

Japanese Firms in Hungary: Skills Supply and Demand A Socio-Cultural Background*

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1. Introduction

The appearance of Japanese firms in Hungary has a short history. The Hungarian-Japanese trade relations were developed from the end of the 1970s, with the Japanese trading houses being opened. These trading houses directly helped the appearance and operation of production companies immediately before and after the change of regime. This also contributed to the fact that Hungary was in a competitive position at that time and more and more Japanese companies favored Hungary compared to other Eastern European countries. After the turn of the millennium, Hungary's accession to the European Union further strengthened Hungary's position and the number of companies reached 165 by 2007 (of which 53 were manufacturing companies). As a result of the financial and economic crisis of the Lehman shock, this number temporarily declined (by 2014 only 151), but it recovered by 2018, with JETRO¹ showing 160 Japanese companies, 50 of which were manufacturing companies. Manufacturing companies need a highly trained and efficient workforce. According to the JETRO survey (December 12, 2017), a number of Japanese companies have recently claimed that one of the biggest challenges to their operations in Hungary is the acquisition and retention of labor. One of the reasons for this is that the organizational structure and organizational culture of Japanese companies differs in many respects from the ones in Hungary. Expectations differ because Japanese thinking works along other values. The differences in expectations and the lack of knowledge of Japanese corporate culture on many occasions have led to conflicts between Hungarian and Japanese workers, and Hungarian employees and Japanese management. In this study, we are trying to expose whether these conflicts can be solved by introducing Japanese thinking and culture, and whether workers with such knowledge are in need, whether there is a need for the aforementioned from the Japanese companies' side. Can this knowledge be taught at all and, if so, how? What do special

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¹ Japan External Trade Organization is a commercial organization of the Japanese government, one of which is to promote economic cooperation with foreign companies.

expectations mean, what are the factors that make joint work harder for Hungarian employees from a Japanese perspective, and what kind of cultural background can it be traced back to? Has the labor situation changed since research carried out in 2008? Does the effect of generational change occur? We compare the results of the 2008 research with the current situation. We analyze what is it that an employee at a Japanese firm should be prepared for, and what is it difficult or unfeasible to be prepared for, and why. We also deal with how to prepare. The authors of the study have been teaching Japanese business language, business communication, and negotiation techniques for more than thirty years, in addition, they hold a Far Eastern intercultural management course at the Faculty of International Management and Business (FIMB) of the Budapest Business School (BBS). Students learn economics, commerce, marketing, and many are enrolled in English or French programmes, but in general they speak 2-3 European languages at a high level and besides that they choose Japanese. Before they graduate, they take a semester of compulsory internship. Some of the students studying Japanese have the chance to participate in university partial trainings with a scholarship in Japanese language area. Many choose Japanese companies in Hungary or find a workplace in Japan for their internships. In thirty years, the number, the situation and needs of domestic Japanese companies have changed significantly. At the beginning, many of our former students started at companies working with a large number of Japanese employees and achieved major careers. It further provided an opportunity to recruit and hire colleagues, employees who had also graduated from BBS. Thus, a multi-generational partnership could be established between some domestic Japanese firms and the BBS FIMB. In our research, we introduce the situation and development of Japanese firms in Hungary by summarizing the history of the literature and with recent data, besides comparing the results of the previous surveys with the results of the 2018 research. We interviewed Masahide Honda, head of the JETRO Budapest Office and co-worker Laura Balázs, as well as our former students in leading positions of domestic Japanese companies. We introduce the resulting situation by the revealing of the socio-cultural background.

2. Japanese Firms in Hungary: Background until 2008

2.1. The Beginnings

After the post-war frosty period, Hungarian-Japanese diplomatic relations were renewed in 1959 with the formation of the Hungarian Embassy, and in 1960 it was followed by the restoration of economic relations with the opening of the Trade Office

in Tokyo. The easing of the Cold War made it possible for trade relations to start, however at the beginning, there was only a little room for maneuver for the country as the Soviet interests set the course and line. The tangible sign of the strengthening of relations was the Hungarian-Japanese payment agreement of 1961, and the rise of diplomatic relations to the ambassador level in 1964. The excellent performance of the Hungarian athletes at the Tokyo Olympics also brought a great deal of recognition to Hungary. Although trade relations were unequal, they showed a development² that was further promoted by the "new economic mechanism" of 1968. Aluminum exports began and, living with the new opportunities, taking advantage of the development of the Japanese industry, some technical products were imported too. Subsequently, cultural and commercial agreements were concluded from the 1970s, and organizations promoting relations, information exchange, economic cooperation were established in both countries, such as the Hungarian-Japanese Economic Club founded in 1971, or the Japanese-Hungarian Section of the Inter-Parliamentary Union formed in 1973 in Japan. In 1975, the Trade and Shipping Agreement between the two countries was signed, which provided the principle of maximum discount. From the 1970s onwards, in addition to trade relations, Hungary also negotiated a credit agreement with Japan. During this period, commercial loans dominated, Japanese banks financed machinery purchases and other specific projects (Boromissza, 2007, p. 20). In 1979, a Memorandum of Understanding on Technical and Scientific Cooperation was signed, and in 1980 an agreement on the avoidance of double taxation was concluded. The Hungarian-Japanese commodity turnover increased by about 400 times by 1980 compared to the 1967 data³. By the end of the 1980s, exports increased eightfold, and imports almost doubled⁴. One of the reasons for this was the fact that Hungary was included in the Generalised Scheme of Preferences (GSP) system in 1986 as well as that the branches of large Japanese trading houses settled in Hungary, the main objectives of which was to strengthen trade. In addition to boosting traffic, the representative offices of the trading houses also worked to promote productive investments. The Japanese companies' willingness to invest was increased by the fact that these Japanese companies took over the acquisition of business information, the mediation between the Hungarian authorities and the companies. It is well known that the Japanese always trust much more (in the past as well as today) in their own citizens than in foreign providers. Only one of the reasons for this is the question of trust,

² In 1967, Hungarian exports to Japan were USD 1.3 million according to Japanese statistics, however Hungarian statistics recorded a turnover of HUF 13.5 million (Kiss, n.d.)

³ By 1980, exports reached HUF 402 million, while imports amounted to HUF 4.354 million (Boromissza, 2007, p. 21).

⁴ By 1987, exports amounted to HUF 3.282 million, while imports were HUF 7.117 million (Boromissza, 2007, p. 21).

the other is the cumbersome communication, the incomplete knowledge of English. From the second half of the seventies a proliferation of an office network in Eastern Europe was started by the trading houses (Itochu Corporation, Marubeni, Mitsubishi, Mitsui, etc.). Itochu's representative office in Hungary opened in 1978. Initially, their main task was to stimulate imports (textile, machinery, chemical products, food products), but later it was expanded to provide investment advice, administration and support (Sekimoto, 2008). This office helped establish the first Japanese production investment, Polifoam Kft. in 1984, where production started in the second half of 1986 on the basis of Japanese technology (Boromissza, 2007, p. 40). In 1985, Osamu Suzuki, president of Suzuki Motor Corporation, made a proposal to manufacture cars in Hungary, and again it was the Itochu's commercial office contributing to the decision to implement the Suzuki car factory in Esztergom within the framework of a joint venture (Tanaka, 2014, p. 215). In the preparation of the Suzuki project and the political decision in 1987, the Hungarian-Japanese Economic Club also played a major role. After 1987, another chemical investment was made (Agroferm, Salgótarjáni Üvegyaport Rt.), and Japanese investors set up a producing company in the form of a greenfield investment with Hungarian state-owned enterprises. Also in these cases, it was the local branches of Japanese trading houses that helped to find the right Hungarian partner and assisted in the investment process and implementation.

2.2. Joint Ventures and Japanese Firms with Foreign Operation in Hungary after the Change of Regime

The investor and company formation processes that started in the period right before the change of regime have intensified since the early nineties. The Suzuki investment was concluded in January 1990 and was the result of many years of negotiation. The construction of the plant started in November, and in April 1991 the joint Hungarian Suzuki Corporation venture was established⁵. The plant was completed by December. Although most of the workers were trained in Hungary, in 1991 seventy Hungarian workers traveled to Japan to take part in a preparatory training programme at the Suzuki Motor Co. in Kosai in Japan. There were some wrangles between the workers from Esztergom who took part in the training and the Japanese host, which could have been caused by the differences in corporate culture. Hungarians criticized the Japanese working conditions (the daily one-and-a-half-hours overtime and the

⁵ Distribution of ownership of the Hungarian Suzuki Corporation joint venture: Suzuki Motor Corporation (40 percent), Itochu (11 percent), International Finance Corporation (9 percent) and Autókonzern formed from forty Hungarian firms (40 percent) (Boromissza, 2007, p. 41).

meals). Finally, eight members of the group returned home early. According to the ex post analyzes, the initial conflict was caused by the lack of accurate information (the workers were not aware of the detailed content of their contract) and the difference in lifestyle and eating habits (small portions, many fish and rice) and, thirdly, the monotony of the long work beside the production lines. It provoked controversy in the workers that smoking and drinking were forbidden, that the working conditions were too strict and the hourly wage was too low. Suzuki reacted quickly to the conflict with the help of *nemawashi* 根回し (laying the groundwork, making necessary arrangements) (Tanaka, 2014, p. 219). By April 1993, a total of one hundred and fifty Hungarian workers were trained at the Suzuki Motor Co. Kosai factory, and no further conflict arose, moreover the Japanese management was extremely pleased with the professionalism of the Hungarian maintenance staff. In 1992, the first Hungarian Suzuki was produced, and next year the production and sale of Suzuki cars started in Esztergom. During the first two years of operation of the company, Hungarian Suzuki Rt. subcontracted with thirty-three Hungarian companies (Makó – Novoszath, 1995, p. 58). By 1991, together with Hungarian Suzuki, 5 Japanese manufacturing companies were operating in Hungary. By 1997, this number rose to 15, and by 2000 it was 32. The rest of the countries in the region were lagging behind Hungary, in 1991 only the Czech Republic had a Japanese manufacturing company, a total of one, and later in 1993 one was established in Poland, and in 1994 in Slovakia. Hungary managed to preserve its leading position in terms of investments until the late nineties, and this was due to the fact that Hungary welcomed foreign direct investment while the Czechs and Poles had reservations. During this period, the Japanese found political stability in Hungary, there were investment incentives and there was infrastructure for transportation, hence Hungary was the leading investment destination until the turn of the millennium (Balázs, 2002, pp. 85-86). Another advantage of the favorable investment environment was the fact that, Hungary was the first Eastern European country to sign a visa waiver agreement with Japan, according to which from 1992 in the first place official journeys were visa-free, and then from 1997, visa-free travel was fully implemented (Boromissza, 2007, p. 22).

In the 1990s, the number of commercial representations of Japanese firms increased significantly and the spectrum they represented was expanding. In addition to assembly companies (Suzuki, Sony), producers of photographic products, office machines, instruments (Minolta Hungary, Fujifilm, Hitachi, Nikon, Canon, Omron) and producers of entertainment electronics (Yamaha, Alpine, Aikawa, Clarion, TDK) appeared (Bassa, 2007, p. 57; Boromissza, 2007, p. 43). The direction of Japanese investors changed from the second half of the nineties, instead of opening new commercial offices, the manufacturing industry itself was moved to Hungary, mostly from the Far

East. The possibility of Hungary joining the EU also played a role in this, so Japanese companies could significantly reduce their customs burden (Boromissza, 2007, p. 44). Producers of car parts that arrived in the second half of the nineties (e.g. Denso, 1997) brought some of their suppliers, and doing so they started a process, a wave of suppliers of small and medium-sized companies. In addition to automotive companies, those working in the electronics industry also mostly preferred their foreign suppliers over Hungarians. The parent companies rather trusted in their old suppliers, the Japanese firms because they were able to ensure Japanese quality. Suzuki's deputy chief executive, László Urbán's claims that the clients had such high expectations for suppliers that could not be met without innovation skills, excellent work organization, cost-cutting capability and follow-up were already true at that time (Lukács, 2015). Approaching the EU accession, and after becoming a member, the stock of foreign direct investment in Japan continued to grow in Hungary. By 2006, according to the data of JETRO's Budapest office, the number of Japanese companies increased to over one hundred, including a manufacturing company, a commercial and financial company, a representation, a logistics company, as well as an R&D company. In this period, about 320 Japanese worked in Japanese firms in Hungary with a total workforce of around 25,000 (Székács – Sato, 2008, p. 118).

3. The Japanese Companies in Hungary between 2008 and 2018

3.1. The Evolution of the Number of Companies and the Workforce between 2008 and 2018

Over the past ten years, there has been waves in both the number of companies and the number of employees they employ. While figures show an increase between 2007 and 2009 (the highest number was registered in 2008, a total of 167 companies), the number of companies decreased after 2009 and the bottom of the decline was 2014. During the years of the crisis, major Japanese factories closed their gates, including Sony, TDK and Sanyo among others. Afterwards, the number of companies started to grow again, and by the year 2018 it approached the 2008 numbers again, and in 2018, 160 domestic Japanese companies were registered (JETRO Budapest, 2018). Between 2012 and 2016, several new firms have chosen Hungary, such as Takata, TS Tech, JSR or NHK Spring. There was also an example of a Japanese company acquiring a parent company of a non-Japanese manufacturing company operating in Hungary, and thus Japanese corporate presence was further strengthened in Hungary (Biró, 2016).

Table 1

Trend of Japanese companies

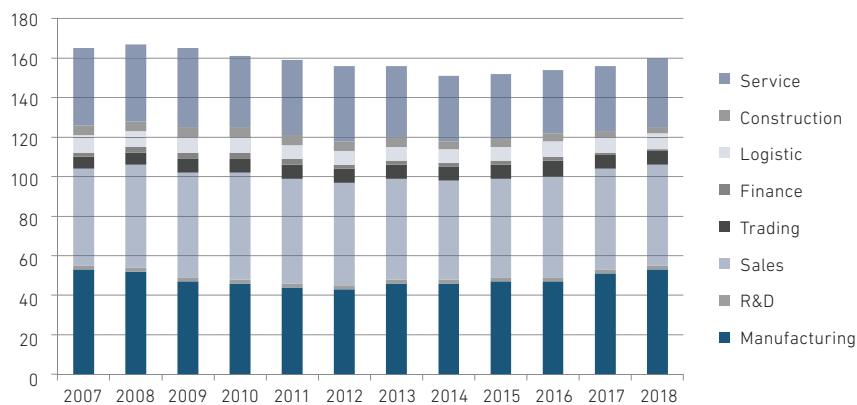
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Manufacturing	53	52	47	46	44	43	46	46	47	47	51	53
R&D	2	2	2	2	2	2	2	2	2	2	2	2
Sales	49	52	53	54	53	52	51	50	50	51	51	51
Trading	6	6	7	7	7	7	7	7	7	8	7	7
Finance	2	3	3	3	3	2	2	2	2	2	1	1
Logistics	9	8	8	8	7	7	7	7	7	8	8	8
Construction	5	5	5	5	5	5	5	4	4	4	3	3
Service	39	39	40	36	38	38	36	33	33	32	33	35
Total	165	167	165	161	159	156	156	151	152	154	156	160

Source: JETRO Budapest, 2018.

There are many reasons for the fluctuation. According to Masahide Honda, CEO of JETRO Budapest, the number of companies during the Lehman shock period fell due to the economic crisis, but it is now starting to return to its 2007 level. The 2011 disaster also made the situation of producers and suppliers difficult. At the same time, the Hungarian economy has strong competition in the Eastern European region with regard to Japanese investments, referring to the Polish and Czechs. The initial Hungarian superiority has run out and the current situation is that most Japanese companies in the region, including producer and non-producing companies, are in Poland (300 companies). It is followed by the Czech Republic with 250 companies, and after that comes Hungary with 160 companies today.

Diagram 1

Trend of Japanese companies



Source: JETRO Budapest, 2018.

According to the graph prepared by JETRO Budapest, there was no significant change in the sectoral distribution of Japanese companies in Hungary between 2008 and 2018: almost one third are manufacturing companies, one third are trading companies and one fifth are service companies (JETRO Budapest, 2018). There was a positive turnaround regarding the composition between 2012 and 2016: while the number of representative offices with 1-2 employees was nearly 8 percent lower than before, concerning the number of manufacturing companies, a 7 percent increase was recorded (Biró, 2016).

Table 2
Number of Japanese companies and employees

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Number of local employees	26 086	28 313	23 090	21 593	23 457	25 523	25 238	26 412	28702	30 923	33 938	33 609
Number of Japanese companies	159	161	159	155	151	148	146	147	147	151	156	160
Number of employees from Japan	322	315	274	241	230	235	250	271	293	324	314	335
	1,23%	1,11%	1,19%	1,12%	0,98%	0,92%	0,99%	1,03%	1,02%	1,05%	0,93%	1,00%

Source: JETRO Budapest, 2018.

In terms of the number of employees, the number of employees recruited in Hungary was somewhat different compared to the progress in the number of companies being at the lowest in 2010 (21,593 people), and then from 2014 it shows a more dynamic growth. In 2016, it exceeded 30,000 and currently there are nearly 34,000 local employees. The number of workers seconded from Japan was at its lowest in 2011 (230 people), then increased gradually, and by 2016 it recovered to the level of 2007 and currently it is 335 people. Approximately 1 percent of the number of employees enrolled here is seconded from Japan. This rate was the lowest with 0.92 percent in 2012. As a sluggish trend, it is apparent that in more and more companies, the Hungarian executives are taking over the position of the Japanese. According to the survey, the largest employers are Denso, Suzuki and Ibiden, but also in six other companies the number of workers exceed 1,000 (JETRO, 2017).

The regional location of Japanese companies in Hungary was previously characterized by preference for the capital, or places close to the capital, being easily accessible (Bassa, 2007, p. 58). According to the 2014 data, the majority of the companies were in Central Hungary. Out of these, 80 percent of manufacturing companies (37 out of 46) operated in the countryside in 2014. Most of them were located in the Central Transdanubian region and 7 companies were based in Northern Hungary. For the

regional location of Japanese companies with reference to the capital and the countryside, current data indicates a nearly half-to-half distribution. By 2018, the presence of producer companies in rural areas increased. The spatial dispersion and the companies appearing in the country's eastern part are related to the way they invest. As Masahide Honda, CEO of JETRO explained, while Japanese companies have typically invested in greenfield investments, more recently Japanese companies are making acquisitions too. Where there is a Hungarian firm, they get hold of it, acquire it (e.g. GS Yuasa, NIDEC). As the significant increase in the number of manufacturing companies can only be partly attributed to greenfield investment, in most cases, the parent company becomes a Japanese asset as a result of international acquisitions, such as Dreher – Asahi (World Economy, July 07, 2017).

Table 3
Distribution of Japanese companies by region in 2014

Manufacturers		Companies	
Central Hungary	95	Central Transdanubia	21
Central Transdanubia	27	Central Hungary	9
Northern Hungary	7	Northern Hungary	7
Northern Great Plain	5	Northern Great Plain	4
Southern Great Plain	4	Southern Great Plain	3
Western Transdanubia	3	Western Transdanubia	2
Southern Transdanubia	0	Southern Transdanubia	0

Source: JETRO Budapest, 2018.

Table 4
Number of companies, capital/countryside ratio

	2014	2015	2016	2017	2018
Budapest	74	77	78	77	83
Countryside	73	70	73	79	77
Total	147	147	151	156	160

Source: JETRO Budapest, 2018.

3.2. New and Expanding Companies in 2017-2018

Recently, news about the expansion of Japanese companies, innovations, factory formations and openings of new units has come almost continuously. In the summer of 2017, Nissin Foods' new ultramodern factory was inaugurated in Kecskemét. The reason for the expansion was that there was a steadily increasing demand for the company's products: instant noodles. The Kecskemét factory was built in the framework of a

33 million EUR investment and became the European center for the Japanese company. In March 2018, the synthetic rubber factory of JSR Mol Synthetic Rubber Zrt. was opened in Tiszaújváros, which together with its raw material factory cost about HUF 130 billion. The Hungarians and the Japanese agreed to establish the joint venture in 2013, then, at the end of 2015, they started the implementation. The government supported the investment with a tax advantage (Biró, 2018). At the end of March, 2018, the foundation ceremony of the factory of GS Yuasa Magyarország Kft was in Miskolc.⁶ In April, the Japanese Zoltek (subsidiary of Toray Industries, Inc.) announced that it will expand its manufacturing facilities for its factory in Nyergesújfalu, and will make another investment to this end. To the HUF 30.8 billion investment, the government contributed with HUF 8.1 billion. The company created 357 new jobs⁷. There were two enlargements in September, 2018. One of them is the Bridgestone in Tatabánya, which has launched a new investment of HUF 9.2 billion, for which it received a non-reimbursable subsidy of HUF 826 million from the Hungarian government. The world's largest company manufacturing tires and rubber products employs 1,100 people in its factory in Tatabánya, where 400 new employees were recruited only in 2017, and 100 additional jobs were created with the new 2018 investment, which means a new supplier capacity for the automotive industry⁸. The other autumn event was the opening ceremony of the new logistics hall of NIDEC GPM Hungary Kft on the 28th of September in the company's factory at Bercel. The investment of the Japanese-owned plant manufacturing auto parts was made up of HUF 15 billion. There are currently 240 people in Bercel's NIDEC, but they will need an additional 160-170 staff for developments in the years to come (EMIS, 2018). Having looked at the Japanese companies' new investments in Hungary, and the tendency of its in-house expansion, questions might arise concerning its reasons. According to Masahide Honda, Director of JETRO Budapest, one of the reasons for this is definitely the preferential treatment. The other motive is the strategic partnership, but it is for the already established companies. As the director said; "Support is important". In addition, unemployment in Hungary is relatively high in many parts of the country compared to the Czech Republic. That is probably why BMW is settled in Debrecen. It is quite interesting that the support given to companies can be granted according to the EU rules, i.e. if it is not an underdeveloped area, it is difficult to get EU financial support. So, the Czechs

⁶ Events—March 28, 2018—on the website of the Embassy of Japan in Hungary. [online] Available form: https://www.hu.emb-japan.go.jp/itpr_hu/embassy_topics.html

⁷ News on the website of the Ministry of Foreign Affairs and Trade. [online] Available form: <http://www.kormany.hu/hu/kulgaszadasagi-es-kulugyminiszterium/hirek/folytatni-kell-a-magyar-gazdasagi-sikereket>

⁸ Events—September 28, 2018—on the website of the Embassy of Japan in Hungary. [online] Available form: https://www.hu.emb-japan.go.jp/itpr_hu/embassy_topics.html

now find it difficult to get it at the whole country level. However, Hungary's industrial development is irregular. In other words, although Hungary is geographically far away from Germany and the German market, and Eastern Hungary is even further away, as well as there is the issue of how they can connect to the supply chain. Capital is now, thanks to the support and the presence of the workforce, gradually entering places it has not before. An example is the GS Yuasa factory in Miskolc or the NIDEC manufacturing Mercedes-Benz components in Nógrád County, Bercel.

4. Communication Features in Japanese Business and Corporate Culture

4.1. The Basis of Communication in Japanese Culture

After the change of regime, Japanese companies did not particularly demand Japanese-speaking staff, they were satisfied with the English language (at that time the number of Japanese-speaking people was relatively low). The Japanese leaders were not fond of that the subordinate understood what the leaders were talking about. However, from the turn of the millennium, as the number of Japanese companies grew, Japanese-Hungarian joint work has repeatedly been subject to recurring misunderstandings during work sessions and in communication. The intensification of the problems was accompanied by the redefinition of needs. They recognised the need for having not only English but Japanese-speaking staff, especially in middle and senior management positions, who understood Japanese thinking, corporate culture, and are familiar with Asian management style. The firms initiated intercultural communication trainings, and Japanese language trainings were launched at the factories. Therefore, in 2007, JETRO published a 36-page brochure on 'Communication with Japanese in Business', which explains that "the more a foreigner experiences business with Japanese, the more he/she understands the difficulties in communication ..." (JETRO, 2007, p. 4). They recommend non-Japanese employees of Japanese companies to get to know the basics of Japanese culture, communication and business communication in order to work efficiently.

4.1.1. Community Consciousness, Community Commitment

The communication of the Japanese is determined by the interpersonal relationships, which always works everywhere in the community (Kitade, 1996, p. 39). "Everyone belongs to a certain group, community" (Hidasi, 1998, p. 140). One of Japan's most important values is its commitment to their community. Instead of individual interests, individual ambitions, responsibility for the community, identification with the

community is essential. Consequently, the basis of Japanese verbal and non-verbal behavior is determined by community consciousness (Sato, 2014, p. 70). This is realized in the Japanese behavior by the pursuit of harmony and social order, adaptation, behavior in accordance with the *honne* and *tatemae*, respect for the hierarchy, and *uchi-soto* communication.

The pursuit of harmony and social order, as well as the ability to adapt, is the result of Japan's geographical and natural conditions. Harmonious coexistence with nature for the Japanese is a way of life and philosophy. Instead of activity, people chose passivity, and instead of conquering and manipulating nature they chose to adapt to it. The result of the pursuit of harmony is that the Japanese do not trust language, but prefer understanding without words, empathy. Instead of decisiveness, they incline towards blurring everything (Sato, 2014, p. 73). In order to maintain social harmony, the Japanese do not always say what they think. This means that there is a difference between the opinions given best suited to certain situations that one displays in public (*tatemae* 建前) and real feelings, personal opinions (*honne* 本音). The Japanese speaker wants to create harmony in the community by displaying *tatemae*, so that communication goes smoothly without any conflict. Since expressing honest opinion may possibly lead someone to an unpleasant situation, i.e. even to a loss of face, so to avoid this, only the *tatemae*, the opinion acceptable for everyone, is said. People raised in Christian cultures often consider *tatemae* as dishonesty, insincerity, and sometimes slyness. For Japanese people, it is an important tool for maintaining harmony between the individual and the community (Hidasi, 2012, pp. 6–7).

Respecting and preserving hierarchical relationships in Japanese society is a legacy of Confucianism (Hidasi, 1998, p. 139). This is reflected in the respect and appreciation of seniors, more experienced, elder or formerly entrants at school and at the workplace. The hierarchical social relations in Japanese language are expressed in the form of honorific language (*keigo*) (Shimamori, 2007, p. 44). The use of the honorific language in communication is realized through the system of *uchi-soto* ウチ・ソト. This system describes the structure of the world, dividing it into an outer and inner world. The in-group (*uchi*) consists of the *self* and the closest ones to me, my family, the narrowest circle of friends. The outer-groups (*soto*) consists of all those with whom the *self* has a continuous or occasional relationship (teacher, shop assistant, doctor, client, workplace supervisor). Within the *uchi* circle, the world of the *self* is not a closed world as it is in the West, but "the *self* dissolves, unites with the close family members, friends, colleagues, who are close and are in a confidential relationship with it. Compared to this, there is a strong boundary between the *soto* and the *uchi* circles, and it is very difficult to move from the *soto* group to the *uchi* group" (Székács, 2003, p.

113). The Japanese mentality is influenced by relative categories rather than absolute. In Japan, the situation or context—*when, where, to whom, why, for what purpose*—depends on how someone behaves with others, how one communicates in terms of *uchi-soto*. Relative communication causes the *self* to communicate with its boss in a workplace situation in a *soto* relation, while communicating with the same boss in the presence of a guest, the boss is transferred to the *uchi* category (Sato, 2014, p. 78).

4.1.2. The Importance of Form

The other most important concept of Japanese culture is the form (*kata* 型) (Minamoto, 1993; Hidasi, 1998; Székács, 2009). In Japanese thinking, content is approached from the form. Ranging from the art, through the moral and conceptions, the everyday life of the Japanese is permeated by the respect for form. The form is understood both physically and spiritually, in physical terms it is the appearance itself. This sort of perception of form is one of the most important elements of Japanese culture and communication, and as such, it can often be a source of conflict when dealing with foreigners. The form-centered Japanese culture was first inspected by Europe alongside the appearance of martial arts. From judo to karate, they all begin their training with form exercises. Form exercises, the *katas* are practicing discipline and approach the content from the form. First one needs to know the *kata* well and precisely, and when the formal framework is ready to accommodate the content, they fill it with content. The basic structure of the training also models the traditional Far East corporate system of relations. The complexity of the form is of great importance in all areas of business. There is a much greater emphasis on external expectations of appearance, behavior, and compliance with external rules of communication than there is in the case of Western companies. In many cases, compliance with formal requirements is considered more important than the content of a given task. If we do not understand the role of the form, we cannot understand why the Japanese insist on keeping the habitual order, the accustomed form of written material, and the physical presentation of examples instead of oral instruction. We cannot understand why a Japanese HR manager, in a job interview with a Japanese company, judges the formal “errors” much more rigorously than his Hungarian colleague, who does not consider the inaccuracies and differences in dressing, gestures, or expression of emotions to be faults via his/her own cultural glasses if the candidate has a strong quality of content. Especially not so serious as to give up on the candidate. For the Japanese party, however, the formal mistake is unacceptable, rather it chooses a less qualitative employee (Székács, 2009). It is well known that Japanese wrap gifts beautifully and they also expect it in return, but it is hard to understand in business life if Japanese customers return products (even a semiconductor) due to aesthetic

defects in packaging. Indeed, the Japanese believe that the aesthetic error refers to the failure of the process and ultimately indicates that there might be a problem with the quality of the product (Sato, 2014, p. 79). The perception of the content and the form differs in the approach of the two cultures. This sort of form-centeredness is most clearly manifested in the Japanese culture.

4.1.3. High Context Culture

According to E.T. Hall human communication is determined by the degree of context. Japanese culture belongs to the high-context cultures. In high context interaction, the information is already pre-programmed in the message receiver and in the environment, and therefore the transmitted message contains only minimal information (Hall, 1989, p. 101). This means that in Japanese culture, the information is not necessarily in the linguistic message, but it may be in the situation or in the environment too. Verbal communication is less favored by the Japanese, they read rather from the physical context, from human relationships, or from the signs of the environment. In contrast, in low-context cultures, most of the information is clearly in the linguistic message, so people living there prefer verbal communication and encode the information into a clear language. People in high culture—including the Japanese—feel that those who communicate with them understand this non-linguistic code in the same way as they do, read from the unspoken message, and thus communicate with the people from low-context cultures succinctly. The Japanese feature resulting from high-context communication is the *sasshi* 察し (guess) and the *enryo* 遠慮 (reserved in manner, refrain). Since they cannot rely alone on words and linguistic expressions in the interpretation of the text, they must also interpret the context at the same time. By the holistic approach they deduce the content from the text. In Japanese communication, automatically, always and permanently *sasshi* operation occurs during the interpretation. Conversely, it is also expected from the other party to interpret, deduce the information out of what has been said or has not even been mentioned. According to Ishii et al. (2002), the Japanese use the *sasshi* when receiving the message, while *enryo* is used when releasing the message, i.e. the speaker uses a refraining strategy and keeps himself/herself in the background (Ibid., p. 127). For this kind of communication to work well, especially in a business environment, every participant needs to have high empathy. It helps the understanding when both parties are familiar with the communication strategies.

4.2. Basic Features of Japanese Verbal and Non-Verbal Communication

As a result of Confucianism, the Japanese society has a hierarchical and vertical structure, a so-called *tate shakai* タテ社会 (vertical society) (Nakane, 1973), in which linguistic and non-linguistic communication is based on age, gender and social rank, position, status, and their complicated layering. The Japanese language reflects the cultural reality: they expect respect for superiors, older people and for men. In this community-oriented society, people establish relations and communicate in accordance with the *uchi-soto* system, along with the constant control of the distance between interpersonal relations. This is reflected in the very complicated honorific language system. With the honorific language, the Japanese openly express respect for seniors, while at the same time the speaker himself/herself speaks about himself/herself and the members of his/her inner community using modest, humble language expressions. It is not possible to communicate in Japanese without using the honorific language. In the Hungarian language, we choose between informal and formal addressing (two types), so we also use the personal pronouns accordingly (*you* as informal, or *you* as formal pronoun). In contrast, there are no personal suffixes in Japanese language, so “who speaks to whom, and in what relation the speakers are with each other, and with whom (or what) they are talking about” is expressed through the honorific language (Székács, 2003, p. 111). In addition, clarity, direct wording, and direct rejection are avoided in communication in order to maintain harmony. They pursue using linguistic and non-linguistic techniques to avoid loss of face. The linguistic communication of the Japanese people living in closed communities was characterized by obscure wording, hiding information and hiatus phrasing. They didn't like the frontal collision in communication. The intention of avoiding an open debate and conflict is also reflected in the language phraseology. It is worth refraining from explicit direct expressions and giving the possibility of ambiguous, uncertain wording. This ambiguous, vague style is also used by businessmen to negotiate, often leaving western people feeling insecure. One of the roles of ambiguity is to prevent direct denial, so that the speaker does not have to say “no”. Negative questions also serve the same purpose and—with its suggestive bearings—it makes it possible for the other party to guess that the answer would be negative.

4.2.1. Verbal Feedback: *aizuchi* 相槌

In Japanese culture, eye contact should be avoided because direct exposure generates a challenge and aggressiveness. Vivid, dynamic gestures, definite mimics, eye contact are avoided, instead they react with a continuous smile and frequent verbal feedback. The continuous smile covers the real emotions and thus an unexpected

emotional wave destroying the harmony between the speakers can be avoided. Verbal feedback replaces eye contact. This verbal feedback has several variations, for example *sō desu ka* ('I see'), *naruhodo* ('yeah, I got it'), *sō sō* ('yeah'), *hai* ('yes'), *un* ('yeah') etc. Because of the lack of eye contact in the Japanese language, two and a half times more feedback is used than in English (Hidasi, 1998, p. 143). If the feedback is *hai* ('yes'), *hai, hai* ('yes-yes'), it often causes misunderstanding, because it does not mean consensus or consent, but it only means that 'I do listen, I hear what has been said'. The Japanese often use this typical Japanese feedback when communicating in English, and from time to time they respond by saying 'yes', and it has misled many from the West (JETRO, 2007, p. 23).

4.2.2. The Meaning and Significance of Silence

In Japanese culture, arts, architecture and interpersonal relationships, there is also a great deal of silence. Silence, which in painting and music gives meaning to the filled surface, space—hiatus in agriculture—can mean thinking, deepening in the subject, gathering thoughts. Traditionally it was considered that educated people do not talk much, do not chatter. Silence for the Japanese does not mean "embarrassing silence" as for Hungarians, but it has a function. Hungarians get embarrassed if the Japanese party fall silent at a meeting or negotiation, and remains silent for a long time, especially if it closes its eyes. Closing the eyes means concentration, it is the sign of attention, there is no offensive intent. Considering that the long silence between the continuous speech gives the impression for Western people that something is not going well,—making them feel uncomfortable—they try to avoid it and look for words to break the silence. As Hidasi puts it (1988); "a foreigner who feels uncomfortable or embarrassed often makes the mistake of trying to resolve the silence with joking, or even worse, with instancy. A more efficient approach is patient waiting, viz. these silences have function" (Ibid., p. 143).

4.3. Specific Features of Written and Verbal Communication in Japanese Corporate Culture

Naturally, the basic features of Japanese communication are also valid in business. The Japanese prefer written communication to verbal communication (Condon, 1980, p. 214). Many written materials are prepared in advance for the business meeting on the agenda and background information, then a detailed report and reminder are made afterwards. Visual sharing of messages and information is highly appreciated (tables, charts, colorful images, notes etc. for presentations). Presentations, formal

speeches are often done by reading the written material. In contrast, personal and verbal communication are considered important in Hungary. They do not read lectures and speeches but say them by heart. Written documents are just personal reminders. The Hungarians don't like writing a note, an agenda, or a record of negotiations. If they do not explicitly ask for a note or a written report from the Hungarian workers, they do not voluntarily prepare them. The Hungarians would like to handle everything by oral communication.

4.3.1. Decision-Making and the Path Leading to It

The need for the harmonization of opinions *awase* 合わせ (coordination) appears both in the daily life of the Japanese and in the business negotiations and decision-making process. If a task is given, it is presented to all concerned before implementation and they ask for approval from everyone. This is necessary to avoid an open frontal collision of opinions. In order to ensure a smooth and advantageous process of negotiation, they prepare for negotiations with familiarizing the stakeholders with the plan—usually in person, in an unofficial place—and bring the participants to a consensus in advance by persuasion or compromise. Thus, the decision-making process in the negotiations is no longer taking place through open debate, but occurs quickly, on the basis of a preliminary discussions. This strategy of early conciliation is called *nemawashi* in Japanese. In companies, this process is recorded in writing, by circulating the subject to be discussed with stakeholders, and requesting the consent and approval of each person concerned, which they confirm with their stamps. This process is called *ringi* 稟議 (JETRO, 2007, pp. 10-11). This process requires quite some time and energy, but also ensures that there will not be any possible arising tension due to confrontation between the parties. Thus, the decision-making meeting itself proceeds smoothly and efficiently, which may have a positive effect on future working relations (Hidasi – Sato – Székács, 2015). Employees of Japanese companies in Hungary also get familiar with *nemawashi* and *ringi* immediately after entering their job.

4.3.2. Japanese Negotiation Technique, Flow of Information

During negotiations, the pursuit of preserving community harmony and non-violent behavior is also reflected in the particular reasoning, the threads of logic of Japanese and in their circular, spiral approach of arguments and facts (Hidasi, 1999, p. 123). While in the Western-style of communication linear reasoning, exact and precise wording, and information transfer is a basic requirement, the Japanese return to all questions over and over again, they drip-feed information and word vaguely. During negotiations, they approach a topic from different perspectives, from multiple sides,

and return to the topic over and over again. Questions are not solved step by step, but all questions are clarified and resolved at the end of the negotiation in a holistic manner. Businesspeople with less context-sensitive communication coming from a task-oriented culture are mainly focused on “must know” information, which is necessary information for the completion of the given task. The Japanese, on the other hand, collect “good to know”-type of information. Questions and requests are not always about a specific thing, but simply are concerned with the source of the information they require. For the Japanese, the personal information of the negotiating partner (where he/she comes from, where he/she graduated, the corporate system, data of the company, etc.) is an important tool of negotiation for assessing the reliability of the partner and calculating its actions (Hill et al., 1994, pp. 214-215). The western party expects brief, summary documentation, information, and only gets fragments, while the Japanese side wants to get to the point with the gradual introduction of background information.

4.3.3. The Power Distance in the Workplace

Due to the hierarchical and community orientated character of the Japanese society, work attachment is more important than family attachment and the community is dominated by a paternalistic spirit (Hidasi, 1998, p. 140). This spirit also manifests itself in the behavior of the bosses at work. At the workplace, the senior person can speak grumpily and roughly with the lower rank (Akasaka, 1996, p. 93). Hungarians working at Japanese companies often complain that Japanese superiors talk roughly with them. On the one hand, this is because they feel their role in the hierarchy, on the other hand, because they have an attitude towards the subordinates as they were the head of the family, so they feel they can speak rougher as well. The subordinate can be scolded by his boss before the others, and it is appropriate to apologize immediately. This does not deteriorate the relationship between the boss and the subordinate, because scolding is not aimed at the person, but at the act itself. After scolding, the boss (like a father), as if nothing had happened, returns to his previous behavior. In Japanese companies (schools), the relation of *sempai* 先輩 – *kōhai* 後輩 also determines behavior and communication. *Sempai* at school is someone in a senior class, at work is a colleague entering the workplace earlier than us, in martial arts is an older, more experienced partner; *kōhai* is someone in a lower class, colleague (younger) entering the workplace before us, a beginner trainee. In this system, *kōhai* needs to have absolute respect for *sempai*. This system of relations can be maintained in business, it is to refer to and build on it (Székács, 2009). The newcomer, even if he/she is older, higher educated or better qualified, is treated at a lower *kōhai* level until he/she earns the respect and trust. In Hungary, for all that, respect is not based on the position held in

the hierarchy, but on the basis of expertise, experience and personality. The relationship between the boss and his or her subordinate can be distant, but at the same time friendly in personal contacts. Hungarians, regardless of their rank and power, consider public criticism to be a loss of face and an attack on the person (Sato, 2014, pp. 96-97).

5. Labor Situation, Expected Skills, Knowledge

Traditionally, Japanese companies attach a key role to human resource management. If a company is established in a region,—besides political and social stability, the existence of investment incentives, the availability of infrastructure and suppliers—the presence of qualified and well-trained workforce are essential for the company's competitiveness. In the case of manufacturing companies, the low labor cost and the level of wages play a significant role in the selection of the country to invest in (Balázs, 2002). During the period of the introduction of Japanese companies in Hungary after the change of regime, the loss of position in the region against Czechs and Poles—besides the geographical location—was caused by the lack of adequate workforce. Since 2002, several surveys and studies deal with the labor situation of Japanese companies in Hungary, and the perception of the Hungarian workforce (Balázs, 2002; Bassa, 2006; Székács – Sato, 2008; JETRO, 2017). During the initial investment period (90s), it has caused difficulties that the Hungarian workers took property home that belonged to the company, or did not keep their workplace clean⁹, did not comply with the maintenance rules. This situation has improved a lot by the turn of the millennium, but it turned out that many of the qualities that are positive in Hungarian culture (someone openly telling his/her opinion, uses creativity and chooses individual solutions, changes jobs in order to reach higher and higher positions) were found to be untenable in Japanese business culture (Balázs, 2002, pp. 95-96). A publication was prepared in order to introduce Japanese business communication, to deal with misunderstandings and difficulties (JETRO, 2007), and in larger companies, intercultural communication trainings were organized with the involvement of experts. Sato records that in 2005, during a training session for Hungarian and Japanese executives and middle managers at a Japanese company, the Japanese instructor asked the Japanese participants to write down what positives (and then negatives) they could say about their Hungarian colleagues, and the Hungarian instructor asked the same thing from the Hungarians with reference to the Japanese.

⁹ Cleanliness of the workplace and orderly working conditions are one of the most basic rules of Japanese corporate management. The 5 S rule (*Seiri* 整理 = order, *Seiton* 整頓 = tidying-up, *Seisō* 清掃 = cleaning, *Seiketsu* 清潔 = cleanliness, *Shitsuke* 躰 = discipline, education for adherence to the rules) was the first that the Japanese employers tried to achieve with the Hungarian workers.

The positive features of the Hungarian colleagues given by the Japanese: friendly, obedient, helpful, Japanese-friendly. The Hungarians considered the Japanese to be disciplined, thorough and the working colleagues are helpful. The negative ones were as follows: the Japanese said that Hungarian workers don't apologize but seek excuses too often. They do not take notes, they have no sense of responsibility, they have no sense of community and do not tolerate criticism well. The Hungarians, however, considered the Japanese colleagues to be distrustful, they feel that the locals are treated as inferior, and have objections to the lack of accurate information (Sato, 2014, pp. 65-68). According to Bassa's questionnaire survey, the opinion of Japanese managers about Hungarian workers is that their learning abilities and their openness to training are stronger than their work intensity and work ability. Furthermore, their loyalty and discipline are not considered enough, and they criticize the punctuality of Hungarian employees (Bassa, 2006). The criticism, the attributes marked as negative, can in both cases be explained by the difference between the Hungarian-Japanese way of thinking, culture and the style of communication. This means that conflicts can be resolved and managed through education and trainings can be mutually sensitizing.

According to the data of the KSH (Hungarian Central Statistical Office), the unemployment rate continuously increased after 2003, and in 2010 it reached a peak of 11.3 percent. Since then, there has been a steady decline, with 4, 2 percent in 2017 and 3.9 percent in 2018¹⁰. From a labor market point of view, this means that labor shortages are to be continuously expected. This is confirmed by the KSH 2017 report, according to which the number of vacancies waiting to be filled has been increasing steadily since 2012 (KSH, 2018, p. 41). In terms of Japanese companies, the JETRO 2017 survey shows the same trend. The survey was conducted at Japanese companies based in Europe to find out what challenges in business management they face, and what is directly affecting their performance (JETRO, 2017). From this it turns out that since 2014, the biggest challenge for the Japanese companies that have submitted responses has been to keep the workforce. Over the past two years, the second biggest challenge has been the rise in labor costs. The survey also highlights that about half of the Japanese companies responding strive to strengthen the professional development of engineers and technicians and increase their number (JETRO, 2017). It is also interesting because Bassa writes already in 2007 that Japanese companies in Hungary find it more and more difficult to track down skilled workers, technicians, and middle managers (Bassa, 2007, p. 59). On the one hand, the problem of retaining workforce results from the differences in loyalty approach (the individual

¹⁰ Unemployment Rates by the Hungarian Central Statistical Office. [online] Available form: http://www.ksh.hu/thm/2/indi2_3_2.html

career opportunity is more important for the Hungarians than loyalty to the company), and on the other hand, if Hungarians feel they are unable to move vertically or their work is not recognized, they look for another job. According to a survey conducted by Randstad Hungary in 2015, the second major reason for changing jobs in Hungary is that "the company does not recognize their work" and that "career growth is impossible" (JETRO, 2016, p. 33). The author of the JETRO report found that Hungarians do not usually express their dissatisfaction with their superiors, they just change jobs. They avoid open debate and rather complain in the background, then shift to a company offering better working conditions and wages. This phenomenon was also observed by a Japanese management consulting firm (MJS, 2017). They reported that young people left one Japanese company one after the other, because the leaders roughly scolded them during negotiations, and did not accurately account overtime. The young people did not report these problems to the company's management, rather they quit. The consulting company suggested that corporate executives use an anonymous 'idea box' (*meyasu-bako* 目安箱) to find out the worker's opinion. The JETRO report reveals that similar solutions are applied in Hungary to improve working conditions. Such a solution is the disposition of the above-mentioned idea box (especially when ideas are rewarded), or the solution where the personnel department is located next to the production section, so that the employees can easily share their complaints. There were also companies trying to entice well-trained workers leaving the firm back by offering that they could return any time. As a result, 1 out of 5 employees leaving the firm, returned (JETRO, 2016, p. 33). An interesting example of efforts to maintain the workforce can be detected at Dunaújváros. There are several companies in the area, so in order to acquire and retain a well-trained workforce, besides general social benefits, events are organized to meet the needs of employees, such as Santa Claus celebrations, events with Easter gifts in the spring or with ice cream in the summer (JETRO, 2016, p. 36). These efforts to keep the workforce reveal the change under way in the labor market. In 2007, the JETRO publication of "Communication with Japanese in Business" aimed at integrating Hungarian workforce, briefing them into the Japanese company features and cultural knowledge. The 2016 report prepared by JETRO's European office not only sets out expectations concerning the employees, but they also want to understand what the well-trained workforce expects from its company (JETRO, 2016). As Masahide Honda, CEO of JETRO, said, many Japanese middle and senior executives in Japanese companies have foreign experience, foreign language skills, so communication with them is easier, but there are still many coming from remote areas of Japan who don't speak English well and barely have experience with foreigners. Consequently, if the number of seconded employees from Japan continues to be over one percent of Hungarian workers, intercultural communication knowledge (e.g. Japanese community orientation, the importance of hierarchy, the

importance of adherence to formal rules, context-sensitive communication, deviation of business habits in decision-making and in information demand and in the way it is handed over) and the awareness of expectations from both sides will be still mutually needed.

6. Changes in Business Culture and Expectations, and its Educational Implications

By the turn of the millennium, there had been numerous, ever-increasing changes in Japanese society as a consequence of globalization. Mobility (businesspeople, tourists, students, mixed marriages) has intensified, the flow of information has changed with the help of the Internet, and the amount of information available at the same time has increased. The individualism of the Western culture has emerged in the community-conscious Japan with educational problems and integration difficulties of young people. Only 16 percent of the Japanese youth acknowledged the lifestyle of their parents as a pattern to follow. This fact, from the point of view of employment, means that the employee career dedicated to work is no longer an attractive option for the majority of the new generation (Hidasi – Varga, 2014). In addition, the transformed, self-centered communication style full of young people that is full off abbreviations is difficult to understand for the elderly and is not considered polite enough. Thus, the employment of young people who are hard-to-do with formal style is not easy either. The question arises how these changes affect Hungarians in domestic Japanese companies and not only those with Japanese language skills. For the time being, the seconded middle, but particularly the top management in Japanese firms in Hungary are those of the older age group, so they expect traditional communication and they represent traditional Japanese values. Especially when they come from the countryside and go abroad for the first time. Concerning the seconded workers coming to Hungary, Masahide Honda, CEO of JETRO said that some of them are abroad for the first time and they are from rural areas since the assembly factories in Japan are mostly in the countryside. He explains about the changes that “the environment is also different than it used to be, and the way of thinking of today’s twenty-year-olds is quite different than it was before.” The practical impact of changes in social and communication habits in Japan will also affect the daily business, (operating), and the preparatory training of recruits at Japanese companies. Job interview training (videos) are available on the Internet (see: job interview clinic: youtube¹¹). These

¹¹ See e.g.: [online] Available form: <https://www.youtube.com/watch?v=QiiYX0A4Lk0>; <https://www.youtube.com/watch?v=LcWu0PZRgvo>; <https://www.youtube.com/watch?v=zaoq8fF65a0>

changes are also heavily impacting the courses of BSS's Japanese business language and business culture, as a significant proportion of graduates are employed in such positions in Japanese companies where they are in contact with Japanese executives and middle managers. BBS has been training professionals dealing with economic, commercial, and international relations since 1984 who, in addition to their English (and other) language skills, will also learn Japanese business language during their studies. Since 2004, while learning the language and business culture, students have had the opportunity to attend a two semester-long Far Eastern Intercultural Management course. This is currently being organized by the Oriental Business and Innovation Center (OBIC) and it is extending students' knowledge of Japan, as well as of other countries in the region (China, Korea). During the course, students attend lectures on the relationship between the region and Hungary, the countries' history, the etiquette and protocol expectations, and the characteristics of corporate management. However, theoretical studies (lectures, professional language lessons) are not enough to acquire the socio-cultural competence prevalent in the region, but there is a need for continuous practice. We have attained the acquirement of practice by introducing interactive forms of training beyond the lectures. We take the students to a factory visit, we organize a discussion forum by inviting Far Eastern communication professionals, Japanese company executives, and former students pursuing a professional career in Japanese areas. We would like to present the topic of Hungarian-Japanese business communication in a way that we collide the perspective of different generations. For extra-curricular activities, we use the international cooperation between BBS and Japanese higher education institutions (Székács, 2008). Every year, we welcome groups of Japanese students, who do collaborative research on a different subject each year with Hungarian students studying Japanese. Joint research is also important, because a number of communication difficulties can arise, which the present teachers can resolve and they can provide explanations for. Teacher consultation assistance will no longer be available at the workplace, so the student can make mistakes without "punishment". While working, we also experience the intensification of the *senpai-kōhai* relationship between the students. The situations in which Hungarian students find themselves—which is often a situation that theoretically they already know and have already practiced for (e.g. expressing a counter-opinion)—appear to be a new phenomenon when experienced in practice. However, these situations pre-model workplace collaboration and are therefore very useful. Previously, we conducted a survey among our senior students employed in leading positions at Japanese and Korean companies about what benefits they experienced during work processes or in corporate governance as an employee having knowledge in Eastern corporate culture. The answer was that employees with such qualifications could play a major role especially in the mediation between the two cultures. They must

play a kind of bridging role between the lower ranked Hungarian employees and the Japanese and Korean management. Colleagues with such pre-qualifications undoubtedly promote cooperation (Székács – Sato, 2008, p. 117). We asked Aikawa, economic director (our former student) in 2007 what aspects she is guided by when she wants to hire someone to the management for a long-term position, and she answered that the colleague should be flexible enough, and available at any time in the often occurring "special situations" at Asian companies. From this point of view, it is very useful if the candidate already has knowledge of the Far East style of work, and it is especially advantageous if the person has spent some time in the given culture. Our former students, who have graduated at our institution and are employed in higher positions at Japanese companies, are happy to hire our students learning Japanese because they know they are aware of the basic Hungarian-Japanese business communication and cultural differences (hierarchy, form, community, loyalty), and they have the regional sensitivity. Several generations of former BBS students are working at the Alpine Electronics Inc., and Sanoh Industrial Co.,Ltd. (Sanoh Magyar Kft.) and are also pleased to welcome them for internships.

7. Conclusion

In our study, we reviewed the situation of Japanese companies in Hungary from the beginning to the present, the requirements and expectations for the labor force and the characteristics of Japanese business communication, in order to find the answer, whether we can do anything as a teacher of Japanese business language and communication in order to avoid difficulties at work. Our intent was to find out whether conflicts at the workplace could be solved by the understanding of the Japanese way of thinking and mentality and would the Japanese companies benefit from such knowledge. We were curious as to whether this knowledge could be taught and whether the labor situation has transformed with the change of the Japanese social background, or whether the effect of the generational change would occur. We believe that we have a huge responsibility as teachers of Japanese business language and communication, because the knowledge can be taught and can be passed on, especially if it has practical elements (factory visit, student exchanges, discussion forums). An employee with such knowledge is very useful to a company when it comes to a position where there is Hungarian-Japanese contact, or when simply the Japanese working style does not need to be taught separately. From the students' perspective, the popularity of the Japanese business language at BBS, and the Far Eastern intercultural management subjects since 2004 has been sustained and continues helping students in their employment. The same is true for the demand of Japanese

companies for intercultural communication training on the corporate side. Workplace expectations 10 years ago—as we saw in JETRO's 2007 publication on communication differences—were about what the workforce should know and should learn about the Japanese corporate culture in order to make joint work easier. Meanwhile, by 2016, the JETRO European report stated that in Germany and Eastern European countries, we were no longer living in a time when the company chose its people, but when the employee chose their company (JETRO, 2016, p. 2). The change in the trend was also signaled by the warning to Japanese companies, according to which the main goal was not only to acquire a company employee, but rather to retain them. Therefore, JETRO recommended that, in order to acquire and retain a well-trained workforce, firms should try to understand the local workforce's expectations towards the Japanese company and try to incorporate European business practices as well (JETRO, 2016, p. 3). Generational differences are clearly visible both in Japan and Hungary, and there is less and less loyalty even in the young Japanese, and they tend to change jobs more and more easily. As Mr. Honda said, many people quit, and work discipline has loosened too. Japanese companies in Hungary are also trying to apply the measures utilized in Japan to addressing the retention of young people. In the beginning of 2018, JETRO Budapest Office organized a seminar for domestic Japanese companies' HR on the challenge of employing the Z generation workforce and addressing the problem. At the event, Hungarian sociologists reported on the job-hopping tendencies of the young workforce, how to manage it, and the results of the research. Although no official survey has been conducted on the fluctuation rate of Japanese companies in Hungary, the fact that a seminar was organized on the topic indicates the importance of the issue. The other tendency is that in recent years Japanese agencies in Hungary have been looking for Japanese language teaching universities on a regular basis to intermediate students at Japanese firms, who speak Japanese and are familiar with the Japanese culture. On the recommendation of the JETRO Budapest Office, the Association of Japanese Entrepreneurs in Hungary (*Shōkōkai*) has been linking information on BBS and KRE¹² Japanese-language teaching institutions on its website since 2016. Finally, we summarize the recent changes through a specific example, with the help of a senior manager of a Hungarian Japanese company, a former student. For the question on what kind of changes he sees from 2008 to the present day in the development of his company's position in Hungary with the changes of the investment and political environment, the following answer was given. In 2015, the company signed a strategic partnership agreement with the Hungarian government, however, given the size of the company (corporation) and its geographical location (Central Hungary Region), it is not possible to use

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EU and domestic subsidies for the continuation of the current activity (assembly). Nevertheless, the National Investment Promotion Agency (HIPA) supports the company to the best of its ability, organizes trainings for their Hungarian suppliers based on the company's needs. It helps its Hungarian suppliers in their investments, in introducing new technologies and in expanding their capacity through its tenders. Thanks to the expansion of the automotive industry, the company's turnover has been steadily increasing since 2011. Regarding the question on employees, he said that labor shortages have a significant impact on the company, especially in light of the fact that since 2014 they need about 70 percent more workers. The number of job seekers is far below the national average in the region, what is more companies are bidding on each other to meet their needs in manpower. Neither can they recruit workers from ethnic Hungarian areas of neighboring countries because they cannot provide the benefits which would make working away from home worthwhile. Most recently, Ukraine and Serbia are recruiting from non-Hungarian areas, even recruiting non-Hungarian speaker colleagues. When asked about the recruitment methods, we learned that direct workers are primarily collected through staffing agencies¹³. Borrowed staff will be transferred to their own work force after half a year. They are even directly recruiting the physical work force, but their number is insignificant. They reach out to them through advertisements, as well as in the form of the so-called roadshows through which they get to further parts of the country. The quality and reliability of physical workers has deteriorated significantly. Intermediaries are used to recruit the indirect workforce, but they also receive applications through direct advertising. They participate in job fairs, use (moderate) social media, as well as rewarding recommendations of acquaintances for each position. Looking ahead to the long-term, they take part in a dual degree program, but they still experience drop-outs. The answer to the question of whether the number of Japanese people working for companies has changed, was negative. The permanent staff is on a constant level (fluctuation around 1-2 people), the number of those being on shorter or longer missions is now high, because many new products have been introduced and engineers are staying for the preparation of production. In senior management, the managing director, the senior financial manager, and a senior manager of one of the production areas is Japanese. The others are in expert, advisory positions. We asked what qualifications companies look for and for what positions, and the answer was that the biggest shortages are of engineers and technicians, and it is also difficult to find semi-skilled workers. The senior manager has already explained that there is a need for Japanese-skilled,

¹³ Temporary staffing or employee leasing is a kind of employment form, where instead of the employer (subscribing firm) the temp agency (leasing firm) makes contract with the employee and does employer administrative duties (resignation, employment, paying of wages, etc.), but the actual work happens on the employer's work-place.

Japanese-minded young staff, who help with the communication between Japanese and Hungarian workers. This is probably the reason why our former students were able to find employment within this company, as well as in other Japanese companies in Hungary in large numbers.

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