



Editorial

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This is the second ABM special issue 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 or more rounds of revision.

Eleanor Westney's article, 'The "Lost Decade" and Japanese Business Studies' is based on a keynote address she gave at the 2005 meeting of the Association. What was 'lost' in Japan's lost decade, of course, was economic growth. As Professor Westney points out, however, many scholars interested in the contemporary Japanese business system experienced a sense that they too had lost a decade. Our sense that we had understood Japan was challenged, and in any case, the policy and business communities no longer had much interest in Japan. While the prospects for the Japanese economy remain unclear, Westney suggests that the prospects for new studies of Japanese business could be very promising. She shows how theories of institutional and organizational evolution might guide a rich research agenda. In the past, Japan's singularity as a successful non-Western industrial power inspired a number of classic studies that enriched theory. Now, Westney says, Japan presents a rich array of opportunities for learning about how institutions and organizations evolve.

Westney gives a number of examples of empirical work on Japan that might be done in the context of evolutionary theory. One hopes that bright young scholars of Japanese business will quickly take inspiration from these. The other articles in this special issue represent groundbreaking work on different fronts, ranging from the empirical/descriptive to mainstream theory testing. Three take up aspects of the Japanese service sector, the other two the globalization of Japanese R&D; all contribute to broader theory.

Rapp and Islam analyze the evolving roles of Japanese convenience stores as providers of services traditionally associated with retail banks. They note that convenience stores like Seven-Eleven, Lawson and FamilyMart have become neighborhood nerve centers. As Westney points out in her article, many see institutional rigidity as helping to explain Japan's lost decade. Rapp and Islam, however, describe a sector where there has been substantial dynamism. The convenience stores are shown to have been highly effective in taking advantage of recent financial reforms, the weakening of the Japanese banking system, the emergence of new information technologies and an ability to create new alliances to form new business models.



Ito and Rose are concerned with how corporate families are formed in Japan. They look specifically at what types of parent firms in the service sector are most likely to create subsidiaries. As they note, the subsidiaries often generate their own subsidiaries, which in turn create even more subsidiaries to form the large networks characteristic of Japanese business. In their study, Ito and Rose not only increase our understanding of corporate families in Japan, but also complement work on the resource-based view of the firm by calling attention to the need to go beyond a strict focus on single firms to look at the cross-generational use of resources.

Mitsubishi and Yamaga compare independent and chain-affiliated hotels in the Tokyo area. They are interested in what accounts for the competitive advantage of companies that have multiple units in multiple markets. One perspective in the strategic management literature emphasizes competitive rivalries and market structures in analyzing multiunit-multimarket organizations. Another emphasizes patterns of organizational learning. Mitsubishi and Yamaga's findings show how both perspectives add to our understanding of hotel pricing and competitive advantage in the Japanese hotel industry. Their work has theoretical implications for the field of strategic management, and practical implications for major international hotel chains (and other organizations with similar characteristics) that may be entering new markets.

Cantwell and Zhang look at patent data to analyze the international technology sourcing of the largest Japanese-owned firms. They find that Japan has a very low level of R&D internationalization compared to other technologically advanced countries (just over 1% in the early 1990s vs more than 8% for the US over the same years, and much higher percentages in Germany, France and the UK). Cantwell and Zhang conclude that close *keiretsu* ties have begun to inhibit the efforts of Japanese firms to tap into international centers of technology excellence, and that Japanese firms will have to learn to better coordinate a wider system of transnational R&D networks.

Hayashi and Serapio undertake a study of the internationalization of the R&D activities of Japanese, Korean, European and US multinationals in the electronics industry. Past studies have tended to emphasize input factors, such as spending, to measure trends in the internationalization of R&D. Hayashi and Serapio examine output measures. They look at the number of scientific publications and (like Cantwell and Zhang) the number of US patents. Their analysis finds a steady internationalization of R&D activities by Japanese and other multinationals, and also shows a steady expansion in cross-border linkages in R&D in MNCs. Japanese multinationals are internationalizing their R&D, even if to a much smaller degree than multinationals from other technologically advanced economies.



Professor Mitsuru Wakabayashi, a product of the Keio-Illinois exchange program, and a major figure in the development of Asian business studies, passed away on January 10, 2006. Professor Wakabayashi was instrumental in the founding of the Association of Japanese Business Studies. A member of the AJBS executive board over most of the organization's history, he hosted its Annual Meetings in Nagoya in 1996, and served as its president from 2000 to 2002. At Nagoya University, Professor Wakabayashi mentored a large number of promising young scholars from around Asia and elsewhere, contributing greatly to the globalization of Asian business studies. He was a man of unusual sincerity, intelligence and commitment. We will sorely miss him.

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