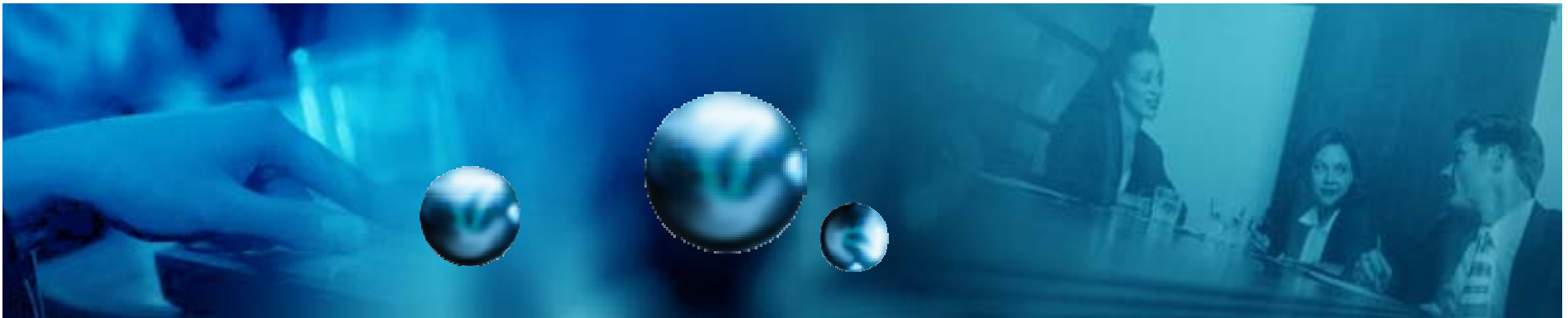


# ***The Fortress and the Cloud: Women, Technology and Entrepreneurship in Japan***



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**Associate Professor and Denny Endowed Chair**  
**Information Systems and Technology Management**  
**Graziadio School of Business**  
**Pepperdine University**



# Agenda

**1. Introduction**

**2. The Fortress – Theory vs Practice**

**3. Barriers – a Transition in Logic**

**4. The Cloud – Profiles**

**5. Summary - Opportunities**



# Why explore the digital world and social shifts in Japanese entrepreneurship?

- Digital life is changing in Japan
  - Web 2.0: MIXI, 2 Channel, Nico Nico Douga, Gree
  - Population Internet usage has gone from 37.3% to 73.8% since 2000
  - User demographics are in transition (elderly, women and the young)
  - Active marketplace with expanding use of triple play services, 3G, VoIP, etc
  - Charges for broadband are cheapest in the world (\$.09 per 100 Kbps)
  - Speed is fastest in the world (26.0 Mbps compared to 1.5 in US)
- The profile of entrepreneurs is changing
  - Groups on the margins emerging
  - Women entrepreneurs are a key demographic largely engaged because of barriers lowered by the Internet





## 2. The Fortress – Theory vs Practice



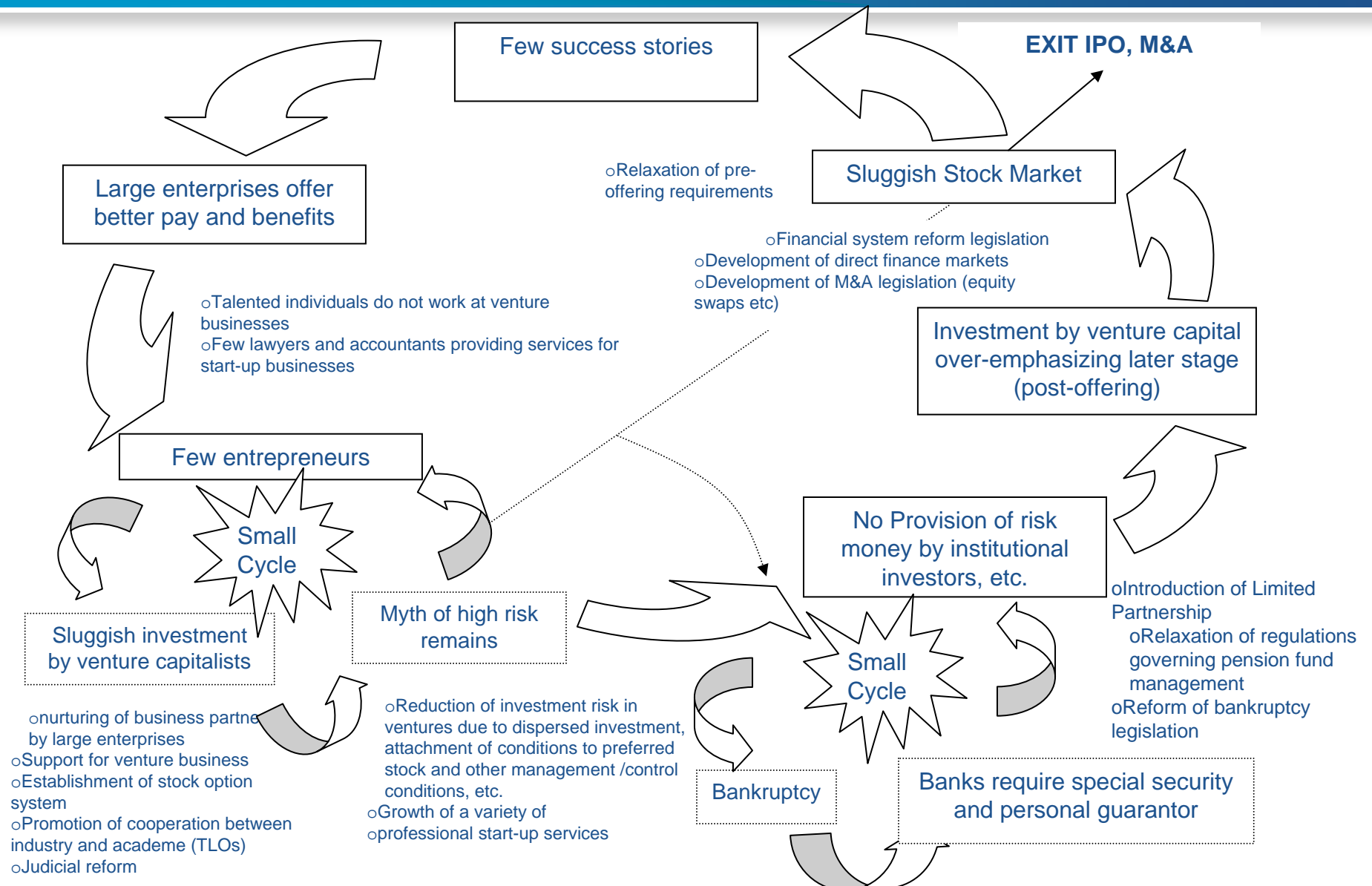
# The Fortress

## Japanese Business Practice

- Historically based on joint cooperation of the entire value-chain including suppliers, distributors, manufacturers, banks
- Business culture includes enterprise unions, seniority system, lifetime employment, government policies, two-track system
- Group oriented and risk averse



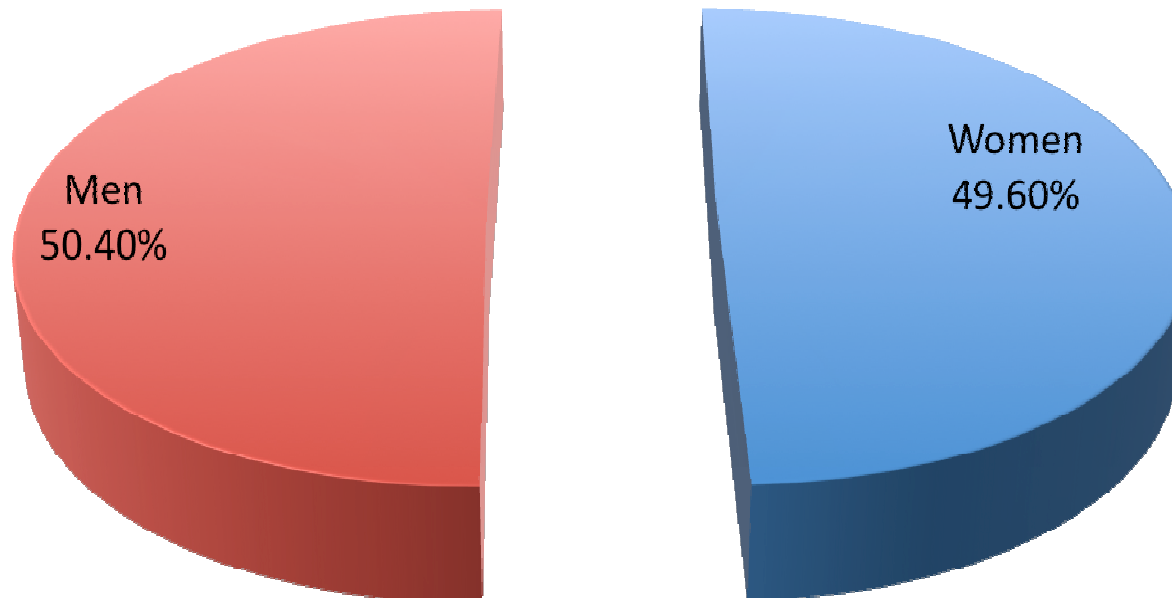
# Japan Entrepreneurial “Habitat” Baseline





The number of women in the Japanese workforce basically equal that of men, however only 60,000 women are serving as executives.

### **% of Women and Men in Japanese Workforce 2000**

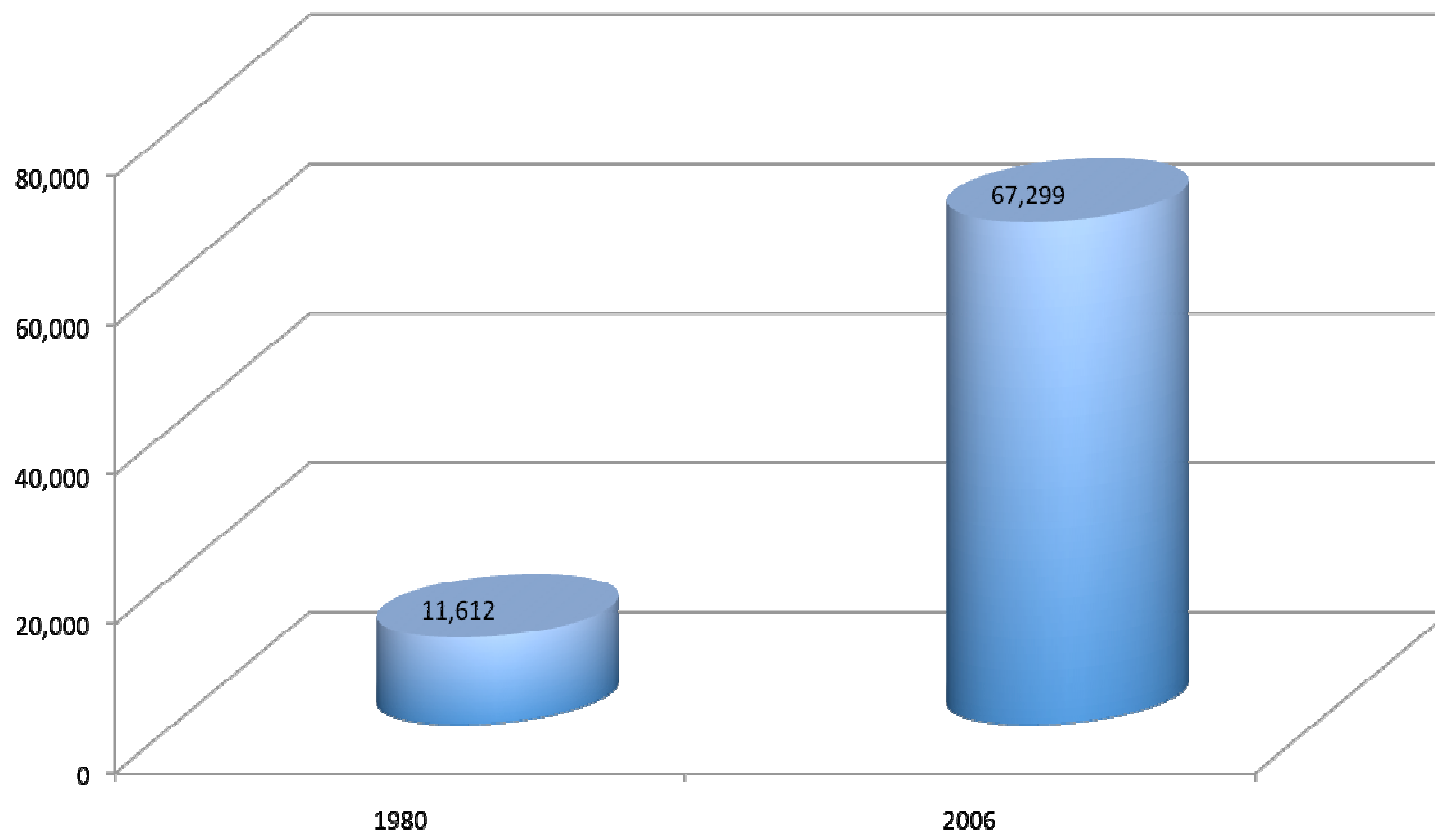


*Source: Teikoku Databank, 2007*



The number of women owned businesses in Japan has increased by 550% in the past 25 years.

### Growth of Companies Owned By Women in Japan



Source: Teikoku Databank, 2007





# Why women are emerging?

- New Legislation and Services
  - 2006 Ministry of Health, Labour and Welfare offered “Mentor Introduction Service for Women Entrepreneurs”
  - Enforcement of Equal Opportunity Act
- Financing is changing
  - National Life Finance Corporation has better rates for women
  - Access to global as well as local resources
  - Many local incubation centers have entrepreneurial training for women
- Workforce population is shrinking as the population ages
- Protracted economic slump prompts companies to shed time-honored practices
  - Lifetime employment
  - Seniority-based wages
  - Two-track hiring system
- Networks of women entrepreneurs
- More success stories – sharp increase following public listing of companies such as DeNa
- Women’s views and social contract are changing
- Technology is lowering barriers





### **3. Barriers – a Transition in Logic**



# Research Methodology

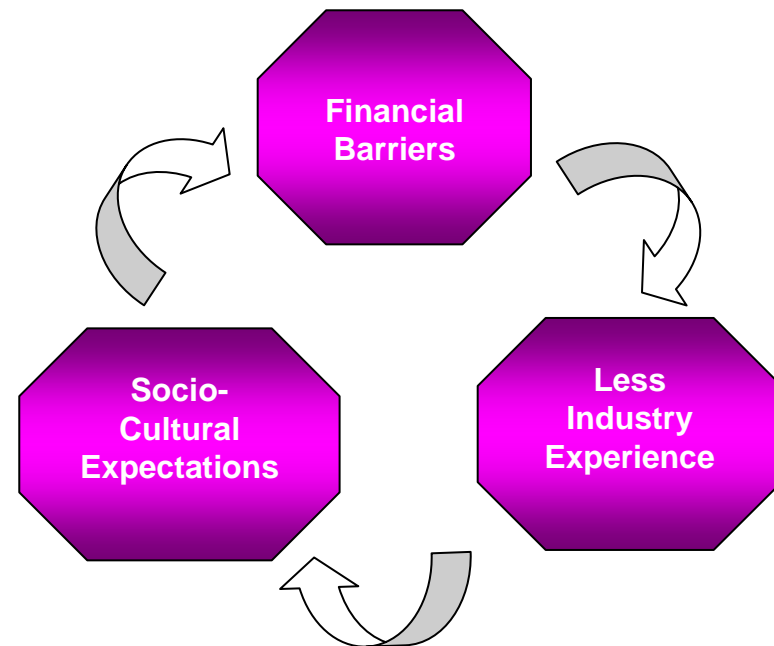
- Primary data from the literature and government sources regarding SMEs , the status of entrepreneurship and SOHO in Japan
- Interviews
- Data were collected from the Japanese Management and Coordination Agency, the Establishment and Enterprise Census of Japan, the Japan Small Business Research Institute, the Small and Medium Enterprise Agency and the Japanese National Small Business Information Center.
- Primary survey instruments and statistical treatment methodology were developed by the Ministry of Economic Trade and Industry (METI)'s Small Agency in their *Basic Survey of Commercial and Manufacturing Structure and Activity* and the Ministry of Public Management, Home Affairs, Posts and Telecommunications in their *Enterprise Census of Japan*
  - gathered statistics from business establishments throughout Japan from January to June 2004
  - These are annual surveys covering enterprises with less than 50 workers and capital of under 30 million yen. These surveys collected data from over 800,000 small and medium enterprises in Japan, including Small Offices/Home Offices





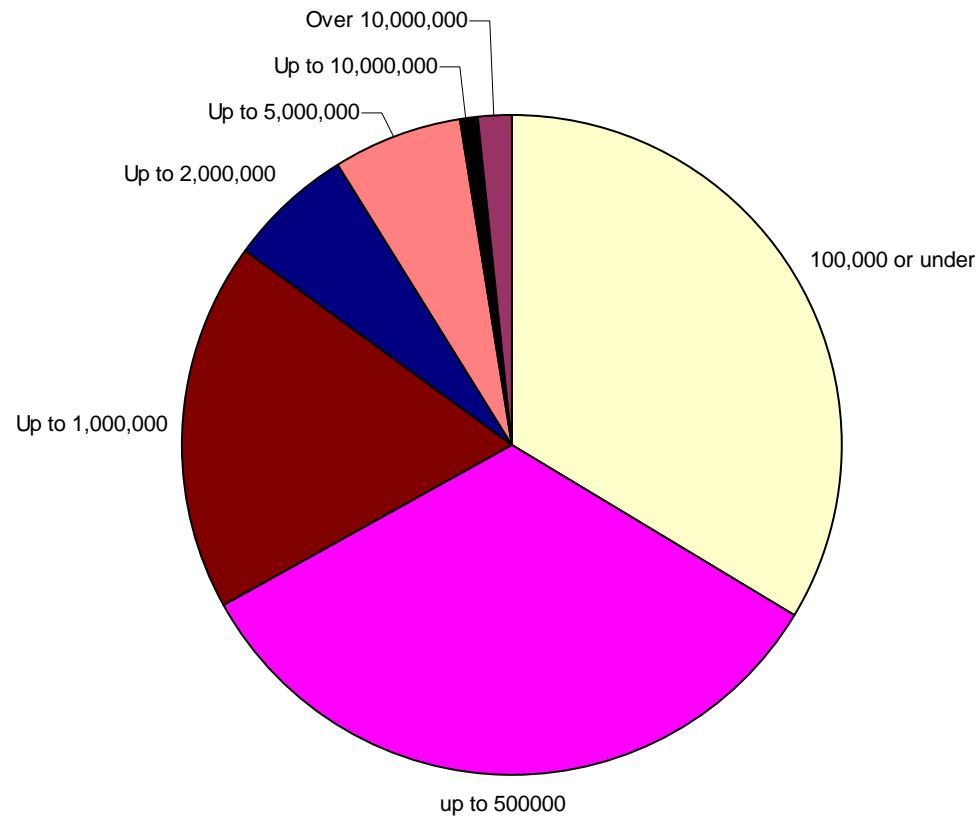
# Vicious Cycle of Barriers to Women Entrepreneurs

- Modified Version of Brush and Gatewood, (2008)
  - Motives, aspirations and commitment
  - Financial Knowledge and Savvy
  - Financial Access and Connections



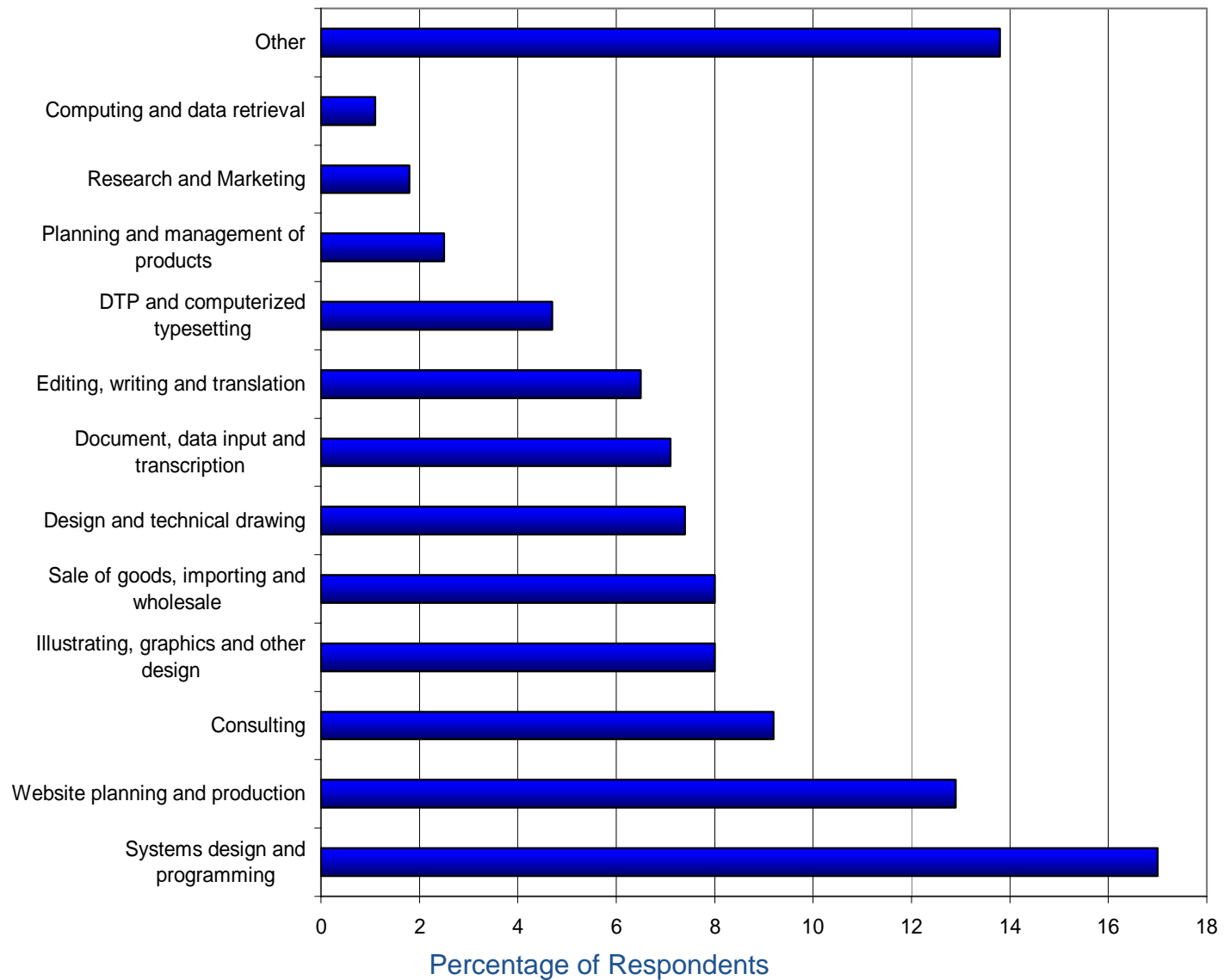


## Cost of Start-up for SOHO Business in Yen – 2/3 businesses cost less than 500,000 yen (approximately \$5,000)





# Different Types of SOHO Work



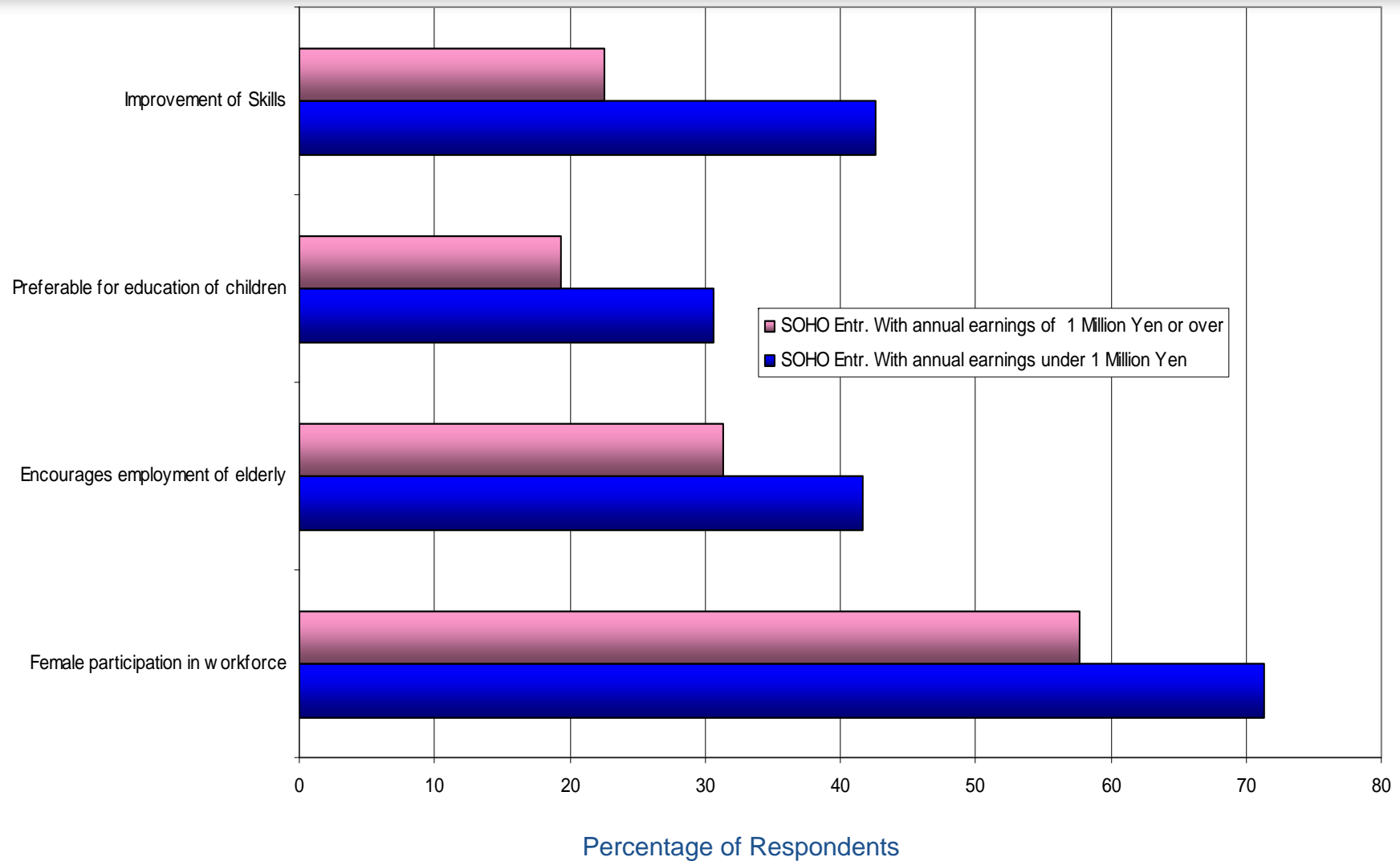


# Socio-Cultural Life in Japan

- Tension between traditional family values and socio-economic changes
  - *Higher levels of cohabitation, non-marital births and divorce*
  - *Women and marriage*
  - *Declining birthrates and delayed parenthood*
  - *Women in the workplace (polarization)*
  - *Changing view of how women see themselves in society*
- Women education levels very high with a great deal of overseas experience
- Women are looking for new solutions to resolve these tensions and entrepreneurship is an increasingly attractive option



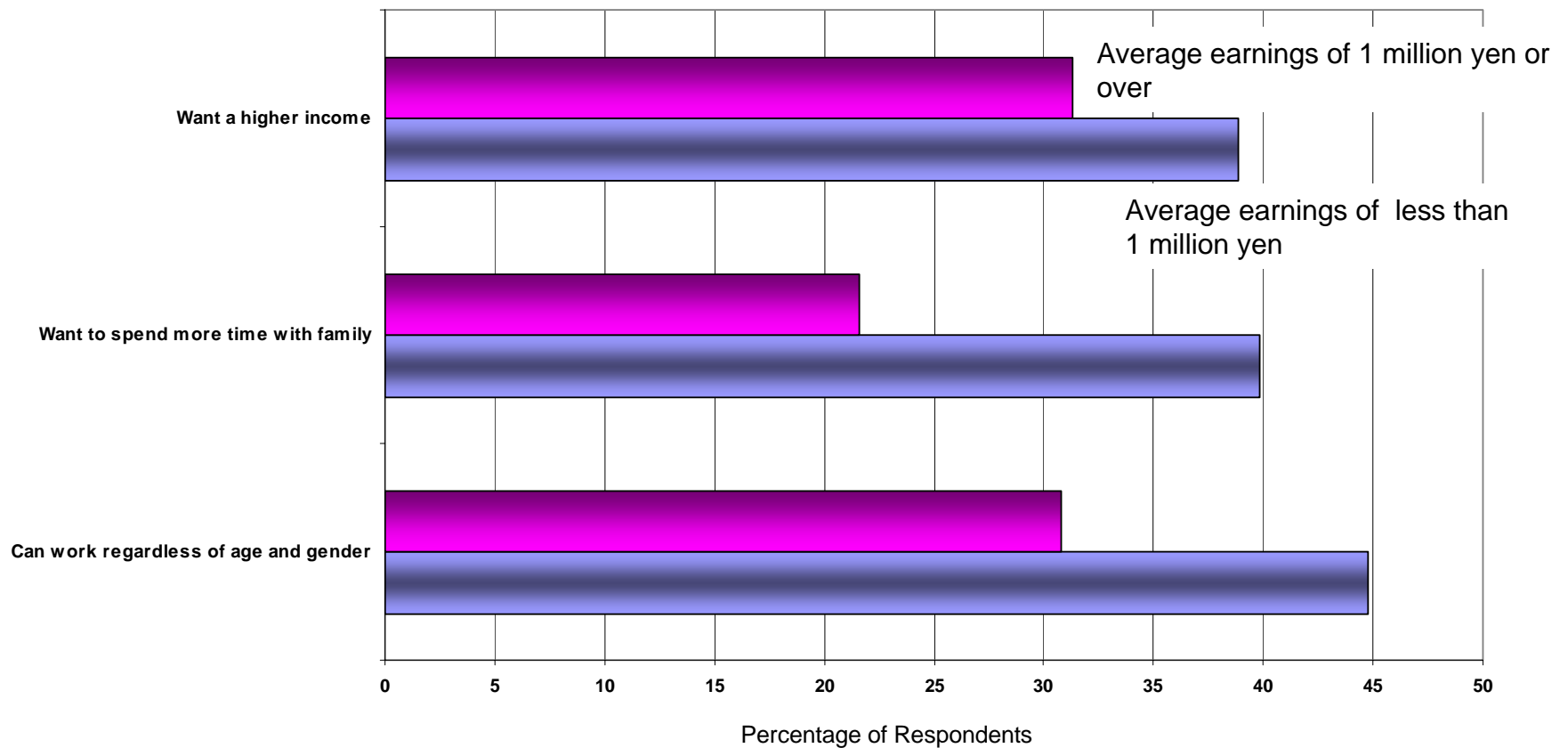
# Merits of Starting a SOHO Business







# Reasons for Establishing a SOHO





# Results

## Financial Barriers

- SOHO reduces amount of capital required because business overhead expenses are reduced
- Data showed that for SOHO the cost for start-ups in Japan is very low and women SOHO owners identified this as a central factor in starting a business

## Industry Experience

- SOHO provided a safe environment for women to apply education and experience
- Provided a degree of anonymity possibly reducing inequities women face in attempting to obtain employment and experience
- SOHO work is knowledge-based but not limited by lack of experience

## Socio-Cultural Expectations

- SOHO arrangements provide flexibility for women to set working hours so women can fulfill parenting responsibilities and work
- This arrangement minimizes barriers created by traditional socio-cultural expectations of women
- SOHO owners site the reduction of this barrier as critical reason for starting a SOHO



# How are women using the Internet?

- Networking
  - Recognize power of networking and power of online newsletters, discussion boards and forums as well as social networking
- Taking advantage of Online Resources
  - More “women helping women” websites than sites dedicated to male self-help
- Women offer Full-Service Online Business Transactions
  - 58% of women say the Internet plays a “moderately or extremely important” role in their growth strategies, while only 35% of male business owners say the same
  - 56% of \$1 million-plus businesses owned by women have websites that can fulfill transactions online vs 38% of such enterprises owned by men
- Understand that “the Internet does not wear lipstick”



## 4. The Cloud – profiles



# The Cloud



Noriko Teramoto  
CEO Digimom



Sayuri Kosugi  
President, CoolgirlsJapan



Yumi Hirahara  
President, Palias  
Global Enterprises



Mae Towada  
Managing Director,  
eSampo.com



Fujiyo Ishiguro,  
President and COO  
Net Year Group



Tomoko Namba  
CEO DeNA



Keiko Iida  
President, Photonet Japan



Hiromi Saito  
CEO, SOHO Inc.



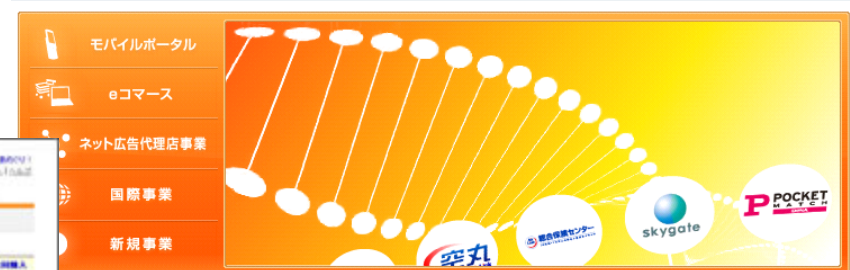
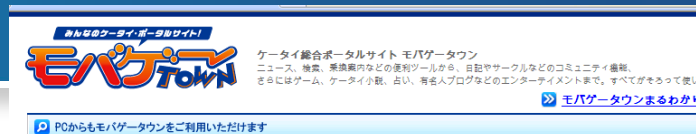
Kumi Sato  
President,  
WomenJapan



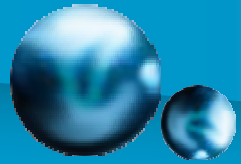
# Tomoko Namba



- CEO, DeNA
- Mobage – mobile game site for the phone (most visited site in Japan)
- Netted \$65 of \$286 million in revenue for last four quarters, up 167% and 110%
- Stock is up 75%



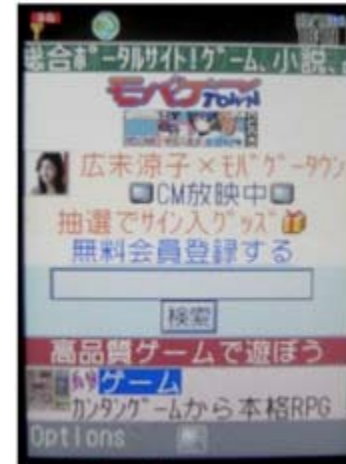
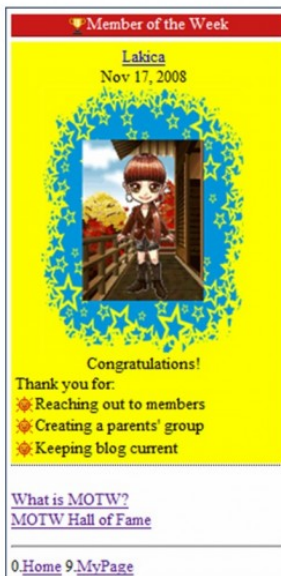
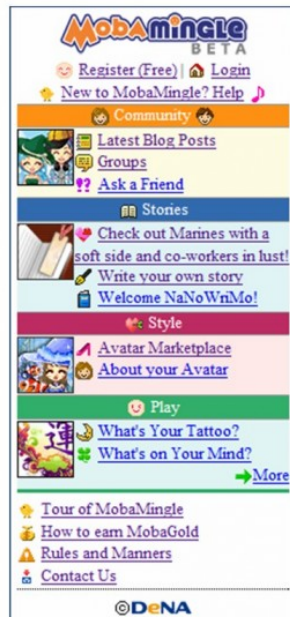




# How Mobage works...

Mobage integrates elements of social networking, gaming and mobile blogging. →

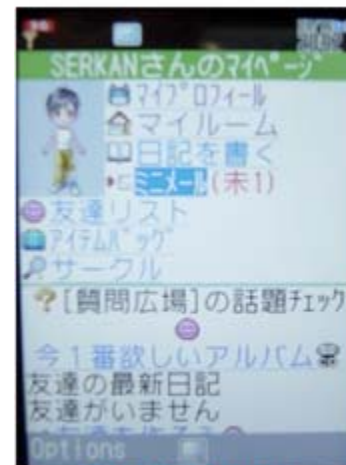
MobaMingle adds another dimension... ↓



Starting page



Game screen



Profile page



Avatar in virtual room



# Keiko Iida



- President Photonet Japan
- Online photo server for cell phones
- Privately owned
- 25 employees
- Started 1996







# Noriko Teramoto



- CEO of Digimom
- Designs and creates websites and offers digital branding services
- Employs only moms
- Corporate clients - 60%, public organizations – 30%, individuals -10%
- Started 1999





# Kumi Sato



- President, WomenJapan.com and CosmoPR
- Site for content, community and commerce; mentoring and networking resources
- Partners include Toshiba and AOL
- 25 employees
- Started in 1999





# Hiromi Saito



- President, SOHO Inc
- Products include SOHO Technology Lab, Blue Rose (nonstop low cost Linux server), Blue Moon (network security device) among others
- Started 1998
- Employs 5 people

**SOHO Yokohama** Super Office Human Office

HOME SOHO YOKOHAMA INCUBATION CENTER SOHO STATION SOHO CLUB 株式会社SOHO

### SOHO YOKOHAMA INCUBATION CENTER

▶ TOP  
▶ センター紹介  
▶ 各企業紹介  
▶ アクセスマップ  
▶ お問い合わせ  
空室情報

#### SOHO横浜 インキュベーションセンター 74室

旧シルクホテルを改築した日本最大規模の創業ベンチャー支援施設です。  
1999年（社）サテライトオフィス推進賞受賞施設。  
個性を発揮するならダンゼン横浜です！



#### はじめに

小さな波がななりとなり時代を渡っていく  
“誰かがやらなくては。新しい世代のために。”  
横浜市中区山下町一番地・SILK CENTER

「SOHO 横浜インキュベーションセンター」があるこの場所（シルクセンター）は横浜開港100周年記念事業として建造され、2009年には横浜開港160周年を迎えます。  
横浜の中心地関内地区は国際的でヴィンテージな景観あふれる魅力的な街です。  
都市と海一望の素晴らしいオフィス環境をご提供します。

**SOHO Yokohama** Super Office Human Office

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#### SOHO YOKOHAMA INCUBATION CENTER 74室

##### SOHO横浜インキュベーションセンター

横浜の一等地。海一望のオーシャンフロント・オフィス。  
旧シルクホテルを再生した創業・ベンチャー支援施設74室を提供。

約300社の入居実績を誇るSOHOオフィス環境（完全個室）です。  
山下町1番地のシルクセンターは開港100周年記念施設。

成金屋敷でなく、歴史ある正統派のベンチャー企業が誕生した場所。  
個性を発揮するなら、ダンゼン横浜！”ですね。

空室情報

～ 創立11周年記念キャンペーン中～  
周辺環境  
文化芸術都市横浜・Creative City Yokohama.  
横浜市 クリエイター等立地促進助成制度 / 限度100万円助成

#### 各企業紹介

主な入居企業の業種  
システム開発・WEBデザイン  
都市建築設計・ビジネスサポート  
国際特許事務所・技術系人材派遣  
製品販売・貿易会社・レース運営他



# Fujiyo Ishiguro



- President and COO, Net Year Group
- Strategic Internet services; Internet Incubator
- Partners include Sun Microsystems, Zefer, NTT Soft, Panasonic America
- 16 Employees
- Started in 1997







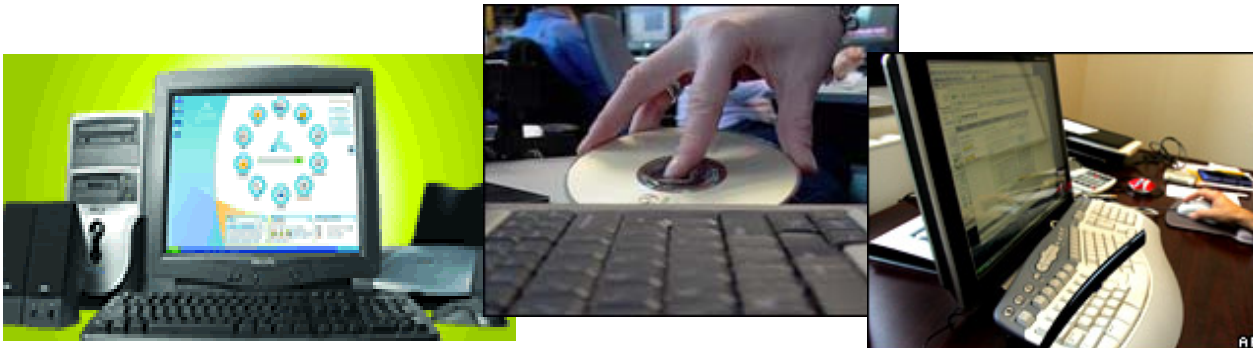
# Digital Ethnography in Japan

- Social scene prefers anonymity – 80% of MIXI's 15 million users don't reveal anything about themselves
- Focused on information exchange with people you already know or are introduced to by people you know
- Trust essential element of success in social networking
- Many reveal much more in Facebook, LinkedIn and MySpace
- Youtube – pet's feature predominantly



## Overall Research Question:

- How does the emerging digital business world interact with social transformation in Japan to create an entrepreneurial environment for women?
- Remaining questions
  - What is the dynamic of risk-reward?
  - What are the profiles of company founders in Japan that have failed?
  - Are there new definitions of “meaningful work” or work and its meaning in the lives of entrepreneurs?
  - What is the role of social entrepreneurship
  - How is entrepreneurial education emerging and who is involved





# Conclusions

- Women are beginning to play an important role in Japanese entrepreneurship primarily in the digital domain
- As indicated by the model, the data show that the option of being self-employed from home reduces the three critical barriers to women in the workplace
- In addition to reducing the obstacles that women entrepreneurs in Japan face, technology enabled women owned businesses have macro-economic implications
- Additional work is needed to probe more deeply into the role information systems are playing in the transformation of social and institutional logic in Japan given this new digital “habitat”

