**Proposal**

**Managing International Business: The Japanese Experience**

**2016/2017**

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**Background:**

International business has expanded dramatically over the past three decades and drawn the attention of business executives, government officials and academics. International business refers to a wide range of activities involving business transactions across national borders. Although international business has many similarities with domestic business, there are important differences. At the international level, the globalization of the world economy and differences between countries present both opportunities and challenges to international businesses (Liang, 2013).

any firm of more than modest size doing business in a foreign environment must eventually adapt in the foreign market. Mangers of an overseas subsidiary report a long-distance to a headquarters and may be charged with representing foreign interests on their own soil (Tolich et al., 1999). Gross-national management integration faces difficulties because of differences of language, culture and more important because of the nature of management itself, which depends upon complex understandings of both a technical and social nature.

Rarely is the range of international activity limited to one option, but in an early stage of their overseas expansions, companies often rely on some less risky ‘methods’, i.e. export/import. Nevertheless, it can be expected that the extent of an enterprise’s involvement in foreign business may affect the scope, forms, goals or directions of international assignments (IAs), as well as choice of policies and methods to support assignees. With Polish companies, it should be emphasized, that there’s no comprehensive empirical research which could verify this assumption (Purgal-Popiela, 2015).

Since the 1970s, Japanese enterprises have greatly expanded their overseas operations. Today, foreign sales and profits are crucial determinants of their overall business performance. They have thus become Multi-National Enterprises (MNE). An MNE has its management headquarters in one country, known as the home country, and operates in several other countries, known as host countries (Ueno and Scarbrough, 2011).

Japanese management is characterized by a focus on the maximum utilization of human resources. This philosophy of management is realized through three general strategies: development of an internal labor market, articulation of a unique company philosophy, and intensive socialization of employees. These strategies in turn are manifested in a number of specific management techniques.

The essence of internationalization reflects international experience of a company as a participant in the global market, which implies the necessity to consider it as a multidimensional construct. The proposed approach takes into account two dimensions, 1) the scope and forms of activity in foreign markets, and 2) the length of time over which it is undertaken.

An MNE has its management headquarters in one country, known as the home country, and operates in several other countries, known as host countries. In order to manage business performance, MNEs must delegate portions of their decision authority to subordinate units for a number of reasons which will be discussed in this paper. Although this is similar to the control issues faced by any multi-division organization, it is made more complex due to differences in culture, language and laws.

Effective delegation of decision authority is critical to MNEs in all countries for timely implementation of business strategies and for management control. Hence, appropriate delegation leads to higher performance for US MNEs (Du et al., 2010).

Japanese multinational companies (MNCs) operate their overseas subsidiaries in countries where the basic values and assumptions of the national culture are different from those of their own. How do these Japanese MNCs manage organizational culture across national culture in their overseas subsidiaries? According to Schein (1985: 221) there are two categories of mechanisms for managing organizational culture: the primary embedding mechanisms and the secondary reinforcement mechanisms. The primary mechanisms are: 1) What the founder or leader pays attention to in order to measure and control, 2) Founder's or leader's reaction to critical incidents and organizational crisis ,3) Deliberate role modeling, teaching and coaching, 4) Criteria for allocation of rewards and status, and, 5) Criteria for recruitment, selection, promotion, retirement, and excommunication.

In this essence, the current study focuses on international business nature, and it will attempt to give a close scope on how the international business managed, by examining the Japanese experience in business management.

**Research Questions:**

1. What is the dimensions of effective business management practice?
2. What is the characteristics of international businesses?
3. How to measure the success of international business?
4. What is the differences between managing the local business and the international businesses?
5. How the Japanese principles in managing business differ from the standard management principles?
6. What is the strengths and weaknesses in the Japanese experience in managing international business?

**Research objectives:**

1. Determine the dimensions of an effective business management practice.
2. Determine the characteristics of the international businesses.
3. Determine the methods of measuring the success of international business.
4. Identify the differences between managing the local business and the international businesses.
5. Identify the Japanese principles in managing business differ from the standard management principles.
6. Identify the strengths and weaknesses in the Japanese experience in managing international business.

**Research Significance:**

The current research focuses on managing the international business from Japanese perspective, by discussing the business administration methods. And how the Japanese experience modified and developed these methods in order to fit in the foreign markets and grow an effective and successful international business. Moreover, the study will preview a good literature, which will focus on the development of business administration principles over the years, and how different countries proposed different principles and methods in managing businesses, hence, focusing on managing international business is a great trend in the globalization, and the current study will analyze and highlight the Japanese experience in managing the international businesses.

**Key Terms:**

1. **Management:** Dwan (2003: 44) identifies management as “planning goals and specifying the purpose of the agency; organizing people, finances, resources and activities; staffing, training, and socializing employees; reading the organization and the staff; and controlling, monitoring, and sanctioning when needed”.
2. **Japanese management:** “the unique culture, which unites the members of the corporation and, consequently, contributes to the increase of productivity, and the more efficient system from the point of view of innovation and productivity increase, hence allowing the system to work much more efficiently” (Petrescu, 2014).
3. **International business:** is business whose activities are carried out across national borders, which include international trade and foreign manufacturing, also the growing service industry in areas such as transportation, tourism, advertising, construction, retailing, wholesaling, and mass communications.

**Previous Related Studies:**

1. (Park et al., 2015). **Corporate Social Responsibility in International Business: Illustrations from Korean and Japanese Electronics MNEs in Indonesia.**

The present study aimed to explore strategic CSR programs of two Korean and two Japanese electronics multinational enterprises (MNEs) in Indonesia. The study used case study methodology, by analyzing the strategy of subsidiaries of two Korean MNEs (LG Electronics and Samsung Electronics) and two Japanese MNEs (Panasonic and Sharp) in the country. The results showed that these firms strongly favor strategic CSR over responsive CSR, not just because of the economic benefits offered by the former, but also its  
advantages in managing the programs and communicating with stakeholders. moreover, they have developed varied organizational methods and tend to manage their key CSR programs centrally to effectively link them to the  
competitive strategy, also, the Korean MNEs have customized their strategic CSR programs for emerging countries more actively than Japanese MNEs.

1. (Dura and Ciurlau, 2011). **The Dynamics of Overseas Business Activities by Multinational Companies from Japan.**

The goal of the study is to understand the key role of Japanese MNCs in international business. The study used a qualitative approach by analyzing the expansion and development of Japanese business to reach the international market over the past years. The findings of the study showed that the Japanese firms expanded their overseas production from 3.1% in 1986 to 16.3% in 2005 and 17% in 2009. Although MNCs are a minority in terms of the number of firms, they nevertheless dominate the Japanese trade. Moreover, Japanese firms have become more active in developing overseas activities by  
establishing local subsidiaries and acquiring local companies and cross-border  
Mergers & Acquisitions (M&A) appeared to be a very useful tool through which Japanese MNCs expanded their tentacles worldwide.

1. (Eno and Scarbrough, 2011). **The Locus of Decision-Delegation Among Japanese Multinational Enterprises: An Empirical Study.**

The current study aims to investigate decision delegation from headquarters to overseas subsidiaries of Japanese MNEs. It examines differences across three decision domains as well as between subsidiary geographic locations. The study used a descriptive approach, the data were collected via a questionnaire mailed to the MNE’s headquarters’ managers in charge of international affairs (global management) of (523) Japanese MNEs listed in the first section of the Tokyo Stock Exchange. The results showed that, generally, the decision authority for management/operational decisions was more extensively delegated to overseas subsidiaries than decision authority for strategic decisions. The decision delegation for international transfer pricing was found to be low. There were differences between subsidiaries in different geographic locations. In general, the delegation of decision authority for all decision domains was broader to North American and European subsidiaries than to Asian subsidiaries.

1. (Kessapidou and Varsakelis, 2003). **National culture and its impact on the choice of managing director in international production: the case of foreign firms in Greece.**

The study main goal was to explore the impact of national culture on the decision to choose the top managing directors of foreign affiliates in Greece. The study used a descriptive methodology, a multinomial logit model is used to relate the probabilities that a firm will employ a local managing director or an expatriate one to a set of features of the firm, the sample data consisted of (420) foreign firms operating in Greece to explore whether the national culture of the country of origin of the foreign firm affects its decision to employ a local or an expatriate managing director. The findings illustrated that the higher the national culture distance of the foreign firm's home country the higher is the probability of its employing a local managing director. The results also show that the tendency of multinational companies whose home national culture scores high on the individualism dimension and is culturally distant from Greece to rely on local managing directors to co-ordinate the integration mechanisms and facilitate transactions.

**Comments on previous studies:**

1. The current study focuses on analyzing the Japanese experience in managing international businesses, which is similar to **(Dura and Ciurlau, 2011)**, **(Park et al., 2015)**, and **(Eno and Scarbrough, 2011)** that have been conducted about international companies from japan, but **(Kessapidou and Varsakelis, 2003)** study analyzed the international companies in Greece.
2. **(Park et al., 2015)** study illustrated the Corporate Social Responsibility in International Business, which is a significant part in managing the International Business, while **(Eno and Scarbrough, 2011)** analyzed the delegation and decision making power among international businesses.
3. **(Dura and Ciurlau, 2011)** analyzed the activities and operation in general which occurs in international businesses, and **(Kessapidou and Varsakelis, 2003)** highlightedthe effect of the culture on the operations of international businesses.

**Methodology:**

* The researcher will adopt a descriptive approach in the study, which he finds suitable for the nature and objectives of the study.
* The researcher will review and analyze several studies and literature about the Japanese experience in managing international businesses, moreover, a case study methodology will be applied in the study by examining several Japanese international companies, in order to analyze their unique management system, and understand how they managed to success in the international market.
* The researcher also will conduct an interviews with several managers and employees who have been employed in a Japanese international companies, moreover, he will email them a questionnaire that will discuss and examine their experience in the Japanese business.

**Research framework (Context):**

1. **Chapter one:** it will be the introduction of the research, by introducing the problem, objectives, questions and significance of the research.
2. **Chapter two:** consists of literature review of the research, it will introduce the concept of international business and management, and illustrate the Japanese experience in the international business.
3. **Chapter three:** which illustrates the methodology of the research, by reviewing the data collection tools and statistical analysis.
4. **Chapter four:** consists of the findings resulted from data analysis, which will be discussed in the light of the previous studies.
5. **Chapter five:** it will introduce the conclusion and recommendation derived from the data analysis and results discussion.

**Time framework:**

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| **Activity/Month** | **1** | **2** | **3** | **4** | **5** | **6** |
| * Get Permissions from Responsible Sides |  |  |  |  |  |  |
| * Review of Previous Studies |  |  |  |  |  |  |
| * Fieldworks. |  |  |  |  |  |  |
| * Analyze and illustrate the data. |  |  |  |  |  |  |
| * Evaluate the results. |  |  |  |  |  |  |
| * Write the thesis. |  |  |  |  |  |  |

The researcher estimated Six Months to achieve all the activities regarding the current study, starting from ##/#/#### and finalizing at ##/##/####.

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