

# Doing Business in Japan

Steyr, May 20th, 2016

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草津白根山 2015十一月

# マコビツキー ヴェルナー

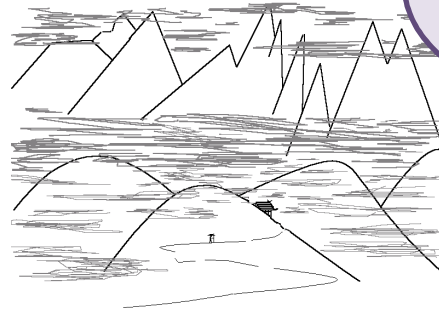


Sales Director  
at Big Blue

CIO in  
Logistics

27 years in a  
quite intensive  
relationship  
with Japan

Business  
Consultant &  
Coach



無と言う雲水





# Exercise 1

- What is your view of Japan?
  - Write 5 perceptions of Japan on a piece of paper
  - Time for exercise 1 minute

黒川城 2016四月



# 日本

- Stratovolcanic archipelago of 6,852 islands
- Area of 377,944 square kilometers
- Population: 126,359,087 (98,5% Japanese)
- GDP: 4th w/w, if EU considered as one market
- GDP per capita: \$37,595.18
- Time zone: JST (UTC+9), Summer (DST) not observed
- National language: Japanese
- Religion: Buddhism and Shinto, however, 70-80% do not consider themselves believers in any religion

*Source: wikipedia*

# 日本

- **Abenomics:** comprehensive business activity support programs, significant increase of money supply, and sustainable deregulation.
- **VAT** has been raised from 5% to 8% per April 1st, 2014. A further raise to 10% has been postponed.
- **Summer Olympics 2020:** estimated 8,6 billion Euro to be invested in total (2,3 billion for venues and facilities)

*Source: AWO*

# 日本

Key figure	2014 (actual)	2015 (estim.)	2016 (progn.)	2017 (progn.)
GDP (bln JPY)	488	502	511	521
GDP Growth	-0.1	0.7	1.2	0.7
Consumption (growth rate)	-1.3	-0.2	0.9	-0.3
Inflation (consumer price)	2.7	0.9	1.3	2.2
Unemployment rate	3.6	3.4	3.2	3.1
Export (bln USD)	699.6	636.6	650.8	693.7
Imports (bln USD)	798.2	641.2	663.5	711.9
Exchange rate EUR-JPY	145.5	130.5	134.5	143.2
Prime rate (BoJ)	0-0.1%	0-0.1%	0-0.1%	0-0.1%

*Source:* EIU-Economist Intelligence U, 1.1.2016

# 日本

- „Crazy“ islanders: Pachinko parlors, etc.
- Dwell narrowly along the coast lines, 80% on main island 本州 (honshu)
- Population shrinking: 1,001,000 newborns in 2014 *[BBC]*
- Drama ドラマ: Japanese people love complex entanglements, no „Hollywood“ endings, very popular also in South Korea, Taiwan and Hong Kong

# Hanzawa Naoki 半沢直樹

- A bank has brought down the company – and in the end his father – by not extending the credit limit
- Hanzawa becomes employee of the bank to take revenge. He makes a very successful career by uncovering various schemings.
- In the end, he picks up a fight against the director who he claims to be responsible for this father's death. The director is downgraded one rank, but Hanzawa must leave the bank, and starts working for a small company
- 42,2% (new record!) of the Japanese have seen this drama – the want to be like Hanzawa
- CEO of SMBC (Japan's 2nd largest bank) encouraged newbies to be like Hanzawa



hanzawa.FLV



# 歷史

- Paleolithic culture around 30,000 BC
- 縄文時代 (jomon period) around 14,000 BC: mesolithic to neolithic semi-sedentary hunter-gatherer culture
- Mystical founder and first emperor of Japan is believed to be 神武天皇 (jimmu tenno), great-great-grandson of 天照大神 (amaterasu-o-mi-kami)
- 7th century: Japan under influence of 唐朝 (Tang dynasty): Introduction of Chinese writing and Buddhism



*Pictures: wikipedia*

# 歴史

- 平安時代 (heian period): 794 to 1185, 京都 (Kyoto) becomes capital; a distinctly indigenous Japanese culture emerges, noted for its art, poetry and prose (e.g. The Tale of Genji); the Chinese influence fades; Buddhism spreads all over Japan
- Up to 1600 feudal era: dominance of ruling clans of warriors
- 徳川幕府 (Tokugawa shogunate) established: last feudal Japanese military government which existed until 1868
- Modern era: March 31st, 1854, Kanagawa Convention Japan is opened to the world.



# 歴史

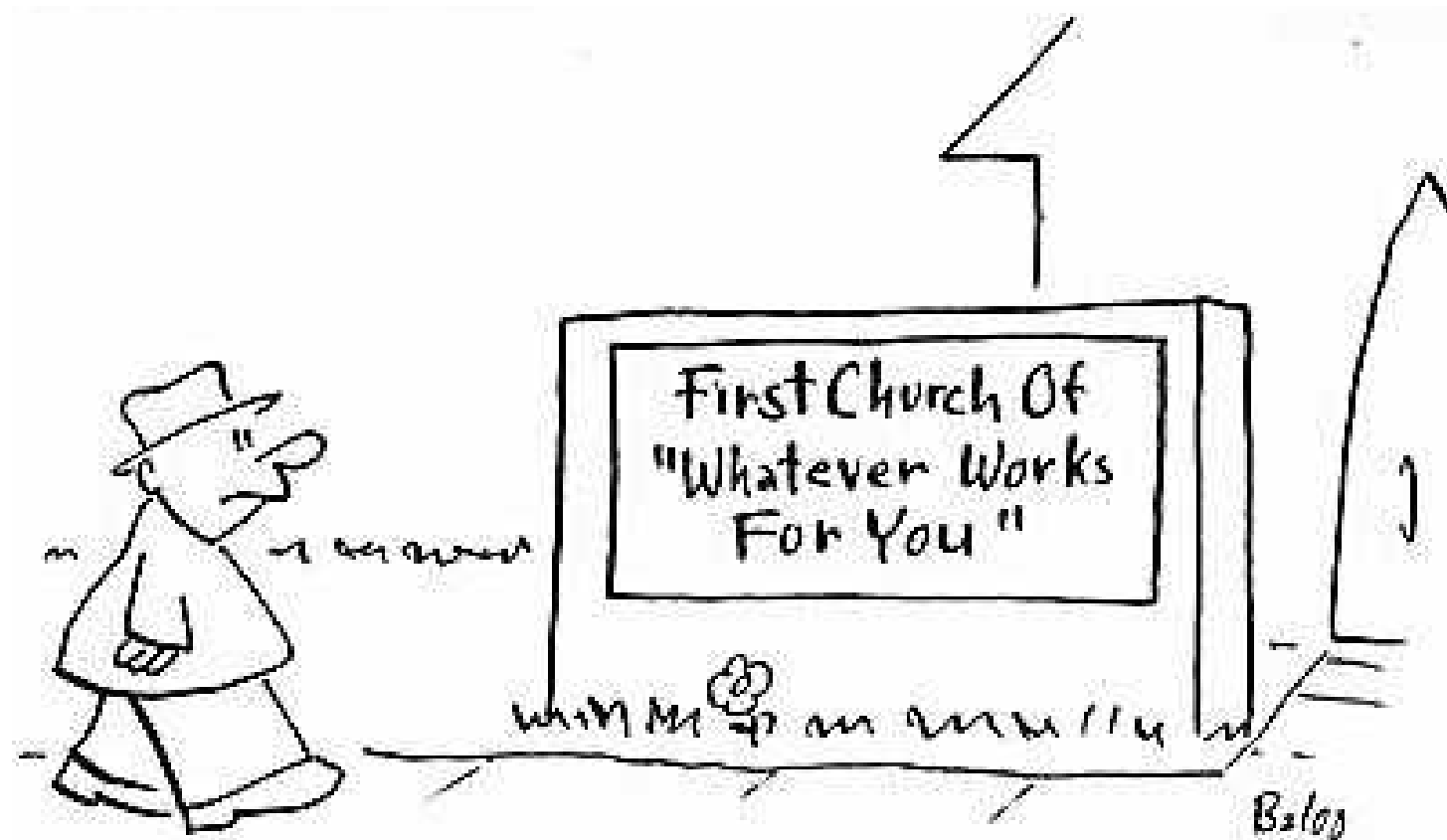
- Meiji Restoration (1868): Japan transformed into an industrialized world power
- Meiji Constitution:
  - Emperor by virtue of his divine ancestry "unbroken for ages eternal" on top of government
  - House of Peers, House of Representatives
  - Autonomy for cities and communities
  - Factual political power continues to lie in the hands of the clans
- Population growth 1873 – 1935 from 35 to 70 million people fosters industrialisation



# 歴史

- Wars against China (1894–1895) and Russia (1904–1905)
- Second war against China, Second World War (1937 – 1945)
- Treaty of San Francisco in 1952 to end allied occupation, UN member in 1956
- Rapid growth to become second largest economy in the world until surpassed by China in 2010

# 宗教



# 宗教

- Perhaps 84 to 96 percent of the Japanese population subscribe to 仏教 (Buddhism) and 神道 (Shinto), including a large number of followers of a syncretism of both religions.





# お祭り

- お正月 (New Year)



# お祭り

- 雛祭り (Girl's Day), March 3rd
- こどもの日 (Children's Day):  
formerly known as Boy's Day,  
May 5th





# お祭り

- 成人の日 (Coming of Age Day), January, second Monday





# お祭り

- 花見 („Flowers Watching“), from end of March until beginning of May, depending on the geographical zone



# お祭り

- 神輿 (Mikoshi): During a Japanese festival a deity is carried from the main shrine to a temporary or a new one



## Exercise 2

- Write some catchwords on what you think the major influencers of Japanese society were and are
  - Write your answers down on a piece of paper
  - Time for exercise 1 minute

# Understand Japan

- Influencers were ...

- Martial arts



- Shinto



- Buddhism



- Confucius 孔夫子





# Understand Japan

- Influencers were ...
  - Zen 禅



Go

- Taoism

道



# 孔子

- 五常 (the five constants):
  - 仁, humaneness
  - 義, righteousness or justice
  - 禮, proper rite
  - 智, knowledge
  - 信, integrity



# 孔子

- 3 social responsibilities:
  - 忠, loyalty (忠君)
  - 孝, filial piety
  - 禮, protection of morals
- 五伦 (5 fundamental human relationships):
  - 父子有亲      Father - Son
  - 君臣有义      Sovereign - Subject
  - 夫妇有别      Husband - Wife
  - 长幼有序      Older Brother – Younger Brother
  - 朋友有信      Friend - Friend

# 孔子

- „The domino effect of harmony“
  - If I behave properly (loyally, rightly and honestly), the family shall be in harmony
  - If the family is in harmony, so it shall be the village
  - Villages → province
  - Provinces → empire
  - Empires → cosmos





# 礼節

- Understand what's going on...
  - Hierarchy
  - Paternalism
  - Save face
  - 協和 („In harmony together“)
  - Avoiding conflicts
  - Modesty
  - Indirectness
  - Yes and No
  - Relationship oriented
  - Collectivism
  - Delimitation
  - Consensus

# Hierarchy

- Relationship between superior and inferior characterised by emotional dependency, mutual social commitment, and loyalty
- Vertical relationship patterns in all areas of life: 先輩 and 後輩 (Sempai and Kohai)
- Authority:
  - Great respect for superiors
  - Submissiveness (obeying uncontradictedly)

# Social Status

- Determined by:
  - Family background
  - Level of education
  - Name of university
  - At work: age, titles, seniority
  - Financial situation

# Paternalism

- Relationship between superior and inferior characterised by emotional dependency, mutual social commitment, and loyalty
- Superior expected to demonstrate both authoritarian and thoughtful demeanour
- Inferiors show allegiance and loyalty
- Continuous giving and taking
- Difference in rank and status fully accepted



# Save face

- Face:
  - Related to social status and hierarchical position
  - Related to moral attitude
- Who is put to shame loses face

# 協和

- Constantly striving for harmony to foster social cohabitation
- Ideal: Harmonious settlement based on social and moral commitments
- Correlative thinking predominant (one does not look so much for logical explanations)
- The individual must understand his or her environment perfectly and make sure to remain self-possessed in conflict situations

# Avoiding conflicts

- To keep social harmony alive
- Two basic strategies:
  - Adapt to situation
  - Avoid conflicts
- Indirect criticism: mostly non-verbal
- Mistakes not admitted to save face
- Reason for mistakes searched for in outer circumstances

# Modesty

- Fear of envy and jealousy
- Compliments are indignantly rebutted, however, gladly heard



# Indirectness

- Issues, e.g. during a project, are broached lately
- No clear distinction between person and subject
- A great amount of intuition is needed to tackle an issue successfully
- The closer the relationship the directer the communication (!)

# Yes and No

- Used as a reply to simple questions like „Are you coming with us?“
- A „no“ in business context is shown by non- verbal communication and indications of difficulty, inconvenience or uncertainty, and such

# Relationship

- Importance of social ties
- Characterised by consistency, mutual loyalty, trust and emotional dependency
- Communication is relationship oriented rather than fact oriented
- Presents (!) and joint activities help to build and nurture relationships

# Collectivism

- Belonging to a primary group, such as a company, a sports club, etc.
- One's own identity is rather defined via the group and not via individual qualities
- The group is based upon emotional bonding, pronounced informal networks and a high amount of solidarity
- Delimitation from other groups

# Delimitation

- Different behaviour towards „others“
- Difficulty for foreigners to join „Japanese“ groups

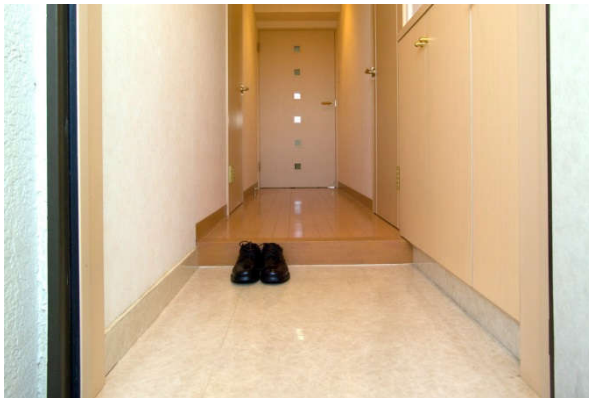


# Consensus

- Decisions are taken concertedly to preserve harmony within the group
- Employees are asked for their opinion, especially during informal meetings
- A feeling of joint responsibility arises

# Exercise 3

- What do you think is the biggest „no-no“ in Japan?
  - Write your guess down on a piece of paper
  - Time for exercise 1 minute



マナーモード



# Values

- Discipline
- Patience
- Loyalty
- Ability to cope with stress
- Personal relationships
- Harmony
- 義理 (giri)

# „Type“ of culture

- Higher context [E.T.Hall]
- Monochronic
- Control (hierarchy) [Haworth]
- Formal
- Reserved

# General behaviour

- Respect
- Politeness
- Punctuality
- Group before individual
- Follow the rules
- 建前 and 本音 (tatemae and honne)

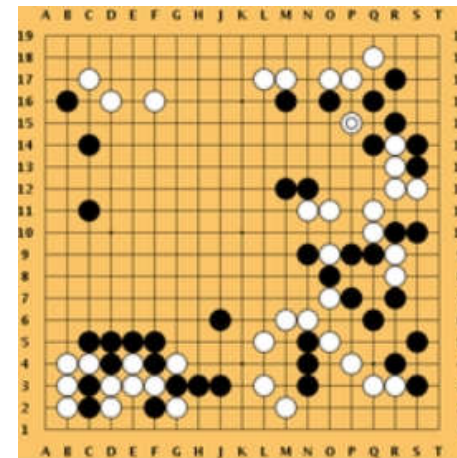


# New business

- It might take a rather long time to become a partner (e.g. AVL List), however, once the relationship based on solid mutual trust has been established it will very likely last for good
- E-mail or phone calls won't work! Rather
  - use resources such as AWO, JETRO or Japanese banks
  - participate in a delegation
  - attend fairs, reply to tenders
  - 紹介者 (shokaisha)

# When negotiating

- Patience!
  - Many „irrelevant“ topics may be covered up-front
  - Proceedings might seem rather unstructured
- Understand, feel, align
  - Let them do the talking
- 攻撃と防御



# Contracts

- What has been agreed upon is the contract
- The written form is a rather brief summary
- Japan is the most non-litigious country in the world (which one is the most litigious?)
- Disputes are to a very high extent settled on a bilateral agreement avoiding the „face loosing“ trial before court

# Aspects of cooperation

- After a fault, Japanese people are not likely to search for the guilty one rather than jointly working out a new process structure to avoid this fault in the future

# General communication

- Trust is earned by those who trust others by themselves
- Listen carefully
- Observe, think, explain briefly
- Japanese people use a lot of loan words
  - Pasokon, rajikase, defure, ...
  - Learn to understand those words
- Use a professional translator



# General communication

- Japanese is a language dominated by „vague“ expressions
- Many extra words for politeness
  - Create ambiguity (for outsiders)
  - Help to „retain face“
- Main statement is preceeded by harmonising platitudes
- No „reported speech“
- It matters how you say it – not what you say (!)

# Presentations

- Brief value statements
- Listen carefully
- No torrent of words!
- Inductive style
  - Because of xxx we propose yyy

# Meetings

- Relationship oriented not task oriented
- No strict following of agenda topics
- Brief speeches by both sides in the beginning and at the end, performed by person of highest rank
- No jokes!!
- Japanese may „power-nap“ during a meeting!
- Mobile phones might go off buzzing

# Do's and Taboo's

- Name and title
- Business cards
- Greeting
- Seating arrangements
- Bathing
- Shoes

# Do's and Taboo's

## At table in Japan

- Usage of chopsticks
- Rice from bowl to mouth
- Noises
- Rules for toasting
- When is a formal dinner finished?



# Do's and Taboo's

- Presents („gifts“)
  - Practical things
  - Specialities of your home country
  - Wrapping
- Cleaning your nose
- No tips!
- Topics for conversation

# カラオケ

- Participate if invited
  - Great chance to get to know each other better
- Don't feel afraid to perform
  - It's not a song contest – it's all about having fun within the group
- Pick a (Japanese) partner and perform together

# Handling of Japanese people

- Be „more polite“ than you think you should be
- Entertain your guest with great food, and apologize afterwards for the mere trifle
- Flatter, but don't overact (intuition)
- Show respect (!)
- Stress positive aspects about Japan

# Handling of Japanese people

- Never hurt their feelings
- Learn Japanese. Use it to show interest. Do not overact.
- Be prepared to repeat things, perhaps more than 5 times.
- Japanese will stick to agreements, but do not like to shake hands. Nodding or bowing is better.
- Find common interests.
- Never say „no“ or „it is impossible“ or „we cannot do this“. Simply remain silent in case of contradiction.

# Summary

- Experience Japanese hospitality during vacations: You'll find a well-organised and absolutely safe country - its people will bend over backwards to help
- If on business: do NOT undertake this venture on your own (!)