

INTERVIEW

## In Defense of Strong Relations

ACCJ President Om Prakash shares his thoughts on 2022 and the chamber

SPECIAL FOCUS

### Workstyle Reform

WORKPLACE

#### Life Beyond Covid-19

Professionals, graduates, and new hires share how workplace expectations have changed

HR

#### Stepping Up for Change

Companies move quick as talent expectations evolve

MANAGEMENT

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Keeping your team engaged in a world where hybrid workstyles are the norm

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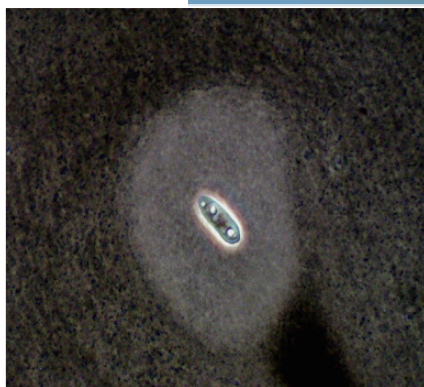
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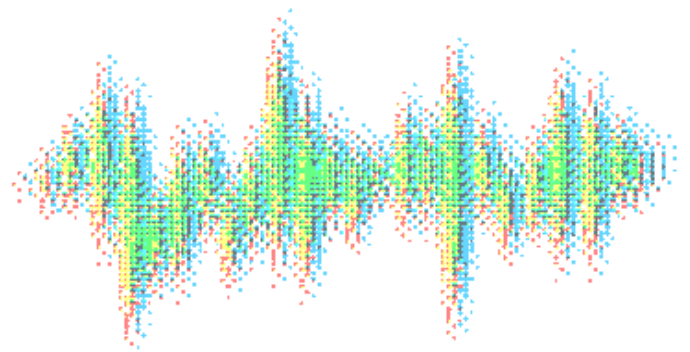
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# Crossing the Bridge

A quarter of the way into 2022, the transition to the new normal feels real

A lot has happened during the three months since the last print edition of *The ACCJ Journal* was published. The landscape of global business—still littered with obstacles from the ongoing coronavirus pandemic, but making positive strides toward recovery—has been shaken again by the conflict in Ukraine.

As the editor of this magazine, the business impact is very much on my mind. Due to the conflict, we have seen many companies pause or end their operations in Russia, a move not even on their radar just months ago. This sudden shift will, no doubt, send ripples through global business, as resources, supply chains, travel routes, financial transactions, and more are disrupted.

We're already seeing some of that impact, but I am confident that our community will weather the storm and find ways to help where possible.

## Workstyle Reform

With that positive view in mind, I'd like to share more about this issue's content. For most of the past two years, we've been writing about overcoming the challenges of the pandemic. While the threat of Covid-19 continues, and will likely remain with us for a long time, we've adapted and are learning how to function and flourish in a changed world. This includes adjusting how we work.

Workstyle reform is a bridge that some companies had been afraid to cross. When you're comfortable on one road, after all, why change to an unfamiliar route? But with workers now accustomed to the better work-life balance afforded by working from home, flexibility is expected and companies must adapt to attract and retain top talent.

To explore this new reality, we've put together four features that focus on various aspects of work and the expectations now shaping the path to success. On page 24, we speak with experts to learn what issues are key to hiring in 2022 and beyond, while on page 28 we talk to professionals and new graduates about what they are now looking for in an employer. Then, on page 32, we offer tips on how to keep your team engaged in a world where hybrid workstyles are the norm. Lastly, on page 36, we ask whether Japan could experience a Great Resignation—that revolt

against traditional workstyles that Covid-19 sparked in the United States.

## More Inspiration

While workstyle reform is our theme, we certainly cover additional ground. For me, this has been a very interesting issue to prepare as a writer. I got to visit American Chamber of Commerce in Japan (ACCJ) President Om Prakash at the Northrop Grumman office to talk about a range of topics (page 8), and I learned about some incredible innovation on the medical front as I recapped the second annual ACCJ Healthcare x Digital (HxD) competition, which brought together startups and entrepreneurs with top pharma executives.

Starting on page 14, you'll see how the five HxD finalists showed that innovation is alive and well in Japan. I was particularly impressed by Moonshot Prize winner Ayush Balaji, an 18-year-old from Japan who is a first-year medical student at the University of York in the United Kingdom. While still a high school student in Japan and inspired by the circulatory system of the octopus, he came up with a way to assist people with heart failure. Watching his presentation truly inspired me and reinforced my belief in the potential of the human race—something I very much needed in the face of the conflict playing out in Europe as well as other ongoing struggles around the world.

## Digital Journal

There's one other bridge that we're crossing, and I'd like to invite you along for the journey. In the December issue, I shared that *The ACCJ Journal* would be moving to a digital format with quarterly print editions, of which this is the first.

We have a new home for *The ACCJ Journal* online, which you can find at [journal.accj.or.jp](http://journal.accj.or.jp), designed to make it easier to explore and share. We've begun publishing digital-only content that highlights members, committees, and chamber advocacy, and have some exciting opportunities available. If you are a committee leader looking to raise awareness of a timely topic, a member wanting to share your business experiences in Japan, or if you have an idea for a story, I'd love to hear from you. Feel free to reach out to me any time at [cjones@accj.or.jp](mailto:cjones@accj.or.jp). ■



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# Reflection and Optimism

While challenges remain, the future of business in Japan looks bright



**Laura Younger**  
ACCJ  
executive director

**A**fter the challenges of the past two years, I was looking forward to using my column, in this first print issue of 2022, to highlight the incredible resilience shown by our members and the bright road, filled with potential, that lies ahead for the American Chamber of Commerce in Japan (ACCJ) this year. That's still what I'd like to share, but I would like first to acknowledge the events unfolding in Ukraine and the resulting humanitarian crisis. Our thoughts are with those in the region, including the people who some of our member companies have on the ground there. As the situation continues to evolve rapidly, we know that more uncertainty and many challenges may lie ahead for us all. The ACCJ will continue to do our utmost to support our members and member companies in all that they do.

Virtual events have not only been critical to this momentum but have also allowed us to strengthen our One ACCJ initiative, which aims to bring our three chapters—Chubu, Kansai, and Tokyo—together and extend opportunities to everyone across the regions. And that momentum goes beyond Japan, too, as our collaboration with the National Association of Japan–America Societies has received a boost.

But, as beneficial as these events have been, we are all itching to meet in person once again. Networking at live events is an important benefit of chamber membership, and one that President Om Prakash, the Board of Governors, and I are eager to bring back—bit by bit and in the safest way possible. We already have some large events lined up for the coming months, and you'll notice that more and more hybrid events are appearing on the calendar.

**OVER THE PAST SEVERAL MONTHS, TALKING TO LEADERS OF COMPANIES LARGE AND SMALL, I HAVE FOUND THAT THEY ARE FAIRLY OPTIMISTIC ABOUT THE PROSPECTS FOR THIS YEAR.**

## Maintaining Momentum

It is with this in mind that I would like to pause and reflect on the journey we've been on and look ahead with positive energy.

Over the past several months, talking to leaders of companies large and small, I have found that they are fairly optimistic about the prospects for this year. They are hopeful about moving forward and getting on with business. Of course, there are challenges—supply chains, travel—but there is a feeling that these can be overcome as the ongoing pandemic evolves into a new normal.

Despite two years of frequent quasi and full states of emergency that have greatly disrupted business in Japan, the chamber and its committees have done a stellar job of maintaining momentum and activity. We owe all the committee leaders and members enormous gratitude for their tireless efforts to keep the ACCJ strong through these challenging times. In fact, we have even gained members during a period which could have caused companies to pull back from wider engagement as they looked inward for survival.

## Government Dialogue

We are also looking forward to greater engagement with the Japanese and US governments. Our advocacy efforts regarding travel and entry restrictions have been a top priority and have received great interest from and coverage in Japanese-language media. We are committed to continuing our efforts in this area to help our member companies.

The US Embassy Tokyo have been supportive in these efforts, and we are excited about the opportunity to work with Ambassador Rahm Emanuel in the months and years to come.

We also hope to return to Washington this year for a DC Doorknock and resume our previously annual visit to meet with members of Congress and the administration, as well as officials from various government agencies. Covid-19 curtailed this important activity for the past two years, but it is great to feel the momentum both here in Japan and in DC as our planning gets underway for the next one.

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### New Opportunities

The digitalization spurred by the pandemic has also brought new ways for us to communicate with and support members. Bringing *The ACCJ Journal* in-house has given us more opportunities for members to share and showcase their achievements, and for us to spotlight their expertise, through a refreshed approach to our digital and print content.

And through our broader communications efforts, we have also reached new demographics and drawn increased attention to our activities from those outside the chamber.

New initiatives such as member profiles in the digital Journal and the President's Shout-out, in which Om highlights members, are examples of how digital is providing flexibility that allows us to better connect and accelerate our responsiveness.

To help member companies search for and recruit the best talent, we have launched the ACCJ Job Board. Now active on our website, this is a great place to look for your next role in Japan's international business community and for companies to identify highly skilled talent to join their team. It's easy and affordable to post openings and harness the power of the ACCJ network.

### To Success

While the pandemic stretches on and geopolitical conflict presents added challenges around the world, I'm confident that the energy and agility that has allowed the chamber to thrive even during these difficult times will continue—and reach new levels—this year. We're already off to a great start, and the enthusiasm of Om and the Board of Governors, as well as the leaders of our committees and member companies, makes me certain that we are turning the corner and easing into a prosperous new world.

Lastly, we very much want to have an increased dialogue with our members this year. I encourage you to contact me—as well as the ACCJ team—to share your ideas, tell us what you need, and let us know how we can help you grow your network and improve your business. ■



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# In Defense of Strong Relations

**ACCJ President Om Prakash shares his thoughts on 2022 and the chamber**

**T**hose movies in which a fighter pilot steps into the role of president and leads everyone through challenging times are always inspirational. I've watched that story more than once, and as 2022 began I got to interview someone doing just that. Only not for Hollywood.

American Chamber of Commerce in Japan (ACCJ) President Om Prakash, also chief executive of Northrop Grumman Japan, is a US Air Force veteran who was a fighter pilot, test pilot, and vice wing commander of the 82nd Training Wing. His time in the service, as well as at the Pentagon, has given him important perspectives on the US-Japan relationship, experience ideal for guiding the chamber through the third year of the pandemic and bilateral challenges.

In a year filled with opportunities in a transformed world, *The ACCJ Journal* sat down with Prakash at the Northrop Grumman office to learn more about his background and thoughts on the path ahead.







### What brought you to Japan?

I have lots of reasons to want to be here, but ultimately, I am here for my job. My company asked me to come here. But part of it is that I have a background that put me in a unique position to be particularly effective for the company. I studied engineering at MIT, and then served in the US Air Force for about 26 years. Early in my career, I was stationed in Aomori Prefecture, at Misawa Air Base. I was an intelligence officer back then, and that is the first time I lived in Japan for an extended period.

I spent most of my career as a pilot and test pilot in many of the United States' worldwide operations over the past few decades. I gained a lot of experience working with Japan as an ally, including some time in the Pentagon, where I worked on industrial policy issues and with Congress. Previous to coming here, at Northrop Grumman, I focused on corporate and technology strategy. So, combat experience, a background in technology, and lots of policy experience with the government made me a very good match for taking over our operations in Japan, where our primary customer in the Japanese Self-Defense Force.

### How did you get involved with the ACCJ?

Our company has been part of the ACCJ for several decades—we were one of the early members—so I was a member as our chief executive. Northrop Grumman is a defense company, so the Aerospace and Defense Committee was the one I had the most interaction with, most recently as chair. To me, the primary things the ACCJ does for its community are:

- Networking, getting to know other folks in the community
- Interaction with government to work on advocacy and clear opportunities for business in Japan

Those were the two main drivers that give me passion for being involved with the ACCJ.

### Has ACCJ membership helped push policy goals?

Yes, absolutely. There are some areas where, across sectors, we all agree. One of the most obvious, in the current situation, is that

we all have been affected by the travel restrictions. That common voice from the ACCJ has been important in showing the pain brought to all types of businesses and in bringing about change.

Specific to aerospace and defense, with the other US companies, there are several times that we have had common ground to work on advocacy issues together. We've also had opportunities to talk with leadership from the Ministry of Defense and gain insight into their priorities for defending Japan. This year will be particularly interesting for aerospace and defense because Japan is in the midst of rewriting its national security strategy. It's going to be a really important year.

### Has the chamber helped you?

On a professional level, I've known most of the folks in the aerospace and defense community already, but the ACCJ certainly broadened my network to other sectors. On a personal level, I love learning. I am curious about everything. So, getting to know more about the industries that are involved in Japan writ large has been both interesting and helpful. I've gained insights into the pain points faced by other industries. The pandemic has brought lots of opportunities for US businesses to share lessons learned and look for common support. And then, quite frankly, I've enjoyed making friends in the ACCJ, as well as participating in community events. In my first year here, I was able to go to the Charity Ball in person. It's been virtual for the past two years. That was rewarding and fun at the same time.

### Do other experiences stand out?

Well, the election has been pretty involving for me! It actually wasn't something I was seeking—the Nominations Committee came and asked me to run—but it is my nature to always raise my hand and volunteer; and in this case I was especially happy to do so. Frankly, this is an exciting year we have in front of us, so I am thrilled at the opportunity. Going through that process gave me access to an even wider group of people, and learning more about how the chamber works to serve its members has been rewarding and fascinating. I'm sure it will be topped by the actual experience itself in the year ahead.





### Why did you choose to take on the role of president?

In many ways, it's a variation on the question of why I came to Japan in the first place. When I look across the globe at where there is potential for conflict, and where there are real issues between nations, it's right here in this part of the world—who would have expected a land war in Europe? Think of what that means for us here, where tensions and stakes are in many ways much higher. I'm the type of person who likes to run towards a burning building, not away from it, to see what I can do. I feel very strongly that, if you look at the alliances across the world, the US–Japan alliance is the most important in all facets—military, economic, cultural—so, being a part of that for my company was something I was excited about doing; it felt like a continuation of my Air Force career. The ACCJ is a whole other level of that.

This year, in Japan, we have the administration of Prime Minister Fumio Kishida making major policy changes. There's a new minister for economic security. They're rewriting the national security strategy, the National Defense Program Guideline, which is going to govern how they spend the largest discretionary portion of their budget.

In the United States, we are still going through a full transition to our new administration. And we now have an ambassador in Japan, Rahm Emanuel. That's going to make it a particularly dynamic and important year. There are lots of opportunities for the ACCJ to make a positive impact on the US–Japan relationship, do good things for business, and, more importantly, do good things for both our nations.

**I FEEL VERY STRONGLY THAT, IF YOU LOOK AT THE ALLIANCES ACROSS THE WORLD, THE US–JAPAN ALLIANCE IS THE MOST IMPORTANT IN ALL FACETS—MILITARY, ECONOMIC, CULTURAL—SO, BEING A PART OF THAT FOR MY COMPANY WAS SOMETHING I WAS EXCITED ABOUT DOING.**

### What is the focus for 2022 bilateral ties?

All nations have suffered impacts to their economies as a result of the pandemic, and there are probably inclinations to look inward. But these are the times when we need to rely on friends more than ever, and the United States and Japan have a special relationship. There have been periods in our history when we've viewed each other with less than cooperative eyes, and other times when things have been more open. I believe right now, in particular, we have to make sure we keep pushing for what's good for both economies. It's not just a one-sided thing for the United States; I think we can thrive together. It's not a zero-sum scenario. We can grow opportunities for all. And when we look at some of the nation states that are potential adversaries, we can only succeed by cooperating and combining our strengths.

### What are the ACCJ's key initiatives and advocacy points?

Last year, we spent a lot of time focused on digital transformation; and there is still work to be done. I think that will be critical for tying the US and Japanese economies together. There is lots of work on regulatory frameworks and common operating standards, and a level playing field that we need to have in place so that our businesses can thrive. We can work together. That will be an ongoing topic for some time.

Something that I think will be new in 2022 is having our voice heard as Japan works on its national security strategy and

economic security. That will have economic implications for several sectors, and we need to look clearly at how the ACCJ can get involved in making a case for things that will help both our economies and national security postures.

### How is diversity and inclusion in Japan? Can the ACCJ help?

In Japan there is, of course, improvement to be made. That's not just my opinion, there are many surveys and analyses of Japan's economy and its record with inclusion—specifically related to women in the workforce. With an aging population, that's an untapped potential resource. Coming from the United States also influences how I feel about the topic. When you get a diverse set of folks together, you get a better product no matter what it is you're working on. The ACCJ should continue its advocacy in this area, and we have many examples of where inclusion has brought great outcomes.

### How can the ACCJ best support members in 2022?

It's hard to predict what the year will bring. I look at the term Jenifer Rogers served as ACCJ president last year, and the challenges she faced. We didn't expect that the pandemic would continue as it has for another entire year. Right now, we're on the Omicron variant, and there are still nine letters left in the Greek alphabet. I hope we have a better future in front of us. I'd really like to see 2022 be the year that we return to networking and meeting each other at in-person events. I think we crave that human connection on many levels, not just for the business

impact, but socially for our well-being and effectiveness. I hope we're going to see that in 2022. But if not, we've learned a lot over the past two years and will continue to improve our effectiveness as a chamber.

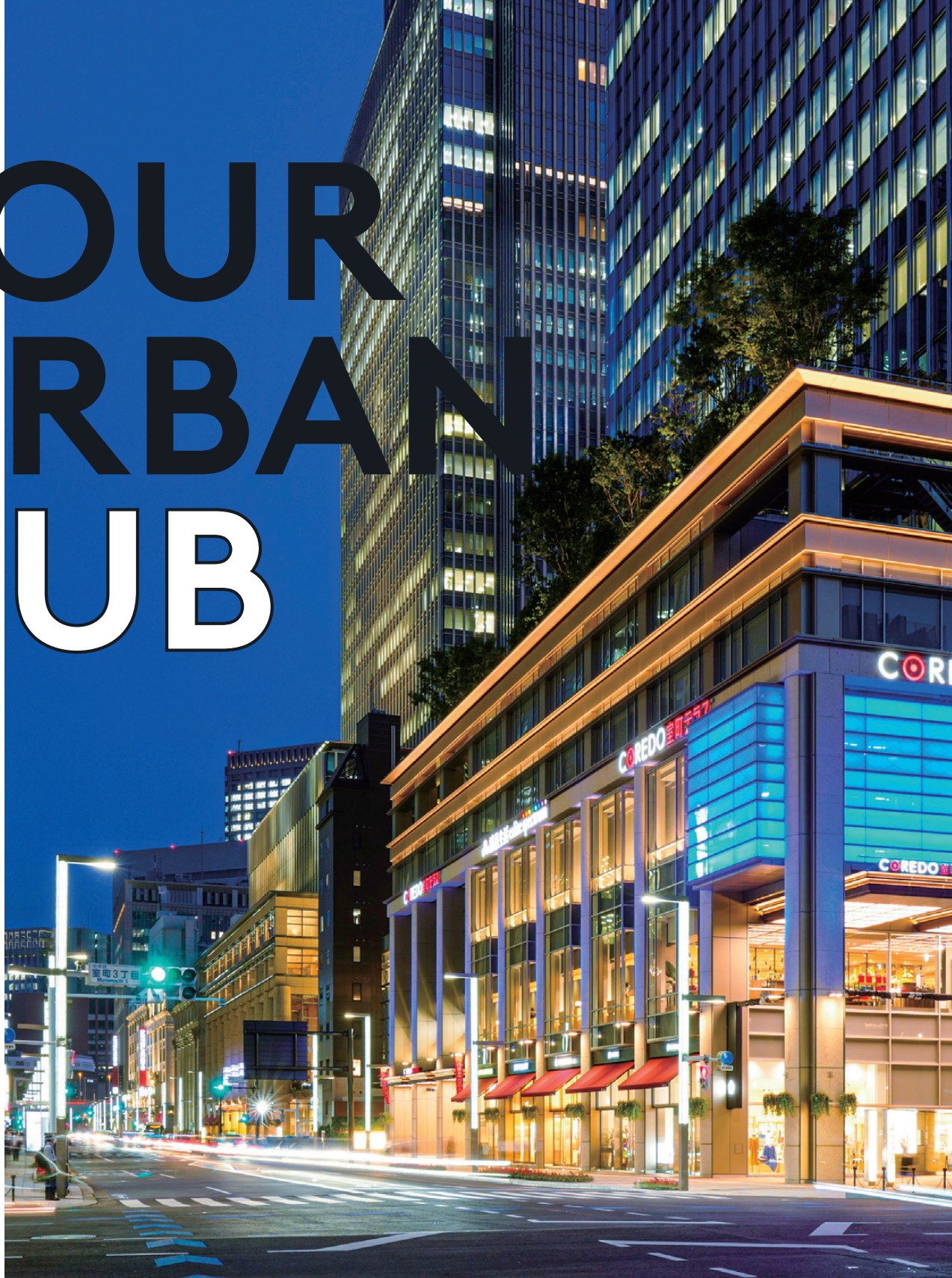
### What have we learned from the ACCJ's digital transformation?

We have definitely learned how to run meetings more effectively using all the telework software that's available, and we can carry that over to our businesses. My personal experience is that ACCJ meetings have run very smoothly. As we have more potential to host hybrid events, we need to be mindful that these come with their own consequences, for example in terms of staff needed to run them. So, we're going to have to look at when it makes sense for an event to be hybrid versus being only virtual.

We've also learned that there are lots of things we felt we could only do in person but, having no choice, now do virtually. And now that we have a choice, let's not forget the good things we've learned from hybrid and virtual scenarios, especially in terms of how much more inclusive we can be. Obviously, we don't want the entire structure to be online-only all the time, but there are times when it makes absolute sense.

If we were hundreds of years in the future, there are a lot of things that maybe would be a given for how we do business. We had to get there a lot sooner, because we had no choice, which isn't a bad thing. So, we'll continue to evolve.

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#### It what ways might changes to the ACCJ Constitution benefit members?

I know that Jenifer and the team last year focused a lot, as an advocacy issue, on governance reform in Japan. They reinforced that inside the ACCJ with reform of the chamber's governance. I think that was the perfect example to set. Additionally, making the chamber efficient and able to represent and serve its membership is critical. I applaud the team last year

those of other nations looking to revitalize their economies. I think framing our advocacy in those terms will be more helpful.

Ultimately, however we come out of this, there will be a certain degree of feeling that we learned something as a species that we're not going to unlearn. Maybe our tolerance to risk and how we approach decision-making have been forever changed. From what I understand of the 1918 flu pandemic,

### HAVING THOSE SPIRITED DEBATES, WHERE WE LEARN FROM ONE ANOTHER AND SO ATTAIN BETTER OUTCOMES, THOSE ARE EXCITING THINGS TO BE A PART OF.

for taking on a topic that is challenging, because we all have strong feelings. That's one of the great things about the ACCJ. We are a volunteer group for the most part, so we're putting in our time for things we feel passionate about. I look at those as great developments last year.

#### What might be the long-term effects of Japan's border restrictions?

Sometimes, when we consider this question, we may be too narrow in our thinking. There's a political dynamic across the globe. Governments are responsive to their constituencies. If we look at it simply as a business issue or a science issue, we're sometimes going to miss and talk past each other when we're trying to be effective.

I feel the key when we talk about advocacy regarding entry restrictions is to focus on the business impacts. They are real, and some of them will be long term—especially when you consider things on a global scale and juxtapose the decisions made here with

ultimately, you could say that it ended socially well before it came to a scientific end. It was more a change in our thought pattern for what risk we were willing to accept and how we were willing to operate. I won't be surprised if we see something similar with Covid-19.

#### Anything else you would like to say to members?

It may be recycling something I said earlier, but everyone I've met in the chamber—especially those serving in positions of responsibility on the Board of Governors and as committee leaders—are so passionate about what they do. And that's a great group of people to work with. We'll have our differences, but we're professionals and we'll work through things. Having those spirited debates, where we learn from one another and so attain better outcomes, those are exciting things to be a part of. As I said, I didn't seek this position, but I'm super excited about leading the chamber, especially given the events going on around us as a community, in the United States and Japan, and around the globe. ■

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# HxD WINNERS

FIVE FINALISTS IN THE  
ACCJ'S DIGITAL HEALTHCARE  
COMPETITION SHOW THAT  
INNOVATION IS ALIVE AND  
WELL IN JAPAN

As we enter the third year of the coronavirus pandemic, two societal needs have become crystal clear: healthcare and digitalization. These could be seen as distinct domains, and in some respects they are. But the combination of the two could bring some of the most impactful changes to Japan and the world by improving the quality of life, reducing the cost of care, and allowing society to better cope with future crises.

Bringing them together is exactly what the American Chamber of Commerce in Japan (ACCJ) has done with its Healthcare x Digital (HxD) initiative, which began in 2020 and reached new heights in its second year. HxD leaders Torsten Kanisch, Francisco Proaño, Christian Boettcher, and Yasuhiko Iida, with the support of the ACCJ's Kansai chapter, followed up the very successful inaugural competition by boosting submissions 30 percent.



## Ideas Day 2.0

Forty companies submitted entries and 10 were selected to participate in the Pitch Day virtual event on October 14. Five finalists then took part in the HxD Ideas Day on November 11, a hybrid in-person and virtual event with a panel of leading healthcare and pharmaceutical executives—all empowered to initiate business deals and new relationships on behalf of their global brands.

Opening remarks were delivered by AstraZeneca K.K. Representative Director and President Stefan Woxström, who welcomed the more than 300 online attendees and many others who attended in person.

After thanking the healthcare professionals and companies working to develop solutions and care for patients during the pandemic, he shared a bit of Innovation Infusion Japan's background.

Known as i2.JP, the open innovation initiative connects healthcare professionals, local governments, academia, and private companies, helping them jointly work out collective, practical, and optimal answers to issues in the field of healthcare. The initiative was founded in 2020 and has rapidly grown from seven participants to 130.

"I want to emphasize that this is an open innovation network: anyone can join, it doesn't matter where you are," Woxström said. "You don't have to collaborate with those who started the network, you can collaborate with anyone. That's the beauty of it, and that's why it is also starting to produce a lot of solutions for patients."

He also noted that i2.JP has become a gateway through which startups are entering Japan. "Because they don't know where to go, who to connect with, they contact i2.JP and find partners who help them come to Japan with their solutions." He hopes it will flow the other way as well, with i2.JP assisting Japanese startups as they branch out globally.

Setting the stage for the finalist presentations, Woxström said: "What we are going to experience today is what happens when startups, academia, the private sector, and policymakers come together and start working, because that is what is going to create new solutions for the future of healthcare in Japan."

## Goals

Then-ACCJ President Jenifer Rogers spoke next, noting that HxD Ideas Day is "the culmination of a months-long efforts by healthcare leaders and innovators with a shared mission: to solve critical healthcare challenges and improve the lives of patients."

HxD 2021, she explained, advances the goal of driving innovation in Japan's healthcare ecosystem by focusing on three areas:

- Overcoming the urban-rural healthcare divide
- Reimagining the hospital of the future
- Empowering patients to own their healthcare

"These areas tie into the digital transformation of society and can help Japan continue to take care of—and provide even better care for—all its citizens," she added. "Digital transformation [along with] sustainable society and healthcare were two of the ACCJ's main strategic goals even before the onset of the Covid-19 pandemic, which has accelerated the need for digital and healthcare plans around the world."

Professor Hiroaki Miyata, of the Keio University School of Medicine's Department of Health Policy and Management, echoed the belief that the pandemic has driven greater understanding of the need for digital transformation and sustainable healthcare. Speaking after Rogers, he wore a shirt that mirrored the colors of the i2.JP logo, which he said was his way of honoring the diversity championed by the group.

"The pandemic is a turning point for civilization," he proclaimed. "Particularly in Japan, in terms of digital, the country had ranked 27th or 28th in competitiveness around the world and had to face this situation."

Noting that Japan, as an island nation, was long isolated from the world, he said that facing these challenges and being forced to embrace a connected world and digital transformation—to grow together in this ecosystem—is important. "In that sense, i2.JP and HxD [represent] growing together in the global environment, so these opportunities are very important for us," he explained. "And all of you here are going to take a new step that is going to be important for Japan and the world."



Hiroki Yamada  
CEO  
Medii, Inc



Hirokazu Sugihara  
CEO, representative  
director, and  
president  
Immunosens Co., Ltd



Tetsuya Nojiri  
CEO  
Oishii kenko Inc.



Boubacar Sow  
Software developer  
and project manager  
Lanex Co., Ltd.



Ayush Balaji  
Medical student  
and creator  
of CardioCouple

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## Expert Insight

Saving the finalist presentations—the highlight of the day—for last, the middle section featured a wide range of presentations from experts. Five keynotes followed Professor Miyata's comments:

- Yoshihiko Izumida—a professor in the Saitama Medical Center's Department of Endocrinology and Diabetes, as well as representative director of Saitama Medical and chairman of the Life Course Design Association—gave a presentation entitled Global Standardized IoT Platform for Promoting Open Science
- Ryosuke Fukuda—deputy director of the Health Policy Bureau's Medical Professions Division and director of the bureau's Planning and Coordination Office for Physician Training in the Medical Professions Division—talked about recent topics in online medical care guidelines
- Jun Miyagawa—general manager of Kansai growth strategy in the Growth Business Development Department of Sumitomo Mitsui Banking Corporation—shared a presentation entitled Accelerating the Formation of a Venture Ecosystem in the Kansai Area: Trends in Innovation in the Run-up to the Osaka-Kansai Expo
- Takeru Yamamoto, board director and chief operating officer at Welby Inc., talked about the current and future prospects for personal health record platforms
- Lei Liu, PhD, innovation partnerships and i2.JP director of commercial excellence at AstraZeneca K.K., recapped the open innovation initiative's successes in its first year, looked ahead to the future, and introduced HxD and its achievements

After the keynotes, a panel discussion involving the keynote speakers, moderated by Liu, covered current trends in, and future prospects for, digital innovation in healthcare.

Next, the five finalists made their last pitches.

## Medii, Inc

First to present was Medii, Inc Chief Executive Officer Hiroki Yamada, a rheumatologist who is himself a patient coping with an intractable disease. His own experience led him to become a specialist treating arthritis and other musculoskeletal conditions and systemic autoimmune diseases, and to search for a way to bring better care to patients and support local doctors across Japan.

Specialist doctors in his field, he explained, may be difficult to find outside of the largest cities. While there are 759 in Tokyo, 32 of Japan's 47 prefectures have fewer than 75. "In terms of the population, there is a 50-fold difference in the distribution of specialist doctors.

We have to do something about this," he said.

"There are so many undiagnosed patients who are not receiving proper treatment—they are simply overcoming their symptoms. This is the challenge we are facing and that we must overcome."

Medii would like to create a National Intractable Disease Center so that the latest and most effective treatments can be delivered to patients. About five percent of the people in Japan suffer from such ailments.

The company's focus is on the issue of doctor's knowledge about intractable diseases, because supporting local physicians is one of the best ways to help patients.

Medii is offering a service called E-Consult, a digital resource powered by artificial intelligence (AI) that enables the sharing of expertise about rare diseases with doctors who are not specialists.

Doctors in the local community who are trying to diagnose a problem, but who do not possess knowledge of these rare diseases, can be matched with an expert through E-Consult. More than 500 specialists are working with Medii to provide assistance through the service that is a bit like the LINE messaging platform, which is dominant in Japan.

Doctors can be matched on a real-time basis for one-on-one chats and images can be exchanged securely. A response is received within 42 minutes and the level of satisfaction has been as high as 93 percent.

"For instance, in the remote islands, the doctor may be working all on his own, and he has to take care of patients with many diseases," Yamada explained. "And yet, by using our platform, even though he may be working on a solo basis, all these specialists can support him, and better diagnoses and treatments can be offered to his patients.

"We cannot do this alone, so together with the support of the pharma companies—and for the benefit of the patients and the doctors and the specialists—I would like to further grow this platform," he continued. "Our team is putting all its efforts into this, and I hope you will all join hands together for this endeavor."

## Immunosens Co., Ltd.

Next, Hirokazu Sugihara, CEO, representative director, and president of Immunosens Co., Ltd., shared his vision for more efficient testing that can close the time gap between diagnosis and treatment.

"Our first target is cardiovascular diseases," Sugihara said. "As the Japanese population ages, the number of patients with such diseases is on the rise, and treatment accounts for 20 percent of national medical costs.

"When your condition is poor, you go to a primary care physician to find out what is wrong and if there is a risk of disease," he continued. "Various exams may be performed, and right now tests are outsourced."

That time lag—typically one to three days—can make a



Medii's E-Consult



Immunosens's easy-to-use, disposable sensor is much smaller and cheaper than existing equipment.

big difference in the outcome for patients. At a minimum, it requires them to make an additional trip to the hospital or clinic and, in some cases, it may prevent the doctor from providing proper treatment.

Immunosens's solution is a high-performance point-of-care testing (POCT) system that utilizes a technology that the company calls GLEIA, an acronym for gold-linked electrochemical immunoassay.

This lateral flow test technology uses a printed electrode to trap disease markers in the sample by immunoreaction and then sandwich the markers with gold nanoparticles. If a disease marker exists, it will gather near the printed electrode. Ultra-sensitive detection of gold nanoparticles on the printed electrode is achieved through an oxidation and reduction process. This electrochemical measurement can be completed with a single cartridge, enabling quick and efficient measurement with results in just 10 minutes. The easy-to-use, disposable GLEIA sensor is much smaller and cheaper than existing equipment, but detection sensitivity is equal to, or higher than, that of current processes.

The product weighs just 0.1 kilograms and costs between ¥10,000 for a model designed for home use and ¥50,000 for one aimed at clinics. Compare this with existing equipment, which weighs 10–100 kilograms, costs between ¥3 and ¥10 million, and takes as long as two hours to read a sample. Also, current equipment requires a 100–200 microliter sample whereas the GLEIA solution needs just 2–20 microliters.

The device for home use allows patients to measure their condition every four days if they are unstable, or every 23 days if stable. Currently, new measurements are taken once every six months, on average, at a hospital.

Steady development has been underway since 2018 and the first product is scheduled to be launched in the second half of this year. Mass production is targeted for 2025.

### Oishii kenko Inc.

With a name meaning “tasty health,” Oishii kenko’s goal is “to contribute to health and healthcare issues through delicious solutions and dietary management,” explained Chief Executive Officer Tetsuya Nojiri.

Scientific evidence has shown that an optimized diet is key to reducing healthcare costs, preventing diseases, and supporting the treatment of existing ailments.

But, as Nojiri noted, controlling one’s diet is easier said than done. He explained that, while 80 percent of Japanese households prepare their own meals every day, it is challenging to plan a nutritionally balanced menu. And if you have dietary restrictions due to illness, doing so becomes even more difficult.

“To whom do you turn for help?” he asked. According to the company’s research, 85 percent of physicians say that they are consulted about diet by their patients, and 90 percent of that group admit that they lack the knowledge and time to provide such guidance. This is where Nojiri feels Oishii kenko can make a difference.

“There is a position called certified dietitian, but 84.4 percent of hospitals in Japan do not have anyone in this role. So, while patients want to improve their dietary life, there is no one whom they can consult,” he explained.

Oishii kenko believes that dietary management is possible in the home, and you don’t need a dietary specialist sitting next to you to make it happen.

“We need to trigger the understanding and desire to eat healthily, and that is what we want to provide through our personalized recipe and nutrition management app, supervised by a registered dietitian,” Nojiri said.

The AI-powered recommendations provide nutritionally balanced meal options, and a shopping list is created automatically. More than 60 health issues can be managed through the 10,000 recipes found on the app.

In addition, the app offers previously unavailable insight into the habits and preferences of people with similar health challenges. This is thanks to Big Data from more than 40,000 users that allows nutritional trends to be surfaced.



As an example, Nojiri shared that, according to the data, female diabetics may have a tendency to like spicy food, while male diabetics eat a lot of meat and dislike fish.

“This is different from the expected behavior of diabetics, so using real-life data ... and based on the preference of the individual, we can suggest good dietary management tailored to each person,” he explained. “Through the app, we hope to change behavior that helps pharmaceuticals to work their best.”



## Lanex Co., Ltd.

One example of a traditional practice in Japan that could benefit from digitalization is the maternal and child-health (MCH) handbook. This printed booklet is used to track the results of pregnancy and post-birth health checks.

Lanex software developer and project manager Boubacar Sow shared the company's electronic version of the process—the E-MCH—explaining that “we empower doctors to manage data generated during pregnancy through virtual consultation, interoperability, and maternal decision support.”

Under the current system, a woman who is expecting visits the doctor and receives a document which certifies that she is pregnant. She then takes this paper to the health center at the ward office and receives the MCH.

Using Lanex's E-MCH system, she would register during her first visit to the hospital and receive a unique identification number issued by the local government. Login credentials are also provided so that she can download and begin using the system immediately.

At every checkup, data is added to the E-MCH and is accessible via the web portal and smartphone app.

“We believe we have a special system, because it is not simply a pregnancy tracker, but also an ecosystem to digitize maternal and child healthcare,” Sow explained. “We help the local government provide a unique identification number to better track those who are pregnant. It's special because we have a knowledge base, the contents of which are provided by maternal and healthcare experts from Miyagi University.”

Lanex, founded in 1993, has offices in Japan, the Philippines, Australia, and the United States, and has been developing high-quality software for more than 28 years. It is targeting countries that are unable to meet United Nations Sustainable Development Goal 3: ensure healthy lives and promote well-being for all at all

ages, as well as every medical institution that provides maternal and child healthcare in both developed and developing countries.

In May 2021, the E-MCH was adopted by the Japan International Cooperation Agency (JICA) as an innovative product to solve a public problem, and Lanex received financial support from JICA to conduct a survey in African countries.

The web system requires a small payment by the hospital, while the mobile app is free for mothers.

## CardioCouple

The final presenter was Ayush Balaji, an 18-year-old from Japan, who is a first-year medical student at the University of York in the United Kingdom. He came up with the idea for a pulsatile percutaneous circulatory assist device for those with heart failure during his last year of high school in Japan.

“I've taken inspiration from nature—with animals, such as octopi, which have branchial hearts—and I looked at adopting a resilient network-based solution to heart failure,” he explained.

Cephalopods have two branchial hearts, one located at the base of each gill. The two branchial hearts push oxygen-depleted blood through the gills, thereby supplementing the function of the systematic heart, which pumps the oxygenated blood throughout the body. Similar systems are found in insects and other animal species.

“The biggest issue we have at the moment is heart failure, or cardiovascular-related diseases. There are 64 million cases of heart failure per year [worldwide], and cardiovascular disease is the most common cause of death,” he continued. “The only treatment available at the moment for heart failure is a heart transplant. Between diagnosis and transplant there is an extended waiting period, and during this time the quality of life for patients is significantly reduced.”

Balaji has designed a device called the CardioCouple that focuses on forestalling a reduction in the quality of life between diagnosis and transplant. The aim is to allow patients to lead lives that are as close to normalcy as possible.

He noted five problems with current surgical approaches:

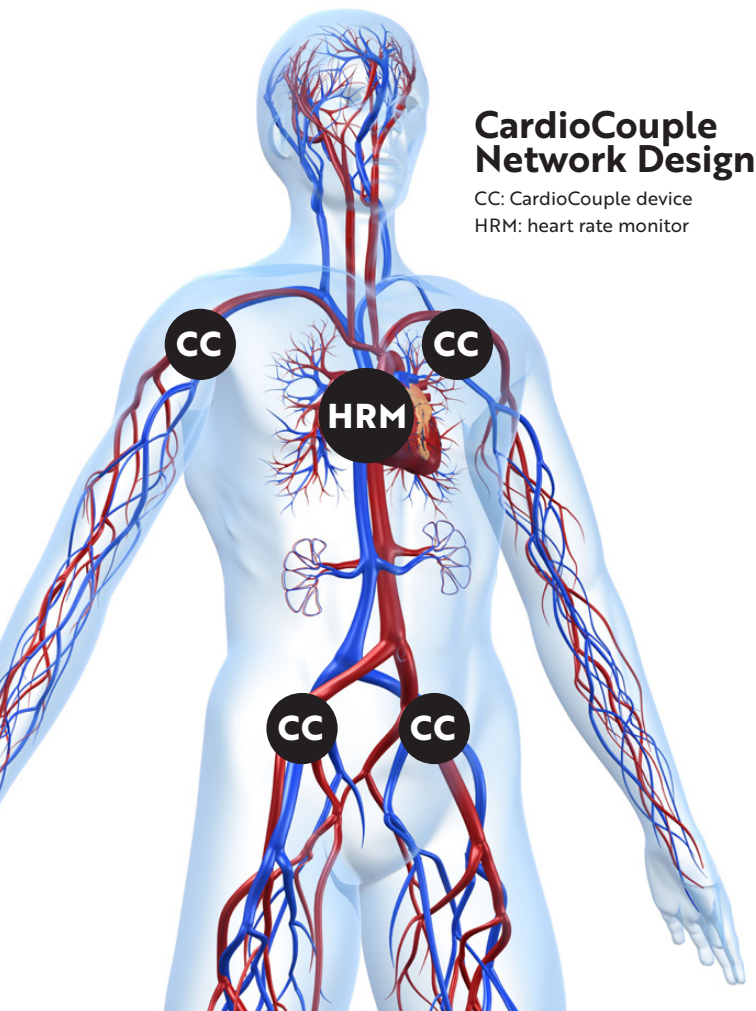
- High rates of infection and complications
- Reduced patient mobility and access
- Hemolysis complications (destruction of red blood cells)
- Lack of resilience
- Foreign material contact and proximity to the heart

How does CardioCouple fix this?

A network-based approach uses small pumps in multiple locations around the body to reduce fail rates, provide resilience, and increase mobility. No components come in direct contact with blood, which increases longevity of the devices and reduces the risk of hemolysis-related complications. And, while some surgery is required to implant the devices, major open heart surgery is not needed.

The result is improved quality of life and outlook, more time for physicians to plan further intervention, reduced cardiac afterload and stroke risk, and the ability of patients to resume normal life without the need to manage bulky external apparatus.

In terms of digital healthcare, dedicated software allows data from the device to be utilized, and physicians and patients to control the device in real time. The pump rate can be managed



remotely, and physicians can set operational limits so that the patient can adjust the pump rate themselves when needed. Plus, physician access to real-time data on pump performance and patient parameters ensures the maintenance of the device and patient health.

“All these things come together to provide a more reliable, efficient, convenient, and cost-effective device, as it does not rely on significantly new advances in technology and the complication rate is not as high as what exists today,” said Balaji.

“This translates to a lower strain on healthcare budgets, improves profit margins for pharmaceutical companies due to lower complication rates, and provides patients with better control over their health.”

### Impressive Breadth of Ideas

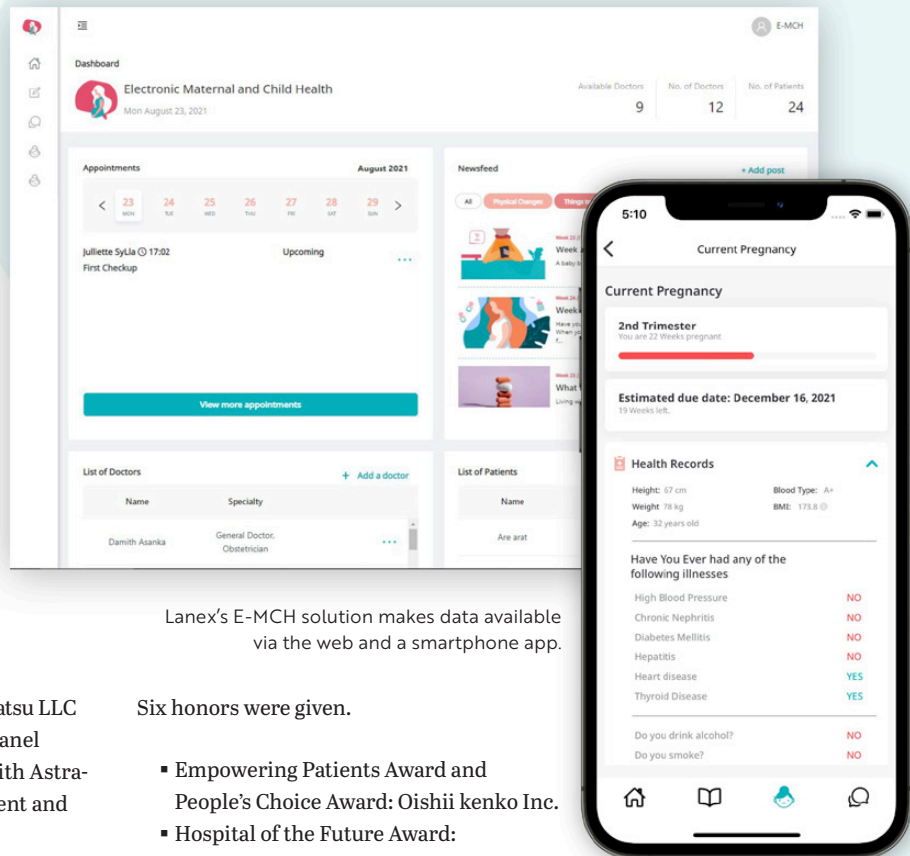
Following the presentations, Deloitte Touche Tohmatsu LLC Senior Partner Christian Boettcher moderated a panel discussion during which the five finalists talked with AstraZeneca’s Woxström and Eli Lilly Japan K.K. President and Representative Director Simone Thomsen.

“This year it was very impressive to see the breadth of ideas,” said Thomsen, congratulating the finalists. “I feel the true patient-centric passion is coming through, really making sure that [the focus is on] just one problem and how we can make it better. I think we are seeing an even greater breadth of what digital technology can do to support Japanese patients.

“As always, I continue to applaud you,” she added. “I know there is a lot of entrepreneurship needed, a lot of courage, to make it work. I assume all of you have faced multiple challenges so, by bringing it this far, you continue to impress me.”

### Prizes

Ideas Day ended with recognition of the incredible innovation brought forth by the finalists.



Lanex’s E-MCH solution makes data available via the web and a smartphone app.

Six honors were given.

- Empowering Patients Award and People’s Choice Award: Oishii kenko Inc.
- Hospital of the Future Award: Immunosens Co., Ltd.
- Bridging Urban Health Award: Medii, Inc
- From Japan and Beyond Award: Lanex, Co., Ltd.
- Moonshot Award: Ayush Balaji

The winners received monetary prizes and the chance to meet with senior executives from the organizing sponsors. They will also receive mentoring and support from healthcare professionals and executives of organizing sponsors.

All who took part in the HxD competition benefited from having their ideas reviewed, and the ACCJ thanks everyone who submitted pitches. Yet again, HxD proved that there is boundless healthcare innovation in Japan, and the 2022 competition is sure to reach new heights once more. ■

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# Leveraging Lessons Learned

**Building an innovation ecosystem for a healthier, more secure future**



**Hans Klemm**  
Japan representative  
Pharmaceutical  
Research and  
Manufacturers of  
America (PhRMA)

Vice-chair  
ACCJ Digital Economy  
Committee

Since the onset of the Covid-19 pandemic, the biopharmaceutical industry has come together in unprecedented ways to attack the virus, and we have achieved incredible progress in just two years. Working across the global healthcare ecosystem, biopharmaceutical companies, academia, and the public sector have harnessed decades of investment, research, and past discovery to deliver safe and effective vaccines and treatments to patients. As a result, the industry was able to develop vaccines in just 12 to 18 months, and almost 11 billion doses have been administered worldwide.

To put this success in perspective, it typically takes eight to 10 years to develop a vaccine, and the overall success rate is only 5 to 10 percent.

But our work is far from over. Today, there are more than 1,700 clinical trials underway globally for treatments and vaccines to combat the virus. Across the industry, companies are continuing clinical research to assess whether modifications or boosters are warranted, and to identify further treatments. We also continue to scale up production facilities and manufacturing capacity, while working collaboratively on manufacturing to increase the supply of vaccines and treatments.

oratively on manufacturing to increase the supply of vaccines and treatments.

## Enhance the Innovation Ecosystem

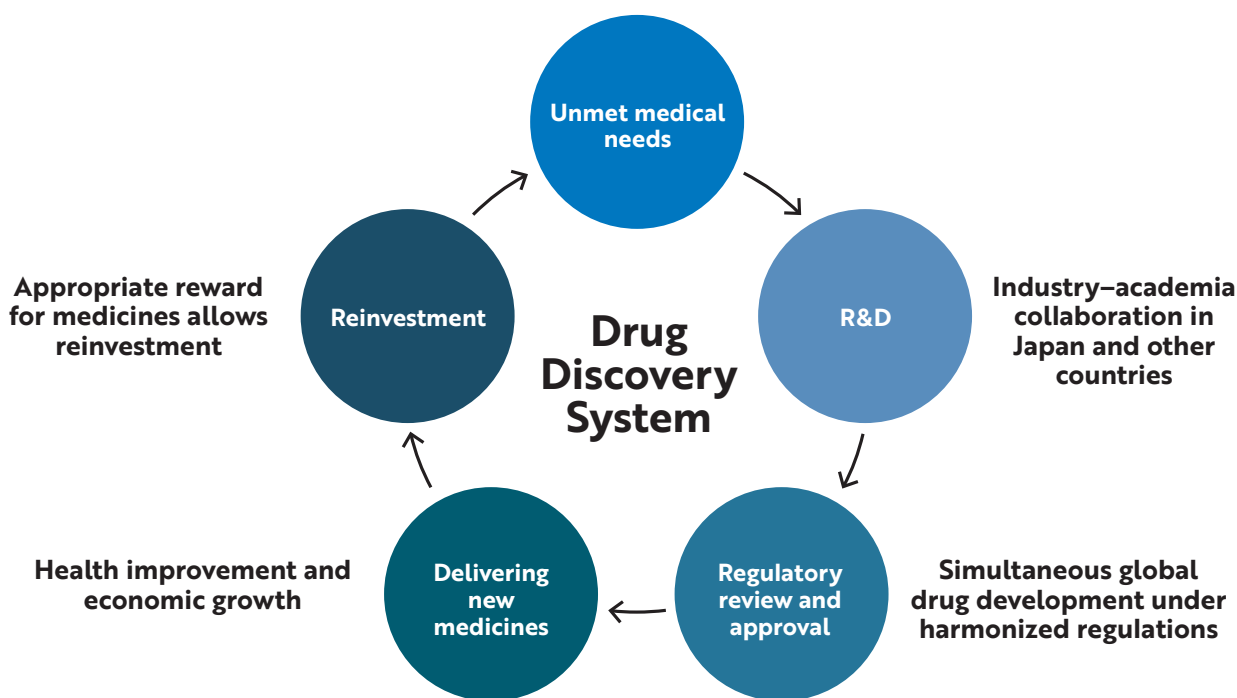
As the pandemic continues, we must build on lessons learned and prepare for challenges ahead. This begins with strengthening the innovation ecosystem that led to the discovery and development of Covid-19 vaccines and treatments, and ensuring that the healthcare system is more resilient in the future.

Given the Japanese government's desire to be better prepared for future healthcare challenges, enhance domestic biopharmaceutical research and development (R&D), and promote economic growth, now is the time for Japan to take concrete steps to enhance its innovation ecosystem. This will help the government achieve its important domestic goals, including safeguarding patients' early access to innovative medicines and treatments as well as ensuring that Japan remains a world leader in advancing public health.

Regulatory and reimbursement policies that incentivize innovation are needed to develop an



## Biopharmaceutical Innovation Ecosystem



Source: PhRMA

### GIVEN THE JAPANESE GOVERNMENT'S DESIRE TO BE BETTER PREPARED FOR FUTURE HEALTHCARE CHALLENGES ... NOW IS THE TIME FOR JAPAN TO TAKE CONCRETE STEPS TO ENHANCE ITS INNOVATION ECOSYSTEM.

innovation ecosystem that expands R&D and drives economic growth in Japan. However, in recent years, the policy environment in Japan has become increasingly difficult for the biopharmaceutical industry.

Since 2015, more than 50 new drug pricing rules have been introduced, and we are starting to see the results of these policies that disincentivize investment and undermine early access to innovative medicines. For example:

- Between 2015 and 2020, biopharmaceutical industry R&D investment grew 33 percent on average globally, while in Japan it declined 9 percent
- The number of medicines in clinical trials in Japan grew 8 percent annually between 2009 and 2016. However, following the implementation of harmful policy changes, growth in clinical trial activity has fallen to 3 percent annually
- In 2016, 51 percent of global new medicines from the prior five years were available in Japan, but by 2020 had declined to 43 percent

#### Strengthen US–Japan Collaboration

It is clear that the Covid-19 pandemic has provoked some important reflection in Japan on the policy environment for innovative medicines, and there is

growing recognition of the need for Japan to improve its innovation ecosystem.

The government must ensure greater transparency in both its healthcare policy decision-making and its application of new policies. More focused bilateral engagement could help achieve progress in these areas. A US–Japan healthcare dialogue under mechanisms such as the Competitiveness and Resilience Partnership or Economic Policy Consultative Committee could help ensure that both countries remain global leaders in driving innovation in the life sciences and promoting global health security.

Having joined the Pharmaceutical Research and Manufacturers of America in January as the new Japan representative, I am honored to speak on behalf of the biopharmaceutical industry at this critical time. I look forward to working with the ACCJ and policymakers in Japan and the United States to advance strong economic and health ties between our countries, and to ensuring that Japanese patients continue to have early access to lifesaving and life-enhancing medicines. ■

*Having served for more than four decades in the US Foreign Service, Ambassador Hans Klemm has extensive experience in the Asia–Pacific region and is a highly respected diplomat with deep relationships in Japan.*



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# Japan Surprises 2022

## Five possible twists and turns in the Year of the Tiger

**W**ith the Year of the Tiger well underway, here is my annual list of Japan Surprises. These are not baseline scenarios or probability-ranked results of quantitative models but, rather, some of the things that keep me up at night thanks to that nagging suspicion that some events could change everything. And yes, there is plenty of room for positive surprises from Japan in 2022. Enjoy, send me your comments, and I wish you a prosperous and happy Year of the Tiger.

### 1. Kishida's Dream Comes True: Wages Rise 3 Percent

After decades of wage restraint and unions lobbying for long-term job stability, rather than short-term pay hikes, Japan's job market is now super tight. The war for talent is intensifying. Prime Minister Fumio Kishida is opportunistic and right to follow his predecessor's top-down call for higher wages; and his chances of success are higher than Abe's ever were. Still, aggregate wage growth of more than 1.5–2 percent would be a big surprise. An even bigger surprise would be if Japan's wage and income growth actually feeds higher consumption rather than an even bigger pile of under-the-mattress savings.

Watch out for more companies following Hitachi's lead this year. Japan's top conglomerate recently announced they'll switch to hiring and promoting based on professional skills, rather than generalist ability and seniority. A switch to performance-based compensation starting this year is now corporate policy. If, as I suspect, Hitachi's break with deeply entrenched labor compensation practices catches on and spreads to other companies, then we may see change. Japan's average wage may not move up as much as Kishida desires, but the variance inside companies and among industries is poised to rise significantly.

This, in my view, is the reason Japan's consumer spending could surprise on the upside in the second half of 2022: skills-based compensation equals higher job satisfaction, equals greater confidence, equals higher spending. Kishida watches out for the low end, while companies begin to incentivize human aspirations. And yes, this is exactly how Japan's productivity boom will come about. If I'm right, prepare for positive surprises not just this year, but throughout the 2020s.

### 2. From Tax Liability to Regional Investments:

#### *Furusato Nozei 2.0*

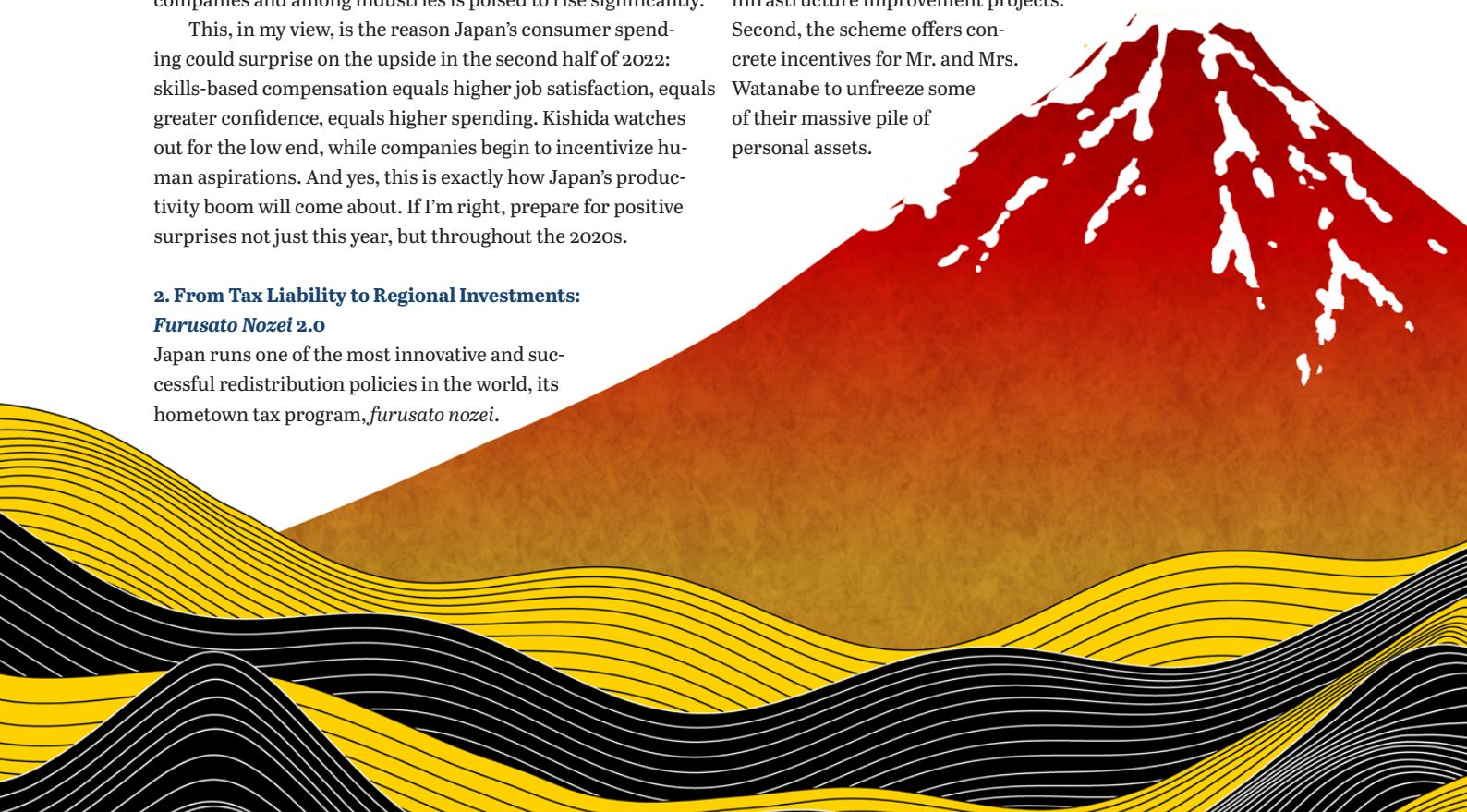
Japan runs one of the most innovative and successful redistribution policies in the world, its hometown tax program, *furusato nozei*.

Designed to revitalize rural communities, the scheme lets taxpayers nationwide buy goods and services offered by approved vendors from small towns and villages, with your purchase offset against next year's tax bill. Of course, there are limits on how much can be deducted, but there is no question that *furusato nozei* works extremely well. Local producers are competing and beefing up their marketing to attract more "free-money" customers they did not have before, while Japanese taxpayers enjoy self-directing their hard-earned money towards goods and services they actually want, rather than just giving it up to the anonymous government. Make no mistake, Japan's *furusato nozei* has made paying taxes fun and satisfying.

A positive surprise would be if Japanese leaders learn from this success and create *furusato nozei* 2.0. The current scheme channels income tax liabilities into consumption. In other words, it redirects the flow economy. A next generation version should focus on channeling assets into investments by redirecting the stock economy.

How? Just as local private producers now compete for national taxpayers' yen, let local public leaders, activists, and politicians propose soft and hard infrastructure projects that need investment funds to get started. Again, national taxpayers all over Japan would be invited to evaluate and select the projects they want to support. When they make their investments, the amount would be credited against future fixed-asset or inheritance tax liabilities.

The economic impact is win-win. First, opening up prospects for investment money will energize local activists and leaders to get creative and propose concrete local soft and hard infrastructure improvement projects. Second, the scheme offers concrete incentives for Mr. and Mrs. Watanabe to unfreeze some of their massive pile of personal assets.



Anything that can be done to turn mattress money into investments will be good for Japan.

Even better, if taxpayers can self-direct their hard-earned assets to socially productive investment projects of their choice, they will create a legacy for themselves and a better future for Japan's coming generations. Here is a project worthy of being called New Capitalism, because the current system encourages you to do nothing but wait until your assets disappear into the black hole of inheritance tax payments.

### 3. Entitlement Reform: Asset-based Means Testing

Cutting public benefits and entitlements is unpopular in any country; but it is popular to tax the rich and redistribute wealth—particularly in Japan. As pressure mounts to fix runaway deficits, creative and unorthodox policy proposals to do so by cutting entitlements are being discussed.

Introducing financial means testing is one option. This is where, for example, anyone with net financial assets greater than, say, ¥10 million and no mortgage debt is no longer eligible for the full public pension or national healthcare. Here is an elegant policy solution that cuts entitlements and taxes the rich.

## JAPAN INC. GOING ON A STARTUP BUYING SPREE WOULD BE A VERY POSITIVE SURPRISE FOR 2022.

Importantly, asset-based means testing would redistribute wealth from the older generation (which owns the vast majority of financial assets) to the younger generation (which pays the vast majority of taxes). Yes, it's a radical rethinking of the intergenerational contract, but nobody should be surprised by the creativity of Japan's new generation of policymakers and politicians. Specifically, asset-based means testing is a pragmatic redistribution policy that can easily lend credibility and appeal to the design of New Capitalism. It would be a positive surprise to see concrete proposals along these lines in 2022, possibly even before the July upper-house elections.

### 4. Corporate Japan Starts Buying Startups

With very few exceptions, Japan Inc. has never really grown through acquisitions. In-house research and development and a proud our-team-first-and-only mentality have dominated, while mergers and acquisitions (M&As) have primarily produced turf battles and legacy redundancies rather than positive synergies. Case in point: two decades after Japan's bank mergers, the three megabanks are still fighting shadow wars to stubbornly defend the proud legacy procedures and systems of the original partners.

For most Japan M&As, 1+1 barely adds up to 1.5. However, there has recently been some positive change, with younger chief executive officers—Recruit Co. Ltd.'s Hisayuki Idekoba, Sompo Holdings Inc.'s Kengo Sakurada, and Suntory Holdings Ltd.'s Takeshi Niinami, for example—unafraid to turn the challenges of growing through acquisitions into a real

transformational opportunity. So, the 2022 surprise will be Japanese CEOs stepping out of their comfort zones and embarking on a full-blown, growth-through-acquisition strategy in general, and buying startups in particular.

The numbers speak for themselves. As in the United States, there are plenty of innovative and potentially transformative startups in Japan. Unlike the United States, Japan has establishment players that don't buy outside innovation. Almost 90 percent of startup exits in Japan are through initial public offerings.

Meanwhile, about 90 percent of US startup exits are through acquisition. This difference in corporate growth strategy and leadership culture goes a long way in explaining the reason Japan's established companies are less dynamic and less globally competitive than their US establishment counterparts.

In my view, a lack of startup innovation power is not Japan's problem. The real issue is the almost utter unwillingness or inability of established players to leverage outside creativity to realize synergetic, transformational growth strategies. In fact, any analysis of the startup ecosystem in Japan quickly reveals that established corporations appear to

be more interested in stealing from, or killing off, creative challengers.

No doubt this happens in Silicon Valley, but there is ample evidence that Japan's establishment leadership culture is well behind in seeing startups and outside ventures as a pathway to new growth or a catalyst for often long-overdue internal transformation. Japan Inc. going on a startup buying spree would be a very positive surprise for 2022.

### 5. United We Stand: Global Covid Policy Commission

The pandemic has been with us for more than two years, yet it feels very much as though we're nowhere close to agreeing on the optimal public policy response. Rebuilding public trust in both science and policymaking is poised to be one of the biggest post-Covid challenges. Surely, we should be able to do better than the every-strongman-for-himself response we have gotten almost everywhere. A huge positive surprise in 2022 would be the setting up of an independent global Covid policy commission, mandated to analyze—without fear or favor—all the policy measures taken around the world, including hard lockdowns, soft lockdowns, border closures, and quarantine regimes. The goal would be to acknowledge common ground for what has and has not worked.

In my view, the sooner global leaders pull together and demonstrate that they actually want to learn from the various responses to the pandemic, the better the chances that mankind in general, and public life in particular, will emerge stronger and more resilient from the calamity. ■



**Jesper Koll**  
Global ambassador  
Monex Group Inc.

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# STEPPING UP FOR CHANGE

COMPANIES MOVE QUICKLY AS TALENT EXPECTATIONS EVOLVE



The global employment landscape has shifted dramatically during the past two years, with the coronavirus pandemic encouraging employers to be more flexible than ever in their arrangements with staff. Working from home, for example—virtually unthinkable for many companies not long ago—has quickly become perfectly acceptable and, often, expected.

Employees, for the large part, have seized upon these opportunities to improve their work-life balance, escape the drudgery of the commute, and spend more time with their families. And now that the genie is out of the bottle, it will be very difficult for many people to return to previously accepted ways of working—at least on an all-day-every-day basis.

## Change Not Optional

While Japan has, in the past, been criticized for failing to keep up with changes in the job market, there are plenty of organizations here that have embraced different approaches to work. Human resources (HR) companies say they must if they want to continue to attract the best and brightest talent, with a dire shortage of candidates in many sectors giving skilled workers the luxury of choosing where they might go next.

Well before the pandemic, Japan already had been experiencing a worsening labor shortage, pointed out Bryce Conlan, president of Nagoya-based H&R Consultants K.K., which specializes in foreign staffing solutions. This shortage could be seen in a broad range of placements, from convenience store jobs to blue-collar positions to highly skilled artificial intelligence or information technology (IT) experts. The situation had been compounded by salaries significantly lower than those in the United States and even elsewhere in Asia.

“Another serious issue was the lack of innovation and flexibility in HR policies,” said Conlan. “Or, rather, a lack of willingness to change old habits and cultures, where long hours were the norm and the evaluation system was built around time spent rather than results achieved. The need to be seen to be working, rather than the need to achieve results.”

## THERE HAS BEEN MORE CHANGE IN THE WAY COMPANIES OPERATE AND PEOPLE WORK OVER THE PAST 24 MONTHS THAN OVER THE PAST 10 YEARS HERE IN JAPAN.

### Accelerated Adaptation

There were signs of change before the pandemic. More companies had been introducing cultural and language training, and there was a new willingness to hire talent from abroad. But things have changed rapidly since the first cases of Covid-19 were reported in Japan in early 2020.

“One positive thing that has come out of the pandemic for Japan is an acceptance of the concept of remote work or working from home,” Conlan told *The ACCJ Journal*. “There has been more change in the way companies operate and people work over the past 24 months than over the past 10 years here in Japan. So many processes and old ways have been transformed, with things such as digital signatures now being more commonly accepted—reducing the need for faxes—and a greater reliance on email and document-sharing tools.

“This has allowed a totally new way of working and, I believe, has brought a huge increase in efficiency,” he said. “We have one client who has well over 60 IT engineers working from India, purely because they have not been able to get visas to enter Japan to come and work. They are now working full time remotely from India, something that would have been unheard of five years ago.”

Nancy Ngou, an associate partner with EY Strategy and Consulting Co., Ltd., shared that the pandemic has hastened changes that already had been taking place at some companies. These include:

- Changes to develop and retain younger employees who prioritize flexibility
- Removal of barriers to women’s advancement in the workplace
- Evolving workplace cultures to embrace change (e.g., inclusion, digitalization, global mindset)

And while some previously had been hesitant to take advantage of those changes, such as flexibility—managers because they didn’t believe it was feasible and employees out of fear such changes would negatively impact their careers—these perceptions began to erode when people were forced to work remotely, she said.

“Businesses are stepping up implementation of their globalization and digitalization strategies, and employees’ expectations of their work have changed,” she explained. “Employees have had time to reflect on their personal priorities and reevaluate expectations. They feel more emboldened to leave what they viewed as simply a job they did, for a more purposeful career or a job they want to do. Employees—and not just the younger generation or working

parents—are seeking sustained flexibility, purpose, and balance.

“Both the business and employee factors are forcing an acceleration of many changes HR leaders sought before, but with the added focus on employee retention and recruiting,” she added.

### Embrace Empowerment

The pandemic has, nevertheless, compounded what was already a candidate-short market, according to Charles Breen, associate director of recruitment company SThree K.K., which specializes in science, technology, engineering, and mathematics—or STEM—fields.

“Employees have always wanted interesting and challenging work with growth opportunities, but that’s something I see people focusing on more nowadays,” he explained. “With innovation happening faster across all forms of technology—whether that is engineering, IT, or biotechnology—leaders in their field want to work on cutting-edge projects.

“Work-life balance has shifted in definition for progressive companies, including my own,” he added. “With employees having more autonomy when it comes to scheduling their work, they can better engage more fully in all aspects of their lives.



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H&R Consultants K.K.



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**Dale  
Carnegie**

Companies that embrace this empowerment will attract the top talent in their field.”

Pay is as important as before and has not lost its relevance in the hiring process, Breen said. “But for the best employees, the company’s offering must go much further than just money. Top talent looks at potential growth, for the individual as well as the company, and whether their own values are aligned with those of that employer.”

Once in a company, every employee has a “different set of needs and values,” Breen added, noting that it is up to the employer to support those goals. But, he cautions, gimmicks such as beanbags and free food in the office are not very high on a potential new hire’s list of priorities.

### Hire and Retain

Sean Lindley, business operations manager for Titan Consulting K.K., said the job market globally has become even tighter, as many of the best workers in their fields are already employed, are happy in their positions, and are not looking for a new job. The challenge for managers, therefore, is making sure that the person remains with the company.

“It is very clear from our experience that any company in Japan, when presented with a strong candidate, really should grab him or her, because the shortage of talent is so acute that any hesitation

dependents, and identical opportunities for staff, regardless of race, religion, cultural background, or sexual orientation.

Titan Consulting recently launched a new service—its Spotlight Package—designed specifically to meet the growing demand for more women in senior management positions. New legislation in the United States mandates that 30 percent of a board be made up of women. Companies that have let diversity slide are now desperately seeking capable candidates, Plessier noted.

“The Japanese government did set a target of 30 percent of managers being female by 2020, but even now it is only 8 percent,” she explained. “That is disappointing, but we do see a changing mindset and expect demand for high-quality female candidates to rise.”

H&R Consultants’ Conlan agrees that a company’s requirements can often align very closely with those of potential candidates, and this must be emphasized to attract the best talent.

“Companies want innovation and efficiency,” he said. “To compete in the global market, not just in sales but in the ability to attract and secure the right talent, companies are realizing that they need to change. This means that what they expect from their employees is changing.

“Companies are also looking for diversity in their staff: different cultures, education, and languages



**Sophia Plessier**  
Business  
development manager  
Tian Consulting K.K.



**Sean Lindley**  
Business  
operations manager  
Titan Consulting K.K.

## FOR THE BEST EMPLOYEES, THE COMPANY’S OFFERING MUST GO MUCH FURTHER THAN JUST MONEY. TOP TALENT LOOKS AT POTENTIAL GROWTH.

means that person will be gone,” he shared. “An employer needs to be agile and recognize the best people. That is where a trusted human resources partner is critical.”

Once aboard, an employee who feels valued, who knows that the company is growing and moving in the right direction, and who has “regular, meaningful conversations” with managers “about where his or her career is going,” is less likely to be looking to move, he added.

“The little things about a company’s culture and values make a big difference,” Lindley remarked. “People leave for reasons that we call the two Cs: compensation and culture. Compensation is easy to deal with, but it’s very important that a company work hard to ensure a good workplace culture.”

### Driving D&I

There is also an increasing emphasis on diversity and inclusion (D&I) in hiring, said Sophia Plessier, business development manager for the company. In focus are concerns such as ensuring gender equality in the workplace, paternity leave, time off for people caring for elderly relatives, support for families or

bring a much wider variety of innovation, ideas, and thinking.” But, he added, they will also need experts in this area to manage a new, diverse workforce.

“And employees—especially the younger generation and those with an international mindset or foreign language ability, with experience studying or working abroad—have seen how other cultures work,” he added. “They have seen the opportunities and the diversity that exists.”

### No Going Back

Asked what employees expect of their company today, Conlan counted off their priorities. As well as work-life balance and development opportunities, they do not want to see a rollback of the workplace flexibility that has been a byproduct of the pandemic. They also want their employer to commit to a strong environmental, social, and governance presence, and they want talent mobility as well as flexibility, and evidence of innovation.

With all those promises in place, he said, why would a valued and valuable member of staff look for opportunities elsewhere? ■



# LIFE BEYOND COVID-19

PROFESSIONALS, GRADUATES, AND NEW HIRES SHARE  
HOW WORKPLACE EXPECTATIONS HAVE CHANGED



Since the first case of Covid-19 was confirmed in Japan in January 2020, the world as we know it has changed in many ways—not least of which has been a transformation in how we study, work, and socialize.

In light of this, *The ACCJ Journal* spoke to professionals in business and education, as well as soon-to-be-graduates, to learn about the challenges they've faced—and the solutions they've implemented—in a period defined by the pandemic.

They said work and study will not return to pre-pandemic methods, and agreed that employees and students in the so-called new normal era have different expectations than before about the future of work and education.

## Flexibility Is Expected

For universities, the pandemic has led to changes in how they deliver courses and engage with students.

Matthew Wilson, dean of Temple University, Japan Campus, said that before the pandemic “remote work was not an option,” because all instruction was carried out in person. That has changed. Nationwide, social distancing rules encourage online instruction. In some cases, at Temple, teaching has been conducted from offices repurposed for remote lecturing, with some students—especially those overseas—being restricted to remote participation.

How has the university implemented the new rules? They began by identifying which departments could work remotely and which were better suited to on-campus work.

They settled on a hybrid strategic plan according to which some staff and faculty work from home while others remain on campus, depending on the needs of particular departments. Students have been studying exclusively from home, while others have been in the classroom.

Remote study, Wilson added, has been particularly challenging for the 1,400 students on the campus, all of whom suddenly were faced—for the first time—with having to learn online.

Looking back, he acknowledges that things will not completely return to pre-Covid-19 ways. “We realized how, in this environment, stability is key, and flexibility has almost become an expectation.”

## WE REALIZED HOW, IN THIS ENVIRONMENT, STABILITY IS KEY, AND FLEXIBILITY HAS ALMOST BECOME AN EXPECTATION.

### Foreign Engagement

Like Wilson, Stephen Zurcher, dean of the Asian studies program at Kansai Gaidai University, faced severe challenges when Covid-19 hit. In his case, that meant facilitating hundreds of study-abroad students at the university on semester- or year-long programs.

Following a schedule common at institutions outside Japan, Kansai Gaidai University had started its winter semester when nationwide calls for remote work and teaching began in early 2020.

At that time, the university had only a handful of days to transition to online—and mostly remote—instruction, Zurcher recalled. By the next semester, when their foreign students had left Japan, instruction became fully remote.

One challenge was how to instruct students who were living across different time zones. To this end, some courses were delivered in real time while others were pre-recorded and made available on demand.

In hindsight, Kansai Gaidai University was ahead of the online learning curve: before the pandemic, they had incorporated remote instruction and study in collaboration with partner universities under a program called Collaborative Online International

Learning (COIL), a cross-border learning initiative involving institutions, faculty, and students.

“I don’t know how, but in the end, it all worked out,” Zurcher said. “We did a mid-semester survey of the students and, to my great surprise, the ratings of the classes and their interactions with the professors had jumped 15 points.”

While students, naturally, would have preferred in-person classes on campus, by some measures, student engagement with instructors had increased, he added, as had their level of satisfaction with remote learning.

### Serving the Underserved

Zurcher’s experience is largely shared by Tom Mason, executive director of the United States–Japan Bridging Foundation (USJBF), a non-profit that provides sponsorship to underrepresented students so that they can study in Japan for a semester or a year.

Due to pandemic-related international travel restrictions, the USJBF exchange program was put on hold for about two years. But, rather than end it, the organization began online training programs, and these became a hit with students.

“We ran a webinar series called ‘How to find Japan-related careers.’ The purpose of that was to connect students to people who not only have found jobs in Japan, but also Japan-related jobs in the United States,” Mason explained.

Between 200 and 300 undergraduates participated in each seminar, suggesting that interest in Japan had

not waned, despite the pandemic and restrictions on international travel.

However, Mason admits that most participants would have preferred in-person events. And industry experts acknowledge that, although remote learning—including interactive webinars and COIL—has expanded, it can neither fully replicate nor totally replace in-person cultural exchange.

“A lot of language learning is done by observing how people speak in real life,” he said. “And then there are the accidental interactions, which don’t really occur online.”

As the pandemic abates and international travel restrictions are set to be relaxed, the USJBF has launched online recruitment initiatives for its next batch of candidates.

“In the past, what we did was send them the finances and send them abroad. But now, we are able to run pre-departure orientations, as well as networking and mentorship opportunities, online.

“And, when they are in Japan, we can deliver supplemental infrastructure programs in person. Our students are based across Japan, from Hokkaido to Okinawa, so they’ll have networking programs in



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Dean  
Temple University,  
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**Stephen Zurcher**  
Dean of Asian Studies  
Kansai Gaidai University

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major cities—and we're able to build that out because of remote working technologies.”

## University Challenge

For students, the Covid-19 pandemic upended studying in ways previously unimagined. That was the case for Toshimasa Hatori, a fourth-year international business student and former student government vice-president at Temple University, Japan Campus.

Luckily for Hatori, he entered the university in fall 2019, just before the pandemic spread to Japan, and thus was able to enjoy some on-campus life, if only briefly.

Were there challenges when remote learning began? There were many. One was adjusting to online classes.

“Another was test-taking: the professors were concerned about plagiarism, which is a valid concern,” he explained.

And students were not really able to enjoy life on the university's new campus, which had opened in August 2019, or use its facilities. “I was playing basketball, and I was the captain, but we couldn't use our brand-new gym.”

Hatori recalled being a freshman. “Social gatherings were constrained; I couldn't go to regular restaurants, nor could I hang out with my friends at a house party. We couldn't even go to a supermarket at the outset of the pandemic.”

Without the opportunity to socialize in person, students chose, instead, to maintain friendships online via video platforms such as Zoom and the messaging app LINE.

However, this way of socializing has come at a cost. Jun Ikeda (not his real name), a fourth-year student based in Tokyo, said: “All conversations are now online, making it difficult to feel the other person's emotions. This is especially true for people you meet for the first time.”

## New Generation at Work

The so-called new normal has altered Hatori and Ikeda's expectations of the workplace. When they start their jobs later this year, both expect hybrid options to be the norm, a change from their pre-pandemic expectations.

“Many friends of mine want a hybrid work experience,” Ikeda shared.

Despite the disruption that many students have faced during this period, some have found a silver lining in the Covid-19 cloud.

Miku Hashimoto (not her real name), a fourth-year student, told *The ACCJ Journal*: “I stayed in my hometown for a year with my family, thanks to the pandemic, and found that I like living in the country, where I can enjoy my hobbies and be close to family.”

Mark Davidson, director of government and external affairs at Amway Japan G.K., is sympathetic to the experience of students such as Hatori, Ikeda, and Hashimoto. Davidson's own daughter had to navigate her university career during the pandemic.

“I have a daughter who is a university student. She did an internship in New York last summer, and it wound up being—except for two days—all online. That was not the best experience for her.”

A co-chair of the American Chamber of Commerce in Japan (ACCJ) Education Committee, Davidson believes that first-time hires will be challenged in new ways in a post-pandemic world. To succeed, they'll need a diverse set of skills.

“More than ever, students will need a broad-based liberal arts background,” he predicted. “While they'll need technical skills, more than anything else, they'll need resilience and an analytical mindset to figure out problems—especially in this remote environment—that they may not have seen before.”

## Young Professionals

But it's not only students who have been challenged during the pandemic. Young professionals, too, have faced difficulties.

John W. Carlson III, for instance, transitioned to a new role at Novartis Japan in the summer of 2021, when the pandemic was raging. Carlson is co-chair of the ACCJ's Young Professionals Forum (YPF) and the Healthcare Committee.

He is the new commercial partnerships lead and a senior strategic assistant at healthcare company Novartis Japan, where most of his work has been remote.



Although virtual events have broadened access, there is also a desire to return to in-person events such as this 2019 YPF Mastermind session.

For new transplants like him, the early days in a company can be the most challenging. “Orientation is actually the hardest part, because you have to get people engaged with the company,” he explained.

“And the big challenge is not working within a department, but working collaboratively with colleagues—whom you would have met if you were working in the office—in other departments.”

Due to the pandemic, Novartis Japan began a redesign of the office, complete with remote-work technology which facilitates hybrid workstyles, according to Carlson.

“Essentially, employees get to choose which workstyle or format they wish to use.”

While the final redesign is yet to be seen, the expectation is that employees will split their work between office and remote locations.

“The office has become a place for collaboration, which requires more in-person work, while individual tasks, such as writing and analysis, lend themselves very well to remote work,” Carlson added.

### In-Person, Remote, Hybrid

Despite the advent of new workstyles, challenges remain for young professionals. As many of them do not

networking games where committee members meet chamber leaders.

But with the pandemic potentially waning, there has been a growing clamor for in-person events—or, at least, multichannel, hybrid ones—Kimuro added.

### The New Normal

For companies, the pandemic caused major changes to internal and external processes. At Amway Japan, for example, all recruitment shifted to online-only processes from around March 2020, explained Hiroyo Aihara, the company’s human resources director.

“Everything changed: candidate meetings, job interviews, actual onboarding, orientation meetings with division heads, even how we present our company to candidates. All went online,” Aihara said.

The transition to digital-only was not easy for staff and new hires. In-person onboarding, for instance, became a singular affair conducted during a one-off visit to the office to receive key items, such as a work computer. And even then, the visit was socially distanced.

What’s more, there was a sharp learning curve to be navigated by staff, especially mid-career professionals experiencing remote work for the first time, Aihara admitted.

**THE OFFICE HAS BECOME A PLACE FOR COLLABORATION, WHICH REQUIRES MORE IN-PERSON WORK, WHILE INDIVIDUAL TASKS, SUCH AS WRITING AND ANALYSIS, LEND THEMSELVES VERY WELL TO REMOTE WORK.**

have a developed social network, feelings of isolation are common, as was the case with the students above.

“Mid-career professionals tend to have a house, children, family, and are more engaged with the business community, whereas young professionals are cut off from their university and have a relatively narrow network,” Carlson explained.

As a result, some young professionals in the YPF have had their health—in particular their mental health—adversely affected. It is a goal of the YPF to mitigate such isolation via in-person or hybrid networking events.

That said, Carlson recognizes that some young professionals have thrived under the prevailing online networking events held by the YPF.

Co-chair Anna Kimuro agrees.

Speaking personally, Kimuro, who is a client leader at IBM Japan, noted that remote work has allowed more young professionals than before to join online YPF events. One reason for the increase is that being remote negates the need to commute to a physical venue, leading to more time—and more opportunity—to participate remotely.

In a recent online event, members discussed how to expand their network informally within the ACCJ. One suggestion was to hold speed dating-style

Which is not to say that remote work has been a cakewalk for recruits; it has not. That’s because many of Amway Japan’s new hires are returnee Japanese, or Korean and Chinese graduates settling in Japan from overseas.

For them, remote work was a double blow. “They usually live alone and need to find an apartment in Japan,” she explained. “But then, once they were ready for work, we had to tell them, ‘Please work from home.’”

That said, the transition to remote work was made easier because, even before the pandemic began, the company already had in place flexible workstyles, including some remote work.

“We were already allowing some employees to work two days per week from home, and we had initiatives such as dress-your-own-way,” Aihara added.

Her colleague, Davidson, who is also chair of the ACCJ’s Government Relations Committee, agrees. In the future, he said, companies will have to ensure that remote work feels personalized.

A version of the proverbial water cooler—the glue that holds companies and society together—will be required to garner comradeship among colleagues and students, whether that’s in person, online, or via hybrid solutions, Davidson concluded. ■



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**Hiroyo Aihara**  
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# MOTIVATE REMOTELY

TIPS FOR KEEPING YOUR TEAM ENGAGED IN A WORLD WHERE HYBRID WORKSTYLES ARE THE NORM



When the pandemic began, a sudden shift to remote work brought challenges to companies accustomed to having everyone in the office. Many leaders had to learn on the go how to hold their teams together and keep them engaged and productive.

Two years later, things are running more smoothly for most. But what at first seemed a temporary solution to a temporary problem has become an expected norm. Remote work is here to stay.

So, how do you keep people motivated in a world where some portion of your team will always be outside the office? *The ACCJ Journal* talked to three experts in training and team-building to learn which techniques are working for them and how we can all make remote and hybrid work models effective for the long term.

## Overcoming Isolation

"We are social animals, and the group—particularly in Japan—is a very important aspect of work life," said Dr. Greg Story, president of Dale Carnegie Training Japan and a certified Dale Carnegie master trainer. "How to maintain that group identity and keep good levels of teamwork will remain a difficulty during remote work. The office provides an avenue for socializing which remote work tends to take away. This can lead to people feeling isolated and lonely."

During the start of the pandemic, he noted, all of this was new. There was the idea that this, too, would pass. "But now it is becoming more mainstream, and this is the new calibration. Not everyone is going to thrive in this remote environment."

Michael Glazer, senior consultant at Tokyo-based People Focus Consulting, offered several recommendations for avoiding a feeling of isolation.

"Start or continue regular one-to-one meetings," he said. "Most managers have felt some difficulty leading remotely, because they can't physically see what's going on. Some hesitate to get directly involved, because they don't want to be misperceived as micro-managing. Others hesitate to give more autonomy, because they don't want to be misperceived as not caring if their approach is too hands-off."

Holding weekly one-to-one meetings is nothing new, he admits, but this can go a long way toward improving communication, as well as increasing engagement and motivation. Usually 20–30 minutes is enough time for these meetings.

## WE REALIZED HOW, IN THIS ENVIRONMENT, STABILITY IS KEY, AND FLEXIBILITY HAS ALMOST BECOME AN EXPECTATION.

"If managers aren't talking, connecting, and getting information and feedback regularly, how are they ever going to lead and manage effectively?"

Story pointed out that remote work requires a lot more communication than when everyone is in the office. "We have trouble getting hold of people, and keeping people up-to-date with what is happening becomes more difficult," he explained. "We need to overcommunicate, in fact. More sharing of information becomes crucial, be that through voice or text."

Glazer also suggests making work more visible to managers and other stakeholders.

"Doing this makes it easier for others to support, recognize, and possibly redirect your effort," he explained. "It can also spark collaboration and innovation. This can be done through group chat or other collaboration tools. I've also seen some people schedule their individual work in Outlook to keep their team members in the loop of what they're working on."

Katheryn Gronauer, founder of cross-cultural training and coaching company Thrive Tokyo and vice-chair of the American Chamber of Commerce in

Japan Sales Development Committee, recommends virtual co-working.

"You can ask one to four people to join a virtual call with you for a fixed length of time in which you spend the first few minutes sharing what you plan to work on during that time," she explained. "Then, you can go off video, on mute, and work knowing that there are other people there holding you accountable."

She uses the technique herself. "It's incredibly effective in helping you get work started that you might have been procrastinating on. Plus, you can tell people at home that you're in a meeting, and that helps you avoid getting distracted."

## Building Team Spirit

Gronauer's virtual co-working technique is one approach that can help build and maintain cohesive teams when members are scattered and working from their homes. It recreates, to some extent, an office environment in which the presence of others helps you stay on track.

Another key element of the workplace that was disrupted by the pandemic and has undergone significant change is the morning meeting. Story believes this must be maintained even in virtual settings, and there must be some ground rules for how it is conducted.

"The morning meeting is held in person in many organizations, and it is a good practice to recreate this as much as possible online," he said. "Cameras must be turned on so that we can all see each other. Going through the why of what we are doing is a good



**Greg Story**  
President  
Dale Carnegie  
Training Japan



**Katheryn Gronauer**  
Founder  
Thrive Tokyo

Vice-chair  
ACCJ Sales Development  
Committee



**Michael Glazer**  
Senior consultant  
People Focus Consulting

daily connector to our joint purpose. Sharing information with each other is also a good practice, as it makes for a stronger team spirit when we know what everyone is doing, even if we don't meet so often in person."

Meetings such as this are only check-in points for the group, however, and managers need to ensure that communication continues throughout the day and week to strengthen the foundation of the team. It is also important to show your remote employees that you care about their well-being, ideas, opinions, and goals. How can you best do that when you have limited in-person interaction with them?

Gronauer believes that it is important for organizations to have a top-down approach to initiating conversations about well-being. "I have worked with employees who have shared that they hesitate to raise work-life balance challenges to their managers, either due to hierarchy or not knowing a new manager's style due to remote work," she said. "Scheduling quick catch-ups to talk not just about work but about work-life balance is helpful."

Another recommendation she offered is engaging an external coach.

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## THERE'S A BROAD SPECTRUM OF ACTIONS WE CAN TAKE, FROM MAKING SMALL ADJUSTMENTS TO HOW WE INTERACT WITH OUR TEAM MEMBERS TO INTEGRATING THE PRINCIPLES OF WELL-BEING INTO CORPORATE CULTURE AND SYSTEMS.

"As a coach, I feel that employees value being able to talk to a third party about work goals, personal life goals, and how to better manage themselves," Gronauer explained. "It helps employees with their self-management without taking time away from a manager's day."

### Show You Care

Expanding on well-being, Glazer said that "there's a broad spectrum of actions we can take, from making small adjustments to how we interact with our team members to integrating the principles of well-being into corporate culture and systems."

He offered three practical actions:

- Pay careful attention to language and behavior
- Express interest and concern directly
- Match the support you offer to what's needed

"We might notice when a colleague, who has a reputation for managing time well, starts showing up to meetings a few minutes late, or starts asking for work deadline extensions. This could be a sign of stress or an early-warning sign of burnout," he said. "Other subtle signs include a shift in mood or outlook, increased irritability, forgetfulness, or even just not using their webcam as often as usual."

Glazer noted that research from Google's Project Oxygen a few years ago found that "showing concern for success and well-being" is one of 10 behaviors that make managers great at Google. "Just as we would do in person, use empathy and active listening skills to share changes you have observed," he suggested. "If you have a concern that someone is struggling with an assignment, is stressed out, or is starting to withdraw, check it out."

And matching support to what's needed can make a big difference in keeping a team member on board. "While offering heartfelt encouragement to take time off might seem like the supportive thing to do, researchers have found that people who are grappling with difficult feelings really need compassion and acceptance most," Glazer explained. "Similarly, when the issue someone is wrestling with is a practical problem they've never solved, the underlying need is for tools, advice, direction, and assistance."

### Equipped for Success

By following the advice shared by Gronauer, Glazer, and Story, and exploring other ways of bridging the gap between the office and remote locations, leaders may find that the outcome of change forced by the pandemic is greater productivity and success for the company, as well as satisfaction with work and life for employee. While the shift we have been going through has been difficult, it represents digitalization in action and may well be one of the most positive legacies of Covid-19. ■



# THE GREAT RESIGNATION

COULD THE CHANGE COVID-19 SPARKED IN  
THE UNITED STATES OCCUR IN JAPAN?



The pandemic has brought tumultuous change to the workplace worldwide, and in the United States millions of employees have decided to quit or change jobs in what has been dubbed The Great Resignation. Could we see a similar upheaval in Japan?

In several ways, we already are—although the changes may not be as dramatic or visible, for social, financial, and cultural reasons. Japanese workers aren't quitting and changing their jobs en masse, but we are seeing more willingness to jump ship—particularly among the younger generation—as well as shifting priorities and expectations about one's job, career, and employer that will probably transform Japan's labor market, recruiters and experts have told *The ACCJ Journal*.

## The Great Reflection

Suddenly finding themselves working from home, with extra time on their hands, many workers have had the mental space to think about their careers and broader purpose in life—something they often had been too busy to do previously. Some realized they weren't satisfied with their jobs and work-life balance, and they began to explore new paths, such as volunteering, picking up side gigs, or changing jobs entirely. That's a big step in Japan.

"Everybody is reassessing their values," said Jeremy Sampson, managing director at recruiting company Robert Walters Japan K.K., which connects English-speaking candidates with foreign-affiliated or Japanese companies. "They're reassessing their lives, their careers, and really wondering if they're happy with what they're doing."

"It's like stepping off the treadmill," offered Simon Jelfs, managing director at FocusCore Group KK, which specializes in bilingual recruitment for US and European companies. "People have had a chance to step back, think, and reassess."

Covid-19 has changed people's priorities in evaluating a job. In a survey conducted by Robert Walters earlier this year, candidates said their top value was doing challenging and interesting work, followed by inspiring colleagues, corporate culture, and flexible working. Job security and excellent compensation

recognizing merit as a key hiring factor, there's also not much professional incentive for mid-career employees to change jobs. In the United States and Europe, many who switch jobs can obtain higher salaries or promotions, but that's usually not the case in Japan, according to Akie Nakamura, chief researcher at Rengo-RIALS. Some even see their salaries drop.

Surveys by the Recruit Works Institute show that, compared with workers in the United States, China, France, and Denmark, those in Japan express greater overall dissatisfaction with their jobs. But the lack of mobility discourages many from doing anything about it. "Changing jobs requires a lot of courage in Japan," she remarked. "Sometimes it's likened to jumping off Kiyomizu Temple's high platform."

The number of workers who change jobs has been rising in recent years, but fell over the past two years. During the pandemic, the figure fell to 2.9 million in 2021 from 3.5 million in 2019, government data shows. Still, those saying they would like to change jobs has continued to rise steadily, having reached 8.9 million in 2021, according to the government's labor data, with those aged between 25 and 34 accounting for the biggest group, at 2.3 million. And a survey by Robert Walters of 800 employees across various industries registered with the recruiter shows that 60 percent of respondents were looking to change jobs over the next 12 months.

## JAPAN IS LESS FLEXIBLE IN TERMS OF YOUR TRAJECTORY; YOU DON'T HAVE A LOT OF OPTIONS TO MAKE MISTAKES AND THEN PICK IT UP AND FIX IT.

were ranked sixth and seventh—well below where they had been in previous surveys.

"We're seeing people wanting to change jobs for reasons around looking for something more fulfilling," Sampson said. "Or because they realize life is short, and that they want to be doing something that makes them happy."

### Jumping off Kiyomizu

But changing jobs is hard in Japan. If you have special skills, such as English ability, as is the case with job-seekers being placed through FocusCore and Robert Walters, there is strong demand. But for most Japanese, switching jobs can be very risky—particularly for those in their forties, fifties, or sixties who have stable jobs and good salaries at major companies, and families who depend on them.

"Japan is less flexible in terms of your trajectory; you don't have a lot of options to make mistakes and then pick it up and fix it," explained Robin O'Day, a professor of anthropology at the University of North Georgia who has studied Japan's youth culture. "If it doesn't work out, it's on you because you took a gamble." In a business culture that values loyalty and is only gradually

### Generation Gap

Changing jobs is less risky—and a bit more common—among Japanese in their twenties and thirties. For these people, there is less to lose potentially in terms of salary, and more options from which to choose. Companies are also more likely to hire them. And increasingly, if young people are unhappy with their jobs or feel they don't have much of a future there, they will look elsewhere.

Many in the younger generation have seen the often-grueling jobs their fathers (in most cases) held and aren't necessarily enthused by the idea of devoting their entire career to a company, Professor O'Day said. They are thinking more in terms of how the company can benefit their career objectives, not the other way around, he and other experts agreed.

Some companies are shifting from the traditional organizational model, in which workers function as members contributing to the company's overarching mission, to a self-directed model that give employees more freedom to pursue their ideas and offers choices within the company, experts explained.

Over the past few years, we've been seeing some twenty-somethings at big brand-name companies



**Jeremy Sampson**  
Managing director  
Robert Walters  
Japan K.K.



**Simon Jelfs**  
Managing director  
FocusCore Group Japan



**Robin O'Day**  
Professor of anthropology  
University of  
North Georgia



**Akie Nakamura**  
Chief researcher  
Rengo-RIALS

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switch jobs, which was virtually unheard of before, Nakamura noted. The top two reasons are:

- Fear that they won't be able to do interesting work if they remain where they are
- A desire to work at companies with more growth opportunities

And research conducted by online recruiting agency en Japan Inc. shows that a growing portion of these young job-changers at big companies are going to startups, the ratio having risen to more than 20 percent last year.

Sampson sees that among his clients as well. “Younger people want to take control of their lives more,” he said. “They have more of an appetite for startup-type businesses, where people can take the initiative, are more responsible for their own actions and output, and are not just taking orders from above.”

Flexibility Assumed

Jobseekers’ demands and expectations surrounding job flexibility are also changing. The first question that candidates ask when considering a new opportunity is not about salary but work arrangements, Sampson shared. “Pre-pandemic, flexibility around work was a benefit that companies sold to attract talent, whereas now it’s a must-have,” he said. “And if you’re not [offering it], you’re basically deterring talent.”

While many companies still place value on employees coming into the office, partly to build corporate culture and network with colleagues, jobseekers are gravitating to businesses that offer a

hybrid work style that allows them to work from home at least some of the time. After tasting work from home, some will accept only jobs that are 100-percent remote, FocusCore Group’s Jelfs noted.

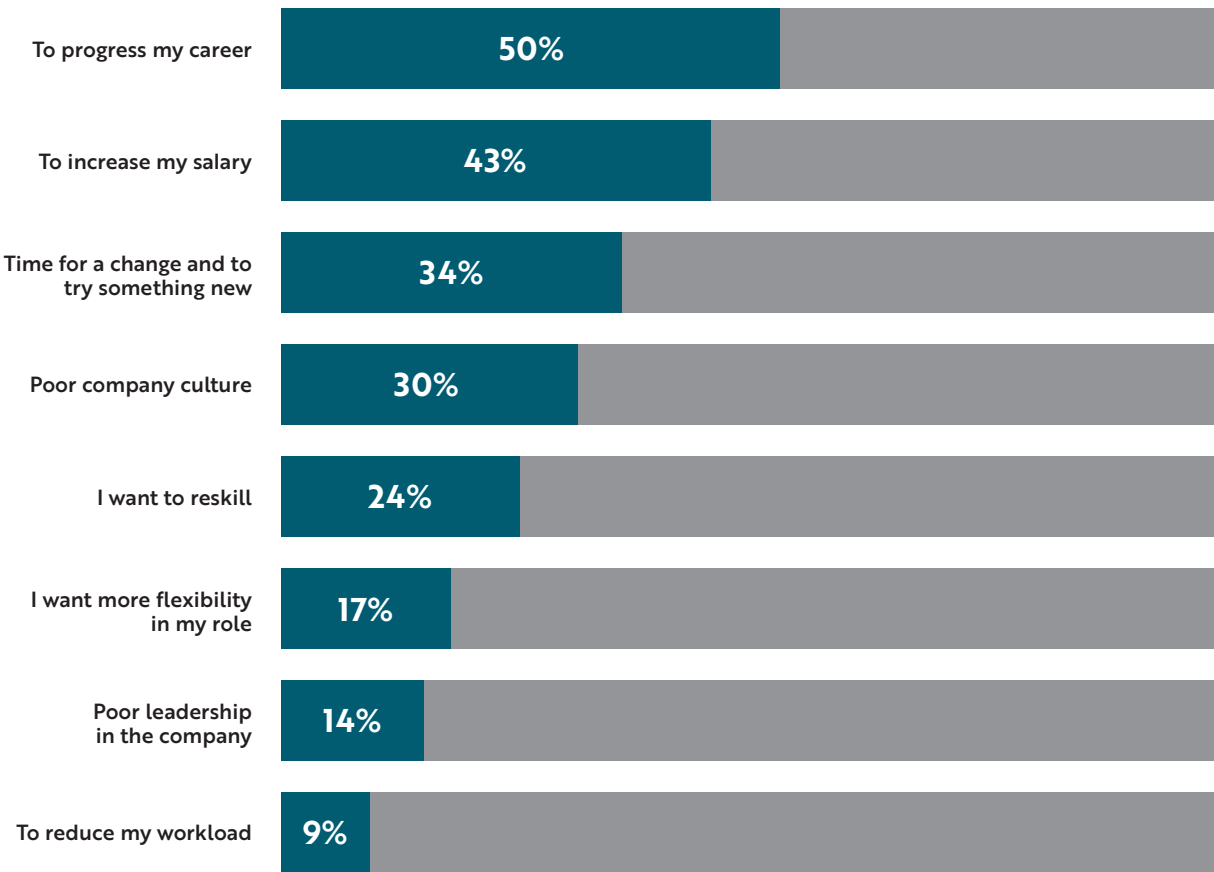
Teleworking has been especially welcomed by working mothers, who say they are much better able to juggle their family duties. One single mother, whom Jelfs knows, loves working from home so much that, if her company required her to start coming back into the office, she would find another job that allows fully remote work.

These changing dynamics have driven another change: decentralization. Some people who live and work in Tokyo are moving to outlying areas—sometimes quite a distance away—either maintaining two homes or completely uprooting themselves from the city. One of Jelfs’s candidates moved from central Tokyo to Tsukuba, Ibaraki Prefecture, and once there switched to a local job. Others have moved to the beach town of Hayama, south of Yokohama, or Karuizawa, in the mountains of Nagano Prefecture, he said.

Covid-19 prompted Tokyo’s population to decline to just under 14 million last year, the first drop since 1996. If the trend continues, this could contribute to the spreading out of Japan’s population from urban centers, a long-time government goal.

“This is a shock to the system that Japan really needed to initiate this sort of change,” Sampson stated. “Even us as a company, we talked about more flexibility for years, but actually doing it was painful to think about. But when we ripped off the Band-Aid and did it, it actually became quite simple. Everyone adapted quite easily, and I think it’s benefited many people.”

Why are you looking to change jobs?



Source: Robert Walters Japan Salary Survey 2022 | [www.robertwalters.co.jp/en/salarysurvey.html](http://www.robertwalters.co.jp/en/salarysurvey.html)

## More Stratification

However, this greater freedom and flexibility has not extended to Japan's entire labor market. It is concentrated in white-collar workers with regular, full-time jobs—a steadily declining breed in Japan. Workers in blue-collar, delivery, and factory jobs that cannot be done from home, or at their convenience, have not seen this same sort of flexibility as a result of Covid-19, O'Day pointed out.

In fact, for some of them, work and life have become harder. Freelancers in Japan—mostly self-employed people with specific skills, such as photography, editing, or teaching music—have seen their work and income decline during the pandemic. And when the government offered financial aid to workers who had lost income, freelancers received less help than full-time employees. “To freelancers, that looked like a value judgment,” said O'Day.

The job market is also not very friendly toward them. When freelancers apply for full-time jobs, “many companies will discriminate against them—they think you're somehow tainted or there's something wrong with you,” O'Day added.

So, in some ways, Covid-19 has widened gaps in Japan's labor market, where big businesses are increasingly relying on contract or part-time workers to cut costs. That's given greater flexibility to companies, but not to contract workers, who have

With more people working remotely, the entire job search process has become easier, recruiters said. They can search for openings online in the privacy of their homes and handle multiple job interviews in a single afternoon. They don't necessarily need to commit a big chunk of time to visiting various companies' downtown offices over several days for interviews, although some employers still want to meet candidates in person, which recruiters say is a good idea.

## Talent War

All these changing dynamics are coming amid perhaps one of the tightest job markets ever in Japan, as the pool of workers contracts amid an aging and shrinking population. Companies are scrambling to get the best talent.

Even before the pandemic, capable candidates—from good schools, or with a few years' experience in a desired field—who were looking to change jobs would receive many offers, Nakamura explained. “In the past, major companies could easily get graduates from top universities, but that's no longer a given.”

Also, Japan's tight immigration rules make it difficult for foreign workers to enter—a flow that has virtually ground to a halt during the pandemic.

“Japan is facing the greatest talent shortage, really, in its history, and it's not going away with the shrinking population,”

**JOBSEEKERS IN THEIR TWENTIES AND THIRTIES ALSO PLACE A HIGHER PRIORITY ON DIVERSITY AND INCLUSION, AND WANT TO KNOW HOW COMMITTED COMPANIES ARE TO THAT ... THEY ALSO ARE MORE CONCERNED ABOUT WHETHER COMPANIES ARE PROACTIVELY ADOPTING ENVIRONMENT, SUSTAINABILITY, AND GOVERNANCE STANDARDS.**

fewer benefits and less job security than those in the upper echelons of the labor market.

## Shared Values

Covid-19 has also enhanced the desire among younger workers, including some college students, to join a company that shares their values and is doing something to contribute to society, recruiters said.

“Younger candidates are asking of companies, ‘What are they doing in terms of sustainability? What are they doing for the local community?’” explained Jelfs, who has been working in Japan for 24 years. “Ten years ago, it would have been more about salary and if it's a prestigious company.”

Jobseekers in their twenties and thirties also place a higher priority on diversity and inclusion, and want to know how committed companies are to that, Sampson remarked. Likewise, they also are more concerned about whether companies are proactively adopting environment, sustainability, and governance standards, he added.

Businesses that aren't able to offer more flexible work style policies or give clear answers to questions about their values, diversity goals, and contributions to society, may get shunned, recruiters warned. A Robert Walters survey shows that half the respondents would reject a job offer if the company's values didn't align with their own.

Sampson added. “There really needs to be a more streamlined process to accept and welcome foreign talent.”

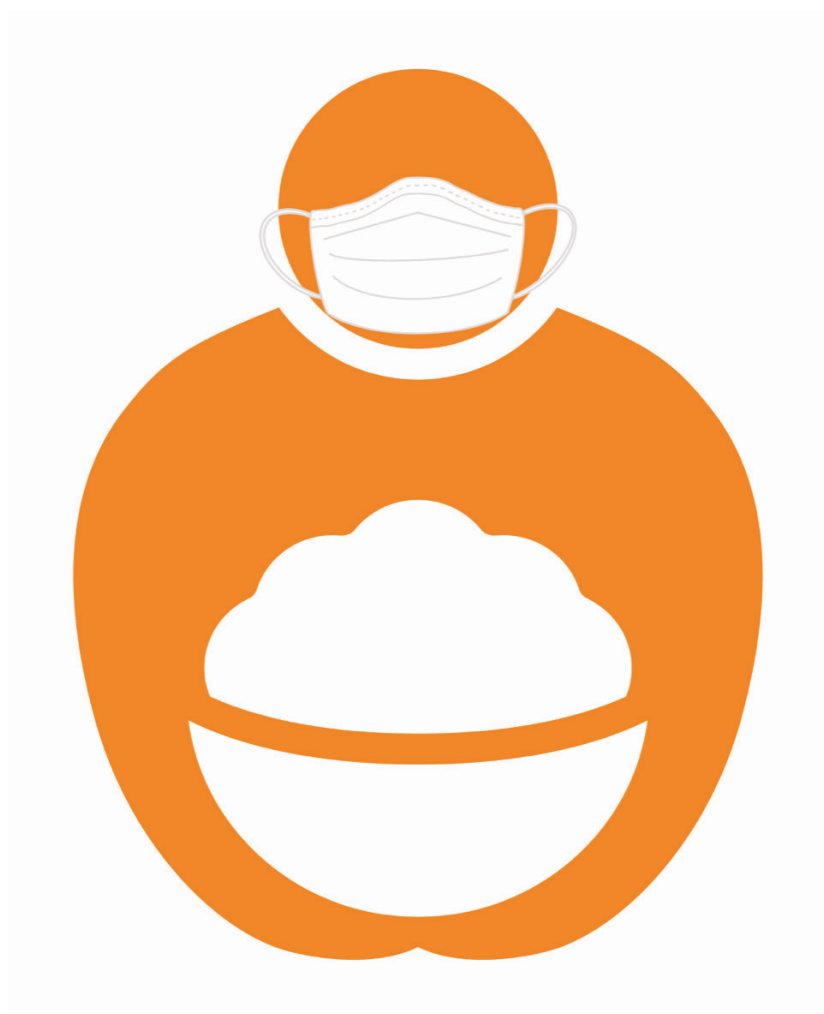
Intense competition has emerged for workers with specific, highly sought-after skills, such as English ability or computer programming skills, recruiters said. Tech startups are appearing left and right, and established companies also need engineers to help them digitally transform their operations, so for them it's a candidates' market.

“Companies are looking for Japanese candidates who are bilingual, who have a stable background, a solid record of achievements in Japan, and are not a job-hopper. Once you factor all that in, supply is tight,” Jelfs explained. “Those kinds of candidates have three to five offers they can choose from.”

Businesses have become much more aggressive in trying to retain employees by making counteroffers in the form of promotions, transfers, or pay increases, according to Sampson. “Companies are aware that it's far more difficult and expensive to replace somebody than it is to entice them to stay.”

Japan tends to change most dramatically in response to external shocks, and Covid-19 has proved to be a powerful catalyst, setting in motion changes that will probably permanently alter employee behavior, corporate practices, and even Japan's business culture. “This is the beginning of what will be a long-term, big change in Japan for sure,” Sampson said. ■

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# Spirit of Yozan

How a samurai reformer inspires a new generation to take the lead and succeed

**T**he death of a close friend at college prompted Tohoku native Hiroaki Miyajima to pursue a career in advertising in the United States. Having returned to his hometown of Yonezawa, Yamagata Prefecture, in 2011, he is now part of a local business collective whose mission is to secure the town's future prosperity.

## Place of Inspiration

Those not familiar with the Tohoku region, in the far north of Japan's main island of Honshu, may be excused for being unaware of Yonezawa. But this landlocked town has inspired some of the nation's most successful executives and one of the United States' best-loved presidents. When John F. Kennedy was asked after his inauguration to name a Japanese figure whom he respected, to the surprise of the Japanese press corps he answered with the name Yozan, a clan leader who ruled the domain of Yonezawa during the 18th century.

Yozan Uesugi inherited a Yonezawa impoverished by profligate leaders and entrenched interests. Heavily influenced by his teacher, Heishu Hosoi, who saw it as the duty of rulers to put the interests of their domains above their own, Yozan swore an oath to restore the prosperity of Yonezawa and its people. He is highly admired for his radical economic reforms and being an exemplar of frugality.

In Yonezawa, the figure of Yozan looms large, and in no place more so than Kojokan High School, which he founded in 1776. The school seeks to instill

Clockwise from left: Yohei Sano, Hiroaki Miyajima, and a statue of Yozan Uesugi in Yonezawa. ▶



edible leaves can serve as a food source in times of famine. Use of the shrub symbolizes the importance of creative thinking and self-reliance, which Yozan stressed to his people.

Collective member Yohei Sano, who helps with the family fish market, has a background in legal philosophy and studies local history in his free time. Known as The Professor, he is a quiet contrast to the ebullient Miyajima and provides Ukogi's intellectual

**"I WANT TO MAKE YONEZAWA A PLACE TO WHICH THE NEXT GENERATION WILL WANT TO RETURN AND MAKE THEIR LIFE."**

a sense of service and importance of action summed up by one of Yozan's most famous sayings: "For all things, try and you will succeed; do not try and you will not succeed. Lack of success is merely due to lack of trying."

## Intellectual Foundation

The Ukogi collective, established by Miyajima and several other Kojokan graduates, channels the spirit of Yozan in a bid to grapple with the issues facing Yonezawa and many of Japan's rural areas. The name Ukogi is that of a deciduous shrub that Yozan promoted for use in making hedgerows, while the

foundation. Synthesizing the virtues and lessons of the past, he is developing the philosophy of a restoration based on sustainable development and employing public-private sector cooperation. Put simply, Sano said, "I want to make Yonezawa a place to which the next generation will want to return and make their life."

The speed of change in Japan can often be glacial, but Yozan overcame the powerful social and economic forces of the 18th century to restore the prosperity of Yonezawa. Ukogi is aiming to instigate a second restoration and make Yonezawa a place that once again inspires beyond its borders. ■

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# Ramen Romance

A flavorful world of history and innovation awaits you in Yokohama

Chinese noodles first gained popularity in Japan in 1859, when centuries of isolation ended and the port of Yokohama opened for international trade. At the same time, a nationwide ban on eating meat was lifted, bringing to the table new flavors. To a bowl of basic Chinese-style noodles, Japanese chefs added a slice of fatty *chashu* (braised pork belly) and unique soup stocks made with local ingredients, such as miso, kelp, bonito, and clams. And in doing so, they created a delicious *umami*-rich dish now famous the world over: ramen.

## The Raumen Museum

Yokohama, a short jaunt south from Tokyo, prides itself on serving some of the country's best ramen, and has two museums to celebrate the cheap, delicious, and filling meal. Minutes from Shin-Yokohama Station, the Raumen Museum (the unique spelling reflects the way the word used to be pronounced) is a great place to start your ramen reconnaissance. This food-themed amusement park opened in 1994, the brainchild of industrialist Yoji Iwaoka, who envisioned a truly distinctive museum.

It's ¥380 to enter the museum which, despite benches shaped like ramen ingredients and a carpet decorated with *narutomaki* fish cake, looks at first fairly ordinary. There are displays in English and Japanese that chart the history of ramen, and several impressive exhibits that reflect regional specialties. There are even several walls of various *donburi* (pottery bowls) used throughout Japan. Of special charm is a reconstruction of Rairaiken, the shop that set off Japan's first ramen boom after it opened in Asakusa in 1910. With the help of 13 Chinese cooks from Yokohama's Nankinmachi, Rairaiken is said to have ladled out between 2,500 and 3,000 bowls of ramen a day. The first



floor also has a nifty gift shop, with a wide variety of ramen-related goods, such as heat-n-serve packs, recipe books, ramen bowls, and even a curious treat called ramen chocopuffs.

What really sets the Raumen Museum apart, though, is found in the second basement. Stepping into this vast two-story section of the museum is like discovering a time portal; though you know you are inside a building, you would swear you are outside at dusk, walking the backstreets of a bygone era. A huge central court, lit by cinema posters, neon pachinko signs, and light bulbs strung from second floor living quarters, also holds half a dozen actual ramen restaurants doing brisk business. Before queuing there, though, be sure to tour the backstreets of the town,

all along the periphery of the food court. You'll find the alleyways more intricately detailed than movie sets. The humble wooden homes, speakeasies, candy store, tobacco shop, police box, and even a phone booth add up to a realistic scene you'll swear you've actually been to, somewhere in Shitamachi. Attention to detail—a chalked hopscotch, children's *yukata* hung out to dry, and a public bath entrance (that's actually an elevator)—evoke an era when lives were more intimately connected, and community coalesced around a simple bowl of noodles with family and friends.

Museum founder Iwaoka's son, Takuji explains that his father wanted to recreate a 1958 retro townscape, not just for nostalgia but also because that year marked the invention of instant noodles by Momofuku Ando, a true turning point for the internationalization of ramen.

Heading into the central square, snag tickets from a vending machine for the ramen of your choice. The shops and selections come from around Japan and change occasionally, but the important point is that you can choose regular or "mini portion" servings, which allow you to sample several of the shops' offerings.

You might see homemade slabs of pork hanging here and there, but vegetarian ramen options are also always on offer (try Komurasaki, from Kumamoto). The variety of soups—usually in soy, miso, or salt seasonings and bases of pork bone, fish, chicken, or vegetable broth—make for infinite combinations. The museum is a great place to develop your vocabulary and taste for ramen, and the atmospheric setting might make you yearn for the good old days of Japan.

## The Cup Noodles Museum Yokohama

The year immortalized by the Raumen Museum's fantasy backstreets, 1958, is the same one in which Momofuku Ando



Explore the backstreets of a bygone era ► [www.raumen.co.jp/english](http://www.raumen.co.jp/english)



realized his dream of making instant ramen noodles. The whole story behind Ando's development of instant ramen is packaged beautifully at the Cup Noodles Museum, a 12-minute walk from Sakuragicho Station on the JR Yokohama Line.

The minimalistic red brick exterior of the facility, officially known as the Momofuku Ando Memorial Museum, was conceptualized by Creative Director Kashiwa Sato to express "simplicity devoid of the unnecessary" and to stimulate creative thinking. The vast clean entryway features a 24-meter-high back wall that extends up all five floors of the museum, and a white *nebuta*-style float made of washi paper in the shape of Nissin's popular product.

Corporate Communications Division Manager Kazuki Tsurumaru notes that the facility "really looks like an art museum"—an impression borne out by displays on the second floor. One entire room, the Instant Noodles History Cube, has a floor-to-ceiling exhibit of every variety of fast-food noodles, from Ando's very first pack of Chicken Ramen to the items currently on sale. There are also cup versions, some of which include flavor variations sold in other countries. Tsurumaru points out that the early packets of Chicken Ramen had little windows, "so people could see what was inside, because they didn't know." They sure know now.

The next exhibit, Momofuku's Work Shed, is a faithful recreation of the place in which Ando struggled for a year to create his invention. Tsurumaru reveals that it was Ando's wife who provided the catalyst for his breakthrough. "Ando watched her cooking tempura and realized that, when the noodles were fried in oil, the moisture was forced out, making it possible to preserve them for a long time. He also discovered that hot water poured over the noodles was absorbed through tiny cavities formed during dehydration. The water seeped into the noodles, restoring them to their original soft state.

The message here is that inspiration for inventions can come from literally anywhere and that, even in humble surroundings, it's possible to create something extraordinary.

Each of the exhibits on the second floor underlines Ando's thought process. An oversize cup with white noodles spilling out, for example, has words hidden in the noodles themselves, encouraging viewers to look at things carefully and from all angles. A nearby separate room helps children learn how great ideas can arise from simple tools, and that by using your noodle, so to speak, you can come up with unique inventions by understanding the needs of others.

The third floor offers two hands-on experiences. One (reservations required, tickets ¥800) involves making Chicken Ramen by hand, starting with kneading, spreading, and steaming the wheat flour and then drying it with a flash-frying method. The other (¥400 tickets sold at the entrance) is a fun experience in which you design your own Cup Noodles, from illustrating the exterior of the cup itself to choosing the soup flavors and toppings. Children will love adding the likeness of Chicken Ramen's mascot Hiyoko-chan, made from dried fish cake, to their concoction. Staff then seal the lid, shrink-wrap your creation, and place it in an "air package" that you pump into a nifty pillow to safely tote home.



Craft your own cup. ► [www.cupnoodles-museum.jp/en/yokohama](http://www.cupnoodles-museum.jp/en/yokohama)

To round out the fun, the fourth floor has a fabulous playground (check for current Covid-19 restrictions) where kids "become" noodles in a factory. Nearby, the Noodles Bazaar serves up noodle dishes from eight countries, from Kazakhstan to Italy. The highlight here might be an outrageously confusing, but delicious, ramen ice cream!

## Ramen Trick

After two excellent museums, you might want to sink your chopsticks into the ramen made at one of Yokohama's independent ramen shops. If that's the case, Yokohama Convention and Visitors Bureau Management Planning Department Manager Shisei Aoki has a recommendation: Ramen Trick, located a minute from the Blue Line's Yoshinocho Station, Exit 3.

Despite the unsettling name and the informal atmosphere of the joint, decorated with bombastic rooster illustrations, the place is the real deal. Ramen Trick was opened in 2012 by Noboru Nishigaki and his wife, Kazumi. "Before opening," Noboru recalls, "we were working in Chinatown, above the Trick Art museum, and one day, we realized the word 'trick' sounded like 'tori-ku' (eat chicken), so we chose the name."

Puns aside, Ramen Trick is all about chicken—no other meat products are on offer—and if you visit between hours, be prepared to see big plastic pails of chicken parts being prepped for the stock pot bubbling away in the back of the kitchen. Three kinds of fowl, including Okayama's Sansui, Nagoya's Cochin, and Yamanashi's Shingen simmer away with dried tomatoes and *konbu* (seaweed), bringing out unique *umami* notes. A quick glance at the walls reveals the restaurant has prizes—including a Bib Gourmand

Award from Michelin—to back up Aoki's recommendation.

By all means, try the *tokusei* (special) salt-broth ramen (¥1,200). In a light golden broth, the toppings include crisp fresh spring onions, chicken meatballs, chicken *chashu*, a sliver of red onion, both halves of a meltingly soft *ajitsuke* (marinated) egg. For the salt ramen dishes, the noodles, sourced from noodle-maker Mikawa Seimen, include a bit of bran to add to the flavor and texture. Guaranteed, after tasting this ramen, the main trick will be to resist ordering a second bowl on the spot. ■



Ramen Trick serves up award-winning chicken flavors.



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# Trusts and Audits

## How changes to Japan's tax rules may impact individuals

In December 2021, the Japanese government revealed its proposed changes to tax legislation. Some of these proposals affecting individual taxpayers are discussed in this column, together with an update on how Covid-19 has impacted the tax authority's approach to inheritance and gift tax audits.

### Assets and Liabilities Statement

The rules surrounding this reporting obligation, which was introduced in 2015, have been amended to increase the scope of taxpayers subject to the requirements.

The additions are aimed at minority shareholders of large family corporations, such as an owner's Japan-resident spouse or children. If the shareholder receives dividends and has no other source of income, the income tax can be settled through withholding and no return is due. Previously, they would not have met the requirement to file an assets and liabilities

requirements triggered by this amendment, which will apply to reports due beginning January 1, 2023.

### Audit Focus

In December 2021, the National Tax Authority (NTA) released its annual audit statistics for 2020, showing the impact of Covid-19 on its approach to onsite audits. During 2020, the number of inheritance tax audits fell by 52 percent, from 10,635 to just 5,106. Of these, 551 related to overseas assets, with the NTA utilizing tax treaty information exchange provisions and Common Reporting Standards information to gather details of the assets. The average tax raised was ¥9.4 million per audit opened, a 47-percent increase in the average compared with the previous year's ¥6.4 million.

The decrease in audits was countered by a 58-percent increase in the number of simple investigations, consisting of telephone inquiries and correspondence

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Topic	Current Rule	Proposed Amendment
Obligation to file	<ul style="list-style-type: none"> <li>• Taxpayers who are obliged to file an income tax return</li> <li>• Have income of greater than ¥20 million (excluding retirement allowances)</li> <li>• Hold assets as of December 31 worth ¥300 million or more (or ¥100 million or more of securities subject to exit tax)</li> </ul>	In addition to the current requirements, Japan-resident taxpayers who, as of December 31, hold assets worth ¥1 billion or more will also be required to file the statement, regardless of whether they are required to file an income tax return or their annual income amount.
Filing deadline	March 15 of the following year	June 30 of the following year
Mitigating factors	None	If the statement is filed before notice of a tax audit is received, it will be deemed to have been submitted by the due date.

statement, regardless of the value of their shareholding and other assets, but the proposed changes would bring them within the scope of the report.

The changes are due to apply to income and assets beginning January 1, 2023 (January 1, 2024, for mitigating factors) with the first reports due in 2024.

### Trust Reporting Requirements

Another proposed amendment is to the trust reporting requirements that apply to Japan-resident trustees and trust corporations of domestic and overseas trusts. Previously, if it was difficult to estimate the value of the assets within a trust, then the assets did not need to be included in the filing. The reports are required within one month of:

- Establishment or closure of a trust
- Changes in beneficiaries
- Changes in beneficial rights

Although there are no penalties for failure to file, individual trustees should pay attention to any filing

with taxpayers. There were 13,634 such instances in 2020, compared with 8,632 in 2019, while ¥650 million in additional tax and penalties were levied. The move from onsite audits to simple investigations shows that the pandemic has caused the NTA to focus personnel on audits with a higher chance of levying tax. The remainder are being handled with remote inquiries, seemingly a more efficient use of resources.

### Takeaways

The tax reform proposals will affect individual taxpayers in different ways but, for most, the change to the filing deadline will reduce the administrative burden of filing asset and liabilities statements and overseas assets reports. Trustees of overseas trusts will have to pay attention to the changes in reporting requirements and be prepared to file reports containing estimated valuations. Finally, the increase in simple investigations is likely to mean that more taxpayers receive calls from their local tax office. In such cases, as always, seek professional advice on how to respond to such requests. ■



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