

A Study on Japanese Style Negotiation

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1. Introduction

The topics covered here are:

- (1) A *Naniwabushi* strategy, which is a strategy to get favors from the other side at negotiation;
- (2) Obligation to society (*Giri*) and obligation to his/her acquaintances (*Ninjo*);
- (3) Dependency on the goodwill of others (*Amae*);
- (4) The Use of Concessions; and
- (5) The reasons why multi-party negotiation with Japanese are difficult based on the theory introduced from(1)to(4).

2. *Naniwabushi* Strategy

Naniwabushi is a popular ballad in Japan, which is originated in the Edo period (1600–1868). Its story is about robbers and the rise and fall of great families. The ballad is consisted of three parts; *kikkake*, *seme*, and *urei*.

Kikkake gives the background of the story and introduces what the people involved in the story are thinking and how they are feeling. *Seme*

tells about the critical events, and *urei* shows the sorrow of what had happened.

In a business situation, goes as follows:

- (1) *Kikkake*: You describe your relationship to the other side, telling them that how honestly and sincerely you had done business with them and what favors you gave them in the time of difficulty, such as making payments on time, providing extra service, introducing new reliable customers, etc. Here you tell about the long-term good business relationship with the other party, beginning your story by telling him/her the background of both of you.
- (2) *Seme*: You bring the attention of the other side on the devastating situation and its effect that you have been fallen into; for example, your company has been suffering from a serious financial problem due to the change of economy, and, therefore, you and your family members are afford to eat only cheap junk food and can hardly survive. Here you talk only about the current disastrous situation, and how the crisis affects you.
- (3) *Urei*: By following *kikkake* and *seme*, you tell the other side the situation will get worse unless the other side understands the awkward situation sympathetically and kindly offers help to accept your request. If the other side does not respond favorably to your request, you suggest indirectly that you will have more serious problems and the entire forthcoming dreadful outcome will be entirely on the other side's fault. Here you try to persuade and plead the other party to compromise or comply with your request.

Since *naniwabushi* is a strategy to appeal for the emotion and

goodwill of the other party in Japan, it is hard for Japanese to turn down the request based on this strategy. When a person does not accept the appeal or does not compromise, he/she will be blamed and criticised as being hardness, cold and immoral. When you feel and believe that you have previously given the other side favors, you will appeal to him/her that it is his/her turn to pay it back. When the other side had already given you favors, you will promise them that you will repay them when the situation gets better. You will show your personal involvement in the issue in order to obtain trust from the other side. In general, people feel a strong sense of obligation to repay it in the future when favors are received from others.

Since Japanese are so used to this strategy in their daily business with Japanese, they sometimes use this strategy even at negotiations of international setting. Moreover, *naniwabushi* strategy is grounded on a concept called *amae*, which will be discussed later.

3 . *Giri* and *Ninjo*

Giri is a social obligation, an obligation to society, and *ninjo* is a human feeling. *Giri* is an obligation to act according to the dictates of society in relation to other person. *Giri* applies only to specific persons with whom he/she has certain social relations. On the other hand, *ninjo* applies to universal human feelings of love, sympathy, sorrow, etc.

Giri is a norm to help and to do favors to people who helped you and/or did some favors to you in return. Generally speaking the observance of *giri* does not contradict *ninjo*, but in some cases people suffer between *giri* and *ninjo*. When *giri* and *ninjo* contradict with each other, Japanese have to give priority to *giri* in order to repay *on*, which

are favors received from others. In a Japanese society, an observation of *giri* indicates high moral, and disregarding it will lead people to lose trust and support from others, who are expecting to maintain reciprocation. *Giri* and *ninjo* are both old norms but are still important to direct Japanese in the right path in the Japanese society.

4. *Amae*

Amae refers to dependency on the goodwill of others. *Amae* is a personalized attempt to receive special favors over and above what is customary and/or contracted.

In the Japanese society both parties have advantage on practicing *amae* when a family-like intimacy exist between them. Requests based on *amae* is, therefore, very hard to reject when a close relationship is established between the two parties in Japan. When the content of the proposed contract is too rigid and has no room for requests based on *amae*, it may be difficult to reach an agreement with a Japanese side both at an individual or at an organizational level, especially when the Japanese side has little experience in doing business overseas and/or doing business with people and/or organizations from abroad.

As mentioned before, *naniwabushi* strategy is based on *amae* and is widely practised in Japan for hundreds of years. When the situation changes and gets worse for the Japanese side, it is not surprising to see that the Japanese side uses the *naniwabushi* strategy to try to modify a written agreement, even the general terms and conditions of business, in their favors. When the Japanese side is appealing to your generosity and is trying to depend on your goodwill, it is very hard for you to deny the request.

In Japan many businesses rely on verbal agreement at the domestic level, but when it comes to international business, Japanese companies rely on written contracts such as general terms and conditions of business. It is widely believed by many Japanese that written contract can be modified depending on the situation and its modification is not against business ethics.

Before such a post-agreement problem occurs, it is safer for both sides to decide at the initial agreement how they will comply when the situation changes. It is recommended to reach an agreement on when, what and how they will modify the agreement case by case before they start doing concrete business. They also need to define and share the same interpretation of the terminology of words.

5 . The Use of Concession

It is widely practised in Japan, both at the individual and at the organizational level, that the seller gives a discount or a premium to the buyer. Generally speaking, buyers have stronger position than sellers in Japan. The buyers are more aggressive and direct than sellers, and sellers use honorific language and act with courtesy and modesty.

When the Japanese side wishes to reach an agreement and the other side still has some reasonable objection remaining, the Japanese side usually concede and add something else. This can be providing extra service, covering some of the expenses of the other side, etc. The concession of this kind is to show friendship and sincerity to establish or to maintain a prosperous long-term business relationship.

When the Japanese side starts compromising even when the final agreement is not close enough to conclude, it means that the Japanese

side is running out of time or they feel that they should compromise in order to get out from a deadlock of the negotiation. At this stage they are adapting accommodation as a situational strategy, a win-lose strategy, which means, "You win, we lose." Accommodation is (1) to divide a fixed amount of resources in favors of the other party; (2) subordination of own goals is in favors of those of the other party; (3) to keep the other side happy for short term or to invite reciprocity for future business from the other side; (4) to enhance relationship by making the other side win; (5) to show high trust to the other side; (6) to respond to the needs of the other party by repressing own needs; (7) to meet the other side's position by giving up own position; and (8) to minimize or avoid conflict and hostility in order to keep harmony by ignoring own feelings. As you can see accommodative negotiation is not healthy because an agreement reached by both parties is totally up to the expense of one party. If one party adapts accommodation as a strategy and feels satisfied to make the other side win and feel happy, there is no problem for the other party to thoroughly accept what are offered. However, there are usually some other reasons of performing accommodative negotiation. The important thing on any negotiation is that both parties feel happy about its final outcome.

When the Japanese side adapts accommodation as a strategy, the other side needs to be very careful in finding out the underlying needs of the Japanese side. They may compromise on some issues but may remain very firm on other issues. They may give away many issues in a series, but may remain extremely hard on a particular single item. After the Japanese side has given away most of the issues and when it comes to the one that they can never compromise, they are expecting the other side to repay them in return of the favors they had provided for.

This notion is based on *giri*, which was discussed earlier. Giving and receiving favors are considered as a turn taking practice in Japan. It is strongly believed that when one side did some favors to the other side, the other side must feel a strong sense of paying it back. However, giving favors works only when the other party perceives this pre-giving as an obligation.

If the other side does not understand why the Japanese side gave those favors and remain firm on the issue that the Japanese side can never give in, the Japanese side will get upset and will turn into an emotional adversary, which shows a totally different personality. The Japanese side will regard the other side as immoral, unethical, and untrustworthy person or group of people or company. The negotiation can go back to the very beginning at a worse starting point since the angry Japanese side may throw away all the issues once agreed upon to nothing. It is very possible that such a tragedy can occur if a party negotiating with Japanese becomes too happy with the compromises giving in by the Japanese side, and misses the underlying needs of them. Once the negotiating party turns into an emotional adversary, it is hard to conclude any negotiation.

6. The Difficulty of Multi-party Negotiation with Japanese

Before an external negotiation, any organization needs to reach an agreement internally. *Nemawashi*, which is a prior and informal consultation to avoid conflicts and to obtain a consensus in decision making at formal meetings, often take place in Japan. *Nemawashi* literally means to dig around the roots of a tree before transplanting it in order to make the uprooting and movement much easier; however, its

meaning has been much more widely used to describe the informal negotiating scenes, especially in politics and business. *Nemawashi* can take place internally as well as externally.

It is very difficult to reach an agreement through direct formal meeting when various interests are potentially competing among each other. To avoid this, *nemawashi*, an informal discussion on decision-making, is widely practised in advance with various interest parties. Wherever possible, the various views will be incorporated into a final proposal. When *nemawashi*, the groundwork for decision-making, is successful before the formal meeting, major conflicts in public can be avoided. *Nemawashi* is used to establish a trust-based human relationship among the members of the organization.

Nemawashi occurs not only during working hours but also after it. To use *nemawashi* at after-working-hours is popular among Japanese. Japanese tend to avoid the physical environment of their organization(s) and prefer to conduct *nemawashi* at a different atmosphere, which usually accompanies alcohol. In order to avoid embarrassment to raise delicate issues at a formal meeting and in order to avoid emotional expressions, informal setting is preferred by many Japanese. Since personal issues will be involved in this informal talk, often the persons who are having informal discussion(s) will be personally involved in the issue. The person who initiates this informal talk has to be good at handling such communications or somebody who has already established or can possibly establish good relationship with the other person(s).

To get a consensus by *nemawashi* can take a lot of time, and the persons involved in *nemawashi* will often involve him/her personally to decision-making. When people devote a lot of time, it generally becomes difficult for them to change the position. Agreement by consensus is

good to avoid serious conflict at formal meetings, but it takes a lot of time and individual efforts and makes the relative parties extremely difficult to change their positions. In many cases the Japanese side, especially the people at the headquarters in Japan, is locked in into a certain position, and they try hard to maintain their position during negotiation, which will naturally lead them to overlook BATANA, the best alternative to a negotiated agreement. When this firm position taking is observed, it is recommended to show sympathy to the internal problems of the Japanese side and to show interest in establishing a long-term relationship. Also, when the other side brings out a critical issue, which was not in the scenario of the Japanese side, they need to discuss it with the relative parties within their organization. Usually an immediate feedback cannot be expected because of the necessity of internal discussions at the formal and informal level. The other side needs to be patient to receive their reply.

Another weakness of getting a consensus by *nemawashi* is that the relative parties often need to give favors to each other. As I have mentioned earlier, the parties, who receive favors from others, have to repay the others as an obligation and as a moral.

The reason why most Japanese companies are generally slow in decision-making is grounded on getting a consensus by *nemawashi*, but once the decision is made and once the contract is concluded in a satisfactory manner, their action is quick and only minor problems occurs until the contract expires. When both the Japanese side and the other side are satisfied with the business outcome during the contracted period, the Japanese side will try to renew the contract themselves. In general the Japanese side is seeking a long-term cooperative relationship.

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