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ABSTRACT

Although Japanese management's transformative impact on American managerial practice has long been recognized, its contribution to management theory in a range of fields has been less widely acknowledged. This article looks back on the influence of Japanese management on concepts, frameworks, and theories in four management fields: organization behaviour/ organization studies, production and operations management, strategy, and international business. The review reveals three ways in which Japanese management had a significant influence on the development of management theory: legitimating and enriching one position in a contested management field; inspiring novel management concepts and frameworks; and providing rich data for testing and refining hypotheses based on established theory.

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When the editors of this special issue on Japanese business invited me to contribute an essay on Japanese management research, I could not resist the opportunity to reflect back on Japan's contributions to management theory over the past decades. Focusing on the past in a special issue devoted to asking what is new about Japanese business may seem simply the self-indulgence of someone who has spent too many decades studying Japan and Japanese organizations. However, although Japanese management's transformative impact on American managerial practice has been recognized, as Mike Kotabe's essay in this volume shows, its contribution to management theory in a range of fields has been less widely acknowledged.

Reflecting on how efforts to understand Japanese business played a role in developing management theory not only reminds us of the significance of that role but also provides some insight into the production of management knowledge, especially how studies in and about a particular context – in this case, Japanese business – contribute to the theoretical concepts and frameworks that influence both subsequent research and managerial practice. The goal of this paper is to reexamine that contribution – what we saw at the time, what we missed, which concepts and frameworks had the most impact and how they were generated – and to suggest what we might learn from this about the process of generating management knowledge and, finally, to look forward instead of backward, what this implies about the role that Japanese business research might play in the future.

I focus on four management fields: organization behaviour/organization studies, production and operations management, strategy, and international business. This overview is admittedly very superficial and selective, and fails to include many research contributions that have been extremely important to our understanding of Japan or to debates over theoretical models in these fields of management. I apologize to those readers whose own work or whose favourites have been overlooked, and can only plead that I have also reluctantly omitted some of my own favourites (such as Edman 2016), often because their recency means that their impact is potential rather than established. I have also included some works that many of us feel were based on a very imperfect knowledge of Japanese business. My excuse is that I have focused on the overall impact of Japan and on those contributions that had a major impact on the development of the four business fields in general, rather than on our understanding of the empirical phenomena, in order to understand where and how Japan has influenced the development of management theory. It is also important to note at the outset that the work that does feature in this essay built on the foundations laid by many other researchers focused on understanding the complex phenomena of Japanese business, although all too often the empirical foundations laid by others went unacknowledged in the development of theory.

Business Schools and the Japan Management Boom

Business school academics in the United States, long the primary centre of production for management research and theory (Kipping et al., 2009), were slower than American managers to become interested in Japan, but their interest was longer-lived. As Mike Kotabe points out in his essay in this volume, managerial interest in Japanese management in the United States was at its peak in the 1980s and early 1990s, and fell off sharply as the Japanese recession stretched into the mid-1990s with little sign of recovery. Academic interest was longer-lived (Endo, Delbridge, and Morris, 2014), and some of the most influential academic work was produced after the "boom years" of interest in Japanese management ended. Interest in Japanese management among American managers began to grow in the 1970s, when Japanese companies were challenging American firms in industries where American leadership had long been taken for granted – steel, consumer electronics, and autos. This challenge occurred when American business was reeling from major changes in the business environment: two energy crises, a dramatic slowdown in U.S. economic and productivity growth, "stagflation", and widespread questioning of political and, increasingly, managerial authority (Hayes and Abernathy, 1980).

As Ezra Vogel (1987: 37-41) has pointed out, American interest in Japanese management was driven not by academics, but by managers. Business school academics were somewhat slow to respond to practitioners' interest in what they could learn from Japan, perhaps because the 1970s were a time of transformation for business schools as well as for American business (Khurana, 2007: 297-316). Not only were they were expanding rapidly in the 1970s and 1980s, but they had also begun to move towards a social science-based model of specialized research. In the process, they recruited a number of social scientists from disciplinary departments. Moreover, the boundaries of many business academic fields were undergoing significant changes. This was especially the case for organization behaviour (which was expanding its territory by recruiting sociologists as well as psychologists and moving towards redefining the field as organization studies) and what had been called "business policy" (long the generalist "capstone" area that had integrated across management subfields but becoming by the early 1980s the more narrowly specialized field of strategy). International business was a field that was just beginning to find a niche in business schools in the 1960s and 1970s. Production and operations management was a field grounded in industrial engineering. There was considerable variation across schools in the status of the department, what the field covered, the extent of its link to practice, and even in what it was called. For example, Harvard Business School had a Production and Operations Management group (renamed the Technology and Operations Management group in the late 1980s), whereas MIT Sloan School had an Operations Management group and an Operations research group (the latter focused on mathematical modeling).

Initially, the turn to discipline-based research may have caused business school faculty to regard the wave of practitioner interest in learning from Japanese management as a passing fad. Those of us who were teaching at the time, either as business school faculty or as Japan specialists in social science departments, remember the almost incredible surge of demand for information on Japanese management in 1980 triggered by a prime-time network television special entitled "If Japan can, why can't we?" broadcast on NBC on June 25, 1980.[1] Three of the four parts of the programme focused on productivity: how the Japanese productivity had risen dramatically, thanks to postwar investment in new plants, favourable government policies, and management systems that engaged worker participation. The fourth and last segment, the part of the programme that attracted the most intense interest, focused on the Japanese quality challenge. It featured W. Edwards Deming, the elderly quality expert whom the programme identified as the man who had taught quality control to the Japanese as someone whose expertise was honoured in Japan but ignored in his own country. Reproduced in videocassette form and

[1] This programme can be viewed on YouTube: https://www.youtube.com/watch?v=vcG_Pmt_Ny4. I owed my move from a Sociology Department into a business school to this programme. My Ph.D. is in Sociology, with a specialization on organizations and social change in Japan, and in 1980 I was teaching in the Yale Sociology department. The programme created so much interest in Japan that I was asked to teach a course in the Yale School of Management, and this meant that when MIT Sloan School of Management was searching in 1982 for a social scientist who was a Japan specialist and could teach in a business school, my name showed up on a very short list, and I spent the next 25 years teaching at MIT.

distributed to companies, consulting firms, and business school classrooms, it circulated widely and stoked the demand from managers and from students that business schools start telling them what they could learn from Japanese management. It also led to a highly lucrative second career for the 80-year-old Deming, who was not modest about his contributions to Japanese industry (Tsutsui, 1996).

When practitioner interest in Japanese management soared in the early 1980s, some Japan specialists were recruited into business schools, often, like Robert Cole in the Sociology Department at Michigan or James Lincoln at Arizona, in their own universities, and others across institutions, such as the business historian Mark Fruin, recruited by INSEAD. In the early 1980s, much of their effort was directed to demonstrating that Japanese management was much more complex and difficult to emulate than American managers – and many of their business school colleagues – assumed (e.g. Cole, 1980). The recognition that there was an opportunity to use Japanese management as a way to develop theory as well as practice was slow to develop, but during the 1980s it began to draw growing attention in the rapidly changing fields of organization studies, strategy, operations and supply chain management, and international business.

Japanese Management and Organization Behaviour/Organization Studies

It should not be surprising that the earliest significant impact of Japanese management on Western management theory should be in the area of Organization Behaviour, for two reasons. One was that the early focus of American interest, beginning in the 1970s, was on Japanese productivity growth and its relation to the management of employees. The other reason was the legacy of a substantial body of social science research on Japanese organizations. As the first non-Western society to join the ranks of the highly industrialized nations, Japan had been recognized as a critically important case in the study of economic development and social change, which across the social sciences was dominated from the late 1950s to the early 1970s by modernization theory. Modernization theory saw societies as converging toward a common model of the "modern" epitomized by the most industrialized society, the United States, and the factory was portrayed as "a school in modernity" (Inkeles and Smith, 1974) – an organizational form that brought particular ways of managing and organizing, transforming values and behaviours of employees and managers.

Japanese organizations became a critical case challenging the model of modernization as leading to homogeneous outcomes. James Abegglen's widely cited 1958 study, *The Japanese Factory*, demonstrated that many of the management patterns and the employment system prevailing even in the largest and most "modern" Japanese factories differed significantly from the dominant Western (particularly American) models, and showed no signs of giving way to those models. A decade and a half later, Ronald Dore's *British Factory Japanese Factory* showed that not only had Japanese factories in a modern industry (electronics) retained their distinctive organizational patterns but that in many ways they were more productive than their British counterparts (Dore, 1973). The years that separated these two landmark studies saw a significant body of fieldwork-based research on the employment system and workplace behaviours by Japan specialists in an array of disciplines, including sociology (e.g. Cole, 1971; Dore, 1973; Vogel, 1976), anthropology (Bennett and Iwao, 1963; Clark, 1979; Rohlen, 1974), labour economics (e.g. Levine, 1958; Taira, 1970), and labour relations (Whitehill and Takezawa, 1968). Much of this work analyzed the complex factors underlying the evolution of Japan's distinctive employment system, challenging Abegglen's initial assumption that these were survivals of longstanding traditions and culture and asserting instead that postwar social and political conditions played a formative role. None of this work, with the exception of Dore's *British Factory Japanese Factory* in 1973, suggested that Japanese patterns were relevant for Western managerial practice (and even Dore addressed British managers, not Americans).

The most widely-known contribution of Japan-related work to management theory in the earliest days of the "Japan boom" era, however, came from a scholar who, although a third-generation Japanese-American, did not speak Japanese, had never formally studied Japan, and was not associated with the network of American Japan specialists. William Ouchi wrote his dissertation at the University of Chicago on organizational control in the American retail sector, and had a joint appointment with the Department of Sociology when he joined the Stanford Business School. He was drawn into the study of Japanese management by a Stanford colleague, Richard T. Johnson (who later, in the mid-1970s, changed his name to Pascale[2], by which he is known as the lead author of *The Art of Japanese Management*). Johnson/Pascale was leading a study of how Japanese companies with operations in the U.S. managed their local employees, funded by the American National Commission on Productivity. The first results were published in a practitioner-oriented article in the *Harvard Business Review* (Johnson and Ouchi, 1974), which suggested that American managers could learn from how Japanese subsidiaries managed their people, especially by involving employees in communication and decision-making and in imbuing them with a sense of shared identity. The

[2] When his father died in the mid-1970s, Johnson/Pascale learned that the family name was originally Pascale, and that Johnson was the name adopted when the family moved to the U.S. He decided to return to the original name. One consequence is that the origins of *The Art of Japanese Management* (Pascale and Athos, 1981) in the study with Ouchi were only recognized when Pascale erupted in fury over what he saw as Ouchi's misrepresentation in *Theory Z* of the significance of Ouchi's role in that study, and demanded a reprinting of a revised first section of the book. Pascale also pointed out that Ouchi's only visit to Japan before the publication of *Theory Z* was in 1974, for the joint project.

two authors continued to conduct academic research comparing Japanese and American management over the ensuing years, but they did so separately. They parted ways after this article, somewhat acrimoniously – indeed, when each published, virtually simultaneously, practitioner-oriented best-sellers on Japanese management in 1981, the quarrel became public, to the extent that it was the subject of a *Fortune* article, with both authors traveling (separately) to the *Fortune* offices in New York to tell their side of the story (Bowen, 1981).

The two best-sellers, *Theory Z* (Ouchi, 1981) and *The Art of Japanese Management* (Pascale and Athos, 1981) had an impact beyond the practitioner audience. Both were significant contributions to the broader impact of Japanese business on the organization behaviour field noted by Barley and Kunda (1992) in their survey of American management theory. The extensive discussions of Japanese organizational culture as a key element of their competitive success in these works (and more broadly in the early Japanese management literature) led to a move away from the "rational systems approach" that had dominated the field since the late 1950s towards a cultural/normative approach that still prevailed into the early 1990s and transformed research and teaching in the Organization Studies field (Barley and Kunda, 1992: : 381-2). Ouchi's academic research, pursued in several academic papers in the late 1970s and early 1980s, led to his widely-cited article titled "Markets, Bureaucracies, and Clans", which added the socially and culturally controlled "clan" to Williamson's transaction cost model of markets and hierarchies (Ouchi, 1980). The importance of this Japan-inspired work to organization theory was the focus of a retrospective tribute to Ouchi more than two decades later by Jay Barney (2004) and Richard Daft (2004).

The 1990s saw a wave of field research on the Japanese manufacturing subsidiaries in North America that contributed significantly to – and arguably stimulated – the growing theoretical interest in the movement of organizational practices from one societal context to another. The surprising success of the Japanese motor vehicle manufacturers in bringing their production systems to North America – a success symbolized by the term "transplants" – attracted the attention of researchers from a range of disciplines. Japanese companies were themselves interested in questions of how well their practices transferred and what factors facilitated or hindered that transfer, and many of the transplants opened their doors to researchers, enabling them to engage in extensive fieldwork and data-collection. Researchers from organization studies, international business, and production management and researchers from both sides of the Pacific were involved in generating a large body of empirical research and theory-building: see for example the work on "hybridization" (Abo, 1994; Adler, 1999) and on how Japanese MNCs reshaped the North American business environment to support the transfer of their production practices (Kenney and Florida, 1993; Liker et al, 1999).

A related but distinct contribution to organization theory in the 1990s derived from the studies of how American managers tried to learn from Japanese management, most notably by Robert Cole (Cole, 1999; Cole and Scott, 2000). Cole, whose field research produced the earliest detailed English-language account of how Toyota's Quality Circles operated in practice (Cole, 1979), belonged to the small group of discipline-trained scholars of Japan (sociology in his case) recruited into a business school. As a faculty member at the University of Michigan business school and then at Berkeley's Haas School of Business, Cole's first-hand knowledge of Japanese practices drew him into close interactions with American companies trying to learn from Japanese quality systems. His 1999 book on the American quality movement leveraged this experience to produce a multi-level empirical analysis that analyzed the development over time of the institutional and ideological infrastructure for learning about quality in U.S. industry, particularly electronics, and was seen as a notable contribution to organizational theory. The work on the Japanese transplants and on managerial learning from Japan did not have the transformative impact on the field of the 1980s work on organizational culture, but it both stimulated and was part of the growing body of work on cross-border flows of management practices and knowledge that has become an important subfield in organization studies in the 21st century.

A further major theoretical contribution in the field of organization studies, one initiated by a Japanese scholar, is Nonaka's original and substantive work on knowledge creation. Nonaka began to construct his theory beginning in the late 1980s from the insight that Western organization theory had focused on organizations as social systems for *processing* information but had remarkably little to say about how they *created* information (Nonaka, 1988, 1994; Nonaka and Takeuchi, 1995). Two of his best-known contributions are the SECI model of knowledge creation (identifying four modes of knowledge creation) and his concept of the *ba*, the shared context in which knowledge is created (Nonaka and Konno, 1998). His work on organizational knowledge creation is deeply grounded in organization theory and has been widely recognized as a major contribution to the field. It is also relevant for the fields of strategy and technology and innovation management. His role in generating management knowledge was acknowledged by his inclusion on *The Economist*'s list of management gurus; he is the only Japanese academic among the 56 gurus (Hindle 2008).

Production and Operations Management

As Mike Kotabe's essay demonstrates, Japan's competitive challenge transformed American manufacturing practice, bringing concepts such as Just-In-Time (JIT) production, Total Quality Management (TQM), *kaizen*/continuous improvement, and lean production, all based on Japanese practice, into accepted usage among American managers. It also had a transformative impact on research in the field of production and operations management (POM), dramatically raising the field's profile within business schools and broadening its perspective beyond its traditional grounding in industrial engineering and its focus on static optimization on the factory floor (Lenfle and Baldwin, 2007). What follows is an overview of this transformation that is very superficial, due to the limitations of space and of my own expertise, but no account of the impact of Japan on management theory can ignore it. It also focuses on operations rather than supply chain management , which is covered in Mike Kotabe's essay.

One problem for the field was that the surge of practitioner demand for insight into Japanese manufacturing systems drew some of the very small number of academic researchers who had studied Japanese production systems away from research into full-time consultancy. For example, the first research-based analysis of the Just-In-Time production system was published by Richard Schonberger (1982). Schonberger was a junior faculty member at the University of Nebraska who closely studied the nearby Kawasaki motorcycle plant in Lincoln from its opening in 1974. Soon after the 1982 publication of his book, he left academia to open his own consultancy (which still operates today).

Many academic production management researchers without such first-hand knowledge of Japanese factory management at first reacted skeptically to the popular media assertions that the Japanese had something to teach Americans. Steven Wheelwright, for example, a Harvard Business School (HBS) professor of production and operation management, published an *HBR* article in 1981 asserting that there was 'no inscrutable gimmickry' but 'just good management' in Japanese factories and that they were simply more disciplined and consistent in applying good production management (as taught at HBS) than Americans (Wheelwright, 1981). However, the critical reaction to this position (evident in the letters to the editor responding to the article) evidently persuaded Wheelwright and his colleagues that they did indeed have something to learn from Japan, and HBS became one of two major centres of POM research whose work had a major theoretical as well as managerial impact. The other was MIT and its International Motor Vehicle Research Project.

Research on Japanese production systems at HBS centred on the POM group, and the strongest impact was broadening the group's focus to include product development. This change, initiated by Kim Clark, coincided with two Japan-related factors. One was a presentation by Imai, Nonaka, and Takeuchi conference on Japanese product development at a 1984 HBS organized by Clark (Lenfle and Baldwin, 2007), a contribution included in the conference volume published the following year (Imai et al, 1985). The second was the arrival at HBS in the early 1980s of Takahiro Fujimoto as a doctoral student and research associate working with Clark on a major comparative research project on product development in the auto industry that resulted in the influential book *Product Development Performance* (1991). This introduced the concept of the *shusa* (heavy-weight project manager) and contributed to broadening the field's focus to include integration between manufacturing and product development and the key role of organizational and leadership factors. It also initiated what became a much broader and extremely influential stream of research into product architecture. Fujimoto returned to Japan to a position at the University of Tokyo, becoming a leader in the development of POM as a field of research in Japan, and his subsequent research on Toyota (Fujimoto, 1999) and his work on Japan's competitive advantage in industries like motor vehicles with integral architecture and closed systems (Fujimoto 2007) have had a significant impact on the POM field as a whole.

The research by Clark and Fujimoto on product development in the automobile industry was integrated with and partly supported by the large-scale research project on motor vehicles centred at MIT, the International Motor Vehicle Project (IMVP). Initiated in 1984 and extending over 5 years, with funding from 36 sponsoring organizations (including all the major auto companies who also provided research access to their factories, various industry associations, and government organizations), the project involved 55 researchers from management and from engineering, not only MIT graduate students and faculty and researchers but also faculty at a number of universities in North America, Europe, and Japan. Several future leaders of Japanese POM research were involved in this project, Toshihiro Nishiguchi and Kentaro Nobeoka as well as Fujimoto. The core of the project involved visiting and benchmarking 70 vehicle assembly plants in Europe, North America and Japan, identified in reports and publications only by the region in which the plant was located and that in which the company headquarters was located (i.e. Japanese-owned plants in Japan and the US, American-owned plants in the US and Europe, European-owned plants in the US and Europe). It produced 116 MIT research working papers, numerous journal articles, and the enormously influential book, *The Machine that Changed the World* (Womack, Jones, and Roos, 1990), which popularized the term "lean production" as a neutral re-branding of the Toyota Production System on which the concept was based. "Lean production" has become a central concept in the POM field to this day[3].

Business Policy/Strategy

[3] The term 'lean production' was coined by John Krafcik, an IMVP research associate who came to MIT Sloan School as a graduate student after working at NUMMI (Krafcik, 1988). Krafcik went on to a position in Ford, then become CEO of Hyundai's American manufacturing unit, and in mid-2017 become the CEO of Google's new enterprise to manufacture a self-driving car.

Japan's influence on the field of strategy is less widely recognized than its impact on organization studies and on POM – perhaps because strategy is a field in which the building of abstract models, removed from the context in which they were generated, is much more pronounced (Czarniawska and Joerges, 1996; Sahlin-Anderssen and Engwall, 2002). Although rarely associated with Japan, the 7S framework, global strategy, strategic intent, and core competence are all concepts developed from the study of Japanese firms.

The McKinsey 7S framework for strategy first appeared in print in *The Art of Japanese Management* (Pascale and Athos, 1981), a work more often grouped with *Theory Z* as a key contribution to the "cultural turn" in organization behaviour discussed in the previous section. However, after the publication of the 1974 *HBR* article with Ouchi, Johnson/Pascale worked closely with McKinsey during the late 1970s and, with Anthony Athos, was involved in discussions with Tom Peters and Bob Waterman that produced the 7S framework and led to the best-selling book *In Search of Excellence* (Peters and Waterman, 1982). For those too young to remember this widely-used framework, "7S" stood for the three "hard" elements of strategy, structure, and systems, the three "soft" elements (style, staff, and skills), and the "glue that holds the other six together" (Pascale and Athos, 1981: 178), which Pascale and Athos called "superordinate goals" and Peters and Waterman renamed "shared values". Pascale and Athos portrayed American companies as generally good at the "hard" S's and the Japanese at the "soft" S's (including superordinate goals), but asserted, as did Peters and Waterman, that excellent American companies excelled, like the Japanese, at both. This framework was a remarkably durable one in the strategy field, and can be regarded both as the culmination of the Business Policy view of strategy as the integrating "capstone" of management education and research and as a bridge to the later-developing capabilities models of strategy. Indeed, the work of Kagono, Nonaka, Sakakibara, and Okumura (1985) and Itami and Roehl (1987) anticipated to a considerable degree the capabilities perspectives, though that is rarely acknowledged in the strategy literature.

Japanese firms were the stimulus for the literature on global strategy in the 1980s, both the practitioner-oriented work that appeared in the early 1980s (e.g. Hout, Porter, and Rudden, 1982; Hamel and Prahalad, 1985) and the academic literature that followed. Not surprisingly, Michael Porter played a leading role in both, editing an influential volume on competition in global industries (Porter, 1986) and producing his own framework for analyzing global vs. multidomestic industries. Porter's focus on the industry level of analysis was challenged by scholars associated with the process school of strategy and with strong connections to International Business (see Ghoshal, 1987), but Japanese firms were seen as exemplars of global strategy in both perspectives. Less obviously, Japanese competition was clearly a factor in Porter's influential ten-country study of the competitive advantage of nations (Porter, 1990): he became engaged in understanding the country level of analysis when he was appointed to the President's Commission on Industrial Competitiveness in 1984, an effort to identify ways in which public policy and American companies could respond to Japanese competition. In the mid-1990s, however, Porter embarked on a project with two Japanese colleagues, Hiro Takeuchi and Mariko Sakakibara, on why Japanese competitiveness had faltered (Porter, Takeuchi, and Sakakibara, 2000), and leveraged this to reassert and refine his view of "strategy as positioning" in a highly influential HBR article (Porter, 1996).

Japan's role in the development of the concepts of "strategic intent" (Hamel and Prahalad, 1989) and "core competence" (Hamel and Prahalad, 1990) is rarely noted, though it is evident to anyone reading the articles. The "exemplar" companies are virtually all Japanese, and the articles present the frameworks the authors developed to explain what the strategy field had missed in trying to account for Japanese competitive success (their 1991 article on expeditionary marketing completed a trio of papers inspired by Japanese companies). As an interesting aside, I once asked C.K. if he realized that 9 of the 12 company examples used in the "core competence" article were Japanese. He replied that in the original paper all the examples were Japanese, and the *HBR* editors insisted that he and Gary add some Western exemplars (they came up with 3). The article on core competence was the most-requested *HBR* reprint of the 1990s, and marked the beginning of the outsourcing movement that transformed American business in the 1990s, discussed by Mike Kotabe in his essay.

International Business (IB)

The early 1970s' surge in international expansion by Japanese companies coincided with IB's emergence as a field for academic research in the early 1970s, marked by the IB professional association changing its name from the Association for Education in International Business (AEIB) to the Academy of International Business (AIB) in 1973. The first books on Japanese multinational companies (MNCs) were published in 1976 (Tsurumi, 1976; Yoshino, 1976), both grounded in the work of the Harvard Multinational Enterprise Project led by Ray Vernon. They assumed that, because Japanese firms had only recently begun their internationalization, they were less "mature" than Western MNCs and destined to become more like them over time. These books set off a decades-long debate within IB about whether Japanese MNCs differed from Western MNCs because of life cycle effects (Japanese MNCs were being observed at an earlier stage of internationalization than their Western counterparts) or because of country effects, and if the latter, whether the country effects were attributable to

Japanese culture, Japanese management culture more specifically, or some other factors. From Stopford and Wells (1972) through Bartlett and Ghoshal (1989), however, most studies of MNC management assumed that, whatever the home country-induced differences in MNCs in the early years of their expansion abroad, all MNCs were converging on a single “geocentric” or “transnational” path.

Ozawa was the first to challenge explicitly the life cycle/convergence assumption, asserting that “Japanese multinationalism is definitely taking a unique evolutionary path” (Ozawa, 1979: 231). Looking back, we can regret the failure of IB researchers to engage more actively with this perspective and to recognize, as Porter did in the Strategy field, that the Japanese were indeed on a different evolutionary path, and that they had a different model of the MNC that might be better-adapted to the demands of contemporary global business environments than that of established Western MNCs. The IB field failed to recognize even retrospectively that the Japanese “failure” to build strong, capable country subsidiaries was due less to a lack of international experience (Bartlett and Ghoshal, 1989: 158-161) than to a recognition of the strong coordination needed for late 20th century MNCs.

In fact, the structure of Japanese manufacturing MNCs in the 1980s looked remarkably like the structures not adopted by Western MNCs like IBM until the middle and late 1990s, when they “declared war on the geographic fiefdoms” (Gerstner, 2002: 86) and dismantled their country subsidiaries by dividing them into “discrete value-adding activities (a sales operation, a manufacturing plant, an R&D centre), each of which reports through its own business unit or functional line” (Birkinshaw, 2002: 381). The Japanese MNCs had developed by the 1980s the model that only received a name in the Western organization design literature in the late 1990s, when it was adopted by American IT companies: the “front/back” structure (Galbraith, 2000).

This design combined elements of the functional and the business unit structures, with a customer-facing, market-oriented "front end" and a product development and production focused "back end" that also coordinated the complex network of suppliers. Japanese MNCs, which located product development centres in factories and, as noted by Yoshihara as early as 1979, often used their domestic marketing divisions to coordinate their overseas marketing and sales activities, developed this structure a decade before their American counterparts. The Japanese MNC was recognized as not quite fitting into established models of organization design, but was widely regarded as "immature" in the 1980s and even in early 1990s, an era in which the transnational model of a network of capable country subsidiaries was seen as the ideal towards which all MNCs were moving. It was the Japanese rather than the transnational model that proved to exemplify the future design of Western MNCs. This missed opportunity to develop a new conceptual model of MNC organization design reminds us of the dangers of trying to fit Japan into established theory, rather than recognizing the potential value of deeper inquiry into apparent anomalies.

Japan had its most sustained impact on the development of IB theory in the research on joint ventures and alliances, centred at Canada's Ivey Business School. When Shige Makino joined Canada's Ivey School of Business as doctoral student in the early 1990s, he introduced one of the established IB researchers at Ivey, Paul Beamish, to the *Tōyō Keizai* annual data base of the overseas affiliates of Japanese multinational enterprises.[4] Paul began a major research initiative using these data to construct a longitudinal data-set (eventually extending from 1986 to 2017) to develop and test hypotheses and build models about longstanding foci of IB theory: mode of entry, performance, and environments (Sartor, 2013). Research using these data has

[4] Shige Makino pointed out to me that his was not the first publication to use these data: Hennart (1991) was the first and only researcher to use these data before the development of the data-base at Ivey.

extended over two decades, producing (as of February 2019) 138 refereed journal articles, 6 books, and 18 book chapters, and continues in a geographically dispersed research network to this day. This extensive and influential body of work has shaped the IB research literature on international joint ventures and alliances. What may be remarkable is the fact that the data are about Japanese MNCs is not a matter of controversy or discussion, but is seen as just as acceptable as using a data base on American firms.

Implications for Developing Management Theory

The major contributions of Japan to management theory can be seen in terms of three modes: legitimating and enriching a certain position in a contested management field; inspiring novel management concepts and frameworks; and providing rich data for what Thomas Kuhn called the "normal science" activity of testing and refining hypotheses based on established theory.

The legitimating role of Japanese management in the practitioner literature is widely recognized and sometimes mocked (in the 1980s, it was said, all one needed to do to get managers' attention to a new idea was to assert that "the Japanese do this"). It is evident in titles such as "Japan – where operations really are strategic" (Wheelwright, 1981) or "What Japan learned from the US – that we forgot to remember" (Nadler, 1984). Legitimation also played an important role in Japan's contributions to management theory, in terms of legitimating one theoretical position in a contested field. However, Japan not only legitimated but also enriched that position, by reframing the level of analysis or deepening the empirical base for it. This was the case in organization studies in the early 1980s, when Japanese management was invoked by Ouchi and others to support the normative approach to organizational control that had been overshadowed by the rational systems perspective since the mid-1950s. Japanese management did not simply legitimate the normative approach; it also enriched it theoretically, by bringing the organizational level of analysis (in terms of organizational culture) into the previously dominant psychological approach of the human relations school. As the Japanese economy faltered, the power of the Japanese model as a source of legitimation waned significantly, though somewhat more slowly in the academic literature than in the practitioner literature.

The second way in which Japan has contributed to management theory is the most difficult but also the most important: inspiring new concepts and frameworks based on Japanese practices and patterns that did not fit into established management models. Nonaka's framework for knowledge creation in organization studies and Prahalad and Hamel's concepts of strategic intent and core competence in strategy are outstanding examples of this role. These contributions exemplify two very different paths to developing new theory. Nonaka started with a theoretical puzzle: organization theory focused on organizations as information-processing systems but paid little attention to how organizations created information. Prahalad and Hamel started by looking at the phenomenon and asking: what do Japanese companies do differently from Western firms that isn't captured by current frameworks? Both paths involved close observation of management practices and organizational patterns in the Japanese business context, and refining those observations into more general and abstract concepts (Nonaka's four modes of organizational knowledge creation and the concepts of strategic intent and core competence). The Japanese context is the source of these concepts, but the concepts themselves are general, identifying a set of practices and behaviours that may take different specific forms in different contexts but constitute a generalizable category.

Accomplishing this is always difficult – but it may be particularly challenging in the Japanese context. The fact that Japan was the first non-Western society to join the ranks of the highly industrialized nations (and the first from the Confucian instead of the Judeo-Christian tradition) meant that in the formative years of social science and management research on Japan, it exhibited many apparently distinctive features. These were often characterized, by both Western and Japanese scholars, as "uniquely Japanese". Whether Japan was used to challenge established theories (such as modernization theory) or categorized as an outlier not susceptible to general theory, this meant that using Japan to generate theory as opposed to testing its universality was rarely even considered. This "uniqueness trap" may be one reason why IB paid so little attention to Ozawa's challenge to its lifecycle models of MNC management. His insistence that Japan was following "a unique path" anchored in its distinctive domestic political economy defied the generalizability that, for better or worse, is the hallmark of management theory. Ozawa himself, and the IB field, missed an important opportunity to contribute to IB theory by portraying Japanese MNCs as following not a unique but a different path and locating the roots of that path not only in the distinctive domestic environment but also in a very different global business and technological environment. Scholars might even have gone further in trying to theorize the differences in that domestic environment. Probing more deeply into the sources of difference is not only a way to demonstrate the limits of applicability of supposedly general theories developed from Western contexts, but an opportunity to develop better theories that incorporate an understanding of how context matters. One might think that the "uniqueness trap" was left behind decades ago, as the ranks of non-Western industrialized nations have expanded, but Japan's economic slowdown in recent decades has inspired more attempts to identify the distinctive pathologies of the Japanese business system than efforts to build general theories about the causes and challenges of sustained economic recession in a highly industrialized society, theories that would have profound relevance for European countries today, and the U.S. in the future.

The third mode of contributing to theory – as a source of rich data to test and refine hypotheses based on established theories – obviously entails a rejection, either explicit or implicit, of the "uniqueness trap". This avenue can be particularly promising in areas of management scholarship that are relatively novel, either because of the emergence of new theoretical perspectives (such as institutional theory in the late 1990s and early 2000s) or because of the growing salience of an empirical phenomenon (such as alliances in the 1990s). The contribution of IB research based on the *Tōyō Keizai* database to IB is the major example of this, but there are undoubtedly other possibilities, given that Japan's government and its business media have been avid data-collectors for many decades.

One of the ongoing challenges of research on Japanese business in fields long dominated by research centred in U.S. institutions is to balance the importance of the Japanese specific context with the pervasive demand to develop general theory. In developing new theories and concepts based on the Japanese experience, this entails moving beyond the identification of difference to theorizing about the causes of those differences. In using Japanese data to test and refine established theories, it entails keeping an eye out for anomalies that are not captured by the established theories and using those observations to further enrich (or perhaps even challenge) the theory.

Japan emerged as an important arena for management theory at a time of significant change both in the global economy and in the organization and orientation of business schools. We may be entering another period of transformation at both levels, and this may well open up new opportunities to leverage the Japanese context to expand our understanding of the complex business phenomena that shape our world.

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