

[2015.05.18]

The UK Market

– How Japanese companies can improve their hiring and retention strategies.

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This article will focus on the reasons why it is difficult for Japanese companies to attract and retain local talent in the UK and will make suggestions on how hiring managers can overcome these challenges, creating a working environment that will encourage the best performers to join and contribute longer.

The UK market

The early signs in 2015 are that the replacement hiring and the focus on getting more productivity out of existing employees in recent years, is giving way to more optimism to increase headcount. Businesses of all sizes that have solid management and mentoring systems in place will be well positioned to take advantage of this new confidence. Quality candidates will be in demand across the board and hiring managers will need to present a compelling offering to attract, mixing competitive compensation with future prospects. Naturally those companies that have the most flexibility and willingness to engage with candidates to grow into the roles rather than meeting every single hiring requirement, will have the most success; especially if this is coupled with intelligent, long term retention planning. In the UK, Japanese companies have struggled to attract and retain talent and in general the work force tends to view Japanese brands less positively than western ones.

The Challenges and Suggestions to retain local talents

1. Cultural Barriers

Senior Japanese managers don't always understand the cultural intricacies of the markets they enter. Japanese are perceived as a very homogenous race, bonding together closely when overseas, and whilst most Japanese businessmen play golf for relaxation as well as for business purposes, UK staff will want to engage on sports such as football, rugby and cricket as well as talk about social, political and other issues that affect them and the UK. A visit to their homes or to join them at a football match, will be an eye-opener and a chance not to be passed up, if offered.

SUGGESTION ⇒ It is natural that Japanese managers and staff will find comfort being together, speaking their own language, enjoying the same customs but the best cross-cultural managers are able to get beyond that, joining local clubs or sports teams, making local friends, living in cosmopolitan areas and making real efforts to understand in what ways Japan and the UK are different and similar. This takes a natural curiosity and confidence and should be important selection criteria when assigning overseas managers from Japan.

2. English language ability – or lack of it

The ability to converse freely, in and outside the office, with local staff is critical to smoothing cultural and work challenges. Japan ranks poorly internationally in terms of English language capability and the UK represents additional challenges for Japanese managers, due to the various accents and colloquialisms used across the nation.

SUGGESTION ⇒ Investing in language training before assigning expats and once they are on the ground, is vital for those who need it. At the same time, hiring UK nationals who speak Japanese as well as investing in staff once they join, and who wish to learn Japanese, will greatly ease cross-cultural communication. If you hire a manager who doesn't understand Japanese, it is very important to have management conversations in English when that person is around, so they don't feel isolated, bypassed and also make efforts to involve them with visits to headquarter.

3. Management – lack of diversity

Diversity is a hot topic these days but Japanese companies are way behind in terms of embracing ethnic, gender and sexual diversity. Recruiting a talented and diverse slate of trusted senior local managers, to run a business functions in the UK market can seem risky for Japanese companies as this entails giving up some control, and much depends on that manager being strong, independent, but also a culturally aware and diplomatic player in order to be successful. With a few exceptional companies which operate more like UK companies, most of the senior management team are Japanese and there is a glass ceiling to how high local talent can promote thus negatively impacting hiring and retention.

SUGGESTION ⇒ To show real intent to stay long term and grow local talent, the Japanese corporate will have to at some point, embrace diversity and hire senior management from within the UK. It is most often the case that UK firms in Japan will have an all Japanese leadership team but rarely, if ever, is this seen the other way round. Partnering with a reputable local headhunter, who has experience of placing senior management in Japanese companies and who ‘gets’ Japan Inc. and how to position your brand, will be an important step in allowing the company to assess the local talent pool, as well as gain market intel.

4. Unattractive pay and retention systems

Japanese companies lag behind their UK counterparts in terms of being able to offer higher performance based pay as well as restricted stock and stock options. This is natural given that in Japanese companies the team is venerated over individual superstars.

SUGGESTION ⇒ What works at the headquarter level, won't work in the UK where the concept of lifetime employment and seniority based promotion is not widely practiced. It will be important to regularly engage with HR consulting firms as well as headhunters, to understand market compensation trends and how to balance base and incentives. If offering stock options is not on the table, consider other ways to retain, such as overseas assignments, projects and a serious commitment to training. If your staff are leaving, exit interviews should be detailed and get to the heart of the matter so any regrettable turnover can be better assuaged next time.

5. Lack of vision/mission – or rather failure to really communicate what that means for the UK workforce

It is very easy for Japanese subsidiaries to focus on short term business/profit goals in the UK without taking the time and attention to properly communicate how important the UK is strategically, how they value the work force, and share both the vision and mission statement.

SUGGESTION ⇒ Take time to explain this and make sure your staff see you 'live the values' the company espouses. Engagement in out of the office CSR activities, fundraising and team events are all important ways to show you live what you preach.

6. Lack of awareness of what you do

The big name Japanese companies have no such brand awareness issues. Many other smaller Japanese companies have poorly translated Japanese websites and low awareness in social media about what they do. This hurts your ability to attract.

SUGGESTION ⇒ Invest in marketing efforts designed to boost your brand through your website and social media, such as LinkedIn and Facebook. You should run hiring campaigns through SNS, alongside effective employee referral systems.

‘The war for talent’ as first described in 1997, is still every bit as applicable today, especially for overseas companies struggling for a toe-hold in developed markets. People are always your most important asset. The most successful Japanese companies in the UK, will find ways to localize their businesses, embrace global practices, and create attractive work environments and reward and retention systems.

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Pang has 10 years Executive Search experience in the UK and across Asia. He has covered a number of sectors from real estate to technology and consumer. Pang was one of the first 3 employees when RGF, the global name used by Recruit Holdings began their HK operations in early 2010. As part of the acquisition of Bo Le Associates in 2011, Pang moved into Bo Le’s HK offices and worked there as a Senior Consultant until December 2013. Pang joined Reccelerate Hong Kong in a leadership role and he is responsible for driving talent acquisition across Asia for recruitment firms and corporates seeking in-house talent.

Profile

This column has been posted to the website of Recruit Works Institute.