

Japan: Doing Business in a Unique Culture

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INTRODUCTION

Japan still clings to many feudal values

The nation is closer to feudal values than most developed countries. It has begun the process of moving towards values more appropriate to a modern nation but there is still a way to go.

One feudal value is that women are granted low status in the masculine-dominated society. Even here there has been some change - over half of all women now go out to work and some women are successfully carving out career paths.

A second example of the persistence of old values is the principle of a job for life, in the large companies with famous names. Until recently, in a major Japanese company, the relationship between the worker and his company was close and involved mutual loyalties, not unlike that of a marriage. Dismissing workers, like divorce, is still felt to be an extremely serious event. However, this began to weaken in the 1990s and it is increasingly possible to dismiss surplus workers. If doing business in Japan you are likely to be dealing with just such a major company; but behind this front rank there has always been a mass of many small firms, which give few perks, pay their employees less, and get rid of them when they are not needed. Slowly, the major companies are starting to follow suit.

Another ancient value is that the old are venerated and youth waits its turn. Promotion is still largely by age not merit (although this too is beginning to change) and most people with power are relatively old.

A fourth rather feudal view is the Japanese preference for Mercantilism, which involves a protectionist view of the economy, so that it is felt desirable to keep imports low, exports high, and accumulate foreign exchange. This policy proved to be successful in the past and, despite a growing realisation that it now limits progress, it still seems to be supported by the majority.

Another feudal view is that the rule of law is not particularly important. Established business relationships and friendships are more central and are heavily relied upon. Change has started here, and increasingly people are beginning to recognise the benefit of contracts and the rule of law but personal relationships remain crucial to most Japanese.

A sixth traditional view concerns cooperation and the group. The group feeling is powerful; loyalty to it is strong, while individualism has always taken a back seat. Individual competition is rare but competition between

groups is common. Again change has begun and the concept of the group is weakening slightly as the young are taking a somewhat more individualistic stance than in the past.

In Japan the public service dominates private industry, and together they make up a less than fully competitive system. Despite being a democratic country, in many ways the public service is stronger than the elected government and determines much of domestic policy. In the mid 1990s, the bureaucracy began to lose a little of its previously dominant role. It was demonstrated that the Ministry of Finance had mismanaged housing-loan companies which had over-lent to speculators, while the Health Ministry had succeeded in allowing blood contaminated with AIDS to be distributed. As a result of these and other incidents, people are beginning to look on bureaucrats with more critical eyes. The power of monopoly groups is also under attack, and in 1996, the domestic monopoly in telecommunications held by the Nippon Telegraph and Telephone Corporation (NTT) was ended.

Recent Changes

Prior to 1990, Japan was often seen as the major success story among developed nations and one from which many useful lessons could be learned. Innumerable books appeared describing and explaining “the Japanese miracle” so that Western nations could improve their performance. It has been some years since this event last occurred.

The “bubble economy” of the 1980s burst and, starting in 1991, Japan entered a recession which so far has lasted thirteen years, although hopeful signs that it may be at an end have now begun to appear (2004). In the last quarter of 2003, the economy grew at an impressive average annual rate of 7 per cent.

Japan is altering, albeit slowly. The long drawn out recession was the trigger for change, but behind it lays the fact that the Japan is now a mature economy and the old feudal approaches and systems that worked so well in the past are no longer appropriate. As long as things were going well, this fact could be concealed, but when the system was eventually placed under pressure, the weaknesses become evident.

Another cause of change has been steady pressure from abroad, led by the United States, for Japan to open up its economy to greater foreign access and to reduce or remove the many barriers to imports. If and when Japan moves to deregulate the protected and bureaucrat-dominated economy, we can expect satisfactory economic growth to resume. This pressure has slackened under President George W. Bush, as America itself began to be more concerned with direct protection of domestic interests and less in favour of promoting global competition.

A further pressure for change has been the penalty of success. In the past, Japan's rapid growth and successful export penetration of world markets caused the yen to appreciate. The high valued yen and an expectation of steadily increasing wages over life resulted in higher production costs which eventually led to a migration of manufacturing industry abroad. This largely went to the more rapidly growing Asian countries, but some moved to Europe and North America. This is popularly known in Japan as the "hollowing out" of the economy. The share of manufacturing industry in real Gross Domestic Product started to decline in 1992.

It is worth noting that despite the recession, the people still enjoy the second highest standard of living in the world – as they did before it began! This is indeed a very rich country.

The recession has had its effect and the country is going through a period of economic change. After decades as a leading industrial country selling highly desirable consumer durables on international markets, Japan is in the process of re-establishing itself as a service nation. By 1980 Japanese concern with the hollowing out of the economy (movement of industry abroad) was clear. The process worries many Japanese but is in fact merely the result of rapid economic development and growing wealth that has caused wages to increase, so rendering manufacturing increasingly uncompetitive. Hollowing out is the price of success.

The economic change induced or accelerated by recession is already starting to affect social values and attitudes in this highly conservative nation. The Japanese way of doing things has started to change.

Unemployment is regarded as shameful in Japan, so many white-collar workers who have been declared redundant hide this fact from their families and dutifully dress and go off to work each morning but spend it in parks and other places, rather than admit the truth. The suicide rate hit new peaks in the early years of the 21st Century, probably as a result of this.

Deflation has been a problem since the late 1990s and it has prevented some domestic investment from taking place; it is easy to make something and sell it on at a paper profit when prices are rising, but with deflation, an apparent loss is off-putting. Many households have large savings and they have benefited from falling retail prices, as the real value of the savings has increased. Pensioners do reasonably well from deflation of course, and the population is ageing rapidly, so that consumption is kept up.

Following the bursting of the economic bubble, house prices collapsed (some residences fell to about a quarter of their previous value) and repayments cannot always be kept up. Homeless people have appeared in the major cities.

Crime, low by international standards, is on the increase and events like the 1995 sarin gas attack in a Tokyo subway shock and worry people. The traditional gangsters of Japan, the *yakuza*, are easily identified by their tight

curly-hair perms, lavish lurid tattoos and often a missing finger. Once regarded as folk-heroes almost like modern day *samurai*, they have been under government pressure since the early 1990s and many are now in effect redundant. It is difficult for them to find new work, especially given the shortage of fingers which allows them to be easily identified. The market has developed an interesting solution: at least one doctor specialises in fitting prosthetic fingers to ex-*yakuza* would-be job applicants. Related to this issue, the cartoons of Mickey Mouse and Minnie, both of whom lack a digit, remind some people of *yakuzas*.

Scandals involving the financial sector, including grossly inefficient banks many of which carry huge bad debts and overvalued shares as “assets”, are a prime cause of concern to many and so far there have been few reforms.

Many urban youth are reconsidering the traditional values of their elders, but even the elderly are starting to want something better than the events that they see around them. The old sense of belonging to a secure and worthwhile group, known as “Japanese”, is being eroded.

1. THE MOST IMPORTANT ELEMENTS IN THE CULTURE

Self Awareness, the Group, and Conformity

The Japanese are one of the most homogenous nations in the world

Japan has been isolated by both geography and choice for many centuries so that relatively few foreigners live there. Marrying a foreigner has been virtually taboo and, although it has started to become a bit more respectable, it is still not encouraged. Some 99.4 per cent of the residents of Japan are ethnic Japanese and the remainder are mostly Koreans, who often look Japanese to the casual eye. Koreans are one of only two sizeable minority groups resident in Japan, the other being Chinese.

Japan possesses a long and rich cultural history, although many of the basic elements originated abroad, especially in China. Almost all Japanese are strongly aware of their nationality of which they are extremely proud. There is a deep fascination with the culture, history, and society and it would seem that for many, the proper study of mankind is Japan. The uniqueness is taken for granted and is a strong source of pride. There is a major degree of self-absorption and a widespread interest in questions like “What does being Japanese mean?”, “Why has Japan been so economically successful?” and “What should be the role of Japan in the world?”

Despite the general homogeneity, there are some regional differences; in particular the Western areas facing the Pacific Ocean are seen as more outward looking when compared with the parts facing the Sea of Japan. Another important difference exists between Kansai (the old traditional area that includes Kyoto and Osaka) and Kanto, the Tokyo area, which represents modern Japan. There, the accents, art, and cooking styles differ.

The consciousness of being Japanese is part of a strong nationalism

These deep feelings of nationalism are tapped by Japanese firms which for years successfully sold the idea that imports are generally inferior, are not suited to local habits or lifestyles, or might even be dangerous to health. For instance, many Japanese believe that they cannot eat imported rice without suffering indigestion. Similarly, consumers often used to prefer to buy Japanese products, even if they were more expensive. This was one of several reasons why foreign firms found it difficult to penetrate the Japanese market.

The recession that began in 1991 brought unemployment and as belts tightened people began to seek cheaper products even if they were imported. This has allowed foreign firms more access and American cash-and-carry stores have opened up. Foreign beef is now actually sought, especially since the arrival of BSE in Japan in 2001. Old

habits die hard but the old “buy the best at any price” attitudes have begun to wane. This can be seen in magazines aimed at consumers – once they focussed on the best, now they run articles on where to buy cheaply.

The desire to conform is strongly built into the national psyche

It is widely held that it is dangerous for an individual to distance himself or herself from the group: one should do what the others are doing and not buck the trend. There is a well-known folk-saying that it is the nail that stands up that always gets hammered down. You might remember that it is always a mistake to try to get a Japanese to act in a way that would make him or her stand out from the crowd. They will often not be able to comply, and if they try to do so, they will feel awkward and resent you for it.

Table 1.1 The strong urge to conform can be seen in things such as:

The uniform-like sameness of clothing that is essential in the business world
The identical apparel necessary in virtually all sports or leisure activities
The sudden sweeping crazes for a single leisure activity
The standardised lunch boxes and back packs which schoolchildren carry
The identical raincoats worn by children and young students

Harmony in group relations is heavily prized

People go to great lengths to avoid any action that would disrupt the harmony of the group (*wa*). The effort to keep harmony increases the level of hidden stress and there are usually strong undercurrents and rumours circulating behind the scenes. Perhaps to help defuse the stress of having to constantly behave correctly, Japanese adult males often enjoy reading thick *manga* comics, some of which feature a hero totally unconstrained by any social mores and contain much sex, sadism and violence. You might notice men openly reading them on trains or subways; there is no stigma attached to this. Some Japanese television programmes also involve extreme violence or are grossly humiliating to the individual concerned, and probably serve a similar function of cathartic release.

Group harmony (*wa*) is everywhere and can be broken in unusual ways, for example, when on a train some Japanese prefer not to have a foreigner join their coach as it upsets the peaceful harmony of the existing group. There is a kind of feeling that foreigners could do something unexpected which worries some people, although they will still be polite to you.

There is no strong class system in Japan

Japan moved so rapidly from a feudal society with a strong rural basis to a modern urban industrial society that it avoided the build up of a large working class with an awareness of its identity and bound by feelings of antagonism towards the ruling classes. Consequently, there are few feelings of the “us and them” kind. Despite this, the descendants of the samurai class and old rich families are definitely better placed to get their children into the top educational establishments and from there into positions of authority.

Young Japanese sent abroad to study

Quite often young Japanese are sent to English-speaking countries like the USA or England to study. In Japan they are subject to rigid expectations about their behaviour and need to conform and in response, while abroad they may engage in extreme forms of dress or dye their hair blond etc. This is particularly likely if a small group bands together. Each person knows that this is their main chance to be different and express their rebellious attitudes. If you have encountered punk or otherwise extreme individuals in your country, be aware that this may not be the norm when they return to Japan. Should you come across one later, working in Japan and dressed very formally, it would be extremely unwise to mention the brief period of rebellion, especially in front of other Japanese.

This said, some youngsters in large Japanese cities are starting to dress and behave in ways considered both extreme and offensive by their elders. In major cities you can expect to see coloured hair, curly hair, and lurid clothing on the young. A generation gap has appeared and is gradually widening (see below, p.6).

Social Changes

Outside influences are strong

The Japanese people usually regard their culture as unique, but it is surprisingly eclectic and open to outside influences. The written language came from China and the Buddhist religion from Korea. The Japanese language itself is full of English words which are generally liked and used widely. This contrasts strongly with France, where borrowing foreign words is officially frowned upon and resisted by the state. In Japan, foreign sports and fashions are avidly seized upon and modern technology has been quickly accepted, often improved, and then disseminated widely. If this issue arises in conversation, it would be a good idea for you to praise the flexible way they have used and often improved upon the import.

The Second World War is a touchy subject

In Japan, this is called “The Pacific War”. The dropping of the atom bomb, as well as the ultimate defeat, had a major impact on people. The culture has a strong central core which sees things as either being right and proper or else totally wrong; to lose is improper and hence is unacceptable. In addition the Japanese perceive themselves as being generally superior: for an individual to lose at anything is regarded as a disgrace but to lose to a foreigner is an even greater blow to self-esteem. The occupation by the United States immediately after the war was also traumatic and struck a severe blow to the accepted image of themselves. It not only underlined the failure, it also brought in by force various Western (mainly North American) liberal institutions and a new Constitution which many resented. As can be imagined, the behaviour of some of the foreign troops was alien and often offensive. As a result, some older Japanese have something of a love-hate relationship with the United States. Note that should the Pacific War or post war period be raised with you (you should never do so), it is customary to refer to the occupying powers as “The American visitors”, and you should avoid the words “Occupation” and “Occupiers” as they would not endear you.

The generation gap

A generation gap has begun to open up as younger Japanese start to go their own way, although there is still widespread veneration of the elderly. The older generation is often aware of Japanese atrocities committed in China and South East Asia but ignore and try to repress the memory. In contrast, most of the youth have been deliberately kept in ignorance by the centralised and conformist educational system, which glosses over any reprehensible behaviour and presents Japan as a simple victim of the war. The youth are told repeatedly about the atom bombing of Japan, which is well publicised in an annual commemoration of the bombing of Hiroshima on August 6th 1945. The refusal to depict Japan as anything other than a victim in World War Two began to fray at the edges in the 1990s but still persists widely.

What are the youngsters coming to?

A popular topic of conversation among Japanese adults is the behaviour of young people, particularly their questioning of traditional values such as group loyalty and conformity. A small but increasing number of younger Japanese are beginning to act independently and eschew the group. It is possible to meet single Japanese males cycling around countries like Australia, rather than going abroad in groups on organised tours. Even the identification of self with work has weakened a little and a few males are spending more time at home with the wife and children, and even take more of their holiday entitlement to do this.

Many older people worry about such changes in youth and the challenge to traditional values. Some of the elderly condemn the new generation in bitter terms, believing that they are rejecting an essential part of what is seen as “Being Japanese”. It disturbs them, for example, that the young no longer bow formally on the street when encountering someone they know, and they worry that selfish individualism seems to be on the increase. This is frequently felt to be a disease imported from the West.

The increasing numbers of Japanese studying abroad may eventually increase the pace of change, including the adoption of new ideas and a more creative approach in business, but so far the young tend to be frustrated by the system and are often eventually forced back into more traditional modes of behaviour if they wish to advance their careers.

One significant feature is that a small number of intelligent, well-educated youngsters are no longer following the traditional path of joining a top company and working their way up. Instead, they are choosing to set up their own businesses, particularly in the arts and creative areas. Such people are often the more successful youngsters or at least those who are trying hard. Behind them are unknown numbers of disenchanted youth, unemployed and living off their parents or moving from low-paid job to job. They appear to live to party. With an emphasis on way-out clothing, music and, until magic mushrooms were recently made illegal, psychedelic drug trips, it is very reminiscent of Swinging London in the 1960s or Haight-Ashbury around 1967. It is too soon to know if this trend of disenchanted youth will continue or merely be another short-lived fad.

Art and Culture

Symbolism matters much

Symbolism goes back a long way and people are constantly on the look-out for it. They will examine the actual words used in conversations and any gestures that may accompany the chosen phrase. It is not only what is said and done that is considered, for people watch for things that are *not* being done or said and ask themselves why.

Table 1.2 Some standard symbolism in paintings, ceramics and poetry

Pine tree	Long life
Bamboo	Constancy and virtue
Fern	Expanding good fortune
Lobster	Old age
Carp fish	Strength and determination (good for boys)
Peach blossom	happiness in marriage and the feminine virtues of softness, mildness and peacefulness (good for girls)
Sweet potato	Struggle of the poor to survive
Pine needles	Marital fidelity
Mandarin ducks	Marital fidelity

It is useful to remember a few of these symbols, because you will come across them and can then make an appropriate comment. Symbolism is often a good topic of conversation if you are stuck. A comment by you about the painting on the wall of the meeting room, for example, might allow you to gain credibility and assist you in your negotiations. It shows that you have done your homework well, without you having to say anything that could be considered boastful or arrogant. More than that, it demonstrates an interest in Japan which most Japanese find hard to resist

In the West, an awareness of seasons and their changes, once so much a part of rural and peasant life that it was taken for granted, has largely disappeared. In Japan, there is still a strong identification with the periodic flow through the year. Each season brings its own relevant symbol, often drawn from agriculture. For example, such things as the first plum, the first tea, and the first rice are important to many people. They will take pride in buying them and serving them to family and friends, who will be expected to recognise the event as a sort of minor milestone marking the passing of time. As part of a seasonal awareness, most Japanese do not normally swim after August and it might be better if you did not suggest going for a dip after that.

Nature is beautiful - but only when tamed

Beauty and nature have a strong place in Japanese traditional culture. As a component of their view of life and the world, the Japanese feel a sort of “on-goingness” in both nature and life, of which they are a part. The Shinto religion with its stress on nature as central and the relatively unimportance of humans when set in the natural landscape is influential here. However, nature in the raw is considered to be only the crude essence and it is essentially too inelegant; man is also a part of nature and should mould it to an even greater perfection. This strong feeling for nature, accompanied by a need to shape it, can be seen in the composition of Japanese paintings; in the way flowers are arranged; or the design and placement of rocks, lakes and temples in parks and gardens. This “take and improve” approach is also evident in the treatment of imported technology.

The memory can beat the actual event

An important part of culture and art was the *recollection* of a scene or event. This event might have been regarded as inspiring at the time, but the memory of the event would often be seen as even more important and make up something truly beautiful. In the past, the recollection could be assisted by the person writing a poem to commemorate and record the main events or milestones in his/her life. These might include such things as visits to another place, family gatherings, marriages, or the arrival of the first born child. A poem might also be composed as a result of feelings created by something beautiful in nature, such as falling autumn leaves or seeing a mountain spring at dawn. When read years later, the true spiritual beauty of the event is reinforced and solidified. The widespread taking of photographs by Japanese travelling abroad seems to be the contemporary version of writing a poem and serves a similar need.

Work and Hierarchy

Only the best is good enough

[END OF SELECTION]