



EU-Japan Centre  
for Industrial Cooperation  
日欧産業協力センター

# Japan's Business Culture and Practices

Webinar for Estonian Exporters

25 March 2021, Thursday, by C. Nakabayashi



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## Japan's Business Culture and Practices

### Agenda

1. Japanese Business Cultures and Practices
2. Business Communications with Japanese
3. Keys for Successful Meeting
4. Japan's Distribution System
5. Q&A



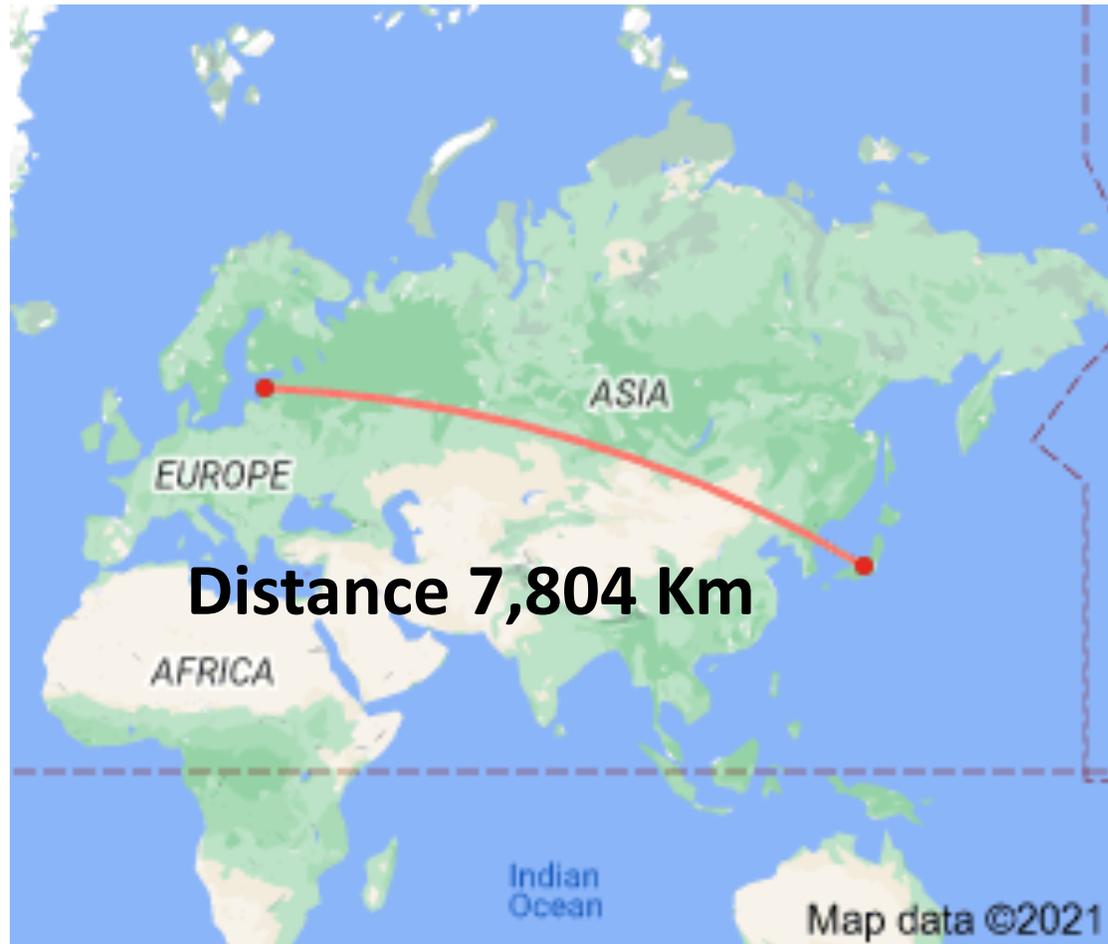
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## Japan's Business Culture and Practices

### Distance for Estonia - Japan





## Japan's Business Culture and Practices

# **Estonia and Japan: Culture Differences and Similarities**

(source: Hofstede's Cultural Differences)

- Japan is a group-based society. Japanese are motivated by group competition but are individually more private and reserved.
- Estonia is an individualist society. Estonians are self-motivated and are direct communicators, but shy away from conflict and take passive silence and listening in communication.
- Estonians and Japanese alike set rules and keep orthodox behaviors and ideas in life to avoid uncertainty.
- Estonian and Japanese cultures take highly pragmatic and adapt to changed conditions and focus on achieving results.



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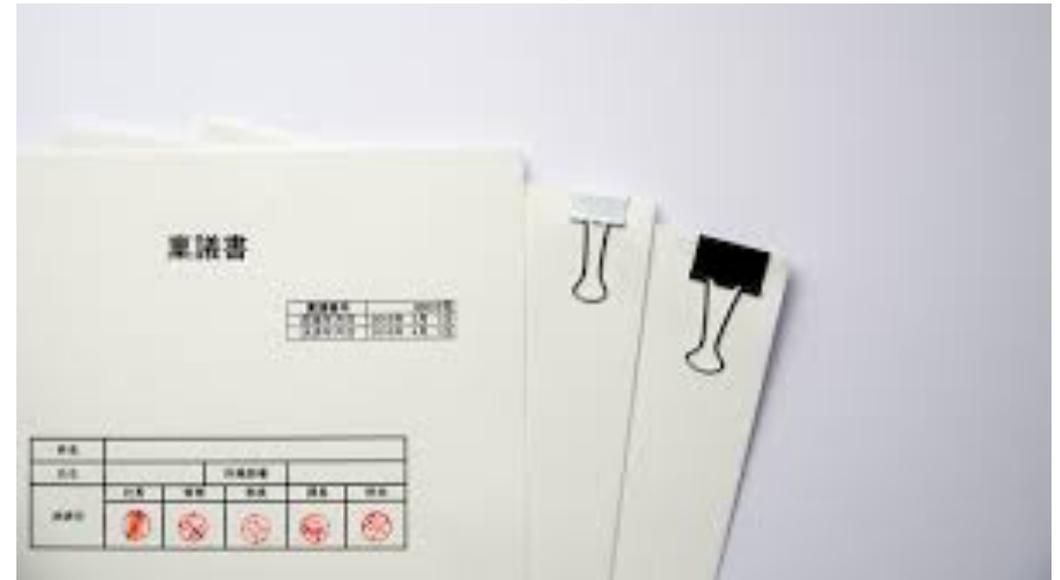
Japan's Business Culture and Practices

# Japan's Business Culture

日本の文化



## Japan's Business Culture and Practices



### 1) CONSENSUS-BASED DECISION MAKING

Decision making process is slow because decisions must be agreed by each layer of hierarchy. In society, power is equally distributed and decision-making is consensus-based.

### 2) LOYALTY IN-GROUP

Japanese are loyal to the groups that they belong to, but Japanese are individually more private and reserved than most other Asians.



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### **3) GROUP-BASED COMPETITION**

Japanese dislike assertive and competitive individual behaviours, but Japanese in-group engage in competition. In business, employees are motivated to compete with competitors. Group competition drives Japanese to manufacture excellent and perfect products and services.



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### **4) AVOIDING UNCERTAINTY**

In Japan, life is highly ritualized and changes are difficult to make. Ceremonies are manualized and people are reluctant to go against precedence. In business, time and effort are in feasibility studies and risk factors are worked out. Managers ask facts and figures before taking any decision. Japanese companies avoid a 'surprise' by preparing all what they can do to avoid uncertainty.

### **5) LONG TERM COMMITMENTS**

Japan is a long-term oriented society In business, companies focus on business durability/continuity and make long-term investment in business. Once trust is established, Japanese companies make a long-term commitment into business partners.



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# Business Communication with Japanese

日本人とのビジネス・コミュニケーション



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### **1) FORMAL AND RITUAL**

Japanese business is formal and ritualistic, particularly when meeting business partners for the first time. It is to confirm formal relationships. For instance, to meet Japanese business partners for the first time, personal introduction by a third party is required.

### **2) TWO-TIER BUSINESS RELATIONSHIP**

To establish long-lasting business relationship in Japan, you need to set up a two-tier business relationship structure: establish friendship and then move to the second stage of actual business negotiations.



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### **3) POSITION AND STATUS**

Name cards are exchanged when one meets another. The purpose is to make the other's position and status known. Japanese are status conscious and set formal relationships and communication.

### **4) BUSINESS CORRESPONDENCE**

Japanese companies may fail to answer written enquiries. This does not mean a lack of interest. Japanese are accustomed to talk face-to-face, or, there isn't people available who speak English. Meet online.



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### **5) DRESS CODE**

Important non-verbal communication is dress. Japanese businesspeople choose a dark suit for men and sober/plain dress for women. Most Japanese businesspeople expect a certain variety in dress of foreign businesspeople. However, one should avoid extremes in dress and keep some degree of formality in dress in Japan.

### **6) EXPRESSIONS: 'YES' & 'NO', SMILE, EYE CONTACT**

The Japanese 'yes' can also mean 'I see' or 'I understand' and does not necessarily mean agreement. Japanese culture emphasises harmony rather than confrontation. Japanese are very reluctant to give a direct 'no' answer. Instead, Japanese answer with something non-committal such as 'Let me think.' One must read negative response signs such as hesitancy or an unwillingness.

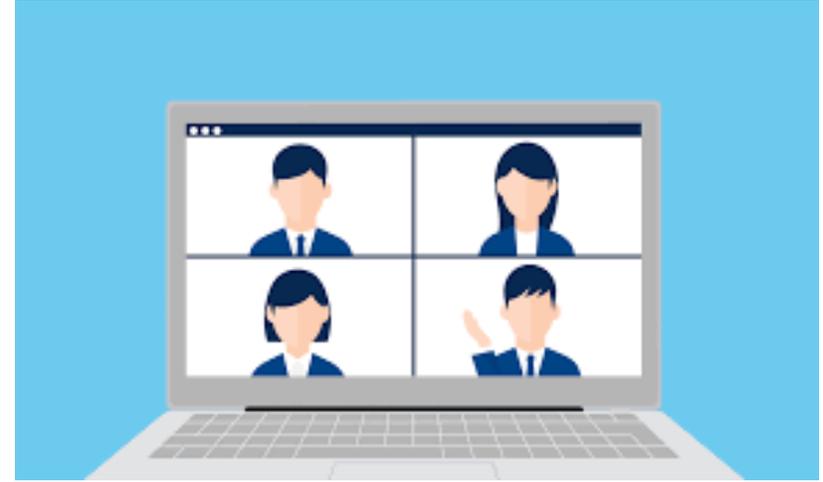


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### **7) SILENCE IN NEGOTIATIONS**

Silence are common. Japanese think over what has been said and what alternatives are open. Silence is also part of Japanese communication procedure. Foreigners find silences embarrassing and feel obliged to say something unnecessary to relieve tension, but the best way to handle silence is to exercise restraint/patience and wait for a word after silence.

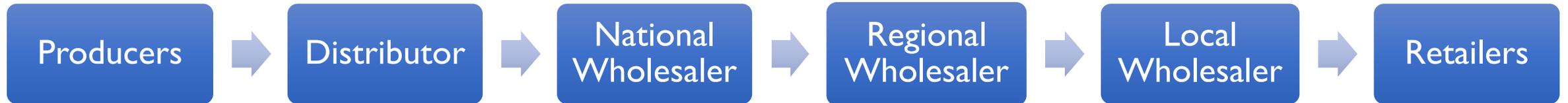


## Key for Successful Meetings – Before and After Meeting Preparation

- Prepare and distribute all information prior to meeting.
- Ideally, translate information into French/Japanese or into English ahead of time.
- Set purpose and goal of meeting for each meeting.
- After meeting, exchange a note on what was discussed, what was agreed, what actions are now expected
- English is not the original language of both parties so speak slowly and clearly.
- Avoid certain words, phrases or expressions , acronyms or abbreviations, slang, jokes which are not commonly used.



## Japan's Distribution System - Traditional Wholesaler Distribution Model





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## Japan's Business Culture and Practices

# Japan's Distribution System – Business Solution

- Japanese buyers take on all logistic transactions, promotions of goods, and financial risks on pre-payments to producers and receivables from retailers.
- A business solution to adapt market needs and can be an cost-effective alternative to direct sales in Japan.



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# Q&A Session

*Should you have any further inquiries, please contact the EU-Japan Centre for Industrial Cooperation on: [office@eu-japan.eu](mailto:office@eu-japan.eu) with the following mention: 'expert support webinar on Japanese Business Culture for French Exporters'*