



# Biosector's Basic Guide to Japanese Business Culture - and You!

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Navigating the Japanese business environment is both rewarding and challenging. Japanese business culture is deeply rooted in tradition and has a unique set of values and practices that differ significantly from Western norms. Understanding these cultural nuances is essential for anyone looking to establish successful business relationships in Japan. This guide aims to provide you with a comprehensive overview of the key aspects of Japanese business culture. We want to help you to navigate this complex landscape with confidence and respect.

## Importance of Understanding Cultural Nuances

Understanding and respecting cultural nuances is crucial when doing business in Japan. Japanese business culture emphasizes harmony, respect, and long-term relationships. The way business is conducted is often influenced by deeply ingrained social norms and etiquette, which can be very different from what you may be accustomed to. By familiarizing yourself with these cultural nuances, you can build stronger, more effective relationships with your Japanese counterparts and avoid common pitfalls that can arise from cultural misunderstandings.

Professor Emeritus Helen Spencer-Oatey highlights three levels of cultural understanding. At Level 1, individuals recognize and accept that cultural differences exist. At Level 2, they actively learn about and engage with new cultures. At Level 3, they skillfully use their cultural knowledge as a powerful tool in interactions and negotiations.

In the following sections, we will explore key concepts such as Omotenashi (hospitality), Wa (harmony), Tatemae and Honne (public vs. private face), Kaizen (continuous improvement), and Nemawashi (laying the groundwork). We will also delve into communication styles, the importance of building relationships, business etiquette, meeting conduct, hierarchy and leadership, negotiation tactics, and workplace dynamics. Each section is designed to equip you with the knowledge and skills needed to navigate the Japanese business environment effectively and respectfully.

Whether you are preparing for your first meeting with Japanese clients, planning a business trip to Japan, or looking to deepen your existing relationships, this guide will serve as a valuable resource. Embrace the opportunity to learn and grow through understanding and adapting to Japanese business culture, and you will find that the effort pays off in meaningful and lasting business relationships.



## Key Concepts in Japanese Business Culture

### Omotenashi (Hospitality)

Omotenashi is the Japanese concept of hospitality that goes beyond mere service. It involves anticipating the needs of others and providing a thoughtful, personalized experience. In a business context, omotenashi means treating clients and partners with the highest level of respect and care, ensuring their comfort and satisfaction in every interaction. This practice is rooted in a deep sense of empathy and consideration, reflecting a genuine desire to make others feel valued and appreciated. Understanding and practicing omotenashi can help build strong, lasting relationships in Japanese business.

### Wa (Harmony)

Wa, or harmony, is a fundamental principle in Japanese culture that emphasizes the importance of maintaining peace and balance in relationships and social interactions. In business, wa manifests as a preference for consensus-building, cooperation, and avoiding direct confrontation. Preserving wa means prioritizing group harmony over individual desires, which often involves subtle communication and a high level of awareness of others' feelings and opinions. By fostering a harmonious environment, Japanese businesses aim to create a cohesive and productive workplace where everyone can work together effectively.

### Tatemae and Honne (Public vs. Private Face)

Tatemae and Honne represent the duality of public and private personas in Japanese culture. Tatemae refers to the facade or public face that individuals present in social situations, reflecting societal expectations and norms. Honne, on the other hand, represents a person's true feelings and desires, which may be kept private to maintain harmony and avoid conflict. In a business setting, understanding the distinction between tatemae and honne is crucial, as it can help you navigate conversations and negotiations more effectively. Recognizing that people may not always express their true thoughts directly can prevent misunderstandings and foster more meaningful connections.

### Kaizen (Continuous Improvement)

Kaizen, meaning "continuous improvement," is a core philosophy in Japanese business that focuses on incremental, ongoing development in all aspects of work and life. This concept encourages employees at all levels to actively seek ways to improve processes, increase efficiency, and enhance quality. Kaizen involves a collective commitment to innovation and excellence, fostering a culture of continuous learning and adaptation. In practice, this means regularly evaluating and refining business practices, encouraging feedback and collaboration, and striving for perfection in every task.



## Nemawashi (Laying the Groundwork)

Nemawashi is the practice of laying the groundwork for decision-making and gaining consensus before formal discussions or meetings take place. This involves informal, behind-the-scenes conversations to gather input, address concerns, and build support for a proposal. By the time a decision is formally presented, most stakeholders are already on board, making the process smoother and more efficient. Nemawashi reflects the Japanese emphasis on harmony and consensus, ensuring that everyone's views are considered and that decisions are made collaboratively. Understanding and utilizing nemawashi can greatly enhance your ability to navigate the Japanese business environment and achieve successful outcomes.

## Formal and Informal Meetings

In Japanese business culture, meetings play a crucial role in decision-making, relationship-building, and ensuring smooth operations. Understanding the distinction between formal and informal meetings is essential for navigating these interactions effectively.

The short overview would say something along the lines of: Formal meetings are there to underscore the things you agree upon and what is the foundation of your good business relationship. The purpose is to leave such meetings with a warm feeling of co-everything.

The informal meetings are the meetings where the iron is hammered and the business relationship is forged. That's where the differences are examined, where demands are aired and where change requests become real.

If you are not in Japan, you need someone to take care of your informal meetings.

## The Pig on the Table

In the West, we simply put the pig on the table and start discussing it's good and bad points, the shortcomings and strong points. In Japan, that's hardly even implied in the formal meetings.

- **You need to understand this!**

## Formal Meetings

Formal meetings in Japan are structured, agenda-driven sessions typically used for decision-making on things already agreed upon, reporting all things positive, and formal discussions aimed at Harmony and relationship building. These meetings are essential for underlining understandings and commonalities. Bottom line is ensuring all parties are on the same page without any disturbances.



## Checklist for Formal Meetings

### Preparation

- A detailed agenda should be distributed well in advance, allowing participants to prepare thoroughly. Make sure you understand who should make and receive the agenda!
- All necessary materials, such as presentations, documents, and reports, must be prepared and (sometimes) translated into Japanese. Please keep in mind that even if all the people you meet speak English, maybe the decision-makers behind the scenes don't...

### Seating Arrangements

- Walking towards the meeting room, before the meeting starts, a small and pleasant talk and the exchange of business cards are expected.
- Follow the hierarchical seating arrangement, with the highest-ranking individuals seated furthest from the door.
- Guests are typically seated opposite the hosts.

### Conduct

- Start the meeting with a formal greeting and introductions. Bowing is customary.
- Stick closely to the agenda, addressing each point systematically.
- Avoid interrupting others and maintain a polite, respectful tone throughout the meeting. Patience is a virtue!
- Use clear, concise language and avoid ambiguity and complex words or long sentences in English. Visual aids, written materials and data sheets can help convey complex points effectively.

### Decision-Making

- Decisions in Japan are usually made based on consensus. Don't expect real or new decisions to be made in formal meetings, where only already made decisions should be discussed.
- Summarize key points and decisions at the end of the meeting to confirm mutual understanding.

### Follow-Up

- After the meeting, make sure you have pleasant chats with your meeting partners as they escort you towards the exit.
- Send detailed minutes of the meeting to all participants, highlighting key decisions and action items. Keep it positive.



- Follow up on agreed actions promptly to demonstrate reliability and commitment.

## Informal Meetings

Informal meetings, such as nomikai (drinking gatherings), afternoon coffee or lunches, are less structured and focus on building rapport, discussing ideas/challenges/issues openly, and laying the groundwork for the future formal meetings. These gatherings are crucial for fostering rapport and understanding between business partners. **If you are not in Japan, you need someone to do this for you.** It's basically putting the pig on the table and dissecting it. And it's vital for building a business relationship.

## Checklist for Informal Meetings

### Setting

- Informal meetings often take place in relaxed environments, such as restaurants, bars, or cafes. Izakaya is probably the most common setting.
  - *An izakaya is a traditional Japanese pub where people gather to drink, eat, and socialize in a casual and relaxed setting. Visiting an izakaya, you can expect a lively atmosphere with a wide variety of small dishes, such as yakitori (grilled chicken skewers), sashimi, tempura, and other Japanese comfort foods, accompanied by drinks like beer, sake, and shochu. Izakayas are popular for both after-work socializing and informal business meetings, providing an excellent opportunity to build relationships and enjoy the local culture in a friendly, convivial environment.*
- The atmosphere is casual, allowing for open dialogue and personal connection.

### Conduct

- Start with light conversation to build rapport before discussing business matters.
- Be attentive and show genuine interest in the other person's views and experiences.

### Communication

- Use the opportunity to share ideas and gather feedback in a non-pressured setting.
- Be open and honest, but maintain respect and politeness at all times.
- Pay attention to non-verbal cues and indirect communication.

### Building Rapport

- Focus on establishing trust and understanding rather than pushing for immediate business outcomes.



- Show appreciation for the invitation and the effort made by the host.
- Engage in small talk about non-business topics to strengthen personal connections. Sharing something positive you learned or noticed about Japan (sights, history, experiences, food, culture, etc) will give you bonus points.

## Follow-Up

- After an informal meeting, send a thank-you note or message expressing gratitude for the opportunity to connect.
- Reflect on the discussions and use the insights gained to inform future formal meetings or business strategies. Make sure you send them the answers they are looking for. Expect to get the answers you were looking for.

## Communication styles

### Indirect Communication

In Japanese business culture, communication tends to be indirect. This means that people often convey their messages in a subtle and nuanced manner rather than stating things directly. This approach helps to maintain harmony and avoid confrontation. When interacting with Japanese colleagues or partners, pay attention to implied meanings and read between the lines. It's important to be tactful and considerate in your responses, ensuring that you are respectful and do not cause offence.

### Non-Verbal Cues

Non-verbal communication plays a significant role in Japanese interactions. Body language, facial expressions, and gestures can convey much more than words. For example, a slight nod can indicate agreement or understanding, while prolonged eye contact might be considered rude or confrontational. Observe the non-verbal cues of your Japanese counterparts carefully and adjust your behaviour accordingly. Being sensitive to these subtle signals can greatly enhance your communication ability.

Also remember that omitted things or topics can make a lot of sense!

### Use of Silence

Silence is often used strategically in Japanese communication. It can be a sign of respect, a way to give thought to a response, or a method to avoid conflict. Most often it's actually the speaker's honest deep gathering of thoughts before delivering them. Be patient! In conversations, do not fill pauses with chatter. Allowing moments of silence shows you are





considering what has been said and respecting other people's thoughts. Understanding the value of silence will help you navigate discussions more comfortably and effectively.

## Politeness and Formality

Politeness and formality are cornerstones of Japanese communication. Using polite language, addressing people by family names followed by "san," and maintaining a respectful tone is crucial. Politeness extends to gestures and behavior, so be mindful of all situations.

## Building Relationships

### The Role of Trust and Respect

Trust and respect are foundational elements in Japanese business relationships. Building trust involves demonstrating reliability, honesty, and integrity in all your interactions. Show respect by acknowledging hierarchical structures, using polite language, and being considerate of others' opinions and feelings. Gaining the trust and respect of your Japanese counterparts can take time, but it is crucial for fostering strong and lasting business relationships.

### Importance of Long-Term Relationships

In Japan, business relationships are often viewed as long-term commitments. Rather than focusing on immediate gains, Japanese professionals prioritize establishing stable, enduring partnerships. This long-term perspective means that initial interactions may be more about getting to know each other and building rapport rather than closing deals. Demonstrating a commitment to the relationship and showing patience will be appreciated and are the only sure ways to ultimately lead to fruitful collaborations.

### Helping Japanese Counterparts Overcome Shyness

Japanese people are generally known for their shyness, especially in initial business interactions. To help them feel comfortable, it is important to create a warm and inviting atmosphere. Be patient and allow them time to express their thoughts without pressure. Encourage open communication by asking open-ended questions and showing genuine interest in their responses. Maintaining a respectful and non-threatening demeanor can help your Japanese counterparts feel more at ease and confident in the conversation.

## English Proficiency in the Pharma and Biopharma Industries

In the pharma and biopharma industries, most professionals in Japan speak English, particularly those in managerial and international roles. In the fields of CGT, Regenerative Medicine and ATMPs the English capabilities are more prevalent. However, proficiency levels



can vary, and it is helpful to provide clear and simple communication to avoid misunderstandings. Using visual aids, translated materials, and speaking slowly can enhance comprehension. Recognising and accommodating different levels of English proficiency will facilitate smooth interactions and effective collaborations.

## Socializing Outside of Work (Nomikai)

Socializing outside of work, particularly through events like nomikai (drinking gatherings), is an important aspect of Japanese business culture. These informal gatherings provide a relaxed environment where colleagues and business partners can strengthen their relationships, discuss matters more freely, and build camaraderie. Participating in nomikai and other social events shows your willingness to engage with Japanese culture and helps to deepen mutual understanding and trust.

## Gift-Giving Etiquette

Gift-giving is a common practice in Japanese business culture and is seen as a gesture of goodwill and respect. When giving gifts, it's advisable to choose items that are of good quality and appropriate for the occasion. Giving gifts from your hometown or home country is recommended. Gifts should be wrapped beautifully and presented with both hands. Be mindful of the timing and context of gift-giving; it's often done at the beginning of a meeting or during significant milestones in the business relationship. When receiving a gift, show appreciation and gratitude, and consider reciprocating with a gift of similar value.

Don't overdo it!

## Business Etiquette

### Proper Greetings and Bowing

Greetings and bowing are fundamental aspects of Japanese business etiquette. When meeting someone for the first time, a slight bow is the traditional greeting. The depth of the bow can indicate the level of respect, with deeper bows showing greater respect. While handshakes are becoming more common, especially with international business partners, a bow is usually expected. If a handshake is offered, it should be gentle and accompanied by a slight bow. Always address people using their family name followed by "san" (e.g., Tanaka-san or Toda-san) to show respect. This "san" is equal to Mr, Mrs and Ms. All in one.

### Business Card Exchange (Meishi)

The exchange of business cards, or meishi, is a vital ritual in Japanese business culture. Present your business card with both hands, holding it by the corners, with the Japanese side facing up and towards the recipient. When receiving a business card, accept it with both hands and take a moment to study it before putting it away in a business card holder. Never





write on a business card or put it in your pocket, as this is considered disrespectful. Treat each card with care, as it represents the person and their company.

## Punctuality and Time Management

Punctuality is highly valued in Japan and is seen as a sign of respect and professionalism. Always arrive on time for meetings and appointments, ideally a few minutes early. If you are running late, inform your host as soon as possible and provide an estimated arrival time. Meetings start and end on time, so be prepared and concise in your discussions. Time management also extends to responding to emails and calls as soon as possible. Prompt replies demonstrate commitment and reliability. Not doing it means you are not so interested in or ambitious.

## Dress Code and Appearance

The dress code in Japanese business settings is generally conservative and formal. Men are typically expected to wear dark suits with a white shirt. Ties are never wrong but no longer a requirement. Women should also wear professional attire, such as a suit or a dress with a jacket. Avoid bright colours and flashy accessories. Personal appearance should be neat and tidy, with attention to grooming. Maintaining a professional appearance reflects your respect for the business environment and the people you meet.

Keep in mind that from June to mid-September, Japan can be very hot and humid, meaning that you can choose lighter cloths and short-sleeves, or rolled-up sleeves, during those months. Japan used to expect full suits and ties also in the sweltering summer heat, but after the very successful governmental campaign “Cool Biz Japan”, lighter clothes have become the summer norm.

## Accepting Responsibility

In Japanese business culture, it is crucial to never blame anyone or anything when issues arise. Instead, the focus should be on accepting responsibility and finding solutions. This approach reflects a collective mindset and the importance of maintaining harmony and respect within the team and with business partners.

When faced with a problem, acknowledge the issue without attributing blame. Use phrases that emphasize your commitment to resolving the situation, such as "We will address this immediately" or "I will ensure this is corrected." This demonstrates your accountability and dedication to improvement.

Accepting responsibility also means being proactive in preventing future issues. Reflect on what went wrong and implement measures to avoid similar problems. This attitude not only helps in resolving conflicts but also builds trust and reliability in your professional relationships.

By consistently accepting responsibility and focusing on solutions, you contribute to a positive and collaborative business environment, which is highly valued in Japan.



I have seen business relationships crumble from Western partners not accepting full responsibility and even blaming the Japanese partner for lying. I've also seen many examples of deepened relationships after resolute action to solve issues and shouldering responsibility to its fullest extent.

Never blame anyone or anything!

## Meeting Conduct

### Preparing for Meetings

Effective preparation is essential for successful meetings in Japan. Begin by distributing a detailed agenda or your presentation deck, data or relevant whitepapers to all participants a few days in advance. This allows everyone to prepare thoroughly and to conduct an informed and effective meeting. Doublecheck that all necessary materials for the meeting, such as presentations, documents, and reports, are ready and prepared. Being well-prepared is a cornerstone of Japanese mentality and promotes a productive meeting environment.

### Seating Arrangements

Seating arrangements in Japanese business meetings follow a hierarchical order, reflecting the importance of status and seniority. Typically, the highest-ranking individuals sit furthest from the door, while lower-ranking members sit closer. As a guest, you will often be directed to a specific seat. It's important to follow these cues and respect the established order. Understanding and adhering to these seating conventions demonstrate your cultural sensitivity and also earn you bonus points.

### Agenda Setting and Meeting Protocols

Setting a clear and structured agenda is crucial for Japanese meetings. The agenda should outline the topics to be discussed, the order of discussion, and the expected outcomes. Start the meeting with formal greetings and introductions, followed by a brief overview of the agenda. Stick closely to the agenda to ensure the meeting stays focused and on track.

Meeting protocols in Japan emphasize respect and attentiveness. Allow participants to speak without interruption, and listen carefully to their points. Taking notes is common practice and shows your engagement with the discussion. Summarize key points and decisions at the end of the meeting to confirm mutual understanding and ensure everyone is aligned.

Asking relevant questions is a sign of interest, use it wisely!

### Decision-Making Processes

Decision-making in Japanese business culture is often a collaborative process aimed at achieving consensus. This process, known as "nemawashi," involves informal discussions and groundwork before formal meetings. That's why, during the meeting, you should



encourage input from all participants and value their perspectives. Making sure that all are onboard the ship in a good way.

Decisions are typically not made on the spot but are taken back for further consideration and refinement. Be patient and understand that this methodical approach is designed to ensure that all aspects are thoroughly evaluated and that everyone is on board with the final decision. This process fosters a sense of unity and collective responsibility.

You can also view it as a due diligence process regarding what it would be like to work with you and your company.

The process can be lengthy and make sure you are either patient or has someone who can guide you.

## Negotiation Tactics

Business negotiation is an artform and this part is only scratching the surface the tiniest bit. However, there are some pointers that can save you a lot of headache.

## Approach to Negotiations

In Japan, negotiations are often viewed as a process of building relationships rather than just closing a deal. The negotiation approach tends to be more indirect and subtle compared to Western styles. Negotiations are expected to maintain a respectful and cooperative tone. It's important to be patient, listen attentively, and show understanding of the other party's perspective. Demonstrating flexibility and willingness to find mutually beneficial solutions will help in building trust and rapport.

The formal negotiation meetings are usually preceded by informal meetings, laying the foundation right.

## Importance of Internal Consensus (Nemawashi)

Nemawashi is a critical aspect of the Japanese negotiation foundation. All things you and your team say or do will be thoroughly scrutinised and discussed behind the scenes. These discussions are talks you will never see or hear. They gather input and build internal support for your proposal before making decisions. You need to feed into these processes to ensure good decisions can be made with as little time lag as possible.

**Some tips:** Make sure that all stakeholders are seen and heard, that all information is updated, relevant and distributed properly. Make sure that any potential objections are spotted and addressed early on in the informal setting. By the time a proposal reaches the formal negotiation stage, there is a broad consensus within your partner's company. Doing this (and more) enhances the likelihood of a successful outcome.



## Patience and Persistence

Going from the first meeting via building rapport and reaching the stage of negotiations in Japan can be a lengthy process. The process requires a significant investment of time and effort. Patience is essential, as decisions are rarely made quickly. Be prepared for multiple meetings and discussions before reaching an agreement. Persistence, coupled with a respectful and non-confrontational approach, will demonstrate your commitment to the relationship and the negotiation process. Avoid pressuring your Japanese counterparts for immediate decisions, as this will likely be counterproductive and can harm the relationship.

## Handling Disagreements

Disagreements in Japanese negotiations are often handled with great care to maintain harmony and avoid conflict. When a disagreement arises, it's important to address it tactfully and respectfully. If not possible to defer the disagreement to the informal setting, here's what to consider: Avoid direct confrontation! Use indirect language and provide alternatives or suggestions for resolving the issue. Emphasise the shared goals and benefits of finding a solution. Maintaining a calm and composed demeanour, even in challenging situations, will help preserve the relationship and create an environment conducive to resolving differences.

## Workplace Dynamics

Conducting business with Japanese counterparts for the first time, there are many moving parts you need to be aware of. Understanding the dynamics of the Japanese workplace is one such thing as it strongly affects how your meetings will be seen and walked through.

## Teamwork and Collaboration

Japanese business culture strongly emphasises teamwork and collaboration. Decisions are often made collectively, and input from all team members is valued. This approach fosters a sense of unity and shared responsibility. Understanding this collaborative spirit can help you integrate more smoothly into their working style and gain their trust. In meetings, you may notice that discussions aim to reach a consensus rather than highlighting individual opinions.

**What you can do:** Encourage participation from all members and show appreciation for their contributions.

## Work Ethic and Expectations

The Japanese work ethic is characterized by dedication, diligence, and a high level of commitment to the company. Employees often work long hours and take pride in their work. Punctuality, preparation and attention to detail are highly valued cultural traits.

**What can you do:** Demonstrate your respect for their work ethics. Be punctual, prepared, and thorough in your dealings. Show that you value their efforts and are willing to match their level of dedication. These things can go a long way!

