

Doing Business in Japan Using Japanese Technical Terms (I)*

by

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Comments Welcome

* This is aimed at helping foreign students and / or businessmen in Japan to understand Japanese Management.

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1. INTRODUCTION

<GUIDANCE>

The purpose of constructing Business Administration Theory is to study and probe how to manage and/or control a corporation's goals, execute better performance and receive more effective results. A corporation is a typical form of organization we can consider. Organizations are organized by plural components or members, and they are set toward a specified object, as will be shown in the next chapter.

In Japan, we have developed a modified form of the theory which had been improved previously in the modern western countries. This so called Japanese Business Administration Theory has been mainly derived from a combination of two things. It combines a post World War II American practical management theory with a German business economic theory (*Betriebswirtschaftslehre*), introduced to Japan before World War II, as a base. Today, we need to look for something new under the special management environment that surrounds **KAISHA** (Japanese corporations). It must depend on the universal management style that is selected. In other words, it is the target that is obviously significant and the target that should be researched is the Japanese corporations themselves.

The object of today's Management Theory (Business Administration Theory; **KEIEIGAKU**) is to maximize profits by producing products and services for society. The emphasis of management today is on effective organizational behavior. The targets that we study should include nonprofit or not for profit organizations as well as the traditional profit organizations. In short, when more than two individuals try to operate with any objectives, it is always necessary to consider the concepts of management theory. However, the business enterprise is the only organization which, as a research object, offers many practical phenomena, not only it must make profits but it must contribute to the societal well-being as well. Therefore, a lot of different organizational forms are observed and analyzed theoretically, and the management theory is often viewed as the interdisciplinary pursuit of the universal value.

As mentioned above, today's management theory in Japan consists of early influences from the German Business Economic Theory and various internationally valuable approaches obtained from U.S. management schools. So in order to understand Japanese business management, it is also necessary to learn about U.S. management styles today. In the past Japanese businesses also acquired some typical

management techniques from German business entities and then used them to evaluate the Japanese problem.

The following are some definitions of fundamental Japanese technical terms and they will focus on the evaluation of the corporation as an organization.

1.1. KAISHA (CORPORATION, COMPANY)

It can be overwhelming to see how many terms can mean **KAISHA**. In Japan, there are more than one million **KABUSHIKI-KAISHA** (corporation, incorporated company) on file. Usually, the word, **KAISHA** means those **KABUSHIKI-KAISHA**. This kind of corporation is recognized under the commercial code. The word, **KAISHA** is used also for company and is not restricted to corporation only. In reality, the two words can be used interchangeably. Although, using the word **KIGYO** (enterprise, business enterprise) most frequently means a corporation, it is also equivalent to **KAISHA** (**KIGYO** = **KAISHA** roughly possible). However a different definition may be used in Japan.

It goes without saying, that it is not enough for a corporation to pursue profit maximizing alone, but it must be accepted by the society as a member. For that reason, the target of the fundamental business concepts is generally the **KIGYO** themselves. The **KIGYO** (enterprise) is an organization that is established with its own specialized purpose, and it is used as the target of management theory.

From the accounting point of view, Going Concern(**EIZOKU-KIGYOTAI**, **KEIZOKU-KIGYOTAI**) is one of the prevailing concepts. It is based on the idea that an enterprise is a continuing entity and can only be ended by an artificial act to cease its existence. It should be noted that this concept is rather an academic concept based on the internationally accepted accounting principles rather than a regular term in the business field. As mentioned above, **KAISHA** is associated with many various concepts and ideas, therefore it is necessary to ascertain what **KAISHA** means in each context.

1.2. KABUSHIKI (SHARE OR STOCK)

When analyzing the characteristics of the **KAISHA**, it is important to consider the **KABUSHIKI-KAISHA** (corporation, incorporated company) as a typical form of **KAISHA**. In addition, it is also important to understand the **KABUSHIKI** (share or stock) before we explore any further. It is well accepted that the incorporated form and stock structure originated in India by Britain with its establishment of The East

India Company. In Japan, the system was brought from the U.S. approximately 130 years ago.

The concept of **KABUSHIKI** is based on the profit distribution system in which one's claim for profit is equal to the ratio of one's contribution. In other words it is a form of profit sharing. In Japan, the word **KABU** (abbreviation of **KABUSHIKI**) is used to symbolize the master's right and duty in the Middle Ages. With the introduction of modern business theory, the **KABUSHIKI**, which originated from the same basic concept as profit sharing, is used as the translated word of SHARE.

To understand the **KABUSHIKI** and its basic characteristics one must also understand the **TAISHAKUTAISHOHYO** (BALANCE SHEET: B/S). See the following Figure 1-1.

FIGURE 1-1

	B / S	
	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%; text-align: center;"> ASSET SHISAN </div> <div style="width: 50%; text-align: center;"> LIABILITY FUSAI (TANINSHIHON) </div> </div> <hr style="border: 0; border-top: 1px solid black; margin: 10px 0;"/> <div style="display: flex; justify-content: space-between;"> <div style="width: 45%; text-align: center;"> EQUITY SHIHON (JIKOSHIHON) </div> </div>	
	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%; text-align: center;"> TOTAL </div> <div style="width: 50%; text-align: center;"> TOTAL </div> </div>	

The **SHISAN** (assets) part of the balance sheet presents the whole right of the **KAISHA** shown entirely in a monetary amount. Despite the tangible or physical things presented in the **SHISAN** section, intangible assets can also be shown there, like **NOREN** (goodwill). The other side of the balance sheet explains how the **SHISAN** are obtained for the **KAISHA**. **SHISAN** can be acquired by contributing one's own capital and then borrowing from another party, other than stockholders. This contributed capital is called **SHIHON** (equity, capital), and the borrowed capital is called **FUSAI** (liability). Today in Japan, the word **KABUSHIKI** or "**STOCK**" is more popular than the word "**SHARE**".

KABUSHIKI (stock) can be granted as an equal segmentation of **SHIHON**, in other words it is considered the equal rights and obligations of **KABUNUSHI** (stockholders). Anybody who wishes to possess the **KAISHA** can exchange their

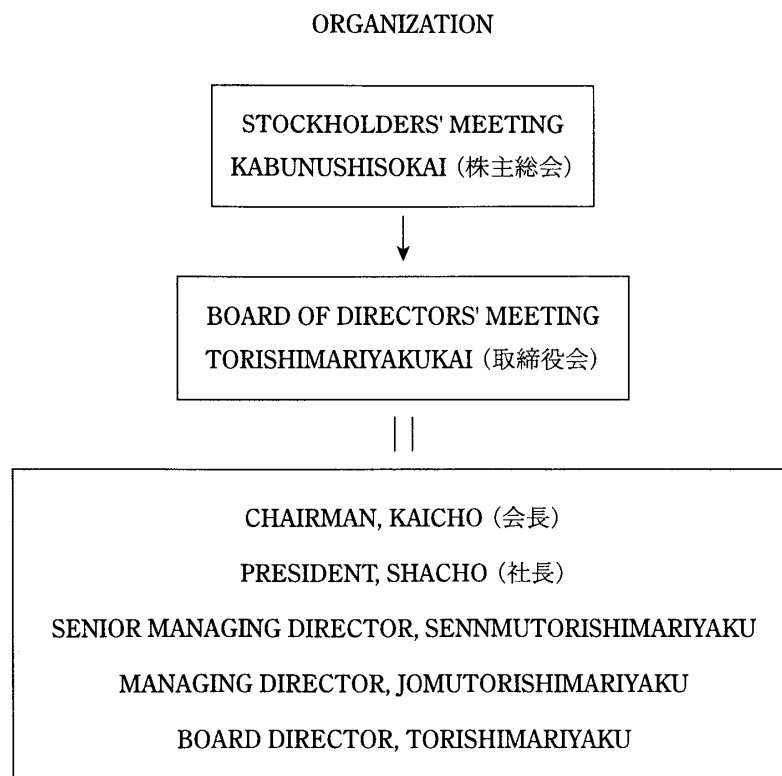
personal assets for the **KABUSHIKI** issued by the **KAISHA**. The holder of the **KABU** (abr. of **KABUSHIKI**) is called a **KABUNUSHI** (stockholder). To hold **KABU** means the owner has paid the face value of the **KABU** and has thus acquired the right to profit sharing as well as voting rights about the **KAISHA**'s future matters. **KABUSHIKI-KAISHA** under the democratic capitalism in the western countries, including Japan, is based on this system of the **KABUNUSHI**'s right and obligation.

1.3. YUGENSEKININ (LIMITED LIABILITY)

The **KABUNUSHI** will decide on the **KAISHA**'s future as well as the profit sharing among themselves at the **KABUNUSHI-SOKAI** (stockholders' meeting). **KABUNUSHI-SOKAI** makes the ultimate decisions of the **KAISHA**. (See Figure 1-2)

The obligation of the **KABUNUSHI** is limited to the contributed assets which were

FIGURE 1-2



used to acquire the stockholder's right. Therefore, even in the case of the bankruptcy of the **KAISHA**, the responsibility of the **KABUNUSHI** is limited to the amount of the equity paid in and not extended to any extra debts the **KAISHA** has to the creditors. This is called **YUGEN-SEKININ** (limited liability).

In Japan, there are companies with limited liability that have not issued par value stock. This form of company is called **YUGEN-KAISHA** (a **KAISHA** with limited liability). In **YUGEN-KAISHA**, profit sharing is based on the ratio of capital contribution as in the **KABUSHIKI-KAISHA**, however the **YUGEN-KAISHA** does not issue **KABU** in segmented equal units with the same face value. In Germany, the form of the **YUGEN-KAISHA** (GmbH in German) has been very prevalent in their history. Even today many companies which represent their country in the world exist in this form rather than that of the **KABUSHIKI-KAISHA**. The existence of **YUGEN-KAISHA** in Japan can be seen as proof that the Japanese modern management concept was influenced by management concepts from Germany introduced in the Meiji Era.

On the contrary, there is a **KAISHA** with unlimited liability. Unlimited liability is called **MUGEN-SEKININ** in Japanese. A **MUGEN-SEKININ-KAISHA** exists just only institutionally. We can not see such a **KAISHA** at all, because the nature of unlimited liability is not adequate for a modernized **KAISHA**. Unlimited liability means the compensation of all the debt in case.

1.4. KIGYO-SEICHO (CORPORATE GROWTH)

KIGYO (**KAISHA**) is expected to be perpetually growing. Although its growth cannot be compared to the creature, the size of the **KIGYO** can be evaluated by analyzing the **ZAIMU-SHOHYO** (financial statements). As the size of the **KIGYO** expands, the **KIGYO** can be said to be growing. The expansion of the size can be measured by various scales, for instance, sales increases, the profit growth and profitability increases and so on. **KAIKEI-JOHO** (accounting data) is used to estimate and validate the corporate growth.

The issue of **KIGYO-HYOKA** (corporate evaluation) is how to figure out **ZAIMU-SHOHYO** and use them to estimate the corporate future needs. The corporation is validated and justified by such a corporate evaluation method and the results proceeded out of it. It is critical to collect certain accounting data for the specific analysis purpose. Obviously, collecting the right data to is the most issue of the **KEIEI-BUNSEKI** (management analysis) to measure **KIGYO-SEICHO**.

FUNNY TERMS IN THE ACTUAL BUSINESS FIELD

“NOREN”

The word “goodwill” is used frequently in the world of business and accounting. It means an intangible asset shown in the balance sheet and its amount indicates the usual difference of the value paid over the net identifiable assets acquired. In Japan, we use the word “**NOREN**” for goodwill.

A **NOREN** is a cloth that hangs at the entrance to hide what is inside the store. Sometimes we can see what is inside the building as the **NOREN** moves. **NOREN** was originally created and developed as a store sign that distinguishes one's business from others at a glance. Looking at a **NOREN** from the street, everybody can see what they produce and provide or what they serve there. A **NOREN** is also a sign that the shop is open. Before the dawning of the Modern Ages, early in the morning, apprentices used to open their main gate and put their **NOREN** up instead of a rigid door so customers felt free to drop in.

In the Edo era, **SHONIN BUNKA** (the culture created by a merchant) was at the summit of its honor. They competed to make their own characteristic design of **NOREN** expressing confidence in their products and services. Eventually, **NOREN** was improved to the work of art, it became to be accepted its position of a merchant family mark such as an emblem of European knight family. Therefore, **NOREN** is a symbol of both the confidence and the honor of a merchant. Today's **NOREN** as can be seen at a sushi bar restaurant is just only a decorative one rather than ones created originally as above mentioned.

When appraising the value of a **KAISHA**, it cannot be ignored what is inside the **KAISHA** usually invisible to the outsiders. It is very difficult for outsiders to grasp accurately the invisible values other than the one shown in the financial statements obviously. The brand name that is reliable in the market is a considerably valuable asset of every **KAISHA**, because it is not obtained simply in a short time. **NOREN** is used as a term of ultimately expressed invisible value not to grasp accurately. For example, because the company with energetic employees has a greater potential for future success. When the company with future potential behind the **NOREN** beyond its financial statements is acquired, a premium will be added to the value of the net identifiable asset. In case of Mergers & Acquisitions, it is critical to know what is behind the **NOREN** to accurately assess the value of the company.

“MARUDOME”

The more the Japanese companies activities extend over the global market, the more people in **KAISHA** becomes to take the opportunities to work at overseas and with foreigner, having a good command of foreign language. Especially, in a big company, a person who has never been in charge of any kind of business related to the overseas matter in some meaning so rare that they have created a word to identify them. **MARUDE** is Japanese for entirely. **DOME** is taken from the English word domestic. “**MARUDOME**” is created by combining the two words to mean entirely domestic.

Therefore, “**MARUDOME**” is used as a word proceeding the title of a person who is the excellent professional specialist for domestic matters, however the person does have no experience to go abroad at all even now. In Japan, overseas business was observed as very special one for some limited elite persons. At the past time, everyone wanted to charge of overseas business as a sign of limited elite person in the **KAISHA**. Nowadays, most Japanese big **KAISHA** have many a connection with overseas matters and everyone looks at a elite person from a new angle. To be in charge of overseas business is no longer a factor of the elite.

If someone says, “I don’t know anything overseas at all. I am a “**MARUDOME**”, you should learn soon that the person says it with the very modest attitude. The person must be the professional on the domestic matter seriously. On the other hand, being said, “You are **MARUDOME**,” as joking, you might be encouraged with praise on some domestic matters.

You will notice that many words are a combination of Japanese and Foreign words to mean new observations or trends in Japanese society. And it is important to find out the real mind behind usage of the word.

“SANOSA”

When evaluating the cost analysis and profit loss analysis, there is bound to be some unexpected differences. While some differences are explainable, others appear rather mysteriously. These mysterious differences are called **SANOSA** (SA means difference). When analyzing the differences, the cost and the benefit need to be considered. It does not make sense to explain every single dollar difference if it takes more resources to explain than the difference itself. We refer to effort to figure out differences as the “**SANOSA DANCE**”, as in old folk music.

USEFUL VOCABULARIES

1.1 Introduction

Kigyo (企業)

ENTERPRISE,
COMPANY (***KAISHA***)

Kaisha (会社)

CORPORATION
(***KABUSHIKI-KAISHA***)

* Most widely used, it means enterprises. In general, a ***KAISHA*** is used as a synonym of ***KIGYO***. ***KABUSHIKI-KAISHA*** is the most typical form of ***KIGYO*** accepted by law.

* In Japan, almost all the ***KAISHA*** are usually registered as ***KABUSHIKI-KAISHA***, however there are many more unlisted companies than listed companies, therefore the word Corporation is generally used in place of Company.

Kabushiki-Kaisha (株式会社)

CORPORATION
INCORPORATED COMPANY (INC.)
LIMITED COMPANY (LTD.)

* Recently the word corporation has become more popular in Japan, as it is in the U.S. The word ***Kabushiki-Kaisha*** or limited company has an old fashioned image. Every ***KAISHA*** originally used Limited Company (LTD.) as a translation of its name from the Meiji Era when the word was originally introduced from the U.K.

Kigyotai (企業体)

ENTERPRISE, CORPORATION

Eizoku-Kigyotai (永続企業体)

GOING CONCERN
also ***KEIZOKU-JIGYOTAI*** (永続企業体)

<i>Shoho</i> (商法)	COMMERCIAL CODE
<i>Shakaiteki-Sonzai</i> (社会的存在)	SOCIAL IDENTITY * Being accepted or approved as a component/ member in the society.
<i>Jigyo</i> (事業)	BUSINESS
<i>Keieikanri</i> (経営管理)	BUSINESS ADMINISTRATION MANAGEMENT
<i>Keiei</i> (経営)	MANAGEMENT * Also can be used as <i>KANRI</i> (管理).
<i>Kanri</i> (管理)	CONTROL(n.) * <i>KANRI</i> has a narrower meaning than <i>KEIEI</i> .
<i>Seigyo</i> (制御)	CONTROL (n.) * <i>SEIGYO</i> is usually used in the situation of controlling equipment and machinery rather than that of human organization.
<i>Unei-suru</i> (運営する)	RUN * Manage can also have the same meaning. In general Run means daily management or opera- tion. In the field of the entertainment industry, it is usually called <i>KOGYO-suru</i> (興業する).
<i>Eigyo</i> (営業)	OPERATION * <i>Eigyo</i> is used in the field of sales and personnel services other than that of the produc- tion field. At the site of production or manufac- turing, it is called <i>SOGYO</i> (操業). The verb operate can be either <i>EIGYO-suru</i> , <i>SOGYO-</i>

suru.

1.2 KABUSHIKI

Kabushiki (株式)

STOCK, SHARE

* Recently the word “Stock” is used more often in Japan than the word “Share”. “Share” is usually used in the U.K. rather than in the U.S. In Japan, words borrowed from both Queens English and American English coexist.

Kabunushi (株主)

STOCKHOLDER, SHAREHOLDER

Kabushiki-Mochibun
(株式持分)

EQUITY

* It means the part of capital being mentioned in the balance sheet and is an indicator of how much portion the stockholders have responsibility for. Same as ***KABUNUSHI-MOCHIBUN*** (株主持分).

Shihon (資本)

CAPITAL, EQUITY

Shisan (資産)

ASSET

Fusai (負債)

LIABILITY

* It means funds raised as a borrowing, such as a bond issue, and other account payable. It is also called ***TANIN-SHIHON*** (他人資本), as it counts on disinterested parties other than stockholders. On the other hand, capital is called ***JIKO-SHIHON*** (自己資本) as it depends on stockholders.

Taishaku-taishohyo
(貸借対照表)

BALANCE SHEET (B/S)

* One of the most important financial statements. It shows the current financial structure

of the **KAISHA**.

1.3 YUGEN-SEKININ (LIMITED LIABILITY)

Kenri (権利)

RIGHT, CLAIM

Gimu (義務)

OBLIGATION, DUTY

Haraikomi-Shihonkin

(振込資本金)

PAID IN (UP) CAPITAL

* **KABUNUSHI** are obliged to pay in.

Giketsuken (議決権)

VOTING RIGHT

* **KABUNUSHI** can execute this right at the **KABUNUSHI-SOKAI** as their fundamental right.

Kabunushi-sokai (株主総会)

STOCKHOLDERS' MEETING

SHAREHOLDERS' MEETING

* The **KAISHA**'s future is decided by the **KABUNUSHI** at this important meeting.

Yugen-sekinin (有限責任)

LIMITED LIABILITY

* In case of liquidation, the obligation of the **KABUNUSHI** of the **KAISHA** is limited only to the amount of the total outstanding net value of the entity. In modern society the **KAISHA** is usually formed as a limited liability institution. In Japan, there are a lot of **Yugen-sekinin-KAISHA** with limited Liability as well as **KABUSHIKI - KAISHA** actually, there is meaningful for **KAISHA** acting with **YUGEN-SEKININ** anywhere in the world in the practical business field based on uncertain economic phenomena.

Mugen-sekinin (無限責任)

UNLIMITED LIABILITY

* **KAISHA** with **MUGEN-SEKININ** are rare in the actual business field.

Futsu-kabushiki (普通株式)

ORDINARY STOCK

Yusen-kabushiki (優先株式)

PREFERRED STOCK

* **KAISHA** can issue various kinds of stock each with different holders rights and obligations. Preferred stock is an example of such stocks. The holders of this kind of stock can always obtain a certain dividend contracted in advance before the dividend paying decision at the **KABUNUSHI-SOKAI**.

1.4 KIGYO-SEICHO, KIGYO-HYOKA (Corporate Growth & Evaluation)

Kigyo-seicho (企業成長)

CORPORATE GROWTH

* It is difficult to measure a **KAISHA**'s growth. The measurement of growth is different for each researcher. It is usually measured by sales, market share, expansion, or improvement of profit ratio.

Hyoka (評価)

EVALUATION, CORPORATE EVALUATION

* To recognize the situation of the **KAISHA** and to estimate the **KAISHA**'s future prosperity. **Hyoka-suru** means "evaluate" as a verb.

Zaimu-shohyo (財務諸表)

FINANCIAL STATEMENTS

* B/S and P/L are significantly important for management analysis.

Soneki-keisansho (損益計算書)

PROFIT AND LOSS STATEMENT (P/L)

Keiei-bunseki (経営分析)

MANAGEMENT ANALYSIS

* It means the process and method of the **KIGYO-HYOKA** (corporate evaluation) in analyzing financial statements. It is related to the measurement of **KIGYO-SEICHO**.

2. SOSHIKI (ORGANIZATION)

A group composed of individuals, more than two people, with a specified purpose can be called a **SOSHIKI** (organization). Organization theory (**SOSHIKI-RON**) has been developed in the academic field to observe a organization's management and learn how to make it efficient. Based on adequate personnel allocation, an efficient organization is able to finance and to invest effectively. It is also able to design physical distribution without waste and is able to design information control efficiently. A **KABUSHIKI-KAISHA** (corporation) is a typical organization with the purpose of making profits.

Today, it is expected that a **KAISHA** must always compete in the global market and have an efficient organizational structure to develop a global activity. It is important to make an efficient organization while maintaining a position of **KYOSOYUI** (competitive advantage). The organization always needs to create and sustain a **KYOSOYUI** in the market.

Organizations, or **KAISHA** as they are called in Japan, are not unique to Japan. After World War II, some organization theories were introduced from the United States and they have influenced the way of thinking about **SOSHIKI-KODO** (organization behavior). But, when examining a Japanese **KIGYO-SOSHIKI** (corporate organization) it is important to consider the Japanese cultural and ethical backgrounds because it influences organization theory.

A **KAISHA** should not only pursue profit maximization because as a member of society it should also share social costs. This concept covers all the Japanese **KAISHA** located in the world as well as in Japan. American corporations are used to the facts in the above mentioned concept, while the Japanese **KAISHA** are not yet used to this concept. Therefore they tend to have conflict with local residents everywhere in the world.

2.1 SOSHIKIZU (ORGANIZATION CHART)

Japanese business organizations were formed following the traditional Japanese business activities since the Middle Ages and by modern management theory. The organizational form of the big Japanese **KAISHA** is based on the practical management theory of the U.S. The Japanese **KAISHA** have also learned from actual fruitful experiences in America. Therefore, the corporate organization in Japanese **KAISHA** is considerably similar to the organizational structure used in the big U.S. companies. Although consideration of the organization is not restricted toward the **KABUSHIKI-KAISHA**, the following is focused on the Figure 2-1.

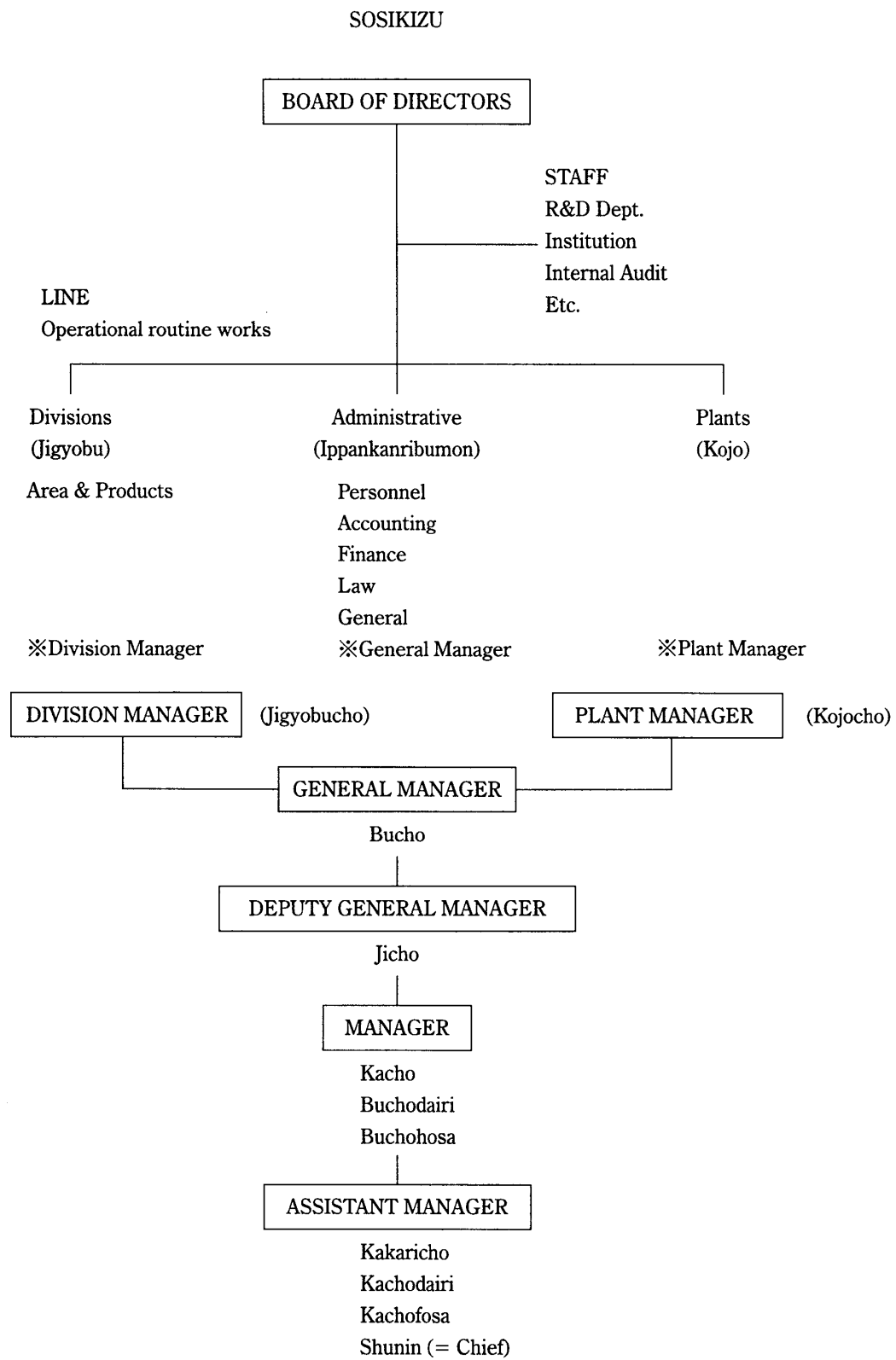
It is crucial to position the relationship of the business activities and the decision making process in the organization so that they are closely related. **SOSHIKIZU** (organization chart) are used to show those relationships visually. Figure 2-1 provided here is a view of the typical Japanese corporate organization. The functions of the each position are shown in the Figure 2-1.

2.1.1. ISHIKETTEI-KIKAN

A **KABUNUSHI-SOKAI** (stockholders' meeting) and a **TORISHIMARIYAKU-KAI** (board meeting) exist for the decision making process. The most important decisions which dictate the **KAISHA**'s future such as the **KAISHA**'s future position, assigning the **TORISHIMARIYAKU** (board members) and the profit sharing are decided at the **KABUNUSHI-SOKAI**. The decisions made at the **KABUNUSHI-SOKAI** are brought to the **TORISHIMARIYAKUKAI** and then the operational decisions will be made there. The exact form of the Executive Committee usually organized in most U.S. companies does not exist in Japan. Of course, neither does a chief executive officer or any executive officer. As a result, the **TORISHIMARIYAKUKAI** has complete authority over the **KAISHA**. Agendas negotiated in the **TORISHIMARIYAKUKAI** are taken to and approved at the **KABUNUSHI-SOKAI**. In spite of the theoretical nature of the **KABUNUSHISOKAI**'s ultimate decision making authority, in reality the agenda is formed at **TORISHIMARIYAKUKAI** and the **KABUNUSHI-SOKAI** has become a ceremony.

A chairman of the **KABUNUSHI-SOKAI** is usually assigned the position of **SHACHO** (president) of the **KAISHA**. The **SHACHO** represents the board members, who will make up the outline of the meeting. The **SOMU-BUCHO** (general manager, **SOMUBU** = general administrative department) will facilitate the **KABUNUSHI-SOKAI**. It is the **SOMU-BUCHO**'s ability that determines whether or not the

FIGURE 2-1



KABUNUSHI-SOKAI will carry on as planned ceremony or turn into an unexpected debating battle field. There is a saying that a “**SOMU-BUCHO**” will be fired if he cannot end the **KABUNUSHI-SOKAI** in five to ten minutes.

2.1.2. GYOMUSHIKKO

Everyday operation is performed by the organization of which is lead by the **SHACHO**. Next to the **SHACHO**'s position, there are positions such as **FUKUSHACHO** or **SENMU-TORISHIMARIYAKU** to assist the **SHACHO** as necessary. Next in the line are several **JOMU-TORISHIMARIYAKU**. The size and its complexity of the organization dictate the number of **SENMU** and **JOMU** required in the organization. Decision process in the daily operation is formed at the **JOMUKAI** which is consisted of **TORISHIMARIYAKU**, above **JOMU** level. **JOMUKAI** is unofficial internal organization and its purpose is to decide the agenda for the **TORISHIMARIYAKUKAI**. For pressing issues that are not important enough to call **TORISHIMARIYAKUKAI** or **KABUNUSHI-SOKAI** are debated and decided on the **JOMUKAI**. Therefore, the **JOMUKAI** can function as a decision process.

Although selection of the officers is an agenda of the **KABUNUSHI-SOKAI**, decision process influencing positions such as **SHACHO**, **FUKUSHACHO**, **SENMU** and **JOMU** are decided at the **TORISHIMARIYAKUKAI**. For the smaller private companies **SENMU**'s or **JOMU**'s position is rather meaningless, and **JOMUKAI** and **TORISHIMARIYAKUKAI** exist solely for the formality. In many cases, the decision process depends on the **SHACHO**.

It should be noted that the **TORISHIMARIYAKU** is an owner rather than an employee under commercial law. In Japan, it is common for **TORISHIMARIYAKU** to get involved in the daily operations. In such cases the position can be called employee-officer. Especially in smaller companies employee-officers make up the majority.

2.2 STAFF & LINE

The business organization can be separated into two groups of employees; the ones who perform daily operational routines and the ones who do not. The first group which performs daily operational routines are called line organization and the other group which performs supporting functions are called staff organization. This concept may be easier to understand using a military organization analogy. The staff

represents the command post and the line represents the soldiers at the battle line.

※ *The more issues and/or items will be followed by other papers in the near future.*

FUNNY TERMS IN THE ACTUAL BUSINESS FIELD

“SANKAKU”

The symbol of the triangle is used to show the negative profit or loss for the new project. Because of this practice, we have used the word **SANKAKU** (triangle) and loss interchangeably. No new project will have profit at the beginning of its life cycle. It is up to the employees ability and effort to get rid of the **SANKAKU**. No matter how promising the new project is if you don't put enough resources and the effort in to nurture it, the project will remain in **SANKAKU**. We always like to get rid of **SANKAKU** knowing that we have worked hard to do so.

“SHAHINMOCHIDASHI”

KAISHA suffers from employees taking the **KAISHA**'s assets for personal use every year. The assets taken can range from as small as a pen to the variable merchandise. The assets, especially a small and easy removable things like stationeries, are called **SHAHIN** (社品), distinguishing from personal use.

SHAHIN means things belong to **KAISHA**. **MOCHIDASHI** (持ち出し) means to bring out (**MOCHIDASU** ;持ち出す). Then **SHAHINMOCHIDASHI** means to take **SHAHIN** out of **KAISHA** for personal use. Of course, without saying, such a behaviour is not approved at all anywhere in the world in law, irrespective of business field.

Let's see the only exemption. If you are a bachelor, you want to look forward marrying a sophisticated handsome lady with warmest heart. There should be many a tremendous target you want to try to in your **KAISHA**. You might get a fine betterhalf in your **KAISHA**. That is great for you. But you should stand for your colleagues' joking.” She is a great **SHAHIN** of your **KAISHA** as well as some other employees. Your behaviour is a respectable **SHAHINMOCHIDASHI**. That is just joking. **KAISHA** does not manage a personal matter like your marriage at all.

It is still rare a female carrier who keep on working outside home after the marriage, however there is possibility to have an opportunity to work through her life, accepted in law. **SHAHINMOCHIDASHI** is not only the irony to you who take a

important sophisticated heartfelt person out of **KAISHA**, but also the warmest heartfelt festivity of your happy wedding.

As internal control becomes stronger, people have started to use this word and concept to identify a specific human behavior with a little twist. Only in this case you are rather happy for other people to know what you have done.

USEFUL VOCABULARIES

2.1 SOSHIKIZU

Soshiki (組織)

ORGANIZATION

Soshikizu (組織図)

ORGANIZATION CHART

Keiei-shikko-iinkai

(経営執行委員会)

EXECUTIVE COMMITTEE

MANAGEMENT COMMITTEE

* Does not exist in Japan.

Also there are no **CEO** (Chief Executive Officer) and no executive officer either.

Kabunushi-sokai (株主総会)

STOCKHOLDERS' MEETING

SHAREHOLDERS' MEETING

* This is the highest decision making unit in the **KAISHA**.

Torishimariyakukai (取締役会)

BOARD OF DIRECTORS' MEETING

(BOARD MEETING)

* To make an agenda and to execute the matters decided at **KABUNUSHI-SOKAI**.

Kaicho (会長)

CHAIRMAN OF THE BOARD

* It is assigned to one of the registered representative board members as well as the president of the **KAISHA**. In Japan, the function of a chairman is seldom active because the position is an honorable one. Only an experienced person

can reach the position after they retire from the president's seat.

Shacho (社長)

PRESIDENT

Fukushacho (副社長)

EXECUTIVE VICE PRESIDENT

* The position is often not shown in the organization chart of a small **KAISHA**.

Senmu-Torishimariyaku
(専務取締役)

SENIOR MANAGING DIRECTOR

* Usually called **SENMU** (専務).

Jomu-Torishimariyaku
(常務取締役)

MANAGING DIRECTOR

* Usually called **JOMU** (常務). In case the **KAISHA** has a big board, a informal meeting is frequently composed of the board members positioned above the **JOMU-TORISHIMARIYAKU**. This is usually in place of a formal board meeting. This meeting is called **JOMUKAI** (常務会). **JOMUKAI** functions well to treat urgent and contingent matters in the **KAISHA**.

Torishimariyaku (取締役)

BOARD DIRECTOR

BOARD MEMBER

Kojo (工場)

PLANT

* The production site is generally called the plant. Its use is similar to that of English words plant and factory. The word plant is for the invisible reaction production process like chemical products. The word factory is for the visible manufacturing process production like automobiles. In Japan, **KOJO** means a site of production.

* Sometimes, **KOBA** (工場) is used for factories or workshops, especially in small business.

Jigyobu (事業部)

DIVISION

* Should be a profit center.

Chiikibetsu-Jigyobu

(地域別事業部)

AREA DIVISION

Seihinbetsu-Jigyobu

(製品別事業部)

PRODUCT DIVISION

Ippan-Kanri-Bumon

(一般管理部門)

ADMINISTRATIVE DEPARTMENT

Jinjibu (人事部)

PERSONNEL DEPARTMENT

Keiribu (経理部)

ACCOUNTING DEPARTMENT

* Accounting is also called **KAIKEI** (会計). But, the word **KEIRIBU** is used as an accounting department. **Kaikeibu** is rare. However there often exists **Kaikei-ka** or **Kaikei-kakari** in the **KEIRIBU**.

Zaimubu (財務部)

FINANCE DEPARTMENT

Homubu (法務部)

LAW DEPARTMENT

* Depending on the size of the **KAISHA**, it can also be included in the **SOMUBU**.

Somubu (総務部)

GENERAL DEPARTMENT

Jigyobucho (事業部長)

DIVISION MANAGER

* Usually a board member, **SENMU** or **JOMU**.

Bucho (部長)

GENERAL MANAGER

Jicho (次長)

DEPUTY GENERAL MANAGER

Kacho (課長)

MANAGER

* **KA** (課) means a section. **CHO** (長) means a chief. Therefore, in this case manager means a section chief. In the Japanese **KAISHA**, there is usually a *seniority system* (**NENKO-JORET-SU**; 年功序列) for the personnel in the organization. It is sometimes necessary in the seniority system of the **KAISHA** to apply different titles other than **KACHO** for people at the same level as the **KACHO**, for instance **BUCHO-DAIRI** (部長代理) and **BUCHO-HOSA** (部長補佐) are just two examples. It is plain to see how many **KACHO** that can be required in the **KAISHA**.

* The title of Vice President can be considered equivalent to the level of **KACHO**.

Kakaricho (係長)

ASSISTANT MANAGER

* **KAKARI** (係長) means a small section or group in a **KA**. For the same reason as in **KACHO**, other titles are often applied such as **KACHODAIRI** (課長代理), **KACHO-HOSA** (課長補佐), **SHUNIN** (主任) and **CHIEF** (チーフ).

2.2 Staff & Line

Sanbo-Soshiki (参謀組織)

STAFF ORGANIZATION

* **SANBO** indicates a person or an organization having a planning function. It was originally a word used in the military.

Gyomu-Soshiki (業務組織)

LINE ORGANIZATION

Genba (現場)

SITE

* In actual business situations, **GENBA** is frequently meant as the place of a job execution, as opposed to the place of command.

Kenkyu-Kaihatsu (研究開発)

RESEARCH & DEVELOPMENT

Kenkyujo (研究所)

INSTITUTION

Naibu-Kansa-Bumon

(内部監査部門)

INTERNAL AUDIT DEPARTMENT

* CONTROLLER is a typical one.

Nichijo-Gyomu (日常業務)

ROUTINE WORK

2.3 Profit Center

Kokyaku (顧客)

CUSTOMER

Kokyaku-Shiko (顧客指向)

CUSTOMER ORIENTED

Shijo-Shiko (市場指向)

MARKET ORIENTED

Gijutsu-Shiko (技術指向)

TECHNOLOGY ORIENTED

Seihin-Shiko (製品指向)

PRODUCT ORIENTED

2.4 Network

Fukakachi (付加価値)

ADDED VALUE

2.5 Centralization

Kinobetsu-Soshiki (機能別組織)

FUNCTIONAL ORGANIZATION

Shukenka (集権化)

CENTRALIZATION

* **SHUCHUKA** (集中化) is similar to **SHU-KENKA** (集権化). **SHUKENKA** is mainly used to express the state of the centralized decision

making power or management right in the **KAISHA**. **SHUCHUKA** is frequently used for the centralization of visible and tangible physical matters. **SHUCHUKA** is also used for the centralization of the systems and frameworks of some organizational components in the **KAI-SHA** whether with **SHUCHUKA** or not.

Shuken-Soshiki (集権組織)

CENTRALIZED ORGANIZATION

Shuken-Kanri (集権管理)

CENTRALIZED MANAGEMENT

Shuchu-Kobai (集中購買)

CENTRALIZED PURCHASING

Bunkenka (分権化)

DECENTRALIZATION

* Recently there has been a trend to divest a division or a department outside the **KAISHA**. This is based on a thorough feasibility study upon the segmentation strategy in Japan. This is similar to the trend of divesting in the U.S. The study is called **BUNSHAKA** (分社化) with **BUNKENKA** (分権化).

Kogaisha (子会社)

SUBSIDIARY

* It should be distinguished from the other various forms such as **KOGAISHA** (子会社), **KANRENGAISHA** (関連会社) and **SHIHON-SANKA** (資本参加) from the point of view of how much equity the **KAISHA** possesses in them. It is based upon consolidation accounting procedures.

Kanrengaisha (関連会社)

AFFILIATE COMPANY

Shihonsanka (資本参加)

PARTICIPATION

* This also means **KABUSHIKI-SHUTOKU** (株式取得). To participate in another company by means of acquiring some portion of the equity.

Renketsu (連結)

CONSOLIDATION

* It means combining the performances of a certain number of consolidated companies into the **KAISHA's** financial statements. It is based on the internationally accepted consolidated accounting procedure.

* The entire performance of the **KAISHA's** group can be seen in the consolidated financial statements.

Goben-Jigyo (合併事業)

JOINT VENTURE BUSINESS

Goben-Kigyo (合併企業)

JOINT VENTURE COMPANY

Keiretsu (系列)

KEIRETSU

* Grouping some **KIGYOs** related to the **KAISHA's** business. There is no English word that expresses this accurately. It is already a well known and accepted term in English in the general business field. In this system the group members' **KAISHA** guarantee the other member **KIGYOs'** particular business field and in turn each give their loyalty to the **KAISHA**.

(TO BE CONTINUED)