

# Cultural Influences on the Establishment of Surrendered B/L as a Trade Custom

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## Abstract

In Asian countries, Surrendered B/L is used instead of Sea Waybill, as a non-negotiable document for maritime transport. Surrendered B/L is a business practice in which the carrier collects Bill of Lading from the shipper at the loading port of the goods, and the consignee receives the goods at the discharging port without having to present Bill of Lading. Despite being a business practice that is not indicated by any written law such as treaties and domestic legislations, Surrendered B/L is used in businesses in Asia.

Then, why many businesses in Asia involve this document? In other words, why are different types of non-negotiable documents used in businesses that take place in different areas? This has not been discussed enough in previous studies.

Therefore, in this research, the author explains how national cultures affect the diffusion and stabilization of a certain business practice, and from this point of view, discusses why businesses conducted in different areas involve different types of transport documents. Specifically, the author uses the idea of communication style (Hall, 1976) and individualism-collectivism scale (Hofstede et.al, 1980, 1991).

## I Introduction

In Asian countries, a Surrendered B/L is used instead of a Sea Waybill as a non-negotiable document for maritime transport<sup>1</sup> (Goda, 2006 ; Kim, 2008 ; Huruta, 2009 ; Sou, 2009 ; Naganuma, 2009, 2015 b ; Ishihara and Goda, 2010 ; Hujita, 2010 ; Tozuka, 2011 ;

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1 This paper focuses on maritime transport documents among all types of transport documents. This is because the sea surrounds Japan, and maritime transport is vital for the nation's international transport. For example, the rate of marine transport in 2014 was 76% in value terms (Trade Statistics of Japan Ministry of Finance (<http://www.customs.go.jp/toukei/srch/index.htm>, December 2015). Although Air Waybills are used in air transports, those are non-negotiable transport documents. This makes it difficult to observe dynamic changes that are influenced by changes in systems or innovations related to international transactions. Therefore, when the term "transport document" is used in this paper, it refers to "Sea Waybill".

Nishiguti, 2014). The use of a Surrendered B/L is a business practice in which a transporter collects a Bill of Lading from a consigner at the loading port of goods, and a consignee receives the goods at the discharging port without having to present the Bill of Lading (Naganuma, 2015).

Despite being a business practice that is not indicated by any written laws such as treaties and domestic legislations, Surrendered B/Ls are used in businesses in Asia. Meanwhile in North America and Europe, Sea Waybills are used as nonnegotiable transport document (Tetley, 1983 ; Todd, 1987 ; Niibori, 1991 ; Grönfors, 1991). Unlike Surrendered B/L, Sea Waybill is stipulated by an international rule (CMI Uniform Rules for Sea Waybills) and international treaty (United Nations Convention on Contracts for the International Carriage of Goods Wholly or Partly by Sea).<sup>2</sup>

Then, why do many business transactions in Asia involve this document? In other words, why are different types of non-negotiable documents used in businesses that take place in different areas of the world? This has not been discussed enough in previous studies.

Therefore, in this research, the author explains how national cultures affect the diffusion and stabilization of a certain business practice, and from this point of view, discusses why businesses conducted in different areas involve different types of transport documents. Specifically, the author uses the idea of communication style (Hall, 1976) and individualism-collectivism scale (Hofstede et.al, 1980, 1991).

## II The Definition of Surrendered B/L and its Functional Category

### 1. Defining Surrendered B/L

Unlike Bill of Lading and Sea Waybill, Surrendered B/L (Surrendered Bill of Lading) is not supported by a written law such as international treaties or domestic legislations. This is a commonly-used business practice in Asia.<sup>3</sup> Therefore, this chapter aims to clarify what

2 This treaty was adopted by the United Nations General Assembly in December 2008. As of January 2016, the treaty is still pending.

3 There are cases on the use of Surrendered B/L in transactions. For example, the oldest court decision was handed down by Tokyo District Court on March 26, 2007. The appeal court decision was handed down by Tokyo District Court on August 27, 2007 (See Furuta, Shinichi (2012), Butsuryu Kankeihou Hanrei no Syuyojiko Tkiyo, (Summary of the Court Rulings on International Logistic Services from 1998.) ([http://www.rku.ac.jp/distribution/doc/distribution05\\_07.pdf](http://www.rku.ac.jp/distribution/doc/distribution05_07.pdf)) pp.49-50) Also, see Otsuka, Akira (2012), Motochi Kaishu B/L Rimien Yakkan no Chusai Joku, *Maritime Law Review*, Vol.217, pp.2-8. The latest court decision was handed down by Tokyo District Court on December 13, 2011 (LEX/DB Internet (TKC Houritsu Joho Data Besu (TKC Legal Information Database). These cases confirm that Surrendered B/Ls do exist in international business transactions.

4 Although the use of Surrendered B/L is common in business, caution is advised because there is no unified ↗

Surrendered B/L is by reviewing legal cases, definition proposed by researchers, and business rules.

(1) Definition Shown in Tokyo District Court Judgment (March 26, 2008)

Generally, the surrendering of Bill of Lading is a practice under the situation where the distance of maritime transport is short, and the cargo may arrive at the port of discharge before the Bill of Lading does, causing a delay for the consignee to receive the goods. To avoid this problem, the Bill of Lading will be collected at the port of loading beforehand. If the Bill of Lading is surrendered, the consignee does not need to present the original Bill of Lading. The consignee can receive the goods immediately by proving that he is the receiver indicated on the Bill of Lading.

(2) Definition Shown in Tokyo District Court Judgment (December 13, 2011)

Surrendering is a business practice to avoid the delay of a cargo reception by the consignee in case the transported goods arrive earlier than Bill of Lading at the port of discharge. The consigner requests the carrier to collect the Bill of Lading at the port of loading. The Bill of Lading collected by the carrier would be stamped "SURRENDERED", followed by the consigner signing the back of the document for confirmation, and the copy of the Bill of Lading will be issued to the consigner. After this process, the consignee can receive the cargo with just an ID check, without having to present the original Bill of Lading.

(3) Definition by Goda (2006)

It is a practice in which a consigner that was issued Bill of Lading presents the endorsed document to a transporter at the loading port, before the goods reach the discharging port, and the transporter collects Bill of Lading.

(4) Definition by Furuta (2009)

After a normal B/L is issued, all the original B/L will be stamped "SURRENDERED" upon the consigner's request to surrender. Generally, the consigner will endorse the document as a confirmation. The original B/L will be presented to (collected by) the shipping company, and the consigner receives the copy of "FIRST ORIGINAL" as proof. The moment the shipping

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↘ international rule to it, which could cause problems. For example, it is not recognized in Incoterms or UCP 600, so it is not suitable to be used in payments using documentary bills. Other problems pointed out are follows: (1) It makes the identification of consignees vague when they receive goods, (2) It forfeits the right to claim goods by original B/L, and (3) when B/L is surrendered, goods could be handed to consignees even if they become bankrupt before the payment, because the right of disposition of cargo is forfeited by a consigner, (4) general terms and conditions that were not sent out can take effect (Tokyo High Court Decision, August 27th, 2007)) (5) disputes can arise from the way procedure is handled (Tokyo District Court Decision, December 13, 2010)

company collects the original B/L, the function of the document ceases to exist. It is not about issuing a type of B/L called "Surrendered B/L". In this case, shipping companies at the loading port and discharging port exchange fax messages or emails, and make the presentation of securities unnecessary upon the delivery of goods. Some companies have an item called Telex Release in their fee structure. There will be no delivery and receipt of the original B/L between the consigner and consignee. The shipping company's carrier liability, delivery obligation to the consignee of the cargo, and the consignee's claim of delivery, that were clarified in the original B/L, will still stand. Therefore the consignee can receive the goods without B/L.

(5) Definition by Ishihara and Goda (2010)

Surrendering a B/L involves the following step. First, a consigner endorses all the original B/Ls (usually three) issued at the loading port. Next, the consigner returns the original B/Ls to the shipping company at the loading port. Then, the carrier (shipping companies, NVOCC) gives a copy of the B/L with either "Surrendered" or "Accomplished" sign to the consigner. Finally, the carrier tells their agency at the delivery port about the surrendered original B/L, allowing the goods to be delivered at the delivery port without the presentation of the original B/L. The surrendered B/L is based on the following simple idea : if all the original B/Ls are collected at the loading port, no one would show up with the original documents later, thus causing no problems. This method is widely used in transactions that does not involve banks (such as remittance settlement or no exchange settlement) regardless of the shipping route.

(6) Definition by Fujita (2010)

People doing business have invented a way that makes it possible for a consignee to receive the goods without presenting the B/L. The process is as follows : (1) A transporter (shipping company) collects an issued B/L at a loading port. (2) The transporter informs the collection of all B/Ls to a shipping agency at a discharging port.

This method is a new way of using a B/L in order to avoid the B/L crisis.

(7) Definition by Mikura (2012)

Usually, three original B/Ls will be issued at a loading port. A consignee who received the issued B/L from a transporter endorses one (or all) the document(s) and gives it (them) to the issuer (transporter). The issuer will then return the document after stamping the original B/L with a stamp that says, "Surrender", "Accomplished", or "Express B/L". The issuer who received the B/L will then send a message (Ex : email) to a shipping agent at a discharging port, informing the collection of original B/L, and instructing the shipping agent to hand over goods to a consignee. When the shipping agent receives this message, they will confirm if the

consignee's information on the B/L and a person who showed up for a conveyance matches, and then hands over the goods without the B/L. In the past, business people used, which is similar to Surrendered B/L. A B/L that is stamped is known as Surrendered B/L.

(8) Definition by Nishiguchi (2014 a)

Surrendered B/L works in the following manner: a consigner that was issued a Bill of Lading presents the endorsed B/L to a transporter at the loading port before the goods reach the discharging port (the transporter collects the document). The notice of collection will then be sent to the shipping company (or their agency) at the discharging port, and the importer can receive the cargo without having the original B/L.

(9) Definition by JETRO (2012)

Japan External Trade Organization has a Q & A section on their website that explains what a Surrendered B/L is. It explains as follows: When an exporter loads the cargo on the ship at the loading port, the shipping company issues a B/L. The exporter endorses all the original B/Ls with blank endorsement, and the shipping company (or their agency) at the port of destination collects those documents.

As all the definitions presented explain, a Surrendered Bill of Lading refers to a customary practice (or a copy of original Bill of Lading) that enables a consignee to receive the goods at a discharging port without having to present a Bill of Lading, after a carrier collects the B/L from a shipper (Naganuma, 2015 b).

## 2. The Functional Classification of Surrendered B/L

The usage of surrendered B/L can be divided into three types. Type 1 is something what is perceived as a standard practice. In this case, a transporter collects a (straight) B/L from a consigner after the document's issuance. Type 2 has developed from Type 1. In this case, a (straight) B/L would be made, but not issued. Only the copy of the document would be sent to a consigner. Technically, a B/L would not be issued. In recent years, a new type of surrendered B/L that is more prompt and functional has been born (Naganuma, 2015 b). This is categorized as type 3. In type 3, a (straight) B/L would be made on a computer, but would not be issued in a printed form. Only the data (PDF format) would be sent to a consigner via email. Because there would be no printed document in Type 3, this could be regarded as a (simplified) electronic transport document.

5 JETRO Website ([http://www.jetro.go.jp/world/qa/t\\_basic/04C-070301](http://www.jetro.go.jp/world/qa/t_basic/04C-070301)), March 2013.

6 See Totuka, Takehiko (2011), Motochi Kaishuu sareta B/Ljyou no Toujisyua no Tachiba nituite, Kutsuna Kaijiho Kenkyukai (ed.), *Kokusai Torihiki Hou oyobi Kaisyou Hou no Shomondai II*, p.163.

7 It should be pointed out that this could compromise technical and systematic safeties.

### Ⅲ The Issuance of Transport Documents and Regional Differences in Usage Rates

#### 1. Situations Regarding Issuance of Transport Documents

In recent years, the issuance rate and usage rate of Sea Waybills have changed. Companies are shifting the documents from Bill of Ladings (negotiable transport securities) to Sea Waybills or Surrendered B/Ls (non-negotiable transport securities). The following figures show the usage rates of transport documents by cargo owning companies that use transport documents in their transactions. According to a survey conducted by Naganuma (2015 b), the usage rate of Sea Waybills was over 40 percent (Fig. 1). This survey also found that the usage of Surrendered B/Ls were approximately 35 percent. A study by Japanese Institute of Business Law (2013) on transport documents issued by 11 freight forwarders also shows high issuance rates of Sea Waybills (51%) and Surrendered B/Ls (39%) (Fig. 2).

Fig. 1 The Usage of Sea Waybills by 186 Companies Listed on the First and Second Section of the TSE

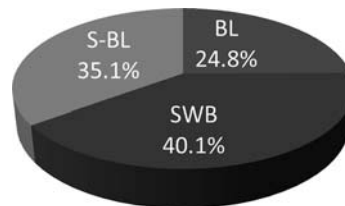
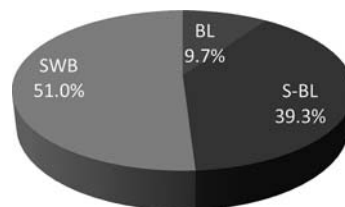


Fig. 2 The Average Rate (Subjective Estimate) of Transport Documents Issued by 11 Outward Forwarders (Created by the author based on “Unso Torihiki no Jittai ni tusite no Chousa Kenkyu Gyomu Hokokusho” (Research Report on Transport Transactions).



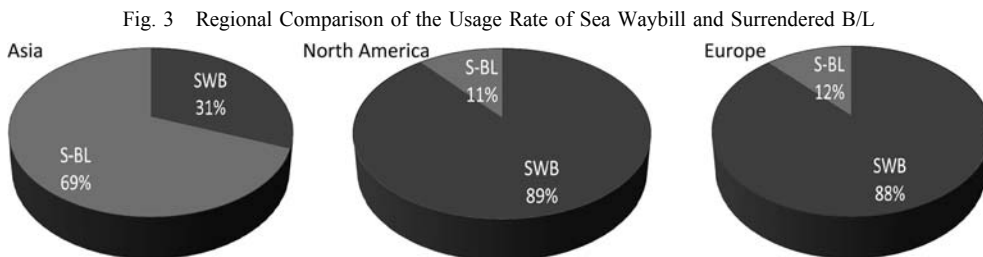
As the data clearly shows, the use of non-negotiable transport securities such as Sea Waybills and Surrendered B/Ls are increasing and becoming the main transport documents. These figures are significant considering that the diffusion rate confirmed in 1992 was only 9

8 The author chose approximately 1700 companies listed on the First and Second section of TSE, that are likely to be using transport documents. The author randomly picked 1200 companies from that list, and asked for their cooperation. Questionnaires were sent to 477 companies, and valid answers were collected from 186 companies (21 percent response rate). The survey was conducted from August to November of 2014.

<sup>9</sup>%. The fact that the Surrendered B/L, a document that is not stipulated in any written law including treaties, has been widespread merits attention.

## 2. Areal Differences in Usage Rates of Transport Documents

As numerous research shows, the use of non-negotiable transport securities are increasing in international transactions. Further analysis of this phenomenon tells us that different types of non-negotiable transport securities are more commonly used in different parts of the world. In Asia, Surrendered B/Ls are common, whereas in western countries Sea Waybills are preferred. Figure 3 shows the areal differences of usage rate of Surrendered B/L and Sea Waybills.<sup>10</sup> In Asia, transactions tend to involve more Surrendered B/L (69%) rather than Sea Waybills (31%). Transactions in North America and Europe on the other hand tend to involve more Sea Waybills (89% in North America, 88% in Europe) than Surrendered B/L (11% in North America, 12% in Europe). The regional differences in the use of Surrendered B/L are as follows : Asia (69%), North America (11%), Europe (12%).



The regional differences in non-negotiable transport securities' usage rate can also be observed in the issuance rates of transport documents by forwarders.

Fig. 4 shows the percentage of transport documents issued by a Japanese shipping company A. This is one of the companies with the highest shares in Japan's ocean liner channel. Western countries are company A's main export destination (37%), and the Sea Waybill's issuance rate is 72%, which is a very high percentage.

<sup>9</sup> See Niibori (1991) p.220.

<sup>10</sup> This is the result of an analysis of regional data of an above mentioned survey (Naganuma, 2015 b) (Valid Response : 87 Companies).

Fig. 4 The Percentages of Transport Documents Issued by Company A (Japan) and Their Main Export Destination (Based on documents provided by company A. The data reflects their transactions from January 2011 to October 2013.)

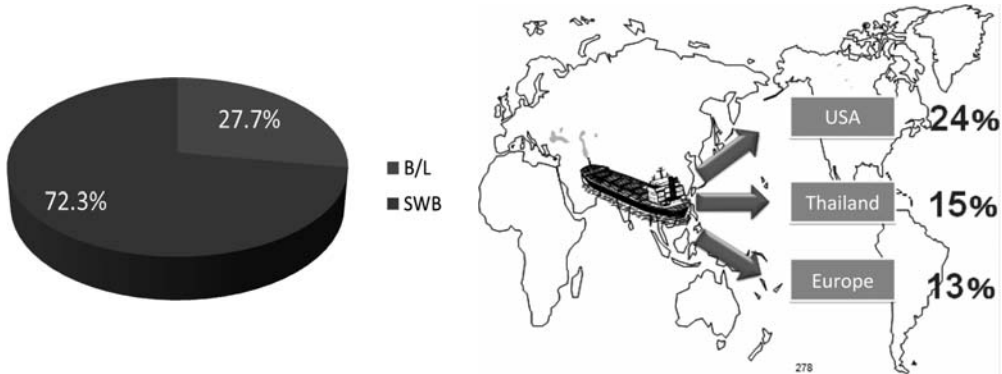


Fig. 5 shows the percentage of transport documents issued by a Chinese shipping company B. B is one of the companies that has the highest shares in Japan-China route (transport documents issued for Asian transactions are over 80%). Here, the usage rate of Surrendered B/L is higher (51.8%).

Fig. 5 Transport Documents Issued by Company B (China) and Their Main Export Destination (Based on the authors interview. The data reflects their transactions from January 2012 to December 2012.)

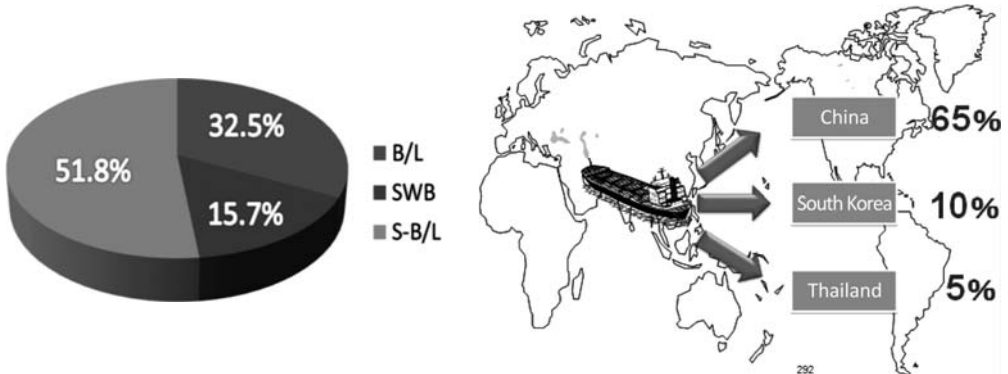


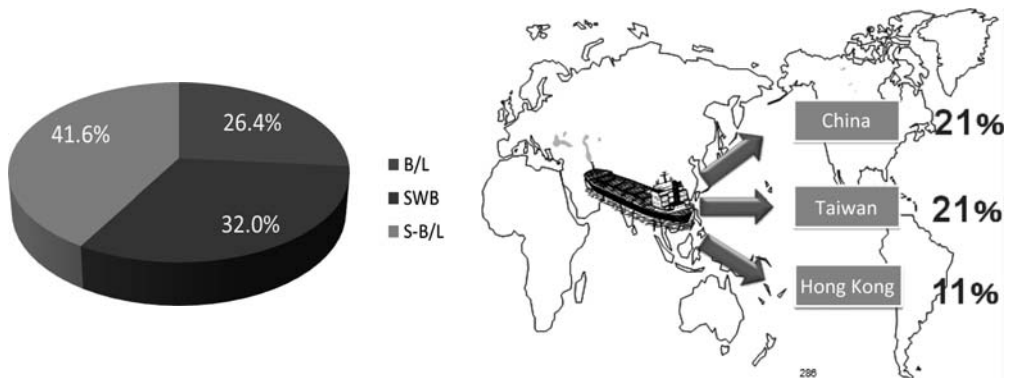
Fig. 6 shows the issuance rate of shipping company C in Taiwan, which also enjoys a high share in Japan-China route. More than 60% of their documents are issued for transactions with Asian companies. The most used document is Surrendered B/L (41.6%).

### 3. Reasons for the Prevalent Use of Non-Negotiable Transport Documents and Surrendered B/Ls

Why do we see different ways of document usage in different areas? First, let us consider the reason why non-negotiable transport documents such as Surrendered B/L and Sea Waybill became necessary in international transactions. The necessity came from the need to deal with



Fig. 6 Transport Documents Issued by Company C (Taiwan) and Their Main Export Destination (Based on the authors interview. The data reflects their transactions from April 2013 to March 2014.)



The B/L Crisis.<sup>11</sup> The B/L Crisis occurs when a shipping document is processed via banks, which is an old fashioned method. This often leads to a situation where the B/L is on route even though the ship is at the discharging port, leaving consignee unable to receive the goods (Egashira, 1988 ; Niibori, 1991 ; Grönfors, 1991).<sup>12</sup>

Second, let us consider the reasons why Surrendered B/L is used among other non-negotiable transport documents.

(1) When parties doing business want to utilize the payment assistance function of Surrendered B/L, which is a new function of the document, they will opt for this type of document. When a commercial L/C is selected as a method of payment, banks tend to avoid non-negotiable transport documents (Niibori, 1991 ; Furuta, 2007 ; Mikura, 2012). This is because a Sea Waybill has no security interest. However, cases of dealings involving Surrendered B/Ls with added function (payment assistance function) have been observed in recent years. In some cases, companies select Surrendered B/L over Sea Waybill in order to utilize this new function. Furthermore, there are cases in which shipping companies request to use Surrendered B/L to avoid risks pertaining to delivery (Naganuma, 2013, 2015 b).

Many shipping companies use Sea Waybills that accept CMI Uniform Rules for Sea Waybills. Article 7 stipulates the responsibility and obligation of shipping companies upon delivery of goods. When asked for the use of a Sea Waybill instead of a Surrendered B/L, some shipping companies request a signed promise, which shows that the cargo owner holds the responsibility of delivery, or an authorization letter in order to avoid misrelease of a cargo.

11 The Crisis of Bill of Lading is also called "The Fast Ship Problem" Todd, P., (1987) *Cases and Materials on Bills of Lading*, p.334.

12 This phenomenon is caused by faster arrivals of ships transporting goods to destination ports, due to speedier and efficient international transactions, as well as the increase in businesses in Asian nations. (Naganuma, 2015 b).

This means that shipping companies are using Surrendered B/Ls to escape from responsibilities and obligations pertaining to delivery. There are also discussions that laws and rules of countries are influencing the use of Surrendered B/Ls. For example, some have argued that a Chinese law (Article 71 of the Maritime Code of P. R. China, 1993) and stipulation (Article 2 of the Supreme People's Court Stipulation, March 5<sup>th</sup>, 2009) have influenced the use and establishment of surrendered B/L (Nishiguchi, 2014). They explain that because the law and clause prohibit transporters from giving a cargo to those who do not possess a B/L, an idea that can be described as Surrendered B/L-centrism was born.<sup>13</sup> Lastly, some say that the business practice of using Surrendered B/L has hindered the diffusion of Sea Waybill. For example, Naganuma (2011, 2013) points out that a long-lasting business custom has influenced the choice of transport documents. Niibori (1998) also explains that the reason for the high usage rate of B/L including Surrendered B/L is because humans tend to be reluctant when it comes to change what is practiced from the past. Lord Lloyd, one of the drafters of CMI Uniform Rules for Sea Waybills also laments "But old habits die hard".<sup>14</sup>

However, reasons mentioned above are not enough to explain why different types of non-negotiable transport documents are used in different regions (Asia, North America and Europe). Why does a Surrendered B/L remain so popular in certain areas or nations? The author argues that cultural factors play an important role. The author will discuss how cultural factors might influence the popularity of Surrendered B/L in the next chapter, by using concepts of Communication Style (Hall, 1976) and Individualism Index (Hofstede et.al., 1995, 2013).

#### IV Cultural Factors that Influence the Diffusion of Non-Negotiable Transport Documents in Different Region

##### 1. Culture and "National Culture"

Numerous studies show various definitions of the term "culture". For example, Tylor (1871)

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13 In Asia, legal systems pertaining to transport documents are not unified. In Japan, even when a registered form is used, if the form does not state the banning of an endorsement, it can be handed over after endorsement (Articles 776 and 574 of Commercial Law, Article 10 of International Carriage of Goods by Sea Act. A similar stipulation can be seen in Korean law. In the meantime, China has a different rule. In China, Straight B/Ls are not to be handed over by endorsements (same as in Britain and the U.S.) (Article 79, Section 1 of Maritime Law). Therefore, it is difficult to explain regional differences of how non-negotiable transport documents are used based on nations' legal systems.

14 Lloyd, A. (1989), The bill of lading : do we really need it?, Lloyd's Maritime and Commercial Law Quarterly, part I (February), p.50. Economists are also taking interests in how rules and customs are formed (Sugden, R. (1986), The Economics of Rights, Co-operation and Welfare, Blackwell).

explains culture as “. . . that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society.” Herskovits (1955) viewed culture as the human-made part of the environment. Kluchhon and Kelly (1945) defined it as “By culture we mean all those historically created designs for living, explicit and implicit, rational, irrational, and nonrational, which exist at any given time as potential guides for the behavior of men.” Downs (1971) says that culture is a mental map which guides us in our relations to our surroundings and to others. Hofstede (2010) provides both narrow and broad definition for the term culture. In a narrow sense ‘culture’ commonly means ‘civilization’ or ‘refinement of the mind’ and in particular the results of such refinement, like education, art, and literature. In a broad sense, it means a pattern of how people think, feel, and behave (Ex : greetings, cuisine, expression of emotions). In this study the concept of culture refers to the “broader culture”.

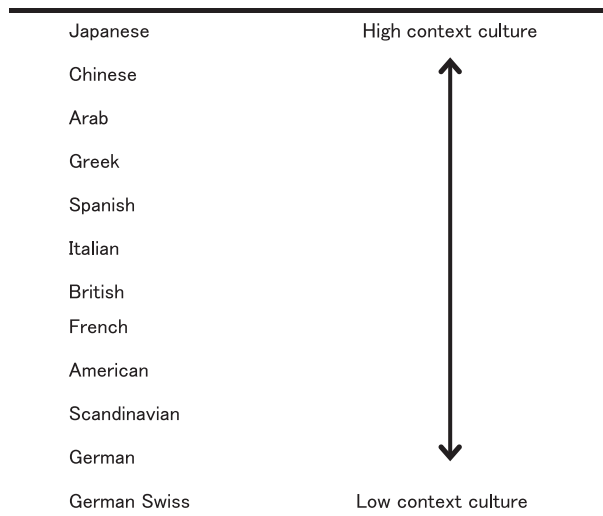
In studies on international companies, the concept of culture is categorized into national level and organizational level. According to Hofstede (2010), a national culture is learned early, held deeply, and change slowly over the course of generations. On the other hand, organizational culture is learned as a common practice through work process. Magoshi (2000) explains that differences in national cultures are seen in fundamental values, whereas differences in organizational cultures are seen in how things are conducted. There is also a similar concept to organizational culture, which is called “corporate culture” (Pettigrew, 1979 ; Deal and Kennedy, 1982, Kagono, 1982 ; Schein, 1985). A common idea that various definitions of the term have is that a corporate culture is a value, belief and code of conduct shared among workers that belong to the same company (Ono, 2013). The difference between a corporate culture and an organizational culture is that the former is about a private sector, and the latter is about all types of organizations (private sector, public sector, government agencies, and non-profit organizations) (Schein, 1999, 2010). It has been pointed out that there is a strong connection between a national culture and corporate culture (Kitai & Deguchi, 2003 ; Meier, 2004). However, they are basically understood as different things (Ono, 2013). The goal of this paper is to investigate the cause of national or regional differences in choices of transport documents. Therefore, the focus would be on a national culture (national trait).

## 2. Cultural Factors that Influence the Establishment of Business Customs (“Communication Style” and “Individualism and Collectivism”)

One of the ways to categorize a national culture is to see whether the nation has a high-context or low-context culture (Hall, 1976 ; Ferraro, 1990). In a high-context culture, people

communicate by using less words than people living in a low-context society. This is because a lot of information is embedded in a physical environment or internalized in people. On the other hand, people in low-context culture must clearly state a lot of information. Figure 7 shows comparisons of different countries' cultural contexts. As the figure explains, Asian nations have high-context cultures, whereas western countries have low-context cultures.

Fig. 7 Different Cultural Contexts (Based on Ferraro, G. P., *The Cultural Dimension of International Business*, 1990)



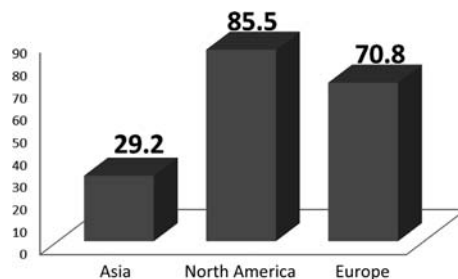
Hofstede (1980) used statistically analyzed different nations' work cultures. He initially identified four dimensions that could distinguish one culture from another (Power distance, Individualism vs. Collectivism, Masculinity vs. Femininity, Uncertainty avoidance). Later, he added the fifth dimension (Long term orientation vs. Short term orientation) (Hofstede, 1991). In addition, new model that categorize national cultures through seven dimensions (Universalism vs. Particularism, Individualism vs. collectivism, Neutral vs. emotional, Specific vs. diffuse, Achievement vs. ascription, Sequential vs. synchronic, Internal vs. external control) have been proposed (Trompenaars, 1994 ; Trompenaars and Hampden, 1997, 2012). Among these dimensions, this study focuses on Individualism vs. Collectivism Index. Studies on cultural differences maintain that this value dimension is particularly significant (Kim et al., 1994 ; Wiseman et al., 2009).

Then, what are individualistic society, and collectivistic society? An individualistic society prioritizes personal interests over a group's interests. In many collectivistic societies, extended families form a base, whereas individualistic societies tend to focus on nuclear families (Hofstede, 1991). In an individualistic society, group goals are placed under personal goals. A

sense of independence tends to be strong, but interest to others is low (Gudykunst and Kim, 1991). Countries in Asia, Middle East, and Latin America have individualistic societies. A collectivistic society on the other hand is group oriented. Interests of a group take precedence over personal interest. In this type of society, people belong to “in groups” that take care of them in exchange for loyalty (Hofstede, 1991). A group’s interests in prioritized over individual interests, and people value harmony, interdependence highly. Interest to others is strong (Gudykunst and Kim, 1991). Countries in Europe and North America have individualistic societies.

By using Hofstede’s Individualism vs. Collectivism Index (1991), the author confirmed the regional differences (Asia, North America, Europe) and the validity of the categorization. The mean value of each region is as follows (the more individualistic the area is, the higher the figure becomes): Asia (29.2), North America (85.5), Europe (70.8) (Fig. 8). The figure of Asia (Collectivist Society) is low, and the figures of North America and Europe (Individualist Societies) are high. This outcome is in accord with this study. The author also confirmed dispersions of respective regional figures. Standard deviations are as follows: Asia (10.4), North America (2.5), Europe (8.7). Coefficient of Variations are as follows: Asia (0.4), North America (0.02), Europe (0.12) (Table 1). Note that the dispersion of the regional figure of Asia is big.<sup>15</sup>

Fig. 8 Average Value of Individualism Index in Each Region (Based on Hofstede, G., Hofstede, G. J. and Minkov, M., *Cultures and Organizations: Software of the Mind*, 3rd ed., 1995)



It has been pointed out that the above-mentioned cultural factors (Communication Style and Individualism vs. Collectivism Index) are linked (Gudykunst and Ting-Toomey, 1988; Wiseman et.al, 2009). Namely, in individualistic society, communication tends to be low context. On the other hand, communication styles in collectivistic societies tend to be high

<sup>15</sup> In Asia, Coefficient of Variation 20 times larger than that of North America’s. This calls for more detailed examination of this categorization. There are criticisms against Hofstede’s model of national cultures (McSweeney, 2002; Takahashi, 2003). But it is widely utilized by many researchers to point out the importance of national and organizational cultures.

Table 1 Figures of Individualism Index in Each Region (Based on Hofstede, G., Hofstede, G. J. and Minkov, M., *Cultures and Organizations : Software of the Mind*, 3rd ed., 1995)

Asia		North America		Europe	
Countries/Regions	Score	Countries/Regions	Score	Countries/Regions	Score
<i>China</i>	20.0	<i>United States</i>	91.0	<i>Germany</i>	67.0
<i>Japan</i>	46.0	<i>Canada total</i>	80.0	<i>Great Britain</i>	89.0
<i>India</i>	48.0			<i>France</i>	71.0
<i>South Korea</i>	18.0			<i>Italy</i>	76.0
<i>Indonesia</i>	14.0			<i>Spain</i>	51.0
Total	146.0	Total	171.0	Total	354.0
Ave	29.2	Ave	85.5	Ave	70.8
Var	107.7	Var	6.1	Var	76.5
SD	10.4	SD	2.5	SD	8.7
CV	0.4	CV	0.02	CV	0.1

context. Also, when communicating with others, people in low context and individualistic culture tend to be direct, whereas people in high context and collectivistic culture tend to be indirect (Gudykunst and Ting-Toomey, 1988).

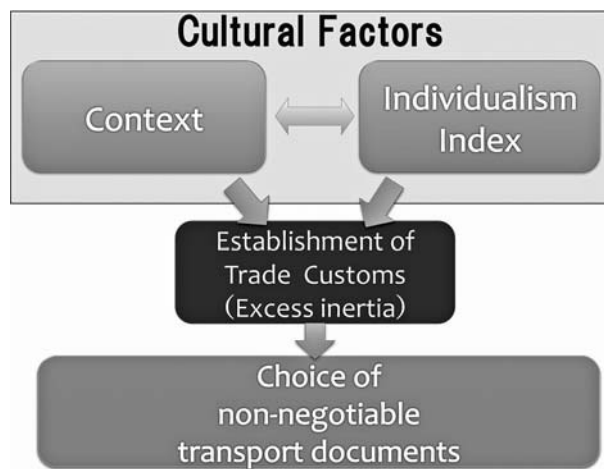
From the above studies, it could be argued that people in a high context and collectivistic culture (Ex : Asian and Middle Eastern countries) can understand each other without clearly stating something. To put it differently, those can be regarded as cultures where people can believe something intangible. For example, studies on corporate relationship formations in Japan have shown that concepts such as Relational Trust (Anderson and Narus, 1990 ; Sako, 1991) and Long Term Orientation (Dyer and Chu, 2000 ; Khurram et al.) are important. In Japan, people are always aware about what a group wants, and are required to know what other people wants. To feel comfortable in this kind of environment, skills such as paying attention to the surroundings and reading people become essential. These skills create a foundation of a society where people are able to understand each other without articulating something clearly. Having this kind of culture can foster an establishment and usage of unwritten business customs such as Surrendered B/L. This could be the reason why the use of Surrendered B/Ls are so prevalent in Asia.

On the other hand, it is well known that in low context and individualistic countries such as the U.S., people are not able to understand each other unless they state everything clearly. In this kind of culture, the diffusion of an unwritten business practice seems unlikely to happen. Also, in an individualistic society, a group does not take precedence over an individual. In this kind of society, people must articulate their thoughts to others in ordered to get the message across. In this type of culture, unwritten business practices such as Surrendered B/L are not

likely to be chosen, and methods that are stipulated in written laws such as Sea Waybills are chosen as favorable methods of doing business.

From the discussions above, the author argues that cultural factors can influence the establishment of business practices used in international transactions. Moreover, how strong business practices are established will influence choices of non-negotiable transport documents (Fig. 9). As a result, Surrendered B/Ls are used in Asia where cultures are high-context and collectivistic, and Sea waybills are used in North America and Europe where cultures are low-context and individualistic.

Fig. 9 Cultural Factors



## V Conclusion and Future Research

Surrendered B/Ls (Non-negotiable transport document) are widely and heavily used in transactions with Asian countries such as Japan. Although this transport document is not stipulated in laws or international treaties, the use of the document is an established trade custom in Asia. On the other hand in the west (North America and Europe), a popular non-negotiable transport document is Sea Waybill, which is stipulated in international rules and treaties. Though reviewing previous research on transport documents and using concepts of cultural studies, this paper presented an idea that cultural factors could have influenced how documents are used in different parts of the world. Specifically, in Asia (High Context / Collectivism), people tend to be more comfortable about trade customs that are unwritten, thus the high usage rate of Surrendered B/L. On the other hand, in North America and Europe (Low Context / Individualism), people favor written rules, thus the tendency to choose Sea

## Waybill.

There are two things to be considered in future research. One is to verify that cultural factors are in fact the major reason for the use of different types of non-negotiable transport documents in different regions. This will be researched thorough survey using questionnaires. In order to make the study more accurate, the areas to be researched should be subdivided, since Asia, North America and Europe are too broad. The other task is to create a model that explains how companies choose transport documents used in transactions. This should be possible through clarifying the factors influencing the use of different types of documents, and also factoring in the use of B/L (negotiable transport document).

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