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Reflect on the challenges of doing business with Japan and how to deal with them from a British perspective

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Executive Summary

From a British perspective, delves into the challenges that may be encountered during business activities with Japan. Firstly, it employs Hofstede's cultural dimensions theory to analyze these challenges, comparing and analyzing the value systems and decision-making patterns of Japan and the UK from power distance, individualism vs collectivism. And subjecting them to critical examination. Additionally, the report examines the differences in context between Japan and the UK, analyzing how differences in the way information is communicated can lead to misunderstandings. In response to these challenges, the research proposes corresponding strategies, such as implementing cultural training for British corporate employees to enhance understanding and respect for Japanese culture, ensuring that cultural differences are properly managed during business interactions. Finally, the report summarizes the strategies and proposes their comprehensive application to address the challenges of cooperating with Japan, aiming to promote harmonious development for both parties.

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1.0 Introduction

In the developing business environment, International Business Communication (IBC) plays a crucial role. British companies often face numerous challenges when conducting business with Japan, due to cultural differences, customs, and the diversity of communication skills. (Ali *et al*, 2021).

The theory of cross-cultural communication emphasizes that culture is a key factor in shaping people's thinking patterns, values, and communication styles. (Aririguzoh, 2022). Therefore, mastering the cultural characteristics of different countries is of vital importance for the success of companies in transnational business activities.

The purpose of this report is to deeply analyze and evaluate the challenges and sensitivities faced by the United Kingdom and Japan in the process of business. The report employs various theoretical frameworks to systematically analyze and critically assess the differences between Japan and the United Kingdom, and through in-depth research and analysis of Panasonic, Dyson Limited, and Sharp Corporation, it reveals the specific impact of cultural differences on the collaboration. For instance, the different decision-making and communication styles, and the unique business etiquette of Japan may bring pressure to British companies. In addition, this study also proposes a series of strategies and recommendations aimed at enhancing mutual

understanding of each other's communication cultures between the United Kingdom and Japan, in order to establish more solid cooperative relationships and promote the development of enterprises on both sides.

2.0 International Business Communication Situation

2.1 Differences in Values

There are significant differences in values between Japan and the United Kingdom. As a collectivist society, Japanese culture emphasizes the interests of the corporate collective and harmonious coexistence. In the Japanese business environment, employees highly value teamwork and are committed to achieving common goals through mutual coordination. In contrast, British culture tends more towards individualism, emphasizing personal freedom, independence, and the importance of self-realization. (Žemojtel-Piotrowska&Piotrowski,2023)

During the journey of corporate growth, Panasonic has emphasized the importance of cooperation and mutual benefit. Since 1978, the founder of the company has stressed the significance of collectivism and began doing business in China. Currently, Panasonic has about fifty thousand employees in China, including ten thousand researchers. With the joint efforts of the regional legal entities in China, the company has achieved significant global expansion.

Moreover, to further promote business development, Panasonic is actively advancing localization design and has made remarkable achievements in appearance design, research and manufacturing (Wu, 2024).

From this case, it can be observed that collectivism has promoted the enhancement of team collaboration skills and strengthened employees' sense of belonging, stimulating their work enthusiasm and creating greater value for the company (Westjohn *et al*, 2022). However, this approach may also have a negative impact on employees' creativity, as in the pursuit of team coordination, employees may refrain from proposing innovative ideas due to concerns, which may inhibit the development of individuality. (Rautakivi *et al*, 2022).

Dyson Limited is a British multinational electrical company founded by James Dyson. It is known for its home appliance brand. Mr. Dyson was not content with the limitations of traditional vacuum cleaners and boldly challenged established business boundaries. His success can be attributed to a firm belief in technological innovation, and despite external doubts, he persisted in his beliefs, independently advancing product research and innovation processes (Dyson, 2021).

This case illustrates the positive impact of individualism on the development of innovative thinking, stimulating entrepreneurs' creativity and driving companies

to continuously introduce new products to meet market demands. However, an individualistic business environment may bring about obstacles to collaboration, as employees, in pursuing personal goals and career development, may overlook team interests, thus affecting work efficiency (Lukes, 2024).

Differences in values can affect communication, leading to barriers in understanding. In the context of cross-border cooperation, inconsistencies in values may cause disagreements in management philosophies and decision-making criteria, which in turn can lead to conflicts and affect business interactions with Japan.

2.2 Differences in Decision-making Approaches

The significant differences in the Power Distance Index (PDI) between Japan and the United Kingdom, the decision-making patterns of the two countries also exhibit different characteristics. In countries with a high Power Distance Index, such as Japan, Malaysia, and China, the social hierarchy is more pronounced, power is concentrated in the hands of high-level leadership, and employees are typically in a managed position with lower participation in their work. In contrast, in countries with a low Power Distance Index, such as the United Kingdom, Sweden, and New Zealand, there is a tendency to achieve an egalitarian relationship between superiors and subordinates in the workplace

(Stępień & Dudek, 2021).

The concept of the Power Distance Index aims to measure the tolerance of societies towards unequal distribution of power and encompasses multiple dimensions including politics, ethics, and culture. (Ducu, 2021).

From figure 1, Japan's Power Distance Index is significantly higher than that of the United Kingdom. In Japanese society, a larger Power Distance Index indicates a more rigid social hierarchy. In a business context, the decision-making process in most Japanese companies is primarily led by the leadership, with employees typically following instructions from superiors and less involved in the decision-making process (Kung, 2024).

Taking the transformational difficulties of Sharp Corporation as an example, the company's leadership failed to anticipate significant changes in the global electronics industry and showed sluggishness in responding to these changes. Moreover, the leadership held a dismissive attitude towards suggestions from employees and industry experts, investing heavily in unprofitable projects, which exacerbated the company's financial burden (Soble, 2016). This series of decision-making errors led to the company's gradual decline.

From this case, it is clear that corporate decision-making is primarily led by management, without adopting suggestions from employees and experts.

Instead, the pursuit of economies of scale is prioritized, which not only weakens employee motivation but can also lead to talent loss, thereby negatively impacting the company's long-term development.

In the UK, most businesses practice democratic decision-making, they give all employees the opportunity to participate in major company decisions. Taking the John Lewis Partnership as an example, the company implements a flexible working hours system, does not force employees to work, and actively opposes modern slavery (John Lewis Partnership - Tackling Modern Slavery, 2024). The company has also established a dedicated worker grievance mechanism to ensure that language differences do not affect employee rights, thereby promoting more effective employee participation in company decision-making. Furthermore, the company advocates for gender equality to better protect the rights of female employees. In terms of product procurement, the company adopts employee suggestions to more accurately grasp market demand and consumer preferences, choosing more popular products, thereby increasing company profits (John Lewis Partnership - Tackling Modern Slavery, 2023).

From this case, it is evident that the company's advocated equal decision-making approach helps to gain a deeper understanding of the actual work situation of employees, enhances employee engagement and a sense of

belonging, and provides solid support for the company's long-term stable development.

Due to differences in decision-making methods, processes, and standards between the two parties, contradictions and impulses may arise during the cooperation process due to a lack of sufficient understanding of each other's decision-making criteria. This will negatively affect the efficiency and timeliness of the cooperation, potentially leading to deadlock in the collaboration.

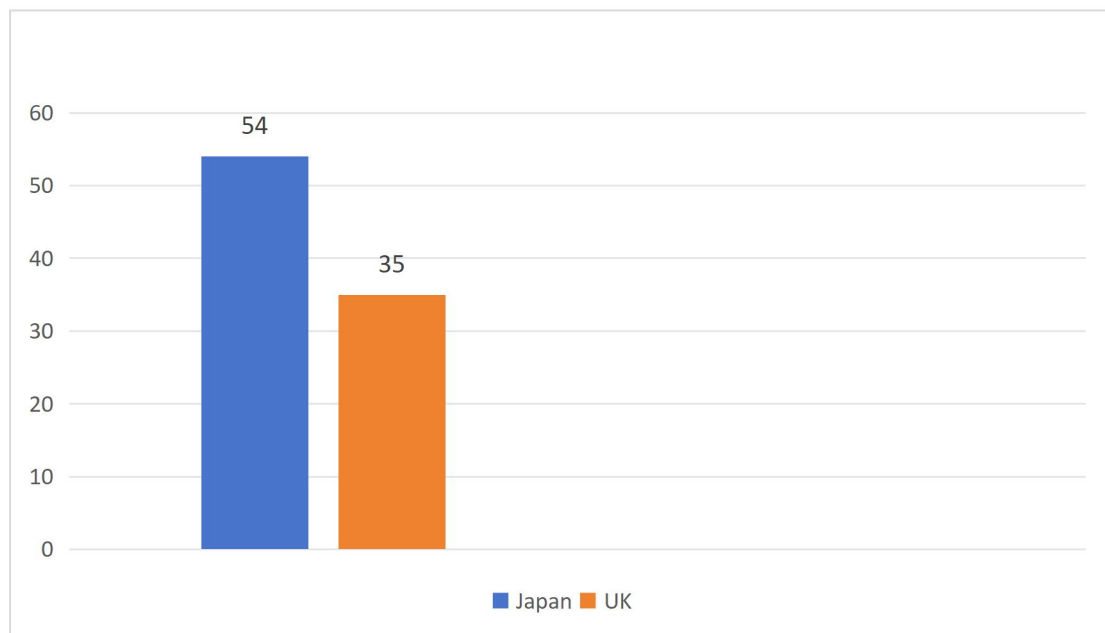


Figure 1 :Power distance index

Sources :The Culture Factor Group(2023)

2.3 Communication Differences

There are significant differences in language and communication between the United Kingdom and Japan. Japan as a high-context cultural country, it is

characterized by its emphasis on interpersonal relationships and the indirectness of information transmission. In this cultural context, non-verbal communication methods, such as body language, facial expressions, and eye contact, are given significant importance (Tanaka *et al*, 2022). In contrast, the United Kingdom as a low-context cultural country, it encourages individualism, emphasizes the use of personal power and resources and advocates for independent thinking and action. In terms of information transmission, low-context cultures tend to prefer clear and direct methods to ensure the clear communication of intended messages. (Broeder, 2021)

Japanese culture belongs to a high-context culture, where social interactions are imbued with many unique rituals and customs, such as specific requirements for seating arrangements, the precise angle of bowing, and the norms of exchanging business cards (Irwin, 2020). Additionally, the gift-giving culture in Japan is quite distinctive, with the business world often preparing gifts related to the company to give to partners before business negotiations, reflecting a high regard for building interpersonal relationships (Suarez *et al*, 2020). If the British side fails to fully understand or follow these customs, it may be interpreted as a lack of respect, which could negatively impact business cooperation. In Japan, the use of language is also crucial; it is necessary to avoid directly refusing others, and attention must be paid to the differences in non-verbal communication, such as laughter in Japan, which may be

interpreted as embarrassment rather than pleasure (Babbitt, 2023).

In contrast, Britain tends to express itself directly in negotiations, clearly stating its suggestions and purposes, a practice that helps reduce misunderstandings and improve communication efficiency (Chen, 2023). Through this case analysis, it is evident that there are differences in communication contexts between Britain and Japan, and these differences, due to different communication styles, could lead to disagreements on interests between the cooperating parties, potentially damaging the cooperative relationship.

3.0 Strategies

3.1 Improve Cross-cultural Communication Skills

Language is a key medium for business communication, it is crucial for enhancing communication efficiency, saving time and effort (Bargiela-Chiappini, 2020). It points out that mastering the linguistic features of both parties can effectively prevent misunderstandings.

For British companies, learning Japanese and its culture is a necessary condition for effective communication with Japanese business partners. Mastering Japanese helps to deeply understand the thinking patterns and intentions of Japanese business partners. At the same time, a profound understanding of Japanese culture, including its values, beliefs and customs, it helps to enhance sensitivity to Japanese business culture, thereby avoiding

misunderstandings caused by differences in cultural values (Srivastava *et al*, 2020).

In addition, British companies should also learn strategies for indirect communication and pay attention to the non-verbal information of Japanese business partners in communication to understand its deeper meaning. When expressing their own views, they should adopt a more tactful approach to show respect for the other party and avoid potential communication barriers that directness might bring.

3.2 Adapting to the Decision-making Process

Before communicating with Japan, British companies must deeply understand the other party's decision-making mechanisms and processes, clarifying that their decision-making approach is led by the leadership (Huang, 2024). This is intended to avoid causing displeasure to the other party during the communication process by employees excessively proposing suggestions. British companies should recognize that Japanese companies typically have a slower and more collective decision-making process. Patience is key in this process, as rushing may be seen as a lack of respect for the other party's decision-making culture.

Furthermore, when proposing cooperation plans, British companies should

provide detailed information and data support to meet the Japanese companies' high attention to detail. By doing so, they can demonstrate their professionalism and sincerity, and effectively promote smooth communication at the decision-making level. At the same time, understanding and respecting the hierarchical relationships in decision-making within Japanese companies is important, ensuring that appropriate communication strategies are used when interacting with personnel at different levels, to avoid potential embarrassment and misunderstandings that may arise from communicating across levels.

3.3 Respect Etiquette and Customs

British businesses need to fully recognize the importance of building relationships in the Japanese business environment. By learning from Japan's gift-giving culture, participating in social events and exchanging gifts, trust and understanding between both parties can be enhanced. Additionally, British businesses should also delve deeply into the basic business etiquette of Japan, such as the norms of exchanging business cards, and adhere to these etiquette details in business interactions to demonstrate respect for Japanese culture (Gorton *et al*, 2022).

In practical operations, British companies should pay special attention to the following points: First, when exchanging business cards, they should be handed over with both hands and ensure that the front of the card is facing the

other person, as a sign of respect. Second, when attending business dinners, they should follow Japanese dining etiquette, such as not leaving early and not sticking chopsticks into the rice. In addition, it is important to understand and abide by Japanese traditional festivals and holiday arrangements, avoiding scheduling important business activities during these periods to prevent inconvenience to the other party. (Stauss, 2023). Through these meticulous etiquette behaviors, British companies can not only demonstrate respect for Japanese culture but also effectively promote bilateral business cooperation. At the same time, establishing long-term trust relationships can help secure more cooperation opportunities in future business interactions.

4.0 Conclusion

From a British perspective, engaging in business with Japanese companies presents numerous challenges and sensitive issues. These primarily stem from cultural differences, communication styles, decision-making processes, and disparities in customs and etiquette between the two countries. This article aims to delve into the various cultural characteristics by applying multiple theories of cross-cultural communication and propose strategies to address these challenges. Through this research, British businesses can gain a deeper understanding and respect for Japanese culture, thereby promoting a more positive development in bilateral commercial relations.

5.0 Recommendations

In discussing the cross-cultural business communication between the UK and Japan, this article believes that UK companies need to adopt a diversified strategy mix. First, UK companies should value cross-cultural communication training to enhance understanding of Japanese culture and values, thereby building a foundation of trust between both parties. In the actual communication process, companies should flexibly adjust their communication strategies to adapt to the characteristics of Japanese culture. By comprehensively applying these strategies, they can effectively address the challenges in communication between companies from both sides, thereby promoting the development of companies from both countries.

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