

**Japanese business leadership:
New approaches for new times**

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Kenneth Neil Cukier
Tokyo correspondent, *The Economist*

Japan KK has:

- Some of the world's best companies
- Some of the world's best workers

*But are firms managed so that
Japan achieves its potential?*

To begin, a story...

Akio Morita and the Sony Walkman

The morale

*The story shows Japan's industrial strength
-- but also its weakness*

Today, a new generation of executives:

- **Past growth** --> know only poor economy, not vitality
- **Past cosmopolitan** --> less interested in travel and foreign languages
- **Past leadership** --> "Salaryman CEO" lacks legitimacy, so follows group consensus

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Consensus is good and bad

Good:

- many views included
- broad support for change

Bad:

- slow
- over-cautious
- "groupthink"
- no accountability or performance incentives

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The result

Failure to follow through with:

- **Economic reform:** undoing protectionism
- **Business restructuring:** not layoffs, but reorganization

(Example: NTT privatization and telecom liberalization = Fewer NTT employees, but more telecom jobs!)

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Three areas where leadership is needed

- Older workers
- Women in laborforce
- Independent-minded executives

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Older workers

- Forced retirement no longer makes sense
- Experience is lost; today's elderly remain productive
- Helps deal with declining population

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Women in workforce

- Larger % of women on boards in Kuwait than Japan
- Not just sexism, but protectionism: many women may work better than men
- Helps deal with declining population

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Independent-mindedness

- Consensus not always best, in outcome and process
- Hard decisions and fast decisions sometimes needed
- Progress comes from trial and error
- Penalize "missed opportunities" as if a mistake

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Japan's corporate leader: Shima Kosaku?



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Conclusion: New leadership for new times

What is different:

- Japan excelled for past 100 years as a high-growth, low-cost economy
- Today Japan is a low-growth and high-cost country

What is the same:

- Japan lacks natural resources, except one: excellent human capital, if managed well!



Tomorrow's Japanese corporate leaders must be:

- **Innovative:** devise creative solutions to problems with no known answer, and critically chose among alternatives
- **International:** more global skills and outlook
- **Independent-minded:** willing to make hard choices in a society that tolerates setbacks



Thank you

<KennethCukier@Economist.com>