



Japan's Business Culture and Practices

Expert Support Webinar for Lithuanian Exporters to
Japan

- Vilnius and Kaunas Chamber of Commerce, Industry and
Crafts

29 April 2021, Thursday, by C. Nakabayashi



EU-Japan Centre
for Industrial Cooperation



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Japan's Business Culture and Practices

Agenda

1. Japanese Business Cultures and Practices
2. Business Communications with Japanese
3. Japanese Consumer Behavior – Demand for EU Products
4. Q&A



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Distance for Lithuania - Japan





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Lithuania and Japan: Culture Similarities and Differences

(source: Hofstede's Cultural Differences)

- Similarly both cultures are pragmatic and adapt to changed conditions.
- Lithuania is a individualist society but prefer decentralization of power and work in team. Lithuanians are tolerant to other cultures.
- Japan is seen as a collectivist society but is meritocratic society standing on equality. In business, decision making is decentralized and work competitively as a group. Japanese are individually reserved.



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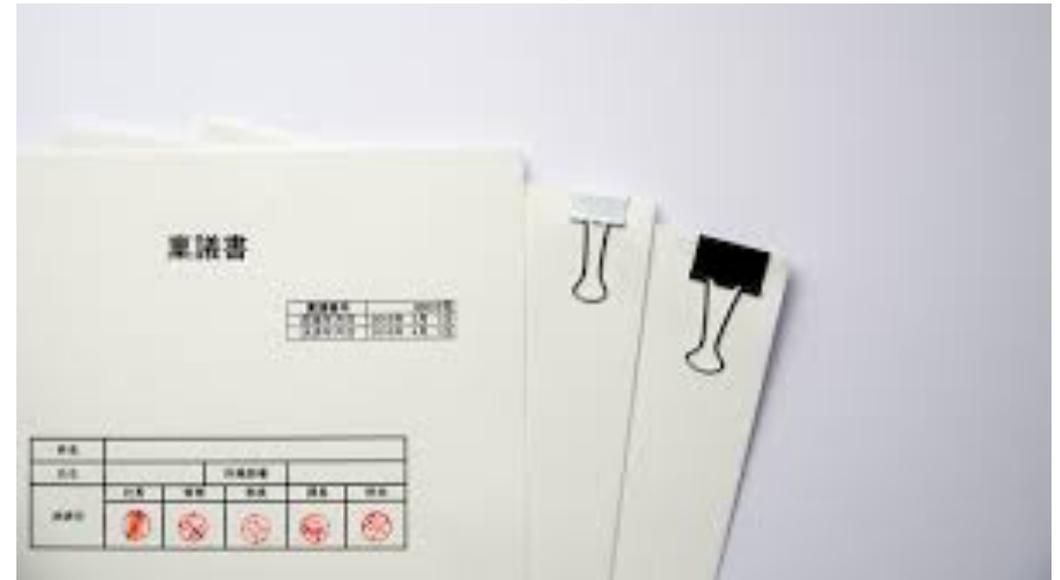
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Japan's Business Culture

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.

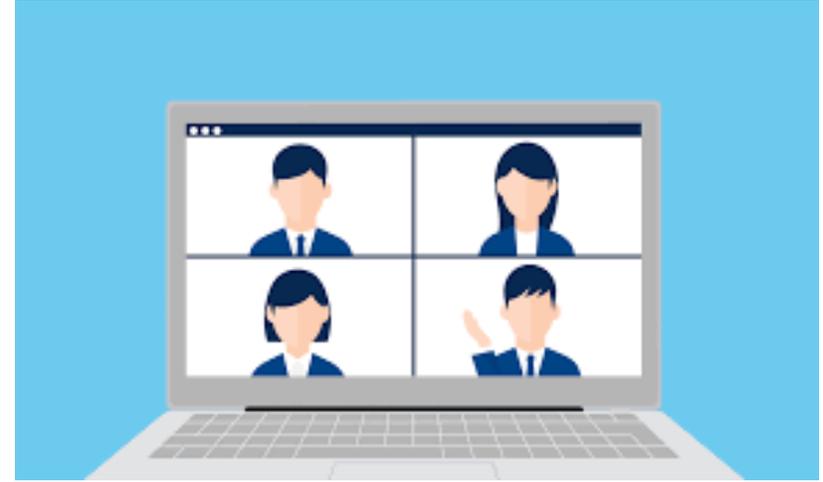


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7) SILENCE IN NEGOTIATIONS

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.



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Japanese Consumer Behavior – Demand for EU Products

日本の消費者行動：ヨーロッパ製品への需要



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Japanese Consumer Demand for EU Products

- Consumer choice is generally based on product **safety and quality**.
- Japanese consumers perceive high level of safety and quality in EU products which are **accountable, authentic and transparent**; EU products are guaranteed with EU **certifications**, are proved with European **traditional production method**, and are displayed on **product labels**.
- Such perception allows high prices for EU products.



Growing Demand for EU Agri-food Products in Japan (source: The European Commission)

Agriculture and Food Product	Increase in 2019 Exports under EU-Japan EPA*
Beverages	20.0%
Wine	17.3%
Cider	31.5%
Tea	39.8%
Pasta	14.9%
Sunflower seeds	39.9%
Meat	12.0%
Pork meat	12.6%
Frozen meat of bovine animals	221.0%
Dairy	10.0%
Milk and cream	120.7%
Butter	47.8%
Cheese	7.0%



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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 with the following mention: 'expert support webinar on Japanese business culture for Lithuanian exporters'