



INDO-JAPAN CHAMBER OF COMMERCE & INDUSTRY

UNDERSTANDING JAPANESE CULTURE:

**A PRE-REQUISITE FOR
DOING BUSINESS WITH JAPAN**

by

N. Krishnaswami



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PREFACE

There is a great awareness about Japan in India and about India in Japan in recent times and the two want to work together in all fields - educational, cultural and economic for the betterment of both. But there is a need to fill the gap in information, in knowledge about each other. It is to fill this void that the Indo-Japan Chamber of Commerce & Industry has planned to bring out a series of Background Papers with the help of people who have known Japan and India, interacted with the two peoples and would like to share their knowledge with others. This effort on our part is a prelude to greater and more intellectual interaction through discussion, seminars and research on Indo Japan bilateral cooperation in the coming days. I am sure the Background Papers will create more interest among all readers to further strengthen our bilateral relations.

15-05-2015

N. Kumar
President

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Japan is an island nation in the Pacific Ocean, off the coast of East Asia. More than 6,800 islands together make up the nation of Japan, most of them are very small. Only four islands Hokkaido, Honshu, Shikoku and Kyushu make up for more than 98% of the country. The countries nearest to Japan are Russia, China and the Republic of Korea and each one of them has its own geographic, political, economic and social problems with Japan which erupts from time to time.

Japan is a fascinating country. This is partly because of the country's phenomenal economic development after its total devastation in the Second World War and partly

because of the various consumer products, especially electrical and electronic goods from Japan that have flooded the world. But in spite of all its modernism, Japan is a very old society, sometimes old in its thinking even today. In spite of over half a century of ultra-modernism and its super power stature today, Japan in a sense continues to be an enigma to many.

Many people including the Japanese think of Japan as a small country. But what is more important than Japan's geographical size is its setting, its relative isolation from the rest of the world till about 150 years ago. During that period they had known of only two countries, China and India; the former because of its close proximity leading to frequent clash of arms, and the latter because of Lord Buddha, whose message of non-violence and humanism had reached the shores of Japan by the 6th century.

This isolation has probably forced the Japanese to create a set of characteristics in their culture and development, quite distinct from the rest of the world. Majority of the Japanese even today believe there are only two groups of people in the world - one, "We Japanese" (*Nihonjinron*), who look Japanese, speak Japanese and think Japanese, and the other, "The Rest". They considered

themselves superior to what the rest of the world had to offer and they had even come out with a “scientific proof” of Japanese uniqueness. A famous Japanese scientist, Dr. Tadanobu Tsunoda, claimed to have discovered that Japanese brains were essentially different from and superior to the brains of other peoples of the world! And, we have to interact with them and deal with them in different situations, in different walks of life, social, political, economic, etc.

What is it that has gone to make Japan what it is today? Only a proper understanding and appreciation of the social and cultural mores of a nation, will pave the way for inter-personal contacts in economic and commercial cooperation. So then, what is the basis of Japanese culture? Japan is a homogenous society, free of internal conflicts. This has made the country a major industrial power. True, Japan too had social stratification in the earlier days but with the progress of modern materialistic civilization, all the social groupings have by and large disappeared though every Japanese is proud to look back on his ancestry even today.

Education has played a very important part in making Japan a great nation. Formal education and examinations have taken the place of class and birth in determining one's function and status. Since Meiji restoration in 1868 a highly

centralized and uniform school system, even making education the first charge on the budget, has come to stay. The whole system is highly egalitarian, open to merit; but it has become highly competitive, a rat race, resulting in an increasing number of suicides of bright children. But the whole Japanese educational system today is so regimented that all Japanese children, boys and girls, the young and the grown ups, will think alike and there is no scope for any original thinking. No wonder the Japanese society at all levels and in any spectrum, is a highly regimented, disciplined society all in a free democratic country.

Japan is a land of non-religion. The Japanese will declare they are not religious but in the next breath will proclaim Shintoism is in their blood, and in yet another breath, will say Japan is a Buddhist nation. Besides, Japan has about 1 million Christians too, of different denominations. It is humorously remarked that a Japanese is baptized in the Christian faith, married according to Shinto rituals, and arranges to have a Buddhist burial. Very clever people, they are keeping all options open for after-life! The non-religious Japanese are after all religious. The Japanese consider religion as more concerned with this life rather with the next, answerable to society rather than to God.

Examples can be drawn from Japanese politics, diplomacy, economic affairs, etc., to show the Japaneseness of the Japanese. For example, the Japanese were annoyed with India for getting close to Soviet Union in Nehruvian days. But they did not mind being a satellite of the United States because of the military protection received from it to defend the borders. Likewise, Japan was critical of India's economic policy of planned economic development, but Japan's free economy was a case of “managed capitalism” under the benign guidance, direction and dictation of its Ministry of International Trade & Industry. Yet again, Japan expects all the countries of the world to sign the Nuclear non-Proliferation Treaty; and post-Pokhran II India knows this to its cost. But Japan has allowed it to be protected by the U.S. nuclear umbrella under a Defence deal between them since 1950. Of late, there has been growing protests from the people of the region affected by the deal. They want the US nuclear deal modified or rescinded. The question of nuclear power is a highly sensitive issue in Japan today and the nation is not yet ready either to accept it or remain non nuclear.

All these are not to belittle in any way the greatness of Japan in the comity of nations today. Japan was the second biggest economic power till recently after the USA; it has since been overtaken by China. Having failed

in our attempts to woo Japan in our early post-independence years, there were high hopes that the Japanese would come to India faster and closer, economically and commercially after the inauguration of economic liberalization in India in 1991. If there was one country that had spent so much money, so much time and effort in understanding India's liberalization, it is Japan. But, the country has been exploring India still while the rest of the world sees India as a rich source of investment and trade. It required Goldman Sachs to remind Japan that India is going to be a major economic power along with Brazil, Russia and China, and will surpass even Japan and China by 2050.

The historic visit of Mr. Yoshiro Mori, the then Prime Minister of Japan to India, in 2000 and the subsequent summit between Mr. Mori and Mr. Vajpayee the then Prime Minister of India has opened a new era in Indo-Japan relations. Today, the annual summits between the two Prime Ministers of Japan and India, preceded by Foreign Ministers meetings and the Secretary level meetings regularly is looked forward to eagerly by both the countries. Today, the cooperation between the two countries is not only confined to economic matters but also

to political, strategic and international diplomacy. The bilateral relationship is at a historic high. And so the Japanese are here in a big way, at last. It is now for us to understand the basics of the business mores and business culture of the Japanese if we in India are serious about “Doing Business with Japan”.

Doing business with Japan is an art. There are several apparent contradictions in the behavior of the Japanese people. They are a highly disciplined lot, but are also given to extra indulgence at times. They believe in hierarchical order and obedience to authority, yet they also believe in social equality - decision making by consensus is a Japanese brainchild. The Japanese are extremely helpful, but they can also be extremely unconcerned. They are very hospitable and open to foreigners; they are famous for politeness and sincerity; but they can be extremely rude and discourteous also. All these are nothing special about the Japanese alone. The Japanese have absorbed strong influences from abroad in the last about 200 years; but even here they absorbed just that much they required and not the whole. That explains the Japanese conservatism in the midst of their 20th century modernism. This explains the apparent contradictions in their behavior.

A small digression about Japan's 'Decision-making by Consensus'. The Westerners and the Japanese mean something different when they talk of taking a decision. In the West, all the emphasis is on the answer to the question. To the Japanese, the important element in decision making is defining the question. To put it simply, going to the root of the question. In the case of starting a business in a foreign country, a Japanese businessman wants to ensure more than 100 % sure of success and once the business proposition is decided positively it must go on from ground-breaking to manufacturing and marketing the product or service, without any hitch or hurdle. They want to leave the decision making of every stage to the people handling it. They send team after team of executives at different levels one by one, study their respective reports and findings before going to next stage. And this goes on and on till the Chief Executive of the company visits the targeted country, meet with his counterpart and makes sure that things will move on. A very highly democratic way but it is a long and time consuming process. A country in a hurry like India finds this irksome. But they forget once the decision is taken by the Japanese to go ahead, the potential partner, be it India or some other, find it difficult to cope up with the speed of the Japanese.

The meteoric rise of Japan after Second World War was solely due to the attitude of the Japanese people to work. For an average Japanese, work precedes everything, including family; this is from the social and spiritual ethos of the people. But the new generation Japanese will not want to put work and workplace ahead of its own individual interests.

The clue to the Japanese success lies in the country's progress in science and technology. Japan invested 5% of its GDP in R&D, and in turn, private companies invested nearly 50% of their profits in R&D. In the early days of industrialization while the Japanese freely imported the best technology available in the world. For every dollar of technology imported, it is said, they invested five dollars in R&D for further improvement, assimilation and absorption as their own. It is humorously remarked that the Japanese are “imitators” not “innovators”. In a sense, all of us are imitators in one sense or the other. What is more important is what one imitates. The Japanese have an uncanny sense of identifying “unnoticed potential” in any small thing and exploit it to make it Japanese.

We, in India, often complain that the Japanese are reluctant to part with technology. In a sense it is true. But it

must be mentioned there are some perceptual gaps in the thinking of both of us - Indian and Japanese. An average Indian businessman thinks that technology transfer is just transfer of hardware and a bit of training of labour for this hardware. But, in technology transfer the whole system is to be transplanted into a new environment and it involves the assimilation of that technology in the new soil. It is a process and the Japanese look at any such transfer as a longterm investment.

There is a need for radical change in our thinking about “Doing Business with Japan”. We imagine that Japanese businessmen are making a fetish of small things. We must remember two things; one, if we want the Japanese to come to India as investors or traders they must get in return what they will get elsewhere - the theory of Opportunity Cost. Two, many Indian businessmen say they could sell their wares here, there and everywhere and wonder why the Japanese refuse. Reply: the Japanese are not asking you to sell your wares to them; if we want to sell our products to the Japanese, they should meet Japanese expectations - it is sheer common sense! As a matter of fact, Japanese considered India a poor partner for business all these days; now they

are aware that we are an emerging economic giant, superior to China in terms of quality and cost (real cost) and that the next few decades are going to be the decades of India and Japan.

On a larger canvas, both Japan and India are facing the economic challenge of a manufacturing juggernaut, that is China today. Neither Japan, with its much smaller and diminishing population, nor India with its present performance in the overall manufacturing sector, may be equal to this challenge all by itself. By combining the strengths of the two countries, these two largely complementary economies can be equal to this challenge, to the benefit of consumers all over the world. The warmth towards Japan cuts across party lines in India. There is much admiration and affection for the Japanese in our country. A Gallup poll a few years ago confirmed that Japan was the most popular foreign country in India. The essence of India lies in her people, their aspirations, their beliefs and their feelings and emotions. It would be in the interest of both Japan and India to understand that, more than a great economic opportunity, the bilateral cooperation between the two countries is definitely entwined for generations to come.

It is to this aspect that we have to pay the most attention, and history would bear witness to the two great Asian neighbours, the two great democracies of the world, Japan and India work shoulder to shoulder, to make this 21st Century the Century of Asia.





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