



Beyond English Capability

Hiten Amin Reports - Tokyo, Japan

Changing Needs of HR

As globalization becomes a reality, not just an idea, companies are increasingly demanding communication in English with real-world applicability. Exam scores for written exams have traditionally been accepted by many companies as evidence of English competence. It has become apparent that study abroad experience, the ability to adapt to environments outside of Japan, and the skills to transfer knowledge to local staff are key attributes in the future management of Japanese companies. HR managers throughout Japan have questioned whether English capability alone will nurture the global mindset and international business competence they are striving to develop in their companies. Many Japanese companies have developed HR recruitment and training programs; recognizing the needs of their companies in a global economy. Overseas institutions able to develop programs in line with market needs will see fantastic growth in their Japan enrolment.

English Learning Market

The test market of English in Japan has been growing rapidly since the emergence of Japan as an economic force. The TOEIC, Test of English for International Communication™ (TOEIC), is one of the major English tests administered in Japan. Recent reports from ETS, the company that administers the TOEIC test reports that the number of total test-takers is over 2 million worldwide in 2011, with the number of test-takers consistently increasing year over year for almost 30 consecutive years.

The STEP EIKEN is another major test administered throughout Japan. Often called EIKEN Test — it is an English language test conducted by a Japanese non-profit organization, the Society for Testing English Proficiency, Inc. (STEP), and backed by the Japanese Ministry of Education, Culture, Sports, Science and Technology (MEXT). According to the STEP website, in fiscal 2010, examinees for all EIKEN grades totaled approximately 2.3 million.

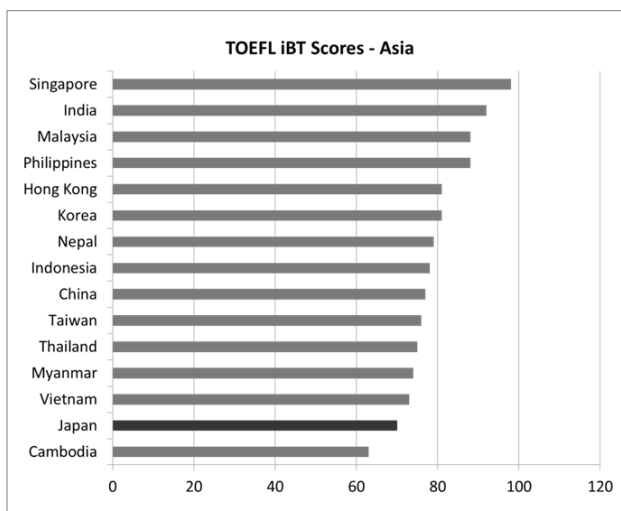
One other major widely accepted exam, The International English Language Testing System (IELTS), has seen significant growth in Japan in recent years. The number of test takers has tripled in the last 5 years.

Japan is known as a leading test taking nation internationally, with literally millions of students preparing and training for English language tests throughout the year. The globalization of the Japanese economy has been the backdrop to the acceptance by many universities and personnel departments of standardized testing to measure English language capability, fueling the demand.

In order to meet the growing demands of the English testing sector, schools offering test preparation, conversation practice and other English language learning environments are facing strong growth prospects. According to the Ministry of Economy, Trade, and Industry (METI) there are over 5,300 foreign language training centers in Japan - conflicting reports have listed the number much, much higher. According to the Yano Research Institute in Tokyo, the value to the economy of the language learning business in Japan is 749.4 billion JPY (approx. 9.3 bn USD). Growth in the market of 1.6% was recorded in 2010, with growth of 1.8% forecast for 2011.

English Levels in Asia

Recent data from ETS reveals that English levels (when measured by average TOEFL iBT score) have a considerable variation throughout Asia. Singapore, India, and Malaysia are ranked amongst the top countries for English language proficiency in Asia – far outpacing their Japanese counterparts. Japan still lags behind, just topping Cambodia. Considering the vast expenditure on English language training and testing (domestically) incurred by most Japanese individuals and companies, they are looking for new solutions.



Source: ETS, TOEFL Test and Score Data Summary for TOEFL iBT and PBT - 2010

New HR Policies

Traditionally, HR has relied on exam scores to determine an individual's potential for promotion, ability to represent the company overseas, and transfers between offices. The incentive to increase one's score has been fuelled by companies aggressively seeking globally minded employees to fill their needs overseas. More recently, companies have further developed strategies to not only develop the intellectual skills such as language capability, but more importantly soft-skills such as social and psychological capital. Employees able to communicate effectively, negotiate, and understand the needs of clients and suppliers in an international environment are increasingly sought after by Japanese companies for internal promotion and external hiring.

In a 2012 DISCO survey of 1174 companies, 23.7% of companies will be looking to hire Japanese nationals studying overseas, an increase of 5.3% year over year (YOY). Companies are now taking a more diversified approach to overcoming the skills shortage they are facing.

Current Trends in Japan;

- Recruitment of non-Japanese international students for postings both domestically in Japan, and in international operations
- Recruitment of Japanese students with international study experience
- Mandatory expatriate terms for new employees
- Mandatory training and development in intercultural communication
- Promotion of non-Japanese staff to senior management positions

The emphasis has shifted from English language capability to development and training of a well-rounded international business person. Companies are intentionally seeking '*Shinsotsu*' with a natural desire and curiosity to study abroad. They have adapted their internal training programs to offer real cross-cultural experiences to employees. Many Japanese companies also report implementing a new Diversity and Inclusion policy with the company.

The Transition Phase

With an increased need for global talent that can handle the pressures of living and working abroad while successfully driving new business, Japanese companies have developed and implemented company-wide globalization strategies. According to the Keizai Doyukai (Japan Association of Corporate Executives), companies such as Hitachi, Mitsubishi and others have developed successful programs to ensure the future leaders of the company will be able to compete across borders. Well-defined goals, regular training programs, and transparent systems are a must for Japanese companies seeking to nurture their future management.

Many western companies began their global initiatives years before their Japanese counterparts. While Japanese companies try to catch up, they hope the acceleration in the development of skills such as cross-cultural communication, diverse thinking, and leadership will once again keep them ahead of their rivals. There is little doubt that English language testing will be conducted in the initial screening stages of recruitment, and well into an employee's career with a company – as a measure of ability. It is those companies and employees that endeavor to nurture advanced skills such as cross-cultural communication, and thought diversity that will play an integral role in defining their companies and Japan in the global environment.

The Market is Yours

The massive size of the English learning, training, and testing market in Japan holds significant opportunities for institutions outside of Japan. Despite the recent image of Japan being a non-recruitment market, data and analysis by the METI and recent publications clearly point to a growing demand for English learning. Japan's economic strength should not be understated; the ability of families to pay for overseas education ranks amongst the highest in the world. Also, the sheer amount of money spent on education, in particular English language, makes Japan an ideal source country for both traditional recruitment markets; but students are increasingly looking to Asian countries including Singapore, Malaysia, and the Philippines. The surge in interest in Asian markets has been spurred by corporations looking to compete in the global business environment. Asian institutions are in the early stages of actual recruitment and marketing in Japan. Forward thinking institutions willing to work with knowledgeable, local partners will see strong returns on their investments.

