DIMINISHING RETURNS

Japanese Fluency a Tarnished Asset

By Hilary Hinds Kitasei

An MBA takes two years, a law degree three, a Ph.D. five. Learning Japanese takes at least six. Foreigners in Tokyo regarded by their Japanese peers as fluent are remarkably consistent on this point: at peak intensity and efficiency, it takes an English speaker six years of concentrated effort, at least two of them in-country, to reach an advanced level. Early exposure to Japan can pare some of the time required, but if there is a shortcut for memorizing *kanji*, then the Japanese themselves would like to know it. Still, most executives of U.S. firms in Japan consider Japanese language ability to be an "add-on" skill, way down the list of qualifications they are looking for in future managers. American companies have long been known for their willingness to turn over their operations to local managers (a 1995 survey by Alaska Pacific University of 300 U.S.-based multinational corporations found that fewer than 4% required any foreign language capability of their international employees). For many years, there was little choice in Japan, but now it seems to be the preferred option.

By some estimates, the number of Americans who have reached an advanced level of Japanese has quintupled in the last decade alone. This contribution is a trickle in a flood coming from Australia, India and Europe. Australia, for example, despite having a population one-fifteenth of the U.S., has nearly four times as many middle and high school students studying Japanese. Overall, the result is that companies like Reuters and Bloomberg can now assemble staffs of hundreds of bilingual foreigners in Tokyo, something unthinkable only a decade ago.

The pipeline that was laid in the 1980s by a government and business cowed by the Japanese economic juggernaut is still in place. Educational programs, especially foreign languages–which require special teachers and multi-year enrollment–respond slowly to change. Japanese remains the fastest growing foreign language in U.S. elementary and high schools, a position it has held for 10 years. Japanese remains the language of choice for American engineering students. It's popular on West Coast campuses among students attracted to Japanese *anime* and pop culture. At the nation's business schools, on the other hand, interest in Japanese is drying up. It is no longer the pragmatic choice.

The first large cohort of America's Japanese students is at the age when some should be showing up in the management ranks of international companies, but this is not widely occurring. A U.S. State Department area specialist admits: "There is a glut of people with Japanese proficiency who are unable to find jobs in the private sector."

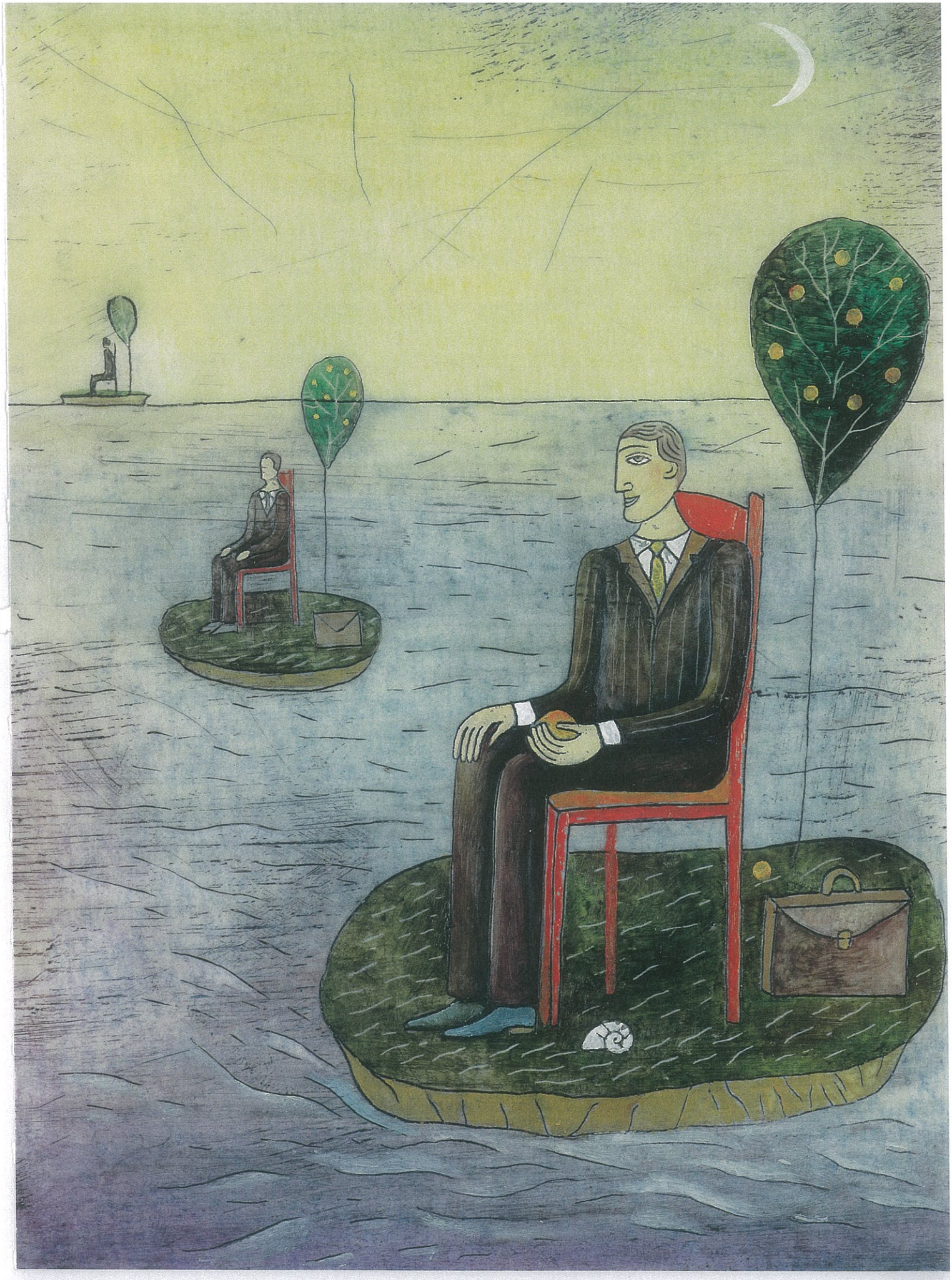
An article in Japan's *Aera* magazine reported on the phenomenon of "Americans who have invested years learning Japanese giving up on Japan and going home." Interviews by the *ACCJ Journal* with individuals and companies here corroborate the contention that Japanese language is a high-risk, low-return investment for Americans.

Phantom reward

Nine years of economic slump is only partly to blame. After all, the demand for Japanese with English ability has never been greater, in both opportunities and compensation at entry and mid-career levels. But, based on interviews with human resources directors here in Tokyo, the figure often quoted to students of Japanese in the U.S.–that Japanese language skill is worth $15,000 a year in extra income–appears groundless. Rather, there is a perception on the part of employees that Japanese skill is discounted because of the discrepancy in compensation between expatriates and local hires. The gap has been aggravated by the depressed local economy in which local hires compete.

Tak Kurakazu, director of Inlingua School of Languages, which provides English and Japanese classes to many foreign firms, draws a steep, narrow triangle to represent foreigners who study Japanese, compared

ILLUSTRATION BY OLEG KOULINKOV / 3 IN A BOX



with a broad-based triangle for Japanese studying English.

"Fewer foreigners begin to learn Japanese, but proportionally more of them pursue it to an advanced level," Kurakazu explains.

It is a small population of self-selected, highly motivated people with little to gain from an elementary level. As fast as the number of Japanese-proficient individuals increases, however, it is swamped by the broad tide of English-speaking Japanese. Japanese educators claim that the English ability of Japanese students has fallen, but the surging numbers of bicultural "doubles," whose childhoods and educations have been split between Japan and the U.S., more than compensate. One measure of the English ability available in Japan today is in the far-higher test scores used by companies as a cut-off for recruitment or promotion.

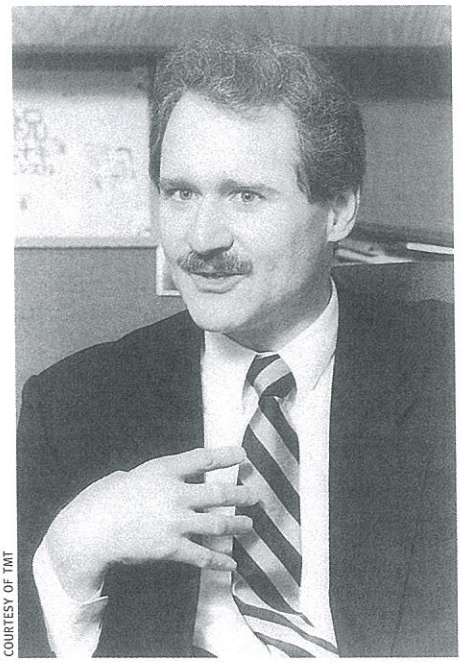
Shoji Naito, general manager of Interlanguage Service System (ISS), an agency providing interpreters and translators since 1965, has seen the demand for all but top-level interpreters decline sharply. The value to him and to these firms of the foreigner with intermediate-level Japanese has fallen. Another route for foreigners to make the leap to advanced Japanese has disappeared with the economy: the kind of teaching or translating jobs that once supported them on 10 hours a week while they did the "immersion" time.

"All of the good Japanese speakers here—whether it's a Mormon missionary or someone like myself—had an incubation period when they could work on it 10 to 14 hours a day for 18 months before going out into the world," says Tom Nevins, founder of TMT Inc. and said to be one of the most Japanese-fluent Americans in Tokyo.

Going to work in an international company too early dooms their chances of getting over the hump.

"One reason that so many expats give up studying Japanese after a year here is that, when they try to use it, their staff answer back in English. It's an unnecessary tension point, so they give up on it." In addition, Japanese human resources directors are likely to view your greatest asset as your English, and expect you to speak it for the benefit of the Japanese employees. This is as true for foreigners working at Japanese multinationals as at foreign-capital firms.

Japanese classes are inevitably framed as a benefit for the employee, not the company. Classes along the lines of "Japanese for Busy People" are usually standard in the expat package. The most diligent executive-student may master first-year Japanese before the end of a three- to five-year assignment. On the other hand, locally hired foreigners with a solid base and the potential to acquire a level of proficiency useful to the company are less likely to be offered language training at all. If they are, it will be a far cry from the industry-specific, or even company-specific, English training that has proliferated because of the large investment it represents for companies and employees.



COURTESY OF TMT

TMT managing director Thomas J. Nevins gained fluency through total immersion.

The picture varies in detail, but not in outline, at companies across a wide range of industries, organizational models and stages of penetration into Japan. For U.S. companies in Japan, Japanese-language skill is worth neither recruiting nor developing.

For newcomers like medical instrument maker Guidant Japan, building a common corporate culture is a higher priority than a common language. The company looks for people in U.S. business schools who have a demonstrable affinity for the Japanese language and culture; then pays for them to take Japanese classes here. Company president Fred McCoy, who studies Japanese himself, dismisses as ridiculous the idea that foreign executives undermine their authority by speaking Japanese, even if they're good.

"We embarrass ourselves every day over here. That would be one more way of doing it. But it's also a way of connecting," he says.

"In terms of communication, though, English is the official language of the company," says McCoy. "For global reasons, our product line turns over rapidly. Creating a connection between the Japan market and our R&D and manufacturing organizations is a virtual necessity. And they are located in English-speaking markets." The management operating committee meets in English. Any communication that transcends the borders of Japan is in English. All other corporate communications, job postings, the company newsletter, and e-mail are bilingual. Orientation for expats includes instruction in "international English," meaning purge all idioms and speak slowly.

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Home-base imperative

New companies have no alternative to creating English-language operations in Japan.

"Unless you're an IBM or a Texas Instruments that's been on the ground here 30 years, and have figured out how to not have English as the predominant language in the company, you can't do it, because the name of this business is dealing back with headquarters on how to get the right focus on resources placed in this market," says the regional director of a more recently arrived player.

Among the financial companies, Salomon Smith Barney was becoming one of the most Japanese, according to several analysts. Nevertheless, language was enough of an issue in the new merger with Nikko Securities that "it was all worked out in the joint-

venture agreement," according to chief administrative officer Steven Bernstein, who considers the contents highly proprietary. He does say the goal of the new entity is to be dual-language, but that there are no rules of the road to get there.

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The aggressive, fast-paced culture that characterizes financial firms does not slow down for either "international English" or translation.

Foreigners are clustered in global products, Japanese in domestic products. The language of trading is a kind of air-controller English. The CEOs are Japanese whose English is "good." As long as everyone can do his job, language ability is unimportant, says Bernstein.

"It's easy to find someone who knows language skills. There are thousands and thousands of foreigners who can speak good quality Japanese. But there aren't thousands that can write good quality research or trade a book or sell securities or process trades, the qualities we need in this firm," he says. Bernstein can afford to take language ability for granted. The financial companies got many of the first wave of Japanese speakers.

"We have a handful of foreigners who speak only English, but the jobs that they do, trading U.S. treasuries or other products, dictates that their job is done primarily in English, so they can get away with it," says Bernstein.

The example of IBM comes up frequently when language policies are discussed. Let go of the corporate language and you let go of the corporate culture, goes the argument.

Business is business

David Wouters, an executive search consultant who has been in Japan since 1967, says, "The cultural and social ethics are important for a company to be comfortable in the country, but not for running the business of the business. There can't be miscommunication with the head office." A Japanese employee of IBM said the current English phase had its comical side–the mantra of the sales department has become "don't discount or else." Or else, you'll have to explain it in English, that is. In contrast, says Wouters, Coca-Cola never compromised on the language of the business that the business was successful in: English. "Coke's success lay in its ability to separate the language of its business culture (English) from the language of social culture (Japanese). All official communication and memoranda were in English. A department head may have deviated from that policy, but when he communicated with management, it was in English."

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Amway Japan has operated in English ever since it was established in 1976, despite its independence from U.S.-based Amway Corporation and a staff of 800 that is 99% Japanese.

"The language of the company is English because we are a global corporation. We have such a strong relationship through purchase of products with Amway Corporation that it forces us to use English. There is also dialogue with Korean affiliates, Hong Kong affiliates and so on, and all of that is conducted in English," says Gary K. Suehiro, director and general counsel. "In the management group, everyone speaks very good English, except one." How deep does English go? "Almost to the bottom." Suehiro–a third-generation Japanese-American who knew no Japanese before coming to Japan five years ago and has had little time to study it since–rarely needs it, even outside the company.

"Meetings with outside consultants are generally in English. There is the odd occasion–like a recent meeting with underwriters–that was in Japanese. That's a rarity," Suehiro says.

"Inside our boardroom, meetings are conducted in English with simultaneous interpretation. Even for our next level–the management steering committee–management is conducted in two languages. We have a very good translation department." Suehiro finds the dual-language environment more synergistic than cumbersome. "It actually creates a dynamic environment for us. The Americans are usually saying, 'where do you want to go with this, what is the final vision?' And the Japanese will be talking about laying the fundamentals."

Motorola Japan has 3,000 employees, about 40 of them foreigners. As part of the strategy to protect its proprietary technology, the company now prefers to use in-house interpreters. Although more junior managers and engineers with Japanese-language skills are being brought over, says human resources director Cathe Johnson.

Citibank is embarking on one of the most ambitious efforts to implement English as the language of its company of 1,600 employees,

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which is all the more startling for a substantially retail business. The language program is being integrated with management training so that the two rise like a double helix to increasing levels of sophistication and application. At the top is business communication highly customized for Citibank–as in classes on "strategic communication." Citibank hires many "returnees"–Japanese educated overseas–and recognizes that their language gaps are different but no less important to fill in order to bring them to full business literacy.

"This particular program was started four years ago in direct response to a very significant reorganization of our corporate bank, and an increasingly global direction of our consumer bank," says vice president in charge of corporate culture initiatives Adair Nagata. The objective is to move people from a high intermediate level to where they could become global communicators. "The nature of the business in this very, very matrixed organization is that, if people want to aspire to a career that spans more than one country, they're going to have to have the ability to communicate in the global language, which is English," says Nagata.

Global-matrix companies, because of their multiple channels of communication and reporting, have higher requirements for English. They also look for talent everywhere, develop it and move it around.

That is the goal. A snapshot taken right now looks more multi-lingual and pidgin (co-chairman John Reed has termed the language of Citibank, "bad English.") There is no question that the English bar is being successfully wrestled down. All Japanese on the country management committee conduct business in English. The next level is where the most interactions between Japanese and English speakers take place. Here, Larry Purdy, director of the training center, finds himself speaking English to colleagues who respond in Japanese.

Ironically, Japanese-proficient Americans are architects and facilitators of this anglicization, yet are powerless to stop it. Glen