

**CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE**

**Faculty of Economics and Management**

**Department of Economics**



**Bachelor thesis**

**How culture affects doing business: Case study of Russia  
and Japan**

**Nikitenko Oleksandr**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Department of Economics  
Faculty of Economics and Management

## BACHELOR THESIS ASSIGNMENT

Nikitienko Oleksandr

Economics and Management

Thesis title

**How a culture affects doing business - Case study of Russia and Japan.**

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### Objectives of thesis

The aim of thesis is to analyze and compare Russian business culture and the Japanese business culture.

### Methodology

The methodology of this thesis is based on descriptive and comparative analyses and different methods of investigation.

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Geert Hofstede, Cultures and Organizations: Software of the Mind, ISBN-13:978-0-07-166418-9

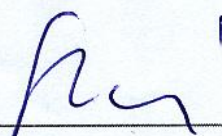
**The Bachelor Thesis Supervisor**


Maitah Mansoor, doc. Ing., Ph.D. et Ph.D.

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**prof. Ing. Miroslav Svatoš, CSc.**  
Head of the Department

  
**prof. Ing. Jan Hron, DrSc., dr.h.c.**  
Dean

Prague March 11. 2013

## **Declaration**

I hereby declare that I have worked on the bachelor thesis titled How culture affects doing business: Case study of Russia and Japan completely on my own under supervising of Ing. Mansoor Maitah, Ph.D. et Ph.D. and that literature and other information sources I used or cited are listed in the References section and cited in the text.

In Prague, March 13<sup>th</sup> 2013

.....

Nikitienko Oleksandr

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# **How culture affects doing business: Case study of Russia and Japan**

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## **Jak kultura ovlivňuje podnikání: Případová studie Ruska a Japonska**

### **Summary**

This work examines the differences of Japanese business culture and Russian business culture. In order to achieve this objective this work closely examines in the theoretical part the concept of culture, Hofstede's cultural dimensions theory and the personal cultural profile. In practical part of this work cultures are compared with each other using the Hofstede's five dimensions of national cultures and ten major areas of business life from the personal cultural profile. Subsequently the similarities and differences between the cultures in five dimensions of national cultures and ten major areas of business life are found out.

### **Keywords**

Culture, business, Japan, Russia, comparison of cultures, ethics, foreign countries

## **Souhrn**

Tato práce zkoumá rozdíly mezi japonskou kulturou podnikání a ruskou kulturou podnikání. V zájmu dosažení tohoto cíle v teoretické části práce jsou zkoumány pojmy jako kultura, Hofstedová teorie kulturních dimenzí a osobní kulturní profil. V praktické části této práce jsou kultury vzájemně porovnávány pomocí Hofstedových pěti dimenzí národních kultur a deseti hlavních oblastí z podnikatelského života z osobního kulturního profilu. Následně jsou zjištěny podobnosti a rozdíly mezi kulturami v pěti dimenzích národních kultur a deset hlavních oblastí podnikatelského života.

## **Klíčová slova**

Kultura, podnikání, Japonsko, Rusko, srovnání kultur, etika, zahraniční země

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## 1. Introduction

As international trade and business intensify, there is a growing effort on the part of multinational organizations and even nations and governments to improve communication and dialogue. It is becoming increasingly apparent that in pursuit of this goal it is desirable not only to learn foreign languages on a much wider scale but to show a sympathetic understanding of other peoples' customs, societies and culture. (2) If we want to do business worldwide it isn't enough just to understand and apply a universal business model. We have to understand the culture of the people we are dealing with. (1)

In today's modern world if the company wants to expand worldwide it is necessary to be represented in different foreign countries and to deal with foreign companies. Personal and training departments of many large companies have invested substantive sums of money in cross-cultural and internationalization programs and briefings for those staff members who will represent them abroad. (2)

This bachelor thesis is looking at two totally different countries and cultures of Russia and Japan. Because these two countries are neighbours they have been in contact since ancient history. The trade and business among these two countries is already very extensive but still there can be many new business possibilities. Hence, it is essential to introduce Russian business culture to Japanese people to let them know more about Russia. On the other side it is also necessary to introduced Japanese business culture to Russian people. In this way, both sides could know more about the other party. This will provide the opportunity for them to do well in trade and business cooperation.

## 2. Objectives of bachelor thesis, methodology

Objective of this bachelor thesis is to compare Russian business culture and Japanese business culture according to five Hofstede's dimensions of national cultures and ten major areas of business life from the personal cultural profile, and then to find out in which Hofstede's dimension and which categories of cultural profile these countries differ or coincide.

Aim of this work is to look more closely on these two totally different cultures from the business points of view. A detailed description and comparison of these cultures should serve those who want to do business with Japanese or Russians, and also it can help Japanese who wants to do business in Russia or Russians who want to do business in Japan.

Theoretical part of bachelor thesis would consist of definitions of the culture concept, brief overview of three levels of uniqueness in human mental programming, definition of symbols and values, definition of Hofstede's cultural dimensions theory, overview of five dimensions of national cultures and explanation of the personal cultural profile. Theoretical part is necessary for having basic knowledge about cultural concept and values, cultural theories and cultural profiles; this knowledge would allow comparing these countries in the practical part of bachelor thesis.

On these foundations from the theoretical part is created practical part, where these cultural dimensions and categories of cultural profile are involved to achieve demanded objectives. Theoretical knowledge is utilized in process of comparison Russia and Japan according to five Hofstede's cultural dimensions and ten major areas of business life from the personal cultural profile.

In the first part of practical part Russia and Japan is compared according to *power distance index, individualism index, masculinity versus femininity, uncertainty avoidance index, and long-term orientation*.

In the second part of practical part Russia and Japan is compared according to *communication style, working style, discussion style, business attitude, leadership style,*

*business relationship, decision-making style, basis for decision-making, attitude to time and work/life balance.*

On basis of comparison according to Hofstede's cultural dimensions theory and the personal cultural profile conclusions are determined.

Methodological approach is extensive as possible. Two main methods which are used in this bachelor thesis are *descriptive method and comparative method*. *Descriptive method* is used in theoretical part of thesis as well as in practical part of thesis, it mainly serve to define all the necessary concepts as well as to define main cultural characteristics of both nations. *Comparative method* is only used in practical part of thesis where Japan and Russia are compared which each other according to five Hofstedes dimensions of national cultures and ten major areas of business life from the personal cultural profile. *Comparative method* serves mainly for comparison of these cultures as well it helps to find similarities and dissimilarities among them.

### 3. Literature Review

#### 3.1. What is Culture

Geert Hofstede defined culture as "the collective programming of the mind that distinguishes the members of one category of people from another" (4). "The key expression in this definition is collective programming. Although not as sinister as brainwashing, with its connotations of political coercion, it nevertheless describes a process to which each one of us has been subjected since birth" (2).

According to Hofstede culture has two meanings. "First definition of the culture in Western languages commonly means 'civilization' or 'refinement of the mind' and in particular the results of such refinement, like education, art, and literature" (4). This is 'culture in the narrow sense; **'culture one'**. Second definition of the culture is common among social anthropologists and it corresponds to a much broader use of the word, basically in this definition culture is seen as mental software **'culture two'**.(4)

"In social anthropology, 'culture' is a catchword for all those patterns of thinking, feeling, and acting referred to in the previous paragraphs. Not only those activities supposed to refine the mind are included in 'culture two', but also the ordinary and menial things in life: greeting, eating, showing or not showing feelings, keeping a certain physical distance from others, making love, or maintaining body hygiene"(4). Also it is very important to mention that "the culture is a collective phenomenon, because it is at least partly shared with people who live or lived within the same social environment, which is where it was learned" (4).

Since our birth our parents already made their first culturally based decision-where the baby will sleep. In Japan baby sleeps in the same room with parents in its cradle which is invariably close to its mother for at least couple of years. In Britain and U.S. baby is putted already from the beginning or after few months to separate room. It is obvious that these two babies from two totally different countries have already from their born totally different cultural attitudes. In the case of Japanese baby, it will be much more dependent

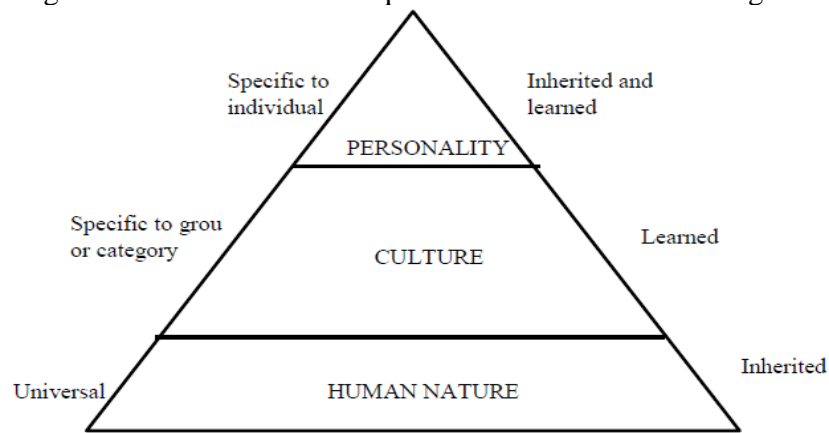
on the family and it will be not able to solve the problems in the same manner as the American baby. (2)

"Values are among the first things children learn - not consciously, but implicitly. Development psychologists believe that by the age of 10, most children have their basic value system firmly in place, and after that age, changes are difficult to make" (4). "Since young age parents and teachers obviously give children the best advice they can to prepare them for successful interactions in their own culture and society, where good and bad, right and wrong, normal and abnormal are clearly defined" (2). Because these cultural values were acquired so early in our lives, many values remain unconscious to those who hold them. "It is perhaps unfortunate in one sense that each cultural group gives its children a different set of instructions, each equally valid in their own environment, therefore they cannot be discussed, nor can they be directly observed by outsiders. They can only be inferred from the way people act under various circumstances" (4). "As we grow up, these learned national and concepts become our core beliefs, which we find almost impossible to discard. We regard others' beliefs and habits (Russian, Japanese, Czechs...) as strange, mainly because they are not the same as we. There is no doubt about it; the Japanese are not like Russians" [2]!

### **3.2. Three Levels of Uniqueness in Human Mental Programming**

It has long been proven that culture is learned by specific group or category of people and that it varies among different countries, it derives from one's social environment, not from one's genes. It is also very important to mention that Culture should be distinguished from human nature on one side, and from an individual's personality on the other. On the other hand we have feeling that all people are the same in their core inside, there is such a thing as universal human characteristics. (2)

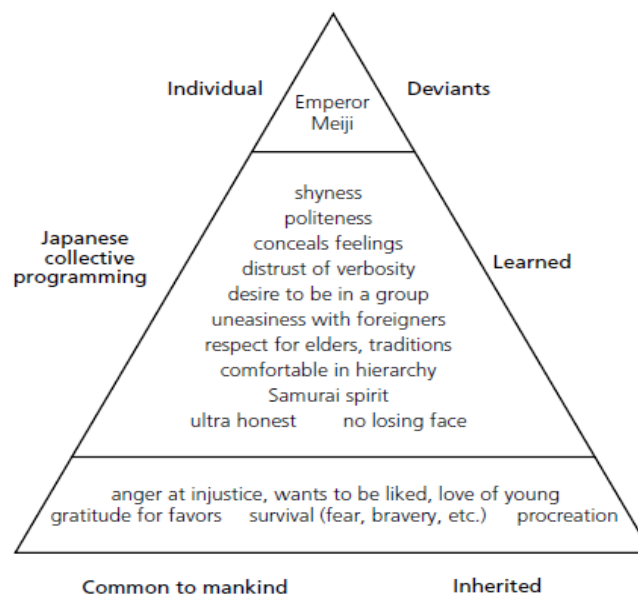
Figure 1. Three Levels of Uniqueness in Human Mental Programming



Source: Hofstede Geert, Hofstede Gert Jan, Minkov Michael, Cultures and Organizations: Software of the Mind (4)

According to Figure 1 Hofstede's claims that humans have common characteristics which they share without distinction of nationality, one part of them is inherited and second part is universal for everyone. These include fear, anger, need to interact with others and many other basic psychological functions. Culture as I already mentioned is according to Hofstede learned and it varies among different nationalities, basically speaking culture is what an individual does with these feelings. Every culture can react very differently in the same situations even though at first sight the inherited and universal characteristics can be very similar.<sup>(4)</sup> The top section adds individual characteristics. Some people can very distinguish from the rest of group. This people can be very talented and have totally different view on the things. Among their basic characteristics can be mentioned "personal originality, extra powers of perception, stubbornness or even genius. Such people often become famous for their idiosyncrasies, and a few have actually changed the course of their nation's destiny (e.g., King Henry VIII, Kemal Atatürk, Emperor Meiji of Japan) " (2).

Figure 2. Example of Human Mental Programming: Japan



Source: Lewis, Richard D., When cultures collide: leading across cultures (2)



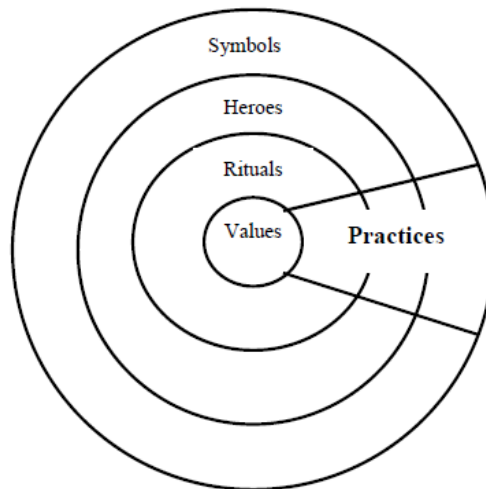
It is also very important to mention the term **Cultural relativism**. According Hofstede, "there are no scientific standards for considering one group as intrinsically superior or inferior to another. Cultural relativism affirms that one culture has no absolute criteria for judging the activities of another culture as low or noble" (4).

### **3.3. Symbols, heroes, rituals, and values**

According to Hofstede cultural differences manifest themselves in several ways. In his "onion diagram" he explains manifestations of culture at different levels of depth. We can imagine diagram as a real onion with four layers where layers reveals four elements of culture. "The first three layers of diagram symbols, heroes, rituals represent the portion of culture which is visible to other cultures. These are the practices of a given culture but their cultural meaning may not be obvious to those who are not a part of that culture" (4).

At the outside level of culture are placed symbols. Symbols are most visible to outsiders and can be easily exchanged between different cultures. "Symbols are words, gestures, pictures or objects that carry a particular meaning which is only recognized by those who share the culture. The words in a language or jargon belong to this category, as do dress, hairstyles, Coca-Cola, flags and many others. New symbols are easily developed and old ones disappear. Heroes are persons, alive or dead, real or imaginary, who possess characteristics which are highly prized in a culture, and who thus serve as models for behaviour. Every culture or country has different heroes for example Snoopy or Superman in the USA and Asterix in France" (4). Rituals represent the third layer. "There are collective activities, technically superfluous in reaching desired ends, but which, within a culture, are considered as socially essential: they are therefore carried out for their own sake. Ways of greeting and paging respect to others, social and religious ceremonies are examples". The last and deepest layer of diagram is represented with individual and collective values of the group. According Hofstede "values are broad tendencies to prefer certain states of affairs over others". "Values are feelings with an arrow to it: they have a plus and a minus side. Basically they deal with: evil vs. good, dirty vs. clean, ugly vs. beautiful, unnatural vs. natural, abnormal vs. normal, paradoxical vs. logical, irrational vs. rational"(4).

Figure 3. The 'onion diagram': Manifestations of culture at different levels of depth



Source: Hofstede Geert, Hofstede Gert Jan, Minkov Michael, Cultures and Organizations: Software of the Mind (4)

### 3.4. Hofstede's cultural dimensions theory

"As a result of Hofstede's extensive anthropological research and study in the late 1970s and early 1980s survey data about the values of people in over 50 countries and over 100,000 individuals around the world were collected. The scores are general comparisons of values in the countries and regions. Thirty two survey questions about employ value and beliefs showed significant and stable country effects and were therefore retained for analysis. These people worked in the local subsidiaries of one large multinational corporation – IBM. A statistical analysis of the answers on questions about the values of similar IBM employees in different countries revealed common problems, but with solutions differing from country to country, in the following areas" (4).

1. "Social inequality, including the relationship with authority;
2. The relationship between the individual and the group;
3. Concepts of masculinity and femininity: the social implications of having been born as a boy or a girl;
4. Ways of dealing with uncertainty, relating to the control of aggression and the expression of emotions" (4).

The four basic problem areas represent dimensions of cultures. A dimension is an aspect of a culture that can be measured relative to other cultures. Hofstede identifies these

dimensions to classify the way people in different countries interpret their cultural environment. "The position of the 40 countries, and later 53 countries and regions, on the 4 dimensions has been expressed in index scores which run from 0 to around 100 on each dimension. The four dimensions deals with issues that are relevant in psychology, sociology, political science, and anthropology. The basic problem areas correspond to dimensions which Hofstede named as **power distance, collectivism versus individualism, femininity versus masculinity, and uncertainty avoidance**. Together this dimensions form a four-dimensional (4-D) model of differences among national cultures. Later on 5th dimension of cultural differences between national cultures was identified opposing a **long-term orientation in life to a short-term orientation**" (4) (6).

### **3.5. Dimensions of national cultures**

#### **3.5.1. Power Distance Index (PDI)**

PDI is defined as "the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally. A society's Power Distance norms are present in the values of both the leaders and led, and reflected in the structure and functioning of the society's institutions. A High Power Distance ranking indicates that inequalities of power and wealth exist within the society and that the less powerful members of the society accept this situation. A Low Power Distance ranking indicates the society de-emphasizes the differences between citizen's power and wealth. In these societies equality and opportunity for everyone is stressed" (4) (6).

#### **3.5.2. Individualism Index (IDV)**

Is the degree to which people in a country or region learn to interact with each other. Hofstede defines this dimension as follows: "individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after himself or herself and his or her immediate family" (6). "A High Individualism ranking indicates that individuality and individual rights are paramount within the society. A Low Individualism

ranking typifies societies of a more collectivist nature with close ties among its members. In these societies people from birth onwards are integrated into strong, cohesive in-groups, which throughout people's lifetime continue to protect them in exchange for unquestioning loyalty" (4).

### **3.5.3. Masculinity (MAS)**

It identifies cultural variability based on what are considered appropriate gender roles for that culture. "In Masculine society social sex roles are sharply differentiated and the masculine role is characterized by need for achievement, assertiveness, sympathy for the strong, and importance attached to material success. In Feminine society social sex roles show considerable overlap and both the masculine and the feminine role are characterized by a need for warm relationships, modesty, caring for the weak, and importance attached to the non-material quality of life. A High Masculinity ranking indicates the society values assertive and aggressive 'masculine' traits. A Low Masculinity ranking typifies societies in which nurturing and caring 'feminine' characteristics predominate" (4) (6).

### **3.5.4. Uncertainty Avoidance Index (UAI)**

Uncertainty Avoidance "Is the level of anxiety within the members of a society in the face of unstructured or ambiguous situations. This anxiety expresses itself in aggressivity and emotionality, in a preference for institutions promoting conformity, and in beliefs promising certainty. A High Uncertainty Avoidance ranking indicates the country has a low tolerance for uncertainty and ambiguity. This creates a rule-oriented society that institutes laws, rules, regulations, and controls in order to reduce the amount of uncertainty. A Low Uncertainty Avoidance ranking indicates the country has less concern about ambiguity and uncertainty and has more tolerance for a diversity of opinions. This is reflected in a society that is less rule-oriented, more readily accepts change, and takes more and greater risks" (4) (6).

### 3.5.5. Long-Term Orientation (LTO)

It is based upon the teachings of Confucius:

1. "The stability of society is based up unequal relationships between people.
2. The family is the prototype of all social organizations.
3. Virtuous behaviour toward others consists of treating others as one would like to be treated oneself: a basic human benevolence (which is not extended to one's enemies).
4. Virtue with regard to one's tasks in life consists of trying to acquire skills and education, working hard, not spending more than necessary, being patient and persevering" (4).

"Long term orientation focuses on the degree the society embraces, or does not embrace long-term devotion to traditional values. A High Long-Term Orientation ranking indicates the country prescribes to the values of long-term commitments and respect for tradition and where long-term rewards are expected as a result of today's hard work. A Low Long-Term Orientation ranking indicates the country does not reinforce the concept of a long-term, traditional orientation and people expect short-term rewards from their work" (4)(6).

As Geert Hofstede explains "there are correlations between the index scores and data pertaining to societies as a whole, or data pertaining to the behaviour of individuals aggregated to the country-level. There are about thirty country-level indicators or aggregated measures of behaviour that correlates significantly with one or more of the four dimensions. For example, Power Distance is correlated with two measures of domestic political violence, and two different measures of income inequality in society. Uncertainty Avoidance correlates with Roman Catholicism and with the legal obligation in developed countries for Citizen to carry identity cards. Individualisms correlate with economic development and with a measure of intergenerational mobility. Masculinity correlates negatively with the percent of their Gross National Products that governments of the developer countries spend on development assistance to the Third World" (6).

### 3.6 The Personal Cultural Profile

It is method which helps to understand business behaviour and business style of different cultures. Every culture has a different way of communication, some cultures and individuals prefer direct communication style while other can prefer indirect communication style. Approach to hierarchy and formality can also vary among the cultures, some cultures prefer formal working style while other can prefer informal working style Attitude to change can be also an issue, some cultures which honoured traditions have more traditional point of view while cultures which like change and are not afraid to fail are considered to be progressive. How different cultures negotiate and make decisions is also an issue about which can be written infinity number of pages. In cultures where family is considered as the most important thing in life is collective decision making style common characteristic, on the other hand at cultures where there is focus on self and own needs individual decision making style is far common. (1)

Altogether there would be ten major areas of business life according to which different cultures would be compared. These categories are **communication style, working style, discussion style, business attitude, leadership style, business relationship, decision-making style, basis for decision-making, attitude to time and work/life balance**. Each category is represented with a word or phrase on each side of the row of ten squares. Each category can be measured with a minimal approach on a far left on the row and with an extreme approach on a far right on the row the middle squares represents the neutral approach. (1)

Figure 4. The Personal Cultural Profile

**Communication**

1 COMMUNICATION STYLE

Direct                     Indirect

2 WORKING STYLE

Formal                     Informal

3 DISCUSSION STYLE

Fast-moving                     Slow and measured

4 BUSINESS ATTITUDE

Progressive                     Traditional

5 LEADERSHIP STYLE

Fiat                     Vertical

6 BUSINESS RELATIONSHIP

Relationship                     Task

7 DECISION-MAKING STYLE

Individualistic                     Collective

8 BASIS FOR DECISION-MAKING

Facts                     Instincts

9 ATTITUDE TO TIME

Scheduled                     Flexible

10 WORK/LIFE BALANCE

Live to work                     Work to live

Source: Tomalin Barry and Nicks Mike, The World's Business Cultures and How to Unlock Them (1)

### 3.6.1. Communication style

Communications style is the first category from the personal cultural profile I would like to explain. It is one of the most important and confusing business style among the categories of the business styles. As I already mention in previous paragraph we can distinguish between two communication styles. First one is direct communication style.

Cultures which prefer direct communication style tend to say what they really think and they don't really care whether you like it or no. Among the basic characteristics of the cultures with direct communication style is that they don't want to speak about minor things, they want gets to the main point as fast as possible. Second characteristic of the cultures with direct communication style is that they are very direct and criticizes everything about what they don't agree. Third feature is face disagreement, cultures with direct communication style don't conceal facial expressions and would express every disagreement through their face. Last feature of cultures with direct communication style is that they would address all issues directly. Among the cultures with direct communication style can be considered Germans, the British and Americans. (1)

On the other side cultures with indirect communication style do everything vice versa. They would not say what they really think, especially they have habit that they would start to speak about generalities under tough questioning. They believe that sometimes it is better to not say the truth and be polite rather than say truth. In many cases it is better to lie and save face, because otherwise the truth can libel and sharpen the situation. According to Tomalin "Indirect speakers try to preserve good relations by being polite and inferring rather than by asking direct questions. They also tend to give positive-sounding or vague answers rather than specific or clear statements"(1). Among the basic characteristics of the cultures with direct communication style is that they want to speak about minor unimportant things which just encircles the point the main point. Second characteristic is that they don't like to criticize things with what they don't agree, the rule is it is better to save face in tough situations. Third feature is to avoid face disagreements, cultures with indirect communication style conceal facial expressions and would not express disagreement through their face. Last feature is that they would addresses issues sideways-on. Among the cultures with indirect communication style can be considered cultures of the Far East. Especially very know are Japanese for their politeness. (1)

### **3.6.2. Working style**

Working style is the second category of business styles from the personal cultural profile. To understand the differences between the cultures with different working styles is



also a big part of international business. As I already mention in the beginning we can distinguish between two working styles. First one is formal working style. Cultures which have formal working style don't want to have a close relationship with their business partners, they feel more comfortable when they maintain some degree of distance from the colleagues and business partners. They don't like when their partners and colleagues call them with their first name rather they prefer when their colleagues call them with surname and uses their qualifications and titles, also it also very rare to hear jokes and colloquial language during the business meetings. Among the basic characteristics of the cultures with formal working style is that they prefer to wear business dress, it is very uncommon to see someone at the work in casual clothe. Second characteristic as I already mention is that they uses surnames and titles. Third feature is closed door, it basically means that if for example manager of the company has formal working style it is impossible and impolite to knock him on a door and want to ask him something, it is always necessary first to determine the meeting schedule. Last characteristic is that they prefer a more formal style of speech without any jokes and colloquial language. The examples of cultures with formal working styles are Germans, Russians, Czechs and French. Basically speaking cultures with formal working style are cultures which "distinguish between the formal and informal pronoun 'you' ". (1)

On the other side cultures with informal working style do everything vice versa. They try to avoid and get rid of any formalities that could harm or hinder the business meeting. It is very rare at business meetings that someone would use surnames, titles or qualifications, on the other hand it is very common to hear jokes and colloquial language during the conversations. According to Tomalin Barry "colloquial, even jokey, style is quite common among such people, but they're often perceived by more formal types to be over-familiar and flippant" (1) . Among the basic characteristics of the cultures with informal working style is that they prefers to 'dress-down', it means that they don't like to wear business dress. Second characteristic is that they like to call their partners and colleagues with first name. Third feature is open plan/open door, it basically means that unlike in formal working style it is possible to come to boss without scheduled meeting and ask him for questions or advice. Last feature is that they prefers a more familiar and

intimate style of speech. The cultures which represent this approach are for example British, North Americans and Dutch. (1)

### 3.6.3. Discussion style

Discussion style is the third category of business styles from the personal cultural profile. Discussion style basically means how fast conversation between cultures flows. It is very important to know the opposite culture discussion style we deal with, because users of one style can be very irritating to the users of second. There are two different approaches to discussion style. If the cultures have to be compared with discussion style we can distinguish them on **fast moving** and **slow and measured**. (1)

Cultures which have fast moving discussion style like to speak fast, it is also very common for them that they would interrupt and overlap business partner on a meeting. From the slow and measured discussion style cultures point of view it can be seen as very impolite arrogant and insensitive, but that what fast moving style is and it is typical for that concrete culture. A first characteristic of the cultures with fast moving style is that they interrupt more. Second feature of them is that they don't like to slow rather they talks more and quickly. Third feature is that the conversation during the meeting has to keep moving, what basically means that they don't like to wait and that they has to responds quickly on any question. Last feature is that they don't like silence during the conversation. The examples of cultures with fast moving discussion style are Spaniards, Portuguese, and Italians. Basically speaking all South America has fast moving discussion style. (1)

On the other hand cultures with slow and measured discussion style do everything in the opposite way. They don't hurry with conversation; they have to think very carefully about everything they would like to say later. If they start to speak, they speak with discretion and do short pause between sentences. It is very uncommon that someone would interrupt someone, if something like this happens; the person who interrupted has to apologize immediately. The first feature of the cultures with slow and measured discussion style is that they never interrupt someone during conversation. Second feature is that they prefer measured tone and pace during the meetings. Third feature is that pauses are

acceptable between sentences. Last feature is that they tolerant to silence during business meetings. Representatives of these cultures are Germans and British. (1)

#### **3.6.4. Business attitude**

Business attitude is the fourth category of business styles from the personal cultural profile. Business attitude tells us what kind of view has a certain culture on business. There exist two different attitudes to business; first one is **progressive attitude** and second one is **traditional attitude**. (1)

Cultures which have progressive business attitude are the cultures which like change. If they have possibility to apply new method or approach in their business they would always go for it. They always want to be the first in innovation of new ideas, new technologies, new procedures and new blood. It is typical if the boss has a progressive attitude on a business he makes responsible his subordinates for everything they do. This approach has its positive sides but the negative side of progressive attitude is that sometimes the new applied methods would not work for us, so there is always a greater risk when applying this method. The first characteristic of the cultures with progressive business attitude is that they embrace change in their business. Second characteristic is that they like to apply new technologies. Third characteristic is that they always try to replace old organizational methods for new one. Last characteristic is that they replace old subordinates for younger one. (1)

Cultures with traditional business attitude are cultures which honoured their traditions. According to Tomalin Barry "Traditional cultures are more cautious. They believe that if something ain't broke, don't fix it: tried and trusted is best. In some cultures, such as Japan, parts of India and, some would say, the UK, a cycle of change exists and innovation can't be hurried. They believe that traditional ways work and must be respected. This style of manager may seem old-fashioned and over-cautious to cultures with progressive business attitude" (1). The first characteristic of the cultures with traditional business attitude is that the change needs to be based in present practice. Second characteristic is cautious in adopting new technology. Third characteristic is that they are very careful with new solutions rather they prefers already tried and tested solutions.

Fourth characteristic is that they don't like to change stuff they prefer old loyal working stuff. (1)

### 3.6.5. Leadership style

Leadership style is the fifth category of business styles from the personal cultural profile. Leadership style is mainly about respect which subordinates have to their boss; upon this the leadership style is defined. According to Tomalin Barry "The way that respect is displayed runs very deep in business structures. In what is known as a matrix management environment, you can get information from anywhere you wish in the company. There are few formal reporting procedures, and dotted communication lines dominate the organigram. But in a country where institutionalized respect prevails, such as Germany, strict reporting lines are in place. You don't go above the head of your line manager and you deal always through the same clearly defined channels" (1). There are two different approaches to leadership style. If the cultures have to be compared with leadership style we can distinguish them on **flat** and **vertical**. (1)

The first characteristic of a culture with flat leadership style is that subordinates can communicate directly with the managers and other employees who have higher status than they have. The second characteristic is community decision; it basically means that if there is some important decision which has to be made all business community decides about that. Third characteristic is two-way feedback; it means that if an employee has done a good job he will be praised for it, what of course motivates him to do next tasks even better. Fourth characteristic is strict line management reporting system. (1)

On the other hand vertical leadership style has everything vice versa. The first characteristic is that employees in the company communicate through hierarchy unlike in flat leadership; it means that here are more management levels and communication through all this levels of management can be sometimes very complicated. Second characteristic is that all decisions are made only by one leader, he can consult this decision with his subordinates but still in the end only one person makes a decision. Third characteristic is top down feedback. The last characteristic is dotted line matrix reporting. (1)

### 3.6.6. Business relationship

Business relationship is the sixth category of business styles from the personal cultural profile. It is probably the most important style which has to be understood very well. Basically saying they are two approaches among the cultures we can distinguish. First approach says that first has to be established good relations between partners and then the real business can start. Second approach is only about task and it doesn't care about relationships.

The first rule of cultures with relationship model is that first good relationships have to be established and after that only the real business begins. Second rule is that they would not work with partner until they would like and trust him. Third rule is that they takes an interest in understand his business partner. Fourth rule is that my business partner has to be also my friend. (1)

The first rule of cultures with task model is that they don't want to spend time with building relationships; they mainly focus on getting the job done. Second rule is that they don't have to know partner very well and still they can begin with small deals and later if everything goes according to plan they can begin with bigger deals. Third rule is that they focus on tasks rather than people. Last rule is that business and friendship don't mix together. (1)

### 3.6.7. Decision-making style

Decision-making style is the seventh category of business styles from the personal cultural profile. It helps us to understand how certain culture makes their business decisions. Basically saying they are two approaches among the cultures we can distinguish. First approach is **individualistic decision-making style** and second approach is **collective decision making-style**. (1)

The first rule of cultures with individualistic decision-making style is that they are risk takers. The second rule is that first they make a decision by their own and then they try to persuade their partners and colleagues. Third rule is that manager can make own

decisions within job description and budget without. Last rule is that manager is responsible for implementations and decisions which he made. (1)

The first rule of cultures with collective decision-making style is that they are risk averse. The second rule is that they don't make a decision without having a consensus with their colleagues, only after consensus they make a decision. Third rule is that all decision and budgets has to be agreed with top management. Last rule is that for all decisions and implementation is responsible collective not individual. (1)

### **3.6.8. Basis for decision-making**

Basis for decision-making style is eighth category of business styles from the personal cultural profile. It helps us to understand upon which basis cultures are making their decisions. There are two different approaches for basis for decision-making. If the cultures have to be compared upon which basis cultures are making their decisions we can distinguish them on cultures which make their decisions upon **facts** or upon **instincts**. (1)

The first rule of cultures which makes their business decisions upon facts is that they make decisions on basis of data and figures. Second rule is that personal connections with business partner are not important for decision making. Third rule is that they have strict criteria-based system upon which decisions are made. Last rule is that agreements between partners are independent of hospitality or gift giving. (1)

On the other hand cultures which make their business decisions on instincts have everything vice versa. The first rule is that they make business decisions on intuition and instincts. . Second rule is that personal connections with business partner are very important for decision making. Third rule is that don't like to change their business partners, rather they prefers to work with people who they know and trust. Last rule is that business dealings and agreements are accompanied with hospitality and gift giving. (1)

### 3.6.9. Attitude to time

Attitude to time is ninth category of business styles from the personal cultural profile. It explains how certain culture can deal with time and what attitude to time it has. We can distinguish between two approaches in terms of time planning and management. Cultures can have **scheduled attitude to time** or **flexible attitude to time**. (1)

The first rule of cultures which have scheduled attitude to time is that they are always time conscious. Second rule is that these cultures are very punctual; it is very unlikely that they would come late on a business meeting. Third rule is that they create their schedule by the clock; it means that their daily schedule is very precise in terms of time. Last rule is that every meeting or activity is apportioned precisely and always ends exactly on schedule. It can never happen that the negotiations last longer than they should. (1)

On the other hand cultures which have flexible attitude to time do everything just in opposite way. First rule is that they are very relaxed about time; they just don't worry too much about time. Second rule is that they are not punctual; it is very probable that they can come late on business meeting which was agreed. Third rule is that they make their schedule on activity and not by the clock. Last rule is that if they have business meeting they don't care how long it would take before both partners would agree, basically saying Completing the business is more important than the schedule. (1)

### 3.6.10. Work/Life Balance

Work/Life balance is tenth category of business styles from the personal cultural profile. It is the balance which explains what kind of attitude to work and how diligent at work is certain culture. There are two different approaches to Work /Life balance. If the cultures have to be compared upon Work /Life balance we can distinguish them on cultures which **live to work** or **work to live**. (1)

First characteristic of cultures which have live to work balance is that the overtimes in work can be common. Second characteristic is that they can take work home and it is

admired. Third characteristic is that out of hours phone contacts are tolerated. Forth characteristic is that weekend or holiday working is normal. (1)

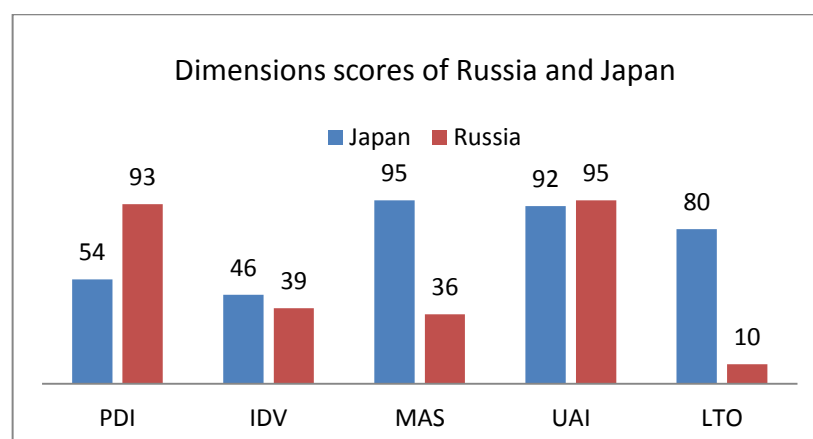
Cultures which work to live balance have everything vice versa. First characteristic is that the overtimes in work are very rare. Second characteristic is that they don't take work home and if they do it is criticized. Third characteristic is that out of hours phone contacts are not tolerated and forth characteristic is that weekend or holiday working is abnormal and exceptional. (1)

#### 4. Comparison of dimensions of national cultures and personal cultural profiles of Russia and Japan

##### 4.1. Comparison of dimensions of national cultures of Russia and Japan

In this section of practical part both countries would be compared according Hofstede's dimensions of national cultures. In chart 1 dimensions scores of Russia are compared with dimensions scores of Japan.

Chart 1. Dimensions of national cultures of Russia and Japan



Source: (4), Own processing



#### **4.1.1. Comparison of Russia and Japan according to Power Distance Index (PDI)**

##### **PDI of Russia**

According to Hofstede's research Russia has very high power distance index number. The PDI score for Russia is 93 which basically means that in Russia there exist huge power distance between individuals. The power and wealth in such a country is distributed unequally and the whole society has to accept it. There are only 4 countries in the world which have higher PDI than Russia. These countries are Philippines with PDI score of 94, Panama and Guatemala with PDI score of 95 and Malaysia with PDI score of 104. One reason for such a big PDI score is because Russia is the biggest country in the world, second reason is because of Russian history. There has always been an autocratic or oligarchic regime in Russian government and today it is still the same. (4)

In such a country centralization is very popular. According to Hofstede "the largest country in the world is extremely centralized: 2/3 of all foreign investments go into Moscow where also 80% of all financial potential is concentrated. The huge discrepancy between the less and the more powerful people leads to a great importance of status symbols, powerful people try to look as impressive as it is possible. Behaviour has to reflect and represent the status roles in all areas of business interactions: be it visits, negotiations or cooperation; the approach should be top-down and provide clear mandates for any task" (12). Eye contact is in Russia very important; a subordinate always looks in the superior's eyes when he speaks with him. (5)

##### **PDI of Japan**

According to Hofstede's research PDI score of Japan is 54 which means that this country is a mildly hierarchical society. If we look at PDI scores of Asiatic countries, Japan has the lowest score from all countries and its score rank is 34<sup>th</sup> in the world. Though Japan has no such a high PDI score as Russia, still there exists some power distance between individuals, it is typical that Japanese are always very conscious about their hierarchical position when they have business meetings. Japan has a vertical relationship in society; all relationships are based on status, hierarchical position, educational background,

seniority and gender. The seniors in society or at workplace are always treated with respect, even if the younger colleague performs a task better than older one it is not recommended to promote him to higher position than senior has. According to Alston Jon and Takei Isao "Subordinates maintain strict formality when speaking with superiors and they are expected to use very polite forms of speech. By contrast, superiors use less polite forms using gruffer tones. Subordinates are also expected to be very polite when talking to superiors" (3). In Japan superior don't prefer eye contact with his subordinates, also if subordinate disagree with boss or have some ideas he is afraid to share this disagreements and ideas with his boss. On the other hand Japan is not so hierarchical at it can appear at first sight, many foreigners who had business with Japanese assume that because of slow decision making process. But in reality Japanese don't make a decision without having a consensus with their colleagues. According Hofstede "Paradoxically, the exact example of their slow decision making process shows that in Japanese society there is no one top guy who can take decision like in more hierarchical societies" (12). If we look at Japanese society itself, we can see that it is very equal. There is little poverty and most Japanese consider them for middle class. Income equality is in the high level in Japan and if look on income inequality it is the lowest from industrial countries. (3)

### **Comparison of Russia and Japan**

There are not so many similarities between these two countries because one is highly hierarchical country and second is mildly hierarchical country. But still we can find that in workplace in both countries subordinates maintain strict formality when speaking with superiors and they are expected to use very polite forms of speech and also if subordinate disagree with boss he rather would not say that he disagrees with him. Japanese and Russians are always very conscious about their hierarchical position when they have business meeting, behaviour has to reflect and represent the status roles in all areas of business interactions.

On the other hand there are much more dissimilarities between these countries. If we have to compare societies in both countries, we can assume, according to information from the previous paragraphs that in Japan is little poverty, most Japanese consider them middle class and income inequality is very low. In Russia is everything vice versa. There is

a big gap between rich and poor, there are low numbers of middle class, there are many poor people any many very rich people and income inequality is very high. In Japanese society decision are made collectively but in Russia all decision are made by boss. Attitude to eye contact during conversation is also different; in Russia subordinate has to look into the superiors eyes otherwise it would be a considered as disrespect from the subordinate, in the Japan it is vice versa.

#### **4.1.2. Comparison of Russia and Japan according to Individualism Index (IDV)**

##### **IDV of Russia**

According to Hofstede's research Russia is among countries with lower Individualism Index score. The IDV score for Russia is 39 and its score rank is 25<sup>th</sup> in the world, it basically means that Russia has more collectivist nature with close ties among its members. Main reason why Russia is collectivistic country is because of its history, in the past it had autocratic government and later it was communistic country. During the communist era everything was common and people were treated as collective and not as individuals, but during the perestroika period and after the fall of communism the individualism was on a rise and also the open market economy caused that people started to make decisions as individuals. If we compare Russia with other countries it is more individualistic than developing countries but less individualistic than already developed countries. (4) According to Hofstede "If Russians plan to go out with their friends they would literally say "We with friends" instead of "I and my friends", if they talk about brothers and sisters it may well be cousins, so a lower score of 39 even finds its manifestations in the language" (12). Family, friends and neighbours are very important to get along with everyday life's challenges. Relationships are very important in successful negotiations and in obtaining information. In Russia first good relationships have to be established and after that only the real business can start, than this business is mainly based of a sense of duty and loyalty. (12)

## **IDV of Japan**

According Hofstede's research IDV score of Japan is 46 which means that this country is a mildly individualistic society. By the Western standards Japan is a collectivistic society but by the Asian standards it is considered as more individualistic society. If we look at IDV scores of Asiatic countries, Japan has the highest score from all countries and its score rank is 23<sup>rd</sup> in the world. Japan has many features of a collectivistic society such as "putting harmony of group above the expression of individual opinions and people have a strong sense of shame for losing face" (12) this is due to Japanese history where in the past the village or family was the group and nowadays the group is business organization. The relationships between manager and subordinate are very important because this helps to create the sense of group belonging, therefore the success of a company in Japan highly depends on the group effort and its harmony, also the group belonging is the main reason why Japanese employees are so loyal to their companies. According to Hofstede the reason why Japan is the most individualistic society from all Asiatic countries is "that Japanese society does not have an extended family system which forms a base of more collectivistic societies such as China and Korea. Japan has been a paternalistic society and the family name and asset was inherited from father to the eldest son" (12).

## **Comparison of Russia and Japan**

From the first glance it may seem that according to Hofstede's research these two countries should be almost identical. Yes, these two countries have many similarities such as at first good relationships between business partners have to be established and after that only the real business can begin, and also in both countries family and relationships are very important. But the reason why these countries are more collectivistic than individualistic is due to their history. In Japan the village or family was the group and that the main reason why they are collective, but in Russia it was necessity because of an autocratic regime and later because of the communistic era, people in Russia had to stick together to overcome all everyday life's challenges created by the state. In reality however these two nations have also some dissimilarity, for example Japanese are known for their loyalty to their

companies because it creates for them the sense of group, but for Russians company doesn't create any sense of group.

#### **4.1.3. Comparison of Russia and Japan according to Masculinity (MAS)**

##### **MAS of Russia**

According to Hofstede's research Russia is among countries with lower masculinity score. The MAS score for Russia is 36 and its score rank is 44<sup>th</sup> in the world. By its score we can say that in Russian society sex roles overlap, both men and women have warm relationships and importance is attached to the non-material quality of life. Low masculinity was again due to Russian history when centuries of serfdom followed by 60 years of autocratic regime has caused that men lost the sense of initiative. (4)

According to Hofstede "At second glance one can see, that Russians at workplace as well as when meeting a stranger rather understate their personal achievements, contributions or capacities. They talk modestly about themselves and scientists, researchers or doctors are most often expected to live on a very modest standard of living. Dominant behaviour might be accepted when it comes from the boss, but is not appreciated among peers" (12).

##### **MAS of Japan**

According to Hofstede's research Japan has MAS score of 95 and its score rank is 1<sup>st</sup> in the world, it means it is the most masculine society in the world. According to theory in such society social sex roles are sharply differentiated and the masculine role is characterized by need for achievement, assertiveness, sympathy for the strong, and importance attached to material success. (4) With combination of mild collectivism Japanese are not assertive and competitive in behaviour of individuals which is often associated with masculine society. According to Hofstede "In corporate Japan, you see that employees are most motivated when they are fighting in a winning team against their competitors. What you also see as an expression of masculinity in Japan is the drive for excellence and

perfection in their material production and in material services and presentation in every aspect of life. Notorious Japanese workaholism is another expression of their masculinity. It is still hard for women to climb up the corporate ladders in Japan with their masculine norm of hard and long working hours" (12).

## **Comparison of Russia and Japan**

If we have to compare these two countries according to masculinity and femininity we can see that they are in contradiction. Japan is the most masculine country in the world and on the other hand Russia is among countries with lower masculinity traits. If we want to look on similarities between these two countries we wouldn't find any, we would find only dissimilarities.

### **4.1.4. Comparison of Russia and Japan according to Uncertainty Avoidance Index (UAI)**

#### **UAI of Russia**

According to Hofstede's research Russia is among countries with the highest score of Uncertainty Avoidance Index. The UAI score for Russia is 95 and its score rank is 5<sup>th</sup> in the world. By its score we can say that Russian society has a low tolerance for uncertainty and ambiguity, the cause of such a high number is again due to the Russian history. Russia has created one of the most complicated bureaucratic systems on the planet to overcome ambiguous situations. (4) When Russians deal with business their presentations can be unprepared in the case if they are focusing on creating relationships with business partners, or they can be very detailed and well prepared if they are negotiating about important trade, according to Hofstede "Also detailed planning and briefing is very common in Russia. Russians prefer to have context and background information. As long as Russians interact with people considered to be strangers they appear very formal and distant. At the same time formality is used as a sign of respect" (12). Orthodox Church plays also a great role in

country, if the Russians find themselves in need they always rely on the help of God and the Church. Because many Russians are believer in God they are superstitious and their life is full of religion rituals. (5)

### **UAI of Japan**

The UAI score for Japan is 92 and its score rank is 8<sup>th</sup> in the world, these are very similar characteristics as Russia has. The reason of such high UAI score is because of geographical position of the country. Japan is regularly threatened by natural disasters such as typhoons, tsunamis, earthquakes and volcano eruptions. Due to these living conditions Japanese are always in alert and are prepared for any uncertain conditions. These living habits are not seen only in emergency plans but they are in all social aspects. In Japan everything is prescribed for maximum predictability, they use rules, regulations and protocols to avoid making mistakes. In workplace everything is prescribed, if there appear unexpected situations the workers are unable to work in such conditions. Life in Japan is highly ritualized and has many ceremonies, when people go to ceremony there are strict rules about behaviour and cloth etiquette. (4) According Hofstede "In corporate Japan, a lot of time and effort is put into feasibility studies and all the risk factors must be worked out before any project can start. Managers ask for all the detailed facts and figures before taking any decision. This high need for uncertainty avoidance is one of the reasons why changes are so difficult to realize in Japan" (12).

### **Comparison of Russia and Japan**

If we look at UAI scores of both countries we can see that they are almost identical. These two countries has many similar characteristics, the main difference between them is what caused that they have such high UAI scores. In Russian case the main reason was its autocratic and dictatorship government in the past and later the collapse of communism caused further increase in UAI. In the Japanese case the main contributor for high UAI score is geographical position of country. If we look at similarities both countries have strict rules, laws, and many rituals. Because of many habits and complicated systems to

change something is almost impossible in both countries. When dealing about business both nations are very well prepared and during the meetings the detailed planning and briefing is very common.

#### **4.1.5. Comparison of Russia and Japan according to Long-Term Orientation (LTO)**

##### **LTO of Russia**

According to Hofstede's research Russia is among countries with the lowest score of LTO. The LTO score for Russia is 10. By its score we can say that Russian society is short term oriented and people expect short term rewards from their work. But in reality Russians have periods of short time orientation and long term orientation, they can work very slow on a task but if they considered the task as important one they can start to work very intensively. Nevertheless in most cases Russians are considered as short time oriented society.

##### **LTO of Japan**

According to Hofstede's research Japan has LTO score of 80 and its score rank is 4<sup>th</sup> in the world, it means that it is one of the most long-term oriented societies in the world. Japanese believe in long term benefits rather short term. Business plans in Japan are developed for a period of three years and the staff is also required to have the same time frame for their plans. The reason why Japanese don't believe in short term benefits is that instant rewarding will lead them to become lazy. (4) They see their life as very short period in a history of mankind, from this reason fatalism in Japan is very common. According to Hofstede "In corporate Japan, you see long term orientation in the constantly high rate of investment in R&D even in economically difficult times, higher own capital rate, priority to steady growth of market share rather than to a quarterly profit, and so on. They all serve the durability of the companies. The idea behind it is that the companies are not here to



make money every quarter for the share holders, but to serve the stake holders and society at large for many generations to come (e.g. Matsuhista) " (12).

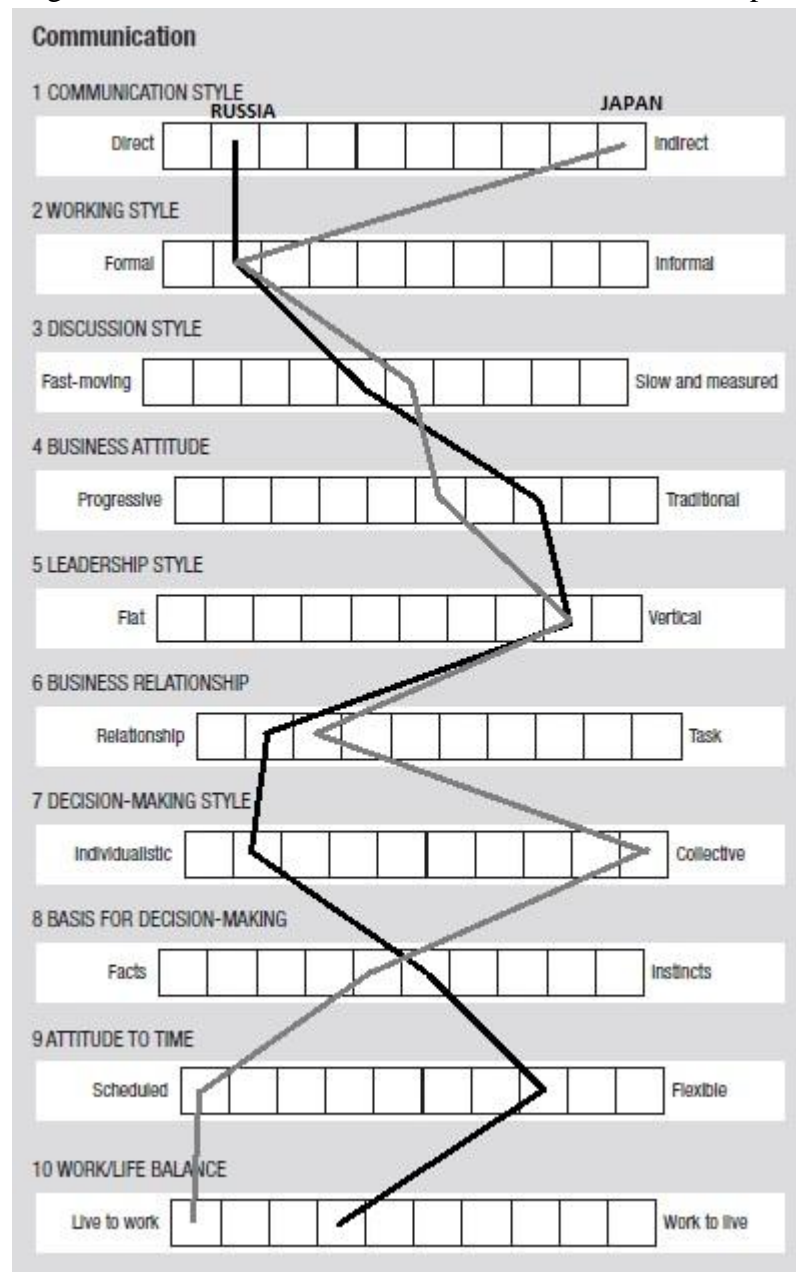
### **Comparison of Russia and Japan**

If we have to compare these two countries according long term orientation and short term orientation we can see that they are in contradiction. Japan is one of the most long term oriented countries in the world and on the other hand Russia is one of the most short time oriented countries. If we want to look on similarities between these two countries we wouldn't find any, we would find only dissimilarities.

## 4.2 Comparison between personal cultural profiles of Russia and Japan

In this section of practical part both countries would be compared according to personal cultural profiles of both countries. In figure 5 Russia and Japan are compared in all ten major areas of business life. According to information from Figure 5 will be based the whole second part of the practical part of this bachelor thesis.

Figure 5. The Personal Cultural Profiles of Russia and Japan



Source: (1), Own processing

#### **4.2.1. Comparison of Russia and Japan according to Communication style**

##### **Communication style of Russia**

According to figure 5 Russia has direct communication style, which means that they would say everything that they really think. If Russians don't agree with something they would say it directly to you. Strong eye contact in Russia is very important, the hands should be shaking firmly and your business card should be printed in two languages-yours and Russian. According to Tomalin Barry "Good speaking skills are valued in Russia, but they will also note your tone of voice and body language. Russians appreciate a warm, relaxed approach, and will often ask you personal questions about your family and life in your home country. They can be quite tactile with people they regard as friends, but they are also direct and blunt, and mean what they say" (1).

##### **Communication style of Japan**

According to figure 5 Japan has indirect communication style, which means that they would not say everything that they really think. If Japanese don't agree with something they would rather avoid disagreements and not say it directly. Japanese have a rule "*Save, stay calm, avoid extremes and shun indulgence – maintain moderation in all things*". Japanese respect age and experience. They try to avoid disagreements with teacher and presenter; even if they disagree with them, they would not say it directly. According to Tomalin Barry "Rather than saying 'No' outright, they will convey disagreement through silence, hesitation, or responses such as, 'Yes, but ...' or 'The situation is delicate'. They often refuse by saying, 'Thank you. We'll study that.' During conversation they avoid steady eye contact, and maintain an impassive expression" (1).

##### **Comparison of Russia and Japan**

If we have to compare Russia and Japan according to communication style we can see that they are completely different. Japan has indirect communication style and Russia

has direct communication style. If we want to look on similarities between these two countries we wouldn't find any, we would find only dissimilarities.

#### **4.2.2. Comparison of Russia and Japan according to Working style**

##### **Working style of Russia**

According figure 5 Russia has formal working style which means that they prefers a more formal style of speech and they uses titles and surnames. As Tomalin Barry explains "The meetings are quite formal. You should respect this formality in your style and dress, especially at first encounters. They will not appreciate you starting off with a joke, so keep your presentation serious, and include facts and technical details. People shake hands on meeting and leave-taking. Smiling on meeting is not automatic, but shaking fists and the American A-OK gesture is considered rude" (1).

##### **Working style of Japan**

According figure 5 Japan has also formal working style. The meetings in Japan are formal and their participants should be soberly dressed. Office dress is also formal; usually it is dark suit with white shirt and dark tie. Women are dressed in suit or dress. As Tomalin Barry explains "Formality and the sequence of events matter. Don't use first names unless you're asked to. Use the suffix san for both men and women (e.g. Suzuki-san). Don't seek final decisions in meetings – they're for gathering information or stating positions. And don't expect instant feedback: the Japanese prefer to question and clarify" (1).

##### **Comparison of Russia and Japan**

If we look at figure 5, we can see that both countries have exactly the same very formal working style. Meetings are formal, dress is formal and both nations like to use titles and surnames.

### **4.2.3. Comparison of Russia and Japan according to Discussion style**

#### **Discussion style of Russia**

According to figure 5 discussion style of Russia is on the boundary of both styles, which means that they can tend to both styles upon a situation. As Tomalin Barry explains "Russians have a variable negotiation style ranging from extreme patience – sitting you out – to strong confrontation. Stay calm: patience is also the strongest card that you can play. Russian negotiations may proceed by concession, so it's important to build some into your proposal and offer them at appropriate moments"<sup>(1)</sup>.

#### **Discussion style of Japan**

According to figure 5 Japan has also discussion style on the boundary of both styles and can tend to both styles upon a situation, but if we look more carefully we can see that Japanese tend to have more slow and measured discussion style. On the meetings Japanese tend to be quite and polite, they are attentive listeners and never interrupt presenters. They are happy with silence and foreigners should be aware not to speak when it is not necessary. As Tomalin Barry explains "As a result they set a high value on haragei (belly talk), the art of reading feelings through silent meditation and observation. Senior Japanese managers sit in on meetings but rarely speak, preferring to feel what's going on and listening in a state of deep concentration"<sup>(1)</sup>.

#### **Comparison of Russia and Japan**

If we look at figure 5, we can see that both countries have very similar discussion style. In the Russians' case it tends to be a little bit more fast-moving and in the Japanese case it tends to be more slow and measured. However, in reality Russians can adapt easily to both styles depending on the culture they deal with, but Japanese have difficulties to deal with fast-moving discussion style cultures.

#### **4.2.4. Comparison of Russia and Japan according to Business Attitude**

##### **Business Attitude of Russia**

According to figure 5 business attitude of Russians tends to be more traditional which means that they prefer tried and tested solutions and loyal staff. On the other hand Russians are not extremely traditional, so they are not afraid to try something new. As Tomalin Barry explains "Russians enjoy looking at new ideas, but they distrust anything that sounds too official. Avoid words such as 'aggressive' and 'compromise': instead, talk about meeting each other halfway, or propose actions that depend on equal concessions from both sides"<sup>(1)</sup>.

##### **Business Attitude of Japan**

According to figure 5 Japan has business attitude on a boundary of both approaches and can tend to both approaches upon a situation, but if we look more carefully we can see that Japanese tend to be a little bit more traditional. Japanese are not afraid to try new technologies and solutions but they are very careful with it, they have to know the background and all details. As Tomalin Barry explains "The Japanese desire to save face becomes evident when they deliberate carefully and avoid taking risks in their statements and actions. Be patient in trying to get decisions: even routine issues may be subject to extensive discussion"<sup>(1)</sup>.

##### **Comparison of Russia and Japan**

If we look at figure 5, we can see that both countries are quite close to each other in the business attitude. In the Russian case it tends to be a traditional approach and in the Japanese case it tends to be on a boundary of both approaches. In reality both countries are not afraid to look at new ideas and solutions, however they have to know the background and all details about the issue they deal with.

#### **4.2.5. Comparison of Russia and Japan according to Leadership Style**

##### **Leadership Style of Russia**

According to figure 5 Russia has vertical leadership approach. Leadership approach basically means that business in Russia tends to be hierarchical and the boss makes all decisions. As Tomalin Barry explains this has two corollaries: "it slows down the process, and it means that you must make sure that you're negotiating with the right person. In Russia, it's who you know, not what you know. As in many other countries, the exchange of favours ensures that things get done: in Russia, this system is known as *blat*" (1).

##### **Leadership Style of Japan**

According to figure 5 Japan has also vertical leadership approach. Business in Japan is also hierarchical, the communications is done through hierarchy and the boss is the top person. As Tomalin Barry explains "In a hierarchical structure such as theirs, it's important to address questions and suggestions to the next level of management, who will then direct them to the appropriate sources" (1).

##### **Comparison of Russia and Japan**

If we look at figure 5, we can see that both countries have exactly the same vertical leadership style. They both communicate through hierarchy and have top down feedback which slow down the process of decision making.

#### **4.2.6. Comparison of Russia and Japan according to Business Relationship**

##### **Business Relationship of Russia**

According to figure 5 Russia has a relationship approach for business relationships. Russian business depends on good relationships. The working style of Russia is formal and the first meetings are formal but without good informal bonds business would not develop further. As Tomalin Barry explains "When it comes to negotiating in Russia, good personal relationships are what get you through. Your counterpart should like you and trust you. Russian business depends to some extent on *blat*, a network of contacts and favour. Although it is less strong than it once was, it will help if you can operate in the spirit of *blat*" (1).

##### **Business Relationship of Japan**

According to figure 5 Japan has also a relationship approach for business relationships. For Japanese managers it is important that they like and can trust their colleagues, the good relationship has to be established otherwise business would not work. As Tomalin Barry explains "*Ishin-denshin*, heart-to-heart communication, and *haragei* are important in revealing the internal state of partners, expressed through tone of voice, facial expression and posture. They will hear one thing (the content), but understand two, (content and your feelings)" (1).

##### **Comparison of Russia and Japan**

If we look at figure 5, we can see that both countries have very similar relationship approaches for business relationships. In both countries good relationships have to be established, otherwise business would not develop further. It is also very important to join social evenings, because this is the place where informal bonds are created. Both cultures have to get to know their business partners better otherwise they would not trust them. (1)



#### **4.2.7. Comparison of Russia and Japan according to Decision-Making Style**

##### **Decision-Making Style of Russia**

According to figure 5 Russia has individualistic decision-making style. As it was mentioned earlier in Russia only the top man makes the all decisions in the company. In the teams there is also only one person who makes decisions. As Tomalin Barry explains "Team members are selected primarily on their competence for the role, although educational qualifications and family connections can also be influential. The team leader makes all decisions, and is usually well connected to other decision-makers" (1).

##### **Decision-Making Style of Japan**

According to figure 5 Japan has extremely collective decision-making style. In Japan group is superior to individual. The main Japan value says that "*We are members of a group, not individuals*". In the work, harmony is crucial; no one is allowed to criticize their colleagues. In the team work only the leader makes all the decisions, but he would not do it individually without internal support. As Tomalin Barry explains "The Japanese consult at all levels within a group before they reach the decision making stage: this is called *nemawashi*. They then seek universal consensus –*ringi-sho* – to arrive at a decision" (1).

##### **Comparison of Russia and Japan**

If we have to compare Russia and Japan according to decision-making style we can see that they are completely different. Japan has collective approach and Russia has individualistic approach. In Japan they seek universal consensus and only after that boss can make decision, but in Russia boss can make his own decision no matter if consensus was reached.

#### **4.2.8. Comparison of Russia and Japan according to Basis for Decision-Making**

##### **Basis for Decision-Making of Russia**

According to figure 5 the basis for decision-making of Russia is on a boundary of both approaches, which means that for Russians instincts and facts are equally important for decision making. As Tomalin Barry explains "Russians are interested in the credibility of the speaker in terms of experience, qualifications and knowledge and you must establish this. Also keep your presentation serious, and include facts and technical details" (1).

##### **Basis for Decision-Making of Japan**

According to figure 5 the basis for decision-making of Japan is also on a boundary of both approaches, which means that for Japanese instincts and facts are also equally important for decision making. As Tomalin Barry explains for Japanese are instincts very important "The Japanese are less concerned with what you say (they can read that) than with who you are" (1). But the facts are also crucial for them "Japanese prefer hard facts, visually presented, rather than emotional persuasion"(1).

##### **Comparison of Russia and Japan**

If we look at figure 5, we can see that both countries have very similar basis for decision-making. In both cases it tends to be on a boundary of both approaches. Because for both countries relationships are very important, personal connections can influence decision-making, but on the other hand data and figures are also very important for them. It is also good to mention that in both countries "agreements are usually accompanied by hospitality and gift-giving"(1).

#### **4.2.9. Comparison of Russia and Japan according to Attitude to Time**

##### **Attitude to Time of Russia**

According to figure 5 Russia has a flexible attitude to time. For Russians it is important to complete the business in hand, small delays don't play for them a major role. They describe themselves as polychronic and relaxed about time. Business hours are 9am-5pm Monday to Friday. Meetings can start late and finish late, basically saying punctuality is not Russians' virtue. As Tomalin Barry explains "Meetings in Russia tend to be long, and often followed by meals. Russians may start and finish late, so be flexible in timing. Meetings may also be subject to interruptions" (1).

##### **Attitude to Time of Japan**

According to figure 5 Japan has an extremely scheduled attitude to time. Japanese are very time-conscious and punctual. As Tomalin Barry explains "Business hours are from 8am-6pm, and although Saturday duties don't exist everywhere, many executives go in then to get themselves noticed. It's important to keep to schedules, but deadlines can be extended if necessary. The amount of time spent on a meeting is less important than the procedure, so expect these sessions to be quite long" (1).

##### **Comparison of Russia and Japan**

If we have to compare Russia and Japan according to attitude to time we can see that they are completely different. Japan has an extremely scheduled attitude to time and Russia has a flexible attitude to time. If we want to look for similarities between these two countries we wouldn't find any, we would find only dissimilarities.

#### **4.2.10. Comparison of Russia and Japan according to Work/Life Balance**

##### **Work/Life Balance of Russia**

According to figure 5 Russians work/life balance tends to be more live to work orientated. Basically this means that Russians like to work. According to Tomalin Barry "The analyst and former Russian Minister of Economics, Yevgeny Yasin, notes the traditional value of Russians is the *joy of working*" (1).

##### **Work/Life Balance of Japan**

According to figure 5 Japanese work/life balance is extremely live to work orientated. Japanese are well known for their diligence. Hard work and long hours are much respected in Japan; also it is respectful if employee is leaving office in late hours after boss. According to Tomalin Barry "*Gaman* is the quality of endurance, of which the Japanese have great amounts. It implies following orders without question, not complaining but 'gritting it out' and getting on with the job. It is this quality in the workplace that explains why the Japanese will work long hours, remain late, and stay up all night if necessary to complete projects and sacrifice themselves for the group" (1).

##### **Comparison of Russia and Japan**

If we look at figure 5, we can see that both countries are quite close to each other in the work/life balance. Russians work/life balance tends to be mildly live to work orientated. In Japanese case it is extremely live to work orientated. Both nations enjoy to work, but in Japanese case it tends to be extreme which can lead to workaholism.

## 5. Conclusion

The main objective of this bachelor thesis was to compare Russian business culture and Japanese business culture. To fulfil this objective it was necessary mainly to understand Hofstede's dimensions of national cultures and the personal cultural profile. In the theoretical part all these concepts were thoroughly explained.

From the first glance it can seem that Japan and Russia have totally different business cultures. But from the outcome of the practical part of thesis it is more than likely that these two cultures have many similar characteristics. If we compare this two countries according to five Hofstede's dimensions of national cultures we can find out that they coincide in 2 dimensions and differ in 3 dimensions. More precisely Russia and Japan coincide in Uncertainty Avoidance Index (UAI) and in Individualism Index (IDV) and they differ in Power Distance Index (PDI), Masculinity versus Femininity (MAS) and Long-Term Orientation (LTO).

UAI is the level of anxiety within the members of a society in the face of unstructured or ambiguous situations. Both countries have very similar score and are among the countries with the highest score of Uncertainty Avoidance Index. According results UAI score of Russia is 95 and UAI score of Japan is 92 this means that both countries have a low tolerance for uncertainty and ambiguity and both have strict rules and laws. When dealing about business both nations are very well prepared and during the meetings the detailed planning and briefing is very common.

IDV is the degree to which people in a country or region learn to interact with each other. According results IDV score of Russia is 39 and IDV score of Japan is 46. Both countries have lower Individualism Index score which means that they have more collectivist nature with close ties among its members. In terms of business in both countries good relationships between business partners have to be established and after that only the real business can begin, and also family and relationships are very important.

PDI is "the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally". According results PDI score of Russia is 93 and PDI score of Japan is 54. Russia has one of the highest power distance index scores which means that there exist huge power

distance between individuals. In Russia the huge discrepancy between the less and the more powerful people leads to a great importance of status symbols, powerful people try to look as impressive as it is possible. Japan is a mildly hierarchical society, where exists moderate power distance between individuals. Unlike in Russia the discrepancy between people is low, if we look at Japanese society itself, we can see that it is very equal. There is little poverty and most Japanese consider them for middle class.

MAS identify cultural variability based on what are considered appropriate gender roles for that culture. According results MAS score of Russia is 36 and MAS score of Japan is 95. Russia is among the countries with lower masculinity score. In Russia society sex roles overlap and importance is attached to the non-material quality of life. Japan is most masculine society in the world, in such society social sex roles are sharply differentiated and importance is attached to material success.

LTO "focuses on the degree the society embraces, or does not embrace long-term devotion to traditional values"<sup>(4)</sup>. According results LTO score of Russia is 10 and LTO score of Japan is 80. Russia is among countries with the lowest score of LTO. Russians are short term oriented and people expect short term rewards from their work. Japan is one of the most long-term oriented societies in the world, they believe in long term benefits. Business plans in Japan are developed for a period of three years and the stuff is also required to have the same time frame for their plans.

If we look on results from cultural profiles of both countries we can find again many similar characteristics between them. We can find out that they coincide in 7 areas of business life and differ only in 3 areas of business life. More precisely Russia and Japan coincide in working style, discussion style, business attitude, leadership style, business relationship, basis for decision making and work/life balance and they differ in communication style, decision-making style and attitude to time.

Working style can be distinguished on formal and informal. Both countries have exactly the same very formal working style. Meetings are formal, dress is formal and both nations like to use titles and surnames.

Discussion style basically means how fast conversation between cultures flows. We can distinguish it on fast moving and slow and measured. Both countries have very similar

discussion style which is on boundary of both approaches. Upon a situation discussion style of both nations can be more fast-moving or more slow and measured. In reality Russians can be extremely patient and if it is needed they can become impatient. Japanese always tend to be quite and polite, they are attentive listeners and never interrupt presenters.

Business attitude tells us what kind of view has a certain culture on business. We can distinguish it on traditional attitude and progressive. Both countries are quite close to each other in the business attitude, they tend to have traditional attitude, but are not afraid to look on new ideas and solutions if know all the details about the issue they deal with.

Leadership style is mainly about respect which subordinates have to their boss. We can distinguish it on flat and vertical. Both countries have exactly the same vertical leadership style. They both communicate through hierarchy and have top down feedback which slow down the process of decision making. Business in Russia tends to be hierarchical and the boss makes all decisions. Business in Japan is also hierarchical, the communications is done through hierarchy and the boss is the top person.

Business relationship can be distinguished on relationship approach and task approach. Both countries have very similar relationship approach for business relationships. In both countries good relationships has to be established, otherwise business would not develop further.

Basis for decision making can be upon facts or upon instincts. Both countries have very similar basis for decision-making. In both cases it tends to be on a boundary of both approaches, which means that instincts and facts are equally important for decision making. Because for both countries relationships are very important, personal connections can influence decision-making, but on the other hands data and figures are also very important for them.

Work/Life balance explains what kind of attitude to work and how diligent at work certain culture is, we can distinguish it on live to work or work to live balance. Both countries are quite close to each other in the work/life balance and are live to work orientated, which means that they like and enjoy work. In Japanese case it tends to be extreme which can lead to workaholism.

Communication style can be distinguished on direct and indirect. Japan and Russia have totally different communication styles. Japan has indirect communication style which means that they would not say everything what they really think. If Japanese don't agree with something they would rather avoid disagreements and not say it directly. Russia has direct communication style which means that they would say everything what they really think. If Russians don't agree with something they would say it directly.

Decision-making style helps to understand how certain culture makes their business decisions. Decision-making style can be individualistic or collective. Russia and Japan have completely different decision-making style. Japan has extremely collective approach. In Japan group is superior to individual. In the team work only the leader makes all the decisions, but he would not do it individually without internal support. Russia has individualistic approach; it means that only the top man makes the all decisions in the company. In the teams there is also only one person who makes decisions.

Attitude to time explains how certain culture can deal with time and what attitude to time it has. Cultures can have scheduled attitude to time or flexible attitude to time. Russia and Japan have completely different attitude to time. Japan has extremely scheduled attitude to time which means that people are very time conscious and punctual. Russia has flexible attitude to time. For Russians is important to complete the business in hand, small delays don't play for them a major role. Meetings can start late and finish late, basically saying punctuality is not Russians virtue.

The results of this bachelor thesis clearly show that Japanese business culture and Russian business culture is not so different in reality. These two countries have many similar characteristics and the business between these two nations is not affected by some big cross-cultural differences which wouldn't be possible to overcome.



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## **7. Appendix**

Appendix 1: List of shortcuts:

PDI - Power Distance Index

IDV - Individualism Index

MAS - Masculinity

UAI - Uncertainty Avoidance Index

LTO - Long-Term Orientation