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George M. Poluse  
Kent State University, [gpoluse@kent.edu](mailto:gpoluse@kent.edu)

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**Fitzgerald, R., & Rowley, C. (Eds.). *The Evolution of Multinationals from Japan and the Asia Pacific: Comparing International Business Japan, Korean, China, India*. London: Routledge Taylor & Francis Group, 2017.**

*The Evolution of Multinationals of Japan and the Asia Pacific (EMJAP)* is a brief edited volume that includes six co-authored chapters by nine different scholars. *EMJAP* is a collection of six journal articles originally published in the *Asia Pacific Business Review* in October of 2016. Each chapter focuses on Japanese multinational corporations (JMNCs) and their investment patterns and strategies connecting foreign direct investment (FDI) theory to business practices. Several chapters draw comparisons of JMNCs to firms from other East Asia countries such as China and South Korea. Editors Robert Fitzgerald and Chris Rowley co-author the introductory and concluding chapters, arguing that trends in international business and investment in the region are evolving. They believe that by examining the history of JMNCs, one can gain greater predictive power to the direction of internationalization of MNCs in the region. They argue that Japan, as the regional first-mover, established several early precedents and that within the last 20 years, other countries in the region have also expanded their overseas investments. Despite the lack of recent research of JMNCs, attributable to the economic decline of Japan, the book draws several parallels JMNCs have with other MNCs in the region. The authors argue that studying JMNCs is relevant to current trends with FDI, and while the introductory chapter is not very convincing that studying JMNCs will lead to breakthroughs in FDI theory, the subsequent chapters provide adequate support for the book's central argument.

The first study, by Robert Fitzgerald and Huaichuan Rui, primarily examines the rise of JMNCs and compares them to current Chinese multinational corporations (CMNCs). This chapter is a primer for readers that are unfamiliar with East Asian business practices, discussing the rise of JMNCs in the 1980s because of their lean production methods, product quality, and stagnation from competitive international rivals. This chapter is mostly a literature review, but it does provide a comparative historical analysis of prominent Japanese and Chinese MNCs that mostly draws from secondary sources. The study also includes data from 300 interviews taken from 50 different Chinese and Japanese firms. The authors argue that the initial success of JMNCs was the development of innovative products that sold well abroad, but due to the conservative and incremental nature of JMNCs, many JMNCs failed to adapt their management practices to fully integrate with their overseas subsidiaries after the subsidiaries invested. The authors argue that the decline of JMNCs is partially attributable to the strong centralized nature of the firms. JMNCs used expatriate managers to oversee their subsidiaries, which may have alienated their foreign employees from fully integrating into their foreign market. This slowed JMNCs adaption to market demands and eventually led to a fall in sales from leading companies.

The authors make a convincing argument regarding the centralized structures hindering JMNCs' flexibility, and when comparing JMNCs to current CMNCs, there is a noticeably similar pattern. The authors also note that CMNCs have problems that JMNCs did not have in that they are more imitative than innovative. CMNCs appear to be more opportunistic than JMNCs in their investment, and while JMNCs had a long-term business strategy, the authors argue that CMNCs appear to operate more myopically with their foreign investment. Both JMNCs and CMNC FDI is influenced by the state, in terms of loans and investment, but CMNCs were not as cautious in investing in higher-risk developing countries as JMNCs were. The interview evidence indicates growing concern from managers of Chinese firms, who frequently express specific concerns over their firms' lack of innovation. The chapter includes some

powerful quotes highlighting concerns from Chinese managers, but the main shortcoming of the chapter is that the interview data is not aggregated into some type of easy-to-read table. If the authors produced a simple graphic depicting common words or phrases of the interviewee regarding investment, it would strengthen the study and provide an opportunity for a short content analysis improving the rigor of the study. The conclusions drawn from the chapter highlight the major similarities and differences of each country's MNCs, noting that strong centralization appears to be a problematic trend for both Chinese and Japanese MNCs since it slows their ability to adapt to new market demands or market competition.

Chapter three of *EMJAP*, by Martin Hemmert and Keith Jackson, is mostly an exploratory study that includes four short cases comparing two Japanese and Korean MNCs (KMNCs) and their initial investment into China. This chapter examines whether investment patterns empirically align with existing Western theory regarding FDI. In terms of the quality of the research question and its relevance to current events, theoretical discussion, and empirical evidence, this chapter is the strongest of the edited volume. Hemmert and Jackson not only outline Western theories of overseas investment, but they highlight the differences of KMNCs and JMNCs to the existing business paradigms. Despite the exploratory nature of the study, the evidence presented by the authors indicates that existing theories do not accurately reflect the actions of Asia Pacific MNCs. KMNCs invest a lot more aggressively and are more flexible than theory would suggest, and political influences of Beijing have a greater effect on FDI decisions than Western models would predict. There is a high degree of variance in internationalization strategies of the East Asian MNCs, and the authors do elaborate further on the policies of each country, but the study could use greater elaboration on changes in specific policies within China in relation to South Korea and Japan. Still, this is the only chapter in *EMJAP* that does not gloss over the politics of foreign investment and how political tensions can influence investment patterns and receptiveness to foreign products.

The fourth chapter is a longitudinal analysis by Pearlean Chadha and Jenny Berrill that focuses exclusively on JMNCs' investment over the last 16 years. This chapter provides strong empirical evidence on the outward investment trajectory of JMNCs and includes the major firms listed on the Nikkei 225 index (a price-weighted index of companies listed on the Tokyo Stock Exchange). Its central question is whether JMNCs are becoming more global, regional, or domestically focused in their investment, and the authors examine sales by region, the locations of subsidiaries, and the percentage of foreign sales of the company's total sales. While the results are unsurprising—JMNCs are investing more overseas—the chapter provides strong evidence, and the authors are thorough in creating a nice typology classifying major JMNCs by their degree of internationalization. Chadha and Berrill provide a model template for future research on the internationalization of a country's MNCs.

The only chapter of *EMJAP* that is out of place thematically is the fifth one, by Sierk A. Horn and Adam R. Cross. They conduct a multivariate data analysis of JMNC investment patterns within India and consider institutional, socio-economic, historical, economic openness, and infrastructure variables that may influence Japanese investment behavior within specific Indian states and territories. Their selection of India over other countries is justified in that India is an attractive hub for FDI and Japanese investment; however, their time-period selection is peculiar, with their data including 518 affiliates with Japanese firms that hold at least a 5% interest over the two time periods of 1995 to 1998 and 2004 to 2008. These two periods are at a point when investment by Japan was very high, but the authors do not specify why they did not examine, or at least consider, the 1999-2003 time period. It is possible that this time period did

not have much, if any, Japanese investment, but it is still puzzling that this period is completely omitted, such that it reduces the strength of the results. The authors mention how India's economic policies began to change in the two periods, but they do not adequately address the omission of this time period. Did Japanese investment fall to extremely low levels? Did India's policies become very restrictive in this time period? Or is it possible that the evidence in this time period runs contrary to their central findings? These are common questions a scholar in the field may have, and there may be a selection-bias problem with the study. Despite this issue, the technical merits from a statistical standpoint are robust. Their findings indicate that Japanese investment is driven by productivity of labor and not by cost. Wages and education levels are highly correlated with Japanese investment, and Japanese firms appear less sensitive to infrastructure within India when considering where to invest than one would suspect. JMNCs are more likely to invest in regions with already established Japanese investment. Technically speaking, the analysis is sound, but the chapter feels out of place with the qualitative chapters in the volume, which are more focused on national investment patterns instead of subnational investment.

Overall, *EMJAP* is a title that is a good starting entry for a scholar that is interested in the field of East Asian investment and MNCs in the region. The book discusses several existing FDI theories and builds upon existing literature regarding investment patterns and the internationalization of JMNCs. The most disappointing aspect of the title is the surface-level discussion of how politics can impact foreign investment, and only Hemmert and Jackson discuss it at any length. Considering the political tensions in the region from past wars, ongoing territorial disputes, and the rise in nationalism in Japan and China, it would be prudent for the authors to consider how politics are more likely impacting MNC investment decisions than just the MNC general-investment strategy overseas.

George M. Poluse  
Kent State University  
[gpoluse@kent.edu](mailto:gpoluse@kent.edu)