

ROBERT WALTERS JAPAN PRESENTS GLOBALISING STRATEGIES

Remarks before the Annual Human Capital Event

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Tokyo, Japan

Thank you for the warm introduction. I am grateful that so many of you came out today. I take this turnout as a sign that many firms in Japan having come through the financial crisis in 2009 are now moving back into growth mode and I think this is a wonderful development for all of us.

Once again, my name is David Swan and I am responsible for the Japan business of Robert Walters and after 10 years of recruitment in Japan I must say that this is the first time I have had the pleasure of presenting to such a large group of executives from Japanese companies and in Japanese!! So please excuse any errors I may make with the language.

The purpose of my speech today is to try and share some of my thoughts and experiences with you on the topic of business internationalisation in the hope that you might find something useful should you wish to make these kinds of changes to your own firms. The experiences that I'll talk about come from the experiences of our Tokyo and Osaka offices where have around 120 people including 14 different nationalities from all parts of the world and both our Japanese and multi-national clients operating in Japan.

Robert Walters is celebrating our 10th year anniversary in Japan this year and for much of the first few years after our establishment, our business was almost purely focused around finding bi-lingual Japanese staff from the local and global markets for our foreign multi-national clients, many of whom we have global relationships with. In recent years this business mix has begun to change and we've started to get more and more requests from Japanese businesses to assist them in finding staff with specialised skill sets and foreign language abilities here in Japan and abroad. Interestingly the frequency of these requests has increased significantly since the end of 2009 which many might say was the end of the last global financial crisis.

What seems to be driving this demand? I think part of it is the opportunities that came about from the financial crises for comparatively healthy Japanese firms to acquire or invest in distressed foreign companies – and Nomura's acquisition of the Asian and European operations of Lehman Brothers is a very high profile example of this. Another part is due to the strength of the yen which is enabling Japanese corporations to more easily invest in overseas operations and as an example of this we have seen a number of major Japanese pharmaceutical companies considering acquisitions and joint ventures in markets such as the US. The final part would be that I think there is a growing realisation among firms here in Japan big and small that remaining competitive in their industries will mean having to compete on a global stage and to do this is going to require them to change.

That change can take on many forms, but the change that I would like to focus on is the people side of change which is often the most difficult.

Every company is different, but a common theme that we hear from companies undertaking the sort of change that I've been talking about is that they require people with foreign language and cultural skills (mainly English in our case), who can help them put together and manage deals with foreign firms who don't speak Japanese. Bilingual and bi-cultural HR staff that can help bridge cultures, remuneration and performance management systems, IT staff familiar with global technologies and who can communicate with a diverse community of users around the globe. Accountants who understand international business and who can deal with the increasingly complexity of global accounting standards. Sales and marketing people who can sell to a global market place. Research people who can bring different ideas and understanding and the list goes on.

I have on several occasions had the opportunity to visit some major Japanese corporations to discuss a hiring requirement and the conversation will very often go like this:

“We would like you to find for us a Japanese person, preferably male, who has graduated from Todai, Waseda, Keio or Chuo, under 35 with no more than 1 previous job change and who desperately wants to work for us. If they can speak English or another language that’s interesting but not necessary”

What job will you have them do?

“As they haven’t entered the company straight from University we’ll assign them the status of senmonshoku. Maybe even on a fixed term contract basis. They’ll have some career progression opportunities but will be unlikely to ever assume a senior management role”

This is not really what I’d call internationalisation and is precisely the kind of hiring practice that needs to change for a firm to become a truly global.

Conversely we see many Japanese and foreign candidates with international experiences and specialised skills and language abilities who are reluctant to join a Japanese company. Why? For Japanese the main reasons cited are a lack of opportunity to be able to use their foreign language skills, a rigid promotion and rewards system that won’t recognise their efforts (particularly for women), inability to speak their mind and sticky relationships with colleagues. For foreigners it can often be a language barrier issue, feelings that whilst everyone is polite no matter how many years you are there you’ll still be an outsider and the prospect of a significantly lower salary than they could get at a non-Japanese firm.

So, how can Japanese companies hire the kind of people they need to internationalise their businesses?

Firstly, start to hire people who can do the job and help you create the kind of international business you want based on their skill set and ability to do the job regardless of which university they went to, their age, gender or nationality or any other non-job related criteria. To my way of thinking workforces of people with diverse backgrounds, experiences and ideas are the soil of creativity that can give a business a real competitive edge in a global marketplace.

For many firms moving to a recruitment process that focuses on hiring people based on their skills will mean quite a change. It is a relatively easy thing to look at someone’s resume and see whether or not they have attended a major university, under 35 and have had only 1 job change. It can be significantly more difficult to determine how good they are at understanding international accounting standards for example. So human resources may need to play a different role in the hiring process and make the change from decision maker to facilitator. They’ll need to present options to hiring managers (recruiting firms such as Robert Walters can be a great help here) and put the hiring decisions in the hands of the line managers who are best placed to understand and quantify the skills of a particular candidate. Being open to receiving and considering diverse candidates and then using techniques such as Competency Based Interviewing to assess their skills also becomes necessary. Of course there’ll also be the need to sell the job and your organisation to top quality candidates who often are able to choose between several different potential employers.

Secondly, you need create the kind of environment internally that these talented people will want to join and work for. That means accepting and appreciating different view points, cultures and gender and background differences and offering genuine career progression opportunities to all based on performance – I know that is much, much easier said than done, but it has to at least start from an intention.

It means making adjustments to performance and reward systems – Nomura made the Lehman performance based bonus system available to their legacy employees and something like 50% of the people who were eligible took it up. Another firm we’ve been working with offers 12 month fixed term contracts which they renew every year to enable them to pay salaries to foreigners and other specialised staff that are above their traditional salary bandings.

Ensuring that opportunities are maximised for people to communicate in and develop skills in foreign languages is also necessary for the firm looking to internationalise. Granted the ability to do this is going to be affected a lot by the particular business the firm is in.

I realise that none of what I have just suggested is easy to do and that fully implementing some of these changes can take a significant amount of time, but it has been my experience that some candidates can be attracted to and excited by firms that are even in the very early stages of trying to change if they are serious about it.

How Can Robert Walters Help?

As I mentioned earlier, we are celebrating our 10th Anniversary in Japan this year and in that time we have grown to become the largest foreign recruitment firm in the country. Being in the market this long has enabled us to build a large database (possibly the largest in the industry) of Japanese and foreign bi-lingual candidates, specialised in a wide range of disciplines such as accounting and finance, IT, banking, sales & marketing, supply chain, human resources, legal and support and administration and we focus on mid level management. Essentially, the types of candidates that can help you become more international. We have significant experience in working with these candidates and can give advice on how to attract them to your organisation.

In addition to our local database we have a network of 38 offices in 18 countries (you can see these on the map behind me) that enable us to source Japanese and foreign skilled, bi-lingual candidates from around the world.

Our consultants all specialise in a particular fields so that they get to know their market, the positions and candidates in great detail and we produce other useful market data such as our annual global salary survey so that our clients have access to the latest and most detailed market information and can make the best hiring decisions possible.

We can also recruit on either a permanent or temporary basis and locally we organise seminars, career workshops, as well as networking and entertainment events. These events have been really popular in the past, and we kindly invite you to come to our future events.

Thank you for your time today and it was a pleasure presenting to you. I hope that there were not too many errors with my Japanese. Once again my name is David Swan of Robert Walters Japan and now I would like to welcome any questions you may have.

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About Robert Walters - <http://www.robertwalters.com>

Robert Walters is one of the world's leading professional recruitment consultancies, specialising in the placement of permanent, contract and temporary positions across all levels of seniority.

Established in 1985, Robert Walters recruits across the accounting, finance, banking, IT, human resources, legal, sales and marketing, supply chain and engineering and support fields.

With 38 offices in 18 countries, our truly global network enables us to meet the demands of clients and candidates whose needs extend beyond local markets, whilst our strong local foundations provide us with unique insights into local industry and culture.

The Group's recruitment process outsourcing and consultancy services business, Resource Solutions, currently operates contracts in Europe, Asia, Australia and the United States. Resource Solutions works with a broad

range of financial services and commercial clients, either on-site as part of the client's HR function or off-site as a virtual recruitment function

For Details About David Swan - http://www.robertwalters.co.jp/company/bio_david.html