



Editorial

Asian Business & Management (2004) 3, 367–369. doi:10.1057/palgrave.abm.9200108

The articles in this special issue are based on selected papers presented at recent meetings of the Association of Japanese Business Studies (AJBS). The papers selected for inclusion were reviewed by a special editorial board (named below) and underwent two rounds of revision.

AJBS was founded in 1987 by Professor Toshiaki Taga of the Wharton School at the University of Pennsylvania and an advisory board of leading Japanese scholars from Japan and the United States. Since then, the association has had annual meetings in North America, Asia and Europe. In 2004, it began holding its meetings in association with the Academy of International Business.

A core theme of the papers in this issue is adjustment and change, as Japan has moved from being home to a much-admired 'economic miracle' to a widely criticized political economy unable to solve problems of deflation and economic paralysis.

In 'Whatever Happened to the "Japanese Model"?', Kevin McCormick reviews the rise and fall of Japanese 'models' for the management of factories, companies and national economies. In the days of the Japanese 'economic miracle', various analysts, with various axes to grind, attributed the Japanese success to various distinctive aspects of the Japanese system. There was a rush to imitate Japan. Then, the lackluster performance of the Japanese economy from the 1990s led to a general collapse of interest in Japan. To the extent that interest remains at all in a 'Japanese model', it is as a model of failure, with its distinctive elements now seen as hampering a recovery of the Japanese economy. Now the pressures are for Japan to model itself after the US and UK. McCormick shows how the Japanese models (for there have been many of them) have been poorly specified and simplistic. There has been more diversity and change in the Japanese system than generally recognized, and notions that the Japanese are now adopting Anglo-Saxon models rather than evolving along their own path are misleading.

In 'Continuity and Change in Paths to High Political Office', Chikako Usui and Richard Colignon examine another aspect of continuity and change in Japan over the past half-century. They provide data showing that while the percentage of Japan's national politicians (i.e. prime ministers, cabinet members and ruling party members in the lower house of the Diet) accounted for by former bureaucrats has remained relatively constant, there has been a



dramatic increase in the percentage of hereditary politicians in this group. The result has been a narrowing of the channels to high political office in Japan. In 2003–2004, Prime Minister Koizumi was a hereditary politician, and more than 60 percent of his cabinet members and nearly 60 percent of the ruling party members of the lower house of the Diet were either ex-bureaucrats or hereditary politicians. One wonders what this implies for the future of democratic institutions in Japan.

In 'Markets Nurture Relationships: Changing Relationship Patterns of Japanese General Trading Companies in the Post-Bubble Era', Tom Roehl looks at the Japanese general trading company (GTC). At one time, this organizational form was seen as the secret of Japan's export successes. Now GTCs are more often seen as declining relics unsuited to the new global economy, and possibly fated to extinction. Based on interviews with trading company managers conducted just after the Japanese economy had adjusted to the first oil shock in the 1970s, and again in the 1990s as Japan was trying to cope with the end of the bubble economy, Roehl concludes that the GTCs have certain advantages which may allow them to take advantage of the new economy. He argues that the interesting question is not whether or not GTCs will survive, but how they are adjusting. An understanding of the patterns of adjustment has much to teach economists, political scientists and scholars of organization theory and management strategy.

In 'Cooperating to Compete: Determinants of a Sanctuary Strategy among Japanese firms', Ulrike Schaede is concerned with how firms manage to cooperate in their home markets to maintain profit levels, while competing vigorously in foreign markets. She explores this 'sanctuary strategy' by drawing on an original data set of Japanese trade associations. She looks at such variables as industry and product characteristics and trade association internal structures to identify some determinants of stable cooperation in domestic markets. She finds that product homogeneity and rapid technological change contribute to cooperation and self-regulation, as does the organizational 'tightness' of the trade association (i.e. having a higher ratio of directors to members). Again, her concern is not just with understanding Japan, but with using data from Japan to contribute to economic and political theory.

In 'Changing Paradigms for Japanese Technology Policy: SMEs, Universities, and Biotechnology', Leonard Lynn and Reiko Kishida note that 20 years ago it was widely believed that Japan would soon dominate the world biotechnology industry, mirroring its earlier successes in such industries as semiconductors. By the 1990s, however, it appeared that the Japanese system, based on large companies and government coordination, was unsuccessful. Japanese decision makers have sought to create a new system more similar to that in the US — incorporating university research and venture capital start-ups. While a few indicators suggest progress has been made, Lynn and Kishida



conclude that it is not clear if Japan should be trying to create comparative advantage in this technology, rather than emphasizing technologies where it already has comparative advantage.

Many thanks to Professor Harukiyo Hasegawa for his help and support on this special issue and to our Guest Editorial Board for their timely and conscientious work.

Leonard H. Lynn

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