## Chapter VII

# Japanese IT-Skill Dilemma

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## Abstract

*Japanese companies are facing a dilemma regarding their IT skills. Although many Japanese feel the need to expand the scope of their information systems by implementing newer technologies, they are still obsessed with the "not-made-for-us syndrome." Japanese IS vendors have been unable to establish a new business model, because the integration of new and old technologies is not easy. When considering the IT skills in Japanese firms, our attention is primarily focused on the characteristics of traditional IT skills before focusing on the newly required skills, because the traditional IT skills have developed strong inertia that prevents change. We will analyze the current situation of the Japanese IT-skill dilemma and discuss methods to resolve it.*

# Introduction

Japanese companies are facing a dilemma regarding their IT skills. Although many Japanese feel the need to expand the scope of their information systems by implementing newer technologies, they are still obsessed with the "not-made-for-us syndrome." Japanese IS vendors have been unable to establish a new business model, because the integration of new and old technologies is not easy.

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This chapter consists of three parts. In the first section, "IT Skills of Japanese Companies," we will summarize the characteristics of the IT skills in Japanese companies. A characteristic of information systems in Japanese companies is that users are fixated on customized systems. The Japanese IS-vendor industry has grown in response to the needs of Japanese users to improve and expand proprietary information systems. It has gained the ability to efficiently develop customized systems through long-term relationships with IS-user companies. The main method used for acquiring IT skills in both IS-user and IS-vendor companies is in-house training, thus an external labor market and external educational institutions such as universities have not grown. The most important skill for Japanese companies is to play the role of a "coordinator" between the IS users and the IS division or IS vendors.

In the late 1990s, the protracted recession and the spread of IP technology finally required that Japanese companies change their IT skills. Since 2000, government policies have been promoting an increase in engineers across various specializations and setting the career path for senior engineers who have advanced technical expertise and diverse work experience.

In the second section, "Japanese IT-Skill Dilemma," a Japanese IT-skill dilemma is discussed. IS-user companies are still obsessed with the "not-made-for-us syndrome" and prefer customized systems. They seek a "super coordinator" who can retain the existing systems and incorporate new technology to expand operations and simultaneously maintain high performance by coordinating between IS users and IS departments/vendors. However, it is not possible for coordinators to facilitate performance improvement across a wide

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