

JAPAN BUSINESS CULTURE REPORT

This report is designed to support and complement existing cultural information available through the UKTI posts in Japan (see www.rln-east.com/culture). It adds value in that it provides evidence and information from discussions and interviews with those 'out there in the field' with regard to Japanese business culture. Its primary purpose is to help better prepare UK businesses for approaching the Japanese market for the first time.



2007.

The information contained in this report is based on a number of sources, including the three UKTI Japan culture workshops in Sep 2006 and Feb & Oct 2007 in Histon, discussions with both English and Japanese businesses and business support agencies in Japan, information from UKTI culture sheets and pod cast, UKTI Japan's 'Information for Business Visitors', and a visit by project staff to Japan in September

The report focuses solely on Japanese language and business culture, and has been written in an informal style to reflect the comments made by those we met. To provide a range of views and establish consistency, we have cross-referenced comments from a number of sources as identified above. Much of the report focusses on the business culture of Tokyo and Osaka. As a first port of call we would recommend the UKTI posts in the cities of Tokyo and Osaka.

Although the report focusses on answers to specific questions posed by clients, it is important to emphasise the similarities between Japanese and British business culture, as the report may otherwise seem somewhat intimidating! These similarities include a general penchant for fairness and politeness, a focus on relationship-building, a desire for longer-term partnership, and an overall tolerance towards the British and willingness to help the overcome cultural differences. Careful planning, attention to detail, unprecedented efficiency, and involvement of colleagues at all levels within an organisation are Japanese traits which are attractive to the UK contact.



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The report addresses 6 main questions. These questions are those raised by UKTI clients we have talked to:

1. What are the initial impressions companies have of Japan when they first visit?
2. How do you know whether a meeting is going well, and what negotiating styles are used? Sometimes I am not getting straight answers to my questions. Am I making myself understood clearly?
3. I have not heard from my potential contact for some time. Does that mean I have been unsuccessful?
4. How would Japanese clients react to me as a female supplier?
5. What about the language?
6. What about the intricacies or formalities of greeting and social graces?

1. What are the initial impressions companies have of Japan when they first visit?

At a UKTI Japanese business culture workshop held in Histon in Cambridgeshire on both 8 September 2006 and 2 February 2007 clients were asked for their first impressions of visiting and doing business in Japan. Initial reactions included these following comments.

There is a very precise and thorough business culture, couple with an emphasis on quality in everything they saw. Tremendous care is taken with all aspects of doing business, and there is cleanliness and order wherever they went. There is a highly respectful and traditional culture, and excellent & healthy food. There was also common consensus that it appeared difficult to gauge reactions in meetings & negotiations.



An opening statement, and theme throughout the workshop, was that Japanese business culture is embedded in the traditions of Japanese history, and these traditions manifest themselves in various forms during your business relationship. Family history as well as national history is considered important.

The foreign languages most used appear to be (in order) English, Chinese and Korean, and this is reflected in public signposting and company documentation that we saw. The British are generally respected in Japan.

2. *How do you know whether a meeting is going well, and what negotiating styles are used? Sometimes I am not getting straight answers to my questions. Am I making myself understood clearly?*



On many occasions some of the decisions which you would expect to be made during a meeting would in fact have already been discussed and made in advance, and the meeting may be more of a formality. It therefore makes good business sense to do as much preparatory work in advance and ensure regular correspondence with potential meeting partners prior to the negotiation or presentation so that you can gauge initial reactions. It would also be good if your contact in Japan could exchange some preliminary dialogue to elicit likely reactions to what you have to propose. This is a well-known process called "nemawashi" or "going round the roots." Japanese like to place emphasis on harmony. You may therefore not receive direct answers to direct questions.

It is also useful to have a Japanese colleague or contact with you, as (s)he will usually be able to follow the subtleties of the meeting and gauge visual reactions better than a UK guest. (S)he could also prompt you as to where you are going wrong and where there are particular strengths you could emphasise. In many cases you will need to be prepared to factor in the time and cost of a follow-up meeting.

A good sign is when you are invited to a second meeting, which is common practice where they have liked what they have heard. Do not be put off by this, rather treat it as a measure of success. If you are not invited for a second meeting and do not receive immediate positive feedback, then this is sometimes a sign that you offer needs more thought and discussion. A first meeting may be simply to build an initial understanding of each other without dealing directly with the business in hand. An interpreter may also be able to pick up on subtleties of communication.



Your host or client will often not be willing to state personal opinions in front of colleagues, particularly senior colleagues, so beware of asking questions which are too direct and may cause embarrassment. The presence of your Japanese agent or local contact will boost your credibility and enable your

Japanese hosts or potential clients to be more at ease. The presence of this 'insider' will also help with language issues.

Equally, a client may want to obtain a consensus from colleagues on what you are proposing, and this consensus may require separate internal discussions which take time. Although on the whole senior or older staff in a Japanese company have a greater decision-making role, on occasion a more junior member of staff may have more 'power' due to their specialist knowledge or experience, and you will need to allow time for these internal relationships to work their course.



Other useful tips are (1) to send your Japanese contact a summary of any notes of your presentation in advance as well as a summary of the team's competencies so that (s)he may have a chance to read through them and discuss internally (b) add Japanese annotation and (c) use the evening drinks session to reinforce any ideas or proposals!



The Japanese believe that everyone who is involved needs to be at meetings so these tend to be quite large. The most senior person may say little or nothing, leaving the presentation and discussion to a junior member. To learn who is most the senior, watch who is served tea first! Seniority of seating is normal with the most senior furthest from the door. The Japanese are comfortable with periods of silence for reflection, If they fall silent, resist the urge to burst into speech. The Japanese also appreciate restraint in gesture, in dress and in tone of voice.

The Japanese seem to be comfortable with paradox, and if you accept that sometimes logic does not always follow to a finite conclusion you will find it easier to do business in Japan.

3. I have not heard from my potential Japanese client for some time. Does that mean I have been unsuccessful?

There is a clear hierarchical system in Japan, so do not be surprised if your proposal needs to work its way through several layers of management and internal consultation. This could at times take up to a month, and lengthy periods of decision-making are again common in business practice. Once a decision has been made, however, expect the implementation to be thorough and precise.

Relationships are very important in Japanese business, and do not underestimate the importance of the social activities taking place after work (eating, drinking, general socialising). It may take a long time for you to build good relations, and this cannot be done remotely from the UK. The Japanese like to know what you as a person are like before they do business with you. It is during these activities that your Japanese client may be 'testing' you to get a feel for what type of person you are and whether (s)he feels (s)he can do business with you. Take the time to invest in these relationships, which may take months (if not longer) to come to fruition.

Japan is a network society, bound by rules and standards of behaviour. Conformity is expected and a Japanese proverb explains that 'a nail which sticks up must be hammered down.' 'He is a team player' is a highly paid compliment. Japan is a collective society hence Japanese people tend to do things together, this is especially the case in decision making, which is a time-consuming collective process called '*nemawashi*'. This process can be challenging to foreigners but when the Japanese are ready, things can move very fast.



Personal dignity, or *face*, is very important to the Japanese, so they work hard to save *face*, to give other's *face* and to avoid others losing *face*. It is therefore an indirect culture and you always need to read between the lines. A Japanese business person may not wish to offend by giving a negative response to your proposal, therefore be prepared for such as response to be clouded in general terms or delaying tactics.



The Japanese are generally hungry for information which they then need to absorb and consider, therefore feedback may not come immediately. Equally, Japanese colleagues may need to discuss the issues under consideration to verify that they have mutually understood what is on offer. If you are asked the same question more than once, this may be because your Japanese contacts need to be sure that they have

understood all the information you are presenting so that they can report to superiors.

The Japanese like to get to know business partners over a period of time. Expect many meetings in which no business is discussed but in which your prospective partners get the feel of you. When the Japanese make agreements, it is for long term. Human interaction on a regular basis is important for building relationships and can help overcome or avoid miscommunication.

With some products (such as household electronics) globalization is having an effect on colour schemes, for instance, where previously popular colours (red in China, gold in the Middle East) are being replaced by standard black or grey units.

4. *How would Japanese clients react to me as a female supplier?*

They will treat you differently than they would a female Japanese business contact as they know you are from overseas. There are also several Japanese companies where senior staff are female, and the Japanese are having to adjust to this trend. We would still recommend, however, that you make sure your job title in Japanese adequately communicates your seniority. Many Japanese SMEs are still dominated by male senior staff.

In some Japanese companies where a Japanese female member of staff may be more senior than her male colleagues, English is sometimes used to avoid the use of 'female' Japanese language to male junior colleagues, as this 'female' language is usually reserved as deferential to Japanese men. It is best to wear skirts which fall below rather than above knee level, if this is the chosen attire. Many business women also wear trouser suits these days

5. *What about the language?*

At first sight written Japanese is complex and daunting, as it can consist of three different alphabets all mixed together. **Hiragana** is phonetic and is used as the 'traditional' Japanese alphabet, and in crude terms appears to be a series of upright 'shoelace' characters (eg: