



# Unlocking Secrets Of Transnational Business Success

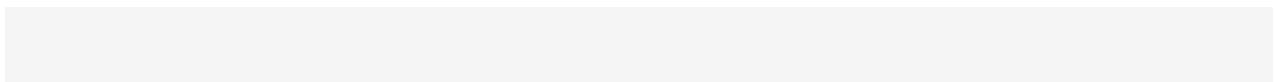
*Exclusive Insights on the Corporate Landscape in  
India & Japan*



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Growth-oriented companies always look for new markets to capture. Even when these new markets are within the same country, there are many challenges. However, when these new markets are across nations, the challenges faced by the companies are huge, particularly when companies are dealing with countries such as India and Japan which are quite unique in their own specific ways. Though the governments of both India and Japan have been encouraging trade across these two countries through special strategic global partnerships and trade/investment alliances, the gap in expectation and reality on the trade front is quite big, leading to a great deal of hesitancy by the corporates. Apart from the culture gap, language gap and perception gap, one of the key failure factors is a lack of long-term focus by the companies.

The most critical is the culture gap. India and Japan share many commonalities including both being well-established democracies. The cultures of both these nations are also rich in shared aims with emphasis on traditional beliefs and customs, respect for family and elders etc. However, the differences are also striking. The inability of businesses to assimilate the differences in cultural nuances is a possible failure factor. It is critical to recognize that cultural influences greatly affect the growth of a business. India's cultural diversity is a unique strength (and a weakness in certain circumstances), whereas the Japanese culture, with its homogeneity, is something to be adapted to. Unless the companies make a conscious effort for cultural alignment, harnessing the beliefs, customs and preferences of their new market, it would be impossible to penetrate the market.

Secondly, the language gap is an obvious but tricky failure factor. Though India is a multilingual nation, it has adopted English as a common business language nationwide, which makes it attractive for western manufacturers. However, for Japanese businesses, it remains a challenge that needs to be addressed in a focused manner. Similarly, Indian businesses which want to focus on the Japanese market could look at bridging this language gap by hiring local talent as appropriate.

The third major hurdle is the perception gap, which is mainly due to the lack of adequate flow of information between India and Japan. The longstanding preconceptions about the Indians by the Japanese and vice versa would start to play a major role, thereby creating communication barriers. Interactions between the two nations in general and people-to-people exchange in particular, are still on a low key, thereby preventing

aggressive business expansions across these two countries. In this context, student, academia, Government and industry level exchanges are crucial. Currently, the number of Indian students going to Japan for higher education is often as low as 2000 per year, even though the tuition fees are very low compared to the western countries. If the perception gaps are addressed, many Indian students would go to Japan, learn about technological advances, build rapport with the local people and thereby enriching themselves and the nations.

The fourth hurdle is the lack of a long-term focus. For Japanese businesses to succeed in India and vice versa, companies must come for the long haul to be able to understand local practices, customer expectations, and cultivate the market effectively. Companies that do not have this focus would ultimately fail.

Apart from addressing the failure factors as above, there are many companies who have found the right approach to success in transnational business. If businesses focus on the uniqueness of the product/service which is being offered which addresses a particular market need, the acceptance of the product and therefore the growth of the company is assured. The examples of Honda Motorcycle & Scooter and Unicharm are two examples of Japanese businesses which have made their mark on the Indian market through their unique offerings. Similarly, Infosys has made a mark in Japan by offering a unique product/service (ERP) in the late nineties which helped them to establish their business in Japan.

Transnational businesses would also succeed if the synergies between the two nations are clearly understood and exploited. Japan is home to thousands of companies with great technological advancements and established quality culture. However, Japan seems to be poor in marketing these across the globe and especially to India. However, India has strong skills in building customer interfaces through its marketing, branding and sales strategies. If the strengths of Japan and India are synergized, many Indian and Japanese companies, especially SMEs, have great potential for success.

The different demographics of the two countries, with India's young population and Japan's ageing population, could also be adequately leveraged, especially in the field of technical manpower. Japan has a deficit of technically qualified young people which could be addressed through suitable training/other interventions by India.

India and Japan could become a great winning combination in defence, trade service industry and even in manufacturing. The size of the relationship between the two countries can grow as big as the aspirations of its people, as there is still a lot of space for it to grow.