

Master of Science in Business, Culture, and Language

# What is the perception of foreign talent and its implications for the economy in a Japanese Korean comparison

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## 1.0. Abstract

This paper covers the perception of foreign talent in the two Asian countries of Japan and Korea and its corresponding implications for their economies. The study tries to identify reasons for the failure to attract and retain foreign talent within their respective economies. A data modeling of the two economic landscapes in regards to globalization, an undercover research in the field of recruitment, and interviews with various business managers and professors help to find causes for this problem. In a second step, relevant secondary research is bundled and evaluated to complement the findings of the primary study. Here, the history of both nations is analyzed to find explanations for the behavior of the society of Japan and Korea as well as an outline of current real-life business cases with the intention to understand the situation today. In a last step, the paper uses all findings from the study to develop a theory, called Neo-Meiji Restoration Model for Japan and Neo-Goose Model for Korea, to combat the challenge of integrating foreign talent into the economy and as a last step into the society. The Neo-Goose Model is an adaption of the Japanese model with respect to the unique characteristics of the Korean country. As a core both triangular-shaped models contain the three fields of education, integration, and legislation. Each section includes a set of recommendations and actions that should be fulfilled by the respective nations in order to globalize their economies. Whilst the English section includes topics such as improved English education and exchanges abroad, the integration part recommends acceptance of foreigners within the society, increased recognition and power for foreign talent in the field of non-technical jobs, and lastly the legislation aspect finishes with changes in the immigration regulation, support for companies that intend to internationalize, as well as a government-funded expedition across the globe similar to the historic Iwakura Embassy. Japan's current economic situation and Korea's predicted one show how important it is to act now, to internationalize their economy and society.

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## 3.0. Introduction

In the wake of globalization of the market landscape not only the operations of the companies have become international. To remain competitive on this changed playing field, a well-integrated global workforce is needed to drive the innovations needed and understand the global customers in order to retain the competitive advantage once acquired in the domestic market also on a global scale. Various industrialized nations, including the United States, Germany, the UK, and Scandinavia have started to internationalize their companies' employees. In the example of Germany, one can observe that nearly 90 percent of the 30 largest corporations have a foreign executive on their boards of directors, whilst in

contrast Japan has less than 20 percent of a comparable size adjusted to GDP volume. Korea, as a newly industrialized nation in the Asian continent, exhibits a number below ten percent, thus showing the extensive discrepancy between the Asian industrialized nations and the Western ones.

As technology more and more transforms itself into a hygiene factor, as brand and design becomes the new motivation factor for the purchase decision of the global customers, these business areas are increasingly important. However, the small percentage of foreign talent in Korea and Japan is mainly employed in technical business areas only. Foreigners that could help the Japanese and Korean firms to understand the needs of the global customers and their respective cultures are generally missing in the conglomerates, leading to a loss of global competitiveness. As a consequence the Japanese economy is stagnating for over two decades and former global powerhouses such as Sony, Panasonic, and Mitsubishi are struggling to achieve profits.

Although Korea is not in the same economic situation as Japan and experiences a period of constant economic growth, one can observe that many characteristics of its growth are similar to Japan. Thus, one could predict that they face a similar destiny if they do not change. The consequences of a loss of global competitiveness of the few large Korean conglomerates that make nearly 80 percent of the country's GDP, would be even more serious than for Japan with its larger domestic market.

This paper uses an extensive range of primary sources and methods to understand the current situation for global talent within Japan and Korea, to analyze the degree of globalization within the respective economies, and lastly to gain important insights into the society. The primary research is then complemented by the study of relevant academic literature to gain more perspectives on the problem. Concluding this study wants to derive to a model that could help both nations to globalize their economies and society to achieve long-term success on a global marketplace by understanding the global customers and their respective cultures.

## 4.0. Research Question

The research question of this paper is "What is the perception of foreign talent and its implications for the economy in a Japanese Korean comparison". In the following sections of the study, one tries to analyze the current situation and perception of foreign talent in Japan and Korea. It then evaluates the importance of foreigners within the economy of the two nations and looks at the history to explain the current situation. Further, it tries to identify if Japan and Korea are able to attract foreign top talent and if not asks why this is the case. Real-life business cases are used to illustrate examples of foreign talents in Japan and Korea. The strict focus on the top management perspective is later added towards a country-wide view. Concluding, the paper wants to find out how foreign talent is perceived in the two countries and then looks if they need to change in order to remain competitive on a global scale.

## 4.1. Limitations

During the study various chapters will have a section highlighting the limitations of the corresponding analysis, explain them in more detail, and weigh their importance and impact on the conclusion. Nevertheless, one can identify three main limitations to this paper. First and foremost important is the fact that this analysis is written by a Western student as such it will apply a Western perspective on the topic. The author's experience with Japanese and Korean culture is extensive, nevertheless it will always be biased towards the Western-European cultural circle. As this study researches the perception of a society and tries to gain insights on the personal opinions of the Japanese and Korean population, one needs to note that an external perspective was used for the evaluation.

Second, for the important interview part no Japanese or Korean managers were willing to give interviews, instead foreign business managers who work in Japan and academics knowledgeable of Japan or Korea were interviewed. Although this does not give a complete insider perspective, it still allows the buildup of various assumptions and theories. Lastly, some sources were only available in the Japanese or Korean language. The author tried to either find alternative English or German sources or asked native speakers to translate certain portions. Nevertheless, it means that some sources could either not be obtained in the first place or not be evaluated due to the existing language barrier.

## 4.2. Methodology

This paper uses a full range of analysis tools to receive information, evaluate them, and come to meaningful conclusions. Interviews with business managers and professors were performed in order to gain insight knowledge of the topic. An undercover study was executed by the author himself over half a year that involved application processes within Japanese and Korean firms with the goal of experiencing first-hand what challenges foreign talent faces when applying to these companies. Further, a complete data set was created in order to analyze the current internationalization of Japanese and Korean companies with respect to their senior managers and recruitment tools. This set was obtained via internet-based research and via professional financial software.

The primary research was rounded off by the analysis of an extensive list of secondary literature, which includes academic articles, expert-magazine reports, and relevant books. Lastly, both sections were combined to develop a new model of recommendations.

## 5.0. Research

The research section is divided into the two sections of primary research and secondary research. It tries to give a comprehensive analysis of the problem and the corresponding causes. Further, real-life business cases show how the evaluated challenges can be found within Japanese and Korean companies

as well as in the society of the respective countries. Each chapters ends with a short conclusion to wrap up the findings of the analysis, which are used in a later stage to develop a recommendation model.

## 5.1. Primary Research

One of the most essential parts of this paper is the strong focus on primary research. Here, it tried to offer a full range of analysis, including data mining, a self-try study, and finally interviews of executives and professors that are familiar with the topic. The purpose of these studies is to better understand the current situation from various perspectives, to be able to find solutions in a later stage of this paper. The primary research was conducted by the author of this paper, as such it is bound to various limitations that are unique for every study and are explained and valued in more detail in the relevant individual research chapters. Nevertheless, it was important that the benefits of the research outweigh the possible limitations. Assumptions were made where appropriate and where unavoidable. All assumptions as well as the reasoning behind them are also explained in the individual research chapters.

### 5.1.2. Business Study

The first primary research that was used in this paper was targeted to understand the current situation of both Japan and Korea to get an overview to work with. In detail it was investigated how international the corresponding firms are, both on a management level as well as on a talent recruitment level. For this all Japanese and Korean companies that have revenues above USD 15 billion were included in the study. In respect to their legal structure, both public and private firms were included. The needed data was extracted with the help of a professional Bloomberg Terminal. A list of the analyzed corporations can be found in Appendix 10.0.

#### 5.1.2.1. Analyzed Variables

The main points of interest for the study were the following four variables:

**English-Website:** Does the company have a company website that is translated into the English language. Only websites with significant content qualify for a positive outcome in this variable testing. The threshold here was that more than 30 percent of the evident Japanese/Korean language-based content was translated. Due to language restrictions, the amount of text and similarities in website structure were used as a decision factor for this statement. Further, international subsidiary websites as a replacement for a missing translated main website were not counted in the data.

**Foreign Board Members:** Does the company have any foreign employee on the management board. Due to in a majority missing CV of the respective board member on the website, this determination of nationality was based on the name including the picture, where available. Only seats on the main board of the company qualify for this variable, meaning that foreign board members in

subsidiaries were not accepted. The positions were mainly investigated via the company website or with the help of a Bloomberg Terminal.

**English Career Website for Headquarters:** Does the company have an English career website for its home location (Japan for Japanese firms and Korea for Korean firms). Recruiting sections without any detailed information on how to apply do not qualify for this variable. The career website needs to either have a link to an online application tool, a postal address to send a written application, or an email address to send an electronic application. If none of these three factors were met, the company is not counted towards this variable. The data for this aspect was gathered from the company's main website.

**English Career Website for Global Operations:** Does the company have an English career website for its global operations. As mentioned in the third variable, only recruiting sections that either have a link to an online application tool, a postal address to send a written application, or an email address to send an electronic application, qualify for this variable. In this factor all locations of operations were counted. The data for this variable was gathered from the company's main website or its corresponding subsidiaries.

#### 5.1.2.2. Limitations

As the study is based solely on public information, there are various limitations that are highlighted in the following section. The first and most important limiting factor is the fact that the research relies on the correctness and actuality of the public data, meaning that some information can be simply wrong or outdated. However, as it was not practical and with regards to time constraints not possible to personally contact every firm to receive the relevant details directly from the company, the research relies solely on electronic information from company websites as well as data from a Bloomberg Terminal. Nevertheless, due to legal constraints of public companies and the high reputation of Bloomberg information to exhibit correct information, this constrain can be neglected.

Another limitation of the research is based around the fact that perhaps some companies operate solely on a domestic scale. This can imply that they are not in need of an English website or non-Japanese talent. However, due to the size of most of the analyzed firms there is a strong correlation between this factor and internationalization, as it would be increasingly difficult to achieve such revenues and size without capturing foreign markets. According to further investigation, one can say that the number of solely domestic firms is around three to five firms in a total of 92 Japanese and Korean companies. Thus, one can say that also this limitation can be outweighed by the benefits of the results.

Repetitions of sister company listings of large conglomerates pose a significant limitation in the Korean section of the analysis. As nearly 80 percent of Korea's GDP is build up by ten large conglomerates of chaebols, as they are called in Korea, there exists are large quantity of sister firm listings on the Korean stock exchange. Further, due to the nature of its size and due to the limitation of USD 15 billion annual revenue, most Korean firms did not make the cut and a large portion of the analyzed companies belong to one of the large chaebols. Nevertheless, as this is the actual economic landscape of Korea and at such the conditions foreign talent will encounter when looking for opportunities in this country, thus the limitation can be neglected.

The fourth limiting factor circles around the aspect of cross share structures of firms, meaning that some companies are partially or fully owned by a foreign company. This factor will, to a varying degree, change the present corporate culture of the firm and will often influence the composition of the management board. Thus, a foreigner on the board of a Japanese/Korean company that is partly owned by a foreign company can be elected at the will of the foreign company and not due to a global mindset by the Japanese/Korean firm. This leads to the fact that these special cases bias the results of the research, making the respective country more global-minded than actually true. In this research, these cases are nonetheless counted as positive to the variables, as one can say that even if the Japanese/Korean would not agree with this, it nevertheless makes the company more global and open to new perspectives. However, there are also two cases within the research where it can be argued that certain foreign individuals sit on the management board due to political reasons. In both cases these board members are political figures and not business managers. One can say that the companies use this connection to gain advantages in their operations. This becomes more understandable when one can see that an Arabian prince is on the board of a Korean oil company. Nevertheless, as this cannot be judged solely from an outside perspective, the study still counts them positively on the study. However, this aspects needs to be kept in mind when analyzing the corresponding results.

The nature of the Japanese/Korean application system differs extensively from the Western influenced one, translating into a limitation for the recruiting variables. Especially in Japan, a written application is still the main tool for job recruiting, which is visible in the strict form of the written CV application called rirekisho and can be purchased in convenience stores across the country. To a lesser degree, one can find written applications in Korea, however here one can observe a strong recruiting directly out of the university. Thus, electronic application systems are not well spread across firms in these two locations. Although Korean chaebols are mostly in line with Western organizations by offering either online web tools or accepting electronic applications via emails, one needs to understand that university recruitment makes are large percentage of annual hiring figures. Further, these tools were mainly developed to help Korean students, who currently study in the US, to apply to Korean firms at

home, which is clearly stated on the recruiting page of various firms. Japanese companies on the other side are prone to written applications and electronic applications are not existent with the exception of three large global companies. Thus, one can argue that this poses a great limitation to the study, as it only looks at the website for recruiting opportunities. However, as the topic of this paper is about the perspective of foreign talent by Japanese/Korean firms, Western-like electronic platforms need to exist and as such one can neglect this limitation to truly reflect the current situation in the results.

The last limitation is the fact that there are significantly more private companies in Japan above the USD 15 billion annual revenues threshold than in Korea in percentage. As public companies are forced by stock exchange standards and to attract foreign investments to adhere to international regulations, all public companies offer an English website. As private companies are not bound to these rules and perhaps do not need external international financing, there are less incentivized to offer an English website. Concluding, one needs to state that the large amount of Japanese firms that offer an English website in comparison to the Korean firms mainly stem from this legal structure difference. One cannot analyze if the companies would offer the same level of internationalization in their communication if they were not bound to the stock exchange regulations and foreign investments. Thus, this factor needs to be valued when discussing about the results of the first variable.

#### 5.1.2.3. Findings

This section of the research outlines the findings of the data gathering. The results are structured based on the four variables: 1) English Website 2) Foreign Board Members 3) English Career Website for Headquarters 4) English Career Website for Global Operations and then divided by the nation, here Japan and Korea. In total, the study consists of 60 Japanese public and private companies and 32 Korean public and private companies. A complete list of the companies can be found in the Appendix 10.0.

In the first variable, one can see that all analyzed companies from both countries offer an English Website. Although they vary greatly in content and volume, all of them passed the minimum requirements. In the light of globalization of financial markets and financing options as well as stock exchange regulations these results are not unexpected, especially when considering the extensive size of the researched firms. Nevertheless, during the study it was discovered that public companies have significantly more content translated into English than their private counterparts. However, this is normal and will not deviate much from American or European distributions.

The representation of foreign board members variable within Japanese and Korean companies shows extensive differences between the two nations. 17 percent of the Japanese corporations have foreign board members, when only nine percent of the Korean firm have international ones. Nonetheless, it needs to be highlighted that the studied Japanese firms mainly employ only one foreign board member

that is typically an American citizen, who is responsible for the US division of the firm. More than 70 percent of Japanese companies that have foreign board members exhibit this phenomena. In how far these managers have a saying in the global operations of the corporations is questionable. On the other side, the few Korean examples are mainly due to share ownerships translating into corresponding board seats and due to a political nature.

The third variable based on the existence of an English career website for headquarters concluded in the following results: 12 out of 60 Japanese companies and six out of 32 Korean companies exhibited this feature on their main website. Although, 20 and 19 percent respectively illustrate the presence of an English recruitment system, one needs to understand that most of these electronic tools are either not targeted to Western foreigners, for example was Sony only interested in Chinese workers, or they are linked to unavailable websites with no help or assistance in English. More details on this topic can be found in section 6.1.3. Recruiting Study.

The last factor of the study was the occurrence of an English career website for global operations. Here, 60 percent of the Japanese firms and 75 percent of the Korean corporations had this section on their website. These recruiting features were mainly available in the local language covering open positions to various extent. However, these positions were solely for operations outside of Japan and Korea respectively with no indication whether or not it will be possible to transfer to the home office location at some point in the career.

#### 5.1.2.4. Conclusion

In order to derive to reasonable conclusions on the presented findings, the data was compared to the German economic landscape with the same four variables to see how significant the difference between the nations are. Germany was used as a comparison due to its similarities in GDP and economic characteristics, as all three nations have placed extensive importance on exporting for their economies. Thus, for all nations understanding the global customer is an important competitive advantage on the global marketplace.

As a comparison the DAX30 of the 30 largest German corporations was used, leading to the following results. 100 percent of the firms have an English website, 87 percent of them have foreign board members, 100 percent possess an English career website for headquarters, and lastly 100 percent show the existence of an English career website for global operations. One can conclude that the difference of these numbers to its Japanese and Korean counterparts is extensive. Due to this difference, one can argue that an internationalization of talent is not currently present at these two Asian nations. Both countries do not allow room for foreign executives within their organizations. Language is evidently the main obstacle for foreign talent in the recruitment process due to missing English career

websites. The presence of translated parts on the websites are mainly explained by the means of attracting foreign investments and stock exchange regulations.

Nevertheless, one needs to highlight that Japan is looking for talent, be it either in Japan or in its global operations. However, the study looked closely at the type of open positions, leading to the conclusion that only engineers are sought after. Although less Korean companies look for foreign companies, the ones that do, mainly look for personnel from all areas of business. More on this topic can be found in the next chapter.

All in all, one can conclude that both Japan and Korea show significant room for improvement when it comes to attracting foreign talent. The researched four variables are the key indicators for foreign talents whether or not a country is attractive for a career. The website needs to give comprehensive information about the company and its career offerings in English. Foreign representation on the board of directors illustrate that there are career opportunities for foreign talent and that the outsider perspective is important for the company. As most of these features are missing for both Japanese and Korean firms, despite their large portions of overseas revenues, one can state that they are missing out on the global strive to attract more foreign talent, which can be seen in comparable economic powerhouses such as China, the US, Europe, and Canada. The section 7.0. "Going Forward" will try to analyze how these two countries can improve themselves on this topic.

### 5.1.3. Recruiting Study

The second primary research that was used in this paper covers the topic of foreign recruitment. It was inspired by the undercover reporting style of the German journalist Günter Wallraff, who investigated various scandals within German corporations and governmental institutions with the help of the cover mechanisms (Süddeutsche Zeitung, 2015). As he was not able to retrieve the information needed to back up his claims in the first place, he tried to gain insider knowledge by pretending to be part of the organization. In this paper, a similar method was used, as comparable to Wallraff's cases a lot of information were not accessible by public means (Günter Wallraff, 2015). The main reason for this phenomenon is found in the marketing aspects of firms. Diversity and globalization are important topics for most organizations across the globe and thus many of them advertise themselves as having a diverse workforce and working globally. Japanese and Korean firms are not different in that aspect and one can find extensive phrases and marketing materials on these firms' websites, which state that the before mentioned characteristics are part of the corporate culture. However, the findings of this paper's first primary research clearly show that this is not the case in reality. That is the reason an undercover research in the recruitment process was conducted, to identify how much of the information on the corporate websites are actually true.

#### 5.1.3.1. Analyzed Variables

The main idea of this piece of investigation was to apply to several companies both in Japan and Korea to get an understanding of how a foreign talent would experience the recruitment process in these corresponding firms. For this purpose three large, globalized, Western-customer oriented firms were identified in both countries. The focus was put on an entry level position for a master student in a non-technical field. It was checked that the looked after requirements of all six offerings matched to the author's CV. Further, the recruitment site had to be completely in English and the position needs to clearly state that the respective home language (Japanese/Korean) is optional. Four companies offered an online application tool (3 Korean and 1 Japanese) and two firms (2 Japanese) required a letter application. All application were filled out and sent as needed by the company in the requested time period.

In regards to analyzed variables, the following aspects were evaluated: 1) Accessibility of English information for the recruitment process and the following job role, 2) Functionality of English recruitment tool, 3) Response by Human Resources. The study was conducted over six months to allow sufficient time for the respective Human Resources' response. It was clearly stated on the application that personal interviews either in Japan or Korea are no obstacle and possible with short notice.

#### 5.1.3.2. Limitations

As this study is bound to the characteristics of undercover journalism, it will naturally have several limitations and restrictions as information and focus points are limited. Here, four limitations were identified for the research. The first one covers the knowledge of the respective language. Although, all job offerings clearly stated that only English is important for the application, understanding the home language will be an inevitable bonus for the job search. The author indicated on his application to have a basic understanding of the Japanese Language, around JLPT N5-4, however no Korean language skills, except the writing and reading of the Hangeul alphabet system. This could mean that Japanese firms could be more likely to hire the author than Korean companies would do. Nevertheless, due to the fact that all six companies said that only fluent English is a requirement for the job, this limitation can be considered to only have a small effect on the results of this study.

The second limitation is the basic assumption that not the cultural aspects determine the outcome of the application and instead both positive/negative responses could be based on the overall pool of candidates. Strictly speaking, perhaps the author was overqualified or underqualified for the offered job and his origin was not a determining factor in the response of the Human Resources department. This restriction is one of the most important ones in this study, however it was checked that all requirements for the application were fulfilled or over-fulfilled by the author. Nonetheless, the before

mentioned aspect poses a significant challenge to the study and thus needs to be considered when looking at and interpreting the results.

The small number of applications can be considered a third limitation, as it only reflects a small portion of the recruitment landscape of both countries. The reason for this aspect can be found in three factors that greatly impacted the overall number of applications. First, it was initially planned to apply to more corporations that fitted into the requirements that were mentioned in the first section of this study, however most of these firms that had English information about their recruitment, had no information on how to actually perform an application process. Either they did not offer any address for a postal application or electronic links led to invalid pages without any support contact address. Second, many recruitment pages started off in English, nonetheless led to Japanese/Korean language based portals in the final steps. Third, some Japanese firms only accepted the rirekisho, the paper based resume paper, for the application. As they did not accept electronic or printed versions of this entry sheet, one needs to purchase them at Japanese convenience stores. The author was not able to purchase them in the requirement time frame. Nevertheless, one can accept that only three applications were executed in both countries as these were the most globalized firms in terms of Western-brand conception and thus the most important targets for foreign recruitment. These companies were also the only ones that clearly indicated that they are looking for foreign talent. Therefore, one can say that this limitation can be neglected when looking at the results of the study.

The last limitation is based around the fact that the author was only able to perform the study on his own job level, which was the master level entry position. To gather a more complete picture of the recruitment structure of Japanese/Korean firms, the study should be repeated with applications for different entry levels. Especially on a management level these finding would enrich the results of this study. However, the author clearly rejected the idea of faking documents/information to pretend to be on a different job level. Further, one needs to state that the applications were not faked and the author is/was interested in entry level positions at Japanese/Korean firms. It is very important to him that this border was not crossed, even though pretending to be somebody else is an essential tactic of undercover journalism.

#### 5.1.3.3. Findings

The results of this study were very one-sided, whereas their explanations are quite heterogeneous. All six companies rejected the application for the entry level position within their company in a non-technical field. All of the companies responded in a three to four months horizon. The tone within their rejection confirmations were quite similar in the respective countries. All Japanese firms stated that they only hire non-Japanese speakers for technical positions and not for administrative positions as the headquarter office, where these jobs are located, is solely operating in Japanese. On their websites there

was no indication that this is the case in the recruitment process, as administrative positions such as Marketing/Sales, Consulting, and Finance were selectable on the English application tool. Further, no restrictions were mentioned in the official information material provided on the company website.

An additional explanation was used by one Japanese firms, which wrote that the recruitment advertisement was primarily targeted at Chinese and Indian students. The HR department admitted that this information was not accessible to applicants and further the Human Resources contact person said that they did not even think about the possibility that a student from a European or American university would apply to their program. After further investigation why only Chinese and Indian students were recruited, the department wrote that Chinese students will not have significant entry barriers in terms of culture and language and Indian students are generally only hired in software and engineering positions. It was added that currently the company is not interested in hiring applicants from countries outside of the two mentioned, however it would be possible to contact the American subsidiary, which has its own recruitment department and structure.

The Korean corporations used a different reasoning to explain the rejections of the application. Although, they also promised positions for foreign students, their targets were American Business School students and in particular only Ivey League graduates. Two of the three evaluated companies even indicated that their whole recruitment is solely targeted at Korean-originated Americans, who are currently studying at American universities. Again, after further clarification with the HR department of the two respective firms, it was also said that the company website is misleading in this point. Only one Korean firm was actively recruiting foreign students, however was still not interested in my application. Their main concern centered about the aspect that they do not understand the concept of a European Master degree and thus prefer the American MBA system, as they are more familiar with this certification. Further, it was added that they only recruit students from nine selected universities across North America, where they offer local assessment centers directly on campus. The list of selected universities included Ivey League Universities and two Canadian universities.

#### 5.1.3.4. Conclusion

The main goal of this study was to analyze if the current diversity situation within Japanese and Korean firms, which was investigated in the first primary research section, exists due to entry barriers in the recruitment system. It can be concluded that the recruitment system of these two countries pose a significant obstacle for foreign talents, who are interested in starting their career in Japan or Korea. The language is the most significant barrier, which already singles out most of the large corporations, leaving behind only a small number of potential positions for foreigners.

Large sections of the firms' websites indicate that their company is a global players including global talent search. However, from these firms only a handful actually offer the opportunity to apply, when others lead to invalid links, no contact addresses, or no further information on how to start an application. From the remaining few that actually allowed the author to send in his application, all rejected the interest with a variety of arguments. For Japanese firms the language was the main factor why the application cannot be further processed in a non-technical position. This origin argument is certainly in line with this tone, as Chinese students are considered to learn Japanese fast and Indian students serve as recruitment base for technical positions. It shows that Japanese firms like to advertise themselves as globalized companies with opportunities for foreign talents, however when taking a closer look one can see that this is just marketing material to convince the world that Japan is doing its part to become a globalized economy. Further, one can see the Japanese idea of technical supremacy. Various Japanese firms believe that offering the best technology will lead to sales. Other factors such as brand or marketing are not as important. This is the reason why only technical positions are filled with foreigners and not strategic or administrative positions. More details to this theory can be found in the case of Sony in section 6.1.1.

The Korean recruitment findings were resulting in the same rejection, however with a different explanation. Here, it seems that there is no clear distinction between technical and administrative positions, however the origin becomes an important factor. From the observations made in the study, one can conclude that with international students, mainly Korean-originated Americans are targeted, who probably speak Korean or are at least familiar with the culture due to their family background. Only one Korean company was also willing to hire non-Korean originated students, however only in a small selective group of universities in North America. The lack of knowledge of the European education system led to a clear opinion within the organization that only MBA certified students are able to fulfill the task at their corporation. However, as one can see in more detail in section 6.2.1., where the Samsung Global Strategy Group is analyzed, these American students leave the company after only one year due to cultural differences and language obstacles. Thus, Korean companies primarily target foreigners with a Korean background.

Concluding, one can say that the study showed that at least on an entry level there exists significant barriers for foreign talent to start their career in either Japan or Korea. Despite extensive information and offered positions for international students on their corporate websites, one can see that these are mainly marketing tactics than actual opportunities. This further outlines the problems within the international talent pipeline in Japanese and Korean companies and explains to some extent why there are no international managers within the large globalized organizations of these two countries.

#### 5.1.4. Interviews

As last piece of the primary research, six interviews were conducted to gain insights into the Japanese/Korean business environment with a focus on foreigners. To establish a complete picture by analyzing various perspectives, three senior executives, two university professors, and the chairman of the German Council of Economic Experts were asked to outline their opinions and experiences with Japan/Korea. Some of the interviewees were limited to one of the two nations, whereas some of them were able to talk about Japan and Korea. All interviewed individuals, except the last mentioned, asked to remain anonymous due to reasons of confidentiality and business insights.

##### 5.1.4.1. Business Perspective

In order to understand the view on foreign talent for Japanese corporations, this study tried to interview Japanese executives. However, after several unsuccessful attempts to reach before mentioned persons, the author's nationality and connections within its home country were used to gain business insights. Therefore, interviews with three senior executives from large German Dax30 companies were conducted. All of the three interviewees are currently leading sections of their company's respective Japanese subsidiary. Two interviews were done in person in Tokyo, whereas one was done via telephone line. The interviews were conducted in an informal setting and audio or written recording was not permitted. The questions centered on what the executive's experiences while working in Japan are like and if they see any obstacles for foreigners that want to work in Japan.

All in all the results for the three interviews were quite similar. The main obstacle described by the senior managers was the language followed by the culture. They indicated that in the Japanese subsidiary of the German corporations around 70 percent of the employees are not fluent in English, thus the use of translators is essential on a daily basis. As the complete upper management of the three companies in Japan is of German origin and not able to speak Japanese, the correspondence with the levels below is only possible with the help of translators. These translators are mostly Japanese employees, who studied for extended periods of time abroad or who are of mixed origin. The experiences here ranged from people that studied in the US for five years or more to individuals that were half German and half Japanese in one case and thus fluent in both languages. This creates the challenge that all information and orders are channeled through this bottleneck, leading to misinterpretation and miscommunication in various cases, as described by two executives.

It was insisted by all three senior managers that it would not be possible to work in their Japanese subsidiary in any level below the highest management level, if not being fluent in the Japanese language, thus making the company inaccessible for foreign talent. As a foreign subsidiary within a designated country is often seen as the starting point for many foreign talents, this discovery shows that foreigners will face extensive barriers when starting their career in Japan. Another aspect that was

mentioned by one of the executives was the business culture in country. Although he was prepared by his company for the differences in how to do business in Japan versus the German way, he said that he experienced great difficulties when working with the Japanese colleagues. He added that the German senior managers actually act more as connection point between the headquarters and the Japanese operations than as a manager of the local business. During the interview he admitted that he had very little saying in the business operations as it was said that he does not understand the unique aspects of doing business in Japan and due to language barriers it would not be possible to teach him these. Nevertheless, on a strategic planning level, the German managers were the only ones deciding. Gaining feedback and ideas from the Japanese employees was difficult due to their understanding of hierarchy and language barriers, essentially making the company a divided unit. The Japanese were responsible for daily business and the German managers covered the connection to headquarters and overall long term strategy. According to the manager there is only little connection between these two sections, leading to lost learning potential.

A topic that was raised by another manager is based around the client contact. He stated that the Japanese clients of the German corporation were more comfortable in dealing with the Japanese employees of the German subsidiary. Client meetings with the German executives were often seen by the client as a representative visit rather than a business meeting. It was always a long planned perfectly executed business meeting, which focused on extravagant dinners and visits of the factories rather than talking about contracts or numbers. Even with the help of translators, the Japanese clients seemed to be unwilling to fully respect the German managers as business managers and not representative presidents. This made the client interaction very difficult and he further added that he thinks that foreign employees on a lower level will have even more challenges when dealing with Japanese clients, especially when they are from small to medium cap enterprises. Furthermore, he believes that even if the foreigner would speak fluent Japanese and would be accustomed to the Japanese culture, it would still be different than when two Japanese would do business.

Concluding, one can identify the following three main insights from the interviews. First, all executives clearly stated that their companies do not hire non-Japanese talent for positions under the senior management. They believe that this is the case for most foreign companies in Japan, however they admit that technical expert roles are an exception to this rule. Second, the interviewees argue that due to language and culture based barriers, the companies are split into the Japanese and German side with little interaction between the two. The Japanese are responsible for the daily business and the German personnel acts as bridge between the headquarters and the subsidiary as well as developer of the overall strategy in this region. Finally, all three indicate that the acceptance of foreigners by the clients is very limited, especially if they come from smaller firms.

#### 5.1.4.2. Academic Perspective

To cover the academic view on this topic, two university professors were interviewed. The information come from personal interviews as well as lectures giving by the respective professors. The first professor is Chinese origin and teaches the topic of business in Asia Pacific in a North American university. Due to her focus of study she regularly visits universities in Japan, Korea, and China for academic trips. The second interviewee is a Japanese professor, who teaches business ethics at a Japanese university.

The Chinese professor offers various ideas for the Korean side of this paper. She argues that in Asia we can experience a “Goose Structure”, which takes its symbol power from the V-shaped formation of flying geese. Japan was in the 80’s the leader of this pack of nations, marking the first bird of the V-structure. After the war the country quickly recovered and modernized itself making Japan one of the leading industrial nations of the world. Strongly export driven the country became a major economic power in the Asia region. After Japan, there are the so-called four Tiger states that are following Japan to economic growth, which are Singapore, Hong-Kong, Taiwan, and South Korea. They follow the example of Japan and also became industrialized in relatively short periods. The professor states that a lot of similarities between Japan and Korea in terms of the history of economic growth can be found. Korea seems to be undergo the same development Japan did a decade ago to conquer a position on the global stage. Both nations are driven by large conglomerates that focus on the global customers via large export revenues. In her opinion, Korea is trying to globalize itself by sending students abroad, learning from other countries, and building subsidiaries across the globe. Companies such as Samsung or Hyundai have a similar brand reputation as Sony or Panasonic had a decade ago. However, she is worried that Korea will face a similar stagnation as Japan in the future if the country is following the same patterns and fails to globalize its corporations. Chaebols such as Samsung, which she studied, try to attract a foreign talent pool, however will have little success. More details of this business case can be found in section 6.2.1.

In terms of Japan she argues that structural reforms are needed to break out of this isolated insider minded economy. Aspects like the Iron Triangle, which marks a net of connections between powerful governmental institutions and private companies, pose a great threat to any modernization or opening of the old traditional structures. Outsiders, here foreign talent, still face extensive obstacles when working in Japan. It should be the nation’s priority to change its immigration laws and foreigner acceptance to balance the labor shortage caused by the demographic change within the population and to internationalize the perspectives within Japanese corporations.

The Japanese professor highlights two other important factors that need to be looked at. First, he states that the culture in Japanese organizations is very different to any other country. Although, the

Korean and Chinese business cultures are very similar to the Japanese model, they still differ to a great extent. The ethical system of Bushido serves as a good example to highlight the significant difference. It is the base for many business decisions and explains to some degree the insider focus of the Japanese corporations as loyalty is an important pillar in this ethical model, which leads to the second factor. Loyalty can only be achieved via trust and trust needs time to build up, which as a conclusion leads to the Japanese system of life-time employment. Although this idea was changed during the last years as a result of the ongoing economic stagnation, it is still the basis for various recruitment decisions and the main reason why there exists an insider focus. The professor says that many students apply to all important Japanese corporations after graduation and accept every job that is offered at one of them if the brand is correlated to a certain expected reputation. The type of job that is offered by the corporation is secondary and can lead to the extreme scenario where a person works for a lifetime in a position he/she has no knowledge and interest in, as long as he/she can say that he/she works for this brand. This view is completely different from Western oriented business culture where employees are willing to change the company in short intervals if the job is better paid or more interesting. Foreign talent will thus have a significant challenge ahead when adapting to this culture. It will take a long period of time to win the trust of the Japanese employers and the corresponding clients. As many Japanese companies experienced many foreign workers to leave the company after a short period of time, as normal in Western culture, they believe that foreign workers do not have the needed loyalty towards the corporation. This results in a general skepticism towards foreign talent even if they speak fluent Japanese.

All in all, the two interviews gave more reasons on why the two nations have the analyzed characteristics and why foreign talent will face obstacles in regards to employment and client interaction. The academic side therefore added a new perspective to the business side presented by the interviews of the senior managers. Lastly, the study tried to gain some insights from a political standpoint.

#### 5.1.4.3. Political Perspective

The last interview was conducted with Professor Christoph M. Schmidt, who is currently the chairman of the German Council of Economic Experts, which is the advisory board for the German government. He recently joined a delegation visit to Japan by invitation of the Japanese foreign ministry as an economic advisor (Schmidt, 2015). On this trip he talked with various governmental institutions on the current state of the Japanese economy. He said that the main obstacles for the country are the demographic change, as the citizens become older and birth rates are falling, labor shortages, due to immigration laws and missing acceptance for foreigners within the population, and flexibility of the labor market, as life-time employment is correlated with lower productivity in comparison to other industrial nations.

During the trip, the so-called Abenomics were introduced to him as the solution for the current stagnation of the economy. It consists of the three pillars of an aggressive monetary policy, a new fiscal policy, and finally the restructuring of old traditional models. The following story was told to explain how this system needs to work: A feudal lord had three sons. He gave everyone one arrow and told them to break the arrows. As this was no challenge to the sons he said they should now bundle the three arrows and again try to break them. Nobody of the sons was able to perform this and thus the lord said that alone they are weak, however together nobody can break them. In the same way Abenomics should work. Alone none of the three methods will yield the desired result, however if they bundle all three, Japan will make its way out of the economic stagnation. Professor Schmidt argues that the first two policies were executed by the Abe government, nevertheless the most important pillar is still missing, the structural reforms. In this aspect only small progress can be seen and as the story said only together they will work as intended. The last pillar includes the aspect this paper is most interested in, which is the integration of foreign talent into the economic landscape of Japan. One can observe from these statements that Japan is aware of the fact that attracting and integrating foreign talent is a needed step, however one can also see that very little progress has been made on this topic. Furthermore, according to the government the current focus within the structural reforms lies on the integration of woman in the Japanese workforce, pushing the internationalization further back in the agenda.

#### 5.1.4.4. Conclusion

All in all the interviews showed that Japan and Korea face significant obstacles ahead. Especially the integration of foreign talent and gaining a new mindset within the organizations will be greatest challenges in the next decade. From the business perspective, one could gain the insight that foreign talent has very little chance to start a career in Japan/Korea in a non-technical area. From the academic perspective, one could conclude that loyalty and trust are the most important drivers for the insider culture within these organizations. Lastly, from a political perspective, one could observe that Japan is aware of the problems, however is currently not performing the right steps and is placing its attention on a domestic problem, which is the integration of females in the workforce. Although as well an important topic for the economy, it will not help to regain the competitive strength on a global scale alone.

## 5.2. Secondary Research

To complement the findings of the primary research, this paper uses secondary research to validate the previous findings and add new perspectives to the problem. First, the history of Japan and Korea is analyzed to identify reasons for their current behavior and attitude towards foreigners. After that relevant academic studies and articles are evaluated, where three are explained in more detail as they

are the most essential pieces of secondary literature for this problem. A short analysis of other examples of secondary research can be found in the last section of this chapters.

### 5.2.1. History of Japan

In order to investigate why Japan's culture and economy developed to the situation it currently is, one needs to understand the history of the country. Thus, the following section will analyze key turning points in Japan's rich history, however due to the focus on the current economy only the most important aspects of the pre-1945 period will be evaluated. This chapter wants to explain why Japan's economy is characterized by isolation, life-time loyalty to the company, and mistrust towards foreigners.

#### 5.2.1.1. Pre-1945 Period

The first recordings of the country Japan can be found in the Chinese Book of Han, which was written in AD 111. This time period of the country shows that extensive parts of the culture and technology were inspired by the Chinese and Koreans, such as Buddhism, farming techniques, and metal fabrication (Perez, 1998). One can observe that despite Japan's isolation, it owns other countries their innovation to help its development. The dominance of Buddhism and the use of Chinese characters, called Kanji, in the Japanese language in today's Japan highlight the influence and importance of the Chinese culture for the country.

By 1185 the feudal era started in Japan, marked by the emergence of the warrior class, called the samurai. In the following period of shogunates and total external isolation (Totman, 2005), the loyalty aspects towards the lord, in Japanese daimyo, impregnated the culture and it can be argued that it still exist in the mindset of the Japanese, seen in life-time employment and total loyalty towards the company. The Bushido ethical code that was developed during this period, still serves as bases for the ethical standards of many Japanese (Totman, 2005).

The contact with Portuguese missionaries in the 16<sup>th</sup> century served as the start of Western cultural and economic exchange. War technology brought by the European powers was used by Oda Nobunaga to unify Japan together with Toyotomi Hideyoshi and Tokugawa Ieyasu. The later introduced the policy of isolation called sakoku, which lasted nearly three centuries (Totman, 2005). Again, one can see that Japan benefited from the exchange with European nations, however after the goal was reached, here the unification of Japan, it closed itself off from all external influence again.

It was not until the 31<sup>st</sup> of March 1854, when the so-called Black Ships from Commodore Matthew Perry arrived in Japan that the country had to end its policy of isolation. The following period, which was named Meiji Restoration, transformed the old traditional feudal Japan into a modernized industrialized nation (Perez, 1998). Experts were sent out to European nations and America to gather as much knowledge as possible and bring it back to Japan. The political, judicial, and medical system

were adapted to the Western ones including military technology. Japan used this new power to start wars with its Asian neighbors such as China in the Sino-Japanese War from 1894 to 1895 and Russia in the Russo-Japanese War from 1904 to 1905 (Perez, 1998). Japanese colonies in Taiwan, Korea, and Russia were created and led to a Japanese dominance in Asia. By being on the victorious side in the First World War, Japan was enabled to further expand its empire across many parts of Asia leading to the defeat on the side of the Axis in the Second World War (Totman, 2005). The whole period showed that Japan's technological and cultural advancement relied on the opening of its own isolation by foreign powers. It highlights that Japan was able to quickly learn from new countries and use it for its unparalleled industrial development.

#### 5.2.1.2. Post-1945 Period

After Japan's surrender and acceptance of the Potsdam Declaration on the 26<sup>th</sup> of July 1945, the country was demilitarized and democratized by the United States. As a counterweight to the communist states of China and Russia during the Cold War, Japan became an important ally for the US, thus its economic development was a high priority for the United States (Lazopoulos, 2014). Despite the knowledge that America helped Japan to recover from the war, its extensive economic boom surprised the world. The main driver of Japan's fast recovery was the manufacturing sector, which included cars and electronic articles. The Tokyo Olympic Games in 1964 and the Osaka International Exposition in 1970 showed the world that Japan had caught up with the West in terms of GDP and quality of living (Lazopoulos, 2014). GDP figures increased from around USD 44 billion in 1960 to USD 3.1 trillion in 1990 (The World Bank, 2015).

A strong currency and extensive economic growth in the 1990s influenced the Bank of Japan to keep interest rates low, starting a real estate boom, which drove up property prices in high double digits figures per annum. In 1991 this bubble busted leaving countless workers unemployed and marking the so-called lost decade generation in Japan with stagnating growth rates (Kingston, 2010). Under the prime minister Junichiro Koizumi, Japan tried to reform itself in terms of economic structures such as the privatization of the national post system. However, his reforms could not curb the economic growth and rather led to an unequal society, widening the gap between the rich and the poor (Kingston, 2010).

Since the 26<sup>th</sup> of December 2012 Shinzo Abe is the current prime minister of Japan. Under his political reform called Abenomics he tries to revitalize Japan's economy and stop the two decade long stagnation (Hausman & Wieland, 2014). The three main pillars of his model are an aggressive monetary, fiscal, and structural policy. With the help of large infrastructure spending, the decrease in regulations, and quantitative easing he tries to battle the deflation of the yen and curb consumer spending within its country (Schmidt, 2015). However, the GDP of USD 5.3 trillion in 1995 has fallen to USD 4.9 trillion

in 2013 (The World Bank, 2015). Further, his nationalistic views have led to a renewed rise of nationalism and criticism from neighboring countries such as China and Korea (Lazopoulos, 2014). The idea to forget the history by rewriting school history books under his politics, show that the majority of Japan's society is not willing to accept the responsibility for its crimes during the past wars. Instead its rise in nationalism leads to a political isolation from its neighboring states (Lazopoulos, 2014).

#### 5.2.1.3. Conclusion

Throughout Japan's history one can observe the characteristics circles of development. The country opens itself, often forced by foreign nations, and experiences a period of rapid growth resulting from quick learning and adaption from the foreign cultures. However, after this step is concluded the country isolates itself again until the next break occurs. The economic growth that made Japan to the industrial power it currently is, originates from the opening during the Meiji Restoration forced by the arrival of American warships and the rise of the manufacturing sectors supported by globalized customers after the Second World War. Nevertheless, again one can observe that Japan is trying to isolate itself starting in the 1990s as the learning process was completed. However, the current model of a globalized world can be seen as the reason why this desired isolation is not working and leading to a stagnation in economic growth.

Another aspect that one could learn from analyzing the history of Japan is the current culture. Life-time employment and loyalty towards the company are remains from the samurai and its respective daimyos. The ethical perception of today's Japanese society is also heavily influenced by the ethical model of Bushido from this time, highlighted by the interview with the Japanese professor on Japanese business ethics in section 5.1.4.2. in this paper. All in all, one can say that the history explains a lot of characteristics of Japan's current economic system and it is important to understand them before analyzing other factors. Nevertheless, it also shows why structural reforms are so difficult to perform, as these characteristics were formed over centuries.

#### 5.2.2. History of Korea

Similar to the Japanese section of the historic cause analysis, Korea is also divided in pre-1945 and post-1945 periods. The sections are focused solely on the South Korean part, when the nation was divided. All in all, the study tries to evaluate whether Korea has similar isolationist tendencies within its history, comparable to Japan. Further, one needs to understand the reason for South Korea's current economic growth and the origin of the Korean economic structure with its large conglomerates, called chaebols.

#### 5.2.2.1. Pre-1945 Period

The origins of Korea were founded by Joseon in 2333 BC. In the first and second century BC the Chinese Han Dynasty invaded Korea and divided the country into four parts (Andronova & Abrosimova, 2015). The kingdom Silla unified the parts under its rule forming the first Korea. During this period the Chinese culture and Buddhism influenced the country and helped in its development. Korea was similar to China the target of the Mongol Empire during the 13<sup>th</sup> century, which later collapsed (Kim, 2012). The Chinese influence in Korea further grew and Confucianism became a major thinking model within the country. Toyotomi Hideyoshi tried to invade Korea in the 16<sup>th</sup> century, however Korea defeated the Japanese forces with the help of the Chinese Ming dynasty (Kim, 2012).

Over the next decades the influence and power of China over Korea increased dramatically, making Korea essentially a vassal state of China (Seth, 2010). With the appearance of the Western powers in Asia, China forced Korea to isolate itself from any outside affairs, which resulted in the famous “Hermit Kingdom” nomenclature for Korea. Nevertheless, the European power pressured the country to allow trading with outside powers. During the rise of Japan’s imperialism, Korea became a colony of Japan from 1910 until 1945 (Seth, 2010).

Concluding, one can say that similar to Japan, Korea was heavily influenced by the Chinese in terms of technology and culture. Due to its mainland connection it was even politically influenced by the Chinese and often referred to as a vassal state of China. Although, open for many centuries the last centuries marked a period of isolation for the country. The name Hermit Kingdom was given to Korea, however all in all it was less isolated than the Japanese counterpart, which can be explained by its geographic situation. Both countries however were opened by Western powers.

#### 5.2.2.2. Post-1945 Period

After the Japanese occupation Korea was divided in the Northern and Southern part, influenced by the Soviet and American powers respectively. This division and the time of the cold war led to the Korean War in 1950, which ultimately marked the separation of Korea into the Democratic People’s Republic of Korea in the North and the Republic of Korea in the South (Seth, 2010). The South was heavily supported by the United States, which similar to the case of Japan were interested in a fast recovery of the country. Over the years several dictator-like presidents and military connected presidents led the country, ultimately creating a democracy in 1987 (Li, 2002).

During the years Korea experienced an unforeseen economic growth, increasing the GDP from USD 3.9 billion in 1960 to USD 1.3 trillion in 2013 (The World Bank, 2015). The country is a member of the four Tiger states, which showed the strongest growth rates behind Japan during the last decades. An economy largely dominated by agriculture in the 1950s transformed into an industrialized nation

with key competencies in semi-conductors, electronics, and the automobile industry (Li, 2002). President Park Chung Hee started this growth by promoting large business ventures creating the well-known family owned conglomerates, called chaebols (Kim, 2012). The ten largest chaebols currently account for 80 percent of Korea's GDP, making the country extremely depended on their success (Kwon, 2012). Chaebols received guaranteed loans from banks and play a major role in the politics. Tight monetary policies and low interests in the 1980s led to the significant growth rates only stopped by the Asian financial crisis in 1997. After the recovery, South Korea managed to build a solid economic structure allowing the country to have positive growth rates even during the global financial crisis in 2007 and 2008 (Li, 2002).

Today, South Korea is a member of the G20 and the 13<sup>th</sup> largest market economy (The World Bank, 2015). Due to its size Korea is extensively depended on exports and imports, making the country the 8<sup>th</sup> largest exporter worldwide. Currently, the country is led by Park Geun-hye, the first female president of South Korea (The World Bank, 2015). Despite its economic growth and stability due to regulations and laws, the country is often experiencing stock market slumps and drops in credit ratings due to the political situation with its neighbor North Korea.

Concluding, one can say that South Korea performed a similar growth after the war like Japan. It seems that the country is following Japan in many ways when looking at exported products and economic and political laws. Currently, South Korea is in the position Japan was in the 1980s in terms of growth and market expectations. Today's challenges are about reducing the dependences from the powerful chaebols, which influence the politics and are "too big to fail".

#### 5.2.2.3. Conclusion

South Korea exhibits various causes for its current economic system in the research of its history. Similar to Japan, a lot of the innovation and cultural influence during the pre-1945 period came from China, however unlike Japan, South Korea's policy of isolation was mostly forced upon by other countries and not due to self-decision making. An insider-cult, which can be observed in Japan and South Korea, can be explained in Korea by the chaebol structure. These family owned firms have an extensive political power, which should not be open for foreigners. Nevertheless, the importance of exports show that it should South Korea's utmost important goal to remain competitive on a global scale. Understanding the global customer is essential to achieve this target, thus one can argue that also the large chaebols need to globalize in their management structures. Current attempts to reach this goal can be seen in further detail in the section on South Korea's largest chaebol Samsung in section 6.2.1. The dependence illustrates that losing the export revenues due to not serving the foreign customer needs, can lead to drastic economic consequences for the whole country. Already the mismanagement of two or three large chaebols can have serious implications on the situation in South Korea.

### 5.2.3. Literature Review

Although the theory of this paper incorporates an extensive list of secondary research references and many of the stated arguments are inspired by research of other authors, which are then marked by the corresponding reference, this section covers three papers that deserve special attention. The first one is a paper by Anthony P. D'Costa published in 2008 in the Asian Population Studies with the topic "The Barbarians are here". It covers the reasons why Japan has difficulties with immigration and the integration of foreign talent within its workforce, thus it helps to understand the findings in this paper's primary research evaluation. The second text by J. Stewart Black and Allen J. Morrison with the topic "The Japanese global leadership challenge: what it means for the rest of the world" from the 2012 edition of the Asia Pacific Business Review is important for this research as it tries to analyze the history of Japanese MNCs to find out why their globalization strategy is not working as intended. Lastly, this literature review will use the innovative approach of Jin Suh Jirn, who uses cultural movie footage in a combination with academic research to gain insights about the multiculturalism development in Korea. The paper is called "Happy Seoul for foreigners: scenes from multicultural life in South Korea" and was published in 2014 in the Inter-Asia Cultural Studies. At the end of the three articles a shorter section will combine other relevant research to provide a comprehensive academic overview of the topic.

#### 5.2.3.1. Why is Japan not attractive for foreign talent?

The paper "The Barbarians are here" by Anthony P. D'Costa from 2008 digs deeply into the causes of the missing internationalization of the Japanese society and especially the workforce. The author uses analysis of academic work, governmental regulations, and first-hand interview material to describe why Japan is not attractive for foreign talent. He states that despite the fact that "high income countries such as Japan are facing shortages of skilled labor due to declining fertility rates and an ageing population" (D'Costa, 2008), Japan exhibits "at best a nonchalant attitude and at worst a strong anti-foreign sentiment" (D'Costa, 2008). This results in the aspect that Japan's share of foreign born population is below two percent on a consistent basis, although Japan is in desperate need for foreign talent and unskilled labor to revitalize its economy.

D'Costa uses the IT industry as an example for the situation of Japan's economy, thus his insights derive from interviews with Indian workers as such illustrate their experiences with Japan's companies and the government. Together with the use of other academic papers he tries to identify three sets of institutional barriers that hinder foreign talent exchange and thus lead to the low figures of international personnel in Japanese companies. Afterwards he tries to give recommendations, mainly to the government, on how he would deal with the problem to allow Japan to globalize its economy.

The first institutional barrier outlined by his research is the Japanese business practice and foreign firms. What he means by this factor is that one of the first steps to attract foreign talent is to

work together with international companies, thus their workers will get experience with Japanese and perhaps decide to change to a Japanese firm. This international outsourcing can be observed in various countries, most notably China, where a significant number of Western firms relocated vast parts of their operations to. In Japan, however, two main factors hinder this development. First, the missing fluency level of English of most of the Japanese workforce does not allow many international corporations to hire Japanese employees, especially if they want these workers to cooperate with Western coworkers on a daily basis. Second, the living costs of Japan are too high, thus for many firms it is not profitable to send out a large number of expats to Japan, as every day generates huge costs for the international firm. As a consequence only senior managers are sent to Japan, who are mainly only interacting on a business level with Japanese workers. The needed personal interaction with employees of the same hierarchy level is needed to really focus on integration of foreigners into Japan.

Added to this outsourcing problem is the fact that many foreign firms have problems to cooperate with Japanese firms due to the keiretsu structure, which is the family like closed interrelationship of various Japanese firms into a conglomerate. These firms often led by one main bank, have cross shares between each other and often only perform business within its closed circle. The keiretsu is often a full supply chain starting from a low tier supplier and leading to a large Japanese corporation. Breaking into this closed system is very difficult for foreign firms and thus partnerships between Japanese and foreign firms are very limited, which on the other hand isolates the country from experience with foreign employees and their cultures. The “mutual indebtedness” exhibited by the keiretsu groups further leads to the fact that suppliers of their own group are hired for a particular job, despite sometimes being more expensive or more inefficient than a foreign supplier (D’Costa, 2008).

The second barrier described by D’Costa is the “Evolution of Japan’s Immigration Policy”. The author references to Caryl and Kashiwagi’s research from the year 2008 in which they write: “Japanese see each other as unique, an island nation that is racially and ethnically homogenous and thus a closed society in outlook and practice” (D’Costa, 2008). This sentiment described by the study of the two researcher can be seen according to D’Costa in Japan’s immigration policy. Until recent changes in the new millennium permanent citizenship was only awarded if the person could prove a Japanese blood lineage within his/her family. This aspect limits the integration of basically all foreigners into the Japanese society, as even if they spend an extensive period in Japan they will never be real Japanese citizens, including the next generations. All in all the immigration can be summarized, according to the author, by one goal, which is to incentivize only short term stays in Japan. Foreign talent can work in Japan, however after some years is asked to leave the country. It clearly shows foreign workers that they are just here to work and not to integrate into the Japanese society.

Another aspect of the immigration policy is also the ad-hoc system of change within the regulations. Visa applications are mostly judged by just one immigration officer, who can decide on his/her own whether or not he/she wants to accept the request, without much of a standardized legal bases the officer could use to orient his/her decision. Thus a cultural bias of the individual officer could lead to not allowing important foreign talent to work in Japan. Interviews with Indian software engineers performed by the author indicate that Indians for example are not perceived as valuable talent by Japanese immigration authorities, although they could provide sufficient qualifications. Adding to that many officers have limited understanding of foreign degrees, especially in technical fields, thus important accreditations are not considered by the Japanese immigration authorities when deciding in a visa application case, according to the experience of various interviewed immigrants.

Lastly, D'Costa argues that policy changes by the government are also only ad-hoc, meaning that changes in immigration regulations are mostly only temporarily. For example, the Japanese IT industry was in need for skilled labor and thus 8000 Indian software engineers were quickly awarded with a working visa. However, after these 8000 were found, the regulations were changed again making it difficult for skilled Indian workers to apply. Thus, the author states that Japan is more interested in an "ad-hoc approach, rather than changing the legal basis for foreigners' entry".

The third institutional barrier presented by D'Costa is the "Social-cultural Impediments for Foreigners" (D'Costa, 2008). First, he claims that Western immigrants are more welcomed than other Asian neighbors, which is especially important when looking at the software industry where India marks a center for the IT industry. Even worse, the "rise in crime has been attributed to influx of foreigners since 1980s" (D'Costa, 2008), which changed the perception of foreigners in Japan even more towards non-acceptance. Prejudices and historic opinions create in the minds of many Japanese a sense of hostility towards foreigners, making it extremely difficult for them to integrate to the society which on the other hand further increases the mistrust between the two parties.

Another more business related aspect that leads to the low interest of foreign talent to work in Japanese companies, illustrated by the author, is the culture within the organizations. The steep hierarchy and promotions by age rather than performance lead to the fact that "aspiring and ambitious foreign professionals are likely to be less enthusiastic in seeking a long-term career in a Japanese corporation" (D'Costa, 2008). If foreign talent wants to work, he/she will often prefer an international company due to the similarity in business culture, which on the other hand leads to less interactions with Japanese and thus to a loss of human capital transfer. Other factors mentioned by the interviewees were based around difference in food, the predominant use of Japanese in business and everyday life, as well as weak educational institutions for foreign children that come along their parents to Japan.

In the last section of the paper D'Costa mentions some recommendations for Japan to mitigate the problems caused in the immigration and corresponding integration of foreign people. First and foremost important is that Japan needs to have a "society-wide debate about the significance of demographic challenges and the place of immigrants" (D'Costa, 2008). According to the author, the Japanese population needs to understand that their current wealth will not last when Japan is not able to attract both skilled and unskilled labor from abroad. The society needs to be aware of the changing demographics that will over time lead to an extreme lack of young workers that are needed to maintain the current economy. Only if people understand the importance of the problem, they will be willing to accept immigration and potentially be more open towards the integration of foreigners within their society.

Secondly, after the mindset has opened more towards the acceptance of foreigners, the legal basis for immigration needs to be changed. The author asks for a "systematic overhaul of immigration policies and the visa regime to attract foreign talent" (D'Costa, 2008). Only if these regulations are changed and this time on a long-term basis, foreign talent will be able to move to Japan and help in the revitalization of the Japanese economy. This also incorporates a standardization of Japanese firms towards international standards, most notably the use of English and labor laws. A prerequisite for this is that English education is to be improved in Japan to be able to internationalize universities and high-schools, which lead to his final recommendation.

Attracting foreign students is a main factor for attracting foreign talent, as students that liked Japan are more likely to stay there for a job after graduation thus making attracting foreign talent much easier. However as stated by the author currently only four percent of tertiary students in Japan are foreigners, compared to 25 percent in the US and ten percent in Germany (D'Costa, 2008). Furthermore, most of the foreign students come from China and South Korea, as such are already close to the Japanese culture in comparison to their Western counterparts. Although, it is also important to attract Asian talent, Japan should not forget to incentivize Western students to move to Japan for their studies.

Concluding, one can say that D'Costa was able to identify institutional barriers that hinder foreign talent to see Japan as an attractive place to work. The fact that he found obstacles in various levels of the country ranging from cultural to legislative aspects shows the complexity of the problem. Further it confirms many of this paper's findings in relation to history and business practices as a cause, whilst adding immigration policies to the list of reasons. His extensive research of non-Western talent further shows that foreign talents of different origins face different obstacles when moving to Japan for work.

#### 5.2.3.2. Why Japanese Multinational Companies failed to globalize

The second selected piece of research is the paper about “the Japanese global leadership challenge: what it means for the rest of the world” by J. Stewart Black and Allen J. Morrison. It has to be noted that this chapter will only focus on the causes of why Japanese MNCs failed to globalize and will not integrate the corresponding learnings for other countries as described by the report. The paper was chosen due to the immense Japanese experience of the two authors, who again show their knowledge of the society and the economy in this paper. Their inclusion of papers about Japan from all different perspectives and institutions as well as their own experience will greatly benefit the findings and conclusions of this essay.

According to Black and Morrison, Japan was a focus of foreign companies in the 1980s, however “as the Japanese economy has struggled and as emerging markets including China have taken off, interest in Japanese multinational firms has slid” (Black & Morrison, 2012). They believe that the main reason for this dilemma is that Japanese firms failed “to adapt to a more complex, global marketplace” (Black & Morrison, 2012). Further in their argumentation they identify the failure to attract local talent in the international operations as well as their promotion to regional and global roles within the Japanese firms as the main cause for this development in comparison to their North American and European peers. To highlight the great fall of Japanese MNCs, they use the Fortune Global 500 Index as a measured of relevance for Japanese MNCs on a worldwide stage. Where in 1995 six out of the top ten firms and 141 out of the remaining list were Japanese in only 15 years this number has sunk to one in the top ten and 68 out of 500. At the same time most comparable benchmark nations as well as newcomers such as China and South Korea took these spots.

To explain this development, the paper use examples of Japanese MNCs as well as the significant experience of the two authors to derive to the root causes. In order to do so it uses the company Tanaka to explain the different steps of Japanese internationalization over the years and where the companies have failed to adapt. The first foreign operations by Japanese firms were mainly created with the help of Japanese personnel on the ground with the intention to give this responsibility at a later stage to local employees once the subsidiary has been set up. However, according to Black and Morrison this step never occurred in the history of foreign expansion of Japanese MNCs.

Although, one can observe that many Japanese firms had foreign regional heads with the help of extensive incentive packages from 1997 to 1999, the crisis in 2000 changed this view dramatically. The fault for the crisis was mainly attributed to the foreign operations, which led to the standardization of the global business. However, unlike their Western counterparts, which performed a similar globalization, the Japanese did not allow the “Be global, act local” slogan of this time (Black & Morrison, 2012). In the views of the Japanese executives this would go against the belief of harmony

within the company. Nonetheless, it rather meant that the companies became a centralized organization that was fully directed by the Japanese headquarters without much input from foreign employees, according to the two researchers.

A vast majority of executives, interviewed by the paper, outline that their opinion and feedback was completely ignored by the Japanese executives and in some instances meetings in Japan were performed in Japanese despite the attendance of foreign managers, who did not understand the language. As a consequence many foreign executives left the firm to work for Western MNCs. The Japanese senior management, however, attributed this resignation of foreign talent as a sign of missing loyalty towards the company and that the foreigners just left due to monetary reasons. Black and Morrison state that the Japanese managers could not and perhaps did not want to understand the real causes for the exodus of many foreign executives. A reason for this phenomenon might be the Japanese idea of lifetime employment, thus for many Japanese leaving the company after a short period of time was seen as an extensive sign of disrespect and missing loyalty. As a consequence the real causes for the problem were not identified and not fixed by the Japanese organizations.

The resignation of many foreign executives did find its way into the global classrooms of MBA students and thus Japanese corporations became a very uninteresting career opportunity for the global elite of talent. The phrase “bamboo ceiling” that “captures the notion that if you are not Japanese you can go only so far in your career and no further in a Japanese company” (Black & Morrison, 2012), became a known description to Japanese job opportunities for foreign talent. All in all Japanese corporations became more and more unattractive for foreign talent losing much of the global talent that was hired by large Western MNCs and newcomers in China, Taiwan, and South Korea.

As a consequence of missing international employees in the talent pipeline of Japanese MNCs there were of course also no foreign managers present. Black and Morrison reference to a study by Ruigrok and Greve, which states that there exists “a positive relationship between top executive diversity and firm performance” (Black & Morrison, 2012), to show that the missing diversity of Japanese firms could be an explanation for their current financial performance.

At the end the two authors outline three major lessons, which lead to four countermeasures. The first lesson is based around the argument that no one is immune to the problem. Although many Japanese characteristics led to the problem, this development can happen to MNCs of other nations as well. Thus the recent history of Japanese MNCs is important to study, to find ways in which other countries can avoid the same failure. Second, they argue that it is foremost important to build a “global leadership bench strength” (Black & Morrison, 2012), meaning that every global MNC needs to develop foreign leaders on all levels to achieve diversity and the corresponding learning effects. The last learning from the study is that it is natural for people to hire people they trust for important tasks. Often these

people share the same origin and culture. It is only natural for a Japanese to hire another Japanese to set-up an essential subsidiary abroad, however the new global marketplace requires a deviation from this traditional system and firms across the world need to break this border division when it comes to business.

To cope with the presented challenges, Black and Morrison offer four countermeasures. First, they argue that inpatriation is important, which means that foreigners should be sent to the headquarters to learn about the values and the culture of the firm. Second, early expatriation is a key for global MNCs, headquarter personnel must be sent abroad to learn from different cultures and understand the global customers. As a third countermeasure the two authors present the global leadership development. Here, global training programs need to train cross-cultural competencies and relationships must be built across executives from different local operations. Lastly, global MNCs have to make use of powerful symbols. Only if employees and potential future employees see that foreign talent can advance the career ladder, only then will they be interested and motivated to join the MNC. A global talent war has started and for a successful MNC it is essential to gain its share of this global elite by attracting them with promising career opportunities proven by the promotion of foreign managers to global management positions.

Concluding, one can see that the paper by Black and Morrison gives key learnings on the globalization of Japanese MNCs and why they fail to succeed on the current global stage, leaving the country in a decade long stagnation of its economy. Despite being focused on Japan, the paper warns that also other nations can do similar mistakes. Thus, it is also important when speaking of Korean MNCs and their attitude towards foreign talent and its integration. The key takeaways will help to derive recommendations for Japan and Korea in section 7.0. of this paper.

#### 5.2.3.3. Multiculturalism in South Korea

An innovative academic approach was chosen by Jin Suh Jirn in his paper “Happy Seoul for foreigner: scenes from multicultural life in South Korea”. The author works with the analysis of Korean independent movies, which describe the life of migrant workers in Korea and combines these findings with academic research from other channels. Especially, he is concerned with the phrase of multiculturalism, which started to become prominent in the mid-2000s in the Korean society, as a nation, “which was founded on the myth of a single bloodline, tries to come to terms with its growing foreign population” (Jirn, 2014). According to his view, multiculturalism is an extensively discussed topic in Korea, however he is not sure whether the Korean population is understanding its importance and if the population is actually interested in the integration of foreigners.

Jirn states that from his experience and his research, “many Koreans are still sticking to the belief that Korea is an ethnically homogenous country” (Jirn, 2014), and at thus multiculturalism is not

important or of any value for the Korean society. Many Korean citizens and the respective large conglomerates see diversity as a way that “merely serves to promote its [Korea’s] standing in the international community” (Jirn, 2014). This aspect shows that diversity is rather a marketing tool than a real development within Korea’s society. However, the Korean government as well as individual Korean conglomerates figured out that a country as small as Korea, which wants to become a global player, needs to recruit foreigners for its economy. However, attracting foreigners and making them work in Korea is in their opinion different from actually integrating them into the society.

The author further argues that Korea’s approach to multiculturalism was always executed in a top-down way by the government. It was the government’s goal to transform the capital Seoul into an international city that would attract skilled Western expats and foreign investment similar to rivaling cities such as Hong Kong and Singapore. In many ways, Korea was successful in achieving this target, as more and more foreign companies make their way into the country, including skilled workers and extensive investments. Nevertheless, as a consequence of the economic growth the overall wealth level of the Korean population rose, making low-paid dirty jobs suddenly unattractive for the Koreans. As such unskilled migrant workers were recruited, mainly from South East Asia. Unlike the perception with the Western Expats, who were tolerated by the Korean citizens and in some parts actually sparked a fascination for the West in the minds of young Koreans, the new migrant workers were greatly disliked forcing them to live in isolated ghettos whilst accepting exploitation in terms of salary.

Similar to Japan, the rise in the crime rate was mainly attributed to the new influx of immigrants, even worsening the perception of the migrants. Nevertheless, according to the author, who studied the daily life of these migrants and compared it to the life of the Western expats in South Korea, both groups face discrimination although to a different extent. Integration into the society is difficult for both parties, however governmental restrictions put a larger burden on the migrant workers, especially when it comes to bringing kids and family from home. All in all the author argues that Korea’s government is well aware of the importance of immigrants for its economy and as such is responsible for many changes. However, these changes are mainly focused to benefit the Western expats and not the migrant workers, which have to suffer from exploitation and non-acceptance by the Korean society.

Although the article was mainly written to describe the life and situation of migrant workers in South Korea, it offers some insights on the standing of foreign talent in Korea. Tolerated by the general public, marketed by the conglomerates, and attracted by the Western appearance of the capital, they still face mistrust and have few opportunities to integrate into the Korean society. It becomes evident from Jirn’s paper that the driving force for multiculturalism is the government and not the normal population. However, one can say that such an important change in the society needs to come from within the population and not being forced upon it by the government.

#### 5.2.3.4. Additional relevant literature

This section of secondary research offers some key learnings from other relevant studies and research papers that are not explained in detail, however offer some individual aspects for this paper. The topics range from Japanese and Korean immigration policies to the history of English in Japan and finally to what work values in the two countries can mean for foreign talent.

The first paper covers the importance of English in the Japanese society. It is written by Philip Seargeant with the title: “English in Japan in the Era of Globalization”. His main point of question is why in a country such as Japan that “exhibits an intense fascination towards English” (Seargeant, 2011), the language nevertheless does not have an “official status, nor, in relative terms, do the majority of citizens require any particular fluency in it” (Seargeant, 2011). He claims that English phrases are extensively used in marketing, on symbols, in fashion, and in restaurants throughout Japan, nonetheless many inhabitants cannot speak English in a fluent matter. Seargeant offers two explanations for this phenomenon one based in the history and the other one oriented in the current educational system. First, he reasons that Japan was unlike many of its Asian neighbors not under Western colonial rule, which would have influenced the culture and the language towards the West and in this regard to the English language. Second, the educational system in Japan is responsible for the poor English level across the country, as most of the teachings are grammar based and as such do not offer significant active speaking parts that help to improve the spoken language. Further, mispronunciation due to the characteristics of the Japanese alphabet, most noticeable the katakana alphabet, are tolerated in class and as such hinder the correct learning of the language. All in all, the author describes that Japan illustrates a paradox when it comes to the English language. The country is fascinated by the language and is not shy when using it in marketing and in the entertainment industry, however it is not able to reach a sufficient English level within the population that is needed for the current globalized world.

Concluding, one can say that this book further adds insights to the mentioned lack of English skills as a reason for the current isolation of Japan as argued in previous chapters. The causes for this phenomenon will help developing a model for improvement when it comes to the internationalization of the economy and the society as a whole and as such this paper offered key learnings towards this goal.

The topic of immigration politics is discussed in the following two articles. The first one being “Japan, the United States, and the Philosophical Bases of Immigration Policy” by John D. Skrentny, Micah Gell-Redman, and Jack Jin Gary Lee, which compares the US with the Japanese immigration policy to explain important differences and identifies causes for this behavior. Secondly, one can look at the paper by Naohiro Ogawa “Population Aging Immigration in Japan”. Both studies argue that Japan is in a desperate need for foreign labor, be it skilled or unskilled. However, as described by Skrentny,

Gell-Redman, and Lee “Japan’s admission of immigrants is, on per capita basis, among the lowest in the world” (Skrentny, Gell-Redman, & Lee, 2012). A possible cause for this aspect is that “Japan fears the social costs of accepting increased immigration”, however even “highly skilled foreigners and their families have encountered problems in communication and in building social relationships within the Japanese society” (Skrentny, Gell-Redman, & Lee, 2012). Even more, new regulation based around the pension system further discourage foreign talent for extending their time in Japan. According to the study, Japan values their cultural characteristics, including their national homogeneity, as more important than financial gains that would derive from an increased immigration. Naohiro Ogawa argues in a similar way and further adds that it could already be too late for Japan to change its immigration policies, as much of the foreign talent, especially the Asian one, is already gone to other locations in the wake of the recent global talent war and the current demographics of the “supply countries” to not indicate much more supply in the future (Ogawa, 2011).

All in all, the two studies illustrate how dangerous the situation in Japan is. Both studies as well as other relevant researchers argue that Japan is in need for foreign labor, however is currently not acting with a more open immigration policy. Furthermore, Japan’s society shows a significant denial of the problem and refuses to integrate foreigners into the population. As the supply of foreign talent is decreasing on a constant basis, at some point Japan will not have the opportunity to attract foreign talent, even if they change the policies, as it will be just too late.

In comparison to the next article with the title “The citizenship of foreign workers in South Korea” by Seol Dong-Hoon, who covers the Korean side of the immigration politics, one can observe that the country faces similar problems like Japan. However, the paper as well as other research indicates that Western foreigners face less obstacles and less discrimination than in Japan. Nonetheless, the situation of the much needed low-skilled migrant workers from non-Western countries poses a great challenge to the Korean society. Similar to Japan, Korea fears the social costs involved with accepting these immigrants (Seol, 2012). This denial and refusal to care for the migrants led to areas being ghettoized, further worsening the perception of foreign migrants. As a conclusion, one can say that Korea faces similar issues like Japan when it comes to immigration, nevertheless, Western expats experience less of them in Korea.

The last study is written by Fabian Jintae Froese with the title “Work values of the next generation of business leaders in Shanghai, Tokyo, and Seoul”. The author argues that in the past all three respective nations were labeled as Confucian Asian and as such would have similar work values. Although, this might be true on a relative level from a Western standpoint, his study actually discovered that the differences are more extensive than originally thought. His research indicates that the Chinese are more individualistic and career oriented, the Japanese risk-adverse and work oriented, whilst the

Koreans are in between the two. Froese tries to explain these findings by the current economic situation in the countries, as for example “low economic growth rates have confronted Japanese workers with the risk of unemployment and uncertainties” (Froese, 2013) which would lead to risk-adverse behavior. The opposite is currently true for China and to a lesser extend for Korea. The individualistic behavior by the Chinese is also explained by the way the country became an economic power, as in contrast to Japan and Korea, much of China’s growth came from foreign direct investment, which opened the country up for foreign influences and foreign management practices. The missing experience with foreigners also leads, according to the author, to the fact that “foreign companies are not particularly popular in Japan, while they are among the most preferred employers in China” (Froese, 2013), due to fact that Japanese are risk adverse thus they do not like to work in a company they have little experience with.

Concluding, one can say that the article helps to understand the reasoning behind Japan’s and Korea’s business culture. It explains to some extent why China is much different when it comes to foreign interaction and globalization of the economy. Nevertheless, it also indicates that Korea is in between the two. The connection between work values and the current economic situation of the respective country is an important learning that needs to be considered when evaluating reasons for the behavior of the Japanese and Korean firms.

## 6.0. Business Cases

The following business cases try to give an impression of the current situation in the Japanese and Korean economic landscape. It provides cases from selected firms, which tried to deal with the problem of the integration of foreign talent, each in their own ways and methods. The section provides successful examples of foreign talent integration as well as negative ones of this process to ultimately gain key learnings from the behavior. These learnings will help to create best practices in the recommendation chapter of this paper.

### 6.1. Japan

The Japanese section of business cases provides a broad overview of Japanese problems with the globalization. It illustrates the Japanese thinking of “Technology First” and its effect on Japanese global competitiveness. In a further example it highlights why assigning foreigners senior positions is not enough, if they do not receive sufficient backup from the chairman and recognition for their measurements. Lastly, it shows how successful a Japanese-Western partnership can be and what learnings one can derive from it for further projects of globalization of Japanese conglomerates.

### 6.1.1. Sony

The Japanese tech giant Sony struggles with financial performance since various years and again reported a USD 1.26 billion loss for the 2014 fiscal year (Griffiths, 2014). It shows that Sony is not able to meet the needs of the current global customer with the PlayStation being the only exception to this rule (Griffiths, 2014) (Davidson, 2014). Many experts argue that it has to do with a principle that is visible in many Japanese firms, the “Technology First” principle. It essentially covers the Japanese sentiment that if the product is the most advanced, consumers will prefer it over other products. Despite being very successful with this approach in 1980, the customers have changed such that brand perception and design appearance are more important than technology for their purchasing decision. It is still true that technology is important, however it evolved from a motivation factor to a hygiene factor, allowing competitors such as Apple and Samsung to outperform Sony and other relevant Japanese electronic producers (Griffiths, 2014).

Another result of this “Technology First” principle is the fact that Japan develops products before they are desired by the customer or important side-products are available to fully use the innovation. Examples for this are the expensive introduction of the first blue-ray player for the PlayStation 3 as well as the introduction of the Sony 4K TV. During the time of the introduction many movie distributors were still using the DVD format as such there was little value for PlayStation 3 buyers for having a blue-ray player (Kanellos, 2006). As a consequence Sony had to sell it below production cost to at least gain important market share (Bangeman, 2006). In regards to the 4K TV technology, even today many consumers do not have the chance to use the quality of the device as most TV channels, streaming services, and Video on Demand providers do not offer 4K transmission, rendering the technology a useless costly extra (Slaybaugh, 2014).

Even worse, the “Technology First” principle also implies that the products are often the most expensive ones on the market. The important emerging market customers do not have the financial resources to buy the products, nor the infrastructure to make full use of them. Thus, one can conclude that Sony and also its Japanese rivals cannot persuade the customers of industrialized countries nor the consumers of emerging markets to buy their products with the “Technology First” principle. To change this, the companies would need to invest more into brand, marketing, and design, however how can they find the right design or marketing measures for their global customers when their home market is the domestic Japanese one. Marketing and design are intangible goods that are largely determined by cultural values and at such it is important to hire foreigners for this job as they know what their own cultures like and demand.

Sony tried to achieve this step by hiring the British manager Howard Stringer into the senior leadership of the corporation. During his seven years within the company, even being promoted to

president in 2009, he was not able to transform Sony into a globalized conglomerate (Fingleton, 2012). After his resignation he was interviewed by the Financial Times why he had failed to deliver the promised internationalization and his explanation was to no surprise to the experts, who monitored his time at Sony over the years. He argued that although having the title, he had no power over the company as the Japanese president Ryoji Chubachi decided everything together with his Japanese colleagues (Fingleton, 2012). His only point of influence was Sony Entertainment, which is entirely based outside of Japan and is now with the PlayStation 4 one of the most profitable business divisions of Sony. Nevertheless, one needs to ask why he had not left the company earlier with this small amount of power and essentially being a marketing tool to foreign investors instead of the promised change initiator.

However, it shows that many Japanese conglomerates have problems with integrating foreigners within its workforce. The “Technology First” aspect can also be associated to the fact that most of the attracted foreign talent that work within the Japanese economy are employed in technical fields. Important divisions like marketing and brand development are completely absent of foreigners, even though they would be most valuable in these fields. Japan needs to understand that the global customer has changed and that technology is no longer the deciding factor in the purchase decision of the customer and even more important this principle will limit the attraction of the new segment of emerging market customers, which is a cornerstone of many global successful MNCs.

### 6.1.2. Toyota and Hitachi

Some Japanese corporations started to realize in 2015 that something needs to change when it comes to company culture and foreign talent. Due to extensive competition from US based Apple, South Korea’s Samsung, or China’s Haier, Japanese electronics firms are forced to change traditional structures. Recently, Hitachi eliminated its seniority principle in order to become more productive and thus competitive on a global scale (Nicolaysen, 2015). Performance is now the key indicator for promotions. This breaks with the long Japanese tradition that is visible in various Japanese conglomerates and companies. If this change is also helping to globalize Hitachi’s workforce cannot be said at this point, however it certainly marks an important turning point in the history of Japanese business principles.

Another Japanese company that is currently changing its culture, is the automotive giant Toyota. Due to falling sales in Europe over the last five years (Toyota, 2015), the company elected the French manager Didier Leroy as new Vice President of the company (Nicolaysen, 2015). According to Toyota this change will bring new perspectives to the management board and will help Toyota to understand the global and especially the European customer more. Nevertheless, the unsuccessful executive time of Howard Stringer at Sony, should serve as a warning sign that appointing a foreign executive does not translate into the desired outcomes of internationalization. As according to insiders, Stringer was the CEO of Sony, however never truly in power, as all important decision were made by the Japanese

president Ryoji Chubachi and thus Stringer's effect on the company were substantially low (Fingleton, 2012). Another example is the appointment of Samsung Mobile's CMO Todd Pendleton, the inventor of the "Next Big Thing". Despite the extensive success of the campaign leading to rising sales in the North American market, the South Korean headquarter sent out a team of auditors unannounced to the American offices to investigate whether this success was only a fake (Kovach, The guy responsible for the Samsung ads that demolished Apple is out of the company, 2015). The employees were stopped more than three weeks from work. In a global executive meeting in Seoul, Korea, the American executives were told that they failed the company in front of managers from across globe. As a consequence of this missing appreciation of foreign-originated success many employees including Todd Pendleton left the company (Kovach, How Samsung won and then lost the smartphone war, 2015).

All in all, one can say that Toyota is not the first Japanese or Korean firm to appoint a foreign executive. The history shows that many of them were mainly used as marketing tool rather than a valued decision maker. Furthermore, their success was not valued by the respective home offices in some instances. Thus, they were not able to substantially change the Japanese firms and globalize them for the worldwide markets. Toyota now has the chance to prove that their decision carries weight and that Didier Leroy is able to fulfill his position without much interference from the Japanese executives. If this appointment is successful and yields the targeted goal of revitalizing the European market for Toyota, it might be possible that more Japanese companies will follow this example and slowly internationalize the Japanese economy. However, past examples show very little indication that it will work this time.

### 6.1.3. Business Schools US

Enrollment to American business schools for MBA degrees can be regarded as an indicator for the willingness to learn from new cultures and the overall degree of globalization for Asian nations, similar to the times of the Meiji Restoration, where Japan opened up after decades of isolation and sent out experts to all regions of the world to learn from other countries in the fields of medicine, business, military, law, and technology. Years of rapid industrialization followed, which ended in the Japanese Imperial Empire that expanded across Asia. Although, the colonial times are now regarded as negative, one can still takeaway the learning that this opening up of the country allowed Japan to become this powerful.

In the 70s and 80s Japan experienced another period of extensive economic growth and increase in power and similar to the Meiji Restoration the country sent out its elite to other nations to learn more about their technology and culture. In this case the main focus were the prestigious business school of America, which offer a MBA to excellent students from all over the world. After two years of studying many Japanese MBA students returned back to their home country to share their newly acquired

knowledge of American business practices and company cultures. As Japan's main corporations were and still are export focused, these insights arguably helped the Japanese to become competitive on a global scale and in particular were able to conquer the important North American market.

However, in recent times one can observe a serious decline in the number of Japanese students in American business schools. Just from the year 2000 to 2010 the undergraduate enrollments dropped by 52 percent, whilst graduate enrollment dropped by 27 percent (Harden, 2010). Even worse, other important Asian competitors performed the complete opposite, with Chinese total enrollment up by 164 percent and India by 190 percent. South Korea, which has a significant smaller population than Japan currently sends out two and half times more students as their Japanese counterpart (Harden, 2010). Harvard, regarded as the most prominent American business school, only had one Japanese undergraduate student in its whole university, marking a current bottom for the 15 year long decline in Japanese students at Harvard. The current president of Harvard Drew Gilpin Faust said in an interview with the Washington Post that she travelled to Japan to investigate the causes for this decline (Harden, 2010). The responses of the Japanese youth were that they prefer the comfort of home in terms of culture and especially the language as well as the fact that Japanese firms would not value an American MBA degree anymore.

The article by the Washington Post further illustrates why Japanese firms do not value the venturing abroad by interviewing Tomoyuki Amano, the chief executive of a firm, which publishes reports on foreign education. According to his research and expertise, Japanese employers value harmony within their firms. They believe that American taught students complain more especially with regard to the long business hours and require more holidays (Harden, 2010). This lack of interest in American taught students can be observed in the area of promotion, as mostly people are promoted which share the same university with the executives and employees, who leave the company for the two years abroad finds themselves returning in a lower position than before they left according to various interviews conducted with employees in large Japanese firms.

The last obstacle for Japanese students to enroll in American universities is the English language. In order to reach acceptable levels for the business schools, interested Japanese students have to devote an extensive period of free time to improve their English, which additionally also requires a significant financial investment. The English learned from the high school is way below the levels needed to fluently speak and work in English. Thus, many Japanese students prefer to stay at home and study in their native language (Harden, 2010).

This real life case illustrate several causes for the missing globalization of the Japanese corporate structure. First, due to the fact that more and more employees remain in Japan for graduate education, they miss out on learning the Western culture and its business culture. Thus, the later

executives will have more difficulties in understanding the global customer as they never experienced foreign cultures for an extended period of time. Further, they do not learn about new American business concepts in a first-hand experience. Another significant implication is the loss of international networking. Elite business school proud themselves with the argumentation that one can already learn their future business partners and clients in the school. Many business relationships especially in the US originate from alumni structures. Japanese executives will thus have more problems to establish these important foreign connections.

Further, by studying in an international environment in American business schools, where the classes are diverse and composed out of students from all across the world, one will get new perspectives and new ways of thinking. Japanese students, who stay at home will not experience these new views and ideas, which could lead to innovative inventions and business principles. Lastly, the venture abroad during the 80s forced the Japanese to learn English to an acceptable business level, which is important in today's globalized business world. The high school and university English courses in Japan are not enough and thus the country becomes more and more isolated as it cannot communicate with the world. According to the English Proficiency Index, which ranks 60 nations globally, Japan ranks 26<sup>th</sup> below important competitors such as Singapore, Hong Kong, and South Korea (EF, 2015). Further, one needs to note that Japan was the only Asian nation that actually decreased its score, whilst nations such as China, Indonesia, and Vietnam illustrate enormous progress. A large nation such as China with an economic growth that started significantly later than Japan's is already ranked 34<sup>th</sup> (EF, 2015). Another test carried out by the Japanese education ministry showed that Japanese students grade way below the expectations by the government, especially when it comes to "active and productive skills of speaking and writing" (The Japan Times, 2015). All in all it shows why it is difficult for foreign talent to work in Japanese companies without a fluent level of Japanese.

#### 6.1.4. Nissan

The globalization in the 1980s also sparked Nissan's interest to venture abroad. Due to political restrictions in Europe and the US, Nissan was incentivized to build-up factories in Tennessee, England, Spain, Mexico, and Australia to become a local producer. After a successful decade, the 1990s posed difficult times for the company as the financial crisis in Japan made it more difficult for Nissan to obtain cheap credits to finance the expansion of the brand (Piper & Cott, 2003). Further, Nissan had one of the most expensive supply chains as many of the keiretsu suppliers were inefficient or costly due to weak negotiations. In the wake of a near bankruptcy Nissan was forced to find partners abroad, most notably Ford or Daimler, however due to billion dollar loses in the recent years only the French automotive producer Renault was still interested (Yoshino & Fagan, 2003).

After cross share agreements in 1999 as well as the designation of French Carlos Ghosn as CEO of Nissan, the company announced its partnership. In the following three years, Ghosn rebuild the company by reducing the number of car platforms, closing various Japanese factories, and finally exiting from the traditional keiretsu supplier structure (Piper & Cott, 2003). After three years, Nissan was able to fulfill the plan and in 2001 the first profit was realized after a decade of negative returns (Yoshino & Fagan, 2003). During the following years the partnership was further intensified and currently Carlos Ghosn holds the CEO position of Renault-Nissan.

The example of Nissan shows to some extent how valuable foreign talent integration can be for Japanese corporations. New perspectives as well as the bravery to break with old traditions such as the keiretsu network exhibit extensive positive effects for Nissan, which is similar to a number of large Japanese firms. The partnership of Renault-Nissan is a great example of global partnerships that benefit both parties. However, even apart from a full partnership structure it shows how valuable foreign talent can be for a Japanese corporation. With the United States and Europe being important markets for Japanese firms, having foreign talent within their senior management row helps to understand the global customer, ultimately leading to higher sales abroad in times where domestic growth has slowed. Further, a foreigner can executive measurements that would be more difficult for Japanese executives such as breaking with the traditional keiretsu system. One would think that this action has brought much criticism, however the total opposite occurred within the Japanese society, as Carlos Ghosn became a prominent figure in Japan even having his own Japanese comic/manga book series being made (Yoshino & Fagan, 2003).

Nevertheless, despite all of the success associated with this business case, one needs to understand that Nissan did this decision, whilst having nearly no other alternative. Seeking out for external help on the brink of becoming insolvent, shows that Nissan was very skeptical of seeking international help and it was seen as the last resort. This mindset needs to change within Japan's economy and asking for foreign help, either via partnerships or just the integration of foreign talent within the Japanese workforce, will help Japanese firms to globalize and regain the competitive advantage they once had in the global marketplace. Nissan and Carlos Ghosn can be used as a positive example when persuading potential critics. Nevertheless, hiring a foreigner or starting a partnership is not enough if they are not respected within the company and if they do not have enough power to decide on important measurements. This mutual trust has to be present when trying to achieve global competitiveness.

## 6.2. Korea

The following business cases from Korea show that some Korean conglomerates understand the importance of foreign talent and actively recruit them for their operations. Nevertheless, on a closer

look one also finds out that there is still a strong sentiment against this development within the Korean society and it is foremost important to tackle this issue before recruiting more foreigners.

### 6.2.1. Samsung

The Korean conglomerate Samsung realized that the business model has worked for the domestic market, however was not feasible for the global landscape. Thus, the Samsung senior leadership decided they want to become a world leader in R&D, design, and marketing. As many of theories and principles in these areas were Western crafted, the company decided they need to integrate more foreigners into the corporation. As the Harvard Business Case “The Paradox of Samsung’s Rise” argues was it a significant challenge to craft “Western business practices onto its essentially Japanese model” (Khanna, Song, & Lee, 2011). The chairman Lee Kun-Hee recognized the challenges ahead and understood that a change within the business culture is needed to achieve this development. Thus he introduced merit pay and promotions instead of the promotion by age policy and as a consequence introduced foreigners without Korean language qualifications and understanding of the Confucian tradition into the corporation (Khanna, Song, & Lee, 2011). The results were subsidiaries such as the Samsung Global Strategy Group.

The Samsung Global Strategy Group, abbreviated SGSG, is a Korea-based subsidiary parallel to the Samsung group structure that consults various business areas of Samsung’s corporate division. The SGSG operates solely in English and recruits MBA students from America and Asia (Samsung Global Strategy Group, 2015). Additionally to the assistance in terms of housing and legal affairs, SGSG offers mandatory Korean language and culture courses for the employees with the idea to relocate the staff after three years into the real Samsung group, which is still operating in the Korean language. The SGSG is marketed as a meeting point for global-minded MBA students that want to start working in Korea, as such the company offers social events after work and presents Seoul as a perfect starting point for foreign talent (Samsung Global Strategy Group, 2015).

Nevertheless, according to various studies and business cases, many foreigner leave SGSG already after a short period of time and nearly no one was able to achieve a successful start within the corporate organization afterwards (Quora, 2015). Main argumentations for this aspect are the difficult business culture, the lack of appreciation by the Korean executives, the predominance of the Korean language, as well as feeling isolated in social after-work life. Furthermore, it is to note that the SGSG is solely recruiting in selected American business schools and a few Asian business schools, most notably in Singapore. As a result students from other universities and countries are not accepted as applicants. This was further tested in the primary research section of this paper in the application study.

Another Harvard Business Case with the title “Maintaining the Single Samsung Spirit: New Challenges in a Changing Environment” further argues that managers at Samsung are concerned that

the “Single Samsung spirit, which forms the core of Samsung culture, is being threatened from within”, due to the intake of foreigners and young Western-educated Koreans (Khilji, Oh, & Manikoth, 2011). Although, Samsung has set-up the Samsung Human Resource Development Center in 1982 to support “Samsung’s corporate strategy of achieving global competitiveness” (Khilji, Oh, & Manikoth, 2011) in human resource’s areas, one can observe that they have a full range of diverse views when it comes to how to achieve this goal.

Concluding, one can say that Samsung has realized that something has to be changed within its corporate culture and organization to support global competitiveness, especially by selecting themes such as R&D, design, and marketing. The company is aware of the fact that just having the best technology is not enough for the global consumer of today’s world (Khilji, Oh, & Manikoth, 2011). Design and brand are often more important than having the technologically most advanced product, an idea often rejected by Japanese corporations. Further, Samsung understands that the design and brand has to appeal to foreigners and not only Koreans, thus they realized that foreigners need to help develop these areas. However, the failure rates in prestige programs such as the SGSG indicate that they are currently not working properly and that perhaps the organization at its core is not yet ready to fully integrate foreign talent. The sole focus on top American business school also show a bias towards one direction as a whole important consumer base, notably Europe, is completely irrelevant for Samsung Human Resources Department. As Europe is similar to the US also an important center for design and R&D, as presented in the Kia case in section 6.2.3., it is not understandable why they are not recruited for the SGSG department.

However, the main core of the problem lies deep within the corporate culture itself. The often quoted factor of “work not appreciated and valued by Korean executives despite being success” (Quora, 2015) (Kovach, The guy responsible for the Samsung ads that demolished Apple is out of the company, 2015), shows that the current managers of Korean conglomerates are not yet ready to accept the rise of foreigners within “their” corporation. The resignation of various important foreign workers at Samsung Electronics presented (Kovach, How Samsung won and then lost the smartphone war, 2015) in the Toyota case, prove that this is also the case at Samsung. Nonetheless, one needs to admit that Samsung is one of the few companies in Korea that realized the importance of foreign talent and started to build up processes and divisions to deal with this new situation. Nevertheless, a lot has to be done internally and within the minds of the Korean executives and employees to sustainably change the corporate culture towards a more global one.

### 6.2.2. MBC Reports

In the last decade, South Korea has tried to change itself towards a more open culture of multiculturalism, especially when it comes to the capital Seoul. Nevertheless, after the analysis of the

secondary research section of this paper, one will notice that this development is a top-down approach by the government and there are various indications that the Korean society is not yet at this stage. However, after the successful economic growth and the successful attraction of Western foreign talent, it seems that even the government is less interested in an integration of foreign workers into the Korean society. A symbol for this reasoning is the show “Sesangbogi Sisigakgak”, which translates into “Seeing the World, Minute by Minute”, by the Korean state own television station MBC (Ramstad, 2012).

On the 28<sup>th</sup> of May in 2012, the studio aired one episode of the show, where they wanted to show “the shocking reality South Korean women face by dating men from other countries”. In the five minute report various Korean women were interviewed, who dated mostly Western foreigners, with the result that they accused them for spreading infectious diseases such as HIV, leaving them after they become pregnant forcing them to abortion, and engaging in domestic violence (Ramstad, 2012). To further reinforce the standpoint presented by the women, also Western foreigners were asked to state their opinions. They say sentences like “If I say “I’m an American”, I have no trouble with trying to meet women in Korea” (Scroozle, 2012), thus implying that Korean women are easy to date. The report further argues that many Westerners want fast intimacy with the women instead of a traditional relationships, thus “we can see many couples who are physically affectionate there, making onlookers uncomfortable” (Scroozle, 2012) described by the narrator of the show. Furthermore, he adds that “some Korean women are trying to meet foreign men to learn English but foreign men meet Korean women with a different purpose” (Scroozle, 2012).

Again the foreigners are asked and state “Korean women are like a fast food”, whilst this sentence is ended by the narrator telling that “women being sexually assaulted by foreigners are increasing” (Ramstad, 2012). Lastly, Junsung Park, a professor of psychological rehabilitation at Korea Nazarene University recommends that “we should think critically about foreigners and keep thinking about this problem” ending the five minute report on MBC. The reported sparked an outrage in the expat community of Korea and various methods of protest were used such as the creation of Facebook groups as well as silent protest in front of the MBC studios (Ramstad, 2012). The chief producers publicly stated that they did not understand why foreigners would be upset by this report. Additionally the MBC senior management said that they received protest letters by Americans complaining about the report, however they could not understand why the American care about the problems as they were individually not attacked or accused by the report (Ramstad, 2012).

All in all, one can see from this example that despite a development towards more acceptance of foreigners within South Korea, there is still a strong sentiment or at least cautious attitude towards foreigners. That the report was shown on state-owned television and even after the protest defended by the senior management of MBC indicates that also individuals within the government have these

feelings towards foreigners. It should be noted that this was one incident and at thus not an indicator for the whole situation. However, after extensive study of expat forum posts and work diaries from Korea, this paper argues that discrimination against foreigners happens in Korea, although only in very few instances, such as this MBC report, on a public stage. The discrimination in Korea operates on a more indirect level, which can be experienced both within the personal and the professional daily life of foreigners. Nevertheless, one also needs to note that especially the young population is more open towards foreigners, even more if they spend time abroad during their studies. Nonetheless, it will take another two decades before these more open-minded individuals hold senior positions within politics and the economy. TV reports, such as the presented one, certainly do not help to decrease the strong sentiment against foreigners within the Korean society.

### 6.2.3. KIA

Relatively small revenues and plumb sales in Europa incentivized the South Korean carmaker KIA, which is owned by Hyundai Motors to revamp its models. For this difficult task they recruited the head designer of the Volkswagen Group the German Peter Schreyer. He was responsible for the development of the new VW Beetle, when it was introduced in 1998 and afterwards became head designer of the Audi brand. Schreyer was hired to transform the whole model line of KIA Motors to appeal to the Western customer, thus he introduced the “tiger-nose” design for all models in 2007 (Philip & Kim, 2012).

The model line revamp led to an extensive boost in the sales across the world and KIA was able to beat its goal of 4.29 million cars per year, making KIA the largest Korean automotive producer. In December of 2012 Peter Schreyer was promoted to the role of president at the Korean company, where he currently still holds executive positions (Philip & Kim, 2012). Schreyer’s success story marks one of the first examples of sustainable success of foreign talent acquisition within a Korean company. It shows that with the help of different views and new perspectives, here the European one, Korean companies can be even more successful in understanding the global customer.

Although, the company remained very Korean in its structure and management principles the addition of a foreign talent, including giving him the trust and support to revamp a whole model line, showed the benefits of hiring international managers and experts. In many instances this support from the Korean side was missing and the foreign executive was mainly appointed for marketing reason, such as illustrating the foreign investors that the company wants to globalize. However, similar to Carlos Ghosn for Nissan, Peter Schreyer received the needed resources and support to help the company globalize and appeal to the foreign customers leading to improved sales and profitability. Although, it needs to be noted that the appointment of Carlos Ghosn was forced by the financial crisis of Nissan (Piper & Cott, 2003) and the partial takeover by the Renault Group, Peter Schreyer was elected without

outside pressure. Nevertheless, both examples still show that mixing Western and Asian business ideas and principles as well as cultures can yield in a successful global business without losing the Japanese/Korean identity.

Concluding one can say that KIA showed that it is possible to integrate foreign talent into its executive structure and be successful. New perspectives and the understanding of the global customer helped the company to win important market share in the competitive automotive market. Nevertheless, this can just be regarded as a start for a whole change, as KIA does not show any signs of a foreign talent pipeline thus limiting the acquisition of foreign talent currently to only senior positions. Furthermore, Korean is still the predominant corporate language of KIA and its parents company Hyundai, making it difficult for foreign talent to start at the firm. All in all, one can conclude that KIA shows how successful and valuable foreign talent in Korean companies can be, however a more sustainable change from the bottom up is needed to really promote a new globalized corporate culture. Nevertheless, it is a first step and certainly serves as a first success example for other Korean and Japanese companies.

## 7.0. Going Forward

After careful research and analysis of the current situation and corresponding causes of the situation of foreign talent in Japan and Korea and the following implications for the respective economies, this section of the paper presents a recommendation for both countries in the format of a general model that is later adapted to the unique characteristics of the two respective nations. The model is newly created by the author and orients itself on the findings of this paper and uses the analogy of the history to symbolize it.

### 7.1. The Neo-Meiji Restoration Model

The model is derived from the restoration period under Emperor Meiji in the late Edo period in the year 1868. The period is referred to as a time of rapid modernization and opening up to the world for Japan. During the Meiji Restoration the social and political landscape of Japan has changed completely, opening up the way for Japan to become a modernized nation. Even more important was it the time of the Iwakura Mission in 1871, where Japanese were sent abroad to countries such as Prussia, Sweden, Italy, Singapore, the United States, the United Kingdom, France, and Russia, to learn from their cultures and technologies. This mission allowed Japan to rapidly learn the best practices from all important nations thus becoming industrialized themselves. This spirit of learning from other cultures should be reflected by the model that is why it holds the name Meiji Restoration. The prefix Neo is added to symbolize that it is not a continuance of the old process, instead a complete new model that however inhibits the spirit of this time in Japan. When this opening in Japan's past was essentially forced by

American warships, today it is forced by decades of economic stagnation that make such a new restoration important.

One may also note the similarity to the so-called Japanese Iron Triangle. The triangle that consisted of the government, the MITI organization, and the economy. Many experts associate this close connection between these three factions as one reason for the stagnation of the Japanese economy as well as the explanation for the extensive amount of public debt, which further slows down the country. The new triangle should symbolize that the old one is not valid anymore and replaced by a new way of thinking and new way to build up the nation.

## 7.2. Explanation of the Model

The following section will explain the model in detail, whilst additional chapters are added to highlight the additions due to the unique characteristics of the Japanese and Korean situation. The Neo-Meiji Restoration triangle encompasses the three factors education, integration, and legislation. It may be noted that only if all three aspects are performed the model will be successful. Similar to the ideology of three arrows given to sons of a feudal lord that represent the three pillars of Abenomics, the individual factors are easy to break thus the model to fail, however together they are nearly unbreakable and thus successful.

### 7.2.1. Education

The first essential part of the triangle is the education section. It serves as the upper spearhead for the model as without it the remaining sections will not work. The education system derives its importance from one simple causality that if people cannot communicate with each other they cannot build relationships and thus cannot help to integrate them within the society. Earlier sections of this paper highlighted how poor the current English level is within the Japanese population and to some part within the Korean population. Without a fluent level of English it is not possible to talk to foreigner, learn from them, or perform business with them. Thus the first step to globalize the two countries is to increase the English education. A special focus here should be the active language skills that are underrepresented in the current system.

Excessive grammar testing serves as base for learning a language, however active speaking is the needed conclusion of this technique. That is why the model proposes to include active speaking parts in the examination of English at high-schools and universities. Further, English teachers need to be retrained to have sufficient skills to teach those active parts. Teachers that spend a considerable time abroad to perfect their own English skills should receive an improved salary thus incentivizing teachers to go abroad. On a post high-school level, the government should select four to five universities, which implement English as main language on the campus. These elite universities will serve as a hub for global education attracting foreign academic talent to Japan and Korea. Together with the other two

sections of the model, graduates from these universities will be needed for the new structure of the large conglomerates thus making the students well desired personnel. This on the other hand will incentivize more and more students to improve their English during high-school in order to receive a spot in these English speaking elite universities. Nevertheless, it should be noted that there should be classes in Japanese in order to help the local students to gain technical and business vocabulary in their native language.

Students of these universities as well as from other universities should be incentivized to venture abroad for exchange semesters. These semesters should be mandatory and included into the syllabus of the students. With these exchange semesters, Japanese and Korean students will have the chance to improve their English, learn new cultures, and build up important global relationships. Companies need to further incentivize students to perform such exchanges or even internships abroad by making them a prerequisite for job entry.

People that are not selected for the few English elite universities should be motivated to venture abroad for foreign degrees, such as an American MBA or European Master Degrees. The large Japanese conglomerates need to value these foreign degrees and employees deciding to venture abroad for degrees during their work should receive a premium for doing so. They should not face any negative consequences as it is currently the case. This should be regulated by the legislation if the companies do not change this attitude themselves, similar to anti-discrimination laws in the labor law legislation.

Thus concluding, one can find the following internal parts of the education section:

- Revamp of English education (more active speaking examination)
- Training of English teachers (incentive to improve English abroad)
- Selection of four to five English elite universities (create global education hubs)
- More exchange opportunities (mandatory for university students)
- Acceptance and appreciation of foreign degrees (incentive to learn abroad)
- No negative consequences for foreign studies (intrinsically motivated or law-regulated)

### 7.2.2. Integration

Another important ingredient of the model is the integration of foreigners within the society. The education section of the model should help the society to be able to communicate with foreigners and ventures abroad should help to learn about the cultures of the foreigners thus understanding their perspectives. For this, there needs to be general acceptance of foreigners within the country, which is currently not the case in both countries. Especially, non-Western immigrants face serious challenges when going to Japan for work. Both governments are aware of the necessity of the immigrations for the economy and at such should be the first messenger for this policy. The government needs to inform the

general public about the serious condition of the economy and that immigration and acceptance of foreign talent is needed to revitalize it. It may be noted that Japan and Korea depart here into different directions, however these will be discussed in the sections about the unique adaptations.

It is often told that the fastest change is only created if there is a threat for the people, if the “bear is already knocking on the door”. The governments need to use a similar tone within its address to the society and highlight that the current quality of life is only preserved if the society changes towards a more open and global one. Further, it should be noted that increased immigration does not translate into foreigners taking away jobs from the Japanese, it should be marketed as the complete opposite, as currently Japanese are actually losing their jobs due to the stagnation of the economy. If Japan is able to revitalize their economy by globalization, this new growth will create enough jobs for both the Japanese and the foreigners, thus everybody benefits.

An integral part of this acceptance should also happen within the conglomerates. Foreign talent should not only receive decision-maker positions, however should also have the real power to actually fulfill their jobs. Many techniques, perspectives, and business principles will appear very frightening to the Japanese, however they should trust the foreigners and asks them to share knowledge, thus they eventually understand why he or she is doing it a different way. Flatter hierarchies and a more flexible labor market are important prerequisites for attracting top foreign talent and retaining it. It must be noted that the current system of “Technology First” within Japan needs to change towards being the best in all aspects of the product. Especially intangible business areas such as brand and design need to be staffed by foreigners as they have a better understanding of the global customers. It is now Japan’s and Korea’s time to win their share of top employees in the global talent war.

To facilitate the whole process, various companies can adapt the system of the Samsung Global Strategy Group presented earlier in this paper, which implies that they open parallel structures to the main organization, where foreign talent works in Japan/Korea, whilst learning the language and culture to acclimate themselves with the new country. However, this process should only be used in the first years of operations, when Japanese companies transform themselves towards globalized MNCs. Typical fields of these organizations could be consulting services, design offices, and R&D facilities. These sub-companies need to be located in Japan, respectively Korea, and operate solely in English. In comparison to Samsung’s approach to only hire from American universities, all nations should be considered as each of them offers different specializations and skills.

Thus concluding, one can find the following internal parts of the integration section:

- Acceptance of foreigners (society-wide campaign)
- Create awareness for the current dangerous economic situation (bear at the door)

- Take away the fear of unemployment (foreigners help to create more jobs)
- Give foreigners not positions, give them power (acceptance within organizations)
- Focus more on intangible business areas (brand, design, R&D)
- Create an attractive environment for foreigner (win the talent war)
- Create parallel company structures (to ease early adaptation)

### 7.2.3. Legislation

As the last cornerstone of the model, the legislation part serves as a supporting factor. The government needs to provide the foundation for the change, however the change should not come as seen for example in Korea from top-down. The globalization of the two countries and their economies has to come from within the society. The government only needs to initiate the process and should just interact later if some parts of the society cannot be intrinsically motivated, such as the proposed actions within the labor laws.

The first foundation action needs to be a rework of the immigration laws of both countries. Foreign degrees need to be valued and there should be no distinction between Western and non-Western talent. Further, there should be a clear legal framework on what factors qualify for immigration instead of the current ad-hoc evaluation by the immigration officers. Other reforms should also include the pension system rework for foreigners that make it easier for them to adjust, as well as changes in the citizenship requirements. Although some aspects within the requirements were changed by the current government, it is still very difficult for foreigners to become Japanese or Korean even after their family has spent generations within the country. As long as this case exists, there will never be a full integration of foreigners within the Japanese/Korean society and as such there will be no true multiculturalism.

Another supporting aspect of the government can be the assistance of companies that internationalize. This could translate into reduced tax rates, easier access to the financial market, or improved access to state-owned real estate. If companies can prove that their internationalization led to a successful financial performance over the years, the companies could qualify for these benefits. Especially in terms of breaking with the keiretsu system, companies should be assisted by the government, in terms of social relocation of employees that will lose their job in the short term due to this process. As many conglomerates are still heavily influenced by politics, especially in Korea, the order from above can support restructuring measurements within the organizations

Lastly, the government should fund another Iwakura Mission, as described in the introductory section of this chapter. Both countries should send experts of all relevant fields on a global journey to learn from other cultures and their economies. Examples for this could be that brand managers from Japanese tech giants visit Silicon Valley or the luxury brand clusters of France, whilst automotive makers from Korea could visit Germany or Italy. The findings of this mission should be given to the Japanese

conglomerates, such that they understand why other countries are successful in their respective fields. Also possible partnerships can be arranged within this embassy.

Thus concluding, one can find the following internal parts of the legislation section:

- Government as supporting factor (no top-down approach)
- Rework of immigration system (clear legal basis for entry requirements)
- Change requirements for citizenship (create foundation for long-term integration)
- Create benefits for companies that globalize (financial and intangible)
- Help with structural changes (social help in keiretsu break-down)
- Order from above for large conglomerates (gives authority to change champions)
- New Iwakura Mission (learn best practices from across the globe)

### 7.3. Adaption to Unique Characteristics of Japan

The model presented in the earlier parts is already well adapted to the unique characteristics of Japan, as it is based on the current situation of the country. The historic reference to the Meiji Restoration will help to convey the message of the model to the population. The use of this event for the nomenclature reminds the population of the reasons why they were able to industrialize at this extensive speed during this time. It also shows that after roughly 150 years, Japan is ready for a new turnaround in its history to again achieve the economic growth desired by the population.

It is essential to highlight how serious the current economic situation of Japan is to the population. In contrast to the current growth in Korea, Japan experiences a two decade long stagnation of the economy and now is the time to act in order not to lose any remaining competitive advantage on a global scale. Especially Japan's population needs to understand that their current high standard of living is not possible to maintain if they do not react to this situation. It will have negative consequences in the short term and will be an extensive change for the population, however in the long-run it will lead to a better situation for everybody.

Especially in Japan, English education and the resulting English fluency level will be a deciding factor for the success of the model. Only if the English is improved on a society-wide scale, can real integration happen and succeed. English being the main tool of globalization, translates into English being the prerequisite for every successful global player. If Japan wants to attract the global consumers and regain its global share of sales, then fluent English will be the most important factor. A high English level will enable the population to engage easier in cross-border business activities, university/high-school exchanges, foreign education, and finally will allow foreigners to integrate easier.

The models translate into “Modernization/Renewal Model of the Meiji Restoration”, which again shows that Japan will modernize and revive its economy by the proposed measures.

### 明治維新の近代化モデル

The Japanese characteristics during the implementation should be:

- positive association with model name
- enforce how serious the current economic situation is
- improvement of English Level as main success variable

#### 7.4. Adaption to Unique Characteristics of Korea

In comparison to the Japanese unique characteristics, implementing the model in Korea will need to be adapted in two major aspects. First, the argumentation for the necessity of the model has to be different. Korea’s economy is still on a growth path and the population is enjoying the perks in terms of higher standard of living and improved wealth that come along with it. Thus, talking about a critical economic situation will not work and is at the moment in no sight. Nevertheless, the Korean society needs to understand that they are essentially following Japan’s economic path with a 20 years delay. Korea is currently in the booming years of Japan’s 1980s, where Japan ventured abroad and many firms were global leaders in their fields. Various indicators analyzed by this paper show that Korea could therefore also face the development of the later years in Japan’s economic history.

As Korea does not have a large domestic market in comparison to the Japanese one, such a development could lead to greatly more extensive consequences for the country. A stagnation, such as experienced by Japan during the last 20 years, would be a good outcome of the present development. Without the back-up of a domestic market, Korea would probably be in an economic downward spiral in that case. Further, if the few conglomerates that make 80 percent of the country’s GDP do not perform well globally due to a possible isolation of Korea, similar to Japan, the consequences would be extensive. A whole economy would break down leading to an economic crisis that would probably span over various years.

One can argue that this is just a theory, however this paper found indications that such a development is possible and Korea must now perform the right countermeasures to not repeat Japan’s economic history. The country should not do the same mistakes and find itself in the same serious situation 10 to 20 years later. The key factor for a successful implementation is that Korea learns from the mistakes of its neighbor and reacts now instead of when it is too late. Creating acceptance for foreign talent and migrants will be the key challenge for the population in the next years ahead. English level

is in contrast to Japan already well established in the higher sections of the society, however still needs improvements on a society-wide level.

The Korean models translate into the “New Goose Model”. The name was changed due to historical hostility towards Japan, thus a reference to an event in the history of Japan will not be positive perceived by the population. Thus the Korean adaption uses the concept of the flying-geese model, developed by Kaname Akamatsu. It describes the development of various Asian countries by comparing them with a pack of flying geese, which fly in a V-shaped formation. Japan is the leader of the pack, whilst other nations are following in the formation. Japan is followed by the tiger-states such as South-Korea and Singapore, the tiger-cub-states such as Indonesia and Malaysia, the dragon-state which is China and finally the remaining Asian countries such as Vietnam or India. The model says that all these countries follow the development of Japan as an industrial country with a time lag between them. This however would also mean that countries such as South Korea or Singapore will soon experience the same stagnation of the economy as Japan.

This explains the name for the Korean adaption model, as Korea needs to be reminded that they are currently follow Japan and if they do not act and thus set a new direction they will sooner or later experience the same negative consequences. The model provides the Koreans with evidence that a booming economy today does not translate into a prosperous economy in the future and now they have the resources and possibilities to change certain aspects.

## 신거위 모델

The Korean characteristics during the implementation should be:

- change the model’s name
- show the importance of export for the economy
- do not repeat the mistakes of Japan
- create acceptance for foreigners within the society

### 7.5. Critique

The model is a holistic recommendation that inhabits a full volume of ideas and actions. The desired results are only achieved if all three sections of the triangle are fulfilled. Further, it may be noted that this model requires a long-term horizon as a society cannot be changed within a year. Thus, the model tries to be a full agenda for the coming years ahead for both countries. Another important aspect that needs to be understood is that the self-motivating factor of the society is highly valued. If the population cannot be incentivized by the proposed measurements and they are not motivated by the described future scenarios, then a success of the model is highly unlikely. A lot of the change needs to come from

within the society and the debate about the acceptance of immigrants and foreigners is a centuries-lasting discussion around the globe. The analysis stands on the foundational belief that Korea and Japan is currently behind other industrialized nations when it comes to opening up their society to globalization. Thus, even small changes will already have a large and positive impact. Further, it must be noted that the model relies on the information presented by this paper and the sentiment within the societies is developed by the study of external data.

## 8.0. Conclusion

The scope of this paper was to analyze the situation of foreign talent within Japanese and Korean firms and as such what effect it has on their respective economies. Primary research by the means of a data model creation, undercover first-hand research, and interviews was conducted to understand the current aspects of the problem. Together with the evaluation of relevant secondary research, one can come to the conclusion that both countries have issues with the integration of foreigners within their economy.

In detail, the study identified that foreign talent is mainly recruited for technical positions, according to the “Technology First” principle, however is always considered as just a temporal employee, who will soon leave the country after three to four years of knowledge transfer. An integration into the society or even further a citizen application process is not considered by both nations. Instead strict immigration laws and society-wide distrust pose serious challenges to foreign talent. The analysis concluded that the recruitment of foreigners is restricted to knowledge transfer by temporal technological positions or marketing tools for foreign investors.

The paper further outlines that in the current global marketplace, aspects such as design and brand are increasingly important and technology is more and more considered only a hygiene factor in the consumer’s buying decision, as such recruiting foreigners for these positions would add significant value to the struggling Japanese conglomerates as they would know the culture of the global consumers. All in all, the research indicates that this is a major cause for the economic stagnation of Japan during the last decades. An isolation policy after the great opening of the 1980s, closed the doors for a global workforce, international partnerships, and new perspectives towards other cultures. Further, the “Technology First” principle limits the exposure to important emerging markets.

Korea, on the other hand, is according to the analysis in the situation of Japan’s 1980s. The country has opened up and the large conglomerates are willing to recruit foreigners in non-technical positions, Korean students venture abroad to learn about new cultures, and the capital Seoul has been transformed into an international hub. However, the study also illustrates that Korea shows signs of following Japan’s footsteps. The failure to properly attract foreign talent by not giving them enough recognition for their work and the power they need to actually perform in their job, the increasing

mistrust within the population towards foreigners especially the important migrant workers, and lastly the fact that the country is solely relying on the global success of a few large chaebols due to the small domestic market, show that Korea could face a similar destiny as Japan.

The evaluation of real-life business situations further reinforces the identified factors, however also show that some companies are successful with foreign talent integration. Both the Korean KIA Motors Group as well as the Japanese Renault-Nissan Group illustrate that a global workforce and global partnerships can generate needed growth for both economies. Nevertheless, as these are only individual successful examples of a whole economy, a lot of change is needed to transform both economies into global powerhouses that will exhibit growth for generations ahead. Both Japan and Korea are currently missing out in the global war of talents, which end result will shape the future of nations.

The history of both countries is furthermore analyzed in order to identify causes for the behavior of both nations. The constant isolation versus forced opening stages in Japan as well as the isolation policy of Korea over the centuries explain to some extent the distrust towards foreigners within the respective societies. Nevertheless, both nations always experienced unparalleled periods of growth whenever they opened up towards other nations, be it the influence of China in the early days or the influence of Western powers in modern times. This should illustrate both countries how important it is to stop with an isolation policy, especially in this globalized world of today.

The paper concludes with the creation of the Neo-Meiji Restoration Model for Japan and the for Korea renamed and adapted version called Neo-Goose Model. The triangle-shaped model incorporates the three target areas education, integration, and legislation. The education section asks for an improved English education within the target country, increased exchanges abroad, as well as acceptance of foreign degrees as valuable alternative to studying at home. The integration factor includes creating acceptance for foreigners within the society, giving foreign talent recognition and power to fulfill their jobs, attracting foreign talent for technical and non-technical business areas, and finally to create parallel sub-companies such as the presented Samsung Global Strategy Group as starting point for the integration. Lastly, one will find the legislation portion of the model, which recommends structural changes within the immigration policy, the easing of visa regulation and citizenship applications, the governmental support for companies that want to internationalize, a government-sponsored Iwakura Mission to learn from other countries, and finally educate the population of the great value of foreign integration, whilst removing their fear for them.

The main points of incentive for the respective nations would be in the case of Japan the long stagnation of the economy that could be revitalized by the model, similar to the Meiji Restoration which serves as namesake and in the case of Korea the fear of following Japan's economic development, as

predicted by the Flying-Geese model, which serves as namesake. All in all, both nations and their respective citizens should have enough incentives to change their current situation towards a more global society and economy. Only with this process they will be able to sustainably succeed on the global market landscape.

As final note, one needs to insist that this process needs to come from within the society, a top-down approach currently performed by the Korean government will not be sustainable. Further, similar to the current three pillars of the Japanese Abenomics, also in the triangle model of this paper the process can only be successful if all three aspects are fulfilled. Alone they will not last for the desired long-term effects on the countries and their economy. Japan now needs to catch up on what they should have executed years before and Korea needs to act now to avoid following Japan in its period of stagnation.

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## 10.0. Appendix: Excel Model

JAPAN STOCK EXCHANGE Short Name	Revenue: Y	CRITERIA			
		English Website	English Career Site Japan	Foreign Board Member	Career Website
TOYOTA MOTOR	256,540,902,572	✓	☒	✓	✓
JX HD	123,937,412,444	✓	☒	☒	☒
HONDA MOTOR CO	118,250,173,320	✓	☒	☒	✓
NIPPON TELEGRAPH	109,090,911,970	✓	✓	☒	☒
NISSAN MOTOR CO	104,670,885,677	✓	☒	✓	✓
HITACHI LTD	96,020,461,128	✓	✓	✓	✓
SONY CORP	77,558,316,994	✓	✓	✓	✓
TOYOTA TSUSHO	77,318,384,287	✓	☒	✓	✓
PANASONIC CORP	77,251,520,799	✓	☒	☒	✓
MITSUBISHI CORP	76,239,281,295	✓	☒	☒	✓
MARUBENI CORP	70,453,134,257	✓	☒	☒	☒
SOFTBANK CORP	66,568,371,862	✓	✓	✓	✓
TOKYO ELECTRIC P	66,216,600,390	✓	☒	☒	☒
TOSHIBA CORP	64,929,708,585	✓	✓	☒	✓
DAI-ICHI LIFE	58,766,540,889	✓	☒	☒	✓
MIITSUI & CO	57,234,800,560	✓	☒	☒	☒
AEDON CO LTD	56,459,097,528	✓	☒	☒	☒
ITOCHEU CORP	55,793,005,548	✓	☒	☒	☒
NSSMC	55,080,594,239	✓	☒	☒	☒
IDEMITSU KOSAN C	50,275,830,660	✓	☒	☒	☒
MITSUBISHI UFJ F	47,869,216,242	✓	✓	☒	✓
FUJITSU LTD	47,554,342,191	✓	✓	☒	✓
SEVEN & I HOLDIN	47,012,694,246	✓	☒	☒	☒
NTT DOCOMO INC	44,546,354,249	✓	✓	☒	✓
MS&AD INSURANCE	43,380,944,378	✓	✓	☒	✓
KDDI CORP	43,272,484,910	✓	☒	☒	✓
TOKIO MARINE HD	41,102,444,843	✓	☒	☒	✓
DENSO CORP	40,898,954,098	✓	✓	✓	✓
MITSUB ELEC CORP	40,483,905,223	✓	☒	☒	✓
JFE HOLDINGS INC	36,614,610,115	✓	☒	☒	☒
COSMO OIL CO	35,325,739,419	✓	☒	✓	☒
CANON INC	35,296,725,757	✓	☒	☒	✓
MITSUBISHI CHEMI	34,936,832,325	✓	☒	☒	✓
SMFG	34,835,524,089	✓	☒	☒	✓
BRIDGESTONE CORP	34,792,092,387	✓	✓	✓	✓
MITSUBISHI HEAVY	33,446,669,652	✓	☒	☒	✓
KANSAI ELEC PWR	33,225,855,757	✓	☒	☒	☒
SUMITOMO CORP	33,125,225,474	✓	✓	☒	✓
TONENGEN SEKIYU	32,681,563,200	✓	☒	☒	☒
NEC CORP	30,386,343,179	✓	☒	☒	✓
SOMPO JAPAN NIPP	29,889,115,350	✓	☒	☒	✓
MEDIPAL HD	29,433,986,076	✓	☒	☒	✓
SUZUKI MOTOR	29,339,884,040	✓	☒	☒	✓
SHARP CORP	29,228,767,727	✓	☒	☒	✓
SHOWA SHELL	28,390,625,525	✓	☒	✓	☒
CHUBU ELEC POWER	28,380,019,714	✓	☒	☒	☒
AISIN SEIKI CO	28,180,604,543	✓	☒	☒	✓
EAST JAPAN RAIL	26,989,369,617	✓	☒	☒	☒
DAIWA HOUSE INDU	26,963,429,389	✓	☒	☒	☒
MAZDA MOTOR	26,882,747,691	✓	☒	☒	✓
<b>TOTALS</b>		<b>50</b>	<b>12</b>	<b>10</b>	<b>33</b>

**JAPAN NON-STOCK EXCHANGE**

Japan Post Holdings Co Ltd	152,177,000,000	✓	☒	☒	☒
Japan Post Insurance Co Ltd	112,052,000,000	✓	☒	☒	☒
Kameari Shinkin Bank/The	88,299,000,000	☒	☒	☒	☒
National Mutual Insurance Fed of Agri Coop	72,786,000,000	☒	☒	☒	☒
Nippon Life Insurance Co	66,754,000,000	✓	☒	☒	✓
Meiji Yasuda Life Insurance Co	46,873,000,000	✓	☒	☒	☒
Sumitomo Life Insurance Co	33,040,000,000	✓	☒	☒	☒
Omuta Yanagawa Shinkin Bank	32,195,000,000	☒	☒	☒	☒
Japan Post Network Co Ltd	28,657,000,000	✓	☒	☒	☒
Japan Post Service Co Ltd	22,367,000,000	✓	☒	☒	☒
Kumamotoken Shinyoukumiai	21,846,000,000	☒	☒	☒	☒
Suntory Holdings Ltd	20,936,000,000	✓	☒	☒	✓
Japan Post Bank Co Ltd	20,586,000,000	✓	☒	☒	☒
Yazaki Corp	15,801,000,000	✓	☒	☒	✓
<b>TOTALS</b>		<b>10</b>	<b>0</b>	<b>0</b>	<b>3</b>

**KOREA STOCK EXCHANGE**

**CRITERIA**

Short Name	Revenue:Y	English Website	English Career Site Korea	Foreign Board Member	Career Website
SAMSUNG ELECTRON	195,918,008,681	✓	✓	☒	✓
SK HOLDINGS	105,144,594,217	✓	☒	☒	✓
HYUNDAI MOTOR	84,803,158,998	✓	☒	☒	✓
SK INNOVATION	62,589,000,788	✓	☒	☒	✓
POSCO	61,850,568,392	✓	☒	☒	✓
LG ELECTRONICS	56,095,118,682	✓	☒	☒	✓
KOREA ELEC POWER	54,607,358,784	✓	☒	☒	☒
HYUNDAI HEAVY	49,958,969,873	✓	☒	☒	✓
KIA MOTORS CORP	44,747,295,178	✓	☒	☒	✓
KOREA GAS CORP	35,424,658,413	✓	☒	☒	☒
HANWHA CORP	35,394,844,828	✓	☒	☒	✓
HYUNDAI MOBIS	34,379,640,744	✓	☒	☒	✓
S-OIL CORP	27,132,774,859	✓	☒	✓	☒
SAMSUNG C&T CORP	27,026,316,436	✓	✓	☒	✓
LOTTE SHOPPING	26,697,630,115	✓	✓	☒	✓
SAMSUNG LIFE INS	26,062,153,655	✓	✓	☒	✓
LG DISPLAY CO LT	25,135,614,924	✓	☒	☒	✓
KT CORP	22,252,994,444	✓	☒	☒	☒
LG CHEM LTD	21,451,381,189	✓	☒	☒	✓
SK NETWORKS CO	21,290,361,554	✓	☒	☒	✓
SHINHAN FINANCIA	19,993,755,800	✓	☒	✓	☒
DOOSAN CORP	19,447,042,200	✓	☒	☒	✓
DAEWOO INTL CORP	19,389,573,899	✓	☒	☒	☒
CJ CORP	18,595,805,201	✓	✓	☒	✓
DOOSAN HEAVY	17,223,107,433	✓	☒	☒	✓
HYUNDAI ENG&CONS	16,519,492,356	✓	☒	☒	✓
SK TELECOM	16,307,465,171	✓	☒	☒	✓
SK HYNIX INC	16,271,140,510	✓	☒	☒	✓
HYUNDAI STEEL	15,926,055,739	✓	☒	☒	✓
SAMSUNG FIRE & M	15,689,665,054	✓	✓	☒	✓
KB FINANCIAL GRO	15,586,100,395	✓	☒	☒	☒
<b>TOTALS</b>		<b>31</b>	<b>6</b>	<b>2</b>	<b>24</b>

**KOREA NON-STOCK EXCHANGE**

GS Caltex Corp	41,733,000,000	✓	☒	✓	☒
<b>TOTALS</b>		<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>

**GERMANY STOCK EXCHANGE**

Short Name	CRITERIA			
	English Website	English Career Site	Foreign Board Member	Career Website
Adidas	✓	✓	✓	✓
Allianz	✓	✓	✓	✓
BASF	✓	✓	✓	✓
BAYER	✓	✓	✓	✓
Beiersdorf	✓	✓	✓	✓
BMW	✓	✓	✓	✓
Commerzbank	✓	✓	☒	✓
Continental	✓	✓	✓	✓
Daimler	✓	✓	✓	✓
Deutsche Bank	✓	✓	✓	✓
Deutsche Börse	✓	✓	✓	✓
Deutsche Post	✓	✓	✓	✓
Deutsche Telekom	✓	✓	✓	✓
E.ON	✓	✓	✓	✓
Fresenius	✓	✓	✓	✓
Fresenius Medical Care	✓	✓	✓	✓
Heidelberg Cement	✓	✓	✓	✓
Henkel	✓	✓	✓	✓
Infineon	✓	✓	✓	✓
K + S	✓	✓	✓	✓
LANXESS	✓	✓	✓	✓
Linde	✓	✓	✓	✓
Lufthansa	✓	✓	☒	✓
Merck	✓	✓	☒	✓
Münchener Rück	✓	✓	✓	✓
RWE	✓	✓	✓	✓
SAP	✓	✓	✓	✓
Siemens	✓	✓	✓	✓
ThyssenKrupp	✓	✓	☒	✓
Volkswagen	✓	✓	✓	✓
<b>TOTALS</b>	<b>30</b>	<b>30</b>	<b>26</b>	<b>30</b>