Chapter 2
Entrepreneurship in the Japanese Context

2.1 Demographic Changes in Japan

Japan is changing. The phenomenon of population aging has taken hold and has become an increasingly important social and economic issue in Japan. According to recent government data, the total population of Japan is 126.71 million as of October 2017, with the number of population aged 65 and over being 35.15 million, 27%. Those between the age of 65–74 make up 13.9% of the total population and those of 75 years old, 13.8%. Analysts predict that the population will fall below 100 million by 2053.

According to UN estimates, the ratio of young people, aged 15–24, across the world accounts for 26% of total population; however in Japan, it accounts for only 12.3%. Currently, according to government statistics, the life expectancy at birth in Japan is 80.98 for males and 87.14 for females. It is predicted to increase to 84.95 years for males and 91.35 years for females by 2065 (Cabinet Office 2018).

Worryingly, the annual number of live births in Japan began to fall from 1975 and has been falling continuously since then. The fertility rate among women is decreasing while their peak age is increasing, with the average age of women giving birth to their first child being 30.7 years old. Reasons cited for the decrease in childbirth include the financial burden of raising and educating children, problems conceiving, wishing to pursue a career and getting married at a later age.

The number of marriages exceeded 1 million annually between 1970 and 1974; however, following that, both the number of marriages and the marriage rate tended to decline. Since 2011, the marriage rate has shifted between 600,000 and 700,000. The number of marriages in 2016 was estimated to be around 620,500 based on the population census. Around 53% of married women, who were working before giving birth to their first child, wish to continue working after childbirth. Similarly, men who have families with small children, 15.0% of men in their 30s and 15.4% of men in their 40s, work more than 60 h/week, with 29% of men working more than 49 h a week; thus men are often reluctant to share housework and childcare

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duties with a working wife. Unfortunately, the social support systems such as nurseries and other childcare facilities are often in heavy demand, oversubscribed and cannot cope with the number of mothers wishing to return to work.

In terms of employment, the ratio of people aged 65 and over in the labor force has increased to 12.2%, with a total labor force of 67.20 million. The labor force ratio, which is the percentage of the labor force to the population, in 2017 is 45.3% for 65–69 years old and this has increased year-on-year since 2004. In the period from 2008 to 2010, the unemployment rate at the age of 60–64 rose due to the rapid deterioration of the economic environment, but since then it has declined. In 2017, the unemployment rate for 60–64 years old was 2.8%, which was almost the same as the total age group (2.8%) for the age group of 15 years old and over. The elderly population still has a strong motivation to work post-traditional retirement age, with an estimated 40% of people over 60 stating that they intend to work for as long as they can.

2.2 Globalization and Internationalization in Japan

In globalization, economic activity is highly specialized and is influenced by technological innovation and the development of globally minded human resources. In order to reap the benefits of globalization, it is necessary for countries to respond to the development of new technology while also nurturing global talent. The Japanese government has been making concerted efforts to cope with the new world order and since the 1990s various globalization-related changes have been observed in the economy.

First, exchange rates have fluctuated and continue to fluctuate. Secondly, Japan's trading partners have altered with the shift happening away from the United States and Europe toward strengthening economic ties with South East Asian nations. Thirdly, equity investments from abroad have increased, although slowly and finally, growth and international economic development is slow when compared to the United States and Europe.

Globalization is said to encompass increased cross-border movement of capital and labor and the deepening of economic ties. *Kokusaika*, or internationalization in Japanese, is according to Mannari and Befu (1983: 9), "one of the most potent and significant words in the contemporary vocabulary of Japanese intellectuals, academicians, politicians and journalists." It has permeated business and education discourse for around 20 years and has led to the development of new terms, such as '*guro-barize-shon*' (globalization), '*kokusaijin*' (international person), '*tabunka kyosei*' (multiculturalism) and '*dai-ba-shi-ti*' (diversity). These terms, despite becoming part of mainstream discourse, are poorly understood.

In 1987, the National Council of Educational Reform (*Rinkyoushin*) suggested that in order for *kokusaika* to be achieved in Japan, the country needed to restructure "the Japanese higher education system from an international perspective" (Ehara 1992: 269) in order to rear '*kokusaijin*' (Ishii et al. 1996: 237) or

international person. In attempting to make Japanese people more 'international,' it assumes that every Japanese person has the same background, is monocultural, and that one must be taught through a thorough process how to be 'international.'

In 2013, the Japanese Ministry of Education developed a set of new goals for English education which would develop *global jinzai* or 'global human resources.' The policy highlighted three factors and five linguistic skills (METI 2012 and Ashizawa 2012) necessary to become a *global jinzai*:

Factor I: Linguistic and communication skills;

(1) for travels abroad;
(2) for interactions in daily life abroad;
(3) for business conversation and paperwork;
(4) for bilateral negotiations;
(5) for multilateral negotiations.

Factor II: Self-direction and positiveness, a spirit for challenge;
Factor III: Understanding of other cultures and a sense of identity as a Japanese.

Research suggests that demand for *global jinzai* by Japanese companies will grow by 240% between 2012 and 2017 to make up 8.7% of the employed population (MEXT 2013).

In addition to *kokusai-ka* efforts in universities, the Ministry of Education in Japan is working to enhance English education substantially throughout elementary to lower/secondary school. This is seen as a major step in advancing language proficiency and global awareness. The new policies are timed to match the 2020 Tokyo Olympics and are integrated into the main education reforms highlighted in 2014.

The Japanese Ministry of Foreign Affairs (MOFA) produces a 'Diplomatic Bluebook' every year, which details their efforts in internationalization. In terms of how to develop the relationship between non-Japanese and Japan, there are inbound and outbound strategies. In terms of inbound, tourism is seen as a main pillar for growth and regional revitalization. As such, visa restrictions were relaxed and 2017 saw a record 28.69 million foreign tourists enter Japan. Similarly, in the 'Investments for the Future Strategy 2017' the government is aiming to increase the number of foreign human resources in Japan (which will be discussed in more detail later in this chapter).

In terms of outbound development, MOFA is working to recruit, train and support Japanese nationals who can play active roles in international organizations, and NGOs, NPOs and local government are working hard to export regional products overseas, through MOFAs Regional Promotion Projects. Through various projects, local small- and medium-sized enterprises (SMEs) are supported to explore international markets. Thus, there are efforts to not only create an ecosystem where talented Japanese nationals can play an active role on the global stage but also invite non-Japanese to experience Japan through tourism, and their work is also encouraged.

Through such endeavors, an open attitude toward other cultures and values are encouraged along with developing a deeper understanding of global issues through international exchange. As we explore the narratives of the Japanese SIEEs in this book, it is worth bearing in mind the cultural and societal context and discourse of what it is to be an 'international' or 'global' Japanese in the twenty-first century. What traits of being a *global jinzai* do these SIEEs have? Are they *kokusaijin*?

2.3 Government Strategy

With the socio-economic changes in Japan come the radical political changes in government policy. Since starting his second term as prime minister, Prime Minister Abe has stood on his platform of *Abenomics*—a new kind of economics for a new era of Japan, with a set of policies that can cope with the rapidly aging society and influence globalization.

The Prime Minister's *Abenomics* package sets out a plan for the future growth of Japan that will enable sustainability. The key concern is how to overcome deflation and set the country back into recovery and prosperity. In 2013, the economic policy package became synonymous with the Prime Minister and his well-known and heavily reported three 'policy arrows' that would encourage aggressive monetary policy, flexible fiscal policy and a growth strategy would be the backbone of the Japanese economy for the foreseeable future. In its recent manifestation, there are three key elements; boosting productivity by changing how the country works and embracing diversity, recognizing how to drive innovation and trade through the development of a new strategy called *Strategy 5.0*, leveraging structural reforms, building on international opportunities and circulating growth to regional economies and finally, energizing corporate activities which include encouraging business and investment and driving inward foreign direct investment (FDI) (Government of Japan 2017). Table 2.1 highlights the key policies being implemented (Government of Japan 2017).

These ambitious plans help to highlight the current climate and context of Japan; the environment that the SIEEs have left behind. Thus, it begs the question, why have these entrepreneurs left Japan? Are changes such as these highlighted in the policies likely to encourage them to return? Are these measures sufficient for the development and sustainability of Japan?

2.4 Human Resource Management Practices in Japan

We can see the changes related to internationalization, globalization and government policies in many spheres of society, but in business and management the impact is tangible and in human resource management (HRM) , in Japan, it is particularly noticeable. Japanese HRM practices have been the subject of much research. Much

Table 2.1 Highlights of the *Abenomics* reforms

Strategy	Structural and legislative transformations
Boosting productivity	Equal pay for equal work legislation; regulatory limits for overtime work; better cultivation of human resources; promoting flexible work styles; introducing new scholarship programs for children to ease the financial burden of higher education; lessen the burden of working parents and accelerate women's promotion; facilitate change through helping seniors engage with business; leveraging the talent and promoting and expanding opportunities for expatriates in Japan
Drive innovation and trade	Continue to maintain worldwide leadership in the tech industry; encourage entrepreneurialism nationwide through deregulation and support; expand the healthcare market; increase investment in energy to address global warming; double the integrated market value of the agriculture industry; leverage free trade and other economic agreements; promote quality infrastructure investment; modernize SMEs to meet global standards; reinforce tourism as a central component of revitalization; double labor productivity growth
Energize corporate activities	Stimulate growth through business-friendly reform; strengthen investor confidence through increased transparency; attract foreign companies through promotional activities; resolve issues hindering foreign companies entering Japan

Source Author, based on data from the Japanese government policy documents for *Abenomics*

revered in the 1980s, the practices were placed under close scrutiny and adapted throughout the world. Traditionally, in Japan, the recruitment of new employees generally occurs in the spring. Companies select graduating students through a series of interviews, document-based screening and aptitude-based testing. They tend not to pay attention to the department the student graduated from or their field of specialization, preferring to hire generalists. They are more concerned in hiring students from top-level Japanese universities, based on their potential, as the objective is to mold the student to the needs of the company (Yokoyama 2014). Promotion panels in Japan usually judge candidates not only on their performance in their job but also on what is termed their '*hitogara*'—which loosely translates as the balance of their personality. This is the Japanese concept that believes it is important to be able to work in a harmonious manner while in a company and that the ability to work without causing conflict to others is well respected. As such, promotion often occurs within the company as the senior managers are more aware of the candidate's every day working style and ability to work with others and it is not commonplace for large companies to recruit mid-career professionals from outside the company. This feature of long-term employment, or the so called life-time employment scheme, was a cornerstone of Japanese HRM. In line with this, employees' salaries were not based on performance, but on seniority within the company.

Yet, since the 2000s, there have been calls for Japan to change. Dalton and Benson (2002) suggested there was a sense of crisis occurring in Japan, while Matanle (2003), Aoki et al. (2007) and Schaede (2008) observed a move toward an adaptation of Western management concepts. Moriguchi (2014) provides a detailed account of the development of Japanese HRM practices from 1914, arguing that it

may be time to develop a 'more diverse and flexible' Japanese style of HRM, encouraging companies to develop more 'innovative' HRM practices (Moriguchi 2014: 74). After the explosion of the bubble economy in 1990, many Japanese companies faced competition from outside Japan. In an attempt to reduce costs, the companies tried to reduce costs by introducing performance-based HRM. These changes indicate a change in direction and have resulted in Japanese employees taking initiative of their own career.

However, as you can see from this chart of the employment portfolio (Fig. 2.1), the Japanese HRM system has not changed so dramatically. Sixty percent of the companies are still maintaining a traditional Japanese style of long-term employment where employees are guaranteed work until their mandatory retirement age. Additionally, contract workers who are highly and technically skilled make up only 3.5% of the workforce. Thirdly, the group of temporary employees (*shokutaku* employees, *shuko* employees, contract employees, temporary employees) makes up 40% of the workforce. When this scheme was developed it was thought that employees could move easily among the three groups, but due to the traditional long-term practices this is not a reality. It is difficult to move from part-time to full-time and due to the lack of job security, few employees choose to work as a contract worker.

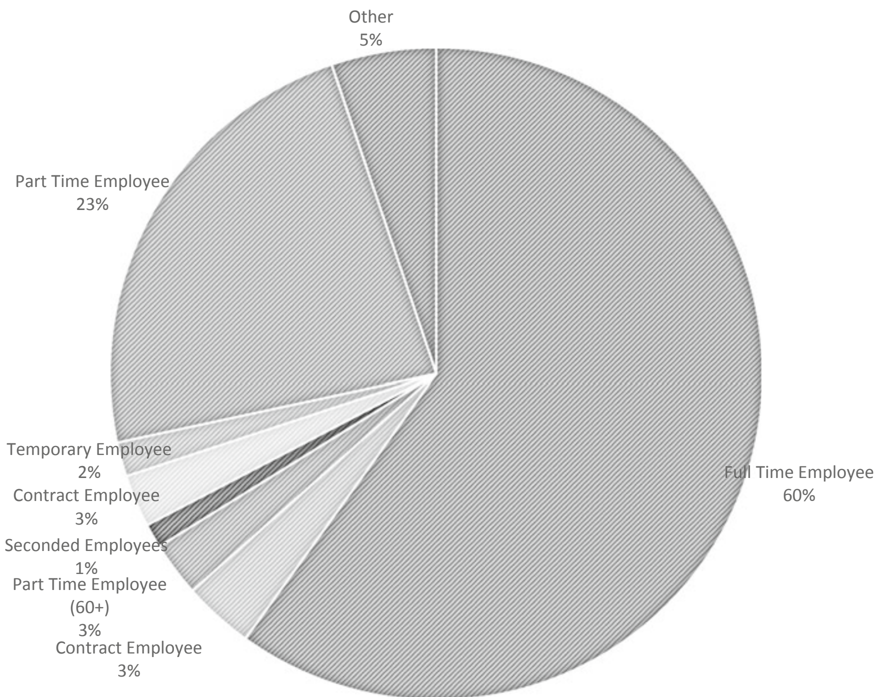

Fig. 2.1 Japanese HRM employment portfolio. *Source* Developed by authors based on the e-Stat (Glo8020101) Statistics Bureau, Ministry of General Affairs

With regard to studies concerned with the management of Japanese companies' overseas operations, the most well-known and classical ones are those of Ishida (1986) and Koike (1991, 1988). At present, the most well-known studies are those of Shiraki (1995, 2006) and Ishida (1985). Ishida (1985) examined the characteristics of Japanese managers deemed successful/not successful in overseas operations. He also examined the transferability of the Japanese-style management practices to overseas operations and pointed out the problems that occur in these contexts. Koike (1991) compared the way of work between Japanese blue-collar employees in Japan and blue-collar employees in the Japanese subsidiaries overseas. He found that the Japanese-style management practices could be transferred outside of Japan. Shiraki (1995) examined human resource management practices in Japanese subsidiaries in South East Asia and China. He found that Japanese-style management did not function well at the managerial level and the Japanese subsidiary companies have difficulty attracting and retaining local white-collars. In addition, he also found that Japanese companies still make greater use of Japanese expatriates, highlighting the issues in attracting and retaining highly talented locals.

Table 2.2 highlights the main shifts between a seniority-based employment system and a performance-based system in Japan.

The advantages of the traditional system include an emphasis on harmony and less animosity in the company, and for employees, demotion or salary decrease is rare meaning that long-term future planning, such as starting a family, buying property, is easier. However, there are issues in implementing such as system in a fast-paced, dynamic corporate environment that is becoming increasingly influenced by internationalization. It is not competitive, not effective and in the end can have a higher long-term cost for the company.

Table 2.2 Japanese HRM systems

Seniority-based HRM in Japan	Performance-based HRM in Japan
Seniority plus merit pay (*nenko*) Base-up wage increases and *teiki-shokyu* or fixed-term wage increases Active inclusion of trade unions Consensus-based decision making (*ringi* system) Employee loyalty Hire generalists over specialists Annual hiring from universities Internal promotion based on systematic rotation between departments, promotion linked to years of service Security is implicit, dismissal is rare Gender discrimination prevalent Little correlation between career and academic background	Performance-based pay Employee power Professionals on limited contracts, increase in headhunting Dual career track Increased use of limited contracts Less job security, career track offered to women and minorities Increase reliance on technology Move away from one-size-fits-all management

Source Authors

Thus, understanding of these key HRM trends helps to give insight into how the SIEEs in this study fit (or don't fit) within the traditional Japanese employment systems. As mentioned above, the status of women in Japanese society has also changed dramatically in the last 30 years and the impact that this had on employment practices is profound.

2.5 Women in Japanese Society

Ideas concerning national and international society and the concept of diversity management, particularly the way in which it has been used within companies, have become a pertinent topic in Japanese HRM research. A survey conducted by the Ministry of Health, Labor and Welfare in 2014 showed that the number of female managers above chief level in Japan was as low as 11.8%. This highlights the fact that female human resources have not been well utilized in Japan and it will take time to increase the number of women in the workforce, despite the government's protestations that Japan is moving forward in this regard.

The *Equal Employment Opportunity Law* that was passed in 1985, aimed to achieve a society where men and women participate in work on an equal basis. However, at companies with more than 100 employees, the percentage of female staff members at *kakaricho* (section chief level) and above in Japan in 2016 is, as already mentioned, only 13.5%. This is considered to be extremely low when compared with over 40% across all grades in the UN Common System. Furthermore, when female representation at the managerial level is reviewed, the situation is also far from convincing. The number of female staff members at the *bucho* level (directors and above) is only 4.5% in Japan, while it stands at 30% in the UN Common System. A further survey in 2011 by the Gender Equality Bureau Cabinet Office found that the percentage of females recruited on career track (*sogo shoku*) paths in the private sector was only 22.2% in the companies. Additionally, only 16.7% of women in the public sector are on Japanese civil servant career track positions (Ministry of Health, Labor and Welfare 2012). The representation of women at managerial levels is still very low in Japan.

In summer 2018, the domination of males in academic and business life was reconfirmed through the scandal involving Tokyo Medical University. It was confirmed that the school boosted men's test scores and made women's appear lower to favor the entrance of males (suppressing female applicants as it was believed that women would quit their posts after childbirth, thus, being a drain on the education system). Japan already ranks at the bottom of OECD countries when it comes to women doctors with around just 20%. The scandal comes at a time when Prime Minister Shinzo Abe's government developed his "*womenomics*" policy placing women's participation in the workforce as a central strategy for economic growth. The scandal highlights systemic gender discrimination at play in Japanese society where female entrepreneurs may have difficulty fitting in.

Not only are women not represented equally in the workforce but there are also discrepancies in payment structures. Using detailed personnel records from a large Japanese manufacturing firm, Kato et al. (2013) were able to identify the sources of inter-firm gender gaps. They found that after controlling for basic human capital variables, there were 19 and 28% gender pay difference among unmarried employees and married ones, respectively. Additionally, they found that on average unmarried women earn 17% less than unmarried men. Men, when they get married, enjoy a significant marriage bonus, often around 12% more than unmarried men, while women receive a marriage penalty of 6.5%. Kato's research showed that the gender pay gap widens as workers marry, which can result in a gender pay gap of 36% in total earnings.

Having considered the social, economic and political context of contemporary Japan, the workplace and human resource management structure and the role of women in Japan, the next step is to articulate the current entrepreneurial ecosystem of Japan. An understanding of the basic socio-cultural, political context will hopefully allow the reader to better appreciate the current entrepreneurial ecosystem of Japan.

2.6 Entrepreneurship in Japan

The Japanese economy has been continuing on a gradual recovery trend since the end of 2012, with 2016 seeing positive growth for the fourth consecutive quarter and an annual growth rate of around 1.0%, and exceeding 1% for the first time in 3 years in 2013. The OECD predicts that economic growth in Japan will reach 1¼% in 2018–2019 (OECD 2019) with this growth being supported by business investment and private consumption. Additionally, the rate of inflation is expected to rise to 1½% in 2019. However, they warn that government debt relative to GDP is the highest recorded, which is a risk. Thus measures need to be implemented to cope with an aging society and rise in consumption tax. With regard to small- and medium-sized enterprises, according to 2017 Japanese government white paper, although the situation surrounding SMEs as a whole could also be said to be improving, the degree of improvement among enterprises that are small in size is smaller compared to that in medium-sized enterprises and the degree of improvement differs according to region and industry.

The following section presents an overview of the current entrepreneurial ecosystem in Japan. According to the World Bank's World Development Indicators, out of 185 countries, Japan ranks 24 in terms of ease of doing business. The cost of business start-up procedures is 7.50% of GNI per capita and on average it takes 23 days to complete registration. In addition, 1.10 businesses are registered in Japan per year per 1000 people, placing Japan 91st in the world for new business density (which is the number of new company registrations per 1000 people aged 15–64) (World Bank, World Development Indicators 2016).

The Global Education Monitor (GEM) describes the situation surrounding entrepreneurial activity in Japan as ‘disappointingly low’ and in the last 14 years, Japan’s early-stage entrepreneurship rate (TEA) has not risen higher than 5.4%. GEM attributes this low rate primarily to cultural aspects; namely conformity and failure avoidance. As part of his three arrows of *Abenomics* (the policy for the economic and structural reform for revitalizing Japan), Prime Minister Abe is aiming to double the business entry rate recorded in the 2012 Ministry of Education, Trade and Industry (METI) Economic Census from around 5 to 10% by 2020 and to double the TEA rate from 4.8% in 2015 to around 7% in 2020 (GEM 2018). In addition, new incubators and accelerators are being set up and funds have been allocated for the development of entrepreneurship education at the tertiary level (Birchley 2018).

Yet, since 1997, there has been a declining trend in the numbers of entrepreneurial hopefuls and people making start-up preparations, with the number of entrepreneurs falling steadily from 383,000 in 2002 to 346,000 in 2007 and down to 306,000 in 2012 (Mitsubishi UFJ 2016). Research by Honjo in 2015 revealed that there were still low levels of entrepreneurship and attitudes toward it in Japan, and that only individuals with well-established entrepreneurial networks are likely to invest in a new business. This research coupled with the findings from Mitsubishi UFJ Research and Consulting Co., Ltd, in their *Survey of Awareness and Experience of Business Establishment and Startup* (December 2016), commissioned by the SME Agency, paints a negative picture of the current Japanese entrepreneurial ecosystem.

To develop entrepreneurship, the Japanese government formulated a scheme to support business start-ups entitled the *Industrial Competitiveness Enhancement Act* in 2014. In this act, municipality governments and private sector businesses are encouraged to work together to provide support for business start-ups with the aim of promoting new businesses in regional Japan. Specifically, municipal governments draw up business plans to assist with business start-ups based on the national government’s guidelines. The plans then move to the government for approval, and the municipal government works with the business start-up support providers in accordance with the approved plans, providing specific business start-up support, such as setting up one-stop helpdesks and holding business start-up seminars. Since this system began, Mitsubishi UFJ found in their study that despite the support available, around 80% of all the respondents to their survey were not interested in starting up a business with a slightly higher proportion of women uninterested compared to men. Unsurprisingly, there is a higher proportion of managers with ten or more years of experience who are interested in starting up a business; with the proportion increasing in both genders between the ages of 50 and 60. Additionally, those with income less than 2 million yen, such as house-husbands/wives, part-time workers, temporary workers or the unemployed, are among the highest proportion of those not interested in a business start-up.

In terms of the changing demographics of Japan, as SME managers are often aging, the number of business exits is at a record high; however, data from the government suggests that the percentage of entrepreneurs aged 60 plus are actually

increasing and as for the distribution of entrepreneurs by age, 60 and over accounted for 6.6% in 1979 and this has increased significantly, to 32.4% in 2012. In addition, in general, start-ups and SMEs in Japan tend to utilize a wider variety of human resources, such as women, seniors and minorities as core employees.

Both at the initial stage of start-ups in Japan and at the stabilization stage, there is a need for investment, advisors and mentors. With regard to investment, at the start-up stage, 83.3% of businesses are funded by the manager's own funds, 39% from family loans or friends and 39% from bank loans. At the initial growth stage this changes, as 72% of funds are acquired from private financial institutions. Government financial support generally comes at the third stage of stabilization or expansion (Japanese Government 2018).

2.7 Career Education in Japan

The Japanese government defines career education and vocational education as follows:

- *Career Education*: Education which encourages career development by cultivating the abilities and attitudes needed to raise the social and vocational independence of individuals;
- *Vocational Education*: Education to develop knowledge, skills, competencies and attitude required to work on a certain or specific job.

Government policy proposes measures regarding the ideal format for career education and vocational education in order to help citizens to build their careers over the course of their lifetime recognizing that the transition from education to employment is a difficult time for young people. Data from the latest Ministry of Education report highlight that the total unemployment level of young people between 15 and 24 years old was 9.4% in 2010 compared with 4.5% in 1991. On comparing these with the average across all ages, 5.1% in 2010 and 2.1% in 1991, we can see the difficulties associated with providing comprehensive and effective career education.

In addition, the chance for new graduates to be hired as regular employees has recently decreased and the number of young people who work as non-regular employees is on the rise. The rate of non-regular employees between 15 and 24 years old increased to 31.7% in 2010 from 9.3% in 1991, and the population between 15 and 34 years old who are not engaged in the labor force, the number of unemployed young people who neither work nor go to school (referred to as NEET —not in education, employment or training) has been around 600,000 since 2002. Related to this is the increasing number of new graduates who quit their employment within 3 years. This figure stands at around about 65% for junior high school graduates, 40% for high school graduates, about 41% in junior college and

equivalent, and about 31% among 4-year university graduates, yet this is on the rise.

Furthermore, we suggest that young people often exhibit the following traits:

- lack of interest or desire toward working;
- immaturity;
- lack of sense of purpose for career design;
- lack of responsibility for their future;
- degradation in basic skills and abilities as a business worker, such as communication, numeracy skills, Japanese business manners and a lack of appropriate workplace Japanese.

Data suggest that employers value communication skills and independence/cooperativeness when hiring new graduates, with around 40% of employers surveyed by the Japanese government expressing their sense that university and school graduates over the last 10 years have gone down in quality. These findings indicate the major issues with career guidance and career and vocational education at high school, vocational schools and universities. There is a need to better equip students with analytical skills to better understand how their life path can be influenced by their mindset and academic credentials along with an increased focus on developing twenty-first century skills and soft-skills as well as hard skills. With Japanese companies changing their HRM practices, students need to be able to fit into the new world order. A lack of readily available mentors, shortened amount of time training and less money available in budgets to bring new employees up to speed, companies are expecting students to graduate with a whole host of new skills and abilities, but are higher education institutions aware and able to catch up with these trends? And how Japanese education policy providers should be viewing and defining a 'career?'

In the middle of the twentieth century D. H. Super (1957, 1963, 1980, 1981, 1990, 1996), an American, put forward the Theory of Life Stage in which the life was divided into five development stages: growth, exploration, establishment, maintenance and decline, and established a comprehensive theory with the emphasis on the importance of self-concept and how it relates to career development. Following that, Super claimed that the development of one's career and personal growth mutually affect each other. This career development theory is summarized as shown in Fig. 2.2.

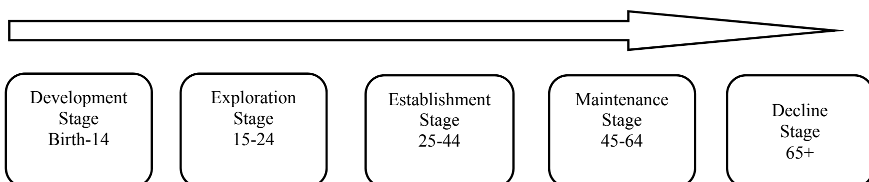

Fig. 2.2 Super's career development theory

- **Development** stage (Birth to 14) is the first life stage, the period when children develop their capacities, attitudes and interests, socialize their needs and form a general understanding of the world of work.
- **Exploration** stage (Ages 14–24) is the period when individuals attempt to understand themselves and find their place in the world of work. Through classes, work experience and hobbies, they try to identify their interests and capabilities and figure out how they fit with various occupations. They make tentative occupational choices and eventually obtain an occupation.
- **Establishment** stage (25–44 years) is the period when the individual, having gained an appropriate position in the chosen field of work, strives to secure the initial position and pursue chances for further advancement.
- **Maintenance** stage (45–65) is the period of continual adjustment, which includes the career development tasks of holding on, keeping up and innovating. The individuals strive to maintain what they have achieved, and for this reason they update their competencies and find innovative ways of performing their job routines. They also try to find new challenges, but usually little new ground is broken in this period.
- **Decline** stage (over 65) is the final stage, the period of transition out of the workforce. In this stage, individuals encounter the developmental tasks of deceleration, retirement planning and retirement living. With a declined energy and interest in an occupation, people gradually disengage from their occupational activities and concentrate on retirement planning. In due course, they make a transition to retirement living by facing the challenges of organizing new life patterns.

On the contrary, Schein (1985), an American defined the career as the occupation throughout one's life, a way of living through one's life, and the way of expressing one's life. A career anchor is one's self-image of competence, motives and values. During the course of their vocational life, people develop an underlying anchor that will guide their life. He identified five possible career anchor constructs: (1) autonomy/independence, (2) security/stability, (3) technical-functional competence, (4) general managerial competence and (5) entrepreneurial creativity. Follow-up of his studies in the 1980s identified three additional constructs: (6) service or dedication to a cause, (7) pure challenge and (8) lifestyle. Schein also pointed out the role and importance of the mentor.

A well-known Japanese study with regard to career development is that by Ohta (1999) who advocated the concept of *shigoto-jin*. According to his research, a *shigoto-jin* is an employee who acquires skills and abilities that will enable him/her to negotiate and carry out work on an equal basis with his/her employing organization. In Ohta's studies, the focus was primarily on men in the workplace. While in the United States career studies and career education have a history of over 100 years, on the contrary, in Japan, the field of career development studies started only at the end of the twentieth century. As such, more research is necessary to better understand the link between career development, education and in our case entrepreneurship. And as touched upon in Chap. 1, how do we view entrepreneurship? As a destination or a part of the career path?

2.8 Entrepreneurship Education in Japan

Essential to the discussion of entrepreneurship is the degree to which entrepreneurship can be 'learned.' It is argued by some researchers, such as Timmons and Spinelli and Kuratko, that mindset attributes, characteristics and skills can be *taught*, yet others disagree with this premise and make a clear distinction between the idea of entrepreneurship being both an 'art' and a 'science'—the art being the creative side and the science being more practical management skills and strategies, stating that the art is inherent and the science is what can be taught by universities. In this paper, the definition of entrepreneurship education is taken from the Japanese Ministry of Trade and Industry policy paper, which states, "Entrepreneurship education refers to education provided to train people to develop 'entrepreneurship' and 'entrepreneurial skills' and to be able to find their own mission, discover themselves what to do with it, and carry it out themselves."

In 2006, Pittaway and Cope produced a comprehensive and systematic literature review of entrepreneurship education (EE). Their study provided details of papers concerned with EE in various contexts. They found that there were two types of policy-based research: general policy climate research and general enterprise infrastructure research. Yet they stated that the role of policy and policy initiatives did not feature heavily in their literature review, mainly as they focused on education as opposed to policy specifically. The studies Pittaway and Cope refer to are primarily based on an analysis of US and UK policies and their impact, such as Carayannis, Evans and Hanson's work, which focuses on the environment and cultural context for entrepreneurship education in France (see Pittaway and Cope for a detailed list of policy initiative papers). They call for future research to focus on HE policies in general and how these policies create a climate within which entrepreneurship education must operate and the role of national or supra-national education policy. In addition, there were no comparative studies from Japan, thus indicating an under-developed area of the field.

The majority of surveys on EE in Japan have been conducted by think tanks and the Ministry of Economy, Trade and Industry with few in the academic field and even fewer in English. Research by the Ministry of Education, Culture, Sports, Science and Technology (2006) and the Daiwa Institute of Research Group found that there were 252 institutions offering some form of EE, yet as a percentage of the student population, only 0.7% of students take these courses.

The most comprehensive review of entrepreneurship education in Japan was conducted by Oheki in 2016. In his paper he outlined the current state and analyzed using quantitative means. He concluded that education needs to be more hands-on, with workshops and classes that facilitate collaboration; advocating a social value creation approach. In this way, it also encourages social entrepreneurship while developing an entrepreneurial and social mindset. Previous studies were conducted by Takahashi, who explored mindset, arguing that EE needs to focus on developing

students with an entrepreneurial attitude—and Kawana who also focused on the need to develop mindset through entrepreneurship contests and argues to provide opportunities for younger students to interact with entrepreneurs in their early formative years.

Lee's research on the impact of EE in the United States and Korea is a useful starting point for thinking about EE in Asian countries. His research found that the impact of EE in Korea is much greater than that in the United States, suggesting that the impact of entrepreneurship education in countries where entrepreneurship-oriented culture is poor will be greater than that in countries with a strong entrepreneurship-oriented culture. His paper highlighted that contextual and societal differences are important and need to be taken into consideration when developing and assessing the impact of EE.

Research on educational policy shows how policies are developed and implemented in national infrastructures, often showing the ideology of a nation-state at a given point in time and the business cultures of a nation. Henry's (2013) paper is asking whether policy makers are expecting too much from EE in higher education in the UK is a useful point of reference as he concludes that maybe expectations have 'spiraled beyond what is realistic and possible' arguing for 'realignment of policy.' This may also be the case for Japan.

In terms of entrepreneurship education in Japan, Birchley (2018) provides an overview of the approach to entrepreneurship in Japanese higher education and also makes an argument for combining entrepreneurship education with content and language-integrated learning to develop more globally minded Japanese entrepreneurs (Birchley and McCasland 2017). Figures from Mitsubishi UFJ also confirm that entrepreneurial hopefuls and people making start-up preparations have encountered various kinds of entrepreneurship education, leading us to surmise that receiving entrepreneurship education is one of the factors that can stimulate interest in starting up a business, yet there is no research on this in a Japanese expatriate transnational entrepreneurship context.

The Japanese government introduced a policy, Exploration and Development of Global Entrepreneurship for NEXT generation (EDGE-NEXT), to specifically ignite entrepreneurship education in Japanese higher education, yet how is the policy currently being operationalized?

In Valerio et al.'s conceptual framework of entrepreneurship education and training, Entrepreneurship Education and Training (EET) outcomes are categorized into four dimensions: entrepreneurial mindsets, entrepreneurial capabilities, entrepreneurial status and entrepreneurial performance. There are also three facets that influence the EET outcomes, and these include: (i) the context, (ii) the characteristics of the participants and (iii) the functional characteristics of the program. Research by Birchley (2018) used the conceptual framework to analyze the EDGE-NEXT programs currently in Japanese higher education finding that in Japan, the context can be a barrier to EET outcomes, that government intervention appears necessary to get initiatives such as these off the ground, their implementation requires significant funding and that it could be considered too little, too late, with a strong argument towards investment in early years enterprise education, especially in terms of developing an entrepreneurial mindset.

According to Valerio's research, entrepreneurial mindsets are the socio-economic skills that are connected to motivation and success—the soft skills

of successful business. Capabilities are concerned with the hard skills, such as skills for running a business and technical knowledge skills necessary for a particular field. Entrepreneurial status is the actual position the entrepreneur holds—a measurement of how life of the individual has changed after EE. Entrepreneurial performance is also another measurement of success or failure. The context of EE is the social, cultural, economic contexts of the delivery and in some cases these enhance and in others stifle activity and development. By analyzing these in relation to educational systems, we can begin to better understand the value of EE.

The Japanese Ministry of Education (MEXT) and Ministry of Trade and Industry (METI) have identified a lack of entrepreneurship as a problem in Japan and have developed a number of new policies to tackle this issue. The Ministry of Trade and Industry research group, entitled the *Group for the Creation and Development of Start-ups* (2008), definition of EE is education provided to train people to develop 'entrepreneurship' and 'entrepreneurial skills' and to be able to 'find their own mission, discover themselves what to do with it and carry it out themselves.' Table 2.3 highlights the skills and characteristics necessary for entrepreneurship as defined by the Japanese government.

In 2009, the Japanese government conducted a significant large-scale research study on entrepreneurship in higher education. The researchers found that 50% of entrepreneurship education in higher education institutions consisted of courses components integrated into general business-related classes, 30% of courses included business planning exercises and less than 20% of courses included business etiquette and soft skills. At that time, the government listed four key points that should be addressed for EE to be more successful in Japan:

- the purpose of entrepreneurship education is often unclear;
- there must be a link between theory and practice;
- universities are not taking full advantage of external human resources, resulting in weak relationships with industry;
- cooperation with external organizations of the region is not sufficiently developed.

Table 2.3 Entrepreneurship characteristics and skills

Characteristics	Skills
A spirit of challenge: a forward-looking attitude to try something new and address the challenges that emerge; Ambition: motivations and causes; Passion: zeal; Courage: willingness to expose themselves to certain risk	Ability to dream: imagination, creativity, problem-finding, positive attitudes, optimism; Ability to explain a dream: communication skills, logical thinking, presentation skills, personality and honesty; Ability to realize a dream: skills to collect information, problem-solving, ability to make plans, vitality, judgment/decisiveness, patience

Source Authors

Following on, in 2014, the EDGE (2014) and then EDGE-NEXT (2017) policy initiatives were implemented. EDGE is an abbreviation for Enhancing Development of Global Entrepreneur Program. Through this program, the government provides financial incentives to universities that meet the criteria for fostering entrepreneurship among its students. The program supports university programs which focus on research, development and innovation between universities and industry and programs that foster human resources that can work with various stakeholders to create and promote innovation. The focus is on university programs that emphasize more practical rather than theoretical content and dynamic universities that show a willingness to change.

The second policy, EDGE-NEXT, is the next-generation entrepreneurship training project—entrepreneurs for the next generation. This policy is aimed at further improving the initial results obtained by universities on the EDGE program. The policy seeks to reward universities that help students acquire knowledge of entrepreneurship, business know-how, problem-solving capabilities and a broad perspective through active learning and problem/project-based learning initiatives. They seek universities that not only support short-term human resource development but also focus on initiatives to build organizational networks and collaborations among internal and external stakeholders domestically and internationally. The ultimate goal is to foster individuals who can form and work within a sustainable innovative ecosystem.

The target organizations in this project are universities in Japan. As a rule, the period of financial assistance for universities accepted into this program is 5 years and the maximum amount of financial support is 50 million yen per year.

The most intriguing point of the Japanese government's EE policy is the use of a consortia model. Established in the United States and developed heavily in the 1960s–1980s, the idea of consortia has both advantages and disadvantages. The Japanese model is bringing together universities, government agencies, research centers and corporations, both domestically and internationally. These inter-organizational networks rely heavily on commitment and collaboration, which fits the culture and norm conditions of Japan. Such collaborations help to expand the scope of the research and can distribute the workload, yet there are many challenges to be expected of this kind of consortium. Initially, from an organizational behavior and culture perspective, each university is at a different stage of its development, the culture and common expectations and values are likely to show the differences between academic institutions and corporations. Additionally, there may be conflict between ideas of autonomy and interdependence that are difficult to navigate when joint funds are also involved. Of most significance is the need for long-term planning and not ad hoc, large-scale, unsustainable approaches. There needs to be sufficient understanding between all stakeholders that organizational change can be slow despite the fast and dynamic nature of entrepreneurship itself. In the global knowledge economy there is a need for world-class R&D, partnerships and consortiums, and the university must be a twenty-first century institution.

The program design varies greatly between the institutions, yet there appears to be a focus on hands-on and project and problem-based learning pedagogies. Despite

the calls by researchers for less lecture-type programs, they still seem to be a heavy feature of all the programs, although lectures are often carried out by entrepreneurs, so are considered more as 'guest speaker' style lessons rather than academic lectures. The number of wrap around services appears to be small with internships offered in a few programs. In terms of content, the focus initially is on R&D, specifically, rapid prototype generation, understanding lean start-ups and mindset/attitude development. There is a heavy emphasis on regional development and the ability of the universities to revitalize certain areas of Japan.

Human resource development (HRD) is also a key outcome factor. The development of a global mindset, sustainability mindset and entrepreneurial mindset are key expected outcomes that will serve students well not only in their entrepreneurial endeavors but also in society today.

At present, the EDGE-NEXT policy in HE in Japan is isolated to a select number of universities, yet, in the same way that initiatives toward globalizing HE trickled down, so will policy for EE, leading to many smaller universities, that lack significant funding, developing programs off the back of this new initiative. This effect can already be seen through the number of new programs that have started in non-EDGE-NEXT universities in 2017. Additionally, the consortium model can percolate down to private and public HE institutions across Japan, encouraging more industry engagement on a more localized level.

There is a worry that government support through this explicit policy and implementation of the EDGE-NEXT programs may be too late and more focus should be given to EE at the lower school levels, such as investment in skills-based training and language education in elementary and junior high school. Japan seems to recognize that it needs the power of young people who can cultivate individual thinking in themselves and others and have the ability to take action in society but how is this being addressed? At a younger age, it may be possible to raise awareness of the impact of contextual factors when developing mindset, such as changing the perception of entrepreneurship and ideas and perceptions of risk taking, failure, success and the status of an entrepreneur in society.

Government intervention appears extremely necessary to get initiatives such as EDGE-NEXT off the ground. The EDGE-NEXT policy and programs are extremely ambitious but if they are successful they will develop a productive and employable generation of Japanese workers. This leads us to question, what type entrepreneurship education have the transnational entrepreneurs in our study received (if any)? What evidence can we provide through our findings to support future policies and strategies for entrepreneurship education in Japan?

2.9 Japan, Culture and Entrepreneurship

The final contextual facet of this study, vitally important when we study the habitus of the entrepreneurs, is the impact of culture on entrepreneurship and society. Culture is multifaceted; a multilayered construct that at times we take for granted.

Beginning with the individual level; it is concerned with the behavior, values and assumptions of the individual. At the group level, it focuses on interactions between actors within the group. At the organizational culture level, it is concerned with the top-down and bottom-up approaches to culture, and at the national and global cultural levels, there are complexities that arise, and as researchers, it is necessary to explore how and why culture appears in each context (Earley and Gibson 2002; Oyserman et al. 2002).

If we use Pinillos and Reyes' (2011) definition of culture as the system of values for a specific group or society, we can ascertain how values, actions and beliefs are transmitted from generation to generation continually shaping and defining the culture of a particular nation (House and Javidan 2004; Russell et al. 2010). The adoption or rejection of these practices is what we seek to better understand and how these practices relate to phenomenon such as entrepreneurship is the key to understanding how business works within cultures.

The *Global Leadership and Organizational Behavior Effectiveness* program, or GLOBE, defines culture as "shared motives, values, beliefs, identities and interpretations or meanings of events that result from common experiences among members of a community and are transmitted from generation to generation" (House et al. 2002; House and Javidan 2004). The work conducted by GLOBE researchers identified various cultural manifestations at play in business and management. They identified nine cultural dimensions that are useful for analyzing culture in business contexts: power distance, uncertainty avoidance, institutional collectivism (collectivism I), in-group collectivism (collectivism II), gender egalitarianism, assertiveness, future orientation, performance orientation and human orientation. In addition, they distinguish between two types of cultural manifestations: cultural practices and cultural values. These cultural dimensions help to explain the practices in society, or what society 'is' and what it 'should be' (see Table 2.4).

The Global Entrepreneurship Monitor (GEM 2018) uses a number of cultural items to assess the national context of a country and how that impacts entrepreneurship, including attitudes toward failure, societal values, and cultural and social norms. In addition, through a review of the literature on culture and entrepreneurship, the previous dimensions of national culture from Hofstede's (1980) seminal research are also relevant when exploring whether entrepreneurship

Table 2.4 GLOBE cultural manifestations in business and culture

Types of cultural manifestations	
Cultural practice	Cultural values
Nine cultural dimensions Power distance/Uncertainty avoidance/ Collectivism I/Collectivism II/Gender egalitarianism/Assertiveness/Future orientation/ Performance orientation/ Humane orientation	

Source Authors (based on House et al. 2002)

is successfully fostered in a country; power distance, collectivism and uncertainty avoidance.

One interesting aspect is how well entrepreneurship is morally improved within a society, which is termed social legitimation (Etzioni 1987). Thus, if a country approves entrepreneurship, there is a higher level of entrepreneurial engagement as entrepreneurship is fostered through different institutions within society, such as the education system and government financial support systems. Linked to this is the research by Inglehart (1997, 2003) that uses the concept of post-materialism to explore the change in values and cultures within a society. This refers to how much a society favors material goods/goals, whether a society favors non-material life goals or material goals. This is interesting to explore particularly in emerging economies.

As opposed to looking at a society in general, it is also important to consider the individual and their identity. Erez and Early (1993) do this through their cultural self-representation model (Fig. 2.3), which argues that culture develops in an individual's self-identity and is linked to motivation. Tiessen's (1997) research also draws on links between culture and entrepreneurship in advocating research on individualism and collectivism. His own research argues that both orientations contribute to entrepreneurship in different ways and that they play out on different levels; the individual and firm level.

As highlighted at the beginning of this chapter, there are long- and short-term structural changes occurring in the economy and society that affect entrepreneurship in Japan. With regard to employment structures, from 2013 to 2016, the number of job offers increased for all types of employment; however, the number of job seekers declined (Mitsubishi, UFJ). The increased job offers were centered around part-time employment and temporary/seasonal employment (including part-time employment) opportunities. Also, of note is the traditional hiring practice in Japan

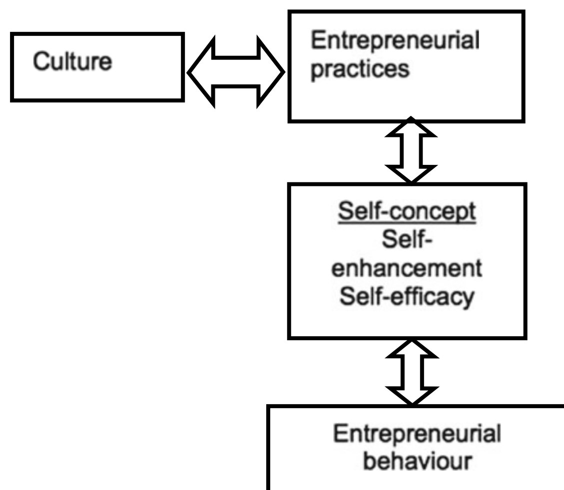

Fig. 2.3 The cultural self-representation model of Erez and Early (1993). *Source* Erez and Early (1993)

in which graduates are hired in major companies each spring. When looking at the ratio of job offers to new university graduates, among enterprises with 300 workers or more, there are more job applicants than the number of job offers, but among enterprises with 299 workers or less, small- and medium sized businesses, the ratio is generally around 3 or 4, with more job offers than the number of job seekers. Thus, graduates are more likely to find employment in a smaller company.

Similarly, in 2015, the trend was opposite, whereby 500,000 workers switched from large enterprises to SMEs, and 980,000 switched from SMEs to large enterprises. Thus Japanese business people tend to see career progression as moving from a smaller company to a more, larger established company as opposed to leaving a large company to work on their own. In some respects, it is argued that Japanese entrepreneurs are at a low level as larger companies attract employees with their benefits, the possibility of lifetime employment, security and eventual promotion. Thus, if an individual chooses to leave a small or large company, he/she is taking a risk and going against the social and cultural norms. In general, entrepreneurial hopefuls and people making start-up preparations agree that entrepreneurship is associated with taking high risks and having unstable earnings that risks or disrupts one's life.

The concept of disruption or *hakai* in Japanese, can be seen as '*negative*' as it implies to destroy something similarly the term '*kokorozashi*' which, directly translates to *kokoro*—heart coupled with *sasu* which is to aim, thus having a sense of ambition that is tied to a sense of civic duty, is a concept in Japan that implies that it is important to stay respected in society, even if seeking out individualistic goals; thus, entrepreneurship could be seen as a negative, selfish endeavor if it doesn't have some sense of civic duty.

In general, most countries researched by the GEM show disparities between men and women when establishing businesses. Factors affecting women's lower proclivity include gender-role expectations, religion, societal norms, low education level, limited mobility and lack of supporting social structure (Raghuvansh et al. 2017). In Japan, the entrance of women in the start-up field could be seen to upset the status quo as they would certainly be considered newcomers to the male-dominated world of entrepreneurship. Although the proportion of women among entrepreneurial hopefuls has increased since 1997 in Japan, female entrepreneurs as a proportion of all entrepreneurs declined over the same period. Thus, although many women may have considered starting a business, they do not follow through with their ideas.

While women may have somewhat of an advantage, as entrepreneurship could offer a means of bypassing rigid corporate hierarchies, women are often not only represented as being uninterested in entrepreneurship but they were also seen to inhibit their husband's desire to set up his business; being labeled a '*wife blocker*' (Washington Post 1996). This derogatory term was coupled with the phrase '*parent block*' (Washington Post 1996), that refers to parents who reject their children's efforts to be entrepreneurial. The findings relating to women echo the findings of Bobrowska and Conrad (2017) who argue that entrepreneurship is male-gendered in Japan, with the media perpetuating the male-dominated ideology in Japanese

business and society and that women in Japan still need to overcome fears about running a business in a male-dominated world.

Japan is often seen to be a conformist culture that puts and emphasis on stability and success with a collectivist mentality that results in a lack of role models and experience in creating followers. The Mitsubishi UFJ (2016) research also found that a higher proportion of entrepreneurial hopefuls had enterprise managers in their immediate environment, such as friends and acquaintances, and parents. Conversely, around 70% of people who declared themselves not interested in business start-ups responded that they had no role model in their immediate environment, thus they have limited ability to develop awareness of what is required to set up a business and no one to look at for support and advice.

In one foreign press publication from 2018 (Phys Org 2018), the term, *mura hachi-bu* was used to describe entrepreneurs in Japan. This term highlights the issues of ostracism and neglect in Japanese society. In a historical context in Japan, this derogatory term was used as a way to punish individuals who broke rules. In modern society, the term more often means discrimination. In the phrase, the word *mura* means village and *hachi-bu* means eight out of ten. It represents the idea that there are ten significant events in one's life: birth, adulthood, marriage, buying a home, illness, death, memorial, travel, flood and fire. As a form of punishment, an individual who had broken the rules was offered no support for all but two of the events; fire and death so that essentially they were neglected and ostracized from society in all other aspects leading to psychological distress. Thus, for entrepreneurs to be described in such terms is quite severe. A modern example of which could be seen in the treatment of entrepreneur *Takafumi Horie*, who did exactly as the discourse suggests; he was a divisive figure that some commentators labeled as a negative role model for entrepreneurship, while others lauded his grit and determination to shake up the establishment. He has since overcome his failure and is still in deep pursuit of changing the status quo.

As can be seen from a review of studies on the links between culture and entrepreneurship, this is a growing sub-field within management research. By expanding our focus on culture, we can better understand how individuals are influenced by their environment (or habitus) and how the intersection of geography, economics and entrepreneurship can show us the influences of individual, group and institutional behavior. Additionally, we can observe how factors such as legal and economic conditions and social networks that are embedded in society directly and indirectly influence entrepreneurial behavior.

Now that we have presented a general context of Japan and the current ecosystem of entrepreneurship the expatriates have experienced in their home country, let's start to explore the narratives of successful Japanese transnational entrepreneurs. What made them leave Japan? How did they start their enterprises and what can we learn from their lived experiences?

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