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## Understanding the Impact of Cross-Cultural Communication Between American and Japanese Businesses

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Understanding the Impact of Cross-Cultural Communication  
Between American and Japanese Businesses

By

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## **Thesis Summary**

This thesis aims to investigate the cultural differences between American and Japanese society most relevant to successful business collaboration in relation to SIOS Technology Group. First, by providing an examination of the issues SIOS Technology Group has experienced as a company with businesses in both Japan and the United States, this case will provide context for the use of relevant frameworks for researching cultural differences. Second, this thesis analyzes relevant theories of cross-cultural research such as the CAGE Distance Framework, Hall's Cultural Elements, Hofstede's Cultural Dimensions, and Schwartz's Cultural Values in order to apply their concepts to SIOS Technology Group's experience. In doing so, this paper attempts to identify what basis of understanding in cross-cultural communication American firms need in order to successfully do business with Japanese companies.

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## **Introduction**

Oftentimes business deals are not cut in meeting rooms, but at the dinner table. Relationships are the foundation of any successful business, and in an increasingly globalized world, forming these relationships requires a deeper understanding of how to bridge the gaps between disparate cultures. Understanding the cultural differences between different nations is of paramount importance to maximizing the efficiency and success of any business engaging in foreign exchange.

While studying abroad in Japan for four months, I was struck by some of the profound cultural differences displayed by Japanese people in businesses and in social settings. To American businesses, these cultural differences are more than just casual observations. The culture of Japan greatly informs its business practices, so in order for American businesses to be successful in dealing with their Japanese counterparts, they need some level of understanding of Japanese culture. SIOS Corporation is a software development company, with businesses in both Japan and the United States, that faces this very issue. By examining some of the issues SIOS has faced and marrying that with a broader spectrum analysis of cultural differences between the US and Japan, using relevant frameworks like the CAGE Distance Framework and Hofstede's Cultural Dimensions Theory, I will attempt to home in on what basis of understanding American firms need in order to successfully do business with Japanese companies.

## **Case Summary**

SIOS Technology Corporation is a software development company that provides high availability and disaster recovery solutions for Windows and Linux applications. These products are designed to ensure availability of and eliminate data loss for applications requiring a high degree of resiliency. SIOS utilizes clustering software for applications operating across physical,

virtual, cloud, and hybrid cloud environments to maximize uptime without a sacrifice to performance or data capacity. This technology is essential for any IT infrastructure, protecting businesses from local power failures and regional outages, planned or unplanned.

SIOS Technology Inc. was founded in 1997 in Tokyo, Japan. Early development focused on open source software and Web application software, and given its experience in open source software, it pushed for the early adoption of Linux products in Japan. SIOS Technology Inc. now provides SAN and SANless software products that protect essential applications from downtime and data loss. In 2006, SIOS Technology Inc. acquired SteelEye Technology due to the success of the US-based company's products, that SIOS had previously been reselling, in Japan. SteelEye Technology was founded in 1999 in Lexington, South Carolina. Before its acquisition, it sold high-availability clustering solutions to businesses in the United States. In 2008, along with the acquisition of a web application development company, Gluegent, what is now SIOS Technology Corporation was founded. SteelEye Technology became SIOS Technology Corporation and both arms of the business now fall under the holding company, SIOS Technology Group. The Japan-based and US-based sides of the business are referred to as STI (Japan) and STC (US) respectively. The business focuses on using clustering software to provide high-availability and disaster protection solutions for business-critical applications.

Nobuo Kita is CEO, President, and Chairman of the Board of SIOS Technology and President and CEO of its parent company, SIOS Technology Group. He has stated that the mission of the company is, "Making the impossible possible for the people of the world" (Kita, 2017). This ambitious mission statement is the cornerstone of SIOS's evolving company culture as it moves into a new phase of its development in the global marketplace. However, in order for

these goals to be realized, they need to successfully manage their increasingly global business partners.

### **Central Issues**

There are numerous reasons why companies choose to expand their businesses into foreign markets. While there are many distinct advantages to doing this, it is important to understand the issues that can arise from doing so, especially with respect to cultural differences. In order to ascertain the key issues faced by SIOS in its cross-cultural business practices, I interviewed a SIOS employee from Japan who is now working in the Columbia, South Carolina office as well as an American employee working in the same office. Their varying degrees of experience and differing cultural backgrounds gave a more nuanced perspective of the issues faced by SIOS employees working with their global counterparts.

SIOS Technology Group is essentially a partnership between the Japan-based SIOS Technology Inc. (STI) and the United States-based SIOS Technology Corp. (STC). STI and STC are separate software development companies that work together to provide high availability and data protection solutions to customers in both the Japan and United States using cluster software. Essentially this means that their software provides a means to effectively back up data on multiple servers, either virtually or physically, for companies concerned about potential data losses. Initially software development was limited to STC in the States; however, in 2013 STI began to have an increased role in development of the software for the Japanese market. From this point on STI and STC began to collaborate and work more closely on developing products and features. Two teams from completely different cultures working together on the same product required SIOS to reassess their business practices in order to effectively utilize the

perceived advantages of creating this global team and to mitigate the issues that could arise from this predicament.

SIOS had to adapt its company culture to reflect its increasing diversity and so adopted a few new methodologies to promote the collaboration and success of its different development teams. Practical areas of concern lay in the time difference, language barrier, and geographic distance of the two teams. There were also some more intangible issues such as cross-cultural communication, strategic vision, and organizational differences between the teams. In order to address some of these issues, SIOS implemented the Scrum Framework, which is a part of the popular agile methodology for its software development process. This methodology focuses on delivering value to the product in the shortest amount of time. It emphasizes collaboration, accountability, and incremental progress towards a well-defined goal. SIOS implemented this methodology by organizing planning meetings with STI and STC every two weeks. The two teams work together to plan for the next two weeks and review any issues uncovered in the previous two weeks that need to be addressed in the next cycle. The agile methodology encourages the teams to collaborate more and the bi-weekly meetings help the disparate groups to develop a more unified vision for the product; however, it relies heavily on effective communication and collective agreement to be an efficient means of delivering value to the product. If utilized well, this process allows STI and STC to efficiently leverage their collective experience to deliver the most value to their products in the least amount of time thereby maximizing profitability. In reality, the implementation of this method is not as straightforward as it seems. The pivotal factor in ensuring the success of this methodology is communication and understanding. Not only do the two teams speak different languages, but they communicate in



fundamentally different ways and effective cross-cultural communication is key to maximizing the efficiency and success of SIOS's business practices.

## **Identifying Solutions**

In order to identify solutions that will be effective in improving the efficiency and success of businesses engaging in international business, it is helpful to first understand and identify which aspects of culture have the most impact on one's business practices.

### *CAGE Distance Framework*

Cultural distance determines how people interact with one another and with companies and institutions. Differences in religious beliefs, race, social norms, and language are all capable of creating cultural distance. According to the author of the CAGE Distance Framework, Pankaj Ghemawat, "most often, cultural attributes create distance by influencing the choices that consumers make between substitute products because of their preference for specific features. The Japanese, for example, prefer automobiles and household appliances to be small, reflecting a social norm common in countries where space is highly valued" (Ghemawat, 2001). Software solutions are less sensitive to this than products that have high linguistic content or carry country-specific quality associations like rice does in Japan for example; however, cultural distance should still be understood since in SIOS's case, the standards for quality differ between Japan and the United States. SIOS's customers in the Japanese market have a different quality perception of their product than their American counterparts.

According to the Vice President of Engineering for SIOS Technology Corporation, American customers typically try to install the product without reading the instructions on how to use it and rely on customer support to solve any issues. Conversely, in the

Japanese market, customers placed more importance on understanding the software before installing it and therefore required less customer support. This facet of cultural distance reflected in their American and Japanese customers' differing quality perceptions indicated to SIOS that in order to improve their product, they needed to improve the installation process of their product to meet the needs of their customers. Another differing aspect of quality perception was in how their customers reacted to minor bugs in the product. Any software product typically has a lot of minor bugs in it that don't compromise the actual product itself but require the software provider to tailor specific solutions for individual companies experiencing an issue. American customers typically accept that there is a bug along as it gets fixed at some point; however, in the Japanese market it is often more difficult to convince the customer that some bugs cannot be fixed right away. Japanese customers want to understand issues more deeply and require more support from SIOS in this regard. This necessitates a different relationship with the customers in the Japanese market, as they are more involved in partnering with SIOS to understand the issues in the product and seek to improve either their business processes or the product. This feedback loop designed to foster continuous improvement is intrinsically linked to the culture of many Japanese companies. Understanding the Japanese philosophy of continuous improvement, or *kaizen*, would help SIOS's American developers to more effectively understand and consequently meet the requests of their Japanese customers. In both examples, understanding the cultural context of their customers' needs allows SIOS to identify which features are important to the quality perception of their product in both markets, which then enables them to more effectively prioritize their tasks, allot their resources, and ensure the successful support of their products globally.

### *Hall's Cultural Elements*

The relationship between culture and communication was described by the anthropologist Edward Hall as falling on a continuum of high and low context cultures that describes how a person communicates with others through verbal and non-verbal messages. Hall identifies high-context cultures as those in which harmony and the well-being of the group is preferred over individual achievement (Ramos, 2014). They are characterized by less direct verbal and non-verbal communication, reliance on contextual clues, avoidance of personal names, and use of less words. In Japan, cultural context is highly relevant to understanding the situation. Japanese communication style is relatively modest and quiet compared to low-context cultures. “The Japanese language is known for its system of respectful and humble forms as well as its variety of strategies for marking politeness” (Nishimura, 2008), which is characteristic of a high-context culture. Japanese people generally don’t like to be interrupted, use silence more often, and prefer more non-committal phrasing to explicit verbal communication. Hall states that, “in low-context cultures most of the information must be in the transmitted message in order to make up for what is missing in the context” (Hall, 1976). Low context cultures’ communication is more explicit and direct. The United States, in contrast with Japan, generally exhibits the characteristics of a low-context culture. Americans typically display a more extroverted communication style often interrupting people, thinking aloud, and using more overt body language. This communication style carries a cultural connotation of truth before diplomacy, a right that is enshrined in the American Constitution, and conversely low-context cultures generally value diplomacy before truth. In Japan, this concept is expressed through *tatemae* and *honne*. “Hall (1983, 102) describes *tatemae* as a sensitivity towards others and as a public self and *honne* as a sensitivity towards

one's own private self" (Nishimura, 2008). Simply put, *tatemae* refers to an individual's explicitly stated objective and *honne* refers to what the individual is really going to or wants to do. Miscommunication is therefore a given between different cultures; however, it is important to recognize these differences and learn how to avoid miscommunication in order to establish better working relationships. Fostering awareness of miscommunication between high and low-context cultures better equips individuals to engage in cross-cultural communication and increases the collective unity of the group as it becomes easier to develop intercultural relationships.

In SIOS's case, communication is essential to the success of the working relationship between STI and STC. Japan and the United States are on nearly opposite ends of the spectrum in terms of high and low-context communication styles, so it is especially important that both sides grasp the cultural context of the differences in their communication style. This obstruction to communication has led to frustration on both sides. SIOS has attempted to mitigate this by channeling most of the communication between teams through their Japanese Vice President of Engineering who works in the United States. With a manager experienced in both languages acting as the intermediary, SIOS is able to limit the potential for interpersonal conflict between teams, and clarify the information being exchanged between teams. This is however an incomplete solution as it prevents the teams from forming any sort of collective unity as a group through direct communication, thereby reducing their maximum efficiency.

### *Hofstede's Cultural Dimensions Theory*

Cross-cultural communication as understood by Hall's cultural elements better equips individuals to avoid miscommunication due to cultural differences, but it provides an incomplete picture. Hofstede's cultural dimensions theory is a coherent framework for

comparing world cultures and is in fact, “one of the most widely employed models in cross-cultural research” (Yeganeh, 2009). Hofstede’s framework for cross-cultural communication proposed four dimensions along which cultural values could be analyzed: power distance, uncertainty avoidance, individualism-collectivism, and masculinity-femininity. *Table-1* shows Hofstede’s ranking of 50 major countries along his four original cultural dimensions, allowing us

Country	Abbreviation	Power Distance		Uncertainty Avoidance		Individualism		Masculinity	
		Index (PDI)	Rank	Index (UAI)	Rank	Index (IDV)	Rank	Index (MAS)	Rank
Argentina	ARG	49	18-19	86	36-41	46	28-29	56	30-31
Australia	AUS	36	13	51	17	90	49	61	35
Austria	AUT	11	1	70	26-27	55	33	79	49
Belgium	BEL	65	33	94	45-46	75	43	54	29
Brazil	BRA	69	39	76	29-30	38	25	49	25
Canada	CAN	39	15	48	12-13	80	46-47	52	28
Chile	CHL	63	29-30	86	36-41	23	15	28	8
Colombia	COL	67	36	80	31	13	5	64	39-40
* Costa Rica	COS	35	10-12	86	36-41	15	8	21	5-6
Denmark	DEN	18	3	23	3	74	42	16	4
* Ecuador	EQA	78	43-44	67	24	8	2	63	37-38
Finland	FIN	33	8	59	20-21	63	34	26	7
France	FRA	68	37-38	86	36-41	71	40-41	43	17-18
Germany (F.R.)	GER	35	10-12	65	23	67	36	66	41-42
Great Britain	GBR	35	10-12	35	6-7	39	48	66	41-42
Greece	GRE	60	26-27	112	50	35	22	57	32-33
* Guatemala	GUA	95	48-49	101	48	6	1	37	11
Hong Kong	HOK	68	37-38	29	4-5	25	16	57	32-33
* Indonesia	IDO	78	43-44	48	12-13	14	6-7	46	22
India	IND	77	42	40	9	48	30	56	30-31
Iran	IRA	58	24-25	59	20-21	41	27	43	17-18
Ireland	IRE	28	5	35	6-7	70	39	68	43-44
Israel	ISR	13	2	81	32	54	32	47	23
Italy	ITA	50	20	75	28	76	44	70	46-47
* Jamaica	JAM	45	17	13	2	39	26	68	43-44
Japan	JAP	54	21	92	44	46	28-29	95	50
* Korea (S.)	KOR	60	26-27	85	34-35	18	11	39	13
* Malaysia	MAL	104	50	36	8	26	17	50	26-27
Mexico	MEX	81	45-46	82	33	30	20	69	45
Netherlands	NET	38	14	53	18	80	46-47	14	3
Norway	NOR	31	6-7	50	16	69	38	8	2
New Zealand	NZL	22	4	49	14-15	79	45	58	34
Pakistan	PAK	55	22	70	26-27	14	6-7	50	26-27
* Panama	PAN	95	48-49	86	36-41	11	3	44	19
Peru	PER	64	31-32	87	42	16	9	42	15-16
Philippines	PHI	94	47	44	10	32	21	64	39-40
Portugal	POR	63	29-30	104	49	27	18-19	31	9
South Africa	SAF	49	18-19	49	14-15	65	35	63	37-38
* Salvador	SAL	66	34-35	94	45-46	19	12	40	14
Singapore	SIN	74	40	8	1	20	13-14	48	24
Spain	SPA	57	23	86	36-41	51	31	42	15-16
Sweden	SWE	31	6-7	29	4-5	71	40-41	5	1
Switzerland	SWI	34	9	58	19	68	37	70	46-47
Taiwan	TAI	58	24-25	69	25	17	10	45	20-21
Thailand	THA	64	31-32	64	22	20	13-14	34	10
Turkey	TUR	66	34-35	85	34-35	37	24	45	20-21
* Uruguay	URU	61	28	100	47	36	23	38	12
U.S.A.	USA	40	16	46	11	91	50	62	36
Venezuela	VEN	81	45-46	76	29-30	12	4	73	48
Yugoslavia	YUG	76	41	88	43	27	18-19	21	5-6
Regions:									
* East Africa	EAF	64	(31-32)	52	(17-18)	27	(18-19)	41	(14-15)
* West Africa	WAF	77	(42)	54	(18-19)	20	(13-14)	46	(22)
* Arab Ctrs.	ARA	80	(44-45)	68	(24-25)	38	(25)	53	(28-29)

\* Based on data added later

to compare the relative cultural differences between the United States and Japan.

**Table 1:** *Index Values and Rank of 50 Countries and 3 Regions on Four Cultural Dimensions* (Hofstede, 1983)

Power distance refers to the inequality that exists between people in a society. In countries with greater power distance index (PDI) rankings, subordinates tend toward dependence or counter-dependence. In countries where superiors maintain less power distance, subordinates prefer a consultative decision style, which results in more compromise solutions, indicating an interdependence of superiors and subordinates (Hofstede, 1983). A high PDI therefore usually indicates a clearly established hierarchy and a low PDI indicates more distribution of power and a greater willingness to question authority. Japan and the United States rank relatively closely on the lower end of the power distance index with Japan having the higher PDI score; however, both scores are relatively low, which should indicate that both countries generally prefer a more consultative decision-making style. This organizational structure is reflected in SIOS's implementation of the popular Objectives and Key Results (OKR) goal system. OKR is designed to define how to achieve objectives through specific measurable actions. OKRs can be shared across an entire organization with the intent of providing teams with unified goals. SIOS uses OKR to develop long-term goals and identify key results needed to reach that goal. SIOS breaks these key results down further in trying to define how each team member can accomplish these results and encourages input from everyone in the organization to define these key objectives.

Uncertainty avoidance is concerned with the ways in which societies cope with the uncertainty of the future. Countries that score highly on the uncertainty avoidance index (UAI), generally have stricter guidelines, laws, and codes of behavior. Countries with a lower UAI tend to impose fewer regulations as they typically show more acceptance for differing thoughts or ideas. High UAI societies typically define achievement in terms of security, exhibit an inner urge

to work hard, and have strong need for consensus. Conversely low UAI societies exhibit more willingness to take risks, less conservatism, and define achievement in terms of recognition (Hofstede, 1983). As indicated in *Table-I*, Japan has a significantly higher UAI than the United States, which scores relatively low. SIOS's Vice President of Engineering likened this difference in mentality to the difference between hunters and farmers. Americans typically prioritize short-term gains over the long-term ones. Conversely, the Japanese are more willing to take a loss in the short-term in the pursuit of achieving their long-term goals. According to Hofstede organizations serve to distribute power and control uncertainty, "the functioning of organizations in a country and the way of thinking about organizations in that country are related to the country's position on the power distance and uncertainty avoidance scales. Understanding the cultural context of this difference in mentality would allow STI and STC to collaborate more effectively as a group.

Individualism-Collectivism refers to the degree to which people in a society are integrated into groups. Collectivist societies prioritize the group over the individual and emphasize belief in group decisions. Individualistic societies have looser ties and stress the relative importance of personal time, freedom, and challenges. High individualism index (IDV) scores indicate an emphasis on individual initiative and achievement whereas a low IDV score places emphasis on belonging to an organization. The United States has a very high IDV, indicating a very individualistic society. On the other hand, Japan's ranking indicates a highly collectivist society. This is reflected in the differing organizational style between STC (US) and STI (Japan). In the United States, SIOS employees are typically hired for clearly defined roles and given more absolute decision-making power within their spheres of influence. American managers are therefore usually more comfortable making decisions without consulting the group.

This can result in more efficient problem resolution but can also result in rash decision-making. Conversely, at STI, SIOS employees require more consensus to reach decisions. Culturally, agreement is regarded as more important than individual responsibility. At STI, there is less segmentation of responsibility. For example, the development team has the power to stop the marketing team from doing something the development team felt was ill-advised. It is important for an American employee to understand the cultural context behind this collectivist approach as it is often perceived as less efficient and time-consuming to more individualistic cultures like the United States. SIOS has attempted to strike a balance between the two approaches, adopting a collectivist approach to planning, with managers representing both markets acting as the ultimate decision-makers. STI and STC's development teams work together to plan what features and issues to work on in the next two weeks. American and Japanese managers act as the final decision-makers so as not to marginalize any of the teams. A major issue they typically run into is deciding which features to prioritize due to the difficulty of managing the needs of different markets. STI wants to prioritize the features their Japanese customers have requested and vice versa. Currently, one team's success does not necessarily impact another's because organizationally they are two separate entities operating in different markets, and their success is largely determined by the demand for SIOS's products in their respective markets. The result is that each team heavily favors its domestic market, which is exacerbated by limited direct communication between the teams and lack of a common incentive for collaboration. Utilizing a collective approach to product development allows SIOS to combine the varied experience of its development teams at STI and STC, potentially increasing problem-resolution and development speeds; however, in order to work efficiently together, the two teams need a collective measure of success.



Hofstede's fourth cultural dimension, masculinity-femininity, is defined as "a preference in society for achievement, heroism, assertiveness and material rewards for success" (Hofstede, 2011). On the other end of the spectrum, feminine cultures prioritize good relationships, security in work, and a desirable living environment. Japan rank very highly on the masculinity index (MAS) while the United States ranks as more moderately masculine. The most popularly understood implication of this is the famous Japanese work ethic; however, this cultural value is not unique to Japan. In fact, Americans are similarly notorious for working long hours and not taking enough time off. While Japan may rank highly on this index, it does not mean that every Japanese company works its employees to the bone as is too often the perception. Japanese culture ascribes value to work ethic, but it is entirely dependent on the individual company how to treat its employees. Many Japanese companies do not adhere to the traditional image of Japanese salarymen and employ business practices designed to improve efficiency and increase productivity without being a detriment to their employees' health. SIOS is just such a company, and it is reflected in the more flexible hours of its employees both at STI and STC. SIOS's CEO, Nobuo Kita, has experience working abroad and is trying to modernize the company culture by implementing business practices from around the world. This approach is not to make SIOS more "western" or vice versa, but rather to create a modern vision for the company focused on achieving key objectives by promoting more individual input on how to achieve and define metrics for its success. This is dependent on creating an environment that fosters the unity and involvement of SIOS's employees on a global scale.

#### *Schwartz's Cultural Values (SVI)*

An additional framework for understanding cultural differences is Schwartz's theory of basic human values. This theory is considered to be an extension of Hofstede's cultural

dimensions and other intercultural research theories. Schwartz tried to measure universal values that are recognized in every major culture and identified 10 distinct, universal types of values and specified the relationships among them. In his research he found that three requirements of human nature and of societal function are especially relevant: “(1) most important is to promote and preserve cooperative and supportive relations among primary group members. The critical focus of value transmission is to develop commitment to positive relations, identification with the group, and loyalty to its members. (2) Individuals must be motivated to invest time and effort to perform productive work, to solve problems that arise when working, and to generate new ideas and technical solutions. (3) It is socially functional to legitimize gratification of self-oriented needs and desires as long as this does not undermine group goals. Rejecting all such gratification would frustrate individuals and lead them to withhold their energies from the group and its tasks” (Schwartz, 2012). Values are critical motivators of behaviors and attitudes, and Schwartz’s research supports the notion humans share a common set of intrinsic values that transcend cultural boundaries. Cultural differences do not indicate different values, but rather reflect how societies have pursued upholding these values in different ways, creating cultural distinctions. This common understanding of human nature across all cultures should be the basis of any solutions SIOS attempts to increase the collective unity and success of its teams.

## **Conclusion**

It is important to note that all these frameworks of analysis attempt to provide a simplified model of culture. They all hinge upon different methodologies and approach cross-cultural communication research with a different scope in mind. As a result, each framework is useful in understanding some aspects of culture, but not all. Taken together I have attempted to provide a more nuanced perspective of cultural differences illustrated by my analysis of SIOS

Technology Group's businesses in Japan and the United States. In doing so, I hope to inspire organizations and individuals to pursue a deeper understanding of the cultural differences between Japanese and American societies in order to inspire more successful business solutions to cross-cultural communication.

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## APPENDICES

### Appendix A. Interview Questions/Answers with American SIOS Employee

*Can you tell me a little about yourself?*

CS Major and Japanese Minor.

*How long have you worked for SIOS? What is your position there?*

1 year.

*What is your experience in management positions?*

None.

*Do you know how long SIOS has been partnered with its Japanese counterpart?*

Since 2010.

*What advantages/disadvantages do you think American corporate culture and management style has?*

American businesses are faster to adopt new management principles and have a more efficient hiring process.

*What advantages and disadvantages do Japanese businesses have?*

Partnerships with other corporations tend to be more useful as they actually help each other out, whereas American corporate partnerships tend to be more symbolic.

*What has been your experience as an American professional working in a western office with Japanese partners? What differences have you noticed?*

Communication, time zone differences, Japanese counterparts never say, “I don’t know”, don’t ask questions (don’t want to impose), English is the default.

*Have you faced any challenges in your role working with the Japanese team and the American team?*

Yes, time zone difference!

*What sort of specific differences have you noticed between Japanese and American management styles?*

Americans mostly prefer agile with scrum – finished product has most value for least effort (produce new product as often as possible to max. value). SCRUM – manager has a task list that he/she is responsible for making sure the team gets done. Japanese prefer waterfall method which requires extensive planning to then carry out by the book, then bring back to planning stage for any changes. It is very deadline oriented whereas the American side is held more accountable by functionality.

*What is the relationship between the Japanese team and the American one?*

Head and Tail (who’s in charge); acquired US business for product they wanted to bring to Japanese market (did well). Legally they are two separate companies; US sells product to Japan at discount. One team’s success doesn’t necessarily impact another’s; If they need to bite the bullet in one market, they will prioritize in the other for bigger gains.

*How might these differences have impacted the relationship the American team has with the Japanese team?*

It is not clear who is in charge sometimes, which lead to delayed or rash decision-making. This aspect is improving, however. There is sometimes open conflict between teams; for example, American raising voice at Japanese representative in the US office. Japanese ignore these outbursts.

*What sort of strategies does SIOS already use to improve the efficiency of the two teams working in cooperation with each other?*

Slack, Japanese rep in the US office, removed US CEO and replaced with Nobuo (CEO of SIOS Group). No direct communication between Japanese and American teams (managers as intermediaries).

*What sort of strategies do you think, from your perspective, would be the most helpful for improving the working relationship between the two teams?*

Weekly touch base meetings over skype/zoom (increased communication).

*How might the goals of the Japanese team have differed from the American team?*

Japan guys love SIOS (Americans it's just a job). There is no collective measure of success for both teams. Japan side is public, so they heavily favor Japanese customers.

*What aspects of American businesses are hard for Japanese businesses to work with?*

No collective incentive, and Americans also favor their customers.

*What advantages does the relationship with the American team provide the Japanese team?*

*What advantages does the Japanese team provide to the American team?*

US team has more experience with the software. Japanese team brings better processes which are very detailed and thought out. Cannot ship out product until it meets all their requirements.

*From your perspective, what cultural differences have the biggest impact on American businesses trying to work with Japanese businesses?*

Homogenous Japanese business culture vs. varied US culture.

*What aspects of Japanese corporate culture/management style do you think would improve American businesses? And vice versa?*

-Planning/Kaizen (JPN)

-Scrum/Agile (US) \*JPN does not use agile methodology

*How do you think the flow of information and communication differs between Japanese and American businesses?*

Japan's flow of info is very regulated, follows a process. US is more need-based.

*What sort of strategies does SIOS use to improve communication between the two teams?*

Slack.



**Appendix B. Questions from Interview with Japanese SIOS Employee**

*Can you tell me a little about yourself?*

*How long have you worked for SIOS?*

*What is your position there?*

*What is your experience in management positions?*

*Do you know how long SIOS has been partnered with its Japanese counterpart?*

*Could you describe the structure of your relationship with the Japanese company?*

*What advantages/disadvantages do you think American corporate culture and management style has? What advantages and disadvantages do Japanese businesses have?*

*What has been your experience as a Japanese professional working in a western office? What differences have you noticed?*

*Have you faced any challenges in your role working with the Japanese team and the American team?*

*What sort of specific differences have you noticed between Japanese and American management styles?*

*What is the relationship between the Japanese team and the American one? How might these differences have impacted the relationship the American team has with the Japanese team?*

*What sort of strategies does SIOS already use to improve the efficiency of the two teams working in cooperation with each other?*

*What sort of strategies do you think, from your perspective, would be the most helpful for improving the working relationship between the two teams?*

*How might the goals of the Japanese team have differed from the American team?*

*What aspects of Japanese management style are the most difficult for Americans to understand or work with? And what aspects of American businesses are hard for Japanese businesses to work with?*

*What advantages does the relationship with the American team provide the Japanese team?*

*What advantages does the Japanese team provide to the American team?*

*From your perspective, what cultural differences have the biggest impact on American businesses trying to work with Japanese businesses?*

*What aspects of Japanese corporate culture/management style do you think would improve American businesses? And vice versa?*

*How do you think the flow of information and communication differs between Japanese and American businesses?*

## Appendix C. Tables

Table 1  
Index Values and Rank of 50 Countries and 3  
Regions on Four Cultural Dimensions

Country	Abbreviation	Power Distance		Uncertainty Avoidance		Individualism		Masculinity	
		Index (PDI)	Rank	Index (UAI)	Rank	Index (IDV)	Rank	Index (MAS)	Rank
Argentina	ARG	49	18-19	86	36-41	46	28-29	56	30-31
Australia	AUL	36	13	51	17	90	49	61	35
Austria	AUT	11	1	70	26-27	55	33	79	49
Belgium	BEL	65	33	94	45-46	75	43	54	29
Brazil	BRA	69	39	76	29-30	38	25	49	25
Canada	CAN	39	15	48	12-13	80	46-47	52	28
Chile	CHL	63	29-30	86	36-41	23	15	28	8
Colombia	COL	67	36	80	31	13	5	64	39-40
* Costa Rica	COS	35	10-12	86	36-41	15	8	21	5-6
Denmark	DEN	18	3	23	3	74	42	16	4
* Ecuador	EQA	78	43-44	67	24	8	2	63	37-38
Finland	FIN	33	8	59	20-21	63	34	26	7
France	FRA	68	37-38	86	36-41	71	40-41	43	17-18
Germany (F.R.)	GER	35	10-12	65	23	67	36	66	41-42
Great Britain	GBR	35	10-12	35	6-7	39	48	66	41-42
Greece	GRE	60	26-27	112	50	35	22	57	32-33
* Guatemala	GUA	95	48-49	101	48	6	1	37	11
Hong Kong	HOK	68	37-38	29	4-5	25	16	57	32-33
* Indonesia	IDO	78	43-44	48	12-13	14	6-7	46	22
India	IND	77	42	40	9	48	30	56	30-31
Iran	IRA	58	24-25	59	20-21	41	27	43	17-18
Ireland	IRE	28	5	35	6-7	70	39	68	43-44
Israel	ISR	13	2	81	32	54	32	47	23
Italy	ITA	50	20	75	28	76	44	70	46-47
* Jamaica	JAM	45	17	13	2	39	26	68	43-44
Japan	JAP	54	21	92	44	46	28-29	95	50
* Korea (S.)	KOR	60	26-27	85	34-35	18	11	39	13
* Malaysia	MAL	104	50	36	8	26	17	50	26-27
Mexico	MEX	81	45-46	82	33	30	20	69	45
Netherlands	NET	38	14	53	18	80	46-47	14	3
Norway	NOR	31	6-7	50	16	69	38	8	2
New Zealand	NZL	22	4	49	14-15	79	45	58	34
Pakistan	PAK	55	22	70	26-27	14	6-7	50	26-27
* Panama	PAN	95	48-49	86	36-41	11	3	44	19
Peru	PER	64	31-32	87	42	16	9	42	15-16
Philippines	PHI	94	47	44	10	32	21	64	39-40
Portugal	POR	63	29-30	104	49	27	18-19	31	9
South Africa	SAF	49	18-19	49	14-15	65	35	63	37-38
* Salvador	SAL	66	34-35	94	45-46	19	12	40	14
Singapore	SIN	74	40	8	1	20	13-14	48	24
Spain	SPA	57	23	86	36-41	51	31	42	15-16
Sweden	SWE	31	6-7	29	4-5	71	40-41	5	1
Switzerland	SWI	34	9	58	19	68	37	70	46-47
Taiwan	TAI	58	24-25	69	25	17	10	45	20-21
Thailand	THA	64	31-32	64	22	20	13-14	34	10
Turkey	TUR	66	34-35	85	34-35	37	24	45	20-21
* Uruguay	URU	61	28	100	47	36	23	38	12
U.S.A.	USA	40	16	46	11	91	50	62	36
Venezuela	VEN	81	45-46	76	29-30	12	4	73	48
Yugoslavia	YUG	76	41	88	43	27	18-19	21	5-6
Regions:									
* East Africa	EAF	64	(31-32)	52	(17-18)	27	(18-19)	41	(14-15)
* West Africa	WAF	77	(42)	54	(18-19)	20	(13-14)	46	(22)
* Arab Ctrs.	ARA	80	(44-45)	68	(24-25)	38	(25)	53	(28-29)

\* Based on data added later

Table 1: Index Values and Rank of 50 Countries and 3 Regions on Four Cultural Dimensions (Hofstede, 1983)

<b>Value:</b>	<b>Description:</b>
Conservatism (embeddedness)	The person is viewed as embedded in a collectivity, finding meaning in life largely through social relationships and identifying with the group. A cultural emphasis is placed on the maintenance of the status quo, propriety, and restraint of actions or inclinations that might disrupt the solidarity of the group or the traditional order (social order, respect for tradition, family security, and wisdom).
Intellectual Autonomy	The person is an autonomous, bounded entity and finds meaning in his/her own uniqueness, seeking to express his/her own internal attributes (preferences, traits, and feelings) and is encouraged to do so. Intellectual Autonomy has a cultural emphasis on the desirability of individuals independently pursuing their own ideas and intellectual directions (curiosity, broadmindedness, and creativity).
Affective Autonomy	The person is an autonomous, bounded entity and finds meaning in his/her own uniqueness, seeking to express his/her own internal attributes (preferences, traits, and feelings) and is encouraged to do so. Affective Autonomy promotes and protects the individual's independent pursuit of his/her own affectively positive experiences (pleasure, exciting life, and varied life). JOURNAL OF ACADEMIC RESEARCH IN ECONOMICS 14 VOLUME 1 NUMBER 1 JUNE 2009
Hierarchy	A hierarchical, differential allocation of fixed roles and of resources is the legitimate, desirable way to regulate interdependencies. People are socialized to comply with the obligations and rules and sanctioned if they do not. A cultural emphasis is placed on the legitimacy of an unequal distribution of power, roles and resources (social power, authority, humility, and wealth).
Egalitarianism	Individuals are portrayed as moral equals who share basic interests and who are socialized to transcend selfish interests, cooperate voluntarily with others, and show concern for everyone's welfare (equality, social justice, freedom, responsibility, and honesty). People are socialized to be autonomous rather than interdependent because autonomous persons have no natural commitment to others (equality, social justice, freedom, responsibility, and honesty).
Mastery	Groups and individuals should master, control, and change the social and natural environment through assertive action in order to further personal or group interests. A cultural emphasis is placed on getting ahead through active self-assertion (ambition, success, daring, and competence).
Harmony	The world is accepted as it is. Groups and individuals should fit harmoniously into the natural and social world, avoiding change and self-assertion to modify them (unity with nature, protecting the environment, and world of beauty).

**Table 2:** Seven Value Types of Schwartz Model at Cultural Level (Yeganeh, 2009)

	Cultural Distance	Administrative Distance	Geographic Distance	Economic Distance
<i>attributes creating distance</i>	<p>different languages</p> <p>different ethnicities; lack of connective ethnic or social networks</p> <p>different religions</p> <p>different social norms</p>	<p>absence of colonial ties</p> <p>absence of shared monetary or political association</p> <p>political hostility</p> <p>government policies</p> <p>institutional weakness</p>	<p>physical remoteness</p> <p>lack of a common border</p> <p>lack of sea or river access</p> <p>size of country</p> <p>weak transportation or communication links</p> <p>differences in climates</p>	<p>differences in consumer incomes</p> <p>differences in costs and quality of:</p> <ul style="list-style-type: none"> <li>• natural resources</li> <li>• financial resources</li> <li>• human resources</li> <li>• infrastructure</li> <li>• intermediate inputs</li> <li>• information or knowledge</li> </ul>
<i>industries or products affected by distance</i>	<p>products have high linguistic content (TV)</p> <p>products affect cultural or national identity of consumers (foods)</p> <p>product features vary in terms of:</p> <ul style="list-style-type: none"> <li>• size (cars)</li> <li>• standards (electrical appliances)</li> <li>• packaging</li> </ul> <p>products carry country-specific quality associations (wines)</p>	<p>government involvement is high in industries that are:</p> <ul style="list-style-type: none"> <li>• producers of staple goods (electricity)</li> <li>• producers of other "entitlements" (drugs)</li> <li>• large employers (farming)</li> <li>• large suppliers to government (mass transportation)</li> <li>• national champions (aerospace)</li> <li>• vital to national security (telecommunications)</li> <li>• exploiters of natural resources (oil, mining)</li> <li>• subject to high sunk costs (infrastructure)</li> </ul>	<p>products have a low value-to-weight or bulk ratio (cement)</p> <p>products are fragile or perishable (glass, fruit)</p> <p>communications and connectivity are important (financial services)</p> <p>local supervision and operational requirements are high (many services)</p>	<p>nature of demand varies with income level (cars)</p> <p>economies of standardization or scale are important (mobile phones)</p> <p>labor and other factor cost differences are salient (garments)</p> <p>distribution or business systems are different (insurance)</p> <p>companies need to be responsive and agile (home appliances)</p>

**Table 3: CAGE Distance Framework** (Ghemawat, 2001)