Increase in Foreign CEOs in Japan and Their Overall Picture

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May 25, 2021

Note: This paper was originally published in Japanese on *JFCRI Quarterly Research Report*［*日本政策金融公庫論集*］（Vol.51, May 2021 pp.61-80.）, published by Japan Finance Corporation Research Institute.

Abstract

In recent years, an increasing number of foreigners have arrived in Japan to launch businesses. Their presence could work to the advantage of the Japanese economy by providing diversity. However, their overall picture has not yet been clarified. This paper attempts to depict the real picture of foreign CEOs who came from overseas, using the "Questionnaire on Active CEOs from Overseas" conducted by the Japan Finance Corporation Research Institute in October 2020.

The questionnaire found that wholesale accounts for about 40% of the wide-ranging businesses owned by foreigners, that those from Asia including China account for most of the foreign CEOs from various countries, that foreign CEOs are younger than their Japanese counterparts, that nearly 80% of foreign CEOs came to Japan in or after 1990, and that many of them came to Japan for study or work and later became CEOs. Many of them are highly educated and fluent in Japanese. Some 80% of foreign CEOs have launched businesses on their own. Many of them feel that their being a foreigner comes with advantages, including their connections with their countries of origin, foreign language speaking ability and global awareness. As disadvantages, they cite difficulties in understanding precise meanings in Japanese, in exploring new customers, in procuring loans from financial institutions and in renting real estate. Regarding future business plans, foreign CEOs are more ambitious with respect to expanding or continuing their operations than their Japanese counterparts. Most of them hope to settle down in Japan.

Many foreign CEOs have found business opportunities in Japan and been successful to some extent. The number of foreign students and workers in Japan has increased in recent years, indicating a sustained rise in the number of foreign CEOs in Japan. It is hoped that they would flourish as new business launchers or small and medium enterprise successors. Japan may be required to develop more flexible support arrangements for foreign CEOs to facilitate their business operations.

1. Introduction

(1) Awareness

This paper focuses analysis on foreigners who were born in a foreign country and own a small or medium enterprise in Japan (hereinafter referred to as "foreign CEOs"). In recent years, an increasing number of foreigners have arrived in Japan to launch businesses. Given that they were born and grew up in foreign countries, where living and business practices differ from those in Japan, their business approaches and viewpoints regarding goods or services may differ from those of Japanese CEOs. Due to the differences, their entry into the Japanese business world may trigger some friction but provide diversity to the advantage of the Japanese economy.

The authors here refrain from discussing Japan's immigration control policy. Even under the current systems, the number of foreign CEOs has followed the uptrend. If they are forced to make some sacrifices regarding business administration because of their being a foreigner, however, some support may be required.

This paper attempts to depict the real picture of foreign CEOs. The paper is organized as follows: Section 1 provides awareness and related literature, while Section 2 checks the present status of foreign CEOs based on government statistics and databases of survey companies. Later sections look into the realities of foreign CEOs based on the "Questionnaire on Active CEOs from Overseas," which the Japan Finance Corporation Research Institute (hereinafter "JFCRI") conducted in October 2020. First, Section 3 explains the survey method, an overview of enterprises run by foreign CEOs, and their countries of origin and ages. Section 4 discusses their reasons for travel to Japan, their final academic background, and their Japanese conversation levels. Section 5 deals with how they became CEOs, what kind of jobs they had just before launching businesses, and how they raised funds for starting up businesses. Section 6 introduces the characteristics of their goods or services, their business connections with their countries of origin and local people, and the advantages and disadvantages of their being a foreigner. Section 7 indicates their business conditions under the COVID-19 disaster and discusses their future business plans and settlement in Japan. Section 8 sums up the analysis. It also compares foreign CEOs with their Japanese counterparts for cases where such comparison is possible. In addition, the final section introduces some results of our interviews with foreign CEOs between September and December 2020.

(2) Related Literature

First, we would like to review earlier studies on foreign CEOs in Japan. Many case studies on foreign CEOs are seen on the Internet. Among books, Omiya (2005), though being old, is well organized. Based on in-depth interviews with 10 foreign CEOs, it introduces their stories beginning from their arrival in Japan. Then, the book points out that it is difficult for foreigners to start businesses

in Japan because of difficulties in borrowing loans from banks and renting real estate, as well as cultural friction. It applauds the active challenging spirit of foreign CEOs who do business while overcoming such difficulties.

Among questionnaire surveys of foreign CEOs in Japan is Jiang (2018). Using personal connections as a student from China, the author conducted the survey covering 79 foreign residents in Japan aged between 20 and 69.[1] Of the respondents, 10 had started businesses and 11 were planning to do so within three years. In addition, 10 were planning to do so within more than three years. The survey found that foreigners in their 30s had a higher probability of launching businesses and that foreigners staying in Japan for work had a higher probability of doing so than those staying in Japan for study or along with their families. Regarding foreign students who may launch businesses in Japan in the future, DISCO (2018) indicated that 13.4% of foreign students who were asked about career plans after finding a job hoped to become independent and launch a business.[2]

As for problems regarding the acceptance of foreign CEOs, the Japan Research Institute (2012) built on interviews with 15 foreign CEOs who launched businesses in Japan to point out that when foreigners came to Japan to launch businesses, they had difficulties in renting real estate, depended on funds from their friends or families rather than loans from financial institutions or took much time for procedures to employ foreigners. Nomura (2015) reviewed policies for accepting foreign entrepreneurs in the United States, the United Kingdom, Germany, and South Korea, and concluded that Japan should accept more foreign students and develop a mechanism for their settlement in Japan and arrangements for comprehensive support for them in order to increase the number of foreigners launching businesses in Japan. Harima (2019) is a Japanese language paper based on her English papers reviewing massive earlier European and U.S. studies. Based on interviews and other surveys, it analyzed Japanese entrepreneurs in developing countries, transnational entrepreneurs in entrepreneur ecosystems, and refugee entrepreneurs in Germany, and indicated that transnational entrepreneurs have unique strengths and weaknesses, that entrepreneurs are diverse, and that understanding about the diversity is required for supporting entrepreneurs. The Kinki Bureau of Economy, Trade and Industry (2019) classified foreign entrepreneurs into three categories: student-turned-entrepreneurs (entrepreneurs who have studied in Japan), spin-out entrepreneurs (entrepreneurs who have had business administration or work experience in Japan), and advancing entrepreneurs (entrepreneurs who came to Japan to launch a business). It then pointed out the following: student-turned-entrepreneurs have expanded business operations in a relatively smooth manner due to their

1 The survey was conducted from 2016 to 2017. Of the 79 respondents, Chinese accounted for 58 persons or 73.4%. Jiang (2018) noted that samples were biased with Chinese accounting for a high share in the survey in which the author depended on personal connections. The respondents included four who have obtained Japanese citizenship. In a precise sense, the survey targets differ from foreigner business owners as defined in this paper.

2 In response to the same question about career plans after finding jobs, 6.5% of Japanese students studying in Japan and 14.9% of those studying abroad indicated their plans to become independent and launch a business. It is interesting that the share for Japanese students studying abroad is close to that for foreign students studying in Japan.

personal connections, familiarity with Japan, and fluency in Japanese but have financing difficulties; spin-out entrepreneurs are successful due to the same factors as the above and feature longer stays in Japan; and advancing entrepreneurs feature shorter periods of time between their arrival and business launch in Japan but must overcome language problems and become familiar with Japanese practices and culture. Through interviews with foreign entrepreneurs, the study found that they need help from persons who can read and write Japanese and that they have difficulties in obtaining longer loans than their stays in Japan and in leasing real estate. It also quoted administrative scriveners as noting that the major problem is that some foreign entrepreneurs have failed to fully understand labor management, tax, and other Japanese systems.

Regarding the performance of companies run by foreign CEOs, Pandey and Rhee (2015) provided a case study on foreign CEOs invited by large Japanese companies from the 1990s to the 2000s, indicating that not all foreign CEOs were necessarily successful and that foreign CEOs could become more successful by transforming corporate culture and organizational structure drastically. The abovementioned Kinki Bureau of Economy, Trade and Industry (2019) quoted financial institution officials as noting that they felt that companies run by foreigners featured higher profit margins. Honjo (2021) attempted to statistically analyze profit margin and growth differences between initial public offering companies run by foreigners and Japanese. As foreign CEOs' presence was limited in the sample, however, no significant finding was made.

As indicated above, foreign CEOs in Japan have been analyzed from various angles. However, we found no large-scale questionnaire survey covering the whole of Japan. We checked programs for meetings of the Japan Academy of Small Business Studies, the Japan Academic Society for Ventures and Entrepreneurs, and the Japan Society of Monetary Economics in recent years but found no report on foreign CEOs[3].

Recently, foreign CEOs, particularly those of large companies, have received frequent media exposure. However, the overall picture of foreigners who run small and medium enterprises accounting for the majority of companies in Japan has not necessarily been clarified, although some case studies have been provided.

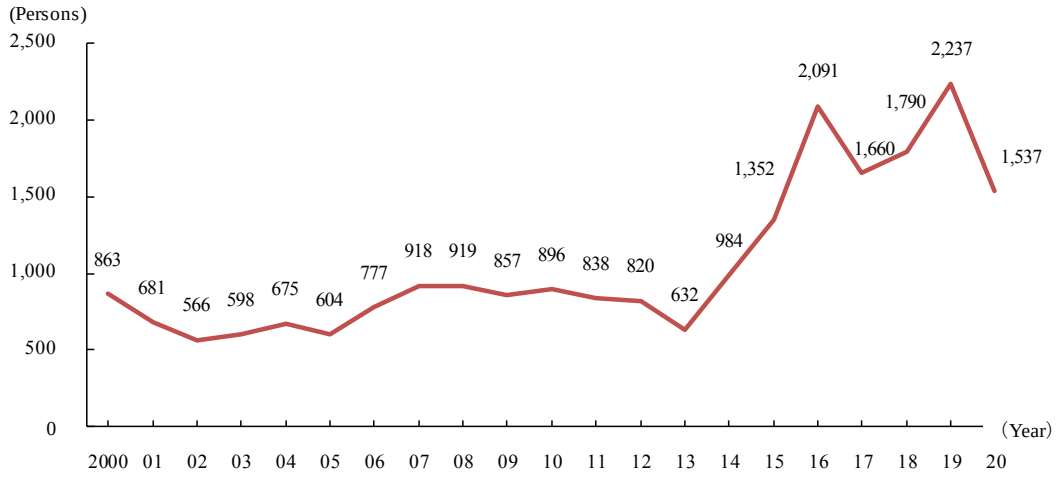
2. Foreign CEOs in Statistics

(1) Increasing Foreign CEOs

The number of foreigners arriving in Japan to manage businesses has increased in recent years.

3 We searched *the Journal of the Japan Academy of Small Business Studies* (from Vol. 1 in 1982 to Vol. 38 in 2019) covering major papers presented in annual JASAS conferences, *Venture Review* (from No. 1 in 1999 to No. 36 in 2020) and *the Journal of the Japan Academic Society for Ventures and Entrepreneurs* (from Vol. 1 in 1998 to Vol. 92 in 2020) for the Japan Academic Society for Ventures and Entrepreneurs, and *Japanese Journal of Monetary and Financial Economics* (from No. 1 in 1991 to No. 42 in 2019) for the Japan Society of Monetary Economics.

Figure-1 Number of Foreigners Newly Entering Japan with the Status of Residence of "Business Manager"



Source: Immigration Services Agency of Japan "Immigration Control Statistics"
Notes: 1. The number of foreigners newly entering Japan with the status of residence of "Business Manager." No reentry is covered.
2. Until March 2015, the status of residence was called "Investor / Business Manager" (the same applies hereinafter).

We would like to check data in "Immigration Control Statistics" compiled by the Immigration Services Agency of Japan.[4] The number of foreigners newly entering Japan with the status of residence of "business manager" ("investor / business manager" until March 2015) decreased from 863 in 2000 to 566 in 2002, before turning upward (Figure-1).[5] The number peaked at 919 in 2008 and followed a downtrend until 2013 and an uptrend later. In 2019, the number rose to 2,237. In 2020, it fell to 1,537 apparently under the impact of the COVID-19 pandemic.

The number of medium to long-term foreign residents with the status of business manager in Japan increased persistently from 5,694 at 2000-end to 6,743 at 2005-end, 10,908 at 2010-end, 18,109 at 2015-end, and 27,249 at 2019-end.[6] It stood at 27,199 at 2020-end, remaining almost unchanged from a year earlier despite the impact of COVID-19.

A breakdown of the 27,249 foreigners with the business manager status at the end of 2019 by prefecture showed that Tokyo accounted 10,073 or 37.0%, Osaka for 2,831 or 10.4%, Saitama for 2,767 or 10.2%, Chiba for 2,182 or 8.0%, Kanagawa for 2,020 or 7.4%, Aichi for 970 or 3.6%, and

4 The Immigration Services Agency of Japan was created in April 2019 to replace the Immigration Bureau of the Ministry of Justice and take charge of "Immigration Statistics" and "Statistics on foreign residents in Japan" as mentioned later.
5 The Immigration Services Agency of Japan (2020) defines activities that can be performed in Japan by foreigners with the status of residence of "business manager" as "managing businesses in Japan related to international trade and/or activities related to business management," citing such specific activities as "managing a corporation" and "working as a supervisor." The authorized period of stay for these foreigners is five years, three years, one year, six months, four months, or three months.
6 The data at the end of each year are from "Statistics on Foreign Residents in Japan (registered alien statistics until 2011)" compiled by the Immigration Services Agency of Japan. Medium to long-term foreign residents exclude those who stayed for three months or less, failing to cover foreigners with the status of residence of business manager for the authorized period of stay at three months.

Fukuoka for 881 or 3.2%.[7] The data are based on their addresses, which are not necessarily identical to their business locations. Of the total, 14,442 or 53.0% were from China, 3,078 or 11.3% from South Korea, 1,588 or 5.8% from Nepal, 1,284 or 4.7% from Pakistan, 1,225 or 4.5% from Sri Lanka, 862 or 3.2% from Taiwan, and 668 or 2.5% from the United States. Although foreigners with the status of residence of business manager include managers other than business owners, the number of foreign CEOs in Japan has undoubtedly increased year by year.

The above statistical data alone cannot indicate the overall picture of foreigners coming to Japan to launch businesses. This is because foreign residents with the status of permanent resident, special permanent resident,[8] long-term resident, spouse or child of Japanese national, or spouse or child of long-term resident are allowed to do business in Japan.[9] At the end of 2019, the number of foreign residents stood at 793,164 for the status of permanent resident, 312,501 for the status of special permanent resident, 204,787 for the status of long-term resident, 145,254 for the status of spouse or child of Japanese national, and 41,517 for the status of spouse or child of long-term resident. Each number is far more than the number of 27,249 for the status of business manager (Table-1). Foreign CEOs may account for only a small part of foreign residents who are allowed to do business in Japan with the status of residence other than business manager. As far as they were born outside Japan, however, they are subject to this study.

(2) Total Number of Foreign CEOs

We here would like to estimate the total number of foreign CEOs in Japan. By aggregating data from the TSR Kigyo Joho File (Corporate data file of Tokyo Shoko Research) (hereinafter "TSR Database"), as of October 2020, which specifies business owners' birthplace as a prefecture in Japan or a foreign country or region, we found that of 703,277 SME CEOs, those from overseas accounted for 5,232 persons or about 0.7% (Table-2). Given that the Small and Medium Enterprise Agency has estimated the number of SMEs or SME CEOs in Japan as 3,578,176 based on the 2016 Economic Census for Business Activity of Japan by the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry, the number of SME CEOs from overseas can be estimated at 26,620.[10] As the database does not include SME CEOs' nationality data, the estimated number may

7 Although the latest data by prefecture and nationality available as of the writing of this paper are for the end of June 2020, we used the data for the end of 2019 for comparison with flow data.

8 The Special Act on the Immigration Control of, Inter Alia, Those Who Have Lost Japanese Nationality Pursuant to the Treaty of Peace with Japan defines a special permanent resident as a person who has lost Japanese nationality in accordance with the provisions of the Treaty of Peace with Japan, on the date on which the peace treaty first took effect, and has been residing in Japan continuously since September 2, 1945, or earlier, or a person who was born as a lineal descendant of the above person in Japan and has been residing in Japan continuously. Special permanent residents born in or after 1945, who account for most of the present special permanent residents, are not included in foreign CEOs defined by this paper as "foreigners who were born in a foreign country and own a small or medium enterprise in Japan."

9 Foreign residents comprise medium to long-term foreign residents and special permanent residents.

10 3,578,176 persons × 0.744% = 26,620 persons The number of SMEs estimated by the SME Agency is from Small and Medium Enterprise Agency (2020).

Table-1 Foreign Residents by Status of Residence

(Unit: persons)

Professor	7,354	Dependent	201,423
Highly Skilled Professional	14,924	Designated activities	65,187
Business Manager	27,249	Permanent Resident	793,164
Instructor	13,331	Spouse or Child of Japanese National	145,254
Engineer / Specialist in Humanities / International Services	271,999	Spouse or Child of Permanent Resident	41,517
Intra-company Transferee	18,193	Long-term Resident	204,787
Skilled labor	41,692	Special Permanent Resident	312,501
Technical Intern Training	410,972	Others	17,799
Student	345,791	Total	2,933,137

Source: "Statistics on foreign residents in Japan" (end of 2019) compiled by the Immigration Services Agency of Japan

Note: Statuses for 5,000 or more foreign resident are given in the same order as indicated in the original statistical table. The number for "Highly Skilled Professional" covers (i) a, (i) b, (i) c and (ii). The number of "Technical Intern Training" covers (i) a, (i) b, (ii) a, (ii) b, (iii) a, and (iii) b.

Table-2 Estimation of Foreign SME Owners

Data	Total number of SME owners (persons)	Number of foreign SME owners (persons)	Share (%)
(1) TSR Database	703,277 (a)	5,232 (b)	0.744 (c)=(b)/(a)
(2) Economic Census	3,578,176 (d)	26,620 (e)=(d)×(c)	0.744 (c)

Sources: (1) TSR Kigyo Joho File (corporate data file of Tokyo Shoko Research), as of October 2020. (2) "Economic Census for Business Activity of Japan" (2016), Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry, as processed by the SME Agency.

Notes: 1. Non-agriculture/forestry/fisheries

2. (1) Number of companies with up to 299 staff members (including the CEO). (2) Number of SMEs under the SME Basic Act.

3. Foreign CEOs in (1) represent the number of those from overseas who own companies with up to 299 staff members (including the CEO). Some Japanese citizens may be included.

include some Japanese citizens. Nevertheless, the estimated number may be viewed as representing an approximate number of foreigners who have come to Japan from abroad and run SMEs in Japan.

Procedures for "Questionnaire on Active CEOs from Overseas" Conducted by Japan Finance Corporation Research Institute (JFCRI)

(1) Time of survey	October 2020
(2) Survey method	Mail questionnaire (Responses collected by mail or the Internet)
(3) Survey targets	Foreign SME CEOs who are from overseas and have no Japanese nationality (Companies with up to 299 staff members (including the CEO), excluding those in agriculture/forestry/fishery, real estate leasing, power generation and financial sectors) *JFCRI mailed questionnaires to 7,042 SMEs owned by persons from overseas, sampled from "TSR Kigyo Joho File (Corporate data file of Tokyo Shoko Research), as of October 2020, and collected responses from their CEOs who were from overseas and have no Japanese nationality.
(4) Effective respondents:	619 persons
(5) Others	The questionnaire was written in both Japanese and English

3. Questionnaire Overview

(1) Questionnaire Method

Our institute conducted the "Questionnaire on Active CEOs from Overseas" (hereinafter referred to as the "questionnaire") in October 2020 (see "Procedures"). We mailed the questionnaire to 7,042 SMEs run by persons from overseas, sampled from TSR Database (October 2020) of Tokyo Shoko Research, as mentioned above.[11] As the database does not specify SME CEOs' nationality, the outset of the questionnaire asked respondents to confirm whether they have Japanese nationality and respond to the questionnaire only if they are foreigners having no Japanese nationality.[12] Therefore, respondents do not include those who are from Japan and have foreign nationality, those who had had foreign nationality but have acquired Japanese nationality or those who are dual citizens with Japanese nationality. As the questionnaire targeted foreign CEOs, we wrote the questionnaire and request in plain Japanese with each kanji character (Chinese character) accompanied by hiragana letters (Japanese phonetic symbols) and in English. In a bid to raise the response rate, we allowed responses to be collected by both mail and online. Finally, the number of effective respondents came to 619.[13]

11 In a bid to secure a large sample size, we sampled SMEs with slightly older data, sending the questionnaire to a larger number of SMEs than the 5,232 indicated as the number of foreign CEOs in Table-2.

12 We checked various databases but failed to find any database specifying the nationality of business owners. We also approached multiple internet research companies but failed to find any such company having registered enough monitors to secure responses from a sufficient number of foreign CEOs. Jiang (2018), as cited above, pointed out the same problem and had no choice but to conduct a survey using personal connections.

13 Based on the number of SMEs to which we sent the questionnaire, the effective response rate was 8.8%. As we sent the questionnaire to SMEs run by Japanese business owners from overseas, as well as foreign CEOs, this may not be strictly called an effective response rate.

Table-3 Industries

(Unit: %)
(n=619)

Construction	3.1	Restaurant	4.8
Manufacturing	10.7	Amusement	0.5
Information and Technology (Software, Information Processing Service, etc.)	13.7	Medical & Welfare	0.8
Transportation (including Warehouse)	2.9	Education	1.5
Wholesale	39.3	Special/Engineering Services (Tax Accountant, Architect, Mechanical Design, etc.)	5.3
Retail	11.1	Living Related Services (Barber and Beauty, Cleaning, etc.)	3.1
Real estate	0.6	Other Services (Automobile / Machinery Maintenance, etc.)	1.6
Hotel	1.0		

Source: "Questionnaire on Active CEOs from Overseas," Japan Finance Corporation Research Institute (hereinafter the same)

Notes: 1. n is the sample size(hereinafter the same).

2. Percentage shares are rounded to one decimal place and may not add up to 100 (hereinafter the same).

(2) Overview of SMEs Run by Foreign CEOs

From now on, we introduce the realities of foreign CEOs as indicated by the questionnaire. First, we would like to outline the SMEs they run. Of the SMEs run by responding foreign CEOs, those with four staff members (including the owner) accounted for 36.3%, those with five to nine staff members for 25.8%, those with 10 to 19 staff members for 16.3%, those with 20 to 49 staff members for 15.0%, and those with 50 to 299 staff members for 6.5%. The average number of staff members stood at 15.

Industries in which the sample SMEs do business ranged widely. Particularly, wholesale accounted for a high share, at 39.3% (Table-3). According to data computed by the SME Agency from the 2016 Economic Census as cited above, wholesale accounted for 5.8% of SMEs. In comparison, wholesale's share of SMEs run by foreign CEOs is remarkably higher.[14] This may be because many of the SMEs run by foreigners mainly handle exports and imports.

Among locations of the sample SMEs, Kanto accounted for 64.1%, Kinki for 13.1%, and Tokai for 6.6%, indicating they are concentrated in metropolitan regions. They were followed by Kyushu and Okinawa (5.2%), Chugoku (2.9%), Tohoku (2.3%), Shinetsu (1.9%), Hokuriku (1.6%), Hokkaido (1.5%), and Shikoku (0.8%). By prefecture, Tokyo accounted for 45.2%, Osaka for 9.2%, Kanagawa for 5.7%, Chiba for 5.0%, Aichi for 3.4%, Fukuoka for 3.1%, and Hyogo for 2.6%. The geographical

14 Data computed by the SME Agency are from the SME Agency (2020).

Table-4 Country of Origin

(Unit: %)
(n=619)

Asia		84.7	Europe		8.1
	China (excluding Hong Kong)	44.7		France	1.8
	Korea	19.7		United Kingdom	1.5
	Taiwan	6.9		Germany	1.3
	India	3.4		Russia	0.5
	Hong Kong	0.8		Other Europe	3.1
	Vietnam	0.6	North Amrica		3.9
	Nepal	0.6		U.S.A.	3.6
	Thailand	0.5		Canada	0.3
	Philippines	0.5	Latin America		2.6
	Myanmar	0.3		Brazil	1.9
	Singapore	0.2		Other Latin America and Caribbean	0.6
	Middle East	1.0	Oceania		0.8
	Other Asia	5.3		Australia	0.6
				New Zealand	0.2

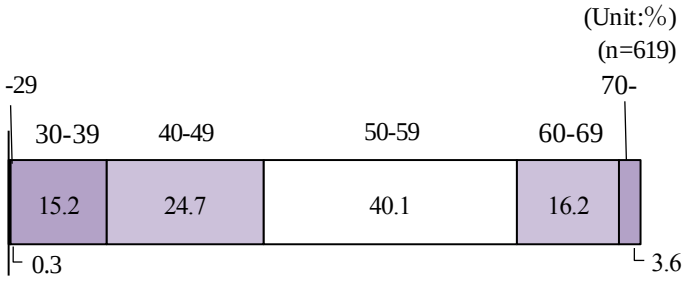
Notes: 1. The country of origin is defined as “the country where you were born or grew up and you feel you are from.”
2. No respondent chose Central Asia, Mexico, Peru, Other Oceania, or Africa.
3. Russia was included in Europe.

distribution is almost consistent with data for foreign residents with the status of residence of business manager in “Immigration Control Statistics” compiled by the Immigration Services Agency of Japan as cited above.

(3) Country of Origin, Age, Gender

Next, we would like to check the attributes of foreign CEOs. First, we review their countries of origin. The questionnaire defined the country of origin as “the country where you were born or grew up, and you feel you are from.” The questionnaire did not ask respondents to specify their nationality, meaning that their countries of origin are not necessarily identical to countries where they have nationality. Of the respondents’ countries of origin, China (excluding Hong Kong) captured 44.7%, close to a half (Table-4), followed by 19.7% for Korea, and 6.9% for Taiwan. Asia accounted for 84.7%

Figure-2 Present Age



Note: We calculated age by subtracting birth years from 2020. In a precise sense, ages are as of the end of 2020.

of the whole. Of countries of origin with low shares, Europe accounted for 8.1%, North America for 3.9%, Latin America for 2.6%, and Oceania for 0.8%, indicating that foreign CEOs in Japan came from a wide range of countries or regions.[15] The distribution of their countries of origin may be almost consistent with the above-cited data for foreign residents with the status of residence of business manager.

By current age, 15.2% of the respondents were aged between 30 and 39, 24.7% between 40 and 49, 40.1% between 50 and 59, and 16.2% between 60 and 69. Their average age stood at 51.2 (Figure-2). Given the average age of 62.6 for Japanese SME owners in TSR Database, relatively young persons account for a high share of foreign CEOs in Japan.[16]

Of the respondents, males accounted for 82.6% and females for 17.4%. Of the total business owners covered by the database, males account for 93.8% and females for 6.2%. Although the female share is higher for foreign CEOs, males are dominant for both overall and foreign CEOs. Females' participation in business administration has not necessarily made progress among foreigners, as is the case among Japanese CEOs.

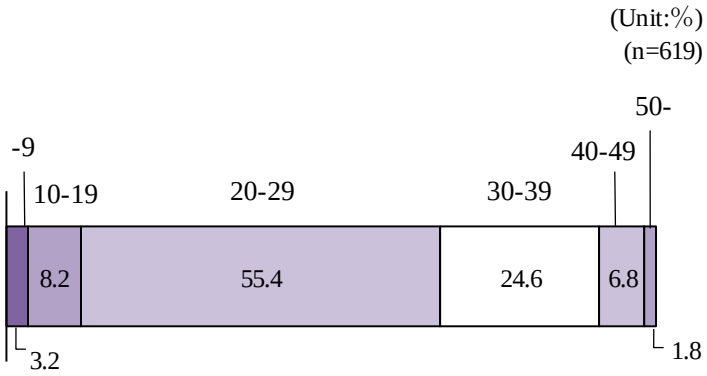
4. Background to Coming to Japan

(1) Years for and ages on arrival in Japan

How did foreign CEOs come to Japan? Asked about the first years when they began to stay in Japan, 4.5% of the respondents cited "1979 or earlier," 18.7% "1980-1989," 39.6% "1990-1999," 27.3% "2000-2009," and 9.9% "2010 or later." Nearly 80% of the respondents came to Japan in or after 1990.

15 Africa, though included into options, failed to be chosen in the questionnaire. However, there are some foreign CEOs from Africa in Japan.
16 Data were aggregated irrespective of national origin.

Figure-3 Age on Arrival in Japan



Note: We calculated age on arrival in Japan by subtracting birth years from years for arrival in Japan.

Of the respondents, 3.2% arrived in Japan first at the age of nine or less, 8.2% at between 10 and 19, 55.4% at between 20 and 29, 24.6% at between 30 and 39, 6.8% at between 40 and 49, and 1.8% at 50 or more (Figure-3). Of the respondents, 80% came to Japan when they were in their 20s or 30s. The average age on arrival in Japan stood at 27.2.

(2) Reasons for Coming to Japan

Asked why they started to live in Japan, 37.7% of the respondents cited "study," followed by 23.2% for "to work as an executive or employee," 17.2% for "to operate a business," 8.9% for "parents/family situation," and 8.3% for "marriage" (Figure-4). Foreigners who have come to Japan to operate businesses might have been in the minority.

A breakdown by age on arrival in Japan indicates clearer characteristics. Of the respondents who started to live in Japan at the age of 19 or less, 42.3% cited "parents/family situation," followed by 36.6% for "study." Of those who arrived in Japan at between 20 and 29, 50.7% cited "study," followed by 22.3% for "to work as an executive or employee." Of those who arrived in Japan at between 30 and 39, 21.7% cited "study," but those citing "to work as an executive or employee" accounted for a larger share at 34.2%. "To operate a business" was cited by 19.7%. Of those who arrived in Japan at 40 or more, 75.0% cited "to operate a business."

(3) Academic History and Conversation level

Many CEOs started to live in Japan for study, indicating that foreign CEOs in Japan generally have high academic careers. Asked about academic history, 56.0% cited "university / college / junior college" and 29.5% "graduate school," meaning that a combined 85.5% graduated from these higher education institutions (Figure-5). According to Survey on Business Start-ups conducted by JFCRI in 2020 (hereinafter referred to as the "business start-ups survey"), which covered new businesses that borrowed loans from Japan Finance Corporation before or within one year after their founding, 38.6%

Figure-4 Reasons for Coming to Japan (by Age on Arrival in Japan)

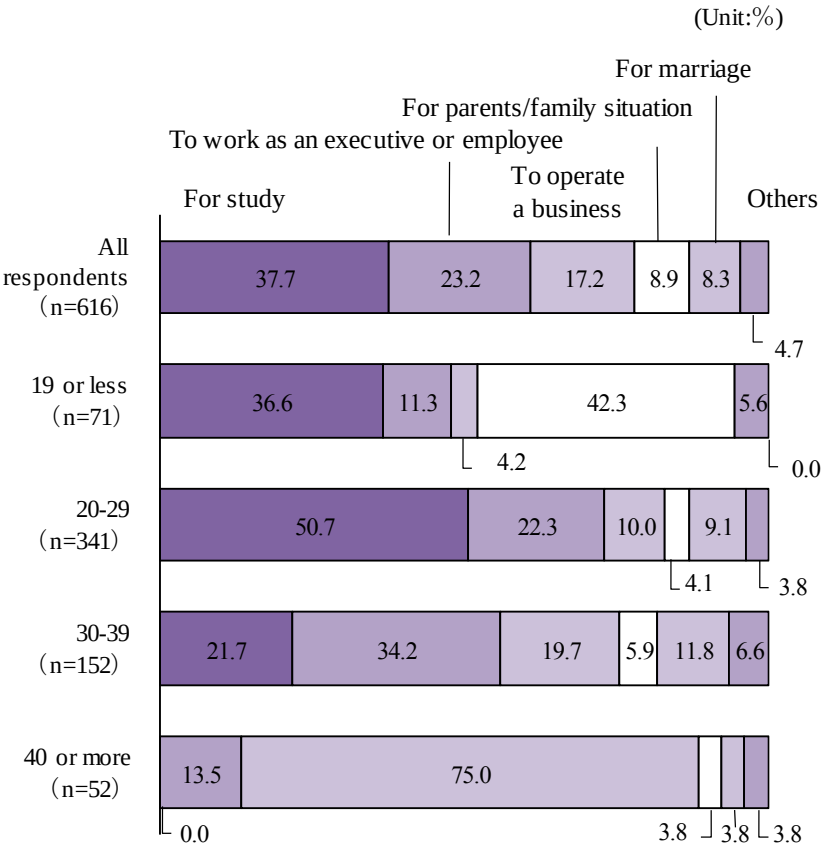
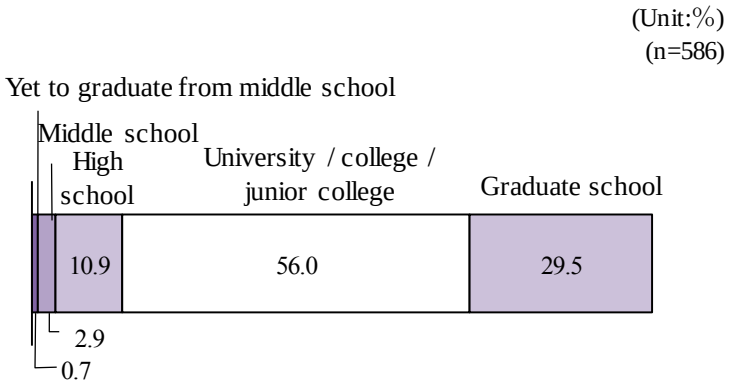


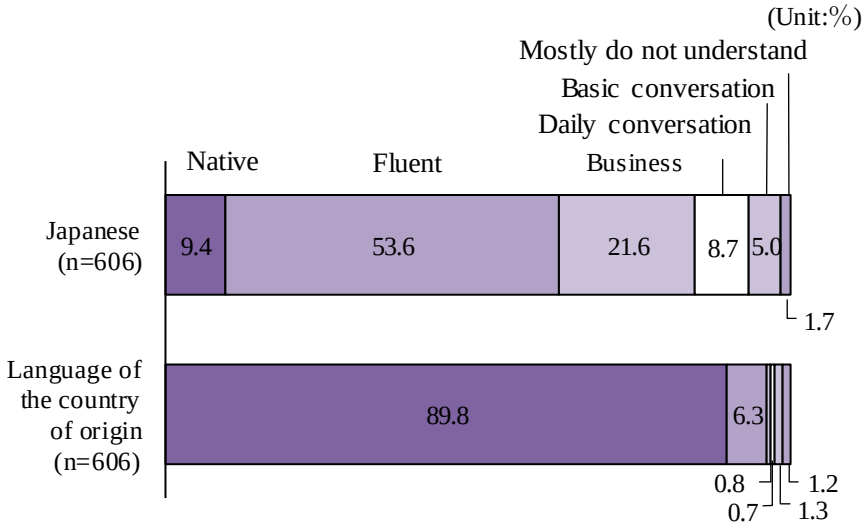
Figure-5 Academic History



of new business starters cited “university / college / junior college” and 4.5% “graduate school,” meaning that a combined 43.1% graduated from these higher education institutions. As assumed, foreign CEOs in Japan have higher academic careers than overall new CEOs in Japan. Asked where the respondents graduated from school, 32.0% of “university / college / junior college” graduates and 59.0% of “graduate school” graduates cited Japan.

Asked about Japanese conversation level, 9.4% of the respondents cited “native,” 53.6% “fluent”

Figure-6 Conversation Level



and 21.6% "business" (Figure-6). Given that many of the respondents graduated from universities or graduate schools in Japan and that about 90% of the respondents have lived in Japan for more than 10 years, most of the respondents seem to have no linguistic problems in day-to-day work. In most of the interviews with foreign CEOs we conducted in parallel to the questionnaire, we were able to communicate with them in Japanese without any problem. As for languages in their countries of origin, 89.8% of the respondents cited "native" and 6.3% "fluent." The indicated dominant bilingualism among foreign CEOs may work to their advantage when they conduct business operations linking their countries of origin to Japan. Given their high academic careers, many of the foreign CEOs may apparently be able to speak English or a third language in addition to Japanese and the languages of their countries of origin. Many of the foreign CEOs we interviewed were able to speak English. Some had a command of several languages in addition to Japanese and languages of their countries of origin.

Regarding conversation levels for languages of their countries of origin, 1.3% of the respondents cited "basic conversation" and 1.2% "mostly do not understand." They might have been taken by their parents to Japan in their infant stage and have grown up in Japan.

5. How Foreigners Became CEOs in Japan

(1) How and When Foreigners became CEOs

As noted in Section 4, foreign CEOs who came to Japan to operate a business are in the minority. How did they start to operate businesses? Asked whether the respondents were founders or successors of their current businesses, 82.6% cited "founder" and 17.4% "successor."

Of the respondents, 13.6% became CEO at the age of 29 or less, 44.2% at between 30 and 39, 35.1% at between 40 and 49, 6.0% at between 50 and 59, and 1.1% at 60 or more. The average age

came to 38.1 for all the respondents, 37.4 for founders, and 41.6 for successors. The average age for starting businesses stood at 43.7 in the business start-ups survey. In Tokyo Shoko Research's research on SME and small enterprise CEOs' business succession (under a contract from the SME Agency) (2017), the average age at which they succeeded to their business came to 48.2 for medium enterprises and 42.3 for small enterprises. Foreign CEOs seem to have become so at relatively younger ages than overall CEOs in Japan.

(2) Status before Becoming CEO

Of the respondents, 8.8% became CEO in less than one year after arriving in Japan (including those who became CEO before arriving in Japan), 13.8% in one to four years, 25.6% in five to nine years, 23.4% in 10 to 14 years, 14.3% in 15 to 19 years, and 14.1% in 20 years or more. The average number of years between their arrival in Japan and their appointment as CEO came to 10.9 years.

These data indicate that most of the respondents became CEOs in some years after their arrival in Japan, while those who became CEOs before or just after their arrival in Japan are not so many. As noted above, less than 20% of the respondents came to Japan to operate businesses. The number of students from overseas and working foreigners in Japan has increased almost constantly in recent years. The number of foreign residents in Japan with the status of residence of "Student" increased from 76,980 in 2000 to 201,511 in 2010, and to 345,791 in 2019. The number of foreign residents with the status of "Engineer / Specialist in Humanities / International Services" also rose from 51,270 to 115,059, and then to 271,999.[17] An apparent major factor behind the increase in the number of foreign CEOs in Japan is the rising number of long-term foreign residents in Japan. Our interviews with foreign CEOs in Japan indicated that many of them began to consider starting businesses while staying for a long time in Japan, after coming to Japan for work, or after graduating from school in Japan.

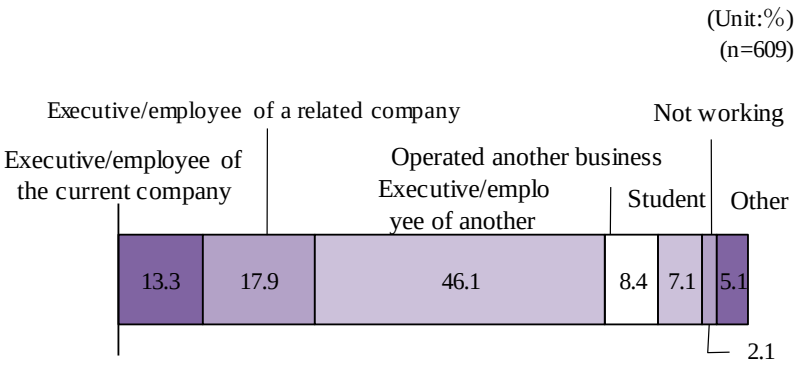
As occupation just before becoming the CEO, 13.3% cited "executive/employee of the current company," 17.9% "executive/employee of a related company," and 46.1% "executive/employee of another." Those working at companies, etc. thus accounted for 77.3% (Figure-7). Among others, 8.4% cited "operated another business" and 7.1% "student." In the business start-ups survey, about 90% of new business starters had served as executives or employees, indicating a trend similar to that of foreign CEOs. In this survey, however, only 0.3% cited "student." The share for students becoming CEO is relatively higher for foreign CEOs, indicating an apparent feature peculiar to foreign CEOs.

(3) Status of Founders

Asked about reasons for founding a business in Japan, 43.4% of respondents who founded their current company cited "market is attractive," 28.8% "advantage of procurement of commodity or

17 For 2000 and 2010, the number covers the status of "Engineer" and that of "Specialist in Humanities and International Services."

Figure-7 Occupation Just before Becoming CEO

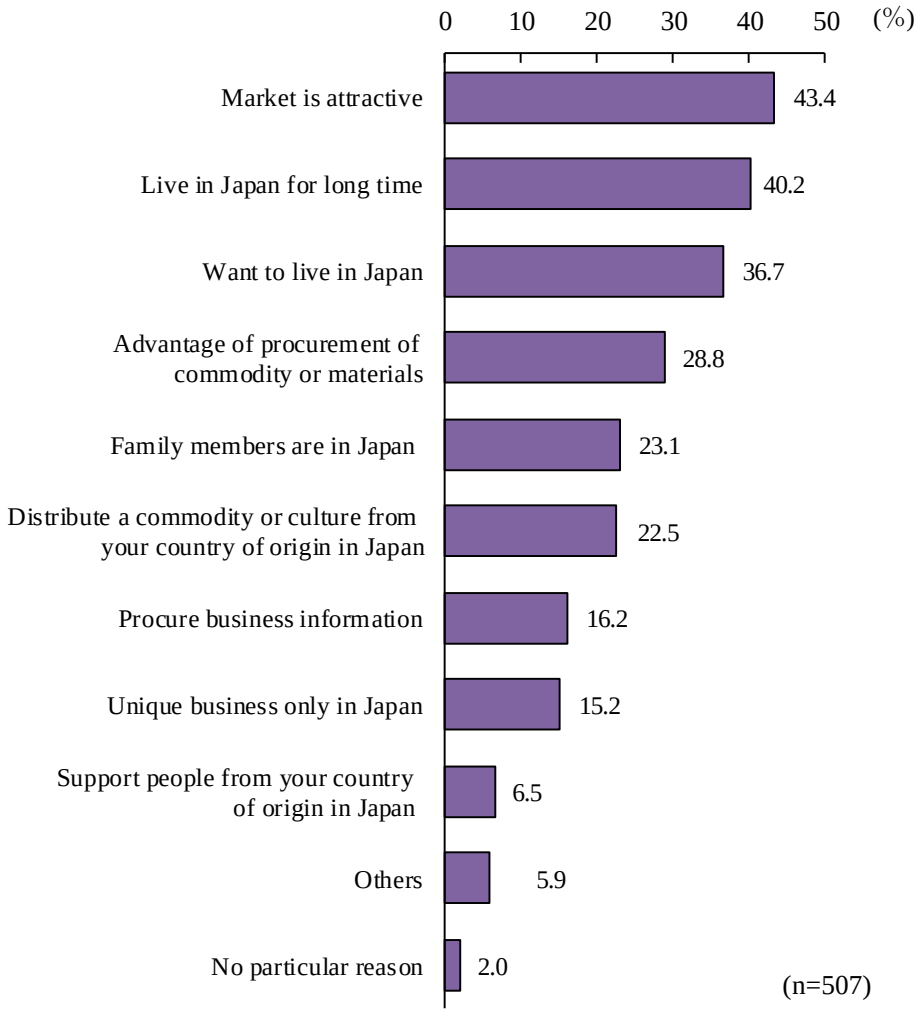


materials," and 16.2% "procure business information" (Figure-8). They thus cited Japan's advantages in doing business. However, many also cited living-related reasons, including "live in Japan for a long time" (cited by 40.2%), "want to live in Japan" (36.7%), and "family members are in Japan" (23.1%). Other reasons included "distribute a commodity or culture from your country of origin in Japan" (22.5%), "unique business only in Japan" (15.2%), and "support people from your country of origin in Japan." Reasons for founding businesses in Japan are thus various.

As fund resources for starting businesses, 84.4% of the founders cited "the CEO (respondent), 30.2% "family members," 13.2% "partner(s)/employee(s)" and 11.6% "other person(s)/company (companies)" (Figure-9). Percentages for financial institutions were low, including 11.0% for "private financial institution," 5.5% for "public financial institution" and 2.2% for "special loan by local government." In the Survey on Starting Businesses and Entrepreneurial Minds conducted by JFCRI in FY2020 (hereinafter referred to as the "entrepreneurial minds survey"), fund resources for those who started businesses between 2016 and 2020 (those who spend 35 hours or more per week on their businesses) included their own funds (deposits, retirement allowances, etc.) (cited by 90.2%), borrowings or investments from family members or relatives (8.7%), borrowings or investments from executives or employees of their businesses (1.4%), and borrowings or investments from friends or acquaintances (3.0%). Compared with Japanese CEOs, foreign CEOs are more prone to raise funds through their personal networks.

On the other hand, as fund resources, 5.0% of the respondents in the entrepreneurial minds survey cited borrowings from private finance institutions (including special loans from local governments) and 9.7% borrowings from Japan Finance Corporation or Okinawa Development Finance Corporation. Foreign CEOs' dependence on finance institutions is not necessarily lower. In interviews with them, however, some complained that it was difficult to borrow loans from financial institutions when founding a business.

Figure-8 Reason for Starting a Business in Japan (multiple answers allowed)



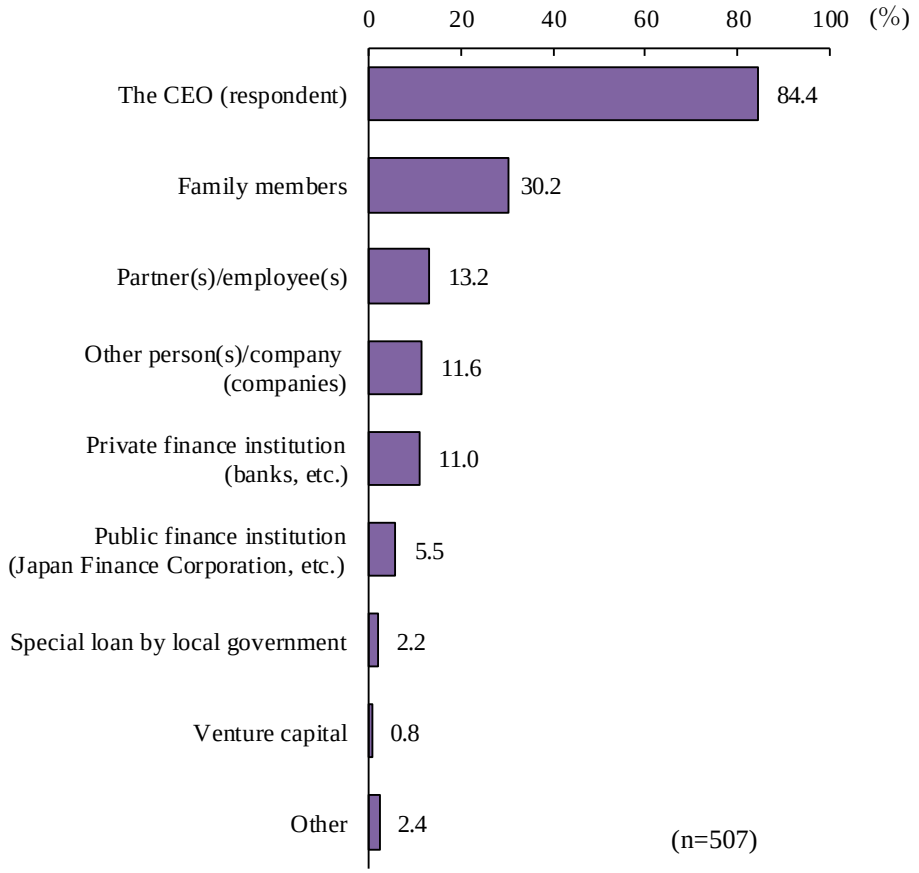
Note: The question was presented to each respondent who specified himself or herself as the founder of the current business.

(4) Reasons for Succeeding to a Business

Among reasons for succeeding to a business from others, 41.1% of the successors cited "nominated by the former CEO," 28.0% "asked by the shareholders," 7.5% "through M&A," 4.7% "applied to open recruiting," 2.8% "asked by a family member of the former CEO," and 15.9% "other" (Figure-10).

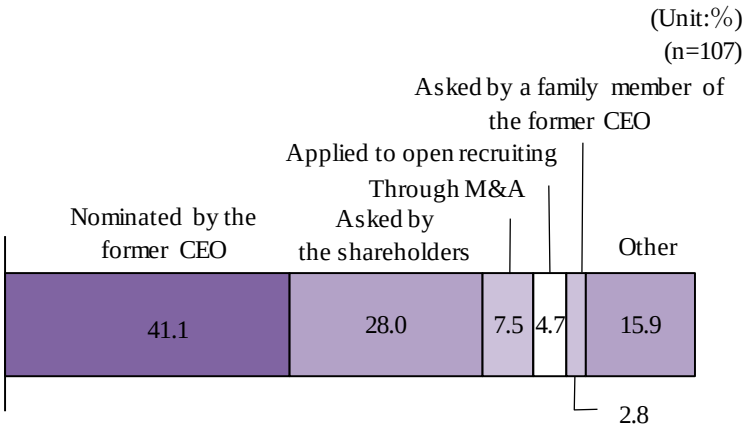
Among relations to former CEOs, 6.5% cited "parent," 8.4% "parent of spouse," and 9.3% "other family member." These percentages for family members are combined into 24.3%. Those who succeeded to a business from those other than family members accounted for 75.7%. As country of origin of the former CEO, 49.5% of the successors cited "Japan," 42.1% "country of origin of the current CEO," and 8.4% "other foreign country."

Figure-9 Fund Resources for Starting the Business (multiple answers allowed)



Note: Same as for Figure-8.

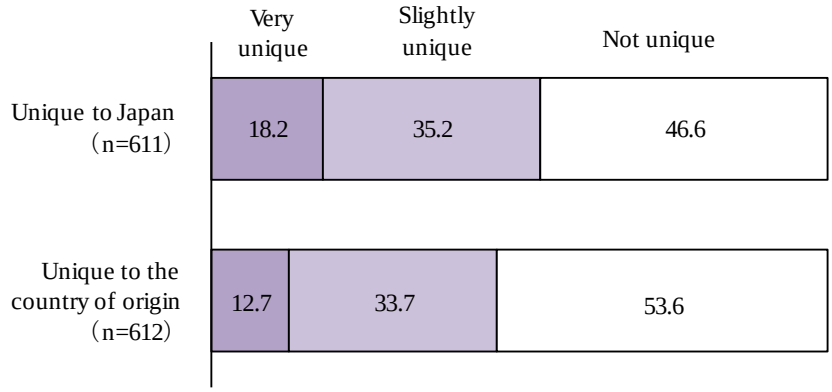
Figure-10 Reasons for Succeeding to a Business



Note: The question was asked to respondents citing “successor.”

Figure-11 Characteristics of Commodity or Service

(Unit:%)



6. Business Characteristics

(1) Characteristics of Commodities or Services

Next, we would like to check the characteristics of businesses run by foreign CEOs. Asked whether commodities or services they handle are unique to Japan, 18.2% cited “very unique,” 35.2% “slightly unique,” and 46.6% “not unique” (Figure-11). As for whether their commodities or services are unique to their countries of origin, 12.7% cited “very unique,” 33.7% “slightly unique,” and 53.6% “not unique.” As businesses handling commodities or services unique to Japan, foreign CEOs in interviews cited the retail and export of kitchen knives made through traditional methods and Japanese lunchboxes, the provision of contents related to Japanese culture, such English teaching materials using comics, and the export of motorcycles and other machinery products that Japanese companies are good at manufacturing. Businesses handling commodities or services unique to their countries of origin included the retail of ingredients from their countries of origin. Free descriptions on the questionnaire remarkably cited restaurants providing dishes unique to their countries of origin.

As advantages of their commodities or services compared with rivals, 44.4% of the respondents cited “high quality,” followed by 21.2% for “speedier service,” and 17.4% for “low price.”

As sales portions for Japanese people or companies, 32.6% of the respondents cited “100%” (Figure-12). The highest share was combined with 27.1% for “80-99%” and 12.7% for “50-79%” into more than 70%. Only 5.6% cited “0%.” As sales portions for people or companies of their countries of origin, 2.9% cited “100%,” 8.6% “80-99%,” 9.5% “50-79%,” 12,.9% “20-49%,” and 26.2% “1-19%.” Respondents who cited “0%,” meaning an absence of sales to people or companies of their countries of origin, accounted for 39.9%. While many of the businesses run by foreign CEOs deal

Figure-12 Sales Portions for Customers

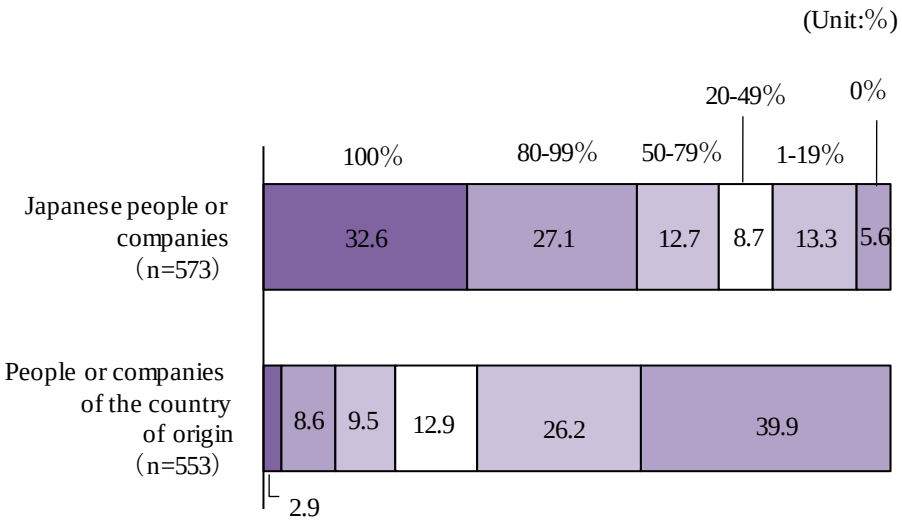
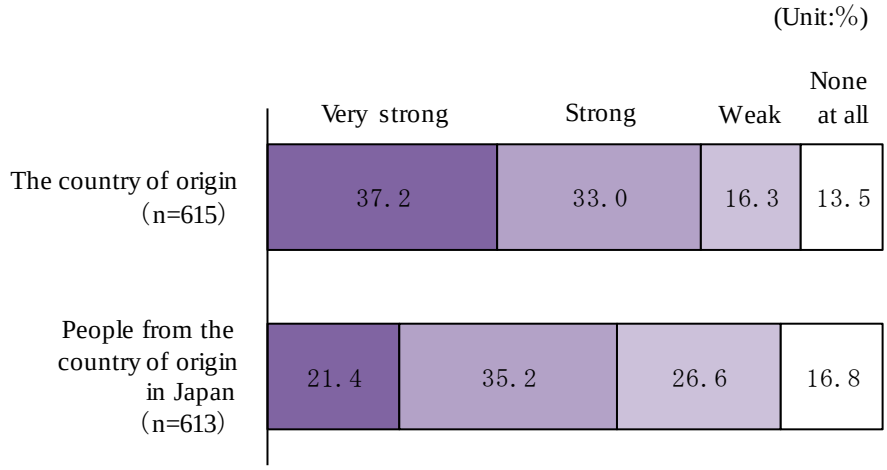


Figure-13 Business Ties



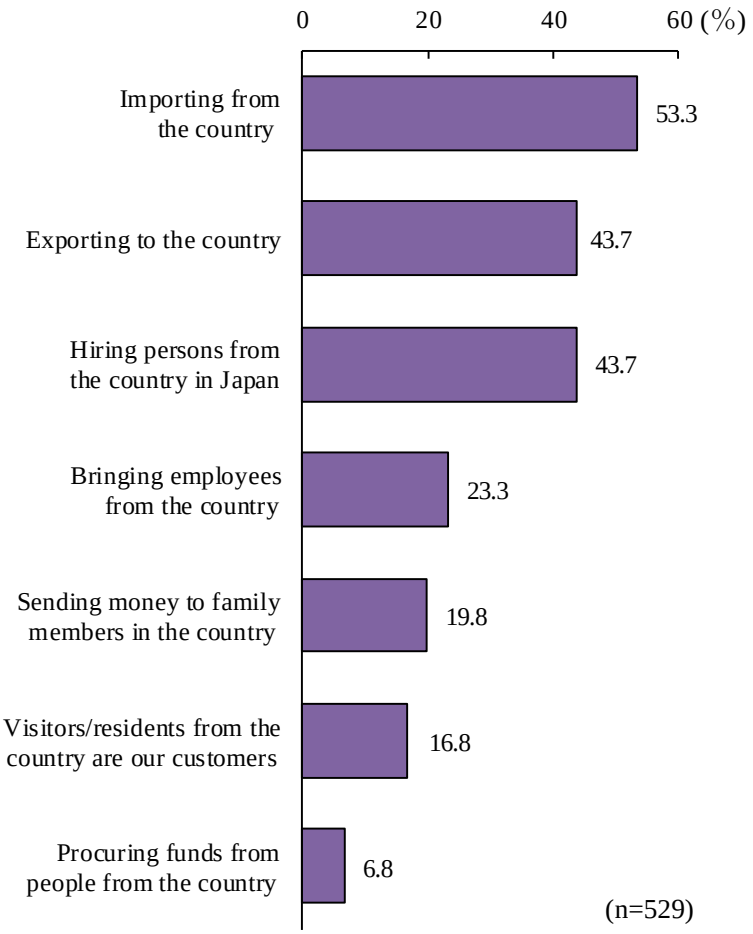
mainly with Japanese people or companies, some of them give priority to sales to people or companies of the CEOs' countries of origin.

(2) Ties to Countries of Origin and People from Them

As for business ties to their countries of origin, 37.2% of the respondents cited "very strong," 33.0% "strong," 16.3% "weak," and 13.5% "none at all" (Figure-13). As for ties to people from their countries of origin in Japan, 21.4% cited "very strong," 35.2% "strong," 26.6% "weak," and 16.8% "none at all."

As for relations to their countries of origin, 53.3% of the respondents cited "importing from the country" and 43.7% "exporting to the country," indicating that many of their companies are selling commodities to or buying those from their countries of origin (Figure-14). As well as wholesalers

Figure-14 Relation to the Country of Origin (multiple answers allowed)



accounting for 39.3% of businesses run by the respondents, manufacturers and retailers have business ties to their countries of origin. Some respondents provide jobs to people from their countries of origin in Japan, including 43.7% citing “hiring persons from the country in Japan” and 23.3% “bringing employees from the country.” Of the respondents, 19.8% cited “sending money to family members in the country,” 16.8% “visitors/residents from the country are our customers,” and 6.8% “procuring funds from people from the country.” Foreign CEOs staying in Japan thus have various ties to their countries of origin.

As for support from communities of people from countries of origin in Japan, 47.0% close to a half of the respondents cited “no support in particular” (Figure-15). However, 32.7% cited “referral of customers,” 25.1% “referral of suppliers,” 11.8% “referral of events,” and 11.1% “advertisement & promotion, indicating that many of the respondents receive some support, taking advantage of networks with their countries of origin for exploring customers and expanding deals. In addition, 18.2% cited “referral of employee,” 4.7% “referral of real estate,” and 4.6% “financial support,” suggesting a wide range of support from such communities. Interviews with some respondents also

Figure-15 Support from Communities of People from Countries of Origin in Japan (multiple answers allowed)

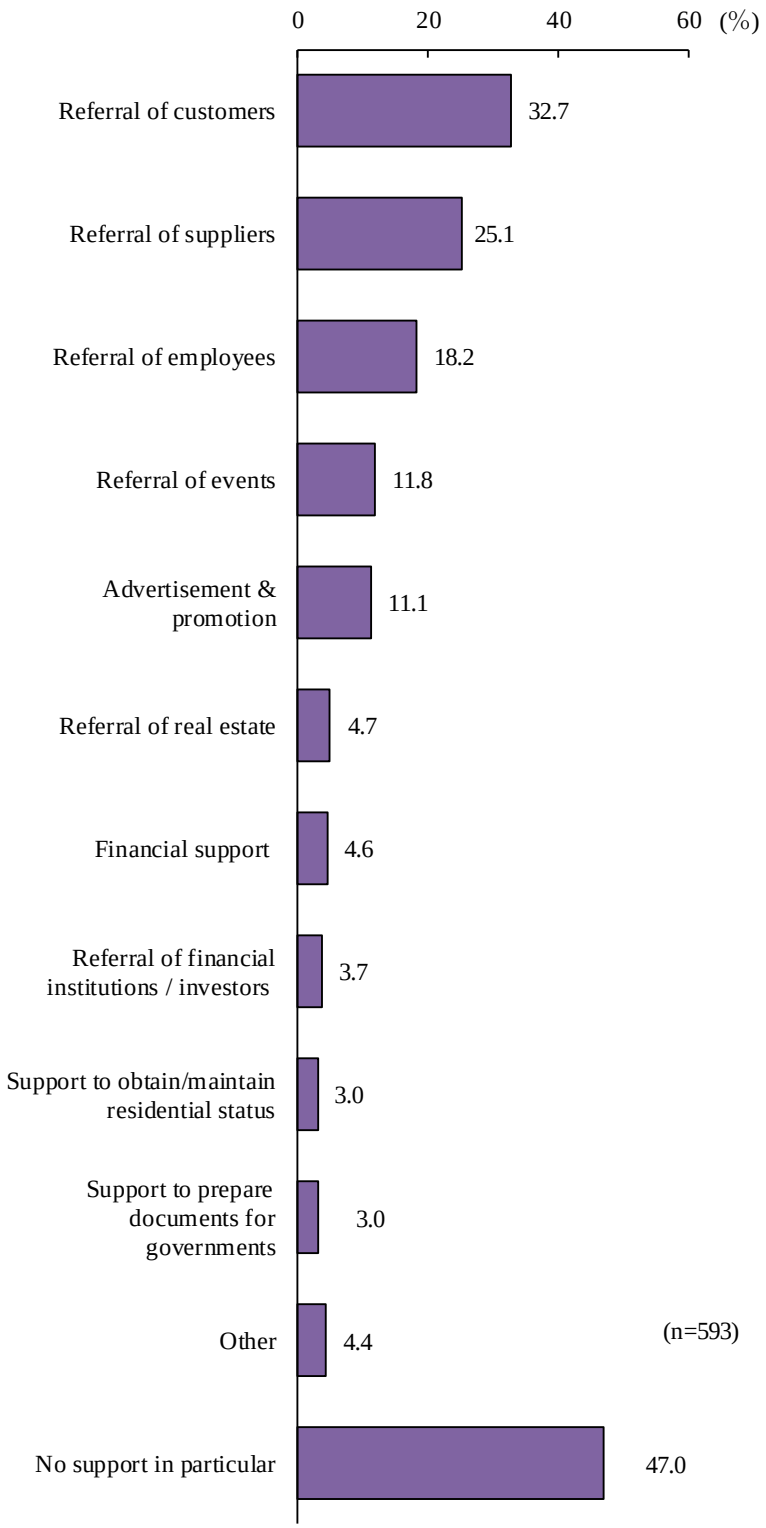
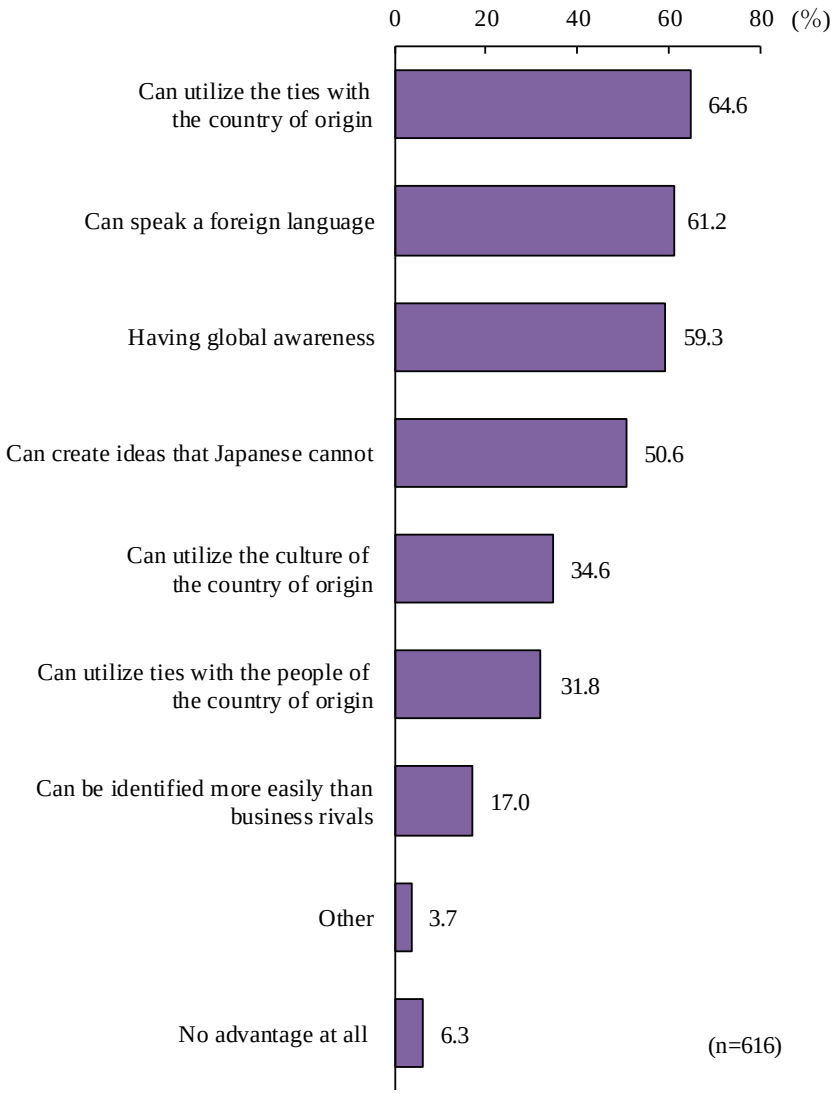


Figure-16 Business Advantages of being from Overseas (multiple answers allowed)

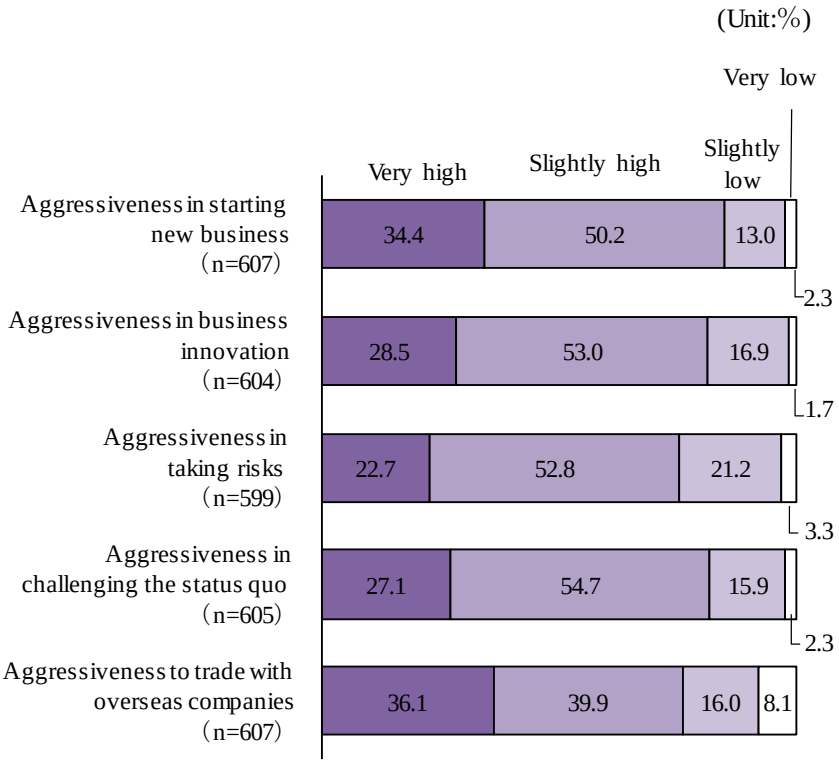


indicated that they have received the above-cited types of support through networks of people from their countries of origin.

(3) Business Disadvantages of Being from Overseas

Next, we would like to analyze the relationship between being from overseas and business operations. As for business advantages of being from overseas, only 6.3% of the respondents cited "no advantage at all." Most of the foreign CEOs thus feel some advantages of their being from overseas (Figure-16). The most frequently cited advantage is "can utilize the ties with my country of origin." Those citing this advantage accounted for 64.6% of the total respondents. Among other advantages, 34.6% cited "can utilize the culture of my country of origin" and 31.8% "can utilize the ties with the people of my country of origin." These results indicate that they are taking advantage of networks with

Figure-17 Self-Assessment Compared with Japanese CEOs



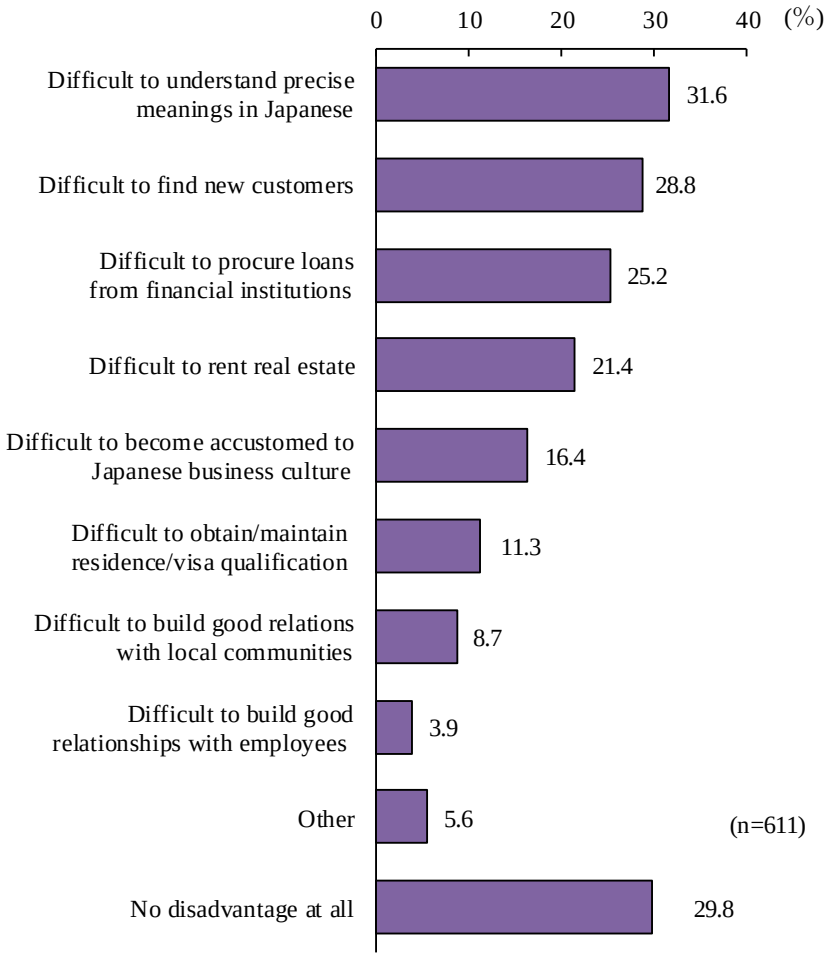
their countries of origin. Remarkably, 61.2% of the respondents cited “can speak a foreign language.” Such linguistic ability would be useful for dealing with foreign countries. In addition, 59.3% of the respondents cited “having global awareness” and 50.6% “can create ideas that Japanese cannot.” Differences with Japanese CEOs are thus recognized as advantages.

We would like to check the respondents’ self-assessment compared with Japanese CEOs. As for their aggressiveness in starting new business, 34.4% cited “very high” and 50.2% “slightly high” (Figure-17). More than 80% of them thus assessed themselves as more aggressive than Japanese CEOs in starting business. The respective percentage shares came to 28.5% and 53.0% for aggressiveness in business innovation, 22.7% and 52.8% for aggressiveness in taking risks, 27.1% and 54.7% in aggressiveness in challenging the status quo, and 36.1% and 39.9% for aggressiveness to trade with overseas companies. Regarding all these points, some 80% of the respondents assessed themselves as more aggressive than Japanese CEOs. Although this could be interpreted as suggesting that aggressive foreigners came to Japan and became CEOs, it is noteworthy that foreign CEOs are generally more aggressive in business than their Japanese counterparts.

(4) Business Disadvantages of being from Overseas

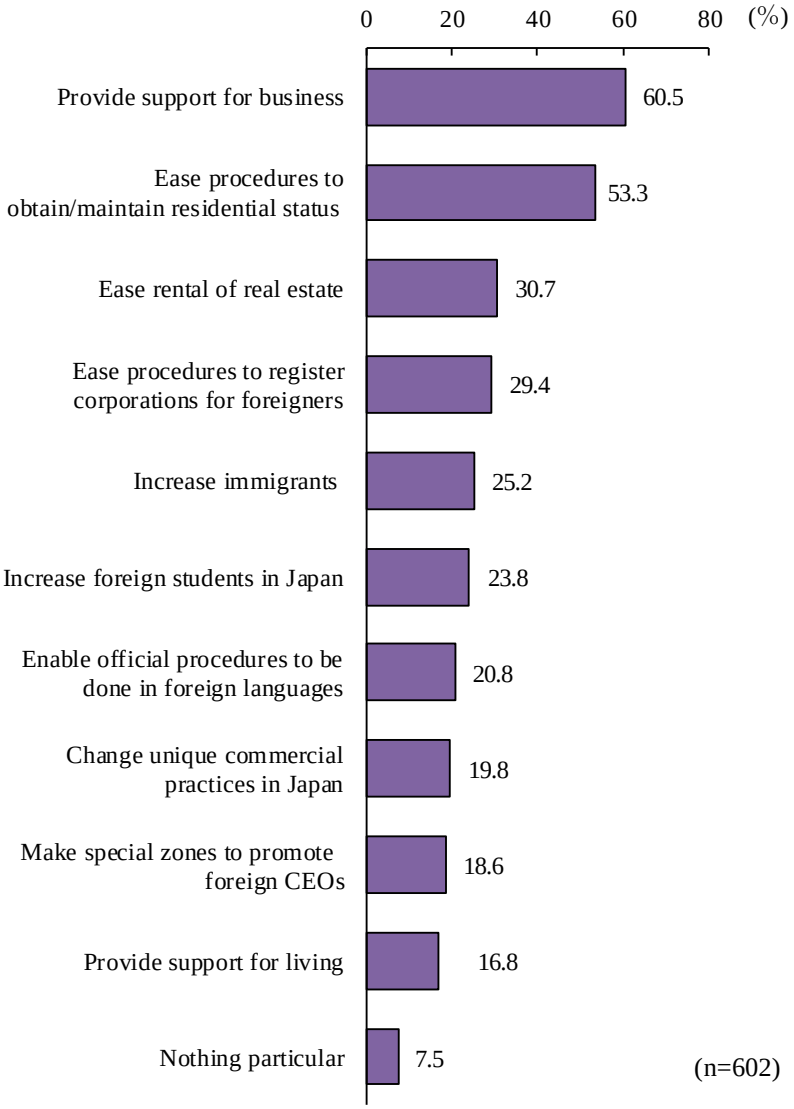
On the other hand, 29.8% of the respondents answered they have felt no disadvantage at all, meaning that the remaining 70% have felt some disadvantages (Figure-18). The most frequently cited

Figure-18 Business Disadvantages of Being from Overseas (multiple answers allowed)



disadvantage was that it is "difficult to understand precise meanings in Japanese." This disadvantage was cited by 31.6% of the respondents. Although most of the respondents are fluent in speaking Japanese, they have been required to read and prepare numerous Japanese documents when concluding real estate and financial contracts and submitting reports to government offices. Given that terms difficult even for Japanese to understand are used for these documents, we can easily understand that CEOs from overseas face difficulties when reading and preparing these documents. Many of the foreign CEOs we interviewed noted that they had difficulties in preparing documents in Japanese. They may have solved such difficulties depending on their Japanese spouses, Japanese friends and specialists, business counselors at regional chambers or societies of commerce and industry, and other Japanese supporters close to them. As other disadvantages, 28.8% cited "difficult to find new customers," 25.2% "difficult to procure loans from financial institutions," 21.4% "difficult to rent real estate," 16.4% "difficult to become accustomed to Japanese business culture," 11.3% "difficult to obtain/maintain residence/visa qualification," and 8.7% "difficult to build good relations with local

Figure-19 Measures to Increase Foreign CEOs in Japan (multiple answers allowed)



communities."

Among measures to increase the number of foreign CEOs in Japan, 60.5% of the respondents cited "provide support for business," 53.3% "ease procedures to obtain/maintain residential status," 30.7% "ease rental of real estate," and 29.4% "ease procedures to register corporations for foreigners" (Figure-19). These results suggest difficulties that faced the respondents themselves. Their responses to the question reflect their subjective views and do not necessarily suggest that they have been discriminated against for being a foreigner. If such difficulties arise due to insufficient information or communications, however, some countermeasures may be required.

Figure-20 Sales Change from the Previous Year

Notes: 1. Sales in 2019 compared with those in 2018 and sales in September 2020 compared with those in September 2019.
2. The DI (diffusion index) represents a percentage share for "increase" minus that for "decrease."

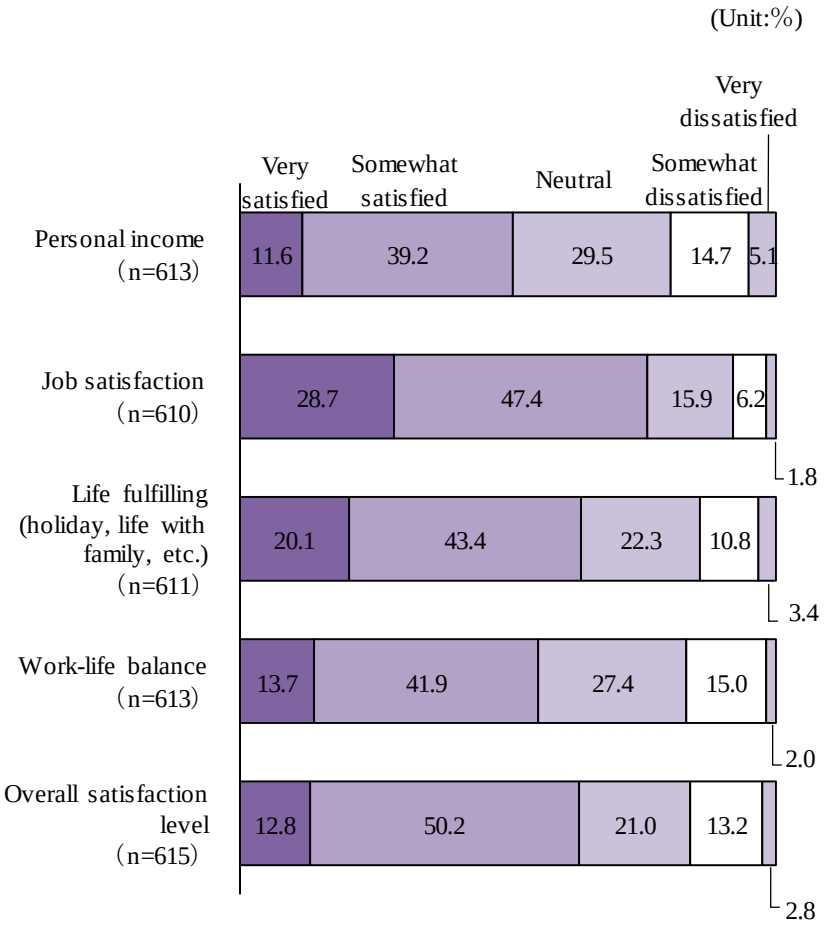
7. Business Conditions and Future Prospects

(1) Impact of COVID-19

How are business conditions at companies run by foreigners? We would like to check conditions in 2019 before the COVID-19 pandemic became serious. As for sales changes from the previous year, 50.2% of the respondents cited "increase," 17.8% "no change," and 31.9% "decrease" (Figure-20). The diffusion index (DI), or the percentage share for "increase" minus that for "decrease," came to 18.3. Regarding profitability in 2019, 71.1% cited "surplus" and 28.9% "deficit." The DI, or the percentage share for "surplus" minus that for "deficit," came to 42.2. As for overall business conditions, 7.5% cited "much better," 60.2% "slightly better," 27.0% "slightly worse" and 5.3% "much worse." The DI, or the combined percentage share for "much better" and "slightly better" minus that for "slightly worse" and "much worse," stood at 35.4. The DIs were much higher than the sales DI of minus 27.6, the profitability DI of minus 11.7 and the business condition DI of minus 29.2 for small enterprises in JFCRI's Quarterly Survey on SME Trends for the October-December 2019 quarter.

Next, we would like to look at sales in September 2020 amid the COVID-19 disaster. Of the respondents, 64.8%, close to two-thirds, answered that sales decreased year on year. Although sales increased for 18.8% and remained unchanged for 16.4%, the sales DI plunged to minus 46.0. However, the sales DI for small enterprises in the July-September 2020 quarter was much lower, at minus 65.8. On how the COVID-19 problem impacted their businesses, 32.5% of the respondents cited "very negatively," 48.5% "negatively," 15.6% "no change," and 3.4% "positively." The combined share for

Figure-21 Satisfaction Level



"very negatively" and "negatively" came to 81.0%, indicating that most of their companies were negatively impacted.

(2) Foreign CEOs' Satisfaction Level

As indicated above, most of the businesses run by foreign CEOs have achieved relatively robust earnings as SMEs. How do these CEOs assess such status? We would like to check their satisfaction level as suggested by some indicators. As for personal income, 11.6% of the respondents cited "very satisfied" and 39.2% "somewhat satisfied" (Figure-21). The majority of them were thus satisfied. "Neutral" was cited by 29.5%, "somewhat dissatisfied" by 14.7%, and "very dissatisfied" by 5.1%.

Regarding job worthwhileness, 28.7% of the respondents cited "very satisfied" and 47.4% "somewhat satisfied." As for life fulfilling, 20.1% cited "very satisfied" and 43.4% "somewhat satisfied." On work-life balance, 13.7% cited "very satisfied" and 41.9% "somewhat satisfied." The majority of these foreign CEOs saw their jobs as worthwhile and indicated that they were enjoying their lives.

Asked about their overall satisfaction levels, 12.8% cited “very satisfied” and 50.2% “somewhat satisfied.” The combined share for the two options exceeded 60%. “Neutral” was cited by 21.0%, “somewhat dissatisfied” by 13.2%, and “very dissatisfied” by 2.8%. Dissatisfied respondents were in the minority. Given that the questionnaire was conducted in October 2020, amid the COVID-19 impact, these results may be viewed as good.

As for the prioritization of work or personal life, 29.1% gave top priority to work and 55.6% prioritized work rather than personal life. More than 80% thus gave priority to work. Only 12.1% prioritized personal life rather than work and 3.1% described personal life as their top priority. Those giving priority to personal life were far fewer. It is difficult to assess these results. At least, however, we can conclude that foreign CEOs tend to prioritize work rather than personal life. This could be because foreign CEOs are concerned that they could fail to renew their “business manager” visas if they close their business.

(3) Business Development Directions

How would businesses run by foreign CEOs change in the future? Asked how they intend to make business sizes in the future, 66.0% cited larger, 26.8% no change, and 7.2% smaller.

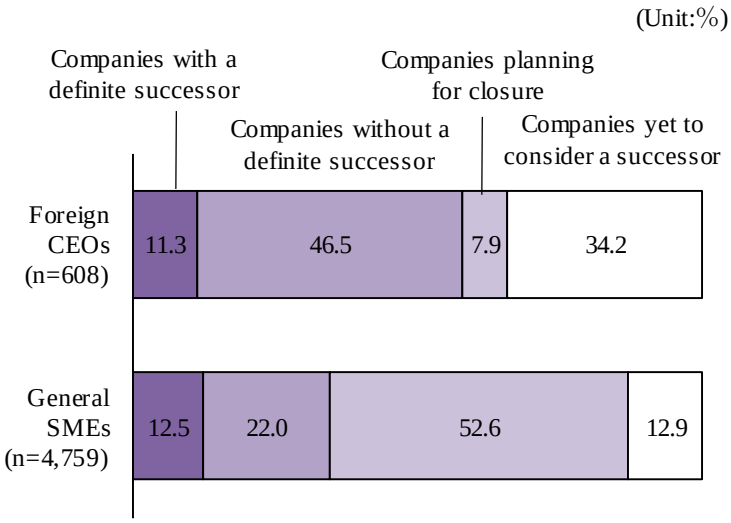
As for initial public offerings (IPOs), 1.2% had already made IPOs and 1.5% were preparing for IPOs. In addition, 22.8% wanted to make IPOs in the future. The remaining 74.5% had no intention to do so. According to “FY2016 Survey on Human Resources Securement and Settlement at Small and Medium Enterprises and Micro Enterprises,” Mizuho Information & Research Institute (under a contract from the SME Agency) (2017), 28.4% of SMEs were planning “business growth or expansion,” 59.4% “business stability or maintenance,” and 5.6% “business contraction.”[18] In the business start-ups survey, 13.5% were considering future IPOs and 86.5% were not. Compared with these survey results, foreign CEOs are relatively more ambitious with respect to expanding their businesses.

When considering continuing businesses, CEOs may face the issue of future business successions. Of the respondents, only 11.3% answered that their businesses are “Companies with a definite successor” that had already decided candidates for their successors and received consent from them (Figure-22). “Companies without a definite successor” accounted for 46.5%. “Companies planning for closure” accounted for 7.9%. The remaining 34.2% answered that they are "Companies yet to consider a successor” or that it is premature to decide successors because CEOs were still young.

In “Survey on SME Business Succession of SMEs conducted online by JFCRI in October 2019 (hereinafter referred to as the “business succession survey"), 12.5% of SMEs were “Companies with a definite successor,” 22.0% were “Companies without a definite successor,” 52.6% were “Companies planning for closure,” and 12.9% were "Companies yet to consider a successor.” The

18 In addition, 3.3% were considering business closure and 3.4% provided no answer.

Figure-22 Status as to Whether Successors Have Been Decided



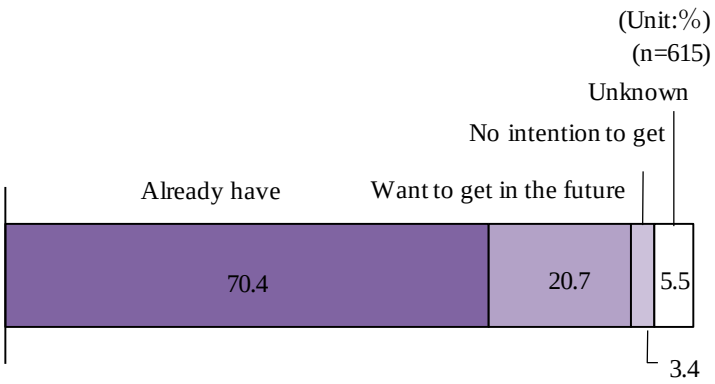
Source: Data of General SMEs are from "Survey on Business Succession of SMEs" conducted by the Japan Finance Corporation Research Institute in 2019

Note: "Companies with a definite successor" are companies that have already decided on a successor with his/her consent. "Companies without a definite successor" are companies that are seeking a successor or cannot obtain consent from an expected successor and have yet to decide on a successor. "Companies planning for closure" are companies whose CEOs planning to close business upon retirement. "Companies yet to consider a successor" are companies whose CEOs responded that they are still young enough and do not have to consider their successors.

share for "Companies with a definite successor" was almost the same as in the foreign CEO survey. Those for "Companies without a definite successor" and "Companies yet to consider a successor" in the foreign CEO survey were higher than in the business succession survey. The share for "Companies planning business closure" in the foreign CEO survey was much lower. The average age of respondents in the business succession survey stood at 61.0, with those aged 60 or more accounting for 55.8%, while the average in the foreign CEO survey was far lower, at 51.2%, with those aged 60 or more commanding only 19.8%. Therefore, it is reasonable that the share for "Companies yet to consider a successor" in the foreign CEO survey is higher. The higher share for "Companies without a definite successor" and the far lower share for "Companies planning business closure" in the business succession survey cannot be explained by the age difference alone. This may indicate that foreign CEOs are more willing to lead their businesses to be continued long irrespective of whether their successors have been decided.

Of foreign CEOs who have decided their successors, 64.7% described their successors as their children, 10.3% as their family members or relatives other than their children, 20.6% as their executives or employees, and 4.4% as persons from outside their businesses. In the business succession

Figure-23 Acquisition of Permanent Resident Status



survey, the share was 65.5% for children, 14.2% for family members or relatives other than children, 16.3% for executives or employees, and 4.0% for persons from outside the business. CEOs' tendency to lead their children to succeed to their businesses is common to foreign and Japanese CEOs.

(4) Settling in Japan

Do foreign CEOs intend to live in Japan in the future or return home after retirement? Asked whether they want to obtain permanent resident status in Japan, 70.4% of the respondents cited "already have" and 20.7% "want to get in the future" (Figure-23). The share was only 3.4% for "no intention to get" and 5.5% for "unknown." Most of the foreign CEOs in Japan hope to permanently settle in Japan. As for their spouses' nationality, 29.1% of the respondents cited Japanese and 63.5% foreign. The remaining 7.5% had no spouse. Nearly 30% of foreign CEOs thus have married Japanese.

The above data indicate that most of the foreign CEOs in Japan intend to continue their businesses in Japan and are likely to settle down with their family members in Japan. Many of the foreign CEOs we interviewed voiced hope to live long in Japan as it is a safe place with advanced healthcare and education environments.

8. Conclusion

As revealed on this paper, many foreign CEOs from overseas have found business opportunities in Japan and been successful to some extent. Many of them are serving as business bridges between Japan and their countries of origin. The authors would like to refrain from discussing how Japan's future immigration policy should be. Undoubtedly, however, the number of foreign CEOs in Japan has been increasing. Most of them have started a business on their own. This paper indicated that foreign CEOs in Japan who came to Japan to become CEOs are in the minority and that most of them came to Japan for study, work, or other purposes before starting businesses. Given that the number of foreign students and workers with the potential to become a CEO in Japan has continued increasing in recent

years, the number of foreign CEOs in Japan is likely to keep on rising. As the number of SMEs has continued decreasing in Japan, we can hope that foreign students and workers in Japan will flourish as new business starters or SME successors in Japan.

It is not easy for foreigners to run a business in Japan. It may be extremely difficult for them to start a business from scratch. Most systems for business start-ups and SMEs in Japan are available for foreigners. However, they may be unaware of such systems or may fail to take advantage of them because of the language barrier. Flexible arrangements, including information and support in multiple languages, including English, would be required to allow foreign business operators in Japan to run a business more smoothly.

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Note: Materials denoted [in Japanese] are written in Japanese. Official English titles are also given if they exist; for materials with no official English title, the authors of this paper provide a tentative translation.