

A Comprehensive Study of Japanese Business Culture

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Abstract— This paper explores the depth of the concept of business culture, and its day-to-day effect in global business. It provides results into how important are the factors of business etiquettes to the same. The paper attempts to do an analytical study of Japan. It also studies the qualitative aspects as to how Japanese business culture is suited to its economy. Through the use of case studies, the authors hope to achieve the desired aim.

Index Terms— Business Culture, Business Etiquettes, Business Negotiations, Business Style, Japan, Nintendo, Owe Bergsten.

1 INTRODUCTION

Business culture is the reflection of how business is conducted in a society. It defines the environment in which employees work. Business culture includes a variety of elements, including work environment company mission, value, ethics, expectations, and goal.

Japan is an island nation located in the east of Asia. Japan includes four big islands. It includes Hokkaido, Honshu, Shikoku and Kyushu. That is not all. It also includes more than three thousand small islands. On February 11, 660 B.C., Japan was founded. The population is around 123.6 million. The main religions in Japan are Taoism and Buddhism. When it comes to education, most students continuously enter into higher schools after completing compulsory education. The literacy rate is almost up to 100%.

2 LITERATURE REVIEW

After the Second World War in 1945; the term 'culture' has been coined as a measure for personal growth. However, it became associated with source of pride in the following decades of the eighties and nineties. The presence of the term multiculturalist ethos, allowed the world's citizen to identify with their own individual cultures. Along with that, this ethos allowed the people to respect the diversity in culture as well. But today, 'culture' has a furtive, shady, ridiculous aspect. It is a broadly used term.

For the purposes of the paper, we have taken it to be associated with business- giving us a new area of study. We are referring to the term as Business Culture.

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According to a Harvard Business Review article, 'Business Culture' would be the tacit social order of an organization. It has been entrusted to shape behaviours and attitudes in a way that makes it durable in nature.

For this change in the perception, a lot of credit goes to the globalisation of the world economy. Globalization has played a huge role in moulding the leader of today. The leader has been entrusted with the responsibility to adapt management style, roles, duties, and strategies in order to work with diverse people of other cultures.

Earlier, this was certainly not the case. It was much simplistic in nature. In order to evaluate the managerial skills of an erstwhile leader, one would only consider the achievement of set goals as the only evaluative criteria for performance.

According to eminent researchers like Frederick Taylor and Henry Mintzberg; a leader requires to be more focused on the task at hand, rather than the persons performing the tasks. This led to the unimportance of workplace culture. However, in today's world; things have changed. Diversity in culture is given utmost importance in today's workspaces.

3 JAPANESE ETIQUETTES AND CULTURE

The economic freedom score of Japan is 72.1. It is the 30th freest country in the 2019 Index. Japan is also ranked 8th among 43 countries in the Asia-Pacific region, with its overall score is **above the world average**.

So coming to Japanese etiquettes, it is necessary to provide business card by either placing on the table or two handed. As in Japan firstly the exchange in business card is necessary, as it is also an exchange of pleasantries and a custom.

There is always a known seating arrangement in the Japanese, be it in a formal setting or an informal setting. The guests are kept in the upper seat, while the eldest seat on the end of the opposite seat. Always the eldest who is the senior more is given respect in Japan, during a meeting remember to show re-

spect to the elders.

Guests are giving the utmost respect as it is a part of the Japan etiquette and culture to serve their visitors and give them the best experience possible and people should be humble and respect the people who serve them. An example would be the people in Japan would drop off a person and bow when they leave through the elevator.

Dress code is strict as in Japan to them first impression matters a lot and also looking neat and less flashy matters. In Japan is looked down upon if someone wears something bright or flashy while wearing something light and dull color is accepted. Women are required to wear less jewelry and recently they banned women from wearing glasses in the office.

In Japan you never meet the right person at first you have to work your way up the corporate ladder.

In Japan you should gifts during informal settings and it shouldn't be something dull. Moreover, it shouldn't be gifted in a white wrapping as white signifies death in Japanese culture.

It is a custom to offer a toast when going out for a business lunch or dinner. Deals happen during dinner and lunches.

4 Case Study: Nintendo

4.1 Scenario

Owe Bergsten, a Swedish businessman, created an entire business empire through one lie.

Bergsten owned Bergsala. Bergsala was at the time, a distribution company. Bergsten was in Japan, when he came across the games of a company that was hugely prevalent in that country even during those days, Nintendo. He really liked their concept, and realized that there was nothing like it back home in Sweden.

This led to a brainwave. Bergsten sent a telex to Nintendo, stating that Bergsala was very interested in distributing Nintendo products (specifically *Game and Watch*) in Sweden, Denmark and Finland. The telex sent was an ordinary one except one aspect: *he lied about the size of the firm*. He made Bergsala seem like a very huge deal in the telex. After two months, Nintendo replied to Bergsala regarding their offer.

Bergsala understood that this was an opportunity of a lifetime, and can actually make the size of the firm bigger. Therefore, Bergsten and his team studied Japanese culture very closely. They could not afford to take any chances.

The team came up with four rules, which established the entire base of relationship between the two companies.

1. Always bring a gift.
2. Do not nag.
3. Try to get them to invite you for lunch.
4. You'll never meet the right people. You need to work in

order to meet the right people.

A meeting was allotted between the two. Unfortunately that got cancelled. With the passing of time, no responses came from Nintendo's side. Bergsten, in this crisis, played a very smart move. He went to Japan, and told the Nintendo's export manager that he was in the town unannounced. He asked if he could come to his office. It worked. Bergsten asked for the distribution rights for Sweden. They ended up talking about Swedish and Japanese cultures, histories and even the philosophies.

This led to the Export manager inviting the individual for lunch. Lunch turned into a three-hour dinner. Both of them started to bond. As they were leaving, Bergsten gifted a crystal-ashtray to him. He thanked him for taking such good care of him. Ultimately, the deal was agreed for.

Bergsala then rose to new heights. Profits sky-rocketed. The company sold 1.7 million units in the first quarter of its operations.

Both of the companies still, to this day, maintain a good relationship. Bergsala now distributes Nintendo products in the entire Scandinavian Europe.

4.2 Analysis

From the case, we can see the approach of Mr. Bergsten directly going to the country as Japanese people prefer talking to the person informal and having a formal meeting rather in places in the world where they can do it over the phone. As you can see in this interview with Mr. Bergsten has mentioned the four rules he followed while conducting a deal with Nintendo he mentions always bring a gift and not wooden due to the fact that Japan has a custom of doing business and gifting gifts, as a show of appreciation to, the time and consideration taken by the person.

In Japan, people are known for their hospitality it can be seen as a hospitable move by export manager to listen to a foreigner or guest and listen to him in the last moment. Furthermore the gift is a crystal ashtray, it shows prestige and luxury instead of wood showing the appreciation towards the other party, it also helps trust and deeper connection with party that can be seen during the interaction he had with export manager. One thing that should be kept in mind is that gift should only be taken in an unofficial setting like the dinner between the export manager and due to the fact it is looked down upon to take a gift during an official meeting.

The second rule "Don't nag" that Mr. Bergsten states in his interview is relating to the fact that Japanese people like being straight to the point and not being harassed for the extra things from the deal like their Western counterparts. Moreover during the Japanese you should solely focus on the objective set as it makes clear for both parties what is required as they focus on what is needed to be achieved and how is it possible to achieve this goals. Moreover over by staying true to the set out goal is a common etiquette as most Japanese work-

force schedule is packed and extending should a sign of disrespect and annoyance. The

third rule, according to Mr. Bergsten, "Get them to invite to lunch". This is another major aspect in the business culture in Japan. Due to the fact that during the dinner or lunch the Japanese person judges the character of the person the manager is doing the deal with due to the fact that in Japan character and closeness matters a lot in the society. Furthermore, drinking is a common norm in Japan and how you serve drinks with two hands to show respect and also join your client in drinking shows respect to the party and also maintains a sense of closeness between the parties.

Due to adhering to these etiquette and being sound of the culture was Mr. Bergsten able to create a long lasting relationship by constantly visiting Nintendo. This shows a sign of respect and it paid off as Nintendo returned the kindness back. Due to this action and following common norms he was able to convince Nintendo to sell the famicom in Europe and to show how Mr. Bergsten values the etiquette of maintaining a close relationship till this date still wishes his contact happy birthday and meets them and this lead to the loyalty that he gained from Nintendo. These are the key factors that led to the successful business deals which led to the long lasting partnership, it was all done by maintaining certain etiquettes and being sound of the culture.

5 JAPANESE STYLE OF BUSINESS NEGOTIATIONS

5.1 Negotiation relationship establishment

The Japanese are considered to be 'tough in negotiations'. They are under the impression that good human relationships help in facilitating business. There is an immense value for human relationships in their culture. According to the Japanese, establishment of business relationships is directly proportional to human relationships and the degree of trust.

Therefore, all Japanese businessmen will try to find someone or a company they have worked with to be the introducer before any negotiation is started.

5.2 Making a decision

The Japanese are patient in nature. They involve everyone to make a business related decision. This leads to all the employees to feel very important to the company. A decision-making program has two features:

One, the program transitions from a lower level to a higher level. The higher level makes an approval. The lower level or subordinates make discussions over a certain project before submitting it to a higher level for making a final decision. This process works on a basis of sufficient discussions which lead to easy implementations.

Two, the agreement on a negotiation goes before group decision-making.

Japanese businessmen often divide their members into several groups in the process of negotiation. For the entire process, nobody is held responsible for the same.

5.3 Time

As iterated above, the Japanese are very patient in nature. They take a longer time to reach decisions since they consult everyone. However, this approach has a con assigned to it as well. The Japanese businessmen stop paying attention to deadlines and timelines. They carry out the negotiations in a peaceful and calm manner under the pressure imposed by their rivals. For the competitors, it requires a lot of time to develop private relationships with Japanese in order to freely express their opinions in negotiations.

5.4 Communication Channels

Japanese businessmen value "face" pretty much. Facing conflicts in public is something that they do not prefer. Indirect, tactful communication channels are used in order to maintain contact. They are very crisp and clear in making people understand their point of view. However, indirect communications may mislead their rivals. Once Japanese agree to a proposal and make their decision, it would be very difficult to change. They often stick to their arguments. Changing a decision requires the agreement reached by all of the members taking part in the negotiations.

5.5 Attitude towards Contract

Japanese businessmen are entitled to having their own sets of standards and principles. Mutual trust is the most essential part while doing business, irrespective whether there is a sign in the contract or not.

Even if there is a written form of contract, the contents in it are simple and brief. They mostly depend on oral agreement. A written agreement only serves as a reference when disputes arise therefrom.

6 CONCLUSION

It is very evident that both the business culture of Japan is truly unique to the country and is enforced by the businessman following the traditional culture as it holds a deep rooted value to them. On the basis of certain criteria for evaluation, the characteristics of the culture can be summarized by:

6.1 Punctuality

In Japan being late is a sign of disrespect and gives an image of untrustworthiness in Japan. As in Japan being punctual is key as the entire schedule is packed and the Japanese adhere to the timings strictly. While in Russia the people then to come slowly as the Russian like taking their time during a business decision and also it gives them time to think more about the deal. Finally in Russia coming late is a show power as coming

early is equivalent to subordination.

6.2 The perception of loyalty

Secondly the meaning of loyalty is perceived differently in Japan. It is normal for a person to work for one company until they reach the age of retirement, as they are grateful to the company sheltering them.

6.3 Decision Making Ability

Due to the fact that in Japan everyone managers views are taken into account before coming up with any decision, making it a long process to come up with a decision.

6.4 Business deals in Japan

In Japan they use an intermediary who acts as a guarantor for deals, and no business in Japan is done without one. In Japan they believe in setting up meeting weeks in advance as in Japan being on time is everything. The very handling of business card is different in Japan. a business card is given with two handles. One specifying the name in English, and the other in Japanese. This gives it a global approach to Japanese business.

6.5 Prudent attitude

The world expects supreme product and quality from the Japanese. Therefore, the Japanese are very prudent in nature. They are way too competitive inside their own business circles as well.

6.6 Hierarchy

Males are considered to be superior to females. It is apparently 'justified' for women to help their husbands and educate their children at home. Therefore, it is very difficult for women to obtain the same treatment and positions as men do at work-place.

The different levels are clearly clarified in companies. There is a huge difference between superiors and subordinates. Subordinates have to obey and respect superiors.

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