

RESEARCH PAPER



## Why invisible boundaries matter: imagined institutions and power

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### ABSTRACT

This paper develops an alternative to Erin Meyer's influential argument that national culture determines how people in a nation behave, thereby creating invisible boundaries that divide nations according to behavioural stereotypes. Whereas Meyer makes the implicit assumption that we could observe national culture and its effect on behaviour as if from a God's Eye point of view, we might do better to begin with an Insider's Eye perspective on whom we could trust to do what. If we take too much for granted, we may miss invisible boundaries that matter; which might have happened when the English executive, Michael Woodford, became president and CEO of Japan's Olympus Corporation, only to find himself fearing for his life after exposing fraud that his Japanese colleagues thought wise to hide. Woodford's startling story is used here to consider three conceptual questions. First, how might power mediated by what people imagine influence the evolution of institutional ecologies, together with invisible boundaries that divide insiders from outsiders? Second, why should management theorists move from an objective God's Eye perspective to Insider's Eye reflections on power mediated by imagined institutions? And third, if we want to avoid falling foul of invisible boundaries, what should we do?

### Introduction

Erin Meyer's book *The Culture Map: Breaking Through the Invisible Boundaries of Global Business* (Meyer, 2014a; see also Meyer, 2014b, 2015) asserts that national culture is the independent variable on which eight aspects of behaviour exhibited by people in a nation depend. Specifically, how people communicate, evaluate, persuade, lead, decide, trust, disagree and schedule is presented as a product of their national culture. Meyer supports her claim with many arresting anecdotes, which are especially effective when she compares her experience of growing up in America with that of living and working in France. But national culture is made in the mind and, without invoking what Hilary Putnam called a mind-independent 'God's Eye' point of view (Putnam, 1981, chapter 3), we cannot observe what people imagine about their national culture and see if it causes them to behave in eight stereotypical ways. By contrast, switching to what might be called 'Insider's Eye' reflections on power mediated by

imagined institutions may help us recognise what we take for granted in our interaction with other people.

Power mediated by what we imagine should be done runs ahead of conscious experience and may surge forth unbidden whenever the time is ripe. If children play at home, their power to stop traffic is not being exercised. If children wander into traffic, drivers hit their brakes. Benjamin Libet's empirical work demonstrated that competent drivers can hit the brake half-a-second before they become conscious of seeing a child run in front of the car: 'This fairly complex mental function is carried out unconsciously' (Libet, 2004, p.91). If other people's attention is directed our way, Paul Watzlawick and his colleagues observe, we cannot '*not* communicate' (Watzlawick *et al.*, 1967, pp.48–51, original emphasis). The child may speak to the driver, who might respond with a lifesaving decision that is implemented before anyone has conscious experience of what is happening. Viewed from an Insider's Eye perspective, people who uphold our values may regard 'hitting the brakes' as an example of power mediated by an imagined institution: the driver did what should be done. Conversely, if other people's behaviour deviates from what we imagine should be done, we may infer that an invisible boundary divides us from them – as Michael Woodford came to realise when he moved from England to Japan.

In April 2011, Woodford found himself at the top of Japan's Olympus corporation, but he tried to investigate allegations about Olympus's involvement in a \$US1.7 billion fraud and, in October 2011, was forced to step down. Compelling circumstantial evidence suggested that Olympus was being blackmailed by Japanese criminals who might kill those who disrupt their business interests. Undaunted, Woodford went public and three British newspapers, the *Sunday Times*, the *Independent* and the *Sun*, named Woodford 2011/12 'Business Person of the Year'. In 2012, Woodford won the prestigious *Financial Times* ArcelorMittal Award for Boldness in Business. Yet Woodford was puzzled when Olympus's previous president and his erstwhile mentor, Tsuyoshi Kikukawa, who eventually received a suspended prison sentence for his role in the Olympus scandal, still went to work each day 'behaving as if it was business as usual' (Woodford, 2013, p.137). From a Japanese perspective, the surprise might be that Woodford was surprised. An invisible boundary divided what Woodford and Kikukawa imagined should be done – as the next section will explain.

After assessing Woodford's improbable journey to the top of Olympus, three conceptual questions will be considered. The first follows from Robin Dunbar's finding that our brains limit the number of relationships we can maintain simultaneously to 150, which is known as Dunbar's Number (Dunbar, 2011). Crucially, the extent to which our Dunbar's Number churns may vary, with concomitant implications for how relationships and/or rules influence what an institutional ecology's insiders imagine should be done. The second question considers why management theorists should switch from God's Eye perspectives to Insider's Eye reflections on power mediated by imagined institutions and ethics, which Simon Blackburn sees as a practical subject that 'separates the things we will do gladly from those we will not do, or not do without discomfort' (Blackburn, 1998, p.1). This leads to the third question, 'what should we do?' If we try to understand how *we* (the *insiders*) differ from *them* (the *outsiders*), we may be better able to build on common ground, understand where we differ and judge the extent to which those differences matter.

## Woodford's improbable journey

Woodford was born in 1960 and enjoyed a comfortable life in the English Midlands until, in November 1967, his mother left his father. She took Woodford and his two sisters to her mother's three bed-roomed house in Liverpool, where life was testing: 'The house had a single outside toilet in a backyard shed' and 'The house was crowded, containing my grandma, grandad and my great uncle George, who was doubly incontinent' (Woodford, 2013, pp.78–9). There was little money and Woodford was determined to escape his impoverished conditions. He left school at 16 'with only modest academic qualifications' (Woodford, 2013, p.18) and an aptitude for selling.

At 20, Woodford became a salesperson at the British endoscope manufacturer, KeyMed. Nine years later, Woodford was KeyMed's Managing Director and Olympus acquired KeyMed.

In the 1980s Japanese firms made overseas direct investments of \$280 billion, then equivalent to buying the whole economy of Australia or India. Sony bought Columbia Pictures in 1989, Fujitsu bought the UK's International Computers Ltd (ICL) in 1990. They picked up Hugo Boss, the Turnberry Hotel and golf course in Scotland, and something similar in California at Pebble Beach. And, in a far smaller deal, Olympus purchased KeyMed from its founder and my mentor, Albert Reddihough. (Woodford, 2013, p.216)

Suddenly, Woodford was working for a Japanese organisation and – over the next two decades – Olympus's Kikukawa, who spoke excellent English, emerged as Woodford's new mentor. Indeed, Woodford, whose Japanese was limited to '*Ohayou gozaimasu*' (good morning) (Woodford, 2013, p.65), was happy to acknowledge Kikukawa's help.

He [Kikukawa] had promoted me in the US, where he had given me responsibility for the company's then loss-making surgical business. He had also promoted me to run all Olympus's businesses in Europe, which had gone on to become the most profitable part of the corporation. He had been my patron. But my loyalty was not blind. (Woodford, 2013, pp.7–8)

But Kikukawa might have seen blind loyalty as a taken-for-granted part of his *oyabun-kobun* relationship with Woodford. As Chie Nakane's classic text, *Japanese Society*, explains:

*Oyabun* means the person with the status of *oya* (parent) and *kobun* means with the status of *ko* (child) ... The essential elements in the relationship are that the *kobun* receives benefits or help from his *oyabun*, such as assistance in securing employment or promotion, and advice on the occasion of important decision-making. The *kobun*, in turn, is ready to offer his services whenever the *oyabun* requires them. (Nakane, 1972, p.42)

While Woodford benefitted from Kikukawa's backing, he may not have appreciated what upholding his side of the unspoken bargain might entail.

At 50, Woodford found himself in Japan. Kikukawa, who was now Olympus's president, had asked Woodford to visit for a meeting with no agenda.

When I entered his office he smiled warmly and said straight away, "Michael, I would like you to be our next president. I haven't been able to change this company, but I believe you can." (Woodford, 2013, p.11)

Woodford knew that Olympus produced extraordinarily well-engineered products; the company had approaching 40,000 employees and held 70 per cent of the global market for medical endoscopes, but it was struggling to compete with Canon and Nikon in high-performance cameras. Changes had to be made.

But I was not deterred. I understood what had to be done and which difficult decisions needed to be taken. If managed in the right way I knew the medical business, in particular, could deliver even more impressive results. With the help and support of the small talented team I had personally chosen, I was sure things could be quickly turned round.

In facing the challenges ahead, I clearly had the confidence of Kikukawa, who had long been my mentor, an unfailing and vocal supporter who was prepared to grant me a privilege almost unheard-of in Japan: to be the Western president of a as ninety-two-year-old Japanese icon ... This was my moment ... After just a few seconds, I answered him with a simple “Yes, I’ll do it.” (Woodford, 2013, p.12)

Unfortunately, Woodford’s expectation that he could become a heroic leader – who would gallop where Kikukawa could only crawl – was at odds with Japanese-style group-oriented consensus-based decision-making. Nakane used the Japanese concept of *ba* to explain the frame of reference that ‘binds a set of individuals into one group’ (Nakane, 1972, p.1). *Ba* arises from interaction among *insiders* and may act on them like a magnetic field, exerting influence on what they do in a way that ‘nonmagnetic’ *outsiders* do not appreciate. Being bound by *ba* is commensurate with Japanese-style ‘distributed leadership’ (Nonaka and Toyama, 2007; von Krogh *et al.*, 2012), which could equally be ‘leaderless leadership’. That is to say, no one takes responsibility for what everyone does. Egalitarianism (*byōdō shugi*) within the organisation may unite insiders and thereby divide them from outsiders.

Unabashed, Woodford believed he could change Olympus. His promotion to president took effect on 1 April 2011, three weeks after a cataclysmic earthquake and tsunami struck north eastern Japan. The death toll was close to 16,000 and, when Woodford landed in Tokyo, it was not clear whether radiation at Fukushima’s damaged nuclear power plant could be contained. Governments across the world were advising against travel to Japan, but Woodford wanted to show that he was committed to his Japanese colleagues. He was to be their leader and he would be with them.

### ***The leader who could not lead***

Before Woodford’s appointment as president, Olympus did not have a CEO. When Woodford was appointed president, Kikukawa announced that a CEO position had been created and he would fill it. Woodford worried that his capacity to lead would be curtailed and confronted his patron:

I had asked him politely, “Why promote me, but effectively limit my ability to manage?” But Kikukawa brushed these concerns away, telling me, “These titles don’t matter; you are the boss.” This did nothing to assuage my unease at the division of roles between CEO and president. I knew full well that I was the person with whom the buck stopped. As the president, I had legal responsibility for signing the company’s accounts, along with the letter of representation with the auditors. (Woodford, 2013, p.7)

Not long after Woodford became the president of Olympus, a Japanese friend alerted him to an article in the Japanese business magazine, *Facta*, which linked Olympus's astronomical spending on quixotic overseas acquisitions to false accounting. Woodford wanted to know why no one at Olympus had mentioned the matter to him and was not happy with Kikukawa's insouciantly indifferent response:

“Michael, I instructed the staff on the Executive Floor not to tell you.” “But why, Tom [Kikukawa's chosen English name]?” I asked. “Because you're the president working so hard and are much too busy to be bothered by domestic issues like this,” he replied. (Woodford, 2013, p.23)

Woodford was aghast and pushed Kikukawa for an explanation. Grudgingly, Kikukawa conceded that some of *Facta*'s allegations were accurate.

When fresh charges from *Facta* linked Olympus with ‘antisocial forces’, which is a euphemism for organised crime, Woodford thought it best to establish a clear chain of command and asked Kikukawa to cede his CEO position to him. If he were both Olympus's president and CEO, Woodford believed he could orchestrate efforts to expose employees who had perpetrated criminal acts. Kikukawa refused and Woodford threatened to resign. Kikukawa was incredulous but compromised; Olympus's foreign boss was well-known in Japan and, if Woodford were to resign amid rumours about wrongdoing, Olympus's share price would suffer. A pragmatic Kikukawa yielded his CEO title to a credulous Woodford, who applied himself to documenting potential wrongdoing and emailing lengthy letters to colleagues, which articulated clear logical arguments about his concerns.

Olympus's next board meeting voted unanimously to accept Kikukawa's proposal to make Woodford president *and* CEO. Then the board rounded on Woodford who, in an instant, realised that he was powerless.

All the other directors would stick tightly together, acting as one entity and I was now more of an outsider than ever. Kikukawa's eyes met mine and he sat there passively, looking victorious. (Woodford, 2013, p.53)

Work took Woodford to Europe, but a couple of weeks after adding the CEO title to his presidency, he was back in Japan for the next board meeting, held on 14 October 2011. To Woodford's consternation, the meeting lasted just eight minutes. Kikukawa moved a motion to have Woodford stripped of all his directorships at Olympus, which was passed unanimously. The Olympus family could not cope with its adopted child's un-Japanese behaviour, as Kikukawa explained to the press:

Mr Woodford was selected to lead our effort to strengthen Olympus's global competitiveness. However, he couldn't understand Japanese style management and was acting arbitrarily and peremptorily. I was afraid the situation, if left unchanged, would cause considerable damage to our customers and shareholders, and therefore, I had to act decisively and quickly. (Kikukawa as quoted in Woodford, 2013, p.117)

After only six-and-a-half months at the top, Woodford was defenestrated. But he was not defeated and went public.

### ***What went awry at Olympus?***

The American investment-banker turned academic, Taggart Murphy, who has lived and worked in Japan for decades, argues that Japan Olympus's shortcomings were hardly surprising.

The company had engaged in a series of doubtful acquisitions abroad, the purpose of which turned out in many cases not to be strategic but to conceal poor investments the company had made during the bubble economy years of the late 1980s. ... Olympus executives had managed to hide those dodgy investments thanks to the usual story in Japan: boards stacked with insiders, collusive bankers, and a pliant business press that, absent signals from the public prosecutor, rarely reports malfeasance on the part of establishment corporations, even when journalists are aware of it. But as the bad numbers continued to fester and grow, it became harder to cover them up. (Murphy, 2014, p.220)

In Murphy's assessment, Japanese criminals may well have been involved in some of the dubious payments.

Japan's *Yakuza* criminal organisations operate openly and can run offices (Ames, 1981; Hill, 2003; Adelstein, 2010; Whiting, 2012). Organised crime, a *Yakuza* organisation's publicity people might argue, saves Japanese society from the chaotic consequences of disorganised crime. Japan's criminal organisations maintain close relationships with senior police officers and politicians. They have no time for un-Japanese crime, such as mugging, rape and armed robbery. Rather, their activities are confined to such things as protection rackets, loan sharking, the sex industry, illegal gambling, stock-market manipulation and blackmailing non-criminal organisations. Japan's city streets are among the safest in the world and when natural disasters strike, Japan's criminal organisations can be relied upon to help the victims. Japan's largest such organisation, the *Yamaguchi-gumi*, which was founded in 1915 – four years before Olympus – is embedded in Japan's social, economic and political fabric. Its communitarian 'good neighbour' precepts have included holding Halloween parties for children who live near its Kobe headquarters. At the same time, the *Yakuza* are not above killing wrong-headed people who cannot 'read the air' – which is where Woodford was wanting.

Meyer recognised that Japanese people rely on reading the air, as a participant at one of her workshops explained:

In Japan, we implicitly learn, as we are growing up, to communicate between the lines and to listen between the lines when others are speaking. Communicating messages without saying them directly is a deep part of our culture, so deep that we do it without even realizing it. To give an example, every year in Japan there is a vote for the most popular new word. A few years ago, the word of the year was 'KY.' It stands for *kuuki yomenai*, which means 'one who cannot read the air' – in other words, a person sorely lacking the ability to read between the lines. In Japan if you can't read the air, you are not a good listener. (Kenji Takaki as quoted in Meyer, 2014a, p.33)

KY people cannot function in Japanese society, let alone lead a major Japanese company. Like Meyer, Murphy emphasised that it is important to read the air:

Someone who fails to pick up on the unspoken reality is said to be unable to read the *kūki* (literally, the air) or is accused of being *rikutsuppoi* (a logic-fetishist) – not a compliment in Japanese. (Murphy, 2014, p.144)

Of course, reading the air isn't peculiarly Japanese. Regardless of their nationality, identical twins who live in each other's company, might give the impression that they inhabit each other's minds. Gregory Bateson used homely examples to show how doing nothing can say something: 'The letter that you do not write, the apology you do not offer, the food that you do not put out for the cat – all these can be sufficient and effective messages because zero, *in context*, can be meaningful' (Bateson, 2002, p.43, original emphasis). Yet the extent to which Japanese insiders rely on power mediated by what is written in the air may have frustrated Woodford's efforts to determine whether Olympus had made payments to a criminal organisation. For Murphy:

Woodford's mistake – if one can call it that – was not to discover these payments; rather, it was to make them an issue. He confronted both the chairman and the auditor of Olympus about the payments. Instead of responding to the allegations, the chairman fired Woodford. Woodford immediately called a reporter at the Tokyo bureau of the *Financial Times* and told him the whole story, a move that might conceivably have saved his life. (Murphy, 2014, p.221)

Woodford returned to London, arriving as that morning's *Financial Times* carried news of the Olympus scandal on its front page. The police took Woodford's fears for his safety seriously and offered to post armed guards outside his flat.

London's police had so far not had to deal with the *Yakuza* assassinating people on their territory, but they still did not want to take risks. If the *Yakuza* were about to break with tradition, they didn't want it happening on their watch. (Woodford, 2013, p.109)

Olympus subsequently acknowledged that Woodford had been unfairly dismissed and agreed to an out-of-court settlement for lost earnings, which has been estimated at £10 million. When the Olympus case came to court, Kikukawa and two other Olympus executives received suspended prison sentences.

### How much does our Dunbar's Number churn?

Our relationships with other people may influence what we do; but Dunbar's anthropological research has demonstrated that our brains cannot maintain more than 150 relationships at the same time.

The number of people we know personally, whom we can trust, whom we feel some emotional affinity for, is no more than 150, Dunbar's Number. It has been 150 for as long as we have been a species. And it is 150 because our minds lack the capacity to make it any larger. We are as much the product of our evolutionary history as any other species is. (Dunbar, 2011, pp.4–5)

A low-churn Dunbar's Number arises when most of the relationships in an institutional ecology involve long-term interaction with the *same* people. This may sustain a longitudinal wave, as similar expectations move to successive generations, which – in Japanese organising – may reproduce assumptions about Japanese organisations being analogous to living organisms, as Murphy explained:



Common discourse in Japan and reams of Japanese language management literature treat the company not as a contractual construct but as an organic institution akin to a family, tribe, or religious foundation. (Murphy, 2014, p.128)

Although unconventional Japanese companies, such as Softbank and Rakuten, have made it clear that they will let people go, they are exceptions (Murphy, 2014, p.211, footnote). Japan does not have an American-style labour market for specialists, and individuals who abandon the organisation to which they belong to take a better job (for example, with a non-Japanese employer) may be stigmatised as selfish and un-Japanese.

Joseph Schumpeter's 'gale of creative destruction' (Schumpeter, 2010, p.73), which blows when innovators destroy the *status quo* with new and more advantageous ways of doing things, contrasts with what Olympus's Japanese employees might imagine as 'the calm of constant creation', where those who belong to an established organisation learn how to do new things. Shelter from the international gale of creative destruction could give rise to what the Japanese have labelled *Garapagosuka* (Galápagosisation) where – by analogy with the enormous number of endemic species in the Galápagos Islands – Japanese products, such as mobile phones, which have evolved in concert with Japanese needs, fail to flourish outside Japan. And the Galápagos analogy might extend to morality. Japan's long separation from the international community, which stretched from the 1630s until American demands to cease being a closed country were delivered in 1853, allowed Japan's feudal-era low-churn Dunbar's Number to seed and reproduce Galápagosised ethics.

### ***Purposes that bear on eternity***

People need a purpose, Michael Polanyi speculated, 'which bears on eternity' and he looked forward to a world 'which could resound to religion' (Polanyi, 2009, p.92). But what people imagine about religion's eternal purpose might be mirrored in secular entities, such as nations. Certainly, Benedict Anderson's conceptualisation of nations as 'imagined communities' (Anderson, 2006) led him to speculate about a nation's ahistorical Goodness, which might foreshadow an eternal Goodness that unites those who belong to Japan's family-like organisations.

When Great Britain's American colonies declared independence, Thomas Jefferson spoke in the name of 'the People'. Pledging allegiance to 'one Nation' came later. Nonetheless, Anderson argued, nations are imagined as if they have always existed and will always exist; they 'loom out of an immemorial past, and, still more important, glide into a limitless future' (Anderson, 2006, pp.11–12). Nations are *not* secular religions; a nation's eternal purpose is survival on earth, as opposed to happiness in heaven or torment in hell. But there's a twist:

One can see immediately where nationalism and religion part company if one tries to transform 'My Country, Right or Wrong' into 'My Religion, Right or wrong.' The latter is an inconceivable oxymoron. How could Islam for Muslims, Christianity for Christians, or Hinduism for Hindus possibly be Wrong?



Yet this contrast should not be taken wholly at face value. For if nations can, at least hypothetically, be Wrong, this wrongness is temporal, and is always set against a transcendent Right or Good. (Anderson, 1998, p.360)

Those who give their lives for the nation are always glorious, irrespective of whether they were good people. If criminals die for their nation, death cancels their crimes. They gave their lives for the living, who may honour that sacrifice by working hard so that the nation's unborn citizens will regard them as worthy ancestors. Likewise, Japan's family-like organisations might be imagined in ways that transcend temporal wrongdoing; the organisation's eternal purpose cannot be Wrong or Bad.

The proposition 'My Job at McDonald's, Right or Wrong' may be dismissed as absurd; but Olympus's Japanese employees might find it harder to dismiss the proposition 'My Olympus, Right or Wrong'. Japan's family-like organisations influence every aspect of an employee's life and may call for a commitment that eclipses the attention employees pay to their actual families: 'In an extreme case', Nakane noted, 'a company may have a common grave for its employees, similar to the household grave' (Nakane, 1972, p.10). Those who belong to Japan's family-like organisations may imagine that serving their organisation is Right or Good in a way that trumps quotidian quibbles about the rule of law.

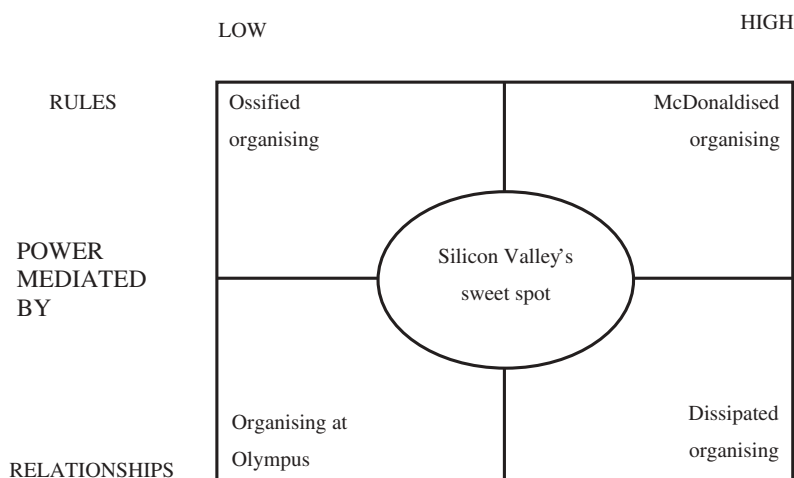
### ***Relationships versus rules***

Compared with the United States, which leads the world in terms of the number of lawyers per capita and the size of its prison population, Japan has few lawyers and a small prison population. Galápagosised ethics militates against change in the established social order. Despite Japan's labour shortage, discrimination against those who were born in Japan but have Korean or Chinese parents persists. The *burakumin* underclass, which is descended from those who did 'unclean' jobs during Japan's feudal era, has experienced discrimination for centuries. Hideo Aoki avers that discrimination continues today because it: 'enables majority Japanese to see themselves as clean and to form the feeling of collective superiority, solidarity and togetherness' (Aoki, 2009, p.186). Institutionalised discrimination is also directed at Northern Japan's indigenous Ainu population. And in the workplace, male powerholders routinely discriminate against women, who rarely reach senior positions.

Japanese law-making is dominated by relationships among Japan's male elite, who tend to be conservative – except when change is in their interests. Tim Harford's essay on the contraceptive pill's socio-economic consequences struggled to comprehend a stark comparison: 'Japanese women had to wait thirty-nine years longer than American women for the same contraceptive; in contrast, when the erection-boosting drug Viagra was approved in the US, Japan was just a few months behind' (Harford, 2017, p.70). Woman in America and their supporters might use the rule of law to effect change; but the disadvantaged in Japan's institutional ecology may recognise that the law is a blunt tool that will cut them little if any ice.

Figure 1 compares churn in Dunbar's Number with the difference between power mediated by rules and/or relationships. Organising at Olympus would fit with Figure 1's lower left-hand segment, where a low-churn Dunbar's Number goes hand in hand with

## CHURN IN DUNBAR'S NUMBER



**Figure 1.** Dunbar's Number and power.

power mediated by long-term relationships. This is diametrically different from what George Ritzer (2015) characterises as rule-based McDonaldised organising. Figure 1's upper right-hand segment shows the powerholders at the apex of a McDonaldised hierarchy. They do the thinking and use explicit rules to manipulate the behaviour of myriad myrmidons, who do their bidding. A high-churn Dunbar's Number can be accommodated because there is no need to form relationships with individual employees. Any suitably qualified person must either do as the rules dictate or risk being replaced.

Organisers in Silicon Valley's high-technology hive might exploit a sweet spot that combines an intermediate-churn Dunbar's Number with the advantages of relationships *and* rules. Relationships may emerge as those with common interests feel their way to trusting, which may be complemented by recourse to the rule of law to facilitate formal agreements and/or resolve disputes. Emily Chang's *Brotopia: Breaking up the Boys' Club of Silicon Valley* suggests that institutionalised discrimination against women can be countered. A young engineer at Uber, Susan Fowler, who complained about a manager for propositioning her for sex, triggered a process that:

... remarkably, led to a companywide investigation of Uber's bro culture that revealed forty-seven cases of sexual harassment, resulting in the departure of twenty employees. In a dramatic climax, Uber's investors forced out CEO Travis Kalanick. (Chang, 2018, p.10)

Even if change is slower than Chang and her supporters might hope, it may be much faster than change in Japan's institutional ecology. When the Japanese police did not act on her complaint about being raped by a man close to the Japanese prime minister, the Japanese journalist Shiori Ito (2017) went public and was hit by a ferocious backlash from Japanese people who regard complaining in public as un-Japanese. After his searing experience at Olympus, this might not come as a surprise to the un-Japanese Woodford.

If we try to form more than 150 relationships, we may find that our new friends are no more than acquaintances. And if our failure to form sustainable relationships coincides with an inability to hold others to account using rules and the rule of law, our capacity to organise could dissipate, as indicated in Figure 1's lower right-hand segment. We could say that dissipated organising is self-correcting in the sense that the power to organise disappears. It might be like a dream that fades after we wake, leaving us unable to explain what happened. Conversely, Figure 1's upper left-hand segment delimits ossified organising, where there's too much control as rules are superimposed on stable relationships. The pursuit of progress can degenerate into paralysis, as parodied by C. Northcote Parkinson (1965), and – in comparison with Silicon Valley's sweet spot – ossified organising might have constrained creativity at large autarkic authoritarian high-technology companies operating on East-Coast America's Route 128. These firms prospered in the 1980s, but enthusiasts who expected the 'Massachusetts Miracle' to overtake economic growth in Silicon Valley have been disappointed.

New England's settled communities may reproduce Puritan-style expectations about self-sufficiency and long-term commitment. If you demonstrate disloyalty to your Route 128 employer, AnnaLee Saxenian observes, people notice.

On the East Coast, everybody's family goes back generations. Roots and stability are far more important out here. If you fail in Silicon Valley, your family won't know and your neighbors won't care. Out here, everybody would be worried. It's hard to face your grandparents after you've failed. (William Foster, Stratus Computer, as quoted in Saxenian, 1996, p.59)

As well as family relationships, East Coast organising might be buttressed by legally binding non-compete agreements, which – whatever their efficacy may be in states where they are recognised (Gilson, 1999; Gomulkiewicz, 2015) – are *not* recognised in California, where brain circulation has contributed to Silicon Valley's economic transformation (Saxenian, 2002). Immigrants may move to the Valley, where they form face-to-face relationships and work across invisible boundaries, before returning to their home countries replete with a new repertoire of business-relevant relationships (Saxenian, 2006). A Goldilocks mix of relationships and rules might help people from across the world cooperate.

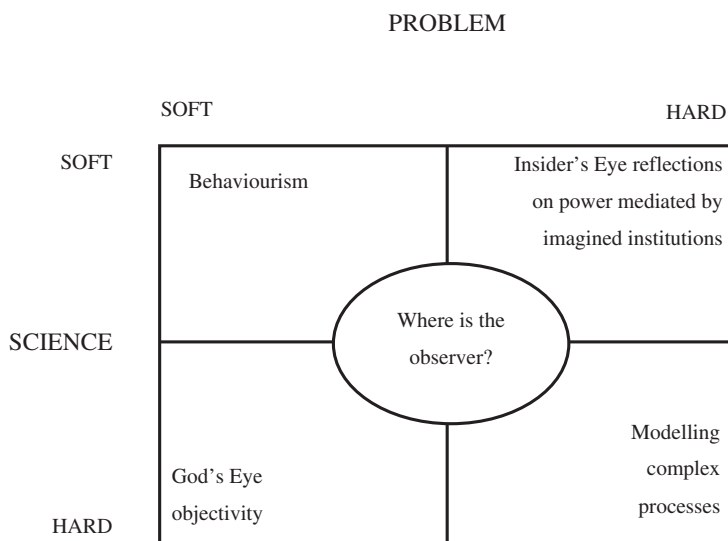
## Why do we need an Insider's Eye perspective?

Unlike those who work in the hard sciences, management theorists and others who work in the soft sciences must confront what Heinz von Foerster called hard problems.

The hard sciences are successful because they deal with the soft problems; the soft sciences are struggling because they deal with the hard problems. (von Foerster, 2003, p.191)

Success in the hard sciences relies on reductionism, where soft problems may be reduced to propositions about causes and effects that can be investigated using the scientific method. But those who work in the soft sciences do not have that luxury.

Consider, for instance, the sociologist, psychologist, anthropologist, linguist, etc. If they would reduce the complexity of the system of their interest, i.e., society, psyche, culture, language, etc., by breaking it up into smaller parts for further inspection they would soon



**Figure 2.** Soft and hard problems.

no longer be able to claim that they are dealing with the original system of their choice. (von Foerster, 2003, p.192)

Abstract entities, such as society, psyche, culture, language and so on, are imagined as integrated *wholes*; they cannot be reduced to component *parts*.

Figure 2 is derived from von Foerster's soft/hard distinctions. If we consider Figure 2's lower left-hand segment, where those working in the hard sciences deal with soft problems, the observer's influence can be minimised – which may give rise to exaggerated claims about objectivity. As von Foerster cautions, 'Objectivity is the delusion that observations could be made without an observer' (Foerster as quoted in von Glasersfeld, 2007, p.135). But the God's Eye objectivity delusion becomes harder to sustain when we move to hard problems that fit with Figure 2's lower right-hand segment, where those working in the hard sciences confront hard problems. For example, determining the human contribution to global warming is a hard problem that cannot be reduced to a self-contained scientific experiment that other scientists could replicate. We're inside the complex processes that we want to understand and it is not possible to rerun global history to see what would happen in a world without humans – but we may model processes that might relate to global warming and monitor feedback. If we move from modelling global warming to modelling such things as changes in the weather or the spread of infectious diseases, where feedback is faster, models might be refined more quickly.

When we turn to the soft sciences, we encounter hard problems that fit with Figure 2's upper right-hand segment. These hard problems are hard because people can think and behave autonomously. Nevertheless, many theorists have found it convenient to ignore the human capacity to think and reduce what people know to their observable behaviour, which fits with Figure 2's upper left-hand segment. B. F. Skinner,

the radical behaviourist, is uncompromising: ‘The variables of which human behavior is a function lie in the environment’ (Skinner, 1977, p.1). At a stroke, what we do becomes a soft problem: we behave as our environment dictates, which is central to Meyer’s theory that national culture determines eight ways in which those who belong to a nation will behave. Moreover, ‘Godlike’ behaviourists, who observe others from an external perspective, may manipulate people’s environments to make them behave in the required way. Frederick Winslow Taylor’s scientific management was predicated on ‘intelligent’ people telling ‘stupid’ people how to work more efficiently (Taylor, 1998, p.28) and the Tayloristic pursuit of efficiency plays a pivotal role in McDonaldised organising (Ritzer, 2015, pp.35–6). Behaviourist principles also helped Richard Thaler, who co-authored the bestselling book *Nudge: Improving Decisions About Health, Wealth and Happiness* (Thaler and Sunstein, 2008), to the 2017 Nobel Prize in Economic Sciences. However, trusting behaviourists to guard our interests raises Juvenal’s (1998, VI, 345-O30) timeless question about agency: Who is to stand guard over the guards themselves?

If we want to learn in concert with other people and/or convince them to think and behave with our interests in mind, we must switch from a God’s Eye perspective to Insider’s Eye reflections on power mediated by imagined institutions, which fits with Figure 2’s upper right-hand segment. If another person’s cooperation were not voluntary, Ernst von Glasersfeld insists, it could not be trusted to help us know and learn (von Glasersfeld, 2002, pp.120–1, 2006). Forcing other people to agree with us would turn our window on their world into a mirror. We would only see reflections of what we already know.

### What should we do?

Drawing on David Hume’s philosophy, Blackburn notes that those who dominate others may speak what Hume calls ‘the language of self-love’ (Hume quoted in Blackburn, 1998, p.201); their power consists in not having to listen. But if the powerful want to persuade others, they must find common ground. Blackburn presents Hume as an early communitarian: ‘most concerned to establish and defend virtues of character in our dealings with others of our group: our family or kin, insiders, or those with whom we have social connections’ – but Hume combines communitarianism with *civility*:

The requirement that in a conversation with others we find common ground with them. We do not simply discount their opinion, or still less stay entirely deaf to their voice. (Blackburn, 1998, p.210)

People have freewill that consists in their capacity to respond to reasoned arguments (Blackburn, 2009). We should be sure that we and they can volunteer our respective points of view freely. Feeling our way to common ground and/or determining where we disagree relies on other people’s unforced cooperation.

## Know when to meet face-to-face

Not so long ago, the alternatives to meeting people face-to-face were limited to transporting messages, using messengers, carrier pigeons and so on, or using signals and codes; flags or bonfires might communicate with those who could see the signal and decode what it signified. Now those who reach Mount Everest's summit can use their smartphones to send a selfie to anyone anywhere or post on social media and advertise their achievement to everyone who visits that part of cyberspace. Even so, Dunbar's research group found that people laugh more and feel happier when they met face-to-face (Vlahovic, Roberts and Dunbar, 2012). Why might this be?

For most of human history, people lived in groups that had fewer than 150 members and everyone could know everyone. Now many people live in colossal conurbations; but Dunbar stresses that Dunbar's Number still applies.

We have lived in villages only for the last ten thousand years, and cities the size of Bombay or Rio de Janeiro only for the last century at most. These are novel innovations, a product of our capacity to invent ways of making do. Yet, at the same time, our social world is still what it was several hundred thousand years ago. (Dunbar, 2011, p.4)

Living in today's increasingly interconnected world involves a recent and abrupt departure from what our brains have evolved to do.

Liz Daniel and her colleagues find that 'Online relationships tend to be different from face-to-face physical interactions' (Daniel *et al.*, 2018, p.198). If we meet face-to-face *and* have physical contact, we may draw on something deep within our evolutionary history, which Dunbar contends is both important and under-acknowledged.

Touch plays – and has surely played – a much more important role in our social lives than we ever give it credit for. One reason for this is probably that it is perceived at a deep emotional level, rather than being something we actively think consciously about in words. We do not know how to say it, but we know exactly how to interpret the meaning of a touch. It is visceral, a gut instinct, something very ancient and primitive that is buried deep down within our psyche. (Dunbar, 2011, pp.62–3)

Socially appropriate handshaking or hugging and kissing may say a lot. Being in the same physical space also gives us common reference points; we may experience the same temperature, humidity, smells and so on. If we share a meal, we may taste similar food. Our sense organs might detect things that would not be detected by microphones and/or cameras.

Figure 3 compares constraints and opportunities that may be associated with communicating either face-to-face or remotely. Face-to-face communication, in Figure 3's left-hand quadrants, fits with what our brains have evolved to do; but remote communication has redefined our capacity to connect, as indicated in Figure 3's right-hand quadrants. Astonishing advances in technology have allowed us to hear and/or see each other in a way that redefines *space*, *time* and *other people*.

- *Space* has been reconfigured by what Frances Cairncross (2001) calls the 'death of distance'.

COMMUNICATING		
	FACE TO FACE	REMOTE
CONSTRAINED BY	Only one place and time	Only sound and sight
OPPORTUNITIES OFFERED	Sound, sight and other senses	Any place Any time One person or many people

Figure 3. Face-to-face versus remote communication.

- *Time* can be shifted; if there’s no one available, we may leave our electronic calling cards. If we work across time zones, we may close our day by transferring tasks to those who can work while we sleep.
- *Other people* may be those whom we know and/or countless unknown others, who might see us online.

Notwithstanding modest progress in transmitting scent and taste messages, remote communication is constrained by what can be achieved using sound and sight. Even Cairncross tempers her death of distance thesis with a nod to physical proximity, acknowledging that powerful centripetal forces can create a geographical cluster, such as Silicon Valley, where people gather to make agreements, create ideas and cement bonds in ways that suggest distance is far from dead (Cairncross, 2001, p.203). To say the least, some things are better done face-to-face.

Who’s laughing?

Research conducted by the neuroscientist and occasional stand-up comic, Sophie Scott (2013), shows that laughter is a basic emotion – like the facial expressions associated with fear, anger, sadness, disgust, surprise and happiness. Laughing can be recognised by people from any culture; it might complement surprise and happiness by signalling that we are willing to cooperate; and it interrupts breathing, which suggests that it serves an important evolutionary purpose.

Jaak Panksepp was clear that human laughter evolved before human speech, and laughter is evident in other mammals: ‘studies in rats, dogs, and chimps are providing evidence that laughter and joy may not be uniquely human traits’ (Panksepp, 2005, p.62). Commenting on an outgrowth of Dunbar’s research on optimal group size (Dezecache and Dunbar, 2012), Robert Provine asks and answers a question about



laughing, grooming and pub science: ‘What can be learned while tossing back a few pints at the local pub? As it turns out, quite a lot’. Laughing signals that we’re open to other people’s ideas. We’re willing to play.

Laughter is an adaptive vocalization that signals that one’s intent is play, not assault, and may prevent a punch in the face or knee to the groin. (Provine, 2013, p.9)

Laughter expresses affection and agreement. If *we* laugh while *they* stare stony faced, we may infer that an invisible boundary divides *us* from *them*. We may play with ideas, even outrageous ideas, and we might feel our way to trusting without worrying about being assaulted. We should take laughing seriously.

## Conclusion

Meyer’s God’s Eye cultural cartography charts the Japanese archipelago as a place where people read the air but, if we switch to an Insider’s Eye point of view, it becomes clear that we can all read ‘our air’. Bateson’s examples of not doing what is expected (writing a letter, offering an apology and feeding the cat) may leave a message that hangs in the air. We could say that power mediated by imagined institutions, such as the driver’s unconscious decision to hit the brakes to avoid hitting a child, is an imperative that is shouted from the air. What should be done is done, instantaneously, in a reflexively automatic way that runs ahead of conscious experience. Saving a child’s life, as with innumerable other taken-for-granted things that we do in concert with other people, may be rooted in the human brain’s evolution. But the imagined institutions that emerge from how people in different circumstances communicate and cooperate may generate invisible boundaries.

*All* communities are imagined. Power mediated by imagined institutions may allow close-knit families to read the air precisely, while what we imagine may connect us to those whom we know less well, along with millions or billions of imagined others whom we could never hope to meet. The stories we tell each other, whether in person, in print, in cyberspace or in any other way, may furnish our conceptual world with abstract entities that are imagined to be ‘real’. These include nations, which might be reified by things that are organised in a nation’s name – national governments, armed forces, official languages, currencies, laws and so on – making it easy to talk about nations as if they were corporeal entities. Yet a moment’s reflection should be enough to convince us that nations and their national cultures do not have a physical form; they live in the imagination, which cannot be mapped in the way that Meyer suggests. If we are concerned with whether *we* and *they* imagine what should be done in compatible ways, we must begin with an Insider’s Eye perspective.

When Kikukawa invited Woodford to change Olympus, Woodford assumed that the leadership skills he had honed at KeyMed would be viable in Olympus’s institutional ecology. Perplexingly, he became a leader who could not lead. Japanese-style distributed-leadership precludes the possibility that any individual can rise above the group to command and control, as if from the apex of a McDonaldised rule-based hierarchy. Persuading Kikukawa to cede his CEO title to Woodford proved to be a pyrrhic victory. Belatedly, Woodford realised that what he and Kikukawa imagined should be done were irreconcilable. If Woodford had

learned this sooner, he might have realised that changing Olympus was nothing more than a pretty thought.

Developing an Insider's Eye perspective on differences in taken-for-granted expectations that are adumbrated in Woodford's story might help us engage with conceptual arguments that Meyer and her fellow cultural cartographers overlook.

- A low-churn Dunbar's Number could combine with power mediated by relationships to create a counterfactual to Schumpeter's gale of creative destruction. Long-term relationships with the same people, which was a stabilising influence on the institutional ecology that emerged during Japan's long isolation from the international community, may have contributed to contemporary Japan's calm of constant creation and Galápagosised ethics. [Figure 1](#)'s characterisation of Dunbar's Number and power show how organising at Olympus is diametrically different from McDonaldised organising – together with the dangers of dissipated organising and ossified organising.
- God's Eye perspectives may provide useful simplifications and behaviouristic models based on such things as McDonaldised organising or nudging. They are nothing if not influential, but, if we want to anticipate what other people will do, we must recognise that they can think and behave autonomously. As [Figure 2](#) indicates, addressing this hard problem could involve Insider's Eye reflections on power mediated by imagined institutions.
- Negotiating other people's voluntary cooperation might help us find common ground, but what we imagine may not be compatible with what they imagine. If we are in doubt, we might do well to meet in person. If we find ourselves laughing with them, we could infer that we have a common point of view about something, which might help us feel our way to trusting. But we can be in only one physical place at a time, which could force us to make awkward decisions. Deciding where we should be and whom we should meet might be done in conjunction with [Figure 3](#)'s comparison of face-to-face and remote communicating.

Remote communicating may work perfectly well for many things, but some things become apparent only when we develop close relationships. Woodford's six months at the top of Olympus taught him things that two decades of convivial but superficial interactions with Kikukawa had failed to reveal. When Woodford found that he had taken too much for granted, he risked assassination to expose wrongdoing. Invisible boundaries might divide insiders from outsiders in ways that matter more than life itself.

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