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Decline of entrepreneurship blamed for Japan's woes – adapted from Japantoday.com

Worn out and resigned to its dwindling national status, Japan Inc. is said to be quietly shuffling off the world stage. But don't tell that to Kenji Hasegawa who is ready to conquer the global auto market with his nifty innovation, a bolt that doesn't need a nut. Or Chiaki Hayashi, who makes millions teaching big-name companies to be creative again. As different as they seem—Hasegawa runs auto-parts supplier Lock'n Bolt and Hayashi is a rare woman to help found a Tokyo startup—both highlight the potential of innovation and entrepreneurship in a nation that is often typecast as facing an unrelenting decline. Japan was recently eclipsed by China as the world's second-biggest economy. Many of its consumer technology companies have been overtaken by South Korean competitors and are racking up huge losses. The number of young Japanese choosing to study abroad has dropped. And while Facebook lured hundreds of millions of members worldwide, management at Mixi never looked to grow overseas. Some say Japan is stagnating, only looking inward and squandering advantages such as its well educated workforce, low crime rate and rich history of technological prowess. But even while acknowledging big challenges Japan Inc's supporters say it can still rekindle the sparks of ingenuity that in the past delivered network-connecting mobile phones years before the arrival of smartphones, and made “instant noodles” part of the global diet for the last four decades.

First though, Japan must recognize that what ails it is at least partly in the mind. “In order to have innovation, you must accept a certain amount of failure. To the Japanese, this has become taboo,” said William Saito, a prolific technology inventor who now runs a company that identifies up-and-coming innovators and tries to match them with investors. Saito says conformist Japan frowns upon failures, and doesn't allow for second chances. Worse, Japan appears to be wallowing, when what it needs is action.

For some, Japan's revival can come from re-inventing what it has long known best - manufacturing, but with innovative ideas. Hasegawa's patented secret, based on a smaller bolt within a bolt, has the potential to make him rich. Modern machinery uses untold numbers of bolts and so a bolt that doesn't require a nut is a big timesaver. Hasegawa is talking with a long list of interested companies, including Panasonic and Toyota. Hasegawa says the key to Japan's revival lies in this kind of breakthrough, developed because of a legacy in “monozukuri,” literally translated as “making things” but closer to “craftsmanship”.

Hayashi's young business, Loftwork, earned 900 million yen in annual sales taking a different but equally Japanese route to Hasegawa's. She offers a service that stems from her diagnosis of the sickness at major companies—the loss of the innovative spirit. She hopes to start a kernel of creativity at companies that starts small but snowballs. “Top Japanese companies have a lot of talented hardworking people, but they have become so obsessed with rigidity, like quality control in mass production, that their thinking has grown static, and they can't figure out where to start or how to change. The companies need our help because they've grown to be a giant Gundam robot that isn't able to handle delicate innovations, which are like ants at its feet, and may instead squash them”.

Saito, a son of Japanese immigrants to California, believes Japan Inc has simply lost its entrepreneurial spirit. Saito's own career took off when he was just a teenager, partly because management of major Japanese companies like Sony and NEC weren't afraid to take risks in the past. A child prodigy, Saito came up with fingerprint-recognition encryption for security which Microsoft licensed in 2000, allowing him to technically retire. “But I've never been busier, to really give back to society, to reinvigorate the creative spirit and help Japan become a more entrepreneurial society. That spirit used to be here, we just need to bring it back”. Saito has opened “Creative Lounge Mov,” in Shibuya to provide a place where venture types can exchange ideas and hook up with investors. He believes this will nurture entrepreneurs, and in the long term get Japan back in front.

Questions

1. Do you think Japan has lost its entrepreneurial spirit? Why? Why not?
2. Do you think improving entrepreneurial spirit is important to improve the economy?
3. Why do you think fewer young Japanese study abroad these days?
4. Do you agree with Chiaki Hayashi that big companies are no longer able to nurture innovation?
5. William Saito thinks that Japan can get “back in front”. Do you agree? Why? Why not?
6. What kind of company do/did you work for? Was in an innovative company? Did it change during your career?

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