

# Japaneurship?

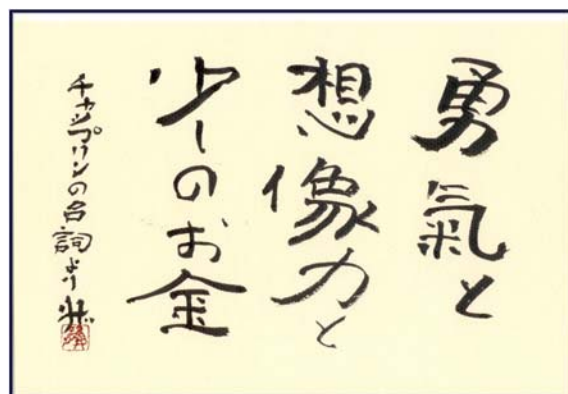
**With a rapidly aging population, changes to lifetime employment practices, and continuing economic uncertainties, Japan needs to look to new sources of economic growth and a better use of productive resources. More entrepreneurial activity may hold the key. This article looks at the state of entrepreneurship in Japan today, and learns that a group of Japanese entrepreneurs in the UK may hold hope for the future.**

In truth, mainstream opinion in Japan does not reflect much optimism that a rash of entrepreneurial activity will break out any time soon. Failure is more newsworthy than success, as the headlines around the collapse of Livedoor and the jailing of its senior officers continue to remind us; or the escalating suicide rate, blamed on economic pressures and corporate restructuring (job losses). To be unorthodox means to be ostracised; “the nail that sticks out will be hammered down”. These remain more than clichés, and society’s treatment of failure remains a problem. As the Economist<sup>1</sup> recently put it: “Companies would rather that 100 employees each take a single step forward than one of their number take 100”.

Outside the mainstream there is a different sense. Takashi Yoneda, entrepreneur, Chairman of LPL Securities, and Senior Research Fellow at the Career Resource Laboratory at Keio University, teaches a vibrant course on ‘Total Life Design’ aimed at helping students to develop self-reliant careers and manage their financial independence. His view is that Japan has reached a stage of dynamic disequilibrium in the human capital arena, and that the lifetime employment model is broken. Consequently, there is only one way

forward, and that is through a much more independent culture of career development and employment practices.

William Reed<sup>2</sup>, an American who has lived in Japan for 30 years, and now a bestselling author and public speaker, suggests that the development of entrepreneurship will happen in its own Japanese way. It may take longer, but just as the world rushed to study and adopt Japanese management practices in the 70s and 80s, one day the same will happen in the entrepreneurial arena too.



*All you need in life is courage, imagination...and a little dough<sup>3</sup>*

Calligraphy by William Reed

The difference lies not in the individual, but in the culture and environment. These issues were highlighted in a comparative study of Japan and Silicon Valley in 2001<sup>4</sup>. In the area of *risks and obstacles*, Japanese entrepreneurs were concerned more about personal and globalisation risks and less about market and financial risks. Under *perceived growth factors*, the Japanese rated higher on strategic focus and R&D, whereas their Silicon Valley counterparts put more emphasis on growth-orientation, customer focus and venture capital. On *infrastructure*, Silicon Valley benefitted from superior professional services, university resources, and venture capital, while interestingly or perhaps surprisingly, Japanese firms seemed to have better

<sup>2</sup> William Reed is 7th dan in Aikido, Shihan in brush calligraphy, and founder of www.agili.jp in Tokyo  
<sup>3</sup> from the classic quote by Charlie Chaplin in THE LIMELIGHT

<sup>4</sup> *Entrepreneurship in Japan and Silicon Valley: a comparative study* by Kan-ichiro Suzuki<sup>a</sup>, Sang-Hoon Kim<sup>b</sup> and Zong-Tae Bae<sup>c</sup>.

<sup>a</sup> Nomura Research Institute Ltd., <sup>b</sup> College of Business Administration, Seoul National University, <sup>c</sup> Graduate School of Management, Korea Advanced Institute of Science and Technology (KAIST).

<sup>1</sup> Economist Magazine “Disruption of Service” 7<sup>th</sup> February 2008, pp78

access to diverse financing resources including bank loans and government financing.

## The International Context

Global Entrepreneurship Monitor 2006<sup>5</sup> measured the prevalence of entrepreneurial activity around the world among the adult population.

It is no surprise that the USA came out in the lead, followed by the UK, with Japan clearly lagging. For example Nascent Entrepreneurial activity measured &.5% in the USA, £.2% in the UK and 1.6% in Japan. The report differentiates between necessity entrepreneurs (NEs<sup>6</sup>) and opportunity entrepreneurs (OEs<sup>7</sup>). In fact, Japan rates a similar high OE score, comparable to the USA and UK. The figure for OEs tends to be high in developed economies generally, whereas the NEs are prevalent in high numbers in developing countries. Nonetheless, France and Germany have noticeably high levels of NEs, and the question may be asked, in the context of Japan's shifting economic environment, whether NEs will become more prevalent in the years to come.

There are other factors to look at too in determining status and trends, such as age, gender and work status. Just to pick one – gender – the report shows a much higher proportion of men than women engaging in entrepreneurial activity across the globe (with a notable exception of the Philippines). But some anecdotal evidence would suggest one would find a high proportion of female Japanese entrepreneurs, many of whom are probably NEs – at least in the sense of breaking away from the traditional glass ceiling of everyday corporate life in Japan.

## London Calling

Once a month, a group gathers in the smart offices of JETRO (Japan External Trade Organisation) in Holborn. They are among 80 members of the Japan-Europe Entrepreneurs Forum (JEEF) who gather to network and listen to presentations on various aspects of running a business. Few

may have launched a business yet, but the ambition is present.

On a cold February evening JEEF members were treated to a motivational and very personal story from Shoko Hirotsuna. Shoko has run the London marathon 5 times, is a licensed scuba diver, yachts-woman, and, most importantly, set up her own business<sup>8</sup> nearly 8 years ago. A former big company employee, she followed the path expected of her, marrying to a fellow company staffer, and following abroad to the UK. Once here she put herself through an MBA at Southampton University as well as an Advanced Management programme at Instituto de Empresa in Spain. Then she started Business Paradigm and has never looked back. Her portfolio includes an inward investment company specialising in Bulgaria. Her story is gripping, and by the end of the evening a number of the other lady members are motivated to start their own business ventures at the earliest opportunity.

## Lost in Translation?

The evidence from London is modest, but powerful. One question is whether the growing number of Japanese running their own businesses overseas can transfer their knowledge and experience to their compatriots at home. Or whether the collective responsibility and support culture, at which Japanese excel, is in fact more suited for intra-company ventures and corporate spin-outs. Masamichi Toyama, himself a spin-out of a major Japanese corporation, who is founder of Soup Stock Tokyo and Chairman of Smiles Co. recently described himself as a "kind of hybrid, connecting two positions such as 'work and art' and 'individuality and corporate power'"<sup>9</sup>.

Perhaps entrepreneurship in Japan may express more collective characteristics than seen in the West. But happen it will, and one day we will be asking "how *did* they do that?"

The author is a director of the **Asia Pacific Technology Network**, and Chairman of **Exudo**, a company providing membership, portal and e-commerce systems to social, business and consumer networks. He welcomes further debate on the subject of this article. Feedback and comments can be sent to [hugh.purser@btinternet.com](mailto:hugh.purser@btinternet.com)

<sup>5</sup> Bosma & Harding, London Business School & Babson College

<sup>6</sup> NEs: those who are *pushed* into entrepreneurship because other options for work are either absent or unsatisfactory

<sup>7</sup> OEs: those who *want* to exploit a business opportunity

<sup>8</sup> Founder of Business-Paradigm.com

<sup>9</sup> Interview with Keio University Alumni Voices