

APPENDIX 3

Framework Matrix the Similarities and Differences of Causal Factors

	A : Closed Corporate Environment	B : Disinclination to Challenge Authorities	C : Group Think
Investigation Report Olympus (2011)	There was little openness, and a corporate environment where opinions could not be freely stated had been formed, so that among the officers, the attitude of personalizing the corporation had spread, and the sense of the duty of loyalty to the shareholders was weak.	<p>For example, in the deferral of losses from 1999 to 2000, or the acquisition of shares in the Three Domestic Companies or the acquisition of Gyrus, with regard to the fact that the President approved them, it is believed that others may have hesitated, and did not voice their objections.</p> <p>Top management had put in place a one-man system over a long time, and an atmosphere was cultivated in which objections were not allowed to be spoken. Past presidents had little awareness of transparency or governance, and one needed to be prepared to be cast out if they stated an objection, even when they were right (this is clear from the treatment of Woodford).</p>	
Lubin, Gus (2012)		"Without a Westerner who could articulate and express the problems and was willing to risk his career, to risk anything, the Olympus scandal would never have gotten out. How many more Olympus' there are is a matter of speculation."	
Lubin, Gus (2) (2012)			This scandal is an indictment of Japanese corporate culture, which has been criticized for group-think and the unwillingness of individuals to speak up.

	A : Closed Corporate Environment	B : Disinclination to Challenge Authorities	C : Group Think
Morgan, Anita R.; Burnside, Cori (2014)	Olympus Corporation obviously had a culture of keeping quiet and not rocking the boat. Michael Woodford commented one month after he was named president of the company, “Harmony and consensus have their place and time but scrutiny and challenging....leads to better decision-making. You have to be able to confront” (Gwyther, 2012).	The report alleges that Tsuyoshi Kikukawa, former CEO and Chairman of the Board, along with a small group of other executives at Olympus, persuaded banks to help them to hide billions of dollars in losses. It is customary in Japan for boards to be comprised of individuals who have risen through the company ranks. The Board of Directors at Olympus Corporation was made up largely of insiders who were fearful of speaking up against top executives of the company. In the report, the board of directors is described as consisting of “yes-men” and that the board was “emasculated.”	Another component of Japanese culture that can hinder fraud detection is a type of group-think (called shudan ishiki) which emphasizes the goals of the group over individual goals and responsibilities (Lafayette De Mente, 2012).
Reuters (2011)			Twelve of Olympus’ 15 board members are company executives, and one of its three outside directors failed to pass a test of independence set by top proxy voting firms. This structure, while common among Japanese companies, appears to have left the Olympus board vulnerable to groupthink when dissension and rigorous debate were needed most. “You have so many insiders, very few independent members and none of them is really in a position to challenge the decision-making of long-standing members of the board,” said Robert McCormick, chief policy officer at proxy advisory firm Glass Lewis & Co. “I think the CEO kind of came into that.”

	D : Deficiency in Internal Control	E : Familiarity with External Auditor	F : Inadequate Disclosure
Ahmed, Kamal (2015)	The new CEO Dave Lewis has written to suppliers saying that "integrity" has to be at the heart of everything the business does. Part of this is about culture change. "I expect Tesco to act with integrity and transparency at all times," Mr Lewis said in the letter to thousands of the businesses' suppliers. "Our values are what we stand for and we will live those values in all that we do for Tesco. It is in times of challenge that our values are tested, and I want to reassure you that we will live our values fully at this challenging time.		
Reuters (2011)	A spokesman for Olympus said its board of directors was functioning well.		
Engelberg, Kevin (2015)	In the case of Olympus, former CEO Tsuyoshi Kikukawa held all the power to control the company. Contrary to public companies in the United States, board members and executives in Japan do not have clearly distinct spheres of power. This lack of power separation essentially allowed Kikukawa to act as both the President and Board Chairman of Olympus, providing him with unlimited authority to make all personnel decisions, even at the Board level.		

	D : Deficiency in Internal Control	E : Familiarity with External Auditor	F : Inadequate Disclosure
<p>Fukukawa, Hironori; Mock, Theodore J.; Srivastava, Rajendra P. (2014)</p>	<p>Olympus had an organization that could be characterized by the concentration of vast authority in a few hands. For example, the top management had an authority of appointment and remuneration of board directors, and it was difficult for board directors to raise an objection to the top management. The authority concentration provides the top management with relatively greater opportunity to commit a fraud. Thus, a belief-in-fraud of 0.05 is assigned to this evidence and it is labeled as EO1.3.</p> <p>Furthermore, job rotation did not work effectively especially in the finance and accounting departments. Only a few people were familiar with accounting and finance issues and the authority was concentrated in their hands. It was difficult for people outside the departments to grasp what had been done in the departments. Given that this should also increase the auditor's belief that fraud might exist,</p>		

	D : Deficiency in Internal Control	E : Familiarity with External Auditor	F : Inadequate Disclosure
Investigation Report Olympus (2011)	<p>At Olympus, Yamada and Mori, who belonged to the Treasury Group in the Accounting Department in the latter half of the 1980s, were responsible for finances at a working level and later were responsible for the function of finances. Yamada, in particular, continued to be in a position to control the Finance Department until he became Vice President and was appointed standing auditor in June 2011. For the appointment status of Yamada and Mori, refer to the appointment status of managerial positions in Exhibit 21. It was extremely dangerous that the management operations of an abundance of money during the bubble and post-bubble periods were monopolized by a small number of people in charge who had professional knowledge of financial management techniques, and the control environment of Olympus that allowed such concentration of power had many problems.</p> <p>However, since Yamada and Mori, who were from the Finance Department, had been appointed the Corporate Center Manager for a long time, the Corporate Center lost independence with respect to the Finance Department, from which the Center Manager had originated, and its organizational structure was such that it could not sufficiently exercise a check-and-balance function to avoid losing corporate value. From such circumstances, the system was such that the fraudulent conduct connected with the fabrication that was carried out by the Finance Department this time would not be discovered for a long time, or if discovered was covered up.</p>		<p>Although it is unclear when this began as a general rule, the Olympus Finance Department had taken the stance of not disclosing information, other than information of which disclosure was required by law, even with financial institutions with which it had transactions. On the one hand, while this has the meaning of making the provision of information fair to the parties of interest surrounding the corporation, it is also a way of thinking that leads to the reluctance of disclosure, where items not required by law would not be disclosed. It can be said that such a way of thinking weakened the monitoring by parties of interest including financial institutions, and prevented the formation of a transparent organizational culture.</p> <p>On this point, with respect to the Three Domestic Companies, the individual disclosure made by Olympus has only been partial in terms of securities reports and timely disclosure to the Tokyo Stock Exchange. With respect to Gyrus, only a minimum disclosure has been made in the notes to the consolidated financial statements in the “Accounting Section” in terms of timely disclosure to the Tokyo Stock Exchange and securities reports, and almost no disclosure in the “Overview of Company” and “Status of Business” sections.</p> <p>As noted above, Olympus did not reveal the full particulars of the case in its securities reports, and it cannot be said that they made requisite and sufficient disclosure for investors to make investment decisions.</p>

Yamada served concurrent positions over a long period, as the Head of the Audit Office and the Head of the Administration Management Division, as well as the Corporate Center Manager and the Officer in charge of audits. According to the “Division of Duties arranged by Organization”, the Audit Office is required to conduct monitoring of the management system of the entire company and groups, system for corporate ethics and compliance, and monitoring from the viewpoints of accounting/ finance/ taxation. However, the person in charge of the Audit Office and the Officer in charge were serving concurrent positions with other departments, so that internal audits could not be performed while maintaining independence with respect to the departments that were being concurrently served, and sufficient check and-balance functions were not exercised.

At Olympus, from the standpoint of human resources training, each department conducts job rotations independently, and the Human Resources Department has periodically proposed personnel transfers to the Human Resources Committee with regard to a portion of people in management who have been located in the same department over a long period time. However, there were no company-wide rules concerning job rotations, and the approach to rotations was left to each department. With regard to the Finance Department and Accounting Department, job rotation is being performed within the same work types within Group Companies, including overseas, and there were some people

who were placed in the same department for long periods, among which some were in the same department for several decades. In particular, the Group Leader of the Treasury Group in the Finance Department has been in charge of money management in the same department since entering the company in 1991. The reason for this is believed to be that the operations in the Finance Department and Accounting Department are of a high level of expertise, and require long-term operational experience. However, when the same person within the same department continues to be in charge of specific operations, as a result, it becomes easier for misconduct accompanied by long-term concealment to occur. If the operation involves the movement of monies, such as the management of cash and cash-equivalents, securities, etc., it has an especially high risk for the occurrence of misconduct. Based on that the fact that job rotation had not been established, and because there actually are people who are placed for long periods in the Finance Department, where money management is undertaken, from the perspective of internal control, the system at Olympus cannot escape the evaluation that it was vulnerable to the risk of misconduct.

The directors were not sufficiently independent of the President. In other words, at Olympus, the decision-making authority on personnel matters/compensation, etc. concerning directors had belonged exclusively to the President. While at the same time maintained a system in which a single leader moved the organization under strong leadership over a long period of time, and under

such system, not only did it continue to hide the existence of huge losses until the end of the 1990s,

A system for replacement of presidents had not been established among the officers, so it had become possible to occupy the position arbitrarily. Olympus put in place a system that made it possible for the same person to be in charge of the management of important assets and other operations over a long period, and moreover, it cannot be denied that having managed its personnel in such way (lack of job rotation) contributed to the case at issue. It should have sought human resources in a timely manner from outside the company, away from the personal connections or interests of the company, and in having them manage the financial aspects etc., it should have swept away the rubbish that might have accumulated until, but they did not, and it was when by chance, a foreigner president was elected, that this was realized. It was a serious flaw that a system had been maintained in which human resources, which should have been fair, was distorted, and those who shared secrets and were involved in the cover-up were treated favorably.

	D : Deficiency in Internal Control	E : Familiarity with External Auditor	F : Inadequate Disclosure
Investigation Report Tesco (2014)	Suppliers reported poor administration and poor communication within Tesco. I found that Tesco had inadequate processes and systems for correcting data errors or incorrect deductions. Errors and complications in Tesco’s systems resulted in delay in payments which frequently extended to many months. I consider such delay to be unacceptable and unreasonable.		
Kukreja, Gagan; Gupta, Sanjay (2016)	While Tesco’s business had grown exponentially, it is apparent that internal controls had not adequately grown. The buyer had substantial power to negotiate commercial deals with suppliers without any oversight from the Finance Department. The supplier arrangements clearly had sufficient “flexibility” to be open to some interpretation or renegotiation.	<p>During the 2013/14 year-end audit, PwC had raised questions about “Commercial Income Accounting”. They enquired how this income from commercial deals from suppliers was recognized (Business Insider, 2 October 2014). This enquiry was the third time that they had raised this issue with Tesco, but the company’s audit committee had concluded that this area was not a problem.</p> <p>Ken Hanna, the chairman of the audit committee, dismissed the warning about the risk of commercial revenues being manipulated (Business Insider, 2 October 2014). If the board had taken PwC’s queries as an early warning sign they could have minimized the misstatement.</p>	

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	<p>Available opportunity- due to the excessive power held by Tsuyoshi Kikukawa, the CEO, and Chairman of the Board. He allowed the Assistant Manager of the finance group in the Accounting Department, Hideo Yamada and Hisashi Mori (who led the investment department) to commit the fraud. It is clear that the internal company auditors did not discover and rectify the wrong. This may be due to Yamada also being the head of the Audit Office so he had rights to control the accessibility of his subordinates to the financial data. The fraud was shielded by him, as he falsified accounts to conceal the losses.</p>		
29 : Merison, Paul	<p>Then there is the company's failure to have a finance director for several weeks; when the previous CFO retired his successor was not ready to join - poor succession planning, surely. Audit students will spot that having no CFO must surely weaken the internal control system over the financial statements, given the CFO is meant to lead this part of the business.</p>	<p>PwC has audited Tesco since 1983. Familiarity threat springs to mind after 30-plus years, so one wonders if the audit team might have lacked a little professional skepticism and failed to check the numbers as much as maybe they should have. Audit committees are a useful aid to auditor independence - except that the Chairman of the Tesco audit committee used to work at... PwC! So much for the independence of the audit committee. I imagine that the audit committee chairman might be changing rather soon - as, perhaps, will the auditors.</p>	

	D : Deficiency in Internal Control	E : Familiarity with External Auditor	F : Inadequate Disclosure
<p>Morgan, Anita R.; Burnside, Cori (2014)</p>	<p>An organizational structure that gives the CEO and/or CFO too much control gives them the opportunity to conceal fraud (Loebbecke, 1989; Beasley, 1996, 1999; Abbott, Parker, & Park, 2000; Dunn, 2004; Skousen & Wright, 2006). Corporations whose Board of Directors members are not independent of the business are more likely to be involved in financial statement fraud than are corporations with a large percentage of outside board members (Beasley et al., 1996, 2000; Dechow, 2011; Skousen & Wright, 2006).</p> <p>In most companies the president has a principal influence over events, but at Olympus my authority as the new incumbent had already proved diluted, much to my frustration. Before my appointment Kikukawa had fulfilled the role of both president and chairman (not the ideal model for good corporate governance), but when I became president, he introduced for the first time in the company's history, the title of CEO, which is a Western concept. He further states, "This gave Kikukawa ultimate power, at board level, to hire and fire, and also gave him control over the key issue of determining the remuneration of his fellow directors."</p>		

	D : Deficiency in Internal Control	E : Familiarity with External Auditor	F : Inadequate Disclosure
Quinn, James (2014)		<p>Ken Hanna, the chair of Tesco's audit committee, is ex-PwC, as is Mark Armour, another non-executive director. Armour is a former PwC partner; Hanna trained as an auditor at Coopers & Lybrand, which merged with Pricewaterhouse in 1998. PwC is Tesco's auditor.</p> <p>Although the £250m restatement relates to accounts which have yet to be audited - and therefore would not have passed the board - given the presence of Hanna and Armour, one might have thought the board could have taken PwC's signal as an early warning sign.</p>	

	G : Internal Audit	H : Lack of Accounting Expertise	I : Lack of Industry Experience
Investigation Report Olympus (2011)	<p>Specifically, subjects of visitations for internal audits are decided and conducted at a frequency of about once in 3 years, mainly with respect to sales offices, production bases, and major domestic subsidiaries, etc. In addition to this, special audits (such as the investigation of suspicions of embezzlement by subsidiary managers), which are presented as individual themes by the Representative Director or officers in charge of audits, are conducted non-routinely. However, the frequency of audits for Corporate departments, such as Management Planning, Finance, Accounting, etc., is significantly fewer in comparison with the sales divisions, etc. As an example, the last time an internal audit was conducted for the Finance Department was 7 years ago (the fiscal year ending March 2005), and has not been conducted since.</p> <p>An internal audit is the act of objectively assessing management conditions with respect to risks related to management in general, or to objectively verify whether problems have already occurred, and is extremely important for the prevention/ early discovery of misconduct. However, at least in the following areas, internal audits by the current Audit Office are insufficient in their functions. · As a result of the report items of internal audit activities being selected by the President, it is not that the</p>	<p>From the year 2000 to the present, among those who were appointed Auditor, Yamada and Ota were the only 2 that had professional knowledge in the finance and accounting fields. Also, there were no consulting agreements entered with professionals in the accounting/auditing, or legal fields.</p> <p>From this deficiency in knowledge and experience in the finance/accounting fields, for agenda items that were brought to the Board of Directors by the finance / accounting departments, there were no doubts raised or deep questions asked as to the credibility of the explanations by the departments in charge.</p> <p>With respect to the outside auditors, similarly with the standing auditors, due to a deficiency in accounting knowledge and experience, there were limits to the audit activities in the finance/accounting fields.</p> <p>The committee composed of outside professionals did not function sufficiently. In response to the matters pointed out by the auditing firm, the company formed a committee of outside professionals, and by securing a report that complied with the intentions of the top management, it tried</p>	

problem points are reported to the Board of Auditors without omission; Audit reports on operations (internal) are not reported to the Board of Directors, so that as a result, information that is necessary for the Board of Directors, including outside directors, to exercise their audit function is restricted. As noted above, the audit function in Olympus, in other words, the auditors' audits and internal audits, are not functioning adequately as regard the Corporate departments, such as Management Planning, Finance, Accounting, etc., due to a lack of professional knowledge.

The results of the visiting audits were compiled as the "Visiting Audit Report" for each term by the Board of Auditors, and reported to the Representative Director. On the other hand, the interview investigation with respect to directors is about once a year, the interview investigation with respect to Executive Officers is about once every 2 years, and each interview is held over only about 1 ~ 2 hours. Similarly, in internal audits, an interview audit plan is formulated, and based on the plan, visiting audits are performed with respect to sales offices, production bases, and domestic and overseas subsidiaries. For example, in the previous fiscal year (the fiscal year ending March 2011), visiting audits were performed through auditors' audits for the Sapporo Branch Office, Olympus Intellectual Property Service Co., Ltd., Okaya Olympus Co.,

to prevent the discovery of fraud. However, said report was incomplete and had many qualifying conditions, and was not to be trusted as the opinion of a fair and neutral third party. The Board of Auditors, and further, the auditing firm placed emphasis on the conclusion of this report alone, and did not conduct an intensive review of the content or its qualifying conditions. If such use of committees composed of outside professionals were to become widespread, investigations and reports by committees composed of outside professionals would not be trusted by anyone in the future. The members of committees composed of outside professionals should realize this as well.

Ltd., but visiting audits were performed for said sales offices and subsidiaries in internal audits as well.

The purpose of the auditors' audits is to "audit the performance of duties by directors," and the purpose of the internal audits is the independent evaluation activity in executive functions. In Olympus, the main region of the auditor's audit activity overlaps with the internal audits, and on the other hand, the activity to "audit the performance of duties by directors" is insufficient.

The auditing firm pointed out at one point that perhaps a part of the transaction in the case at issue was unreasonable, and while there was the possibility that the check function would work at that time, as described below, they simply relied on the opinion of a Committee of outside professionals that did not fulfill its original function, and in the end was unable to make the correct suggestion. The succession at the time the auditing firms were changed was insufficient, and the evaluation must be made that they were unable to sufficiently fulfill their duties.

	G : Internal Audit	H : Lack of Accounting Expertise	I : Lack of Industry Experience
Kukreja, Gagan; Gupta, Sanjay (2016)			Some reports also criticized the Tesco board for failing to have non-executives who have relevant experience with the supermarket sector. Furthermore, there was a severe failure in corporate governance by not having a Chief Financial Officer for five months (BBC News, 22 September 2014). Many people believe that the audit committee should have reacted promptly and decisively to the issues related to commercial income that PwC had raised. Perhaps, PwC should have been more robust in dealing with the audit committee regarding this issue.
Merison, Paul (2014)			Well, where do I start? Some have already criticized the Tesco board for failing to have non-executives who have any relevant experience of the supermarket sector.
Ahmed, Kamal (2015)			The board has faced further criticism for a lack of retail experience.

	G : Internal Audit	H : Lack of Accounting Expertise	I : Lack of Industry Experience
Colson, Thomas (2017)			Senior Tesco directors feared being jailed and worked in an environment of “anxiety” and “tension” in the weeks before the retailer announced a £250 million (\$331 million) black hole in its accounts in 2014, a court heard on Wednesday.
Perria, Sara (2011)	<p>The most typical Japanese audit environment is that the power of business managements is much stronger than CPAs. So CPAs, as auditors, cannot take a firmer attitude toward these directors and managements, ”Matsumoto said.</p> <p>“The fact that auditor’s power is weak compared to the management and that corporate governance, [such as] directors’ mutual monitoring, is not effective like in Japanese traditional companies, makes fraud and irregularities easier. “If the management did the fraud and irregularities in the financial statements, in general, auditors cannot detect them because the auditors do not have any legal power like the tax collector”.</p>		

	J : Unfunctional Whistle-blowing System	K : Change in Accounting Standard	L : Company's environment
7 : Butler, Sarah (2017)			<p>The whistleblower at the center of the Tesco accounting scandal has told a court that he personally commissioned a detailed analysis of the scale of alleged profits manipulation at the retailer and that his team were “falling apart” in an aggressive environment where his bosses refused to downgrade targets.</p> <p>“They were citing examples of how aggressive the entire environment was, they were citing examples of aggression with the suppliers as well,” he said.</p>
Elam, Dennis; Madrigal de Barrera, Marion; Jackson, Maura (2014)		<p>By the late 1990s, investment losses at Olympus had reached nearly \$100B yen. Yet Yamada and Mori continued to bet money in risky investments in a desperate bid to recover losses. These losses were masked through a Japanese accounting standard that allowed financial assets to be accounted for at historical cost basis versus writing them down to a lower market value. In 1997, the accounting laws were modified which forced Japan to adopt the fair value accounting system, or “market-to-market accounting,” as part of its implementation of International Financial Reporting Standards. (Mintz, 2012)</p> <p>As accountants, Yamada and Mori knew they would soon be forced to reveal the fair value of the impaired assets they were holding.</p>	

	J : Unfunctional Whistle-blowing System	K : Change in Accounting Standard	L : Company's environment
Investigation Report Olympus (2012)	<p>At Olympus, a Compliance Help Line was introduced beginning in 2005. Said Help Line was a whistleblower system through e-mail, telephone and other methods regarding acts, etc., that potentially violated laws and regulations, as well as the Code of Conduct. The Help Line was established with the purpose of nurturing an open workplace environment, discovering and correcting misconduct in its early stages, and maintaining healthy corporate activities. With regard to the Help Line, awareness on the part of officers and regular employees had been promoted through the establishment of operational regulations, etc. The design of the system is such that matters reported to the Help Line were received by the Compliance Office, and material facts were reported to the President through the officer in charge.</p> <p>The Help Line's reporting destination is limited to the Compliance Office. However, if the content of the report were matters related to the Compliance Office, or matters involving the superiors of the Compliance Office, including managers, it could be expected that the whistleblower would hesitate in making the report. Therefore, from the standpoint of protecting the whistleblower and of properly responding to reports, a whistleblower consultation desk should also be established,</p>		

with a direct connection to a more independent corporate body, such as outside officers, auditors, external organizations (such as law offices). On this point, a proposal to establish an external whistleblower consultation desk was submitted by the person in charge of the system design (Compliance Office), and was further proposed multiple times by the Board of Auditors. However, since Yamada strongly opposed this, the Compliance Help Line had no route outside, and became one that was closed within the organization alone.

	J : Unfunctional Whistle-blowing System	K : Change in Accounting Standard	L : Company's environment
Knapp, Michael C; Knapp, Carol A (2014)		Yamada realized that Olympus could not conceal the investment losses indefinitely. At the time, there was pressure on Japan to adopt fair value or “mark-to-market” accounting for investments similar to the United States and other developed countries. Once Japan adopted fair value accounting, Yamada knew the large investment losses would have to be reported by Olympus-one way or another.	
Reuters (2) (2017)			<p>A senior accountant at Tesco described mounting pressures on managers as the food business under-performed against targets in 2014, telling a London court that his attempts to have the targets revised down had fallen on deaf ears.</p> <p>Mr Soni said Tesco was under intense pressure at the time from competing retailers, especially discounters, and morale was low. He described “constant reviews and innumerable discussions on how Tesco had to do</p>

	J : Unfunctional Whistle-blowing System	K : Change in Accounting Standard	L : Company's environment
Rowe, Mark (2012)	<p>Secondly, there's an important point about raising concerns in an organization when you feel that something isn't right. It is in the long-term interests of every organization to foster a culture of openness and transparency in which individuals not only feel valued for expressing their views respectfully but know they will find support and protection if they raise a concern or question an established way of doing things. This was apparently far from the case at Olympus, to the extent that someone as senior as the CEO was unable to get a hearing on the matters troubling him. It is always regrettable when a person feels he or she has no option but to become a whistleblower by going outside the organization because no one inside will listen or treat the concerns appropriately. Michael Woodford, as the BBC has reported, is one of the most highly placed executives to turn whistleblower. When a person as senior as this is fired for bringing forward allegations, there is virtually no possibility of rank-and-file employees raising concerns about ethics and compliance issues, or even taking them seriously</p> <p>An organization that is serious about having a sustainable system of governance, culture and leadership needs to find every possible</p>		

opportunity to reinforce the expectation that people should come forward if something doesn't feel right, and that indifference, intolerance and retaliation especially will be rooted out.

	M : Competitive Industry	N : Decrease in Market Share	O : Direction From The Top
Butler, Sarah (2017)			<p>Tesco staff were under pressure and at least one executive feared jail over actions they were alleged to be taking to meet 2014 financial targets that looked “insurmountable”, a whistleblower has told a court in London.</p> <p>In August 2014, at around the time Tesco closed its first-half accounts, Soni said Bush had met with three commercial directors, who oversaw the food, health and beauty businesses, to discuss performance. At those meetings, Soni said, he saw a document outlining a potential gap in the budget of £240m of “budget challenges”. He told the court these were partly the result of the business “pulling forward” income from that period into earlier accounting periods. In order to fill the hole, commercial directors were under pressure to pull forward more income from future periods while sales were falling. Soni said that at this time the difference between the profit target and actual profits looked insurmountable, but Bush had stayed calm and told colleagues “to go back and meet the plan and hit the numbers”.</p>

	M : Competitive Industry	N : Decrease in Market Share	O : Direction From The Top
Butler, Sarah (2) (2017)			<p>Soni is giving evidence for the prosecution at Southwark crown court in the case against Carl Rogberg, the former finance director of Tesco UK; John Scouler, the former commercial director for food; and Christopher Bush, the former managing director of Tesco UK. The three men have all been charged with one count of fraud by abuse of position and one count of false accounting.</p> <p>Soni said he had asked his team to put together a detailed report on the scale of the profit hole at Tesco after he pressed Scouler to ask for £200m in “relief” to be knocked off the second half target in 2014 but got only a “small number”.</p>
Ng, Dasmond (2017)			<p>Said Mr Woodford: “He controlled all the levers, and the board were literally puppets, and he was the puppet master. There were no ifs or buts ... Whatever Kikukawa said was the course to be followed.”</p>

	M : Competitive Industry	N : Decrease in Market Share	O : Direction From The Top
Butler, Sarah (3) (2017)	She added that the problems at Tesco had started in 2013 when the company faced increasing competition from the likes of Aldi and Lidl and announced its first drop in profits in 20 years.		<p>Three former Tesco directors were the “generals” who “bullied and coerced” employees to massage profits and mislead the stock market, a court has heard.</p> <p>Sasha Wass QC, a lawyer for the Serious Fraud Office (SFO), told the jury: “This case amounts to what’s called cooking the books. “The three defendants on trial are not the foot soldiers. The defendants in this case are the generals in a position of trust and had huge compensation packages to safeguard the financial health of Tesco.” Wass said they “encouraged the manipulation of profits and pressured others under their control to misconduct themselves in such a way that the stock market was ultimately misled. “She said they had pressed, “bullied and coerced” those under them to falsify figures so that income was recorded when it should not have been.</p>
Kasalana (2015)	Tesco has long been one of the UK’s most successful and innovative supermarket chains. After commercial pressure from its competitors, it has recently emerged that the company has ‘accounting discrepancies’ caused apparently by booking promotional income and rebates from suppliers ahead of time.		

	M : Competitive Industry	N : Decrease in Market Share	O : Direction From The Top
Hughes, Pete (2017)	Explaining why he was left feeling more worried after the meeting, he added: "All of us had seen how difficult the half one had been and the hope was through these presentations that there would be an understanding in how tough the business is, how tough the circumstances are.		
Investigation Report Olympus (2011)			In this way, while there were instances of relatively active questioning and debate at the Board of Directors' meetings, at the time of making final resolutions, as a general rule, there was no adoption of a voting method such as a raising of hands, where approvals and disapprovals would clearly be seen, and decisions were made through the single voice of the chairman without a debate.
Kukreja, Gagan; Gupta, Sanjay (2016)		Shares of Tesco tumbled to an 11 year low, wiping out almost £2 billion from Tesco's value. Four to 2013 For the 2013/14 financial year, Tesco's market share sharply declined to 28.7% in the UK, the lowest level in a decade. (BBC News, 22 October 2014).	

	M : Competitive Industry	N : Decrease in Market Share	O : Direction From The Top
Hipwell, Deirdre (2017)			<p>The three men also are alleged to have falsified accounts records, to have concealed information from auditors and to have coerced junior employees to falsify figures.</p> <p>Mr Winter claimed that there was no evidence to back up the SFO’s assertion that Mr Soni, the key prosecution witness, was a “whistleblower” who had been forced to “secretly prepare” the legacy paper in an environment where he, and other junior employees, were allegedly “bullied” and “coerced” by the three defendants. He said email evidence proved that it was Mr Scouler who had directed Mr Soni in early September 2014 to “get to the bottom” of the “legacy issue”, which was how Tesco referred to the hole between actual income and income “pulled forward”.</p>

	M : Competitive Industry	N : Decrease in Market Share	O : Direction From The Top
Ruddick Graham, Pete (2014)		<p>Tesco's share of grocery shopping in the UK has fallen to the lowest level in almost a decade as the retailer loses customers to discounters Aldi and Lidl. Britain's biggest retailer saw its market share fall to 28.7pc in the 12 weeks to March 2, compared to 29.6pc a year ago, according to data from Kantar Worldpanel. That is the lowest recorded market share for Tesco since January 2005, when it stood at 28.5pc. Tesco's peak was 31.7pc in 2007 during its glory days under former boss Sir Terry Leahy.</p> <p>The UK grocery market grew by just 2.2pc in the 12 week period, a slowdown from the 2.4pc recorded last month, which was already the lowest since mid-2005. Grocery sales are being dragged down by cautious consumer sentiment and food inflation falling to the lowest level since July 2010. The data from Kantar also shows Morrisons endured a torrid period, with its sales falling 3.2pc, compared to a 0.6pc fall for Tesco. Morrisons is expected to report disappointing annual results on Thursday. Meanwhile, Sainsbury's continues to lead the "big four" supermarkets by increasing sales 2.2pc. While Tesco, Asda, and Morrisons all lost market share, Sainsbury's held its share at 17pc.</p>	

	M : Competitive Industry	N : Decrease in Market Share	O : Direction From The Top
Simms, Andrew (2014)	The supermarket increasingly found itself in a no man's land between the deep cost-cutters such as Aldi and Lidl and the quality brands such as Waitrose, leaving it with a weaker, less distinctive offer, while also fighting off its near rivals Sainsbury, Asda and Morrisons. But it was worse than that. Tesco invested heavily in large edge-of-town and out of town stores, which were hit by the rise of internet shopping. The supermarket tried to respond by making a trip to Tesco Extra a family outing		
Wallop, Harry (2012)		Tesco's market share in the UK has been slipping ever so slightly since 2008, from a height of 31.2pc, according to Kantar, which monitors supermarkets. Last year, just six months after Sir Terry Leahy vacated the top job at the company, his replacement Mr. Clarke announced his big strategy to arrest the slide: The Big Price Drop. Tesco would invest £500m in cutting prices across the board. But, to fund this, it would end its generous double discounts Club Card scheme. Over Christmas, it became apparent that the strategy had backfired. Its market share dipped from 30.9pc in the summer to 30.1pc in the 12 weeks to Christmas Day.	

	P : Lose Corporation Position	Q : National Economic Fall Down	R : Pride
4 : Balass, David	<p>Transactions violate the Business Entity principle. Analysis of the aforementioned transactions, it is important to explain the accounting principle that relates to Olympus' fraudulent practices. The Business Entity principle is part of the Generally Accepted Accounting Principles (hereafter GAAP). An important purpose of the GAAP is to ensure that the information in financial statements is "understandable, relevant, reliable, and comparable" (Larson, 2010, p. 31). The Business Entity principle in specific stipulates that each economic entity or business of the owner (in this case, Olympus is the owner) must have accounting records that are separate from the owner and any other economic entity of the owner (Larson, 2010, p. 32). The purpose of this principle is to ensure that the financial statements of an economic entity reflect the performance of that specific entity (Larson, 2012, p. 32). In other words, if the information in financial statements includes the transactions of more than one economic entity, then it is misrepresenting the truth about the entity's actual performance. To further explain the Business Entity principle, consider the following example of a violation of the principle on a smaller scale than the Olympus fraud: a sole proprietorship that includes the business owner's personal expenses, such as the cost of his food expenses, in the business' financial statements. Obviously, this dilutes the</p>		

effectiveness of the financial statements, as they no longer reflect the actual state of the business. Similarly, Olympus violated the Business Entity principle - but on a much larger scale. Before delving into big corporations are under constant pressure to maximize shareholder value, and some companies, such as Olympus, resort to fraudulent practices to either falsely report earnings or conceal losses. The financial statements of public corporations are in no way confidential; in fact, they are open and available to the public for viewing and assessing the performance of the company. In the case of Olympus, their financial statements are available on the Olympus website, where various information regarding the details of their transactions is disclosed and posted. However, this does not entirely preclude Olympus from disclosing false or misleading information.

	P : Lose Corporation Position	Q : National Economic Fall Down	R : Pride
<p>Dutta, Saurav K; Caplan, Dennis; Marcinko, David; College, Skidmore (2014)</p>		<p>The underlying causes of Olympus’s problems in 2011 were rooted in macro-economic events that transpired in the 1980s. At the time, Japan was one of the world’s fastest growing economies. Along with Germany, Japan was running large trade surpluses. A pivotal event occurred in September 1985, when representatives from France, Germany, Japan, the United Kingdom, and the United States developed a plan to begin weakening the overvalued U.S. dollar. It was agreed that Japan and Germany would stimulate domestic demand and allow their currencies to appreciate. At the same time, the U.S. Federal Reserve would begin to ease monetary policy and allow the dollar to decline. The policies formulated at the New York Plaza Hotel, hence known as the Plaza Accord, triggered an exceptional appreciation in the value of the yen amounting to 46 percent against the dollar by the end of 1986 (see Figure 1). Consequently, Japan’s export growth largely came to a halt in 1986 causing a slump in the Japanese economy. The Japanese government responded aggressively to the recessionary pressures. The macroeconomic stimulus featured</p>	

extraordinarily low interest rates that were sustained until 1989.

The rising value of the yen put pressure on profitability of companies like Olympus, which were largely dependent on exports. Goods such as Olympus cameras when sold in the U.S. yielded far fewer yen leading to a decline in the company's profitability. Olympus's net income fell from ¥6.8 billion in 1985 to ¥3.1 billion in 1986.

	P : Lose Corporation Position	Q : National Economic Fall Down	R : Pride
E. Aronson, Bruce (2012)		The Olympus story begins with typical problems faced by Japanese manufacturers in the mid-1980s. These manufacturers, including Olympus, sought to combat a strengthening yen and to maintain their profits by more aggressive financial management of their assets. ⁸ This “financial engineering” ⁹ (zaitech) generally proved to be unsuccessful, and caused dramatic losses after the collapse of Japan’s economic bubble in the early 1990s.	
Elam, Dennis; Madrigal de Barrera, Marion; Jackson, Maura (2014)		In 1980, Toshiro Shimoyama was the president and CEO of Olympus Corporation. Olympus’ operating income fell significantly because of the sharp appreciation of the yen. The CEO decided to develop an aggressive financial assets management unit within the Accounting Department headed by Hideo Yamada. This unit was to make speculative investments known as <i>zaiteku</i> . From these aggressive asset management activities, handsome profits were produced.	
Fukukawa, Hironori; Mock, Theodore J.; Srivastava, Rajendra P. (2014)		In the 1980s, the camera business experienced a substantial downturn in demand and Olympus’ operating income declined substantially from 6.8 billion yen in 1985 to 3.1 billion In 1990, the bubble economy in Japan which was based largely on inflated property values burst and the stock market started to decline.	

	P : Lose Corporation Position	Q : National Economic Fall Down	R : Pride
Norris, Floyd (2011)		To understand this scandal fully, remember what life was like for a Japanese company before the Plaza Accord. The dollar had been rising at a good clip and by the end of 1984 was worth more than 250 yen. That was heavenly for Japanese exporters, who could reap large profits exporting to the United States, and it led to a gaping Japanese trade surplus with the United States.	
23 : Kasalana (2015)			While the investigation is obviously ongoing, the company's executives have declared that no individual has made any personal financial gain from the misstatements. Fraud, if that is what it is proved to have happened, was not perhaps the result of individual greed, but rather collective hubris.

	P : Lose Corporation Position	Q : National Economic Fall Down	R : Pride
Simms, Andrew (2014)			<p>For years, anyone who had dealings with Tesco would come away with respect for the apparent clinical efficiency of its business model. It did the same things - in terms of treatment of suppliers, playing the planning system and in the impact it had on local economies - as the other supermarkets, but it played the game harder.</p> <p>Successive reports from the Competition Commission found the company acting against the public interest in a sector that was too concentrated and had too much power to be good for a healthy retail ecosystem. But Tesco and the other supermarkets got away with it again and again, partly because of a supine regulator and partly due to sheer chutzpah. Tesco's bristling self-confidence carried governments, regulators, investors and, for a time, the public along with it. When Tesco was taking about £1 in every £8 that British people spent shopping, Leahy once quipped that this left another £7 for the supermarket to go for. The bravado worked. Early in his term of office, Tony Blair opined that the supermarkets had their suppliers in an "armlock", but Leahy was still given a knighthood. Then overconfidence led to overreach. Seeing limits to its UK expansion, Tesco began spreading overseas. But as its initially confident adventure in the US foundered, so its ambitions began to recede in China and Japan too. Tesco had been the company that could do no wrong; now investors began to question whether it knew what it was doing. The supermarket increasingly found itself in a no man's land between the deep cost-cutters such as Aldi and Lidl and the quality brands such as Waitrose, leaving it with a weaker, less distinctive offer, while also fighting off its near rivals Sainsbury, Asda and Morrisons.</p>

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Armstrong, Ashley (2017)		<p>Tesco boss Dave Lewis has revealed the level of “disagreements” between his predecessor and the supermarket’s management team about profit targets in the weeks before its accounting scandal was exposed. Mr Lewis has revealed in evidence to Southwark Crown Court that Phil Clarke, former Tesco chief executive, had believed that a profit forecast of £2.8bn was “still achievable” despite Tesco’s management team warning of the financial pressure on the company's balance sheet from its level of debt and the lower cash flow the business was generating. As a result on August 29, 2014, prior to Mr Lewis joining, Tesco issued a profit warning saying profits would instead be between £2.4bn and £2.5bn.</p> <p>Earlier evidence from whistleblower Amit Soni, a member of Tesco’s finance team, alleged that supermarket staff felt “under pressure” to pull forward supplier income from earlier periods to meet aggressive profit margin targets. At the time Tesco’s margins were already suffering from the rise of discounters Aldi and Lidl which were luring shoppers away from the “big four” by undercutting Tesco on price.</p>	

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Butler, Sarah (2017)		Soni said he personally felt that the strategy of former chief executive Philip Clarke was “leading to all the pressures on the business” as there was a “performance gap”.	
Butler, Sarah (2) (2017)		He said he personally gave up trying to persuade his immediate bosses to accept that profits were way off target via the usual course of business.	
Butler, Sarah (3) (2017)	She said it provided “clear evidence that each of the defendants had connived over the manipulation of targets to conceal their failure and keep their salary and bonuses”.	She said the company’s response was to set “aggressive and unrealistic” profit targets which employees were then expected to meet. The failure to meet targets was “camouflaged by falsely representing the true position” and it became “difficult to see which figures were real and which not real”.	

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Colson, Thomas (2017)		Soni said Tesco UK was under financial pressure when he joined in 2013, both because of external factors, such as competition from discounters Lidl and Aldi, and because of internal pressures to meet targets. “There was a sense that there was a lot of hard work that was going on internally but it was not showing anywhere in the results,” he told the jury.	
Dutta, Saurav K; Caplan, Dennis; Marcinko, David; College, Skidmore (2014)			Rather than respond strategically within its core businesses, Olympus at the direction of its then president Shimoyama, began to seek earnings from speculative investments in financial products (Woodford 2012, 182). That change in direction worked well in the mid-1980s as urban land values and stock prices tripled between 1985 and 1989. However, in 1990 the bubble in Japanese asset prices burst and the Nikkei stock index lost half its value in less than a year (see Figure 2). Olympus incurred significant losses in its investment portfolio. Instead of liquidating the financial assets and disclosing the losses, Olympus took a strategy of “doubling down” and started investing in even riskier financial instruments. This high-risk strategy failed spectacularly and by 1995 the amount of unrealized losses had grown to tens of billions of yen (Olympus Corporation Third Party Committee ¹ , 11). In fact, the losses totaled ¥46.6 billion by March 1992, approximately equal to cumulative net income for the entire decade of the 1990s (1991-2000).

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Elam, Dennis; Madrigal de Barrera, Marion; Jackson, Maura (2014)			<p>In 1987, with Yamada in charge of the speculative investments deal, a man named Hisashi Mori became his subordinate in the investment dealings. In time, Yamada and Mori's dealings propelled them into upper management. Mori became an executive vice president and board director while Yamada became a standing corporate auditor. Ten years passed before the speculative investment activities resulted in substantial losses. Yamada and Mori's investment group doubled and tripled down by investing in high-risk, high-return products, and risky financial products that offered interest advancement as well as the riskier, complex structured bonds. (McKenna, 2012) By the late 1990s, investment losses at Olympus had reached nearly \$100B yen. Yet Yamada and Mori continued to bet money in risky investments in a desperate bid to recover losses.</p> <p>Olympus' top management continued to pursue failed investments that resulted in major losses.</p>
Fukukawa, Hironori; Mock, Theodore J.; Srivastava, Rajendra P. (2014)			<p>Rather than supplementing the bottom line, Olympus suffered unrecorded losses from the short-term investments ("securities" plus "short-term specified financial instruments") which amounted to 126 billion yen (at the end of the fiscal year 1998) with approximately 95 billion yen accumulated by then.</p>

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Engelberg, Kevin (2015)		<p>The scandal stemmed from the management’s policy of demanding that overly aggressive profit targets were met. Unable to meet these excessively high targets, employees set up complex schemes to accelerate profits and bury losses, even using outside consultations for the sole purpose of financial statement fraud.</p> <p>In the case of Olympus, former CEO Tsuyoshi Kikukawa held all the power to control the company. Contrary to public companies in the United States, board members and executives in Japan do not have clearly distinct spheres of power. This lack of power separation essentially allowed Kikukawa to act as both the President and Board Chairman of Olympus, providing him with unlimited authority to make all personnel decisions, even at the Board level. Kikukawa promoted only the most loyal employees to the Board, essentially rendering the Board ineffective. The Board became beholden to the CEO to such an extent, that an investigative report revealed the Directors were merely “emasculated” company “yes-men.” All demands for greater profits, regardless of feasibility, were met using any means necessary, including the inflation of financial figures in a display of loyalty.</p> <p>When Kikukawa demanded greater profits, his inferiors were all too willing to meet those targets by any means necessary. effort to inflate financial figures. Employees’ overriding instinct was to hide any and all mistakes regardless of the costs. Company loyalty was so great that no one ever bothered to blow the whistle or criticize the actions. Olympus fell victim to groupthink. In a display of both loyalty and social harmony, employees made a concerted.</p>	

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Investigation Report Olympus (2011)		<p>Toshiro Shimoyama (hereinafter, “Shimoyama”) became president and representative officer of Olympus in January 1984, and he remained president until June 1993. The sharp rise in the value of the yen that began in 1985 was causing an urgent problem for Olympus: its operating profit was falling. In FY1985, Olympus had an operating profit of 6.8 billion yen on sales of 128.6 billion yen, but in FY1986 operating dropped by more than half to about 3.1 billion on sales of 120.9 billion yen. Faced with this big drop in operating profit, then-president Shimoyama determined it would be difficult to improve operating profit right away through the company's main business alone, so he hammered out a plan to boost operating profit in non-operating areas. It was this point that marked the big change in Olympus' methods for managing its financial assets. At the May 20, 1987 meeting of the management committee, it was decided to “pursue active financial management policies that would aim to manage surplus funds for maximum effectiveness, while using appropriate risk management.” Regarding the management of financial assets, the “funds management guidelines” formulated at that time stated “the strengthening of financial functions is an important topic for our company,” and dealt for the most part with in-house management.</p>	

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Investigation Report Tesco (2014)		<p>Tesco focus on meeting financial targets It was clear from the evidence that a major focus of the Tesco commercial team during the investigation period was on hitting budgeted margin targets. A percentage margin target was a key element of many of the Joint Business Plans (“JBP”) which Tesco negotiated with suppliers on a periodic basis. Payments to maintain the margin target were requested from suppliers by Tesco regardless of whether the planned growth had been achieved and regardless of whether Tesco had delivered on its own JBP commitments. I found that the direction being given to Tesco’s buying team as to the status and enforceability of JBP targets was contradictory and unclear.</p> <p>I received internal Tesco emails which encouraged Tesco staff to seek agreement from suppliers to the deferral of payments due to them in order temporarily to help Tesco margin. I also saw internal Tesco emails suggesting that payments should not be made to suppliers before a certain date in order to avoid underperformance against a forecasted margin. I found that Tesco knowingly delayed paying money to suppliers in order to improve its own financial position.</p>	

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Kukreja, Gagan; Gupta, Sanjay (2016)	<p>Senior staff at Tesco was highly incentivized to meet targets and this incentive structure may have motivated them to manipulate figures to meet targets.</p> <p>Furthermore, the performance of senior staff members at Tesco were measured by meeting targets and highly incentivized to meet the same; this incentive structure also acted as motivation to manipulate figures.</p>	<p>In the grocery industry, there is evidence that these payments are sometimes taken unilaterally. These payments may be disputed later, and a refund or a new agreement entered into, but by then, the original payment has been taken as revenue. Close to the end of a reporting period, buyers were regularly asked to “find” additional income, which; by implication meant finding such commercial income that could be brought forward. Tesco was too “ambitious” in forecasting these rebates in the first half of its 2014/2015 financial year and earlier years, and they may have manipulated the figures to enhance income and meet targets. Due to the size of these agreements, taking the income element early increased income substantially and made the meeting of targets significantly easier.</p> <p>From a cultural perspective, Tesco became increasingly aggressive in trying to meet its earnings forecasts at a time when its profits were falling. This aggressiveness may have encouraged unethical behavior by staffs who were trying to meet targets.</p>	

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Morgan, Anita R.; Burnside, Cori (2014)		A corporate culture that emphasizes profits and stock prices creates an environment in which managers feel pressured to produce favorable financial statements (Summers & Sweeney, 1998; Skousen & Wright, 2006). This type of culture often provides incentives based on financial performance of the corporation. ¹ This is problematic because when managers have a significant personal financial stake in the corporation, they are more likely to misrepresent the financial position of the company (Beasley, 1996; Beasley, Carcello, & Hermanson, 1999; Dunn, 2004; Skousen & Wright, 2006).	
Knapp, Michael C; Knapp, Carol A (2014)			To compensate for an earnings shortfall, Olympus's top management decided to implement what is known in the Japanese business culture as a zaiteku strategy. This strategy involves liquidating underperforming corporate assets and investing the proceeds in high-risk but potentially lucrative investments. Olympus's senior management created a secretive team consisting of three executives that would be responsible for deciding how to invest the cash resources devoted to the new zaiteku strategy. Collectively, this team was referred to within the company as the "few and proud group." Hideo Yamada, an accountant by training who had previously been assigned to one of Olympus's finance divisions, was placed in charge of this team.

	S : Target based incentive	T : Unrealistic Target	U : Wrong Investment
Reuters (2) (2017)		<p>Mr Soni, who is described as a whistleblower by the prosecution, told Southwark Crown Court that his team had produced a series of reports as the financial year 2014/15 unfolded showing a growing gap between actual performance and what the leadership team had budgeted for. The projected gap had widened to £240m by August, he said.</p> <p>“For me it was a relief because I felt personally that the pressures in the business were in part due to Philip Clarke’s strategy and that with him leaving the business hopefully the pressure would come off,” he said. show all “A new chief executive would probably look at the pressures in the business in a new light.”</p>	

	V : Act in the Best Interest	W : Done Before	X : Loyalty
Buck Free Press (2017)			One came from Bush's daughter Emily Bush, who sat in the public gallery crying, as jurors heard her father had "literally dedicated his life to Tesco" and described him as having made many sacrifices for his work. Bush sat weeping in the dock as jurors heard he was loved "to bits" by his daughter. Her statement continued: "It is really important to dad to do the right thing. He has always said to me 'if you are going to do something, do it the best you can and do it properly'." Jurors heard that in Miss Bush's experience her father had always been "honest and straightforward".
Butler, Sarah (3) (2017)	<p>Wass said Rogberg had withheld critical information from Tesco's auditors PwC, which had been "misled and lied to", and knowingly entered false figures into Tesco's computerised accounting system. She said Bush had confirmed the figures knowing they were false, while Scouler knew income had been incorrectly pulled forward from future years creating a hole in the accounts.</p> <p>By early 2014, during the period the SFO alleges fraud occurred, Wass said the defendants were aware that bad practices had developed that were overstating profits and "jeopardizing the financial health of the company". Wass made clear that the prosecution would be relying on a report prepared by Amit Soni, an employee in the finance department of Tesco who reported to Rogberg. Soni, and one of his team, had prepared what they called "the legacy paper" which identified the scale of misreporting at Tesco at about £250m.</p>		

	V : Act in the Best Interest	W : Done Before	X : Loyalty
Elam, Dennis; Madrigal de Barrera, Marion; Jackson, Maura (2014)	In 1998, with President Shimoyama’s knowledge and approval, Yamada and Mori came up with a “loss separation scheme” to work their way around the new market-to-market accounting laws. It would transfer the nearly worthless financial assets Olympus had acquired to entities whose accounts would not be consolidated back into Olympus’ financial statements. These entities are referred to as “shell companies,” which are off balance sheet companies. This scheme involved selling the assets to parties that would accept them at book value. It would be necessary to create dummy entities that Yamada and Mori could influence in order to continue to hide the losses. Olympus asked the President of Axes Japan Securities and the President of Axes America to set up these dummy entities.	The president of Axes Japan Securities and President of Axes America were asked by Olympus to set up these dummy entities. In 1998, the first “receiver fund,” or dummy entity, called Central Forest and registered in the Cayman Islands, was set up to hide the losses. Yamada and Mori obtained financing from a bank in Liechtenstein. As collateral to obtain a loan to finance this dummy entity, Yamada and Mori deposited Olympus-owned Japanese government bonds valued at about 21 billion yen with the bank in return for 30 billion yen from them. Olympus’ Asset Management also invested 35 billion yen in a class fund managed by this bank, which found its way into this dummy entity as well. Aside from borrowing from the bank in Liechtenstein, Yamada and Mori used a bank in Singapore to get another 45 billion yen into the dummy entity. After Central Forest was set up, Yamada and Mori began setting up the second dummy entity called Easterside Investments. Yamada and Mori invested another 60 billion yen into a different fund whose bond portfolio was lent to this dummy entity. (Bacani, 2011). Up until 1998, Yamada and Mori succeeded in hiding these assets with a combined book value of 64 billion yen in Central Forest. Adding one last dummy entity, Yamada and Mori set up Quick Progress, having a book value of 32 billion yen. Yamada and Mori knew they needed to find a way to make the losses disappear, so they began to set up a loss	

disposition scheme. This involved the purchase of start-ups and entrepreneurial ventures at vastly inflated prices and payment of huge advisory fees for merger and acquisitions (M&A) deals. Yamada and Mori then embarked on a scheme to acquire a company named Gyrus. The purpose of this transaction was to make another attempt to disguise the 62 billion yen represented by the money invested in the fund lent to Easterside as goodwill. The purpose of this transaction was to make another attempt to disguise 62 billion yen represented by the money invested in the fund lent to Easterside as goodwill.

	V : Act in the Best Interest	W : Done Before	X : Loyalty
Engelberg, Kevin (2015)			<p>Kikukawa promoted only the most loyal employees to the Board, essentially rendering the Board ineffective. The Board became beholden to the CEO to such an extent, that an investigative report revealed the Directors were merely “emasculated” company “yes-men.” All demands for greater profits, regardless of feasibility, were met using any means necessary, including the inflation of financial figures in a display of loyalty.</p> <p>When Kikukawa demanded greater profits, his inferiors were all too willing to meet those targets by any means necessary. effort to inflate financial figures. Employees’ overriding instinct was to hide any and all mistakes regardless of the costs. Company loyalty was so great that no one ever bothered to blow the whistle or criticize the actions. Olympus fell victim to groupthink. In a display of both loyalty and social harmony, employees made a concerted</p>
Hipwell, Deirdre (2) (2017)			<p>The former head of Tesco UK was so devoted to his job and his former employer that it was completely “implausible” that he would have ever set out to defraud the grocer, a court heard yesterday. Christopher Bush “worked insane hours” when he ran Tesco’s UK business and once attended a store meeting at 7am on a Saturday, despite having spent the night in hospital with food poisoning, because “he wanted go to a Tesco store with his colleagues and talk about Tesco stuff . . . A man whose loyalty to Tesco was greater than Chris Bush’s would be hard to find.”</p>

	V : Act in the Best Interest	W : Done Before	X : Loyalty
Investigation Report Olympus (2011)		In other words, Olympus, in the mid-term ending September 1999, posted as extraordinary losses a total of 16.8 billion yen as the difference between the appraised value and book value of specified fund trusts and swaps, and eventually, in the term ending March 2000, it posted extraordinary losses of 17.0 billion yen as the loss on liquidation of cancelling specified fund trusts. However, in reality, it had approximately 96.0 billion yen at the end of September 1999 in unrealized losses that were unrecognized, and even after Kikukawa succeeded Kishimoto as President of Olympus on June 28, 2001, the aforementioned large amount of losses from financial asset management remained hidden as it was succeeded.	
Kasalana (2015)	While the investigation is obviously ongoing, the company's executives have declared that no individual has made any personal financial gain from the misstatements. Fraud, if that is what it is proved to have happened, was not perhaps the result of individual greed, but rather collective hubris.		They might also rationalize their behavior by reflecting on the 'Nuremberg Defence' - that they were only following orders and were not the principal wrongdoer

	V : Act in the Best Interest	W : Done Before	X : Loyalty
<p>Morgan, Anita R.; Burnside, Cori (2014)</p>	<p>When the corporate culture emphasizes financial performance and stock price, managers may be able to rationalize fraudulent and other unethical behavior by telling themselves that they are acting in the best interest of the company. They may also use the rationalization that “everyone here lies and cheats.” In a 2009 economic crime survey conducted by Price Waterhouse Coopers (PWC, 2009), 33% of U.S. executives who responded stated that the rationalization “Others do it and so it’s okay” presents a risk of fraud. This rationalization behavior allows a manager to act upon the pressure and opportunity to commit fraud because he/she can make himself/herself believe that it is the right thing to do.</p> <p>Another component of Japanese culture that can hinder fraud detection is a type of group-think (called shudan ishiki) which emphasizes the goals of the group over individual goals and responsibilities (Lafayett De Mente, 2012).</p>		<p>The culture at Olympus Corporation, like many Japanese corporations, values loyalty. A November 17, 2011 NPR story (Craft, 2011) stated, When Woodford pressed Mori for more details, the answers he received were vague and incomplete. Frustrated, he asked Mori, “Who do you work for?” Expecting Mori to reply, “Olympus,” Woodford was stunned when Mori answered, “I work for Mr. Kikukawa. I am loyal to Mr. Kikukawa.” It was at this moment that Woodford realized that “something was terribly, terribly wrong here” (Greenfeld, 2012).</p>

	V : Act in the Best Interest	W : Done Before	X : Loyalty
Prabowo, Hendi Yogi (2015)			Experts believe that Enron, WorldCom and many other companies from Wall Street's 'Hall of Shame' had internalized fraud through 'normalization', to cite Blake E. Ashforth and Vikas Anand ' a process which starts from making fraud part of organizational mindset and then embedding it within its individuals ' followed by rationalization through denials. One most common form of denial is the ' appeal to higher loyalties' where employees place the highest loyalties with their peers and superiors.

	Y : Maintaining Peace and Harmony	Z : Shame of Losing Face
Balass, David (2015)		These transactions were not theft but were still cases of fraud; they were done in an attempt to clean up a big mess without tarnishing the reputation of Olympus and its generations of executives (Norris, 2011, p.1). In doing this, Olympus violated the Business Entity principle.
Internal and External Auditors - Olympus Scandal (n.d)		Rationalization to commit fraud- According to Morgan & Burnside (2014), Japanese companies are cautious to not say or do anything that would cause humiliation. Therefore, Olympus believed that hiding the huge loss by transferring nearly worthless financial assets to shell companies and manipulating balance sheet figures was rational.
Morgan, Anita R.; Burnside, Cori (2014)	Olympus Corporation obviously had a culture of keeping quiet and not rocking the boat.	
Ng, Dasmond (2017)		Before the scandal, then CEO Tsuyoshi Kikukawa was a respected leader instrumental in pushing the company forward in the digital era. Olympus had a good reputation, and he brought a Western-style management to the company and was lauded for that, said Singapore Management University assistant professor of strategic management Anne-Valerie Ohlsson-Corboz. "He was a very charismatic person, very well liked," said the academic, who uses Olympus as a case study for her students. "And the company invested heavily in innovation, a lot more than the other Japanese companies of that time.
Prabowo, Hendi Yogi (2015)	Both the Olympus and Toshiba cases are characterized by similar if not the same behavioral problems including the ideology of maintaining organizational ' peace and harmony' which effectively bans internal criticism	

Appendix 4

Framework Matrix the Similarities and Differences of National Cultures

	A : Individualistic Society	B : Personal Achievement	C : Personal Freedom
Belshek, Jalal Alil (2016)		Individualistic cultures tend to value open conflict and linear logic. In these cultures, competition rather than cooperation is encouraged, individual initiative and achievement is stressed, and individual decision making is valued (Samovar and Porter 2004).	
Cotter, Paul (2011)	Most Japanese people would certainly regard themselves and Japanese society as a whole as more group orientated than western society which they view as being at best individualistic and at worst selfish		
Essay, UK (2) (2015)		Individualism has also created a culture which is highly oriented to reward the hard work. As an example, the banking sector in the UK is well known for motivating its employees by granting bonuses according to objective accomplishment. Bonuses are, somehow, a way to pay tribute to people's time. Government faced a strong resistance after the global financial crisis when conservative faction legislated to finish this practice. Financial institution claimed that reward mechanism was necessary to motivate people to invest their time to achieve firms' objectives (BBC, 2009).	<p>The emphasis on the individual rather than the society has also roomed a debate culture which is spread across UK's society. The typical example is the parliament where each representative is allowed debating his ideas with any other member. Additionally, almost all major legislations are open to debate (BBC, 2010a). Thus, debate culture is easily identified in UK's people.</p> <p>International student tend to share their grades since they want to assess how well they are doing it. But, British students consider this as a rude practice. Britons are very well known for their verbal skills which allow them to debate and argument in a solid manner.</p>

	A : Individualistic Society	B : Personal Achievement	C : Personal Freedom
Essay, UK (3) (2015)	Through linking this concept to organisations, individualism is likely to lead to a network where there may be a range of opinions as workers only look to protect their own self-interests and may not be doing what in the best interest of the organisation as a whole.		Through linking this concept to organizations, individualism is likely to lead to a network where there may be a range of opinions as workers only look to protect their own self-interests and may not be doing what in the best interest of the organization as a whole.
Ghemawat, Pankaj; Reiche, Sbastian (2011)		Members of individualist cultures such as the UK maintain loose social structures that are characterized by independence, the importance of individuals' rights and the recognition of personal initiative and achievement.	
Meshksar, Sahar (2012)		Individualistic societies tend to emphasize personal achievement whereas collectivist cultures highlight group-based achievement. In contrast, the individualists try their best to do better and better, and finally become the best, they have strong upwards mobility; at the same time and overestimate the importance of their work in group work.	
Han, Hao (2014)	“People from highly individualistic culture like the UK and other western countries are more likely to value the uniqueness over harmony, expression over agreement, and to define themselves as unique or different from the group” (Joan chiao).		“People from highly individualistic culture like the UK and other western countries are more likely to value the uniqueness over harmony, expression over agreement, and to define themselves as unique or different from the group” (Joan chiao).

	A : Individualistic Society	B : Personal Achievement	C : Personal Freedom
Hofstede Insight (n.d)	At a score of 89 the UK is amongst the highest of the Individualist scores, beaten only by some of the commonwealth countries it spawned i.e. Australia and the USA. The British are a highly Individualist and private people. Children are taught from an early age to think for themselves and to find out what their unique purpose in life is and how they uniquely can contribute to society. The route to happiness is through personal fulfillment. As the affluence of Britain has increased throughout the last decade, with wealth also 'spreading North', a much discussed phenomenon is the rise of what has been seen as rampant consumerism and a strengthening of the 'ME' culture.		
Hu, Bo; Cai, Liping A.; Kavanaugh, Raphael R.K (2001)			In contrast, countries with a high individual orientation, such as Britain, value initiative, autonomy, achievement, and individual decision making.
Kowol, Adam; Szumiel, Edyta (2007)	The British nation can be described as moderately individualist. This is evident in the more frequent use of the "I" form, in contrast to the communitarian use of the "we" form. They feel comfortable taking decisions on their own and do not hesitate to assume personal responsibility. Since consulting superiors and reaching consensus is not deemed necessary, the decision-making process is short. Although this may seem beneficial, saving time in decision-making is often followed by significant delays due to implementation problems.		

	A : Individualistic Society	B : Personal Achievement	C : Personal Freedom
Merchant, Yasmin Sara (2018)			In his book "When Cultures Collide," British linguist Richard Lewis charted the differences among leadership styles around the world. He found that American workplaces generally follow a system of "structured individualism." "American managers ... are capable of teamwork and corporate spirit, but they value individual freedom and their first interest is furthering their own career," he said.

	D : High Indulgence	E : Family System	F : Long term employment
Alexis, D’Herbais; et. Al (n.d)		Harmony and reciprocal obligations are the basic elements of such an organization. The Japanese company is often considered as a “family” for their employees who spend 10 to 12 hours per day in their offices.	
Aljayi, Yassine; Fjer, Ahmed; Guennioui, Malak; Tamek, Ahmed (2016)			Besser (1993) argues that Japanese employees are more committed to their work and companies. This is apparent in their low-level of turnover and absenteeism compared to countries such as the US. One the most important reasons for this high commitment among Japanese employees is the cultural context. Companies demand a level of commitment in the Japanese culture that does not necessarily correlate with personal worker commitment. The focus on employees’ commitment is very important since many researchers have concluded that workforce commitment and employees’ loyalty are interrelated. If the worker shows up to work more and changes jobs less often, he or she will yield better results than the counterpart who is absent or always changing jobs. This is a key component of Japan’s success in improving their economy.
Belshek, Jalal Aliil (2016)	are flexible, think that there should be as few rules as possible, and depend not so much on experts as on themselves. As a whole, people from this type of culture are more relaxed (Samovar and Porter 2004). Also		

	D : High Indulgence	E : Family System	F : Long term employment
Bergiel, Erich B.; Bergiel, Blaise J.; Upson, John W. (2012)	The U.S. is a country where it is not frowned upon to enjoy oneself. Overspending on cars and luxury is considered part of life.		
De Waal, Andre A.; Selvarajah, Christopher; Meyer, Denny (2015)	As regards the individualism versus collectivism dimension, the Dutch have a high preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only. In individualistic societies offence causes guilt and a loss of self-esteem, the employer-employee relationship is a contract based on mutual advantage, hiring and promotion decisions are supposed to be based on merit only, and management is the management of individuals. The British are highly individualistic and private people as well. Children are taught from an early age to think for themselves and to discover what their unique purpose in life is and how they uniquely can contribute to society. The route to happiness is through personal fulfillment. Based on the above outline, we will now formulate the next set of research hypotheses and summarize the rationale for them.		

	D : High Indulgence	E : Family System	F : Long term employment
Enkh-Amgalan, Rentsenkhand (2016)	Indulgence vs. Restraint (IVR): The U.S. is an indulgent society with relatively high score of 68 on this dimension. In contrast to indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong. Based on cultural research assumptions, this could be attributed to the liberty of individuals and wealth of the country		
Ford, John B; Honeycutt, Earl D (1992)		This also relates to the Confucian aspect of "face," which deals with the reputation of the individual. If something is done that brings disgrace upon an individual in Japan, there is not only disgrace for him, but also for his family.	
Disano, Jennifer Lynn (2016)	Although Hofested defines Indulgence above as a positive inclination, in many cultures indulgence is considered a vice; and can be interpreted as putting one's self before another, or correlate to greed and slovenly behavior. With a high score of indulgence, it is possible, one might be more inclined to look after one's own interest before that of a more needy population or the collective responsibility a union requires; financially and morally.		

	D : High Indulgence	E : Family System	F : Long term employment
Gheorghe, Caraiani; Gyongyver, Maduța (2007)		When they refer to the place where they work, the Japanese, usually use the term uchi (uu-chec) which means “inside” or “my house” with possessive meaning -uchi-no kaisha or “my company”. This means more than “the place where I work”. For those Japanese who work for big, acknowledged companies the place where they work <shokuba> is more important than their profession or what they work.	
Hofstede Insight (n.d)	A high score of 69 indicates that the British culture is one that is classified as Indulgent. People in societies classified by a high score in Indulgence generally exhibit a willingness to realise their impulses and desires with regard to enjoying life and having fun. They possess a positive attitude and have a tendency towards optimism. In addition, they place a higher degree of importance on leisure time, act as they please and spend money as they wish.		

	D : High Indulgence	E : Family System	F : Long term employment
Paijo, Rosina; Vonheim, Victoria (2017)	<p>Furthermore, practices such as emphasizing work-life balance and flexible working, and encouraging discussion in meetings and decision making speak for an indulgence oriented organizational culture.</p> <p>According to all respondents, Brits are prone to work hard and be very driven, however, in exchange for working long hours, they tend to truly enjoy and make the most of their time off from work. As Respondent 3 put it: “they do work hard but they do play hard”. Working hard is seen as inevitable and worthwhile in order to maintain a good life. Time off from work is thereby very much appreciated and seen as an opportunity to do something special and enjoy life. There are even less yearly holidays and bank holidays in the UK than in Sweden. This is one reason why in her opinion, “they (Brits) actually make something special of it (having a day off) which I don’t think we do in the same way in Sweden... We take a bit of granted of having our half days off”</p>		

	D : High Indulgence	E : Family System	F : Long term employment
<p>Wiguna, Anata Aji (2012)</p>		<p>Cultural theories of long term employment describe the company as a family system. The seeds of this family concept of companies are deeply rooted in Japanese culture, based on obedience, hierarchy and loyalty which all make up important elements of Japanese culture. Japanese employees often refer to their companies as “Uchi” (home) to describe the company where they work.¹³² The company symbolizes as ”Kaisha”, the organization where people are not united by contractual relationship, but includes an element of association resembling of a family. Kaisha not only provides income to the employee but also involves an emotional linkage. By characterizing employee as a family unit within the company, the company will achieve a greater level of loyalty from their</p>	<p>Long-term employment is another typical feature of the Japanese corporate governance model. Under this system an employee recruited directly from school or university and is expected to remain employed by the company for the length of his or her professional career. In return, he or she can expect not to be fired or discharged, except under extraordinary circumstances. The basis of this agreement is the commitment of employers to provide secure employment in return for loyalty and “lifetime” service. The employer can rely on loyal employees and their dedication to work hard in exchange for the investment in their training.</p> <p>Cultural theories of long term employment describe the company as a family system. The seeds of this family concept of companies are deeply rooted in Japanese culture, based on obedience, hierarchy and loyalty which all make up important elements of Japanese culture. Japanese employees often refer to their companies as “Uchi” (home) to describe the company where they work. The company symbolizes as ”Kaisha”, the organization where people are not united by contractual relationship, but includes an element of association resembling of a family. Kaisha not only provides income to the employee but also involves an emotional linkage. By characterizing employee as a family unit within the company, the company will achieve a greater level of loyalty from their employees.</p>

	D : High Indulgence	E : Family System	F : Long term employment
<p>Yasar, Yavuz Selim (2014)</p>	<p>It follows that one of the two poles of this dimension is characterized by a perception that one can act as one pleases, spend money, and indulge in leisurely and fun-related activities with friends or alone. All this predicts relatively high happiness.</p> <p>The most common pattern, upper left quadrant of the table, is high indulgence plus short-term orientation and groups twelve Latin American countries, four African countries, four Anglo countries, five northern European countries, four southern European countries, and two Southeast Asian countries.</p> <p>The core value of indulgent cultures is “pleasure in life” and the core value of indulgent cultures is “duty.” The core distinction of people in indulgent cultures is happiness and unhappiness while this distinction is made by “have to / don’t have to” in restraint cultures</p> <p>Indulgence of a person is somewhat related to his/her tolerance level as well. Indulgent cultures tend to have higher tolerances in many occasions such as acceptance of different thoughts easier, or different thinking students in a classroom.</p>		

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
<p>Alexis, D'Herbais; Antoine, Lacoquerie; Shi, Jing; antoine, Soubigou; Romain, Thibert; Vincent, Lescroart; Shijiao, Li (n.d)</p>	<p>The Japanese position on this dimension is a rather masculine one. They set heavy emphasis on achievement and competition within the family.</p> <p>The idea behind the term "Face" can be compared with dignity, self-esteem and pride.</p>	<p>The power and the decision-making process is very centralized, the power could be described as autocratic, in the hands of a single person, even if informal teams dominate large companies</p>	<p>In Japan there is a deep gap between the decision makers and the other members of the company, between the highest executives and the lower ones. The most relevant example of the power distance in Japan is the relations between superiors and subordinates. Finely graded and heavy hierarchies and narrow spans of control characterize Japanese companies</p> <p>In Japan a person's rank, status and position in society is determined by factors such as education, age, sex, family name, occupation, physical features and birthplace.</p> <p>Japanese shows respect for the age.</p>
<p>Compare the business culture of the UK with that of Japan.</p>	<p>The UK is still fairly less masculine, but less so as indicated by the more relaxed approach to a hierarchical system.</p>		
<p>Cotter, Paul (2)(2011)</p>			<p>Within the group there are further distinctions in hierarchy which are usually determined by age rather than ability. A Japanese can usually only see himself in relation to other people in three ways. These are as an equal colleague (doryo), a junior (kohai) or a senior (sempai) (Nakane, 1970, p.44). Although, this hierarchy is clearly defined and vertical in nature it can only be applied to people within the group and therefore causes the foreign teacher in a Japanese school difficulty in knowing their status in the hierarchy.</p>

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Cochran, Susan Sims (2009)	<p>In many cultures, masculinity is linked to the levels of testosterone found in a person: higher levels of testosterone tend to encourage behaviors that are traditionally attributed to men (Boon, 2005). Boon (2005) asserts that since both males and females contain some level of testosterone, both males and females contain some masculine traits: “People with high levels of testosterone are more aggressive and more concerned with sex and power than people with low levels of testosterone. How these manifest is socially culturally and socially influenced, but the force behind these drives is not culturally or socially constructed”</p> <p>According to Sumiko Iwao, a female Japanese author who wrote about the plight of women in Japan, the formal superiority of men in modern Japanese society is matched by women’s informal dominance at home (as mothers and wives) and in the workplace (since the businessmen are dependent on women to complete certain tasks, which many women use to their advantage) (as cited in Ogasawara, 1998, p. 5). J</p>		
Compare the business culture of the UK with that of Japan. (2) (n.d)	The Japanese appear to be very masculine in cultural preference, which may be for example expressed in the hierarchical system observed in the seating arrangements. This implies a paternalistic culture, where the leader is a father figure, both commanding and protecting his subordinates (Cleary, 1991).		

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Davies, Roger J; Ikeno Osamu (2002)			<p>Such horizontal relationships are not the norm in Japanese society, however, and vertical hierarchies dominate. Sempai-kōhai relationships exemplify this kind of hierarchy. Seniors are called sempai in Japanese, a term that has a long history, first appearing in ancient Chinese texts, where it referred to people who are older or superior in ability. In contemporary Japanese, sempai is also used to refer to those who graduated earlier from the same school. Kōhai is the opposite of sempai: kō means “later” or “afterwards,” and hai signifies “fellows” or “mates.” So people who are junior or who entered the same school or company after oneself are called kōhai and are considered to be inferior to sempai because of their lack of experience.</p> <p>Nakane (ibid, pp. 82-83) argues that “the Japanese tend to make too much of rank even in daily life; for example, people can neither be seated nor talk without considering the status and seniority of the other people around them.” At schools and companies, seniors believe that it is natural to be respected by juniors because they are experienced in their jobs or other activities. In Japanese companies, in particular, people put more emphasis on age than ability because the system of wages and promotions is based on seniority rules. The older people become, the more they earn or the greater their chances for promotion. Such seniority rules have deeply permeated all aspects of Japanese life.</p> <p>Seniority rules in Japanese relationships are not only important at schools but also in companies in contemporary Japan. The seniority system and the lifetime employment system are the bases of life in Japanese companies, though it remains to be seen whether this structure will survive the changes that corporate Japan is currently undergoing. Status, position, and salary still depend largely on seniority, and older employees are generally in higher positions and are paid more than their younger subordinates.</p>

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
De Waal, Andre A.; Selvarajah, Christopher; Meyer, Denny (2015)	<p>The British, on the other hand, are a masculine society: highly success-oriented and success-driven. A key point of confusion for a non-British individual lies in the apparent contradiction between the British culture of modesty and understatement which is at odds with the underlying success-driven value system in the culture (http://geert-hofstede.com).</p> <p>In contrast, in a masculine-oriented culture like the UK managers are more decisive, assertive, aggressive and competitive. They resolve conflicts by denying them or fighting them until 'the best man' wins (Hofstede, 2001: 318).</p>		
Essays, UK (2015)	<p>To the Japanese, losing is unacceptable and disgraceful because losing is just 'totally wrong'. Hence, since the ancient Japan, they have regarded themselves as being a highly superior cast of people who just cannot lose to anyone, to 'Conquer' is what they aim to achieve. (Recall World War II)</p>		
Ghemawat, Pankaj; Reiche, Sebastian (2011)	<p>Masculine cultures such as Japan are thought to reflect a dominance of tough values such as achievement, assertiveness, competition and material success, which are almost universally associated with male roles.</p>		<p>Members of high power distance cultures such as Malaysia accept status differences and are expected to show proper respect to their superiors. Status differences exist within the organizational hierarchy but they may also be based on age, social class, or family role. It is important to note that although these differences in rank will always be evident, a superior in a high power distance culture will treat those at lower levels with dignity</p>

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Ford, John B; Honeycutt, Earl D (1992)			<p>For the Japanese, rank is so finely determined that equality is rare--everyone and everything are at least slightly above or below the nearest apparent equal. Family members, workmates, schools, companies, even nations and races all have their places. Hierarchy is inseparable from orderliness; a group is not properly organized unless its members are ranked.</p> <p>Concern for hierarchical structuring is also evident in the Japanese corporation (kaisha). Each person has a place in the hierarchy, and rarely is there any confusion regarding one's position within that corporate structure. Status, order, and harmony are all intertwined. Promotion is based upon seniority. Ohmae (1982) states that "there is no fast track for brilliant performers. No one reaches a senior management post before the mid-fifties, and chief executives are typically over 60."</p>
Ghemawat, Pankaj; Reiche, Sebastian (2011)	Masculine cultures such as Japan are thought to reflect a dominance of tough values such as achievement, assertiveness, competition and material success, which are almost universally associated with male roles.		Members of high power distance cultures such as Malaysia accept status differences and are expected to show proper respect to their superiors. Status differences exist within the organizational hierarchy but they may also be based on age, social class, or family role. It is important to note that although these differences in rank will always be evident, a superior in a high power distance culture will treat those at lower levels with dignity

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Han, Hao (2014)	At 66 Britain is a masculine society-highly success oriented and driven. And the result reflects the fact that the society and culture emphasis on the equality between sexes. The modesty and presented sparingly behaviour make foreigners confused about whether they have understood the meaning and this behaviour is affected by its British culture to some extent. In their mind, they still have the specific aim and ambition to do things well.		
Harada, Yoshifumi (2017)		Managers tend to be autocratic and paternalistic while employees tend to do as they are told. Alternatively, it is the extent to which subordinates are not expected to express disagreement with their supervisors and supervisors are not expected to consult with their subordinates in the decision-making process” (Taras et al., 2010).	A high PD score implies a prevailing acceptance of large status differences between superiors and subordinates. Another example is the matter of relationships, classification and ranking. Japanese people prefer there to be classification in families, schools, organizations, and any place or organization to which they belong. They feel they need to know their place, otherwise they feel uncomfortable as they do not know where they belong. In other words, Japanese people are looking for relationships in society, such as parent-child, teacher-student, “boss”-subordinate, and junior-senior. This is because this helps them understand their role and position in society. These cases demonstrate the implications of power distance differences in a society; therefore patience in understanding them is very important in Japanese society.

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Hofstede Insight (n.d)	At 66, Britain is a Masculine society - highly success oriented and driven. A key point of confusion for the foreigner lies in the apparent contradiction between the British culture of modesty and understatement which is at odds with the underlying success driven value system in the culture. Critical to understanding the British is being able to "read between the lines" What is said is not always what is meant. In comparison to Feminine cultures such as the Scandinavian countries, people in the UK live in order to work and have a clear performance ambition.		
Hofstede, Geert (1983)	In Masculine societies, the traditional masculine social values permeate the whole society even the way of thinking of the women. These values include the importance of showing off, of performing, of achieving something visible, of making money, of "big is beautiful."		
Hofstede, Geert; Hofstede, Gert Jan; Minkov, Michael (2010)		In large-power-distance countries, there is considerable dependence of subordinates on bosses. Subordinates respond by either preferring such dependence (in the form of an autocratic or paternalistic boss) or rejecting it entirely, which in psychology is known as counter dependence-that is, dependence but with a negative sign. Large power-distance countries thus show a pattern of polarization between dependence and counter dependence. In these cases the emotional distance between subordinates and their bosses is large: subordinates are unlikely to approach and contradict their bosses directly.	In the large-power-distance situation, children are expected to be obedient toward their parents. Sometimes there is even an order of authority among the children themselves, with younger children being expected to yield to older children.

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Insight Hostede (n.d)	<p>A high score (Masculine) on this dimension indicates that the society will be driven by competition, achievement and success, with success being defined by the winner / best in field - a value system that starts in school and continues throughout organisational life. A</p> <p>At 95, Japan is one of the most Masculine societies in the world. However, in combination with their mild collectivism, you do not see assertive and competitive individual behaviors which we often associate with Masculine culture. What you see is a severe competition between groups. From very young age at kindergartens, children learn to compete on sports day for their groups (traditionally red team against white team). In corporate Japan, you see that employees are most motivated when they are fighting in a winning team against their competitors.</p>		<p>At an intermediate score of 54, Japan is a borderline hierarchical society. Yes, Japanese are always conscious of their hierarchical position in any social setting and act accordingly.</p> <p>Some foreigners experience Japan as extremely hierarchical because of their business experience of painstakingly slow decision making process: all the decisions must be confirmed by each hierarchical layer and finally by the top management in Tokyo. Paradoxically, the exact example of their slow decision making process shows that in Japanese society there is no one top guy who can take decision like in more hierarchical societies</p>
Learnlight (n.d)	<p>Kao - One of the fundamental factors of the Japanese social system is the notion of 'face'. Face is a mark of personal pride and forms the basis of an individual's reputation and social status. Preservation of face comes through avoiding confrontations and direct criticism wherever possible. In Japan, causing someone to lose face can be disastrous for business relationships.</p>		

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Kowol, Adam; Szumiel, Edyta (2007)	<p>While some societies accord status to people on the basis of their achievements, others ascribe it to them by virtue of age, class, gender, education, and so on. In Britain you are judged on what you have accomplished. The first question in a conversation is likely to be "What did you study?", not "Where did you study?". Academic titles are often considered irrelevant in business environment. According to Fons Trompenaars and Charles Hampden-Turner (1997), in Britain it may not be considered relevant for a consultant to have a PhD, and if attention is drawn to it, the status claimed is not necessarily legitimate. During business negotiations with the British it is essential to have enough data, technical advisers and knowledgeable people, whereas in ascription-oriented cultures more importance is attached to the seniority and formal position of team members.</p>		
Young, Meredith (2013)		<p>It is also hierarchical, where serving and meeting the demands of one's superior is of the utmost importance. This order is unquestioned and highly regarded.</p>	<p>It is also hierarchical, where serving and meeting the demands of one's superior is of the utmost importance. This order is unquestioned and highly regarded.</p>

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Learnlight (n.d)	Kao - One of the fundamental factors of the Japanese social system is the notion of 'face'. Face is a mark of personal pride and forms the basis of an individual's reputation and social status. Preservation of face comes through avoiding confrontations and direct criticism wherever possible. In Japan, causing someone to lose face can be disastrous for business relationships.		
Meshksar, Sahar (2012)	In these societies progress, income and being famous is of importance for employees. High masculine countries are characterized by higher job stress, belief in individual decisions, challenge and recognition in jobs and preference for large corporations.		
Meshksar, Sahar (2) (2012)		Power distance in organizations occurs when employees are differentiated from their bosses with respect to status, promotions, salaries and benefits.	

	G : High Masculinity	H : Autocratic Leadership	I : Hierarchical Society (Sempai-Kohai)
Hu, Bo; Cai, Liping A.; Kavanaugh, Raphael R.K	In countries ranked high on masculinity, such as Britain, the success, management style is likely to be more concerned with task accomplishment than nurturing social relationship. Motivation is based on material gains rather than quality of life. The role of leadership is to ensure bottom-line profits in order to satisfy shareholders, and to set demanding targets.		
Newman, Karen L.; Nollen, Stanley D. (1996)	In the workplace, this dimension is reflected in merit-based opportunities for high earnings, recognition, advancement, and rewards, characteristics almost taken for granted in the U.S	. Companies in high power distance countries, such as those in East Asia and Latin Europe, tend to be more centralized and have less employee participation in decision-making.	
Yeh, Ryhsong (1998)	The Japanese and Chinese may have a different incentive system. Using American motivation theory, Hofstede takes uncertainty avoidance and masculinity to explain that people in the United States, Britain and their colonies are more motivated by personal, individual success in the form of wealth, recognition and self-actualization;		

	J : Jicho	K : Makoto - obedient	L : On
		<p>This skewed interest in favor of corporate executives is influenced by the Japanese tradition of ‘makoto’. Makoto means to “properly discharge all of one’s obligations so that everything will flow smoothly and harmony will be maintained” above everything else, even truthfulness and honesty.¹⁷ It is based on the belief that social harmony is best achieved through conformity and obedience to authority.¹⁸ In a workplace setting, makoto can create a leadership command chain similar to a military hierarchy: the top executives give the orders and all lower level employees are expected to obediently follow them.¹⁹ Understanding such values reveals how corporate accounting frauds can go unchecked over decades.</p> <p>Under the principles of makoto, it is disrespectful for an employee to speak or act outside the scope of his or her prescribed position.²² This belief system prevents many individuals from challenging the decisions of their superiors, and discourages them from disclosing any problems that may arise.</p>	
<p>Gheorghe, Caraiani; Gyongyver, Maduța (2007)</p>	<p>the young people who want to advance on the executive’s chain of command do it by building in peace an image of “senior” and practising <jicho(respecting yourself)>. This also means that they will be cautious in order not to attract criticism or not to draw undesirable attention over themselves. They will never be ahead their superiors and they will not ask them questions as well. And, more or less, they will go on with the rest of the people and they will wait for their turn.</p>		

	J : Jicho	K : Makoto - obedient	L : On
Morgan, Anita R.; Burnside, Cori (2014)	The Japanese word jicho means “to respect oneself” (p. 683). Respecting oneself means to avoid doing or saying anything that would make one become subject to criticism.	<p>the Japanese makoto means “to properly discharge all of one’s obligations so that everything will flow smoothly and harmony will be maintained. It also means being careful not to say or do anything that would cause loss of face” (p. 460).</p> <p>Olympus Corporation obviously had a culture of keeping quiet and not rocking the boat. Michael Woodford commented one month after he was named president of the company, “Harmony and consensus have their place and time but scrutiny and challenging....leads to better decision-making. You have to be able to confront” (Gwyther, 2012).</p>	<p>Additionally, adhering to the concept of on, Japanese employees may be reluctant to disclose improper behavior of others in positions of authority. According to Japanese culture, one should not do or say anything beyond what is prescribed by his position. This aspect of the culture prescribes when and how to bow when greeting each other, for example.</p> <p>It is customary in Japan for boards to be comprised of individuals who have risen through the company ranks. The Board of Directors at Olympus Corporation was made up largely of insiders who were fearful of speaking up against top executives of the company. In the report, the board of directors is described as consisting of “yes-men” and that the board was “emasculated.”</p>
Wiguna, Anata Aji (2012)	A traditional Japanese manager might have tackled the problem instead of embarrassing his peers.		
Lubin, Gus (2012)		"What is Japanese is the culture of deference and obedience. These qualities make hiding corrupt transactions much easier. You have people blindly following leadership. I saw even more of this after I made it public."	

	M : Silent (Chimoku)	N : Mutual Trust	O : Reluctant to change
Bernardi, Richard A.; Long, Shelby P. (2012)			A characteristic of a country with high uncertainty avoidance is its emotional resistance to change (Hofstede, 1980). People from these cultures tend to be traditionalists who adhere to the same ideas and standards as a way of dealing with uncertainty.
Cotter, Paul (2) (2012)			<p>In order to understand the Japanese group structure and the difference in relationships between group and non-group members it is necessary to look at the Japanese concepts of uchi (inside) and soto (outside). This is a fairly rigid dichotomy in Japanese thinking that gives us some insight into how the Japanese view the people within their society and those from other societies. The</p> <p>Japanese society is unlikely to ever see a foreigner as part of the inner group and he/she will almost always be considered as an outsider (the Japanese word for foreigner gaikokujin literally means outside country person). According to Davies and Ikeno (2002, p.217) 'The Japanese generally call people from other countries gaijin no matter how long they have lived in Japan or how well they speak the Japanese language.' As a consequence the foreign teacher may feel isolated and lonely as they find it difficult to make meaningful relationships.</p>

	M : Silent (Chimoku)	N : Mutual Trust	O : Reluctant to change
<p>Davies, Roger J; Ikeno Osamu (2002)</p>	<p>Another reason why the Japanese often become silent among other people is group consciousness, which is symbolized by the saying “The nail that sticks out will be hammered down” (Deru kui wa utareru). In Japanese society, where people usually identify themselves primarily as members of certain groups, not just as individuals, silence has played a very important role in creating harmony and in avoiding direct conflict. The person who insists on his or her opinion before the group has reached a consensus is seen as selfish and forward (Naotsuka, 1996, p. 193). In addition, to show off one’s ability or knowledge openly makes a bad impression on others in Japan, and such people are considered thoughtless, impolite, and immature. Many people in Japan think that it is better to say nothing than cause misunderstandings or trouble. Silence in Japanese communication is also related to a strong consciousness of social hierarchy within the group and in society at large. In social interactions among the Japanese, it is essential to consider which person is in a higher or a lower position, depending on his or her age, sex, job status, and so on. It is considered rude for a subordinate to speak out openly against a person of higher rank.</p> <p>To begin with, it is important to note exactly when Japanese people are silent. Silence occurs when people have nothing to say, of course, but</p>	<p>Another example relates to the Japanese sense of guilt, which is “most strongly aroused when the individual betrays the trust of members of his own group” (Doi, 1973, p. 49).</p>	

it does not always mean that they have no ideas. Silence is commonly thought to indicate thoughtfulness or hesitation in trying to find a good way to communicate smoothly; therefore, even though people have something to say, they may not express everything that they have in mind and may leave their true intentions unspoken. This kind of silence is known as enryo-sasshi (i.e., reserve and restraint). In high-context Japanese culture (Hall, 1970), direct verbal expression, especially negative forms of communication such as anger, hate, refusal, disagreement, and defiance are avoided: Ideas and feelings that might hurt the other person or damage the general atmosphere when expressed are carefully sent back for reexamination in an internal self-feedback process. Only those ideas judged safe and vague are allowed to be sent out through the small exit that functions as a screen filter. This message-screening process ... is enryo ; it makes the Japanese appear silent, vague, and awkward in communicating with superiors, strangers, and people from different cultures. (Ishii & Bruneau, 1994, p. 250)

	M : Silent (Chimoku)	N : Mutual Trust	O : Reluctant to change
Wiguna, Anata Aji (2012)			After Japan opens its doors to the outside world in the mid-nineteenth century, it embarked on a process of modernization but with a clear strategy to preserve its own values while importing Western Technology under the slogan “Japanese spirit, Western Skills” (wakon yosai). This approach was buttressed by the Japanese educational system which continued to cultivate traditional values. ⁸³
Ford, John B; Honeycutt, Earl D (1992)			Japan, as a nation, is proud of and strives to protect its cultural heritage. This Japanese companies expect managers to remain in touch with their own cultural roots even though the business work place is becoming more globally oriented.
Gheorghe, Caraiani; Gyongyver, Maduța (2007)		The system of companies in Japan is so strict that it is very hard, sometimes even impossible for a company to do business with another company with which it does not have personal, tight and previously established relations. However, when a situation like this occurs, they say that they “do business with the enemy”.	

	M : Silent (Chimoku)	N : Mutual Trust	O : Reluctant to change
Harada, Yoshifumi (2017)		<p>7.2.1. Shinyo (mutual confidence or trust) The spirit of shinyo (mutual confidence or trust) is also very important in Japanese society. As a result, if a Japanese person lost shinyo in a Japanese company, he or she cannot work there. It may even lead to hara-kiri (or seppuku as Japanese say). This is ritual suicide that may be the result of loss of confidence or trust. Japan is a high-trust society and this form the pillar of business relationship for them. When the Japanese keiretsu (conglomerate) system was created, it was based heavily on trust and its success was ascribed to mutual confidence.</p> <p>In the Japanese context and language the words “anmoku no ryokai” mean a tacit understanding or an unspoken agreement. Trust is a critical feature in business in such a context (Fukuyama, 2002). Thus if Japanese individuals understand each other, they do not have to talk in front of other people when they make a decision. In short, the meanings are implicit in the context.</p>	not tolerating deviant ideas and behaviors,
Javon 2 (2017)	The Japanese people take this to a serious level by carefully applying it to the group setting. By limiting verbal communication it is thought that group harmony is increased with fewer chances of conflict with other people occurring.		
Learnlight (n.d)		Omoiyari - Closely linked to the concepts of ‘wa’ and ‘kao’, ‘omoiyari’ relates to the sense of empathy and loyalty encouraged in Japanese society and practiced in Japanese business culture. In literal terms it means ‘to imagine another's feelings’ and therefore building a strong relationship based on trust and mutual feeling is vital for business success in Japan.	

	M : Silent (Chimoku)	N : Mutual Trust	O : Reluctant to change
Martinuzzi, Bruna (2013)	As Larry Samovar, Richard Porter and Edwin McDaniel put it in Communication Between Cultures , "silence is linked to credibility." Silence speaks loudly about wisdom and emotional self-control. This may run counter to our approach back at home, where being more outgoing can facilitate communication. A more introverted, formal approach, especially at the beginning of a business relationship, is likely to be better received when doing business in Japan. The Japanese have many proverbs that signal the importance that they place on silence, such as, "The duck that quacks is the first to get shot." Take a cue from your Japanese counterparts and tailor your approach.		
Meshksar, Sahar (2)(2012)			Organizational change in high uncertainty avoidance countries is likely to receive strong resistance from employees, which makes the implementation of change difficult to administer.

	M : Silent (Chimoku)	N : Mutual Trust	O : Reluctant to change
Morgan, Anita R.; Burnside, Cori (2014)			<p>In April, 2011, Woodford was promoted to President and Chief Operating Officer of Olympus Corporation, making him the first non-Japanese person to ever rise through the ranks of a Japanese company to become its president. While there were other gaijin (outsider) corporate presidents at the time, Woodford states, “I was one of only four foreign company presidents in all Japan (Howard Stringer-Sony, Carlos Ghosn-Nissan, Craig NaylorNippon Sheet Glass), but the only gaijin ‘salary-man’ to have made it to the top.” Woodford recalls that Kikukawa told him, “I haven’t been able to change the company in the way it needs to be changed. I think you can” (Woodford, 2012). When these changes were proposed to the board, however, they resisted. While Woodford was named CEO, this was announced only on the company’s English language website, but not on the Japanese site.</p> <p>Later, the company made the public statement, “We have said that the reason for the dismissal was because his management style caused a significant divergence between him and other executives” (Greenfeld, 2012)</p>

	P : Risk Adverse	Q : Social Anxiety	R : Intermediate Long-Term Orientation
Compare the business culture of the UK with that of Japan. (2) (n.d)	The Japanese appear to be very risk adverse, perhaps due to their collectivist nature and subsequent stringent rules, as more people need to be taken into account when taking risks.		
Essay, UK (2) (2013)			UK's index value is 25 and its place in the analyzed countries is the 29th (Hofstede, G., 2003). Societies with a low index of Long-/short term orientation promote equality, high creativity, and individualism. This implies that they are not very attached to customs and traditions. People treat others as equals and self-actualization is sought. Society members are respectful of others and do not hesitate to introduce necessary changes, in other words, they are very dynamic.
Ghemawat, Pankaj; Reiche, Sebastian (2011)	Cultures with high levels of uncertainty avoidance such as Greece prefer structure and predictability, which results in explicit rules of behavior and strict laws. Members of these cultures tend to be risk averse towards changing employers, embracing new approaches, or engaging in entrepreneurial activities.		

	P : Risk Adverse	Q : Social Anxiety	R : Intermediate Long-Term Orientation
Gill, Cassandra (2017)			Societies with a short-term orientation foster more present- or past-oriented virtues such as personal steadiness and stability, respect for tradition, and reciprocation of greetings, favors, and gifts. Countries with a short-term orientation include Norway, the United Kingdom, and Kenya.
Han, Hao (2014)			United Kingdom is typically western cultures with regards to having a short-term orientation. They tackling issues in smaller parts and resolving problem as soon as possible, focus more on quarterly goals and quick results
Harada, Yoshifumi (2017)	<p>Uncertainty avoidance should not be confused with risk avoidance, as “it does not describe one’s willingness to take or avoid risk, but rather is associated with preferences for clear rules and guidance” (Hofstede, 2001).</p> <p>Japanese people do not like taking-risks and show little aggressiveness in such matters. They dislike facing and being surprised by ambiguous situations. In business, Japanese employees prefer the safety of lifetime employment because of their concern for security and career stability over a lifetime (Kim & Leung, 2007).</p>		

	P : Risk Adverse	Q : Social Anxiety	R : Intermediate Long-Term Orientation
Hofstede Insight (n.d)			This dimension describes how every society has to maintain some links with its own past while dealing with the challenges of the present and future, and societies priorities these two existential goals differently. Normative societies, which score low on this dimension, for example, prefer to maintain time-honored traditions and norms while viewing societal change with suspicion. Those with a culture which scores high, on the other hand, take a more pragmatic approach: they encourage thrift and efforts in modern education as a way to prepare for the future. With an intermediate score of 51 in this dimension, a dominant preference in British culture cannot be determined.
Meshksar, Sahar (2) (2012)	In such countries rule-making and bureaucracy would be a common feature of working life. The goal of these countries is to control everything in order to eliminate or avoid the unexpected. As a result of this high Uncertainty Avoidance characteristic, the society does not readily accept change and is very risk adverse.		
Hofstede, Geert; McCrae, Robert R. (2004)		Uncertainty avoidance is related to (and correlated with) the level of cultural anxiety or neuroticism as measured in the studies by Lynn (1971) and Lynn and Hampson (1975; see Hofstede, 2001, p. 188).	

	P : Risk Adverse	Q : Social Anxiety	R : Intermediate Long-Term Orientation
Takahashi, Tooru (1989)		<p>Social phobics are afraid of blushing in the presence of others, of stiffening of their facial expressions, of trembling of the head, hands, feet, or voices, of sweating while facing with others, of their physical deformities body odors, of their line-of-sight becoming uncontrollable, being noticed, of emitting or of uncontrollable flatus in the presence of others. Among these symptoms, blushing in the presence of others is the most common one; 53% of the patients in the author's series chose this symptom as the principal one among their feared symptoms.</p>	
Insight Hostede (n.d)	<p>Under these circumstances Japanese learned to prepare themselves for any uncertain situation. This goes not only for the emergency plan and precautions for sudden natural disasters but also for every other aspects of society. You could say that in Japan anything you do is prescribed for maximum predictability.</p> <p>In corporate Japan, a lot of time and effort is put into feasibility studies and all the risk factors must be worked out before any project can start. Managers ask for all the detailed facts and figures before taking any decision.</p>		

	P : Risk Adverse	Q : Social Anxiety	R : Intermediate Long-Term Orientation
Joongseo, Kim (2016)			<p>However, short-term oriented individuals who discount the value of future benefits may instead perform risky behavior that results in immediate gains while short-term oriented individuals tend to invest more on mutual funds (Howlett, Kees, & Kemp, 2008), and to have more compulsive buying tendencies (Joireman, Kees, & Sprott, 2010)</p> <p>Das (1987) found that CEOs with short-term orientation are more likely than those with long-term orientation to have relatively shorter planning horizon.</p> <p>For example, Das (1987) found that people with a short-term orientation allocated greater resources to achieve present goals than future goals. As individuals with a short-term orientation exhibit increased concerns about their own interests in the status quo, this may induce a mindset that focuses on their current and singular goal of securing their bottom line.</p> <p>Within the ethical domain, research suggests that individuals who have a short-term orientation exhibit less concern for ethical consequences because such an orientation may make them myopically focus on securing present self-benefits (Googins, 2002)</p> <p>Moreover, a short-term orientation may also increase a focus on the self at the cost to others, a line of reasoning that fits the theorizing that a short-term orientation increases a singular focus on self-benefits and the expense of other priorities (i.e., BLM).</p>

	P : Risk Adverse	Q : Social Anxiety	R : Intermediate Long-Term Orientation
<p>Kleinknecht, Ronald A.; Dinnel, Dale L; Kleinknecht, Erika E. (1997)</p>		<p>that defined by DSM and by Taijin Kyofusho, a Japanese variant of social anxiety and phobia. initially described by Marks (1969) and subsequently became incorporated into DSM-III (APA, 1980) as a discrete diagnosis. The essential feature of social phobia is marked fear in social or performance situations in which one might be embarrassed or in which others might judge one to be odd or different (APA, 1994). Since being designated as a formal diagnostic category, research on social phobia (APA, 1994; Kirmayer, 1991; Prince & Tcheng-Laroche, 1987), research into cultural influences relative to its etiology, phenomenology, and expression</p> <p>Social anxiety or phobia in Japan has been described since the 1920s. The Japanese conceptualization of social phobia is called nijin Kyojiuho (TKS), and is a form of Shinkeishitsu, or nervous character or temperament as initially described by Shoma Morita (Good & Kleinman, 1985; Reynolds, 1976).</p> <p>TKS is described as an obsession of shame, manifest by morbid fear of embarrassing or offending others by blushing, emitting offensive odors or flatulence, staring inappropriately, improper facial expressions, a blemish, or physical deformity (Takahashi, 1989). This fear of offending or bringing shame upon others in public results in social avoidance. The key factor in social avoidance is the fear of disrupting group cohesiveness by making others uncomfortable (Kasahara, 1988; Prince & Tcheng-Laroche, 1987). Typically, social avoidance revolves around circumstances that may require an expression of familiarity, such as talking to colleagues or to a group of close friends (Takahashi, 1989).</p>	

	S : Group Think	T : Loyalty	U : Low Indulgence
Aljayi, Yassine; Fjer, Ahmed; Guennioui, Malak; Tamek, Ahmed (2016)		Furthermore, Besser (1993) highlights the importance of family and community factors. Japanese employees work harder and are loyal to their employers because of the social pressures of their families and environment. This is another point that makes the Japanese worker more committed but not necessarily “self-motivated” because of the company or the work performed. Rather, this stems from outside pressures and might be a negative commitment.	
Beneden, Olivier Van (n.d)		<p>義理 embodies a value akin to an obligation or duty strongly motivated by a perceived sense of loyalty to a person or organization. It is also often translated in western culture as a "burden of obligation". This accurate description refers to the prevalence of behavior guided by a collective understanding of doing what is best for the person or organization we are obliged to, above considerations based on individual preferences or opinions. This particular sense of obligation is also guided by the assumption that the other part (be it a person or organization) will take care of its subordinates. For business this has traditionally translated in the practice of life-long employment and in-house unions throughout Japanese corporations.</p> <p>The sense of 'giri' very often continues after working hours as the company culture helps develop a strong sense of belonging and ownership among its employees.</p>	

	S : Group Think	T : Loyalty	U : Low Indulgence
Compare the business culture of the UK with that of Japan. (2) (n.d)	The Japanese scored lower on this scale, identifying their collectivist tendencies and explaining their consensus-based decision making and tackling problems holistically. The strict rituals they follow may be linked, as a group mentality enforces conformity to social rules. Their diffuse manner of speech is also indicative of a collectivist demeanor, as there is more risk in causing insult when addressing a group, rather than an individual. If one person is offended, the whole group, in turn, is offended.		

	S : Group Think	T : Loyalty	U : Low Indulgence
Cotter, Paul (2011)	<p>The expression shudan ishiki means group consciousness and it refers to the rules or social patterns that exist within any group. However, as is common to most group orientated societies most of these rules remain unsaid as they are often implicitly understood by all the group members who share a common language and culture and have been socialized within the same systems. As the group is seen as more important than the individual, co-operation and harmony are valued whilst assertiveness and individuality are frowned upon (Davies and Ikeno, 2002).</p> <p>A Japanese person is more likely to identify himself as a part of a group when introduced to someone e.g. Westerners might identify themselves by their job title whereas Japanese will identify themselves as belonging to the company they work for. According to Reischauer and Jansen (1988, p.128) 'A job in Japan is not merely a contractual arrangement for pay but means identification with a larger entity...a satisfying sense of being part of something significant...whereas an American tends to see himself as a man possessing a specific skill and is ready to sell this skill to the highest bidder.'</p>		

	S : Group Think	T : Loyalty	U : Low Indulgence
<p>Koc, Erdogan; Aydin, Gulnil Aydin; AR, Aybeniz Akdeniz (2017)</p>			<p>High levels of restraint cause people to be moderate in their decision making and have (or let themselves to have) limited wants and desires. People with high level of restraint tend to define a discipline for each behaviour and try to keep themselves generally disinterested in the opposite (Bathae, 2011). Moreover, higher levels of restraint are significantly correlated with a feeling of pessimism and negativism as restraint and limitations tend to foster negative feelings and a lack of trust (Hofstede et al., 2010).</p> <p>This means that in restraint-oriented cultures people may attach less importance to leisure and pleasure resulting in limited hedonic behaviours in these cultures.</p>
<p>Davies, Roger J; Ikeno Osamu (2002)</p>		<p>A key concept in understanding Japanese culture and certain characteristic patterns of behavior among the Japanese arising from traditional attitudes toward moral duty and social obligation is known as giri.</p> <p>Giri ... does not have an equivalent concept in English [although in Japan it is considered] the most valued standard in human relationships: master-subordinate, parent-child, husband-wife, brothers and sisters, friends, and sometimes even enemies and business connections. If pressed to define it, giri involves caring for others from whom one has received a debt of gratitude and a determination to realize their happiness, sometimes even by self-sacrificing. (Gillespie & Sugiura, 1996, p. 150)</p>	

	S : Group Think	T : Loyalty	U : Low Indulgence
Engelberg, Kevin (2015)	<p>At its core, cultural harmony can be best described by the Japanese proverb, “the nail that sticks out gets hammered down,”- meaning that its better to follow the group than to stand out²⁵ Thus, “groupthink” dominates Japanese corporate culture.</p> <p>Oftentimes, employees will use groupthink to rationalize the validity of impermissible acts by concluding that other employees exhibit the same behavior. Under such cultural norms, widespread corporate fraud is easily achievable and oftentimes goes unnoticed.</p>	<p>In the Japanese business community, subordinate employees are expected to demonstrate a deep level of commitment and loyalty to their corporate managers.</p>	
Insight Hostede (n.d)	<p>Japan scores 46 on the Individualism dimension. Certainly, Japanese society shows many of the characteristics of a collectivistic society: such as putting harmony of group above the expression of individual opinions and people have a strong sense of shame for losing face.</p>		<p>Japan, with a low score of 42, is shown to have a culture of Restraint. Societies with a low score in this dimension have a tendency to cynicism and pessimism. Also, in contrast to Indulgent societies, Restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are Restrained by social norms and feel that indulging themselves is somewhat wrong.</p>

	S : Group Think	T : Loyalty	U : Low Indulgence
Guerra, Daniel (2014)	<p>In Japanese society, people are primarily group-oriented and give more priority to group harmony than to individuals. Unlike in Western countries, Japan is a society in which conciliatory, cooperative attitudes are more highly valued than strong, unyielding insistence.</p> <p>In a recent study, the Dentsu Institute reported that only 8 percent of Japanese people surveyed said that they would maintain their own opinion even if it meant falling out with others, which was the lowest percentage in all Asian countries ("Dour and dark outlook," 2001, p. 19).</p> <p>Shudan ishiki teaches that the care for the group as a whole over weighs the need of the individual, so they feel as if one person leaves the group, then the rest of group will split up and go their separate ways. So they find it better to help the individual to make him feel part of the group. Shudan ishiki focuses more on the group harmony and for the group to be at harmony everyone must cooperate accordingly with each other, and have a solid friendship with each member in the group, so that's why everyone tries to tend to ones need first, rather than their own.</p>		

	S : Group Think	T : Loyalty	U : Low Indulgence
Koc, Erdogan; Aydin, Gulnil Aydin; AR, Aybeniz Akdeniz (2017)			<p>High levels of restraint cause people to be moderate in their decision making and have (or let themselves to have) limited wants and desires. People with high level of restraint tend to define a discipline for each behaviour and try to keep themselves generally disinterested in the opposite (Bathae, 2011). Moreover, higher levels of restraint are significantly correlated with a feeling of pessimism and negativism as restraint and limitations tend to foster negative feelings and a lack of trust (Hofstede et al., 2010)</p> <p>This means that in restraint-oriented cultures people may attach less importance to leisure and pleasure resulting in limited hedonic behaviours in these cultures.</p>
Hofstede, Geert; Hofstede, Gert Jan; Minkov, Michael (2012)			<p>This suggests that members of less indulgent and more restrained societies tend to have a more cynical outlook. Societal restriction not only makes people less happy but also seems to foster various forms of negativism.</p>

	S : Group Think	T : Loyalty	U : Low Indulgence
Javon (2017)	<p>In Japanese thinking, the concept of Shudan Ishiki or “group consciousness” (being aware of the group) is vitally important to everyday life. Every interaction is closely tied to being aware of what the group thinks and does as opposed individual actions. In other words, in Japan, the group is more important than the individual. Two dominant categories exist in Japanese thinking: the uchi and the soto. Uchi being those inside the group (family and associates) and soto being those outside the group. Life consists of remaining in the uchi while avoiding soto status. Because Japanese people tend to think as a group, what benefits the group is seen as the correct thing to do, even if the individual suffers from the decision. For example, if a Japanese company decides that it is beneficial for the company to send a family to live in Mexico for the next three years then the individual will need to comply or he may face great shame and even a loss of employment!</p>	<p>Loyalty to the group is essential which can be good or bad depending on the group’s core values. Often times it is more important to retain group solidarity to maintain harmony rather than oppose the group, even if acting in opposition is the right thing to do. If an individual opposes the group, he risks being excluded from the group, which often times is unbearable for those living in a group-oriented society. A common saying exhibiting this in Japan is, “The nail that sticks up is pounded down”. The nail being representative of an individual.</p>	
YAŞAR, YAVUZ SELİM (2014)			<p>The idea of freedom in speech reflects some signs about indulgence and restraint levels of societies. Because indulgent cultures tend to be freer on most occasions, while restraint cultures have some restrictions and borders in many things including freedom of speech.</p>

	S : Group Think	T : Loyalty	U : Low Indulgence
<p>Morgan, Anita R.; Burnside, Cori (2014)</p>	<p>Another component of Japanese culture that can hinder fraud detection is a type of group-think (called shudan ishiki) which emphasizes the goals of the group over individual goals and responsibilities (Lafayette De Mente, 2012).</p>	<p>Giri is a personal code to fulfill one's obligations. Under giri, Japanese employees extend service and loyalty to their superiors, and superiors shows a sense of responsibility and appreciation to the subordinates.</p> <p>The culture at Olympus Corporation, like many Japanese corporations, values loyalty. A November 17, 2011 NPR story (Craft, 2011) stated, The insider mentality at Olympus is reminiscent of Tokyo Electric Power, whose Fukushima Daichi nuclear plant became the worst nuclear disaster since Chernobyl.... The overriding instinct at such firms is to hide mistakes at all costs. The sense that we have to be loyal to our predecessors, that we can't blow the whistle, we can't criticize, because of these bonds of loyalty.</p> <p>In Japan, this is all the more noticeable thanks to a culture that emphasizes decorum and keeping the status quo. But there is no such thing as a society immune to corruption and hypocrisy. Loyalty triumphs over principles, lawsuits and money muzzle the naysayers, and intimidation keeps people quiet.</p>	

	S : Group Think	T : Loyalty	U : Low Indulgence
Scharff, M.M. (2005)	<p>In addition to a sense of invulnerability, groupthink organizations in the past have manufactured outrageous fabrications and rationalizations to justify defenses including: their behavior. According to Sims (1992), under stress, members of an organization may develop certain inventing new policy, (3) &quot;(1) Misjudging relevant warnings, (2) arguments to support a chosen to explore ominous failing implications of ambiguous events, (4) forgetting information that would enable a challenging event to be interpreted correctly, and (5) misperceiving signs of the onset of actual danger .&quot;; (p. 653.)</p> <p>Victims of groupthink feel pressured, either directly or indirectly, to agree with the group and not express opinions that would differ with the overall group consensus. In many situations, the group leader or manager by stating their opinion up front, before soliciting feedback can build pressure leading the organization to groupthink. Many employees, regardless of the company, lack the self-confidence to stand up to their supervisor once the individual has stated their opinion on a matter.</p>		

	S : Group Think	T : Loyalty	U : Low Indulgence
Young, Meredith (2013)	<p>The second cultural aspect is based on Hofstede's cultural dimension of collectivism. The Japanese refer to this cultural norm as dantai isbiki or "group consciousness." Like collectivism, group consciousness is the predisposition to see themselves as a group, relying upon each other, rather than as individuals. In a positive sense, this allows the workplace to be focused on mutual needs and helps keep disputes from the public (Harrison & McKinnon, 1986).</p>		

	V : Democratic Leadership	W : Equality	X : Open to Change
Belshek, Jalal Alil (2016)	Regarding power distance in the UK, the level can be said to be low. Low power distance usually means that everybody has the same rights and privileges. Values like equality are emphasized in society and in working life (Hofstede and Usunier 1996). A low power distance culture values competence over seniority with a resulting consultative management style.		
Communal, Christine; Senior, Barbara (1999)		low score on power distance implies that British and German managers are good at team work, build good relationships with staff and motivate their subordinates to perform.	On the last dimension, uncertainty avoidance, the scores are quite spread. The British score is extremely low. This means that British managers are expected to use a democratic style and show respect for other people's views and be able to work alongside and share responsibilities with others
Compare the business culture of the UK with that of Japan. (n.d)		Less formal, CEO may sit at head of table. Generally, all are equal	

	V : Democratic Leadership	W : Equality	X : Open to Change
<p>De Waal, Andre A.; Selvarajah, Christopher; Meyer, Denny (2015)</p>	<p>As regards the dimension of power distance, the Dutch style can be characterized as follows: being independent, observing hierarchy for convenience only, equal rights, accessibility to superiors, coaching leaders, and management that facilitates and empowers. Power is decentralized, managers rely on the experience of their team members, and employees expect to be consulted. Control is disliked and the attitude toward managers is informal and on a first name basis. Communication is direct and participative. Britain sits in the lower rankings of power distance as well. Interestingly, the research shows that the power distance to be lower among the higher levels of society in Britain than among the British working classes. This score at first seems to be incongruent with the well-established and historical British class system and it exposes one of the inherent tensions in the British culture: between the importance of birth rank on the one hand, and a deep-seated belief that where you are born should not limit how far you can travel in life on the other hand. A sense of fair play drives a belief that people should be treated in some way as equals.</p>		

	V : Democratic Leadership	W : Equality	X : Open to Change
24 : Essay, UK (2) (2013)	Talking about decision-making process, participation is encouraged in private and public institutions. In private sector, employees are managed to express their opinions about firm's strategies via corporative communication tools (BBC, 2009b). In the public sector, people have several communication channels to get involved in the decision-making process. Major changes in legislation, for instance, are open to involved parties in order to gather as much information as possible. Based upon feedback, representatives amend, reject, or approve laws (BBC, 2010a).	Supervisors and employees are considered almost as equals; thus, accountability is evenly distributed. In this manner, public and private bodies can be flexible, dynamic, and resilient. An example of this distribution of power can be found in the government dependencies which are spread across the country (BBC, 2009a). Teamwork is taught since early education stages. The objective is to combine individuals' capacities in order to create a comprehensive body which can deal with a broad range of scenarios and challenges. Team sports are a clear example of the emphasis on teamwork. Team sports are part of the educational system and are intensively promoted in the UK's schools (BBC, 2008).	
Ghemawat, Pankaj; Reiche, Sbastian (2011)	Low power distance cultures such as Denmark are less comfortable with differences in organizational rank or social class and are characterized by more participation in decision-making and a frequent disregard of hierarchical level.	Low power distance cultures such as Denmark are less comfortable with differences in organizational rank or social class	In societies with low uncertainty avoidance such as Singapore there is a preference for unstructured situations and ambiguity, which favors risk taking (i.e., starting a new business), innovation and the acceptance of different views.

	V : Democratic Leadership	W : Equality	X : Open to Change
Gill, Cassandra (2017)		In low power distance countries such as Israel, Denmark, and Ireland, people value equality and seek to minimize or eliminate various kinds of social and class inequalities. They value democracy, and juniors and subordinates are free to question or challenge authority. Most low power distance cultures are also individualistic societies.	
Groschl, Stefan (2003)	<p>The reader will recall that British management structures are characterized by participation of all levels. There are, however, authors who doubt that this participation is genuine. Lane (1989), for example, summarized Millar's (1974) findings as 'British managers. .. practiced pseudo-participation in as far as consultation with workers did not influence their decision-making' (p. 1(8))</p> <p>At the same time, the structural characteristics such as delegation tend to promote a democratic management style approach</p> <p>Reasons for a democratic management style could be explained by the decision-making process in British politics which has a history of accommodating differing views.</p>		
Han, Hao (2014)		With a score of 35, Britain sits in the lower ranking of PDI - this score means that rank social estate and inequalities between people are considerably low. A society expected the establishment of formal legal equality and hope the essence of organization is rational distribution.	

	V : Democratic Leadership	W : Equality	X : Open to Change
Hofstede Insight (n.d)		<p>At 35 Britain sits in the lower rankings of PDI - i.e. a society that believes that inequalities amongst people should be minimized. Interestingly is that research shows PD index lower amongst the higher class in Britain than amongst the working classes. The PDI score at first seems incongruent with the well-established and historical British class system and its exposes one of the inherent tensions in the British culture - between the importance of birth rank on the one hand and a deep-seated belief that where you are born should not limit how far you can travel in life. A sense of fair play drives a belief that people should be treated in some way as equals.</p>	<p>At 35 the UK has a low score on Uncertainty Avoidance which means that as a nation they are quite happy to wake up not knowing what the day brings and they are happy to ‘make it up as they go along’ changing plans as new information comes to light. As a low UAI country the British are comfortable in ambiguous situations - the term ‘muddling through’ is a very British way of expressing this. There are generally not too many rules in British society, but those that are there are adhered to (the most famous of which of course the British love of queuing which has also to do with the values of fair play). In work terms this results in planning that is not detail oriented - the end goal will be clear (due to high MAS) but the detail of how we get there will be light and the actual process fluid and flexible to emerging and changing environment. Planning horizons will also be shorter. Most importantly the combination of a highly Individualist and curious nation is a high level of creativity and strong need for innovation. What is different is attractive! This emerges throughout the society in both its humor, heavy consumerism for new and innovative products and the fast highly creative industries it thrives in - advertising, marketing, financial engineering.</p>

	V : Democratic Leadership	W : Equality	X : Open to Change
Hu, Bo; Cai, Liping A.; Kavanaugh, Raphael R.K (2001)	Zo In societies with low power distance, such as in Britain, superiors and subordinates are apt to regard one another as equals in power, resulting in decentralized decision-making based on joint goals. "Employees are more likely to prefer a consultative and participative leadership style.		
Meshksar, Sahar (2012)		Similarly, lower power distance is decentralized and power is distributed equally. In small power distance countries like Germany and United Kingdom there is flatter organization pyramids, less power centralization, and smaller proportion of supervisory personnel, smaller wage differentials and high qualification of lower strata comparing with the situation in a large power distance country such as Belgium and France.	The United Kingdom low ranking with score 35 indicates a society that has fewer rules and does not attempt to control all outcomes and results. It also has a greater level of tolerance for a variety of ideas, thoughts, and beliefs

	Y : Risk Taker
Compare the business culture of the UK with that of Japan. (n.d)	The British have lower uncertainty avoidance, implying that they are more likely to take risks. This may be linked to their individualist manner, as they perhaps do not have to consider the resulting effects on other people to the same extent as the Japanese. An individualistic culture also has fewer social rules to follow and thus fewer to break.
De Waal, Andre A.; Selvarajah, Christopher; Meyer, Denny (2015)	On the contrary the British score low on uncertainty avoidance, which means that as a nation they are quite happy to wake up not knowing what the day brings thus happy to 'make it up as they go along,' changing plans as new information comes to light. They are comfortable in ambiguous situations, and there are, generally, not too many rules in the British society (but those that are there are adhered to). In work terms, this results in planning that is not detail oriented. The end goal will be clear (due to high masculinity) but there is not much detail on how to get there, and the actual process will be flexible in order to deal with the emerging and changing environment. Planning horizons will also be shorter.
Essay, UK (2) (2013)	Another of their characteristics is the change and risk acceptance. UK's people face the change and propose options to change their current scenarios with the implied risks. An interesting feature is that they need and expect a structure or framework in order to identify their field of action. Plans, then, should be clear and concise about expectations and parameters.
Gill, Cassandra (2017)	In low uncertainty avoidance cultures, such as China, Jamaica, and the United Kingdom, people are more comfortable with unstructured situations. Uncertainty and ambiguity are considered natural and necessary. They value creativity and individual choice, and are free to take risks.
Hu, Bo; Cai, Liping A.; Kavanaugh, Raphael R.K (2001)	In countries with lower levels of uncertainty avoidance, such as in Britain, people have less fear for taking risks. People are more tolerant of protests, disagreements, and competition. There is high job mobility but less loyalty to employers."
IOR Global Services (n.d)	Comfortable with ambiguous situations; risk-taking is encouraged