

Shige Makino
Yasuro Uchida
Tamiko Kasahara *Editors*

Transformation of Japanese Multinational Enterprises and Business

The 50th Anniversary of the Japan Academy
of Multinational Enterprises

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Shige Makino · Yasuro Uchida · Tamiko Kasahara
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Preface

The Japan Academy of Multinational Enterprises (JAME) is celebrating its 50th anniversary this year and has decided to publish an edited volume to commemorate the occasion. I am very pleased to have been appointed as the editor of this edited volume, and I am delighted to now be able to see its publication. The project to publish this volume was undertaken by two young JAME board members:

- Yasuro Uchida at University of Hyogo
- Tamiko Kasahara at University of Shizuoka.

After many meetings in Kyoto, we agreed on two principles for the volume. The first was to make the book in English, and the second was to present our research on Japanese multinational corporations. Prior to my current appointment at Kyoto University in the fall of 2021, I worked at the Chinese University of Hong Kong for 26 years, starting in 1995. While abroad, I felt that after the bursting of the bubble economy, the rise of China and other emerging economies led to a relative decline in the overseas presence of Japanese companies, and that business trends in Japan and Japanese companies were no longer featured at international conferences. However, the most significant challenge was the limited availability of Japanese research on Japanese companies being shared in English internationally. Feeling the need to broaden Japanese academia's outlook, I accepted the task of editing this volume when approached. Most importantly, the team's passion to globalize Japanese multinational business research greatly motivated my commitment to this responsibility.

JAME was originally founded as The Workshop for Multinational Enterprises (hereinafter referred to as WME), a study group of Japanese scholars.¹ WME was officially launched on December 2, 1972, with a general meeting held in Tokyo.

¹ The background to the establishment of WME is described in detail in the memoirs of Professor Emeritus Shiro Takeda of Yokohama National University (former WME President) and Professor Emeritus Shohei Tabata of Kindai University (former JAME Director). The following description of WME and JAME is partly based on their recollections (Takeda, 2012; Tabata, 2020).

An article in *The Mainichi Newspapers* at the time stated that WME was established to “conduct extensive research on transnational corporations that transcend national borders and operate on a global scale. To my knowledge, WME was the first full-fledged academic society for international business/management studies in Japan. WME was founded at a time of major changes in the international economic environment, including the Nixon Shock (1971), the first oil crisis (1973), Japan-US trade friction, the shift to a floating exchange rate system for the yen and the dollar, and progress in liberalizing foreign direct investment. The purpose of Japanese FDI also changed. In addition to labor- and resource-seeking FDI in emerging markets, market-seeking FDI in North America was growing rapidly, and the government, academia, and business community were placing greater emphasis on understanding and analyzing international management. WME was founded on the initiative of the late Professor Itaro Irie (Kobe University) with the participation of 42 scholars and experts, including the late Professor Yoichi Itagaki (Hitotsubashi University), the late Professor Akira Yamashiro (Hitotsubashi University), the late Professor Noboru Yamamoto (Keio University), and other leading academics as the Board of Directors. At the time of its founding, membership in WME was closed, and only selected members were allowed to join. Allegedly, these members, regardless of age, dined together and engaged in open discussions and interactions throughout the night.

The WME’s research themes have also changed over time. In the 1970s, after its establishment, the WME focused on whether the form of Japanese FDI was fundamentally different from U.S. FDI or whether it was a transitional stage approaching the prototype of U.S. FDI. In the 1980s, Japanese FDI in emerging economies, especially in Asia, increased significantly, and there was much discussion about geopolitical risks such as nationalism and economic friction. In the 1990s, Japan’s international management became more mature, and the JAME actively discussed management and organizational issues of multinational companies, especially the establishment of global supply chains, regional headquarters organizations, international strategic alliances, and international human resource management. Many researchers, including J.H. Dunning, J.P. Stopford, and P.J. Buckley, participated in the 20th anniversary events from abroad. In the 2000s, the impact of multinational corporations on the economy, industry, and society became an issue. During this period, discussions began to follow the critical trends of the times, including the impact of IT and environmental issues on international business, and the development of new organizational forms (e.g., network form structure) and corporate governance of MNCs.

WME was reorganized as JAME as a formal academic society in August 2007, following an open call for members. The newly launched JAME has inherited the split of WME and has built a rich research record on MNCs and their future through a variety of research topics. JAME’s annual meetings have covered a variety of time-tested topics, including BRICs, BOP, economic crisis, geopolitical risk, coronavirus, and the trade friction between the US and China. Since its inception (including the WME era), JAME has been a major contributor to the research of MNCs

in Japan and has produced distinguished scholars such as Kiyoshi Kojima, Noritake Kobayashi, Kiyoshi Ikemoto, Shiro Takeda, Kenichi Enatsu, Hideki Yoshihara, Kenichi Yasumuro, Kazuhiro (Kaz) Asakawa, and many others.

Since the inception of WME, JAME has published the outcomes of its research across several works. During the 1970s, WME released the following book titles: ‘The Economics of Multinational Enterprises: The New International Economic Order and Corporate Behavior’ (in Japanese, 1976), ‘Management of Multinational Enterprises: Guidelines for Japanese Enterprises’ (in Japanese, 1976), ‘The Development of Management Strategies for Multinational Enterprises’ (in Japanese, 1977), and ‘Development of the Japanese Theory of Multinational Enterprises: A Bibliography’ (in Japanese, 1979). Moving into the 1980s, publications included ‘Research on Multinational Enterprises in Japan’ (in Japanese, 1981), ‘Multinational Enterprises and the Middle Industrialized Countries’ (in Japanese, 1983), and ‘Multinational Enterprises in Japan’ (in Japanese, 1985). The 1990s marked the debut of WME’s English publication, ‘Management: Global Perspective’ (1997), edited by Noritake Kobayashi from Keio University. In the 2000s, WME commemorated its 30th anniversary with the release of ‘New Trends of Multinational Enterprises in the 21st Century’ (in Japanese, 2003).” In 2008, following its establishment, JAME initiated the annual publication of the *MNE Academy Journal*. Starting in 2014, JAME began releasing an English-language newsletter, *JAPAN MNE Insights*, multiple times a year. This newsletter aims to disseminate research findings on Japanese MNEs to researchers and practitioners in both Japan and abroad.

This edited volume is published to commemorate the 50th anniversary of JAME and stands as the first publication in 20 years since the previous 30th anniversary work. Within this volume are 10 research papers, primarily authored by young scholars. These papers are organized into four main categories.

The first category is *International Business Trends and Review in Japanese MNCs: Research and Practice*.

Hui Pan and Shige Makino conduct a literature review of empirical research using Toyo Keizai Shinposha’s “Overseas Japanese Companies Data” (*Kaigai Shinshutsu Kigyo Soran*) database. The review categorizes the articles into nine distinct research areas, encompassing FDI patterns, performance, survival, subsidiary structure, staffing strategy, location choice, internationalization, FDI impact on domestic welfare, and methodology. Drawing from the outcomes of this review, the authors delineate future research directions.

Masaaki Kotabe examines how Japanese firms have adapted to shifting business climates over recent decades, tracing the evolution of Japanese management practices from the acclaimed era of the 1980s to the early 1990s, followed by a decline in the mid-1990s and beyond. The article delves into the underlying reasons for this transformation and its broader implications for management practices.

Risa Jitoshō and Hajime Baba examine the differences in brand personality between Japan and other countries by analyzing traits through the lens of the BIG 5 framework. The study reveals traits such as calmness in Japan and passion in Spain.

The study views brand personality as a cultural bridge, introducing a hybrid cross-cultural methodology, and providing concrete empirical evidence on the evolution of brand personality in Japan.

The second category is *Emerging Japanese MNCs*. Here, the internationalization of the Japanese sake industry and Uniqlo's global strategy will be discussed.

Masahiro Ida examines born-again global firms in Japanese sake breweries. Unlike previous research, this study examines born-again global firms that emerge without significant incidents or innovation. Through case studies of four Japanese sake breweries, this study has revealed a new category of born-again global firms that skillfully leverage Japanese culture, preserve tradition, and successfully enter the global market.

Tetsuya Usui delves into the enduring global business model development process of market-creating MNCs committed to rapid global expansion. Focusing on Fast Retailing's Uniqlo brand, the study identifies two key success factors: the establishment of a unified global value proposition and dynamic integration within activity systems, providing insights into the evolution of MNCs' global business models.

The third category is *Evolving Strategy in Japanese MNCs*. Here we discuss how the global strategies of Japanese MNCs have changed.

Yasuro Uchida analyzes Toyota's alliance strategy over the past 50 years and reveals that despite historical reliance on fixed relationships within keiretsu-affiliated organizations, the acceleration of alliances with different overseas industries indicates that Toyota's business activities are undergoing significant change. The study aims to elucidate Toyota's partnership strategy over the past 50 years and to identify its changes and implications.

Kohei Mishima examines both heterogeneity and homogeneity in emerging markets, as well as demand diversity and dynamic business strategies, using the example of Honda, which effectively allocates resources to address emerging market diversity through a balanced approach to market types. The paper reveals the dual nature of developed and emerging markets, provides insights into emerging market diversity, and presents a dynamic view of MNC behavior.

Tomonaga Horiguchi, Kaito Takahama, and Norihisa Yoshimura examine the characteristics of Japan's housing sector and examine their implications for the globalization of the industry. They argue that while major Japanese housing companies have undertaken substantial international expansion efforts due to a shrinking domestic housing market, the unique complexities of the housing industry discourage international expansion. Using the SECI model of knowledge management and internalization theory, the study delves into a case study of a prominent Japanese homebuilder to shed light on these dynamics.

The final category is *Evolving Management Practice in Japanese MNCs*. It discusses how diversity, leadership, team management, and strategic human resource management have changed in Japanese MNCs.

Soyeon KIM emphasizes the strategic importance of Diversity and Inclusion (D&I) for companies, focusing on Japanese MNCs. By analyzing CSR and financial data, the study reveals positive financial effects, indicating that promoting female managers improves growth potential and increases sales and profits. This research

contributes to the understanding and development of D&I practices in Japanese MNCs.

Tamiko KASAHARA examines the strategic process dynamics in the R&D center of a Japanese MNC using the strategy-as-practice perspective. Findings show that teams prioritize consensus-based decision-making meetings to build shared understanding, while the director and specialists play critical roles in executing strategic activities. This study highlights the roles of team interactions, leadership, and cross-functional extension in shaping autonomous strategies in the context of MNC R&D.

Yingying Zhang examines the transformation of Japanese management practices from a strategic people management (SPM) perspective. Introducing a knowledge and innovation-based SPM approach that differs from Western strategic human resource management (SHRM), the study provides insights into the SPM evolution of Japanese firms and its global implications.

I am confident that this edited volume will offer readers fresh insights into recent activities of Japanese MNCs.

In recent years, concerted efforts have aimed to raise awareness about the importance of researching Japanese businesses and MNCs within the global academic community. Initiatives such as the special issue on Japanese business in *Asian Business & Management* (for example, Kotabe, 2020; Makino & Lehmborg, 2020; Westney, 2020) and the emergence of English-language publications like Shaede (2020) have made significant contributions to this endeavor. However, despite these efforts, the initiative to share research on Japanese businesses and MNCs with the global community remains insufficient. Reflecting on the foundational principles of WJE and JAME, and recognizing the commitment shown by their founding members who initiated extensive discussions and significantly contributed to the advancement of international business research in Japan, I earnestly hope that researchers from our generation and those to come will sustain and amplify this momentum. I strongly hope that this edited volume will be a steppingstone for further dissemination of MNC research from Japan to the world.

I am profoundly grateful and deeply moved as I express my gratitude to several remarkable individuals. Foremost, I extend my heartfelt appreciation to Professors Eleanor Westney and Masaaki Kotabe for their unwavering dedication to advancing the field of international business studies in Japan. Their contributions span not only exceptional research endeavors but also the roles of cherished friends and invaluable mentors to us, Japanese international business researchers. They have been the embodiment of inspiration, setting the highest standards for us all.

I would also like to acknowledge Professor Tetsuya Usui of Gakushuin University, who recently retired from the position of President at JAME. His boundless encouragement and steadfast support have been pivotal in guiding us toward the completion of this edited volume. Few individuals exhibit such a profound commitment to propelling the internationalization of Japanese academic societies as Professor Usui.

Our collective efforts have truly formed a remarkable team for this edited volume. Professor Tamiko Kasahara, with her exceptional communication skills, acted as a bridge between the editorial committee and the publisher. Her approachable

demeanor and remarkable energy infused our work with a sense of enjoyment and camaraderie. A special gratitude is owed to Professor Yasuro Uchida, whose resolute dedication has spanned every stage of this book's journey, from conception to publication. Without his tireless commitment, this edited volume would have remained but an aspiration, never to be realized.

Kyoto, Japan

Shige Makino

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Contents

International Business Trends and Review in Japanese MNCs: Research and Practice	
Understanding Japanese International Business: A Literature Review	3
Hui Pan and Shige Makino	
Reflecting on Japanese Management in the Changing Climate of the Time	105
Masaaki Kotabe	
Variation and Continuity of Brand Personality in Japan	119
Risa Jitoshō and Hajime Baba	
Emerging Japanese MNCs	
Born-Again Global Firms: Case of Small Sake Breweries in Japan	137
Masahiro Ida	
Uniqlo: A Pathway to Becoming a Multinational Through Global Business Model Development	161
Tetsuya Usui	
Evolving Strategy in Japanese MNCs	
The Meaning of Change in International Business Strategies: A Case of Toyota Motor Corporation	189
Yasuro Uchida	
How Strategy-Making Shapes Honda's Future in Emerging Markets?	203
Kohei Mishima	

Knowledge Factors Preventing Japanese Home Builders from Multinationalization: A Case Study of Sekisui House, Ltd. 239
Tomonaga Horiguchi, Kaito Takahama, and Norihisa Yoshimura

Evolving Management Practices in Japanese MNCs

Diversity and Inclusion Management of Japanese Multinational Corporations: Its Effectiveness and Implications 265
Soyeon Kim

Strategy Creation and Development by Employees: Case Study in a Japanese MNC’s R&D Center 281
Tamiko Kasahara

Management in Japanese Companies: An Evolving Strategic People Perspective 315
Yingying Zhang-Zhang

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Yasuro Uchida (Ph.D., Yokohama National University) is Professor of strategic management at Graduate School of Business, University of Hyogo, Japan, and Professor Emeritus of University of Toyama. He was a member of technology standard council of Ministry of Economy, Trade and Industry of Japan. His research interest is competitive strategy, and the international standardization of technology. His book "International Standard and Strategic Alliance" (in Japanese; Chuokeizaisha, Tokyo, 2001) received the award from Japan Academy for International Trade and Business (JAFTAB) in 2001. He is a board member of the Japan Academy of International Business Studies (JAIBS) and the Japan Academy of Multinational Enterprises (JAME).

Tamiko Kasahara (Ph.D., Kobe University of Commerce) is Assistant Professor of international human resource management at School of Management and Information, University of Shizuoka, Japan. She is currently a visiting scholar in the management department at Bentley University, U.S.A. She received her M.S. and Ph.D. from Kobe University of Commerce in 2002 and 2008, respectively. Her research focuses primarily on global talent management in multinational corporations, with a recent emphasis on organizational behaviors. Her book, *Global Human Resource Management in Japanese Multinational Corporations* (published in Japanese by Hakuto

Shobo, Tokyo, 2014), received accolades including the Best Book Award for Young Researchers from the Japan Academy of Multinational Enterprises (JAME) in June 2015 (Tokyo, Japan), and a collaborative paper that she authored with Professor T. Sekiguchi in 2020 earned the Palgrave Macmillan Best Paper Award from The Association of Japanese Business Studies (AJBS) in July 2020 (Miami, U.S.A). She serves on the boards of Japan Academy of Multinational Enterprises (JAME) and Japan Academy of International Business Studies (JAIBS).