

**Traitors or Saviors of Japan?**  
**The Role of Japanese Executives at Foreign Firms**  
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The hybrid car defines modern Japan. It has won worldwide respect as an emblem of Japanese engineering excellence. Yet when you think about it, you all, too, are hybrids. You straddle two worlds, as Japanese working in foreign firms. And likewise, you "gaishi executives" are symbols of Japanese excellence, too.

You are pioneers, choosing the sometimes tougher route; reforming Japan from within. There was probably a lot of pressure on you to join Japanese companies. To be a Mitsubishi man -- or woman. To conform. But in an environment that does not always welcome new thinking, you have chosen to express your entrepreneurship and innovation in one of the few ways one can in Japan: by working at a non-Japanese company.

You practice a form of "internal gaiatsu": taking ideas from around the world and applying them domestically. You are meritocratic. You have an appreciation of the trade-offs of risk and reward. You understand taking responsibility and leadership -- not the empty terms that sometimes get tossed around in Japanese. But real responsibility. Real leadership.

In fact, some think you are traitors to Japan. Others call you the saviors of Japan. Traitors, because you have chosen not to support Japan by working at a Japanese company. Saviors, because it is precisely by being at a foreign firm that you can contribute most to reforming Japan, by introducing best practices from around the world.

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Whether traitors or saviors, it is not an easy role. Japan has not always appreciated those who chose a different path.

"Japanese ethics, Western technology," was the saying of Sakuma Shozan, who was born 200 years ago this year. He was among the first Japanese to experiment with electricity and magnetism. He taught himself to build cameras, telescopes and thermometers. He constructed a telegraph five years before one was brought to Japan by Commodore Perry in 1854. He even authored a military doctrine on how Japan could repel naval attacks and colonization.

After one of his students tried to travel abroad to learn about the West, Shozan-san was sentenced to house arrest for nine years. After he was released, he was killed by an anti-Western fanatic for riding on a European saddle.

Shozan-san's most famous student was none other than Ryoma Sakamoto, who sought to open Japan to the West (and also paid with his life). Though always depicted in his samurai

dress, what is less known is that underneath he wore Western shoes. And he carried a Smith & Weston pistol.

Now, I am not suggesting that you should all pack a Smith & Weston. But it is to say that the resistance that you have experienced has a long lineage.

Today, the modern frustration is very different. Generally, gaishi executives find that they hit a "bamboo ceiling." They can make it as a country manager, but are not invited back to headquarters or seen as part of the team of global, elite managers. They are cordoned off and treated as only suitable for the Japanese operations.

And as I'm sure you'll agree, the negative reputation is sometimes earned -- certainly not by you in this room, but definitely by some of the people you have worked with. We all know what they look like.

They run the operations like their personal fiefdoms. They capitalize on their language skills, but bring little to the table otherwise, such as management abilities. They tell the bosses: "This is just how it is done in Japan." In fact they use it as an excuse to resist changes -- so they end up being even more conservative than their counterparts at Japanese firms. And they are willing to be judged by Japanese standards but not by tougher, global ones.

So gaishi executives hop from job to job, getting an incremental pump in salary and job title. But they are not invested in by their employers. They are not invited into the ranks of world-class, elite executives. And they can't break out of this cycle, or break through the bamboo ceiling.

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What is the solution? How to move beyond this?

That is the purpose of this forum. The Economist newspaper, and the Corporate Network program that my colleague Dan Slater leads, wants to start a conversation. We want to bring you together to discuss the common issues and the challenges that you face.

We want to link you to a broader community of like-minded peers -- people, importantly, from outside of your company. To expand your network. The goal is that you learn from each other. In fact, you may find that you have more in common with the people inside this room than your colleagues at your companies.

What does it mean to break the cycle? To overcome the negative impressions that gaishi executives sometimes must bear? What are the traits?

Is it to mean that you need to be more globally minded? Respond quickly to events? Be pragmatic, imaginative, and comfortable with the unexpected? That you should be ambitious in your aims -- the "moonshot," as they call it in America? Meritocratic? Yes, all of that is a part of it. But it comes down to leadership -- real leadership. Getting out ahead of your peers, setting an example, inspiring others and taking responsibility.

When I travel around the world -- to Shanghai, London, New York, Silicon Valley (from where I just returned a few days ago) -- I am struck by the contrast with what is happening there and in Japan. Yes, the country is changing. But the speed and depth of change is so meagre that it is almost irrelevant.

The more I think about it, the more I believe the operative distinction in today's economy is not achievement but levels of achievement. It is a relative scale of "outperforming" and "underperformance." The dichotomy of "traitors or saviors" is not very meaningful. What matters is that you manage your careers and your companies to outperform on a global level.

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I began my remarks by saying you are pioneers. Let me end on that note too.

The ground you tread has been laid by earlier generations of Japanese who have acted as bridges between two traditions. People like Shozan-san and Sakamoto-san became unfortunate martyrs. More pleasantly, and more recently, an older generation of Japanese have smoothed your way. People like Yotaro Kobayashi of Fuji Xerox. He became CEO at age 44. That is impressive at any time, but it is even more amazing considering the year was in 1978.

You are the inheritors of their work, and carry their legacy forward to a new generation that will follow you. The good news is that you are already ahead. Looking around the room, there are many women in the audience. It shows that here, in this community, you are walking lock-step with global trends. Now, if only it were like that in Japan's office cubicles and boardrooms more broadly. It is something that you can bring back to your organizations, along with so many other things there.

There are many reasons to be optimistic for your success. The Economist wants to support you in that, as we strive to serve Japan itself.

Thank you.

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