an informed decision. Also during the long wait the market often changes, and the two sides must reconsider the previously offered price, delaying business further. American businesses claim to restrain themselves from pressuring their Japanese partners, knowing it will not help.

Wood products traders highly value personal relationships. Members of the forest industry share a common ideal about the rugged nature of their work and the individuals in it. In a sense, they make up a common culture. Wood products companies do millions of dollars of business over the phone, necessitating a great level of trust. Long-term relations also help the two partners weather volatile market conditions and occasional disputes, and also encourage sustained business. The greatest difficulty with relationships is getting them started. Once started, they tend to reinforce themselves. The interviews helped identify several characteristics that facilitate good relationships.

The interviews revealed the selection of personnel to be an issue, though not an urgent one. Often the Japanese company sends several individuals to deal just with one American, but this does not pose a problem. The use of lawyers, which occurs very occasionally in these transactions, seems out of place to the Japanese. The Japanese seem to feel the two parties should work together to solve technical details.

IX.2. Language

Many of the informants noted linguistic ability as a factor in U.S.-Japan wood products trade. While Exporter D opined that owing to the Japanese education system virtually every Japanese he has dealt with speaks excellent English, numerous traders of both nationalities took exception to this. Though the majority of the Japanese interviewees elected to answer questions in English and did so quite capably, several of these evaluated their own abilities very modestly. They distinguished between competence at general English conversation and mastery of the specialized terms of the wood products trade.

How seriously do linguistic difficulties affect business? On the one hand, a few of the Japanese felt that the negotiation process itself suffers little from the language barrier simply because the Japanese are buyers, not sellers. As one commented, if the Japanese had to sell the product it would require the ability to initiate small talk. He spoke of a Japanese acquaintance of his who sells Japanese goods in America and must struggle daily with his language ability. But buyers, they say, only really need enough fluency to follow the lead in conversation and get things down to the bottom line.

But when negotiation turns to technical details, other importers and also some exporters felt that language has caused them problems or has great potential to do so. Among these, Importer F, working in Japan, stated a strong preference for communicating in person rather than by electronic media whenever he can. Others said they like to get things in writing as much as possible. Exporter T, a non-Japanese Asian who works for an American trading company and conducts business in any of three languages, greatly prefers written communication, not necessarily a contract, in any business deal in order to avoid misunderstandings.

Importer L reported that even written communication can lead to misunderstandings. Over a period of ten years, he says his trading company experienced repeated delays of shipments since they did not have a basic contract format that clearly spelled out that the company expected full, not partial, shipments. Finally, however, the company began to insert the proper wording into its contracts and this has relieved the problem. But during the ten years this problem occurred, the trading company could not fill some of its orders from other Japanese companies. In this case, then, the linguistic problem did have concrete, negative consequences on the company.

Importer O likewise reports problems that resulted from linguistic challenges. When he is giving the details of his order to a manager at the supplying firm, he can never feel sure he has made himself 100% understood. Much later, when he receives the order, he occasionally finds errors which he takes as evidence that indeed he did not express himself very well.

In addition, Importer L says that his American suppliers have taken advantage of his linguistic weaknesses, which he says make it easier for the suppliers to stonewall or to renege on verbal agreements by saying "You must have misunderstood."

Importer L noted that the U.S. government usually limits Japanese businesspeople to five-year assignments in the U.S., and that it usually takes a year or so for the staff member newly assigned in this country to feel comfortable with his language skills. As a result, the language barrier has become a recurring problem.

Some companies have used translators. One businessman noted that even translators have difficulty because of the abundance of jargon unique to this industry.

Certain of the companies have found ways to deal with linguistic problems. Exporter T, mentioned above, speaks Japanese fluently, and Exporter C's company hires only salespeople who speak Japanese and can conduct business in Japanese. The two did not report any difficulties in their own competence in the Japanese language.

Exporter J found a strategy to circumvent problems resulting from misunderstandings. When he meets with a Japanese partner who he feels may not understand completely, he has his notes from the meeting translated into Japanese and forwarded to the person. At times his counterpart is surprised at some of the contents, and through taking this action the two sides have avoided making blind commitments.

In sum, enough interviewees described linguistic difficulties to conclude that this matter truly concerns the Japanese and Americans involved in wood products trade. This concern is not industry-wide, as Exporter D's comments at the beginning of this section reveal, and even among those who feel they could be communicating better, only a few could point to tangible negative results of their difficulties.

By way of caveat, though, the sample of exporters included only individuals working in the Pacific Northwest. Importer N made the interesting comment that communicating in English is much easier with people from this region. Generally, Americans from the west coast of the United States have had more contact with the Japanese than people from other regions, and therefore are more accustomed to and patient with the way Japanese speak English. By the same coin, this importer has become more accustomed to the speech of west coast Americans than that of Americans from other regions. So we may wonder how the results would differ if Americans from other regions had commented on these issues.

IX.3. Relative Concepts of Etiquette

The survey results indicated that etiquette, despite the amount of attention it receives in much of the business literature, did not concern the participants in this study greatly. A handful of comments however seemed to reflect cultural norms of proper behavior. Most of the comments heard had to do with Japanese behavior.

In particular, some Americans expressed frustration that Japanese did not express their opinions very directly. The Japanese, said Exporters A and K, will not tell why they do not like the product and refuse to buy it. Exporter I reports that the Japanese will

never say no directly. Importer K concurred that Japanese need to complain indirectly if they must complain at all.

Exporter A felt it best not to bring up topics that might embarrass the Japanese individual. He was referring to a case where a Japanese had at an earlier meeting hinted that his company would soon place an order but never did. The two continued to do business amicably after this incident, but they avoided talking about the earlier promise.

Exporter T, the one non-American exporter, claimed that beginning relations with a Japanese company was the hardest part, but having a personal introduction, as is the practice in Japanese business, seems to help.

In summary, etiquette does not seem to concern many individuals in the wood products trade except for the lone issue of being able to speak directly.

IX.4. Cultural Values

Overview: A difference in cultural values clearly has a significant effect on U.S.-Japan wood products trade. For a simple example, one exporter told of sending a shipment of wood to his Japanese partner, who looked at the wood and said it was clearly flawed; the American travelled to Japan and pronounced it just fine after his own inspection. Examples such as these show that each side was applying its own set of standards, perhaps in very objective ways, and drawing conclusions exactly opposed to the other's.

What cultural values surfaced in discussions with the participants? To summarize, many of the Japanese in the study stressed trust, long-term relationships, customer satisfaction, steadiness of supply and product quality (including cosmetic appearance), as prime values. Many Americans identified with trust, the welfare of their own employees, the ability to speak directly, the ability to conduct business in a timely fashion and at a fair profit, efficiency, and a concept of product quality that mainly stresses performance characteristics.

While these values may serve each side well within their own countries, in intercultural situations they can and do come into contradiction with each other. For example, several Japanese indicated ways in which American companies seek short-term profit to the detriment of long-term business with the Japanese. Typically, they say, American companies do not have much interest in the export market simply because domestic demand for wood products keeps them busy and prosperous enough. Some importers complained about having to pay high prices for their orders when the American market is more lucrative than the Japanese.

Some Japanese also expressed disappointment that Americans do not try to adapt their products to the Japanese market. In separate interviews, three importers used the U.S. auto industry as an example, since it has neglected for years to build cars with the steering column on the right, as is customary in Japan. The wood products equivalent of this has to do with cutting lumber to the preferred Japanese sizes. A number of importers claimed that the American companies knew or cared little about how their products are used in Japan, and so produced a product more suited to American uses than Japanese.

Japanese felt that Americans did not understand how Japanese home builders define quality. One said that for Americans the traditional product standards suffice, but for Japanese they are minimums which should be exceeded whenever possible.

Participants from both sides of the issue agreed that it takes a Japanese buyer longer than an American buyer to decide whether to place an order upon being offered a price. Large Japanese trading companies with perhaps hundreds of clients, many with limited storage space, usually have to check to make sure they are ordering neither too much nor too little. Japanese felt betrayed if their suppliers in the meantime would sell the product to another customer while the Japanese were still considering.

Americans, of course, have their own ideas about Japanese values. For example, they do not want to let their products sit idle while the Japanese wait a week or more to decide if they want it and another customer has the cash in hand.

In an effort to assure a steady supply of wood at a predictable price, Japanese sometimes propose setting the price level for a year in advance. But because the American market shifts rapidly, U.S. companies do not want to gamble on a locked-in price.

To Japanese companies that import wood products to resell to other Japanese companies, customer satisfaction ultimately means pleasing the home builder, who works in an industry with a long tradition and a concept of quality that emphasizes appearance at least as much as performance. The Japanese refusal to buy products that meet U.S. standards seems unreasonable to some of the American exporters.

So each side feels some frustration with the other's set of values. Let us expand on this frustration and, just as importantly, the ways in which each side has responded to work with these values, in the following sub-sections.

Cultural values and product characteristics: Exporter A felt that compared to American companies, Japanese importers have a better feel for what their customers want, would rather customize their products than mass produce, and seem content with lower profit levels. Americans steeped in the Henry Ford philosophy of mass production would lose patience with Japanese demands, but a number of Northwest businesses do try to adapt to the Japanese way. Many mills will work with the Japanese to try to put out

the desired product, others will begin to do so but find that ever-increasing Japanese demands make it uneconomical at some point, still others make only products geared toward the American market and will let Japanese customers take it or leave it.

Pacific Northwest sawmills have become familiar with the lumber standard known as J-Grade, or Japan Grade. Not all mills can produce J-Grade; it requires especially knot-free logs to cut into boards, and many mills simply have to take what logs they can get. Northwest mills must compete with Japanese companies for logs, and have much smaller finances with which to do it. The gradual removal of first-growth trees (which have fewer knots than second-growth) from the market has intensified this competition. Only after solving these problems can a U.S. sawmill begin to produce J-Grade lumber.

What separates this coveted grade of lumber from the types that mills put out for the domestic market has above all to do with appearance, not structural characteristics, said several exporters. In part, Japanese construction styles which make the quality of the wood more obvious to the home owner justify this concern for appearance. But evidently the real driving force behind this desire for beauty is the home builders who, says Exporter H, will not accept a product that does not meet their visual approval. Cosmetic appearance has become equated with quality in the Japanese market. This constrains the Japanese trading companies from accepting a product which performs well but does not look good.

The Japanese importing companies have taken their customers' definition of quality seriously. Exporter A quipped that when Americans say "The customer is always right," Japanese say "The customer is God." Several exporters claimed that while Japanese may compromise on price, they usually will not do so on quality not only because their own customers constrain them but also because, as Exporter A pointed out, this is a buyers' market. Japanese can find other suppliers, and not just in the United States.

Exporter H gave an example reminiscent of Johnson's (1988) distinction between the American paradigm of efficiency and the Japanese paradigm of effectiveness when he said that American wood products companies recognize a need to achieve maximum output for their raw materials; Japanese do not. The Japanese want to extract a product, not a quantity. For example, he says he can produce so many boards of Japanese standard from a given log, but if they will accept boards with a slight amount of wane (that is, one edge of the board is somewhat curved due to the taper of the tree) he can increase that number. The wane would not affect the performance of the boards. But the Japanese companies he deals with will not accept this. For similar reasons Japanese companies buy few engineered wood products (such as particleboard or oriented strand board) even as these products find many uses in the United States. Since the home

builders will not use them, no one can blame the importing companies that do not deal in them.

Even so, producers only have so much control over how perfect their product is; this depends more than a little on the quality of the raw material. Some of the Japanese, such as Importer O, find that no matter what financial incentives they offer to their suppliers, they must still compromise on quality in order to obtain a sustained quantity of wood.

The two perspectives on product quality also may clash when mishandling or environmental conditions damage the product in shipping. Given the nature of the trade and the product, both sides understand that these incidents will occur. But they often disagree on how to deal with the situation. Exporter N relates that lumber often gets moldy when exposed to rain. When this occurs, his Japanese partners will claim the product has lost all value and they deserve a high rate of compensation; the exporter will argue that the product still has value for other applications and thus the rate of compensation need not be so high. In other cases, though, Americans are puzzled as to just why their Japanese customers do not like the product. Two exporters said that in the past a Japanese would come all the way from Japan to the mill to look at a product, reject it, and go home without any explanation. This frustrated the exporters, who wondered if they might have been able to correct any problems with the product but could never know for certain. Exporter O stressed that this behavior has not occurred in recent years.

Selling a product in another culture requires not only making it good enough or beautiful enough for that market; it requires making it usable. The Japanese traditionally used a system of homebuilding dimensions based on the standard size of a tatami mat. This system has not changed much; metric units now serve to measure the same sizes. But only gradually have American sawmills begun to cut lumber in sizes other than those commonly used in the U.S.. Importer E says that Americans tend to stick to familiar standards in product specifications, and until now this has not hurt them because they have a large domestic market to sell to. In contrast, countries that depend far more on international trade (Canada, Japan, etc.) more willingly adapt their product. The importer stressed that over time U.S. sawmills have started to produce lumber specifically sized for the Japanese market, and in the meantime Japanese home builders are using more two-by-four lumber as building material.

Adapting one's product to another market is not free; retooling a sawmill can prove very time- and money-consuming. The decision to do so or not is fundamentally a question of values. The American company that does adapt its product is making a commitment to the Japanese market for the long term. Companies which do not adapt

likely have more interest in the domestic market, and will sell wherever they find the greatest demand. Too often, says Importer L, the American company follows the latter pattern, placing more emphasis on profits than sustained business. The section on relationships will speak more on the topic of short-term profitability and long-term sustained business. The point to make now is that some of the importers feel the Japanese value of long-term, trusting relationships clashes with an American company policy of maximizing profit.

Various Japanese importers pointed out though that the Pacific Northwest wood products industry has begun to produce more appropriate goods for the Japanese market. Importer D, one of those who had referred to the intransigence of the U.S. auto industry, averred that in fact the wood products industry has proven very flexible in comparison, and singled out the Pacific Northwest region for its willingness to adapt as well as hire Japanese-speaking staff and visit with its Japanese counterparts. Further, Importer A says that American softwood exporters (which include most Pacific Northwest wood products companies) understand Japan's needs better than hardwood exporters because their product has an established market in Japan. Another importer said that the region's relative distance from many of the hubs of the U.S. market for wood products made it more sensitive to the opportunities of exporting. Adding to this sensitivity is the proximity of British Columbia, which has adapted its wood products for the Japanese market for years. The Pacific Northwest must compete with this neighbor when it exports.

Cultural Values and the Act of Negotiating: Intercultural interaction is a function of personalities, not only culture. The informants gave a wide variety of responses when discussing the act of negotiating. For example, Americans disagree with each other in their assessments of Japanese clarity and honesty; Japanese likewise had contradictory stories of their negotiations with Americans. While each individual speaks from his own experiences, we cannot generalize based on single accounts.

Still, the majority of importers and exporters have positive feelings about their negotiations with each other. While several could recount one problem or another that had taken place, most quickly added a modifier such as "But this is not a major problem" (or frequent problem, or a problem in recent years.) So unless specifically noted, we should consider the problems mentioned as isolated instances.

A minority of wood products traders saw things differently. For one, Exporter U feels that Japanese companies routinely lie to him and "do anything" to get what they want. He says, for example, that his Japanese partners will ask him to throw in extra millwork for free, claiming there would be no extra charge to do it in Japan, when this exporter knows there *would* be a significant charge for the work in Japan. Importer H

specifically mistrusted small and medium-sized mills that would make a price offer to his company but sell the goods before he could consult with his home office.

But very few traders indicated the existence of a pattern of deceit in the other side. Instead, some argued, the trade suffers from lack of clarity. In the last section we read about Japanese who do not specify what they dislike about a certain product. One Japanese agreed that the Japanese tendency to "beat around the bush" in negotiation slows down business considerably. An exporter says that details in product specifications left undecided at the time of the contract frequently come back to haunt his company when the Japanese report dissatisfaction with the product. Exporter I felt that Japanese do not negotiate "straight up" because they are too polite to do so.

Others emphasized that in the world of business, you have to expect a certain amount of tactics. Importer F noted a number of tactics that his American suppliers used that made his job more difficult, but after each one he added that it was only natural they do so. Importer N, who deals in the trade of logs, said that the volatile nature of log prices makes his suppliers speculate on future trends: when they feel the market will soon go up, the supplier will delay the immediate sale of logs, and when the market seems headed downward, they will push the importing company to buy quickly. Importer N does not fault his suppliers for acting this way, because his company does the same thing. While he does not enjoy the risks that go with this kind of speculation, he considers it to be perfectly understandable that each side employs such strategies.

Not surprisingly, tactics come into play when the two sides bargain over price. Exporter O noted that his Japanese clients sometimes berate the quality of the product he is trying to sell them. He shrugs this off as a means of securing a lower price, and advises that it does not mean the Japanese side is uninterested. Importer E commented similarly on the meaning of the counteroffer to the Japanese; if a Japanese wants a lower price, this is a good sign. It does not so much mean the original price is too high as much as it means "I am interested."

Importer D works for a company that imports a large amount of wood products from the U.S., and when he places a large order he inquires about getting a quantity discount. But the American side counters with a high offer. He guesses that the supplier feels that since his company wants the product so badly, they must be willing to pay *more*. Still, even in this case, the importer says this is not a big problem.

Exporter J felt that the Japanese are very often "their own worst enemy" when negotiating for price. He says that the less experienced importers will very predictably ask for a lower price, regardless of the initial offer. The exporter compensates for this by making an offer above his acceptable minimum price and letting the importer "talk him

down"--and the two settle on a price at or sometimes above what the supplier would have sold for anyway. Exporter J imagines the novice importer wants to impress his company with his negotiating ability, but eventually, after three or four years, realizes the trap he has fallen into. At this point the importer learns not to be so insistent, and the transactions from then on become more straightforward.

Importer A is one of those who has grown comfortable with the American negotiating style. In many Asian countries, he says, negotiation usually starts with both sides making unreasonable offers, one very high and one very low, and then working their way to a compromise position. By contrast, American sellers usually start with a figure close to what they really expect.

Several members of each side addressed the subject of renegotiation. A typical contract between two Japanese companies has clauses requiring both sides to cooperate in good faith should circumstances change that affect the ability of one party to carry out its end of the bargain. Importer L said that his company would not hesitate to ask for renegotiation when dealing with another Japanese company, but would never even consider asking an American company to do so. Importer N agreed that it simply could not renege on a written contract with an American company, nor would it do so with a verbal agreement for fear of causing mistrust. Both of these importers felt it preferable to lose money on a deal than to break their word. A number of exporters agreed with this principle; they would not honor a request to renegotiate if asked.

But then some members of each side do renegotiate when necessary. Importer I relates one case where the U.S. market was very high and the supplier had indicated it would stay that way, but the market changed suddenly to the importer's disadvantage. The company asked the supplier to renegotiate, and they did. On the other hand, the supplier has also asked the importer to renegotiate at times, and the importer has complied. Exporter O, while praising his Japanese partners for doing all they can to stand behind their promises, is willing to renegotiate with any company with which he has had a long history. In both these cases, the quality of the relationship is fundamental to the ability to renegotiate. Therefore the topic of renegotiation will appear again in the section on relationships. The point to take in this section is that values are relative; what works for one pair of businesspeople may not work for another pair. Intercultural business depends on the ability of the pair to come to a workable relationship among themselves.

IX.5. Technical Preparation

A number of individuals emphasized the importance of having information when arranging a trade, as well as how difficult it can be to obtain that information. Some exporters have offices in Japan, and many of the importers work out of U.S. offices. A few of them expressed what an advantage this gives them. Exporters D and K praised the Japanese for their preparedness. Exporter D says his Japanese counterparts must keep extensive notes. When he gets together with a customer he has not seen in several months, the customer can recall details from the last meeting as if it were the day before, he says. He adds that the Japanese quickly find points of weakness as well, and this makes them strong negotiators.

One importer revealed however that his side did not really know all it would like to. Importer O says his suppliers will usually tell him they paid a certain amount for their raw materials, but he can never know for sure. Therefore he cannot know what price is fair. He feels this lack of information works against him.

Two other importers mentioned how hard it is to read the exporters. Both suspect their partners bluff quite a bit, but like Importer O cannot know the suppliers' costs. None felt they could overcome this situation: the logs the mills buy are differentiated enough by quality to make any type of cost estimate meaningless. Importer D says even this information might not help, since suppliers tend to set their prices more by conditions in the market for the finished product than actual cost of raw materials. In other words, the seller is trying to maximize profit. One should not be surprised by a certain amount of bluffing. Importer B says that, after all, this is business.

The long distribution channels that can sometimes form between producer and final user can slow down the exchange of information. Exporter K, for example, says he knows his own customers, but has no idea where the product goes after them. Many Japanese wished that Americans knew how Japanese home builders use their products. They feel that this knowledge would help the suppliers better adapt the products for the Japanese market. In addition, says Importer O, if the suppliers had closer ties to the home builder, they could better state their case for the use of high-quality but not so beautiful materials. His is one of two Japanese companies in the study which have their own housing divisions, which greatly reduces the number of steps between supplier and final user. Both of these companies reported they were able to use such products as a result.

IX.6. Appropriate Pacing

Reasons to go slow: Virtually all of the participants in the study had an opinion on pacing, the speed at which business occurs. In a typical situation, the Japanese side has inquired about a possible order and the American side has offered a quote and is waiting for an answer, but the Japanese side cannot seem to decide. Most felt that there is a cultural basis for this. Importer N expressed the minority view however that Japanese and Americans are not so different at heart; there are patient and impatient people in both cultures.

Even so, certain aspects of Japanese culture constrain wood products importers there from making quick commitments. Much of this has to do with the product itself. Some of the importers point out that the company they work for may supply hundreds of small customers in Japan, and trying to keep up with their needs requires a great deal of planning. In addition, says Exporter H, the Japanese have far more product categories than U.S. customers do; they may require thirty or forty different dimension combinations for basic lumber. This complexity adds to the time required to gauge inventory needs properly. But a Japanese in the study had a different perspective on this. He felt that in fact his company knows exactly what it needs and what it will pay, but the American supplier can rarely fill the order 100%. So the two sides have to negotiate a lower price for the portion or quality of the order the supplier can fill. This extra bargaining explains the time delays, says the importer.

A number of participants from both sides mentioned that the Japanese decision-making style simply takes more time. Exporter I specifies the large trading companies, whose employees need permission before acting, or as Exporter U says, need to consult with everyone "up to God." Importer L confirms the need to gain permission from the hierarchy, despite working for years in the lumber trade. Besides the hierarchy, Japanese trading companies typically make decisions by consensus, says Exporter Q, and this takes time by its nature.

The consequences of going slow: Exporters A and U agree that Japanese hurt themselves with their slow decision-making, since at times the mill that makes the offer will sell the merchandise to another buyer before the Japanese have made up their minds. Exporter A says the Japanese sometimes lose out on short-term opportunities. Exporter K, who works for an American trading company, says that the market often changes before he gets a response. The Japanese side calls back hoping to reset the price to reflect

the new market, and this means he has to start negotiations all over between the importer and the mill, further delaying the transaction.

The consequences of this kind of foot-dragging to the American supplier seem less drastic. The supplier can, when the product is done, sell the goods to another customer. And companies that only make the product after receiving a definite order have little problem at all. Exporter O says he has seen a deal with the Japanese take up to a year to put together, but in the meantime the product is not taking up space or delaying other business.

Assessment: Are the Japanese too slow?: As we have already seen, a number of exporters felt that the Japanese move too slowly, mostly to their own disadvantage. Others felt that while their Japanese customers move more slowly than American customers, they do not move unreasonably slowly. The Japanese gave a variety of answers on the question. Several importers felt they moved sufficiently fast: daily fax communication with the main office helped them to speed up their decision-making process. Some importers expressed opinions similar to the exporters, citing the complexity of inventory and gaining permission.

Reasons to go fast: When we think of wood as an agricultural crop, we can see why people who trade in it want to move it quickly: all crops lose their freshness and their value. Wood products also take up space. Neither importers nor exporters want to leave such a product sitting around for too long.

We have already discussed how moving quickly can help the buyer take advantage of short-term opportunities when the product is ready to go. Even when it is not, it can at least speed up business: Exporter J's mill takes orders up to 90 days in advance. A delayed decision only lengthens the wait.

The consequences of going fast: Exporter A said that through working in forest products trade, he is getting more patient every day. He says that Japanese importers can always hang up the phone. We have, as others point out, a buyers' market in the wood products industry today. The greatest risk involved with going too fast therefore seems to be alienating the Japanese customer. Bound by company hierarchy and an obligation to give the customers exactly what they want, the Japanese company representative will not respond positively to pressure.

Assessment: Are the Americans too fast?: Since the participants had no broad agreement on whether Japanese move "too" slowly, it should not surprise us that there were mixed opinions on whether Americans moved "too" fast. Some individuals on either side felt there was no pressure on the Japanese to decide soon, whereas Importer F, whose only complaint on the survey concerned this question, related how his suppliers

usually put time limits of varying length on any offer, and it never seems long enough. Several Japanese disagreed with the survey statement that Americans do not move too fast, but only Importer F seemed to disagree strongly (that is, by ranking the statement a '1' on the Likert scale.) But the phenomenon Importer F speaks of does not imply pressure to buy, only pressure to decide.

Importer H said that his company prefers not to do business with smaller companies because they are more likely to sell the product to another customer before his company can respond. This reflects the comments of a few of the exporters earlier in this section.

The whole issue of pacing seems to have two prominent aspects. The first concerns the fact that it takes a Japanese company more time than an American customer to make a decision to order or not. This does find broad agreement, but few say it creates a problem. This problem lies in the second aspect, which has to do with the conflict between American companies who want to move the product and Japanese companies who want them to hold the product long enough to make an informed decision. A few mentioned lost business opportunities and feelings of mistrust as a result, but few enough that we cannot generalize across the industry. Taking Importer H's comments as a clue, we might speculate that certain factors such as company size predispose the supplier either to wait patiently or to sell to the first taker. This study did not collect sufficient data to draw such a conclusion.

A special case: The log trade: Importer N, who works in a section of his company that imports logs, finds that the log market moves with far more volatility than the lumber market. Since prices rise and fall quickly, each side is always positioning itself to take advantage of these fluctuations. For example, when both sides feel log prices will soon go up, the seller delays the sale, while the buyer pushes for a quick sale. A market expected to go down will reverse these roles. Importer N says his suppliers have delayed sales for as long as six months, even as the product was sitting on the lot. This story suggests to us that at times economics exerts a greater influence over the pace of business than cultural reasons.

IX.7. Personal Relationships

Wood Products Traders Highly Value Personal Relationships: Exporter D emphasized that Japanese businesspeople form relationships with their partners for life, not out of convenience. But not only Japanese wood products traders put so much value on relationships; Americans do too. As Exporter R pointed out, individuals in the forest

industry share a common ideal about the rugged nature of their work and the individuals in it. In a sense, they make up a common culture. Friendships run deep between members of this culture. As a result, wood products companies do millions of dollars of business over the phone, a "lawyer's nightmare" in this exporter's words. Obviously, this could not occur without a great level of trust. Importers and exporters alike felt this way.

An on-going intercultural business relation offers both partners tangible rewards, even when trust temporarily breaks down. Two exporters and one importer reported incidents where they feuded strongly with their partners, leading in one case to a lawsuit and in another to several months of bitter feelings on both sides. But in each case the partnership continued, and each of these three individuals credited it to the fact that the relationship had already had a long history.

Importer I says that long-term relations also help the two partners weather volatile market conditions. He explains that the market for wood products can take unexpected turns every three to four weeks, which necessitates frequent renegotiation of terms.

Just as many of the importers valued a sustained supply of materials, Exporter J valued the sustained business that long-term relations assure. He can count on a predictable quarterly order from one established partner. At the same time, he discourages spot buyers who place large but infrequent orders. He would rather have a steady stream of business.

Importer G felt that since Canadians seemed more aware of the importance of the long-term relationship to Japanese companies, they offer the Japanese fairly stable prices even when the North American market is very volatile. This has obvious appeal to the Japanese.

The long-term partnership gives each side more room for reconsideration and renegotiation. Exporter A recalls a time when a client wanted a rather large order, and the exporter's company had just slightly less than the whole amount on hand. The client would not even consider making the order then. Exporter A speculates that if the two companies had had a longer relation, the client might have at least reconsidered. Exporter Q says that his company's policy of honoring long-term relationships helps them to see beyond one contract at a time and renegotiate contracts when circumstances warrant.

What a long-term relationship implies--and what it does not: A long-term relationship between two companies has as its anchor the relationship between individuals within those companies. Importer H tries to build relationships with suppliers that are close enough that either side can feel free to call the other in the middle of the night or on weekends. Exporter I says his relationship with one Japanese led him to defend the Japanese's actions when the importing company called him into question.

Long-term relations between Japanese and American companies do not necessarily last forever: new relationships form with different companies; old relationships sometimes break off. But long-term relations do tend to reinforce themselves since customers come back to the company and product they know. Participants in this study reported relations between two companies lasting thirty years or more so far.

Because relationships reinforce themselves, most companies do not find it necessary to formalize this arrangement with long-term contracts. But exceptions do exist. An American company once sued Importer M's company, and the settlement document included language committing the two firms to continue doing business together. Importer L's company does not own any sawmills, but has found a suitable alternative by making long-term contracts with a number of "mother mills." Similarly, Exporter H's company found several potential customers when it started to produce "hirakaku" (construction beams for a Japanese house); the company contracted with three customers it thought it could get along with over the long haul.

Relationships are not exclusive, either. Except in those cases when companies have made long-term commitments, both sides are free to shop around. But usually the qualities which first attracted a buyer to a certain supplier will bring them back again.

Contrary to what may have been in the past, relationships are not a prerequisite for doing business. Exporter I says that 15 years ago doing business with many Japanese companies required a long "courtship" process which eventually led to getting on a list of approved trading partners with that company. Every importer asked about this said that today the relationship begins with the first order and grows along with business.

And not surprisingly, relationships imply sincerity. Exporter N has had disputes with Japanese companies before, but says disputes do not hurt a long-term relationship if both sides are sincere.

Establishing relations: Exporter E had not received an order from a Japanese company in three years, and admitted a certain number of frustrations in his contacts with Japanese. Among them, he observed that getting orders from Japanese resembles the chicken-or-egg paradox: Japanese companies want to do business with companies they have worked with before, so how do you begin? Exporter T, a non-American exporter, agreed that the first contact with a Japanese company is the hardest part.

Several Japanese and Americans spoke of the typical way of initiating a relationship. Most commonly the Japanese company will seek out the contact and place a small "trial order". Unlike later orders, the Japanese company places the order the same or next day and does not specify a great deal about product quality. Importer L says they place the order just to "see how things go." Exporter J says this begins a process of gradually

increasing orders and slowly building relations. As relations build, Japanese will visit their supplier from time to time, more often than a domestic client, asserts Exporter N. Some of the exporters visit their customers' offices in Japan on occasion; some have representative offices in Japan to facilitate this.

The Americans in this study were fully aware of the importance of socializing when doing business with the Japanese. Exporters C said that the frequency of after-hours socializing cut into his personal time but gave him access to important information; another expressed the view that Japanese "love to party" and this is part of doing business with them. However, Importer O, who works out of a U.S. office, feels the socializing has gotten out of hand and few people on either side really enjoy it. The American companies he deals with frequently treat him at Japanese restaurants. He speculates that they do not really enjoy raw fish and giving up their personal time, but they seem to think *he* expects this treatment. In fact he would like more personal time as well. But so far he has had no success at telling his partners this.

Characteristics that facilitate good relationships: Relations have most of all to do with individuals, but this does not mean other factors do not affect them.

When we speak of the wood products business, we are really referring to several markets. These markets have varying characteristics. Importer N works in a section of his company that imports logs. He finds the log market far more volatile than the lumber market. Since prices rise and fall quickly, each side is always positioning itself to take advantage of these fluctuations. In other words, the two sides are frequently bargaining adversarially, which certainly does not foster good relations. Importer Q added that companies that trade in more finished products generally have more stable relations than companies in the log or dimension lumber trade. Exporter M explains that the more finished a product, the fewer companies there are making it and market price and demand remain more stable. With unfinished products exactly the opposite is true because so many companies can produce simple items such as dimension lumber and make it worthwhile for the customer to shop around. So of course relations tend to be stronger the more finished the product.

Japanese companies appear to prefer American companies with certain characteristics. Given the effect of harvest restrictions on federal lands in the Pacific Northwest, Japanese feel more comfortable doing business with companies that own forestlands. Importer O says his company has stopped placing orders over the last four years with five or six companies dependent on federal timber.

The Japanese try to build relations with those companies that for various reasons have more interest in the long-term. Importer M notes that Canadian companies and

those U.S. firms relatively far removed from the domestic market (such as northern Washington state) have more interest in long-term relations with overseas buyers.

Importer H declares that the larger U.S. companies as a matter of policy have more interest in long-term relations with Japan than small and medium-sized companies which will sell the product to the first taker. This importer says his company has no intention of dealing with the smaller suppliers for this reason.

Finally, Exporter I says that some Japanese companies will not do business with sole proprietorships. Corporations, they feel, will more likely survive their founders and be able to continue supplying the Japanese market well into the future.

Americans, likewise, have preferences as to what kind of Japanese company they would like to work with over the years. Exporters I and L see advantages in dealing with smaller companies. Exporter I, whose firm is one of the smaller ones, says that small companies in Japan are by their nature more entrepreneurial than the major corporations, and thus more sympathetic to the position of his company. Also, the president of a small Japanese company often conducts business himself, whereas the large companies send someone from a lower rank. Because of this, the small company can make commitments faster and take more risks.

Exporter K briefly noted that Japanese companies with U.S. offices can usually make commitments in a faster time than those without: about one or two days for the former as opposed to seven to twelve days for the latter. This would seem to contradict the previous paragraph, however, since usually large Japanese companies have offices in the U.S. and small ones do not.

Relation-based problems: Various traders on both sides reported dissatisfaction with the way their intercultural relationships had worked out. By far the most common of these had to do with the fact that there is no relation at all most of the time between the American exporting company and the final user of the product, and thus the American company knows little about what the user wants. In extreme cases, the product may undergo two transactions on American soil and as many as five in Japan as various levels of trading companies, wholesalers and retailers buy and sell the good. So far removed from their ultimate customer, the American supplier (and even some Japanese companies in the distribution chain, asserts one importer) cannot possibly know how to meet the customer's needs.

Some of the exporters have actually met with home builders to get to know them better. Some of the major Japanese trading companies manage to shorten the distribution chain by having their own housing divisions. And increasingly, direct trade is occurring

between American suppliers and a new type of automated sawmill in Japan called a pre-cut facility.

Of course cutting out the middleman will likely cause problems of another sort. Exporter N says he feels awkward when approached by a Japanese company who turns out to be a customer of his own trading partner; he does not know for sure if he should conspire to cut out his client.

Since relationships are fundamentally personal, Exporter U feels dismayed that when dealing with an American company he has to deal with so many individuals in different departments (sales, accounting, etc.) If he were dealing with a Japanese company, he would go immediately to the person he always deals with.

We have already discussed how Japanese companies generally approach an American company with a small, simple order. Exporter R says that invariably in his experience the Japanese will place over time increasingly difficult-to-fill orders, asking for higher and higher quality but never raising the price, until one day the mill decides they cannot honor the request. As a result, relationships between this company and Japan do not last so long. Exporter S had a similar story about increasing specifications, but said that the Japanese will pay a higher price if pressed.

Finally, Exporter U feels that his Japanese partners have misled him by exaggerating the importance of the relationship. He says his Japanese customers promise that a deal will lead to "permanent" ties and the importer will not shop around for better deals. Though this exporter does not ask for these conditions, he feels that the Japanese are lying to him because he knows they do shop around. This man's experience was unique among the exporters, but he clearly felt very upset about it.

IX.8. Appropriate Personnel

The interviews revealed the selection of personnel to be an important, though not urgent, issue. The business literature suggested that in U.S.-Japanese negotiations the Japanese side tends to have more personnel at the bargaining table, to the disadvantage of the Americans. Exporters H and N confirmed that often the Japanese send three or four, occasionally even more, individuals to deal just with one American. But they agree this poses no problem; Exporter H said he can usually figure out who is leading the group.

Only one interviewee mentioned the issue of a lawyer's presence. The business literature suggests that Japanese may feel threatened when attorneys participate in negotiations and contract-writing. Exporter I explained that the Japanese, especially

small companies, do not really understand what a lawyer is there for; they feel the two parties should work together to solve technical details. He speculates that Japanese think lawyers are only needed when someone has something to hide. But he, like several other participants, noted that wood products traders rarely use attorneys, so the issue little concerned them.

None of the Japanese noted any problem with personnel.

X. Conclusion

X.1. Discussion

Discussions with the various importers and exporters brought out a variety of stories and perspectives. The participants discussed these issues and related their opinions with great sincerity; no one questioned the importance of personal and intercultural relations in wood products trade. A few subjects challenged the relevance of specific questions from the survey to this area of trade, and another suggested that the survey's statements overgeneralized by making sweeping statements about Americans and Japanese. But almost all subjects could identify ways in which cultural differences played a role.

Though the majority of the interviewees indicated that economics or government policy (such as tariff rates and supply restrictions) had a greater impact on their business with Japan, they also indicated that issues in intercultural communication also influenced this business. A significant number of interviewees added that though the issues do occur, they do not necessarily become problems: traders primarily need to be aware of these issues and make allowances for them in order to circumvent any ill effects.

A number of the discussions focused on the nature of the relationships between personnel of the Japanese and American businesses. Some companies had done business with specific partners from the other country for thirty years, in addition to acquiring new ones along the way. These discussions offered a rich study in the advantages of long-term relationships: a certain level of trust, commitment and flexibility that does not occur in newer relationships. These interviews also helped clarify just what obligations these relationships do or do not entail. For example, a long-standing relationship is voluntary at all times during its existence; both sides may (and do) shop around for better deals. Yet these longer-term relationships do tend to continue, because the buying companies (who generally initiate the negotiations and the sales) can depend on a consistent supply and price. In a related finding, the more specific products (such as lumber cut to Japanese sizes) tend to encourage longer-lasting relationships between buyer and seller than raw logs and simple two-by-four lumber, products which rival suppliers can easily duplicate and compete to sell.

The participants frequently touched on the theme that *inter-personal*, not just intercultural, relations affect American-Japanese forest products trade. American companies report that the longer they do business with specific Japanese individuals, the

more effective those individuals become. Since Japanese companies can only send Japanese staff to work in the U.S. a maximum of five years, those companies with U.S. offices seem to be in a recurring cycle of learning. As for problems, a few of both Americans and Japanese spoke of having difficulty with particular individuals within their counterpart company, but having otherwise satisfying relationships with members of the other culture. This is a significant point; it indicates that these participants are unwilling to apply isolated instances as negative stereotypes to the other culture as a whole.

A number of respondents wished to talk about particular strategies that their counterparts employed and which seemed deleterious to their relationship. Others pointed out issues which are inherent to the particular type of trade that they do (primarily unprocessed logs) and which therefore are not adequately addressed merely as intercultural communication issues, though communication always plays a role.

The subject of language competence arose in many of the discussions.. Most of these individuals indicated that the language gap indeed exists in the wood products trade, and a few could specify concrete negative results of these problems. Both Japanese working out of U.S. offices and those in Japan indicated such problems, though the ones in the U.S. seemed more confident in their abilities to speak. The issue of language competence can (and sometimes does) harm business, but there seems no reason to single out the wood products business on this matter. Also, both sides in this trade have been willing to take the necessary steps to overcome the language barrier. Such steps include employing staff fluent in both languages, keeping records of conversations in written form, the very occasional use of professional translators, and showing great patience towards those struggling to communicate in a foreign language. Importer N's comments, however, that communicating with Northwesterners is relatively easier than with other English-speakers leads us to restrict any conclusions about the American side to individuals who work in the Pacific Northwest. This region's wood products suppliers have more contact with the Japanese than do other regions; likely the Northwest suppliers have put more effort into their communication.

While entire books have addressed the topic of etiquette in intercultural business, the participants in this study did not spend much time discussing it. A number of exporters and one importer wished that the Japanese side could speak more directly for efficiency's sake. A few of them specifically discussed this as an etiquette issue, noting that Japanese consider it impolite to make flat refusals. Although none of the Japanese complained of excessive American candor, the American exporters themselves warned against being too direct. The American suppliers and the Japanese importers in this study

have satisfactorily avoided most etiquette problems, but many continue to seek a mutually acceptable degree of frankness in their communication. In cases where the Japanese did not say why they declined to make an order, there is a chance that the American side could have done something to ameliorate the product for the Japanese. Therefore it seems just possible that the lack of candor led to lost business.

Looking at the entire set of interviews as a whole, the topic of relative cultural values arose frequently. As mentioned earlier, Japanese importers of wood products value trust, long-term relationships, customer satisfaction, steadiness of supply and a beautiful product; whereas American exporters prized trust, the welfare of their own employees, the ability to speak directly, the ability to conduct business in a timely fashion and at a fair profit, efficiency, and a concept of product quality that mainly stresses performance characteristics. These differing values follow logically when we think of the situation of the companies that import and export wood products from the Pacific Northwest into Japan. Consider the circumstances of the importing country. Japan, though a verdant country, cannot economically produce enough wood to meet its own demands for numerous reasons, including the high cost of production, a shrinking forest industry labor force, and the predominance of small land ownerships. The high Japanese demand for forest products means that Japan has to look abroad for its supply. In particular, the Japanese importers look for a stable supply because first of all, they cannot change suppliers readily, and second, their own customers want deliveries on very predictable schedules. Small Japanese businesses can only hold so much inventory; they require a steady inflow and outflow of material for this reason. Japanese importing companies that supply up to a thousand such businesses face the same problem on a far greater scale. The importers find that long-term associations help the search for a stable supply, and where trust is present, both sides can conduct business with a minimum of formality and delays. The quest for a beautiful product also has to do with business conditions for those importing companies selling to other companies in Japan. An international company may well know that appearance will not change the usefulness of the product, but this knowledge means nothing if their clients refuse to buy the goods. So the values that the importing company brings to the table are not just preferences, they are based on realities that constrain the company.

So also does reality constrain the American exporting companies' relative values. Most of the exporters depend at least in part on timber from public lands, and this source has become less reliable. Many companies in the Pacific Northwest region have gone out of business already; others are fighting to stay alive. For these companies efficiency naturally takes a high priority. They understand very well that there is a limited resource

base for wood products, and know that consumers will eventually have to accept products that Japanese home builders consider unacceptable. And as much as a lumber mill would like to have a steady supply of materials, there is little that many companies can do if federal lands shut down their timber harvest. When the future is this uncertain, it should not surprise us that the company seeks short-term profit over a long-term relationship with a customer.

The values that come into play in U.S.-Japan wood products trade, therefore, seem to have more to do with modern realities than historically-rooted differences. I will not argue this in absolute terms, because there are undeniable differences in tradition between the two countries. America, after all, championed the cause of efficiency and affordability, as demonstrated by Henry Ford. Japan over several centuries has developed an exceedingly complex system of distribution channels and small retailers which bring employment to greater numbers of people. But the Americans and Japanese who participated in this study, having spoken to and worked with each other directly, are privy to a certain amount of knowledge of each other's values. This allows them to put their own values in perspective and to work within the constraints dictated by conditions in both countries.

As international trade increases the world over, is it not possible that eventually these culturally-based values will converge to some extent? After all, both the Japanese importers and the American exporters are subject to the same ultimate realities: their product comes from the forests of the Pacific Northwest, and their final users are the builders of new homes in Japan. Subject to the same conditions at both the supply and demand ends of the flow of wood products, should not the exporters and importers try to deal with the reality of these conditions in the same way?

The interviews indicate that a limited convergence has already begun. One importer says he offers premiums to his suppliers should their products meet his company's high standards, but he knows fully well that he will usually have to settle for something less because of supply considerations. This is one sign that the international traders in this industry are moving closer together in understanding.

The importers and exporters, however, are only one transaction away from each other in a chain that might contain half a dozen transactions. The demands of the home builder affect every transaction that the importers and exporters make together, and even some of the Japanese companies in the middle do not know this person. As long as the home builder does not know what circumstances constrain the producer, and the producer does not know what the home builder expects, there will be limits on how far the values

of the exporting and importing companies can converge. The number of transactions limits how much each side learns of the other. This stunted flow of communication reinforces the frustrations that the two sides spoke of in this study.

However, certain changes are occurring in the industry which could bring the producer and final user into closer contact. Two importers reported that their companies have their own housing divisions, and as a result they can build with whatever materials they wish. The importer has become the final user and eliminated several intermediary layers. Smaller companies are finding their own ways around the many intermediary layers by establishing ties directly with suppliers. Both of these trends must necessarily bring the producer and final user into more immediate contact, which promises to increase understanding of each other's circumstances.

How much capability the American producers have to adapt their products to the Japanese market depends on how well they learn about their ultimate customers' use of the product, but their willingness to adapt entails a further question of values. The relative infrequency of U.S. frame-style housing in Japan means there is little room for selling American-dimensioned lumber to Japan. Some mills will have to decide whether they can make the commitment necessary to put out products to Japanese specifications. Many of the exporting companies involved in the study have begun to make such products, and in some cases Japanese companies are their main customers. This affirms the remarks that several importers made that Pacific Northwest exporters seem particularly aware of their opportunity and need to trade with Japan. It is an opportunity because of the region's relative geographic proximity to Japan, a need because of its relative distance from much of the domestic market.

Adaptability goes two ways, however. The Japanese home builders can only afford their standards of quality as long as their producers can produce up to them. Supplier mills can only improve their products so much; the quality of the raw material constrains the quality of the finished work. This involves much more than efficiency. Wood cannot be remade in any way and still be considered "solid wood." The decreasing availability of the required forest resources world-wide may eventually force the Japanese home builders to alter their quality standards. Increased communication with their suppliers in the U.S. and other countries might convince the home builders of this fact and help them to make this transition.

The main points to watch, then, when considering the role of cultural values in future U.S.-Japan wood products trade include: how will channels for the flow of goods evolve? Will these channels shorten enough to allow closer contact between producer and final user? And even if this does happen, will the producer be willing to make

products to Japanese specifications? And will the Japanese home builder be willing to work with American products, such as they are?

Few of the participants chose to discuss the issue of technical preparation. Of those who did, none indicated that either side was remiss in its fact-finding, though Japanese seemed more prepared. Most mentioned how difficult certain types of information were to get. The Japanese would have liked to know, for example, how much their suppliers paid for their materials. On the other hand, most American companies cannot know the landed price of wood products in Japan, and so cannot decide their own prices this way. The fact that these traders can only take their partners' word on these matters helps account for the fact that both sides emphasized trust as a primary value. The need for trust, of course, is present in any human transaction, but this trade pattern is occurring between two rather distant countries. Companies with offices in the counterpart country or with frequent chances to meet their trading partners have an undoubted advantage in gathering information.

Because so many of the survey respondents had mentioned the issue of appropriate pacing, this matter came up in most of the interviews. It seemed clear that in these transactions, the U.S. side is often ready to make transactions faster than the Japanese side. In discussing this issue, the Japanese made it plain they do not go slower so much out of choice as out of necessity. The complex distribution patterns so many trading companies oversee account for much of this, since the companies spend a great deal of time making sure they are properly filling their inventory needs. Also, the more tradition-bound companies require permission from the top, sometimes over several levels. Even the Japanese in the study recognized the need for prompt decisions, but felt constrained by their circumstances. In comparison, the American exporters had the authority and information necessary to complete a transaction as soon as they made an offer.

Aside from these structural differences, a philosophical difference between the cultures exists which dictates how long a company will allow once the supplier offers a price. Many American companies subscribed to the adage, "First come, first served." For them, an offer is valid only as long as they have the product to sell. Some Japanese felt that making an offer and then selling the goods to someone else amounted to breaking one's commitments. To them, an offer implies a promise to wait.

Some exporters found it advantageous, for one reason or another, to give the Japanese as long as they need to make up their minds. The one exporter who said he had seen a deal with the Japanese take up to a year to put together came from a company with a stable-enough resource base to assure that the product the Japanese wanted would be

available after so much time. Others said they were willing to hold even finished products for as long as a Japanese company typically needs to decide.

We might speculate what characteristics enable a Japanese company to make prompter decisions and an American company to wait. Certain of the interviewees indicated that smaller Japanese companies decide faster because their personnel have more authority. Interestingly, larger American companies seemed more willing to wait for the Japanese company's decision because they had a policy of maintaining long-term relations and did not need to maximize the profit from each sale. It also appeared that those companies already cutting to Japanese specifications would be more willing to wait.

Almost every person in the study discussed the role of relationships. The business literature contrasts the Japanese idea of long-term relationships with the American idea of "marriage of convenience", and some of the interviewees confirmed such a dichotomy. But talks with Americans and Japanese in this study suggested that both sides pursue these relationships out of convenience, the primary difference being in the time frame in which each side looks to for convenience. Those exporters which feel they can deliver a set quantity of some product over time, and those importers who would like to receive a set quantity over time, find that it serves their needs best to formalize such a relationship. A far greater number conducted business without benefit of such a formalized relationship. These companies perhaps had needs that varied over time, and their relationships varied accordingly. On the whole, Japanese companies expressed more frustration at being unable to do a set amount of business on a regular basis, and American companies expressed more frustration that the Japanese tended to go slow on individual sales. This discussion ties in with earlier remarks about appropriate pacing and cultural values.

Importers and exporters have many reasons to seek out long-term relations. The trust that builds up over time allows a certain amount of flexibility that might not exist otherwise. A few companies said they would honor a request for renegotiation of terms (or make such a request) in the context of a long-standing relationship. Several more mentioned that both long- and short-term relationships go through periods of estrangement, but long-term relationships more often survive these times. These relationships allow flexibility but also business security. While most relationships are informal, they tend to reinforce themselves; customers come back when they know a company's quality and service. This assures continued business for both sides.

Any importer or exporter who recognizes the value of a long-term relationship should also realize that willingness to pursue a partnership does not assure it will happen. It also depends considerably on product type. The more finished or unique the product, it

seems, the more likely the customer will return. Also, a few interviewees in this study indicated preferred characteristics of companies to do business with, such as size of company or type of proprietorship. Finally, establishing a partnership presents more problems than continuing one, others said. Therefore, we might say that previous acquaintance is another preferred characteristic. So it is not always within a given company's control whether it can attain a long-term relationship.

Most of the time the Japanese side initiates the relationship. The fact that the American companies sell to a variety of customers, both domestically and abroad, partly accounts for this, but lack of knowledge of the Japanese market keeps many of the exporting companies from initiating contacts on their own. Several of the exporting companies now employ Japanese, however, and one specifically indicated that this would help his company target potential customers in Japan. Therefore we might expect American companies to take a more assertive role in initiating partnerships with the Japanese in the future.

The question of relationships returns us to the question of the complicated distribution channels that exist between producer and final user. The relationships we have discussed in this study cover only one step, that between the exporter and importer. If more small Japanese companies try to do business directly with American suppliers, this will aid the flow of information between the two but will jeopardize existing relationships with the trading companies and other layers in the middle. One exporter reported feeling this conflict when approached by his customer's customer. We have to wonder about the role of Japanese trading companies and wholesalers in the future. For the present, however, none of the importers expressed any concern about this.

The choice of personnel in U.S.-Japan wood products trade negotiations presented no problems to the individuals in my study. While differences were found to exist in the use of personnel, such as the number of people involved in negotiating activity or mill visits, no one felt this was a problem. The number of individuals who spoke of personality conflicts, however, suggests that it is important to consider individual temperament when choosing personnel.

To conclude this discussion, the participants in this study all made comments supporting the idea that culture plays a role in the U.S.-Japan wood trade business. Each side brings with it a set of values that reflects its unique perspective. The importing companies and exporting companies had values which reflected the realities of their situation in Japan and America, respectively. But their values had also to do with the particular point they occupied in the distribution chain. Japanese trading companies do not have exactly the same perspective as their customers: the trading companies are far

more aware of international forest products supply restraints. American exporting companies likewise certainly have a point of view separate from that of their materials suppliers. In the end, every company has a unique set of values based on the particular realities it faces. National culture influences these realities, but it operates in conjunction with other types of culture: the trading companies' culture, the home builders' culture, the sawmills' culture, and even the culture within each company.

Let us revisit briefly the distribution channel discussed earlier and shown again in Figure 3 below. The arrows represent not only the flow of money and products, but also the two-way flow of information. This information includes an understanding of the realities and relevant values at work at each level. Aside from its own, each level is most sensitive to the realities and values of those levels surrounding it. We may say that each level shares more of the reality of its nearby levels than those further removed. A Japanese trading company has more in common with American lumber mills than with the Japanese home owner.

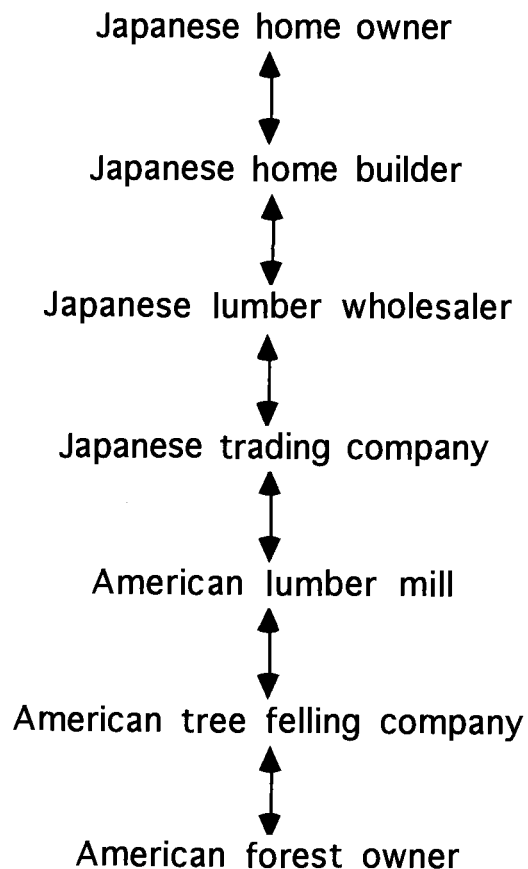


Figure 3: The chain of transactions that carry not only wood products upward and money downward but also information in both directions.

A convergence of values would presumably benefit U.S.-Japan wood products trade, but because there is such a long flow of goods and payments, straddling a wide variety of conditions, personal and corporate, in two different countries, values cannot converge completely. The actors in this chain of events, however, can significantly improve the flow of information, a process they attest is beginning, either by reducing the number of levels in the chain, or by initiating contacts with levels more than one transaction removed. As a result, we can expect a greater awareness of values relevant to these levels, possibly even of the extreme ends of the chain.

X.2. Answering the Questions of Interest

Research Question 1: *Do Japanese importers and American exporters of wood products perceive communication in cross-cultural negotiation as problematic?*

Yes. The participants in this study identified several problems in their cross-cultural communication, including the following.

The Japanese admitted to having linguistic difficulties, some with the English language in general, some specifically with technical terms. These deficiencies have led to lost sales in some cases. For example, consider the importer whose company took ten years to come up with contract language that guaranteed on-time deliveries. This kept his company from making sales to their own customers. Another reported receiving incorrectly-filled orders as a result of misunderstanding. More commonly, respondents on both sides acknowledged a sense of uneasiness about how well they have communicated on occasion. Most of the literature, however, when addressing the topic of language competence, tended to talk more about non-verbal language. The participants in the study indicated more concern with the mechanics of verbal language.

Several respondents saw Japanese indirectness as problematic; being more forthcoming would help the two sides work together more efficiently and improve their products and services. Again, the literature focused more on a different aspect of this area. Most of the readings addressed the failure of Americans to adapt to Japanese etiquette. The participants spoke of Japanese indirectness as more of a failure on the part of the Japanese.

The two groups of participants have different interpretations of quality. Japanese will spurn products considered good enough by the exporter. This is consistent with Hamada (1991). The home builder, who sets these standards, does not actually participate in trade matters. The two traders can scarcely harmonize their ideas of quality without some contact with the final user.

The Japanese buyer typically needs more time than the American seller is used to allowing, as so much of the literature attests. This presents problems for both sides. The seller sometimes must choose between holding merchandise for a Japanese potential customer or selling it immediately to a more decisive party. Waiting can be costly, but some Japanese companies will afterwards refuse to do business if the seller does not wait. On the other hand, the buyer often is helpless to speed up the transaction, and frequently his company's slow decision-making causes it to lose good opportunities.

Most U.S. companies have traditionally had more sales domestically than abroad; this independence from the global market has hurt their understanding of how relations with Japanese companies work. Many writers have described how Americans' focus on the domestic market has left them unfamiliar with and unsympathetic to foreign markets generally. The study found specific ways in which this is true. Japanese prefer to deal with companies that offer a stable flow of products made to Japanese specifications and

at reasonably stable prices, but a substantial number of exporters offer the same bundle of goods to Japanese as they do to their domestic customers: products cut to American dimensions, priced according to American market conditions.

Research Question 2: *Does the evaluation that the importers and exporters give of their own success at adapting their negotiating skills cross-culturally match the evaluation that they give of each other's success at adapting their negotiating skills cross-culturally?*

Those survey statements that drew a strong negative response from the two sets of participants became the basis for answering this research question.

Quite a lot of American survey-takers said that Japanese are unwilling to compromise on quality, move too slowly in making business commitments, and delay business by insisting on building up relationships first. I asked most of the Japanese interviewees to assess themselves on these matters.

Most of the importers responded that they are indeed willing to compromise on quality when they *can*. As so many of the interviews revealed, the importer does not set the standard of quality; the importer's customers do. So we cannot give an unequivocal answer to the question on this matter as worded. There is ample evidence however to say both sides agree that Japanese importers find it very difficult to compromise on quality. This is partially consistent with Herbig and Kramer (1992), who said that Japanese do not compromise easily. But in this case, the reason has more to do with customer taste than with a Japanese perception that their position is necessarily right.

A number of Japanese (not all) admitted to moving too slowly in making business commitments. In this case also they stressed how little they could do personally to change this, citing the need to check customer demands, build consensus within the company, or gain permission from superiors. Americans seemed aware of the constraints put on importer representatives, especially the need for permission. So we can say that the Japanese and Americans in the study agreed on the fact that Japanese are often slower than American customers to make business commitments, and both sides are aware that constraining circumstances exist that make this so. Grimes (1989) and Zimmerman (1985) reported that Japanese-style decision-making would cause transactions to proceed slowly. The reviewed literature mentioned nothing about complex inventory needs and getting permission from superiors.

The Japanese who were asked universally disagreed with the idea that they delay business by insisting on building relationships first. As one said, the relationship does not begin until business begins. So one might conclude that the Japanese and Americans have widely different perceptions on this matter, but interviews with Americans suggested that this group interpreted the question not to mean that a relationship must precede

business, but that the two tend to build gradually together. The Japanese typically start by placing small orders to establish a relationship and "see how things go." If things go well, the Japanese will place increasingly larger orders, reflecting a closer relationship. The two sides seemed to agree that the level of the relationship influences the level of business activity, but is not absolutely prerequisite to it. This finding partially agrees with Hall and Hall (1987) and Rowland (1993) who put such great emphasis on pre-transaction relationship building and Graham and Sano's (1984) idea of non-task sounding but stops short of the implication that socializing is necessary before business.

In the survey of Japanese importers, respondents commonly claimed that American exporters move too quickly in making agreements, do not allow enough time for Japanese-style decision-making, and do not allow for flexible contracts which can be renegotiated if circumstances change. Interviews with most of the Americans touched on these issues.

The first claim is the mirror image of the claim that Japanese are too slow, and the same circumstances are at work. Consider this together with the claim that exporters do not allow enough time for Japanese-style decision-making. As shown above, Japanese can only decide so fast, and Americans must decide for themselves if they will wait. Both groups reported that Americans do not use hard-sell tactics, but will occasionally put time limits on how long they will hold the product. This contradicts the literature (such as Graham and Sano, 1984), which suggested that Americans often try the hard-sell to push through a deal. Mirroring the earlier finding, both sides agree Americans would like the Japanese to move faster and sometimes will not wait. Both sides were aware that the American company, especially smaller companies, desired to move the product quickly, but whereas many Americans considered this economic reality, some Japanese considered it a sign of American lack of interest in long-term business. Hall and Hall's (1987) contention that Americans tend to be task-oriented and inclined to move more quickly than Japanese agrees with this.

Most of the Americans interviewed confirmed that they do not renegotiate contracts even if conditions change, as the literature suggested. But in most cases, the Japanese partners do not expect them to, an idea not mentioned by the literature. Exceptions do exist. Both Japanese and Americans reported cases of renegotiating with each other. The possibility of renegotiation depends strictly on the concurrence of the two partners. A long-term relationship does not imply an obligation to renegotiate, but seems to make it more likely. This is one area where the participants on both sides of the study had very similar perceptions. They both agreed that Americans are less willing to renegotiate. All individuals seemed comfortable with the arrangements they had worked out with their partners, whether it allowed renegotiation or not.

In sum, the two sides had similar perceptions on certain matters (the two sides move at different paces, for example) and differing perceptions on others (the role of relationships and the pace of business.) On balance, the two sides have developed workable partnerships, but these partnerships could stand several improvements. If both understood the constraints behind each side's negotiating behavior, they could interact more competently.

Research Question 3: *What specific suggestions do the importers and exporters give to facilitate successful cross-cultural communication in the wood products trade between the United States and Japan?*

Members of this study most commonly advised all participants in wood products trade to try to learn as much as possible about one's trading partner, the conditions under which the partner operates, and the clients which the partner represents. One importer said he has considered, for example, making an instructional video to demonstrate not only to American exporters but also Japanese wholesalers how the Japanese home builder ultimately uses the product. This would improve the flow of information. Others recommended studying the partner's market conditions or culture in general.

Participants frequently cited the need to develop mutual trust. Japanese would like their American partners to stand by their offers, not to sell the product in question while the Japanese side is still considering. Some of the exporters who do a great deal of business with Japan expressed a willingness to wait as long as necessary, and this encourages a trusting relationship, which in turn encourages business over the long-term.

Most of these transactions take place in English, but a few participants spoke of the desirability of communicating in Japanese, at least part of the time. Ideally, both sides should speak one language fluently; where this is not possible, the two sides should keep written notes. Many Japanese feel more confident with written English than spoken. If this is not enough, one side can have the notes translated.

Many respondents indicated the advantage of developing personal relationships. Certain Americans acknowledged that taking the time to work or socialize with their Japanese partners outside of normal work hours, though depriving them of personal time, furthers this relationship and gives them access to information. Japanese confirmed the value they put on being able to communicate with their trading partners frequently and individually. As one Japanese put it, he would rather deal with one person for all his business than a multitude of departments.

While the Japanese side usually initiates these partnerships, a number of exporting companies are attempting to make new business contacts. Having a staff member

knowledgeable of the Japanese market helps, and so does the use of a third-party introduction, the common practice in Japan.

Finally, certain individuals advised Americans to be very patient and persistent. Given the differences we have discussed in this paper, this seems appropriate advice to both Japanese and Americans.

X.3. Theory Revisited

How well do the comments received from the importers and exporters support intercultural communication theory? Specifically, do the participants' comments parallel the theory used to justify the rules of intercultural business communication stated in Chapter V?

Gudykunst (1988) suggested that second language competence decreases the level of anxiety in intercultural encounters. The Japanese participants often mentioned that a lack of confidence in their English skill caused them to worry whether the other side had completely understood them or was taking advantage of them. Although most business is conducted in English, Americans admitted to a degree of uncertainty as to how well they were understood. But the Japanese seemed far more worried about this.

Hall and Hall's (1987) concept of high and low context seems to apply as well. According to this concept, members of high context cultures like Japan embody much of their message in implicit terms; low context peoples like Americans communicate more explicitly. Americans reported that Japanese will not say what they dislike about a product, and at most will indicate disagreement very indirectly. Japanese agreed that they feel constrained not to contradict their counterpart directly, and that this slowed down the pace of business. Traders on both sides said that negotiating tactics have indirect meanings. A Japanese who spends a long time berating a product may very well want to buy it but is implying that the price is too high.

Cushman and King (1986) wrote about ingroup rules of communication and intergroup convergence of rules. Any convergence requires some consciousness of one's own and the other's rules. When there is no awareness of what the other expects, the result is often complete abandonment of norms or the exaggerated use of them (Stephan and Stephan, 1985). One Japanese participant gave an example of the latter when he said that Americans feel they have to socialize for long hours and entertain him at Japanese restaurants. He felt that the Americans were trying too hard to do things the Japanese way. None of the informants specifically indicated a complete loss of norms, but one

American may have implied this when he said that the Japanese he has worked with will "use anything" to get ahead.

Hall and Hall (1987) developed the theme of monochronic and polychronic time. In this scheme, monochronic people such as Americans tend to do one task at a time, putting a great emphasis on completing that one task before all else. Polychronic Japanese, they say, do several tasks at once, putting more emphasis on relationships. The interviews found overall support that Americans wanted to finish up business deals faster and Japanese were less concerned with this. Likewise the interviewees concurred that the Japanese put more emphasis on relationships. These included relationships not only with American suppliers but also with the customers of the importers. The Japanese wanted to maintain good relations with their customers at home by filling their demands carefully and in good time. This relationship complicates the relationship with the supplier on the other hand, because the importer's customers have such high standards and particular specifications.

Hofstede's (1984) variable of individualism/collectivism found backing in the interviews. Hofstede says that a society like America, which is highly individualistic, encourages the member to live up to his or her own ideals. In such a society relations tend to be more ephemeral. In Japan, a collectivistic society, the needs of one's group determine to a great extent how one acts, thinks and feels. Such a society requires much maintenance of relationships over time. The previous paragraph discussed the informants' views on relationships somewhat. An added point that came out of the interviews was the Japanese perception that Americans seem to put not only tasks ahead of relationships, but also short-term profits.

Finally, Hofstede (1984) spoke of the cultural variable of uncertainty avoidance. Cultures with a strong tendency toward uncertainty avoidance (such as Japan) have greater need for absolutes and less tolerance of deviation than those with a weak tendency (such as the U.S.) Japanese in this study were more uncomfortable than Americans with the volatile nature of America's forest products price and supply, signing long-term supply contracts when possible and wishing they had some way to lock in prices as well.

The series of conversations, therefore, offer a level of support for these theories. But one should apply these theories cautiously, since we have no concrete measure of how broadly they are supported by the entire sample, much less the industry as a whole.

X.4. Implications of Results

The wood products industry is but one of many in the U.S. looking for greater business abroad and especially with Japan. The results of this study may have implications for other industries in this position. One should use caution in applying the results, however, keeping in mind that the samples of importers and exporters were self-selected. The fact that every member questioned had continued working in this area for several years highly suggests a certain level of satisfaction with the state of the U.S.-Japan wood products trade. This might not apply to everyone interested in trade between the two countries.

Even among this sample, however, the study found widespread recognition that incompetent communication can harm business, and discovered specific examples of such harm. It also found that some of the traders had managed to avoid such problems. Aside from taking the obvious steps (overcoming the language gap, especially), the two sides demonstrated a degree of understanding of each other's expectations (quality standards, timely orders) and sometimes the reasons behind the expectations. The study also suggested that those more willing and able to adapt to the other's expectations will do more international business than those which cannot or will not.

Wood products traders in the future will still need to adapt. More direct contacts between American companies and Japanese home builders, retailers and wholesalers instead of trading companies could improve the flow of information and make the flow of products more efficient, but it also sacrifices the trading companies' expertise at managing intercultural accounts. The potential for communication disaster goes up as a result. Any industry beginning to do more direct business faces the same risk.

In some ways these implications apply more specifically to wood products, not industry in general. Wood products has several advantages favoring trade with Japan. The proximity of the timber-producing Pacific Northwest and Alaska to Japan certainly helps, as does the relative familiarity of these regions' populaces with each other. The auto industry, concentrated in regions further removed from Japan, lacks these advantages. In addition, timber is a natural resource, limited to particular regions. There is little potential for new sources of competition. This gives wood products buyers more incentive to maintain good relations within existing trade patterns.

X.5. Caveats--Limitations of the Study

A number of caveats come to mind when reviewing this study. They fall into two areas: limitations of the approach, and limitations of the particular sample drawn.

The study spoke to individuals who trade along the cultural interface of the United States and Japan. This approach did not anticipate the importance of the home builders and other links along the distribution chain who do not have a direct role in this interface, but whose expectations and ties to the trading companies nonetheless affect it.

The study began with the presumption that high-context Japanese and low-context Americans would have difficulty interfacing. Of course, the study itself, which brought together an American researcher and Japanese subjects, had to face the same difficulty. In-person interviews and framing all questions in the appropriate language ameliorate the communication difficulty somewhat, but this study could only do a portion of the interviews in person. The researcher, who speaks Japanese as a second language, felt that in-person interviews with the Japanese would have been more fruitful, since both parties could have accessed visual cues that would have increased understanding.

The approach taken to this study helped find a sample with limitations of its own. Looking for companies presently trading between the U.S. and Japan predisposed a sample with a degree of satisfaction with this trade (otherwise they would not take part in it.) Companies which had dropped out of this trade or who had never entered it therefore had no voice in this study (with the exception of the American company which had done business with the Japanese for three years.) Casting a wider net might have garnered these opinions as well.

The study also restricted the sample of American companies to those working out of the Pacific Northwest, not anticipating that the Japanese would remark on regional differences among Americans. Since the Japanese who mentioned these differences gave higher marks to Northwest companies, we might wonder how the results would differ if we had included Native Alaskan corporations or East Coast paulownia producers, among others.

That only males responded to the study reflects the fact that few women work in this area of trade. Women who enter the field of marketing wood products to Japan (and some have) should understand that Japanese have highly differentiated expectations regarding gender roles in the workplace, an issue which did not come up at all in these conversations with wood products traders.

Finally, the limited size of the two samples should make us cautious about applying and extrapolating on the results beyond the individuals who participated in the study. Future research should attempt to increase the sample size, especially if any statistical comparisons are intended.

X.6. Future Research

Research on this topic specifically or intercultural business communication generally in the future should cast a wider net in regard to collecting its sample. As mentioned before, focusing only on those with established trading relationships with the United States or Japan prevents those who have given up or never tried from expressing their opinions, which would presumably show more frustration. Depending on the question, future research may also want to include the other steps on the distribution chain, including those who do not deal directly with the other culture.

Research could focus on attempts to improve intercultural business communication. For example, we might take the idea of creating an instructional video to show American suppliers how Japanese home builders use wood products, and see if such instructional techniques actually facilitate communication.

One might also explore the variety of new trade links occurring between wood products producers in America and consumers in Japan, seeking to determine if the participants have more satisfaction or not with these new arrangements.

X.7. Afterword

Microeconomics is said to underlie every transaction, so that when two parties sit down to exchange one commodity or service for another, each party tries to gain as much as possible while giving up as little as possible. In the presence of competition, a party must demonstrate that it can provide its goods or services at a lower cost or with some other advantage. Such competition ultimately benefits the end consumer.

This theory depends on three rarely-attained assumptions. First, both buyers and sellers supposedly have perfect knowledge of market conditions. Second, there is unrestricted entry into and exit from the marketplace. Third, we assume that every producer of a type of good or service is producing exactly the same good or service: apples, two-by-four Douglas-fir boards, or house painting.

These assumptions give us a logical way of explaining business success or lack of it, and we use these assumptions to derive two-dimensional charts plotting for us the movement of price, supply and demand in response to each other. Caveats occur, but with the same type of rationality we can understand the effect these have. For example, what happens when market entry is restricted and monopolies or oligopolies occur? A few modifications to our price vs. supply and demand charts can explain these away.

This paper has discussed an area of trade in which the basic assumptions of microeconomics do not always apply: the sale of American wood products to the Japanese market. The companies that buy or sell American wood products for distribution in Japan have anything but perfect knowledge. We have constantly heard that not all two-by-four Douglas-fir boards are the same. The theory of microeconomics, as fundamental as it is, cannot by itself explain why the United States does not sell more finished wood products to Japan.

Escalating import tariffs, inefficient distribution channels, and subsidies to the forest industry in Japan explain some of the market distortions that stunt the sale of American finished wood products to Japan. These are direct, obvious explanations. But behind every cause are prior causes, and in our typical microeconomic mindset we often ignore these.

The Japanese have a parable which reminds us that effects have causes that are indirect, subtle, and often not seen: "When the wind blows it is good for the makers of wooden tubs." The wind blows, stirring up dust that gets in people's eyes. To feel better, the people listen to more *shamisen* music. Greater demand for *shamisen* strings, made of catgut, means disaster for the cat population. Fewer cats mean increases in the rat population. More rats nibbling away at the wooden tubs that store grain mean more business for the makers of wooden tubs. Thus, "when the wind blows it is good for the makers of wooden tubs" (Hall and Hall, 1987).

If a long series of relationships helps explain why the wind makes barrel-makers happy, we might wonder what chain of dependencies makes wood products traders think, feel, and behave the way they do. The traders in this industry can best answer this question, because in their quest to survive in a competitive environment, they have given the most thought to the obstacles in their way. The individuals I spoke to have discovered for themselves various ways of establishing and sustaining business between Japan and America. Lowering import tariffs encourages sales, but so does maintaining good relations. Antiquated fire standards restrains the flow of goods, but so does a tremendously complex set of inventory needs. The direct and the indirect, the obvious and the subtle work

together to encourage or discourage international and intercultural business, and the individuals in this business understand this.

Earlier, this report quoted Rosalie Tung (1984) as saying that Americans need to approach business with Japanese partners in a way not used with Western partners. This study has confirmed the necessity of doing so at least in the area of wood products trade. That is why the Japanese importers and American exporters in this study have learned to adapt to each other's style to varying degrees. The study also agreed with Hall and Hall (1987) that two groups with a wide cultural distance will find interfacing difficult.

Familiarity may breed contempt, as Barnlund says, but continued familiarity and interdependence breed patience, which in turn fosters amicable intercultural relationships. Contempt, patience and amicability may be three stages that wood products traders go through as they conduct business interculturally. This study encountered a very few individuals who exhibited contempt for their trading partners. Far more avowed patience, and several of these had developed regular, amicable business relationships with members of the other culture. There was far more evidence of movement from contempt to amicability than the other way around.

When we read the occasional inflammatory article about timber trade negotiations with the Japanese, we have to consider whose opinion the article is expressing. Numerous articles recently quote heavily from Oregon's congressional representatives, with a brief counterpoint by a Japanese official. These articles usually concern macro-issues, like government policies concerning log export restrictions or rates of tariffs.

These issues matter, but they are not the only issues. We do not usually hear about the micro-issues, those matters which affect our businesses day by day. This paper has been all about micro-issues. When Japanese and Americans are negotiating a deal face to face, macro-issues no longer matter; the players have already figured in their cost. But even face-to-face negotiations often end in a failure to do business. There is more at work here than policy issues. We have also to consider product quality, appropriate pricing, and of course culturally-different expectations. Individuals in the wood products business, whose living depends on such matters, are of course highly conscientious and thoughtful about them. Like the makers of wooden tubs, they give a perspective not obvious to the rest of us, who have become accustomed to the views which get headlines.

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Appendices

Appendix A

Survey of Importers of American Wood Products to Japan (English Translation)

I would like you to complete this brief survey concerning intercultural communication issues in the wood products trade between the United States and Japan. Your answers will help me to frame a more specific inquiry which hopefully will facilitate good relations between American and Japanese businesspersons. Your name and responses will be kept completely confidential.

A. In this section, I have listed a number of issues that commonly occur in U.S.-Japanese business negotiations. I would like to know if these issues also occur in U.S.-Japan wood products trade. Please indicate to what degree you agree with the following statements concerning negotiating with American exporters of wood products. (1 = Strongly disagree; 5 = Strongly agree; NR = No response.)

- | | |
|--------------|--|
| 1 2 3 4 5 NR | 1. American exporters and I have no trouble communicating in English. (n=17, \bar{x} =3.2, number of 1's and 2's=5) |
| 1 2 3 4 5 NR | 2. American exporters and I have no trouble with the translation services we use. (n=9, \bar{x} =3.3, number of 1's and 2's=3) |
| 1 2 3 4 5 NR | 3. American wood products exporters and I are sufficiently familiar with each other's way of doing business. (n=17, \bar{x} =3.5, number of 1's and 2's=3) |
| 1 2 3 4 5 NR | 4. American exporters are familiar with Japanese formality and etiquette. (n=17, \bar{x} =3.4, number of 1's and 2's=3) |
| 1 2 3 4 5 NR | 5. I am familiar with American formality and etiquette. (n=17, \bar{x} =3.4, number of 1's and 2's=5) |
| 1 2 3 4 5 NR | 6. American exporters do not approach business meetings with appropriate formality. (n=17, \bar{x} =2.3, number of 1's and 2's=9) |
| 1 2 3 4 5 NR | 7. American exporters and I have similar world views. (n=15, \bar{x} =2.7, number of 1's and 2's=6) |
| 1 2 3 4 5 NR | 8. American exporters are not too aggressive. (n=16, \bar{x} =3.0, number of 1's and 2's=5) |
| 1 2 3 4 5 NR | 9. American exporters are sufficiently decisive about their minimum price. (n=13, \bar{x} =3.0, number of 1's and 2's=4) |
| 1 2 3 4 5 NR | 10. American exporters are forthcoming about their minimum price. (n=13, \bar{x} =2.9, number of 1's and 2's=4) |

- 1 2 3 4 5 NR 11. American exporters are sufficiently aware of Japanese quality considerations. (n=17, \bar{x} =3.7, number of 1's and 2's=2)
- 1 2 3 4 5 NR 12. American exporters do not move too quickly in making agreements. (n=17, \bar{x} =2.9, number of 1's and 2's=6)
- 1 2 3 4 5 NR 13. American exporters allow enough time for Japanese-style decision-making. (n=15, \bar{x} =2.7, number of 1's and 2's=7)
- 1 2 3 4 5 NR 14. American exporters do not move too slowly in making agreements. (n=15, \bar{x} =3.4, number of 1's and 2's=2)
- 1 2 3 4 5 NR 15. American exporters spend sufficient time with relationship-building. (n=15, \bar{x} =3.1, number of 1's and 2's=3)
- 1 2 3 4 5 NR 16. American exporters spend sufficient time socializing with me. (n=17, \bar{x} =3.3, number of 1's and 2's=3)
- 1 2 3 4 5 NR 17. My negotiations with American exporters tend to have balanced sides (e.g. equal number of members on each side, negotiators with equal rank.) (n=16, \bar{x} =3.8, number of 1's and 2's=2)
- 1 2 3 4 5 NR 18. American exporters do not insist on having a lawyer present during negotiations and contract-signing. (n=15, \bar{x} =4.7, number of 1's and 2's=0)
- 1 2 3 4 5 NR 19. I am comfortable during negotiations and contract-signing whether or not lawyers are present. (n=15, \bar{x} =4.4, number of 1's and 2's=0)
- 1 2 3 4 5 NR 20. American exporters allow for flexible contracts which can be renegotiated if circumstances change. (n=15, \bar{x} =2.2, number of 1's and 2's=9)

B. In the space below, please feel free to expand on the issues raised above.

C. In the space below, please describe other specific issues you have noticed in negotiations with American exporters. Please note in particular issues concerning intercultural communication competence.

Appendix B

Survey of Exporters of American Wood Products to Japan

I would like you to complete this brief survey concerning intercultural communication in the wood products trade between the United States and Japan. Your answers will help me to frame a more specific inquiry which hopefully will facilitate good relations between American and Japanese businesspersons. Your name and responses will be kept completely confidential.

A. In this section, I have listed a number of issues that commonly occur in U.S.-Japanese business negotiations. I would like to know if these issues also occur in U.S.-Japan wood products trade. Please indicate to what degree you agree with the following statements concerning negotiating with American exporters of wood products. (1 = Strongly disagree; 5 = Strongly agree; NR = No response.)

- | | |
|--------------|--|
| 1 2 3 4 5 NR | 1. Japanese importers and I have no trouble communicating in English. (n=18, \bar{x} =3.5, number of 1's and 2's=4) |
| 1 2 3 4 5 NR | 2. Japanese importers and I have no trouble with the translation services we use. (n=10, \bar{x} =4.1, number of 1's and 2's=0) |
| 1 2 3 4 5 NR | 3. During negotiations Japanese importers clearly express their opinions. (n=18, \bar{x} =3.1, number of 1's and 2's=5) |
| 1 2 3 4 5 NR | 4. Japanese wood products importers and I are sufficiently familiar with each other's way of doing business. (n=18, \bar{x} =4.2, number of 1's and 2's=0) |
| 1 2 3 4 5 NR | 5. Japanese importers are familiar with American formality and etiquette. (n=17, \bar{x} =3.8, number of 1's and 2's=0) |
| 1 2 3 4 5 NR | 6. I am familiar with Japanese formality and etiquette. (n=17, \bar{x} =3.8, number of 1's and 2's=2) |
| 1 2 3 4 5 NR | 7. Japanese importers and I have similar world views. (n=16, \bar{x} =2.8, number of 1's and 2's=6) |
| 1 2 3 4 5 NR | 8. Japanese negotiators are assertive enough. (n=18, \bar{x} =3.9, number of 1's and 2's=3) |
| 1 2 3 4 5 NR | 9. Japanese importers are sufficiently willing to compromise on price. (n=18, \bar{x} =3.2, number of 1's and 2's=4) |
| 1 2 3 4 5 NR | 10. Japanese importers are sufficiently willing to compromise on quality considerations. (n=18, \bar{x} =1.8, number of 1's and 2's=14) |
| 1 2 3 4 5 NR | 11. Japanese importers do not move too slowly in making agreements. (n=18, \bar{x} =2.9, number of 1's and 2's=7) |

- 1 2 3 4 5 NR 12. Japanese importers do not move too quickly in making agreements. (n=18, \bar{x} =4.0, number of 1's and 2's=1)
- 1 2 3 4 5 NR 13. Japanese negotiators are able to make commitments "on the spot", that is, they can make commitments without long consultations with their companies. (n=18, \bar{x} =2.6, number of 1's and 2's=9)
- 1 2 3 4 5 NR 14. Japanese importers do not delay business by insisting on building relationships first. (n=18, \bar{x} =2.5, number of 1's and 2's=10)
- 1 2 3 4 5 NR 15. Japanese importers do not spend too much time socializing. (n=17, \bar{x} =3.4, number of 1's and 2's=3)
- 1 2 3 4 5 NR 16. My negotiations with Japanese importers tend to have balanced sides (e.g. equal number of members on each side, negotiators with equal rank.) (n=16, \bar{x} =2.6, number of 1's and 2's=7)
- 1 2 3 4 5 NR 17. Japanese importers are sufficiently comfortable with the presence of lawyers when contracts are being made. (n=4, \bar{x} =2.3, number of 1's and 2's=3)
- 1 2 3 4 5 NR 18. Japanese importers do not insist on contracts with vague wording and/or clauses allowing renegotiation of the contract if circumstances change. (n=12, \bar{x} =3.6, number of 1's and 2's=3)

B. In the space below, please feel free to expand on the issues raised above.

C. In the space below, please describe other specific issues you have noticed in negotiations with American exporters. Please note in particular issues concerning intercultural communication competence.

Appendix C

Interview with Japanese Importers of American Wood Products

SECTION A: (OPEN-ENDED QUESTIONS)

1. (If applicable:) *At the end of your survey, you made the note that*

" _____
_____."

Tell me about your experiences with this situation.

2. (If applicable:) *On your survey you disagreed with the statement*

" _____."

Can you tell me in what way these have been problematic? What happened? Does this happen often? (Ask such follow-up questions as appropriate. Repeat for every issue with which the participant disagreed most strongly.)

3. *Think of a time when you participated in problematic negotiations with Americans. What problems happened in this particular case? What do you think was the cause? What do you think was the effect? (Poor business relationships, business lost, one side was offended, etc.?) How did you feel about the situation afterwards?*

4. *What advice would you give to Japanese importers and American exporters of wood products in a negotiation setting to avoid these problems? (Repeat for each problem discussed above.)*

5. *Can you tell me about any other problems you have observed in cross-cultural negotiation settings? How have these been problematic? What did you do, and what did your negotiating partner do? What do you think was the cause of this problem? What was the result? Does this happen often?*

6. *Do you have any other advice to facilitate good intercultural communication between American wood products exporters and Japanese importers?*

SECTION B: SELF-ASSESSMENT

- 1. Are you sufficiently aware or unaware of American values and ways of thinking?*
- 2. Are you sufficiently willing or not to compromise on quality?*
- 3. Do you think you move sufficiently fast or not in reaching agreements?*
- 4. Do you think you make business commitments sufficiently fast, or not?*
- 5. Do you feel it is essential to build up a relationship with your supplier before you can do business together?*

SECTION C: OPEN-ENDED ASSESSMENT OF COMMUNICATION AS A PROBLEM IN CROSS-CULTURAL NEGOTIATION

- 1. For you, what have been the negative effects of problems in intercultural communication? (Lost sales, bad feelings, poor working relationships, mistrust, etc.)*
- 2. Of the following three categories of issues, which do you think has had the greatest impact on your business with America: communication issues (such as we have been discussing), political issues (such as log import restrictions and tariffs), or economic issues (such as comparative price)?*

Appendix D

Interview with American Exporters of Wood Products to Japan

SECTION A: (OPEN-ENDED QUESTIONS)

1. (If applicable:) *At the end of your survey, you made the note that*
 " _____"
 _____."

Tell me about your experiences with this situation.

2. (If applicable:) *On your survey you disagreed with the statement*
 " _____".

Can you tell me in what way this has been problematic? What happened? Does this happen often? (Ask such follow-up questions as appropriate. Repeat for every issue with which the participant disagreed most strongly.)

3. *Think of a time when you participated in problematic negotiations with Japanese. What problems happened in this particular case? What do you think was the cause? What do you think was the effect? (Poor business relationships, business lost, one side was offended, etc.?) How did you feel about the situation afterwards?*

4. *What advice would you give to Japanese importers and American exporters of wood products in a negotiation setting to avoid these problems? (Repeat for each problem discussed above.)*

5. *Can you tell me about any other problems you have observed in cross-cultural negotiation settings? How have these been problematic? What did you do, and what did your negotiating partner do? What do you think was the cause of this problem? What was the result? Does this happen often?*

6. *Do you have any other advice to facilitate good intercultural communication between American wood products exporters and Japanese importers?*

SECTION B: SELF-ASSESSMENT

1. *Are you satisfied with your awareness of Japanese values and ways of thinking?*
2. *Are you satisfied that you try to move at a reasonable pace (not too fast) in trying to reach agreements?*
3. *Are you satisfied that you give Japanese importers enough time for decision-making or not?*
4. *Are you willing to renegotiate contracts when circumstances change, or not?*

SECTION C: OPEN-ENDED ASSESSMENT OF COMMUNICATION AS A PROBLEM IN CROSS-CULTURAL NEGOTIATION

1. *For you, what have been the negative effects of problems in intercultural communication? (Lost sales, bad feelings, poor working relationships, mistrust, etc.)*
2. *Of the following three categories of issues, which do you think has had the greatest impact on your business with Japan: communication issues (such as we have been discussing), political issues (such as log import restrictions and tariffs), or economic issues (such as comparative price)?*