



35th Annual AJBS Meeting
Warsaw, Poland
July 5-6, 2023

**CONFERENCE
PROCEEDINGS**

- July 2023 -

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PREFACE

After a warm and in-person conference in Warsaw (Poland) in July 2023 for the **35th Annual AJBS Meeting**, I am delighted to introduce the **conference proceedings**. The conference was intellectually stimulating and brought together a valuable professional community for Japanese business studies. This volume presents all conference activities and covers a wide variety of topics about Japanese business research. It includes research papers on entrepreneurship, audit control, knowledge sharing, Japanese firms' internationalization, R&D and automotive industry, CSR, sustainable development, as well as human resource management (HRM), which touch on areas like gender, culture, expatriates, emotions, motivation, and job-related matters within Japanese firms.

The selected papers passed through a rigorous process of a double-blind review made by 41 reviewers helped ensure the quality and impact of the conference papers. We organized the proceedings in 8 sessions, which includes a total of 27 selected papers (format publication of abstract or full paper) represented by 50 authors over 33 institutions located in 12 countries.

Contributions from authors worldwide helped make this volume an integrated, cohesive inquiry into the significant challenges and drivers of the Japanese business today and the required directions for sustainable growth in business activities in the future. We express our sincere gratitude to all these authors.

Once again, I want to express my heartfelt gratitude to the AJBS board members, Tomoki Sekiguchi, Carol Reade, Derek Lehmborg, Naoki Ando, Ting Liu, and Diane Bird, as well as K. Skylar Powell, last year's conference chair, who generously offered their support and valuable insights throughout the planning and organizing stages of this conference. A special thanks to Tomasz Olejniczak, who worked tirelessly to arrange and negotiate sponsorship, company visit, and invite our guest speakers and executives to our conference. In addition, I want to thank the esteemed Best Paper Award Committee members, Chie Iguchi, Fabian Froese, James Hagen, and Norihiko Takeuchi, for generously dedicating their time and expertise to evaluate and nominate the best paper. Their vast experience in the field has been invaluable in ensuring the selection of the most exceptional paper for this year's conference. I also appreciate the support provided by Tunga Kiyak, Managing Director of the AIB Executive Secretariat, and his team in managing the submission and registration systems and logistic issues at the SGH Warsaw School of Economics.

I sincerely thank our sponsors for their generous support in making this conference possible. Special thanks go to Palgrave MacMillan for sponsoring the Best Paper Award and their continued support of the Japanese business studies community. Furthermore, I would like to express my gratitude to the Embassy of Japan in Poland for their generous support as honorary patronage of the event. I am also grateful to AIB, ESPM and Kozminski University for their institutional support, and SGH Warsaw School of Economics in hosting our event. Lastly, I would like to sincerely thank Maciej Herman, CEO of Lotte Wedel, for their generous hospitality in hosting the company visit. This exceptional opportunity allows our attendees to gain invaluable insights and learn from a renowned chocolate company in Poland, part of the Japanese Lotte Group.

Furthermore, I sincerely thank all the reviewers for providing relevant feedback to the authors. Last but not least, I would like to express my deepest gratitude to all authors who have submitted papers and chosen to attend the AJBS conference in person.

We are confident that the conference proceedings provide valuable insights into Japanese business studies. We hope this publication will enhance our knowledge and support those who wish to pursue scholarly research on Japanese business trends in a continuously changing environment.

Enjoy our proceedings!

Mario Henrique Ogasavara
Conference Chair
2023 AJBS Warsaw

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CONFERENCE REVIEWERS

We sincerely thank the 41 reviewers listed below for their invaluable contributions to the success of the 2023 AJBS Conference. Their dedication and hard work in providing 73 insightful blind reviews for 35 papers, totaling 133,322 words, helped ensure the quality and impact of the conference.

Agata Teresa Kapturkiewicz
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Ayako Sendo
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Tomomi Hamada
Weerapong Kitiwong
Yasuhiro Hashimoto
Yingying Zhang Zhang

CONFERENCE VENUE

Warsaw city (Poland)



SGH Warsaw School of Economics



The 35th Annual AJBS Meeting was held at the **main building (building G)** at the **SGH Warsaw School of Economics**. The address for the building is: **al. Niepodległości 162, 02-554 Warsaw**.

CONFERENCE SPONSORS

We want to thank our academic sponsors for their valuable contribution to ensuring the success of the 2023 AJBS Conference.

**2023 AJBS
Best Paper Award
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BEST PAPER AWARD



The Best Paper Award Committee has meticulously conducted a blind review and evaluation of papers that received the highest ratings or were recommended by reviewers as the Best Paper. The committee members considered the following criteria to select the four papers as finalists:

- Does the paper show basic academic quality?*
- Does the paper give insights from Japan that apply to wider theory?*
- Can we better understand what is distinctive about Japanese firms?*

BEST PAPER AWARD WINNER

[AJBS-029] The role of place in emerging fields: A comparative study of ICT entrepreneurial ecosystems in Japan

Agata Teresa Kapturkiewicz (Sophia University, Japan)

BEST PAPER AWARD FINALISTS

[AJBS-008] Japan-US differences and R&D investments in response to performance feedback: an analysis of global automotive firms

K. Skylar Powell (Western Washington University, USA)

Eunah Lim (Western Washington University, USA)

Valerie Alexandra (San Diego State University, USA)

Mooweon Rhee (Yonsei University, South Korea)

[AJBS-011] Cultural diversity in the region and the staffing of foreign subsidiaries

Naoki Ando (Hosei University, Japan)

Shiho Nakamura (Ritsumeikan University, Japan)

[AJBS-020] Striving in an institutionalized environment: Female self-initiated expatriates and their career agency

Jiayin Qin (Kyoto University, Japan)

Tomoki Sekiguchi (Kyoto University, Japan)

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OPENING CEREMONY



OPENING CEREMONY

AJBS President: **Tomoki Sekiguchi**, *Kyoto University, Japan*

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EXECUTIVE PANEL



EXECUTIVE PANEL

Japanese business in Poland and Eastern Europe: Challenges and Opportunities

Moderator: **Tomasz Olejniczak**, *Kozminski University, Poland*

Panelists:

Jacek Kozikowski, *Partner & Head of Infrastructure and Asian Desk, Kochański & Partners*

Yuichi Matsuura, *General Manager of Warsaw Office, Marubeni Corporation*

Arkadiusz Tarnowski, *Head of Japan Desk, The Polish Investment and Trade Agency (PAIH)*



Tomasz Olejniczak (moderator) and panelists Yuichi Matsuura, Jacek Kozikowski and Arkadiusz Tarnowski



Mario Ogasavara, Tomoki Sekiguchi, Arkadiusz Tarnowski, staff of Embassy of Japan, Akira Tajima, Jacek Kozikowski and Yuichi Matsuura

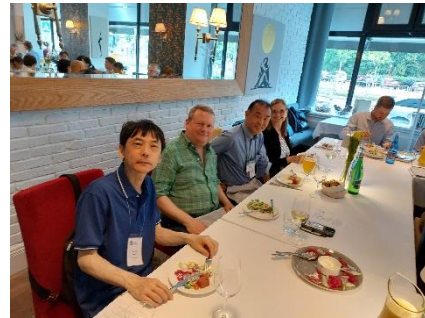
AJBS DINNER

The participants enjoyed socializing during the **AJBS Dinner** at the **Akademia Restaurant**, where they savored delicious traditional Polish cuisine.

Website: <https://restauracjaakademia.pl/en/>

Address: Różana 2/lok 61, 02-548 Warszawa

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COMPANY VISIT

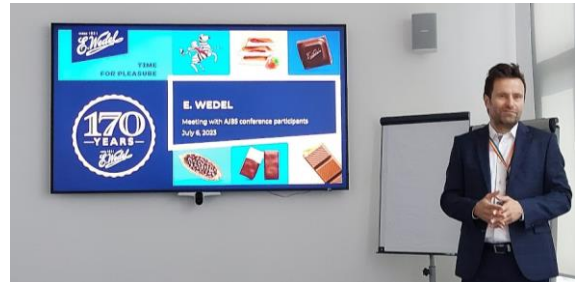
The Company Visit provided a unique opportunity to explore a local business and gain insights into its operations. We had a presentation of the company by Tsuyoshi Fukatsu (Board President) and Maciej Herman (CEO) and a visit to the production line of the chocolate factory **Lotte-Wedel**. Wedel is a legend. A brand associated with chocolate of exceptional quality and a pleasure to taste. Its history dates to 1851 and is inextricably linked with the three Wedel generations that built one of the most powerful Polish companies. Since September 2010, Wedel has been part of the Japanese LOTTE Group.

Website: <https://wedel.com/>

Address: Jana Zamoyskiego 28/30, 03-801 Warszawa



Tsuyoshi Fukatsu (Board President)



Maciej Herman (CEO)



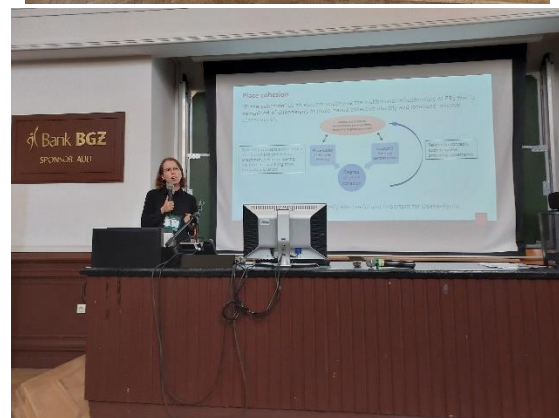
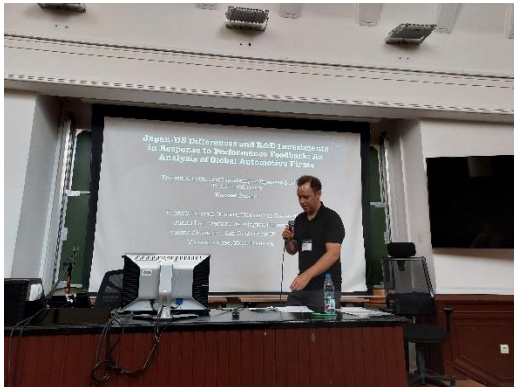
CONFERENCE PHOTOS

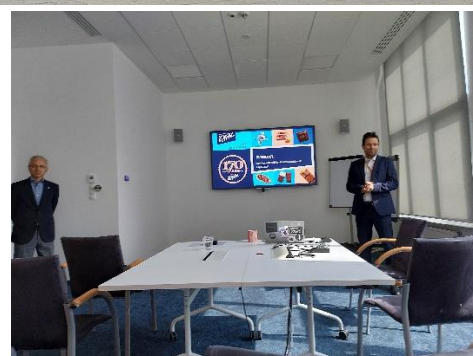
Some pictures of our 2023 AJBS Conference in Warsaw. The conference photos are also available at

- https://drive.google.com/drive/folders/1ZN-Wsg3MRVMJJsyZzNaRNcyF3VR_MJw?usp=drive_link











COMPETITIVE SESSIONS

Entrepreneurship & Audit Control



Session ID:	1.1
Format:	Competitive session
Session Title:	Entrepreneurship & Audit Control
Session Chair:	<i>Derek Lehmberg (North Dakota State University, USA)</i>

[AJBS-005] Navigating Hong Kong's yellow economic circle: Implications for Japanese Businesses

Aureliu Sindila (The Hong Kong Polytechnic University, Hong Kong)

[AJBS-029] The role of place in emerging fields: A comparative study of ICT entrepreneurial ecosystems in Japan

Agata Teresa Kapturkiewicz (Sophia University, Japan)



[AJBS-015] The rising phenomenon of circular cities in Japan: A first approach

Manuel Herrador (University of Jaen, Spain)

[AJBS-017] External audit of the effectiveness of internal control over financial reporting and material accounting misstatement: Is it good for us to move forwards with external audit of internal control?

Weerapong Kitiwong (Chiang Mai University, Thailand)

Pitima Diskulnetivitya (Chiang Mai University, Thailand)

Sillapaporn Srijunpetch (Thammasat University, Thailand)

[AJBS-005]

Navigating Hong Kong's yellow economic circle: Implications for Japanese Businesses

Aureliu Sindila

The Hong Kong Polytechnic University, Hong Kong

ABSTRACT

Social movements vary based on their type of organization and ideologies and often mobilize various stakeholders and bring about changes in diverse social and political settings, creating widespread influence. The case of the Hong Kong social movement represents a unique setting with both moderate and radical actions taken by various activist groups. Such exposure led to a division between businesses, segmenting them into movement supporters and non-supporters, creating a “yellow-economic-circle”. This division spread not only to local but also to international businesses such as a wide variety of Japanese firms. We examine entrepreneurs’ responses to yellow-economic-circle using the strategy of self-labeling and the timing of their actions. We generate theoretical insights by integrating social movement, entrepreneurship, and time theories. By unpacking how social movements generate different effects for diverse stakeholders and highlighting the importance of heterogeneity in individuals’ perceptions in the decision-making process, we also recommend practical implications and avenues for future research. We diffuse our theorizing to the case of Japanese business and derive implications.

Keywords: social movement, entrepreneurial identity, ideology, Japanese businesses.

[AJBS-029]

The role of place in emerging fields: A comparative study of ICT entrepreneurial ecosystems in Japan

Agata Teresa Kapturkiewicz
Sophia University, Japan

ABSTRACT

This paper highlights how place matters for the development of smaller entrepreneurial ecosystems (EEs), developing in a situation when a dominant EE is already present within given national institutional boundaries (here: Japan). The findings show that smaller EEs of Osaka-Kyoto and Fukuoka have similar gaps in their institutional infrastructure (e.g. in funding, in the access to information and expertise from successful startups), and in response their stakeholders engage in similar types of actions to obtain the missing elements, including creating network connections within and between EEs. However, the existing and expected outcomes of these actions are found to be moderated by certain elements underlying the EEs' institutional infrastructure – local resources (stronger in Osaka-Kyoto), and place cohesion (stronger in Fukuoka). The latter is a concept newly identified and defined in the paper. The findings of this paper have theoretical implications for research about EEs and for comparative study of organisational fields.

Acknowledgment

This work was supported by the European Union's Horizon 2020 research and innovation programme under the Marie Skłodowska-Curie grant agreement No 645763; Sasakawa Fund; Economic and Social Research Council (award number 1637970); Saïd Business School and Saïd Business School Foundation; Hertford College (University of Oxford); JSPS KAKENHI Grant Number 22K13463.

[AJBS-015]

The rising phenomenon of circular cities in Japan: A first approach

Manuel Herrador
University of Jaen, Spain

ABSTRACT

With the evolution and fairly deployment of the Circular Economy in Japan, there is a favorable scenario to progress towards more ambitious goals on sustainability. In this sense, the Circular Cities approach is a rising phenomenon that intends to embrace citizens, community, business, and knowledge stakeholders into a singular holistic approach to maximizing close material loops and minimizing resource use and generation of waste, as well as maximizing the well-being of residents. This work aims to generate a proper contemporary definition for Circular Cities. As a principal finding, this work intends to serve as a “blueprint” for any city before implementing Circular Cities, demonstrating that it is perfectly conceivable to be implemented both in small towns and large industrial cities, as long as a sustainable mindset and goals are present. The discussion and conclusions remark on the current progress towards CC in Japan with various recommendations for new upcoming Circular Cities.

INTRODUCTION

The global population is growing, as is the demand for raw materials. Yet, the supply of critical resources is limited, and raw material extraction and use have significant environmental consequences, such as increased CO₂ emissions (Herrador et al., 2020). Japan is among the top developed countries and is improving, but it still uses substantial resources. Concerning energy, it is the 5th biggest consumer of Primary Energy after China, USA, India, and Russia, with only around 10% coming from Renewable Energy Sources (IEA, 2019). Regarding materials, Japan has one of the lowest recycling rates of municipal waste in the OECD, with just 20%, and the highest rate of incineration, with 79,5% in 2019, and very little landfill (OECD, 2019). A Circular Economy (CE) approach recommends reducing material loops and increasing resource efficiency to tackle such issues. It even has the potential to be a model for decoupling economic growth from resource exploitation (Snellinx et al., 2021). In this sense, CE has become a highly dynamic and lively discipline due to its popularity in politics, resulting in blooming in CE-related research (Stumpf et al., 2021). Nevertheless, although the CE value in advancing sustainable development is well acknowledged, the paradigm has previously been argued to encompass a broader range of strategies that embrace a complete holistic transformation (Suárez-Eiroa et al., 2021). In this direction, Circular Cities (CC) provide a wide range of strategies to lessen their environmental impact while assuring local economic growth and well-being (Gravagnuolo et al., 2021). A CC emphasizes the necessity of structuring the city's systems in the same way that natural systems are organized (where "nothing goes to waste"). It combines CE ideas, providing a regenerative and accessible urban system. However, it is not simply a collection of urban CE initiatives (Fusco Girard and Nocca, 2019); CC should consider economic, social, environmental, and cultural sustainability and regeneration to assess urban metabolism (Gravagnuolo et al., 2019).

As CE is fairly developed in Japan, following solid institutional support and proper dissemination (Herrador et al., 2022), many cities and towns aim to be circular raised. This work aims to serve as a "blueprint" for any community before implementing CC and Zero Waste initiatives, concluding that it is feasible to implement them in small towns and large industrial cities as long as a sustainable attitude and goals exist.

The **Methodology** followed consisted of conducting desk research as a literature review considering the available online resources and the author's previous knowledge.

CIRCULAR CITIES' RATIONALE

First of all, the main difference between CE and CC is that CC encourage the transformation from a linear to a CE in a way that is integrated and interconnected across all of its operations, working with the public, private sector, and academic community, and not just as individual and small-scale insulated CE policies, projects and initiatives.

CC do not have a specific organization or clear definition ruling the concepts and frameworks that should be considered; this makes CC approaches dynamic depending on the typology of the regions it is implemented, keeping a close relationship with the Zero Waste movement and with diverse underlying CE approaches.

In the article titled “The quest for a circular economy final definition: A scientific perspective” (Nobre and Tavares, 2021), the authors conducted extensive research (based on a Scopus® database, using “Circular Economy”) to provide a common CE definition that distinguishes it from its enablers and related concepts, which appeared to be the underlying sources of misuse. However, there is no single definition with a consensus (Jones and Comfort, 2018) of what constitutes a CC, just as there is no single definition of CE. However, some with overlapping components have been offered, making a credible description of what CC should be possible to develop (Paiho et al., 2020).

Figure 3 illustrates an apparent growing CC trend in the last four years (considering in January 2022, 20 articles were published in this first month of the year).

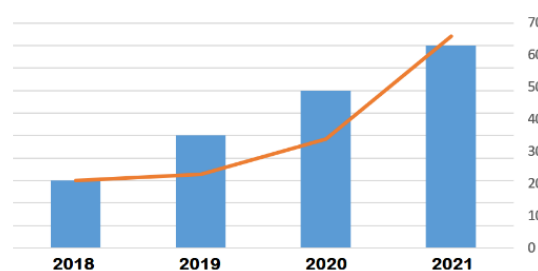


Figure 1. Evolution of papers with "Circular Cities" term over time in Science Direct® portal in January 2022.

The author compiled the views from thirteen Sources (Table 1), shed light on this topic, and proposed a unified contemporary definition; then, a compilation of concepts identified in such definitions was analyzed to develop a CC perception, meeting the particular case study of Japanese CC.

Table 1. Compilation of CC definitions

ID	Source / main author	Circular City(ies) definitions
1	Prendeville, Sharon (2018)	"Is a city that practices CE principles to close resource loops, in partnership with the city's stakeholders (citizens, community, business and knowledge stakeholders), to realize its vision of a future-proof city".
2	Circular Cities Declaration (CCD, 2020)	"Is one that promotes the transition from a linear to a CE in an integrated way across all its functions in collaboration with citizens, businesses, and the research community. This means fostering business models and economic behaviour that decouple resource use from economic activity by maintaining the value and utility of products, components, materials, and nutrients for as long as possible to close material loops and minimize harmful resource use and waste generation. Cities seek to improve human

ID	Source / main author	Circular City(ies) definitions
		well-being, reduce emissions, protect and enhance biodiversity, and promote social justice, in line with the SDGs".
3	Williams, Joanna (2019)	"Has three principal aims: to reduce resource consumption and waste, preserve natural capital and ecosystem services, and design out negative externalities (economic, social and environmental) linked to the degradation of natural capital and ecosystem services in the city. This must be achieved in the context of cities' continually changing demands and consumption patterns. Thus, the urban ecosystem undergoes a constant renewal process, minimizing the consumption of resources and waste production".
4	Williams, Joanna (2021)	"Looping, ecological regeneration, and adaptation enable the creation of circular resource flows, support natural cycles, and enable the city to renew (or recycle) itself. All three are circular processes operating together, underpin the theoretical conceptualization of Circular Cities".
5	Ellen McArthur Foundation (EMF, 2017)	"Embeds the principles of a circular economy across all its functions, establishing an urban system that is regenerative, accessible, and abundant by design. These cities aim to eliminate waste, keep assets at their highest value at all times, and are enabled by digital technology. A circular city seeks to generate prosperity, increase livability, and improve resilience for the city and its citizens while aiming to decouple value creation from the consumption of finite resources".
6	UNECE (United Nations Economic Commission for Europe, 2019)	"The key variables are the necessary components to implement circularity in cities. 1. City assets and products encompass various city infrastructures, city resources, goods, and services available for use/consumption. 2. Circular action items are specific, outcome-orientated actions applied to city assets and products, including sharing, recycling, refurbishing, re-using, replacing, and digitizing. 3. Circular city outputs, i.e., outputs of circular action items to city assets and products. 4. Circular city enablers, various supplementary and complementary items, catalyzes and support CC implementations".
7	Sertyesilisik, Begum (2019)	"Cities that have minimized waste generation due to their operation based on the CE principles".
8	EIB (European Investment Bank, 2018)	"Is not the sum of its circular activities. It must also fully realize and exploit its potential as a cradle for circular development and use its governance tools and levers as catalysts for circular change".
9	Lakatos, Elena Simina (2021)	"A circular city is a city that functions through CE practices. A CE is difficult to achieve at once, and therefore, a circular city must also attempt to take their restructuring process in stages".
10	Circular City Network (CCN, 2019)	"A circular flow system that implements nature-based solutions for managing nutrients and resources within the urban biosphere will lead to a resilient, sustainable, and healthy urban environment".
11	Williams, Joanna (2021)	"Three actions—resource looping, adaptation, and ecological regeneration—are combined to deliver circular development. Resource looping (re-use, recycling, and recovery) is encouraged through the provision of circular infrastructural systems (e.g., gray-water recycling systems, recyclable infrastructure) and the introduction of new circular processes (e.g., conversion of organic waste to energy, biochemicals or feedstock) in cities".
12	Holland Circular Hotspot (HCS, 2019)	"Is resilient, healthy, and competitive; able to provide for all the societal needs of its citizens within the natural boundaries of the Earth. Core elements of circularity are embedded within each key urban system, from water to housing and infrastructure, food, and nutrition. Much like in a CE,

ID	Source / main author	Circular City(ies) definitions
		in a CC, resources are kept at their highest potential for as long as possible through sharing, re-using, repairing, remanufacturing, and recycling. Yet a city is inherently a human place, fostering collaboration and innovation to test and scale the solutions to create a truly inclusive, healthy, and thriving place for all”.
13	Girard, Luigi Fusco (2021)	“It re-shapes the city development project towards a project that unites, generating and multiplying relationships and bonds between subjects, in the space and in the time: between human beings, between people of this and future generations, but also between people and nature (the Mother Earth)”.

The following Table 2 aligns the thirteen definitions identified with related themes (*green color means more theme/definition ID matches*).

Table 2. Corresponding definitions (IDs) per related theme.

Related Theme / Definition ID	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
Focus on the city's stakeholders	X	X				X								3
Explicit focus on the SDGs		X												1
Importance of ecosystems			X										X	2
Looping & cycles as basis of CC	X	X		X		X	X	X		X	X	X	X	10
Regenerative systems				X	X						X		X	4
Relevance of digital technologies					X	X								2
Products and consumption		X	X		X	X								4
Minimization of waste			X		X		X							3
Governance tools						X		X					X	3
A sum of CE practices									X					1
Giving importance to nature		X		X						X	X	X	X	6
Resilient and healthy approach as goals to achieve		X			X					X		X		4
Human-centric and well-being	X	X			X					X		X	X	6

From the previous Table, the most importance is given to the loops as the foremost principle for CC, following a close relationship with nature to achieve well-being in a sustainable consumption and production scenario. Moreover, the city's stakeholders play a relevant role in regenerative systems minimizing waste. On the other hand, the mere sum of CE practices does not establish a CC; the SDGs are a consequence of CC more than a pre-requisite. The ecosystems approach is attractive although not too widespread across CC; governance tools have the potential to be a crucial part of CC, although, to date, these are not a must. Lastly, digital technologies seem to be a valuable tool for CC depending on the size of the city, although not a fundamental pillar to support the basis of CC.

On a world scale, various approaches and frameworks supported are meant to measure the level of circularity in cities and provide valuable recommendations, detailed next.

1. The **OECD** released a report built on the findings from 51 cities and regions titled “The Circular Economy in Cities and Regions” (OECD, 2020). This report developed a collection of tools aimed at achieving a CE framework with (1) Key input, process, and output indicators, (2) a scoreboard, and (3) a self-assessment tool.
2. The **ICLEI** (International Council for Local Environmental Initiatives) released the “Circular City Actions Framework” (ICLEI, 2021), aiming at bringing a CE to every city. This framework is divided into five “R” strategies (1) Rethink, (2) Regenerate, (3) Reduce, (4) Re-use, and (5) Recover. It is remarkable to develop a “knowledge Hub cities collection” consisting of 450+ examples of city-level CE initiatives from various industries worldwide. Moreover, the ICLEI formed the “Green Circular Cities Coalition” to assist local governments in increasing their collaborative efforts to promote low-carbon and circular development that provides social benefits while respecting ecological constraints (ICLEI, 2020).
3. The **IURC** (International Urban and Regional Cooperation) promotes Circular City Hubs. For instance, in a webinar in 2021, 176 individuals from 23 different nations presented how IURC cities and city leaders investigated the potential of cities to establish a system for the economy, society, and the environment (IURC, 2021).

To generate a proper contemporary definition of CC applied to Japanese ones, the particular case of the country will be analyzed, which may meet or differ from the actual outcomes of the previous Table. For this reason, we interviewed representatives from the most notable Japanese CC (Table 3)

Table 3. Summary of CC views and definitions by Japanese representatives.

Japanese CC	CC views and definitions
Yokohama ¹	“Aims to solve various local issues, create new job opportunities and achieve a thriving community by shedding light on goods, services, and personal skills that have been overlooked in a conventional linear economy and making a transition towards CE”.
Kawasaki ²	“Is an Industrial Symbiosis and Urban Industries to empower cities by circularization”. Moreover, it supports the “Eco-town area as a demonstration project for Sound material cycle society”, and in 2018 it was designated as an “SDG Future City ³ ”. Moreover, the city follows the “Circular City Actions Framework ⁴ ”.
Osaki	“Companies, organizations, and local governments that collaborate in building a sound material-cycle society from all over the country”. Their unique “Circular Village” approach obtained the “Japan SDGs Award” due to their innovative “Osaki System” ⁵ .

¹ www.circular.yokohama

² eri-kawasaki.jp/english/wp-content/uploads/2019/03/Eco-town-Circular-Economy-and-Green-City-Innovation.pdf

³ <https://future-city.go.jp/>

⁴ <https://circulars.iclei.org/update/building-new-partnerships-for-circular-economy-in-kawasaki/>

⁵ <https://prtimes.jp/main/html/rd/p/000000007.000085406.html>

Japanese CC	CC views and definitions
Satsumasendai	“Creates circular innovation from citizens, from the social implementation of new urban design that coexists with nature. Essentially aims to circulate from raw materials to the supply chain, teaming up with designers who are active in the front lines of fashion, food, architecture, and education to promote the concept and practice, establishing a lab ⁶ ”.
Hakuba	“The Green Work Hakuba initiative depicts the policy and future lifestyle for leaving a sustainable mountain resort to the next generation to incorporate the concept of a circular economy for the future of Hakuba Village. Moreover, it aims to face the climate change crisis and curb GHG emissions. Switching to electricity derived from natural energy, making it plastic-free, free car-sharing services, and promoting concrete initiatives based on the idea of the CE throughout the village ⁷ ” The initiative has been led by the conference following the in-between activities with companies and individuals within and outside the village.
Aichi prefecture	“Aims to promote the creation of a sustainable society, developing a business model that utilizes biomass resources and unused energy in the region, and waste. It aims to develop a circular business by converting to a new circular economy and advancing the 3Rs ⁸ ” (<i>currently with a Plan open for public consultation by their citizens</i>).
Gamagori	“Regional innovation that creates a circular economy by growing the economy, environment, and society in an integrated manner, with a design that does not generate waste or pollution, continue using products and resources and regenerate the natural ecosystem. A guide to the future of this town where everyone lives affluently ⁹ ”.
Kitakyushu	“SDG-based vision outlines the city’s sustainable development targets and actions, setting up a governance framework with a strong focus on citizen participation and private sector engagement. Several local development challenges remain, including population decline, an aging society, and the lack of attractive job opportunities”.
Maniwa¹⁰	“The city places special emphasis on biomass, the SDGs, and the “Satoyama capitalism”; this term refers to a new economic model that does not need large-scale investment or a huge workforce, employing novel renewable energy sources (fundamentally biomass) and making use of locally accessible technologies and infrastructures”.
Kamikatsu¹¹	“Focused on zero waste instead of how to treat waste. Residents bring various resources to the garbage station and sort them into more than 45 categories. After 17 years, the recycling rate exceeds 80%”.

The following **definition of CC in Japan** represents the most comprehensive and accurate possible combination of the previous views and outcomes from Table 2 and Table 3.

CC in Japan is fundamentally oriented to integrate a holistic approach towards a “Circular Society” in harmony with the environment, having remarkable importance in the involvement of stakeholders in business and knowledge into a single comprehensive strategy to maximize close material loops and decrease resource consumption waste creation. It also encompasses the Japanese culture, such as “Satoyama-culture” or “Mottainai-culture”, intending to boost well-being of people and nature.

⁶ <https://re-public.jp/project/satsuma-future-commons>

⁷ <https://www.vill.hakuba.nagano.jp/greenworkhakuba/index.html>

⁸ <https://www.pref.aichi.jp/soshiki/junkan/pc-aceplan.html>

⁹ <https://www.city.gamagori.lg.jp/circularcity/>

¹⁰ <https://cehub.jp/interview/maniwa-circular-city-1/>

¹¹ What is Japan’s most innovative Circular City? zenbird.media/what-is-japans-most-innovative-circular-city

DISCUSSION

It is important to note (to date) that no organizations or public entities empower CC in Japan at a national level as a new framework, being a shortcoming. In the case of Europe, countless organizations (also at the country level) and funding intend to organize the ideas, policy, and initiatives towards a larger scale and more holistic CC approach, unifying concepts, best practices, and declarations¹² for effective CC deployment. Although the CC concept is still in the works to take shape at the world scale, Japan is expected to shift in the short-term from CE and effectively implement CC with its own cultural peculiarities. In this direction, the Government of Japan's Fifth Basic Environment Plan introduced in 2018 a concept called “Regional Circular and Ecological Sphere” (**R-CES**) (IGES, 2019) (Figure 9) as key to promoting the development of sustainable societies; nevertheless, R-CES is stagnated on (1) ways to improve collaboration across multiple geographical entities, such as intra-regional, watershed areas, distant municipalities, or at the global level, and (2) reaching partnerships between civil society and the governmental, as well as the types of funding programs to stimulate its adoption (Ortiz-Moya et al., 2021).



Figure 2. Summary of the R-CES approach

Not having a sufficient number of Municipalities and regions endorsing the R-CES to date, it cannot be considered a proper nationwide “movement”, although there are a few examples of its application in India (Joshi et al., 2022) and Thailand (Marome et al., 2022); the time will tell if the R-CES becomes a CC-like predominant Framework across the country progressing over its current stagnation.

Recommendations to establish a solid CC movement or Framework across Japan

Undoubtedly, Japan is progressing towards a CE with numerous initiatives, policy support, and public-private collaborations, effectively accelerating the transition from a linear economy (Herrador et al., 2022). At this moment, a further step is required toward a more holistic and interconnected approach to

¹² <https://circularcitiesdeclaration.eu/>

receiving inputs and outputs from the cities' infrastructures, sectors, and functions. In this sense, Japan employs a widely heterogeneous mix of strategies not following a Framework to harmonize rather than improvisation. For instance, Municipalities are adapting their current Eco-Cities into CC while others are adopting the R-CES paradigm. This assortment of CC-like approaches makes even more confusing the direction to follow more for these cities that implement CE but are not aware of a solid CC Framework to adhere to keep progressing on CE; To tackle the previous issues, the author would like to highlight a blueprint with three possible solutions:

1. The Government should prepare a future policy to enlarge the reach of the current CE policy towards well-established best practices, guidelines, and recommendations, followed by the typical dissemination (and if possible, funding) support to promote a new completely CC Framework adapted to the global trends although adapted to the specific Japanese philosophical and cultural peculiarities.
2. The R-CES should break through their existing difficulties to effectively spread across the Municipalities, enhancing public-private collaborations to ensure the continuation of the promotion of the initiative effectively.
3. Similarly to the EU, an alliance of public-private entities could establish a collaborative Framework to support Municipalities to adhere with ease, formulating a **Declaration** for connecting city planners, architects, system designers, economists, engineers, and researchers.

CONCLUSION

With the reasonably developed CE development in Japan of initiatives, policies, and projects, there is room for further development into a more holistic approach addressing whole cities, interconnecting the pieces of the puzzle that are insulated. It is essential to consider that Japan has its peculiarities in the CC approach and probably not be needed to be adapted entirely to existing frameworks. For instance, the Japanese culture could apply a philosophical approach such as “Satoyama-culture” or “Mottainai-culture”, intending to boost people's and nature's well-being and be integrated into a new CC framework. Moreover, technology will be an essential complement for Japan to complete the CC as a whole and holistic paradigm since the country has been typically promoting Smart Cities, the “Industry 4.0” and the “Society 5.0” (Granranth, 2019). When it comes to the development of CC, there are established guidelines and recommendations that help cities shift from a CE to a CC, although not in Japan; in this sense, the Japanese Government and public-private entities should be encouraged to develop a new CC framework using as inspiration the ones developed in the EU such as the “Circular Cities Solution Booklet”¹³ or the “Circular City Actions Framework”¹⁴. Lastly, the R-CES movement has a long way to go to become a predominant CC paradigm. In any case, the adaptation towards a new or evolved CC

¹³ <https://smart-cities-marketplace.ec.europa.eu/sites/default/files/2022-05/Circular%20Cities.pdf>

¹⁴ <https://circulars.iclei.org/action-framework/>

Framework in Japan should commence with those Municipalities and regions that have already reached a reasonably recognized CE development. A degree of homogenization and standardization should be followed across the operational activities to unify how best practices are validated across this new CC Framework, serving as an example for prospective Municipalities.

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[AJBS-017]

External audit of the effectiveness of internal control over financial reporting and material accounting misstatement: Is it good for us to move forwards with external audit of internal control?

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ABSTRACT

Our study poses the research question as to whether it is good for us to move forwards with the external audit of internal control. To address this question, we use four different regimes of the requirement for disclosing and reporting the effectiveness of internal control in the UK, the Netherlands, Japan, and the US. The final sample includes 2,763 panel data sets from 2010 to 2020. We provide evidence that the requirement for external auditors to indirectly give opinions on the effectiveness of their clients' internal controls should be a good choice for improving financial reporting transparency. The requirement might help reduce the incidence of material accounting misstatement and financial restatement. Audit fees may not significantly increase owing to the implementation of this requirement. We further investigate the Indian experience in implementing these different regimes of the requirement in 2015 and 2016. By analyzing 827-panel data sets from the period 2010 to 2020, we found that the implementation of the requirement for auditors to directly give opinions on their clients' effectiveness of internal control in India as in the US has been effective in decreasing the incidence of material accounting misstatement and financial restatements but led to the significant increase in audit fees.

Keywords: External Audit of internal control, Material accounting misstatement

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Competitive Session

Knowledge Sharing



Session ID:	1.2
Format:	<i>Competitive session</i>
Session Title:	Knowledge Sharing
Session Chair:	<i>Ting Liu (Kyoto University, Japan)</i>

[AJBS-032] Determinations of Japanese expatriates' knowledge sharing intention to local subordinates in Thailand

Rapeeporn Rungsithong (Chulalongkorn University, Thailand)

Somchanok Passakonjaras (Chulalongkorn University, Thailand)

[AJBS-012] The impact of managers' coaching behaviors on employees' knowledge sharing behaviors through intermediary pathways

Beenish Arshad (National University of Computer and Emerging Sciences, Pakistan)

Hamid Hassan (National University of Computer and Emerging Sciences, Pakistan)

Yasuo Hoshino (University of Tsukuba, Japan)

[AJBS-013] Knowledge sharing as a result of better social capital under the epistemic and pro-social motivation

Hamid Hassan (National University of Computer and Emerging Sciences, Pakistan)

Ayesha Saeed (National University of Computer and Emerging Sciences, Pakistan)

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[AJBS-032]

Determinations of Japanese expatriates' knowledge sharing intention to local subordinates in Thailand

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ABSTRACT

What are factors that lead to expatriates' knowledge sharing intention? Numerous scholars and practitioners claim that cultural intelligence (CQ) factors can facilitate successful knowledge sharing. However, little empirical research has been conducted examining the different kinds of cultural intelligence (i.e. cognitive, metacognitive, motivation and behavioral CQ) used to explain expatriates' knowledge sharing intention. By integrating a cultural intelligence theory, this study examines the role of four cultural intelligence indicators in explaining employee knowledge sharing intentions. Based on a survey of 81 Japanese expatriates from Japanese multinational companies in Thailand, this study applies the hierarchical regression analysis to investigate the research model. The results showed that behavioral CQ was significantly associated with Japanese expatriates' intention to share knowledge to Thai employees.

Keywords: *Intention to share knowledge, Cultural intelligence, Japanese expatriates, Thailand*

INTRODUCTION

Expatriates need to share knowledge and other competencies to overcome the “liabilities of foreignness” (Becerra & Santaló, 2003; Jensen & Szulanski, 2004). Without intention to share knowledge to local employees, a MNE cannot internalize its knowledge-based advantage throughout its operations and help their foreign subsidiaries survive and gain a competitive advantage in the rapidly changing business environment. The challenges of knowledge sharing arise from cultural differences between knowledge senders and receivers (Ang & Massingham, 2007). This is because significant cultural differences can weaken the ability to identify, transfer and implement potentially useful knowledge (Sirmon & Lane, 2004). Hence, cultural adjustment is a fundamental requirement for expatriates in all multinational organizations. Despite growing cross-cultural exchange, a small number of studies have thus far provided an insight into managerial skills which improve expatriates’ knowledge sharing intention across different cultures.

Cultural intelligence (CQ) is another complementary form of emotional intelligence (EQ) complements cognitive intelligence (IQ) that can explain knowledge transfer process with diversity and functioning in new cultural settings (Ang & Inkpen, 2008). CQ is motivated by the practical reality of globalization in the workplace (Earley & Ang, 2003). Many studies have focused on determining the relationship between CQ and consequences that are important especially in cross-cultural management, and there has been particular interest in expatriates’ CQ and its effects on adjustment, performance and general effectiveness during international assignments (Ott & Michailova, 2018). Recently, researchers have considered CQ as predictors, with a particular interest in intercultural cooperation and collaboration (i.e. Mor, Morris & Joh, 2013; Chua, Morris & Mor, 2012), which in turn lead to effective knowledge sharing between expatriates and local subordinates. While several studies have investigated the effect of CQ on a wide range of managerial characteristics, e.g. motivation (Caligiuri, 2014) and leadership (Raab, Ambos, & Tallman, 2014), the role of CQ in MNEs knowledge Transfer has not been sufficiently studied. Thus, the objective of this study is to investigate the intention to share knowledge of expatriates to local employees through the lens of cultural intelligence. In particular, it is assumed that CQ can positively enhance expatriates’ intention to share knowledge to local employees; resulting in knowledge transfer effectiveness between headquarters and subsidiaries.

Japanese MNEs have established extensive production networks in Thai manufacturing sector. In addition, small and medium size Japanese firms have also built up strong footholds in Thailand with their own manufacturing affiliates, often following their major Japanese client firms to replicate existing supplier relationships (Belderbos & Zou, 2006). However, previous research indicates that Japanese expatriates often had conflicts with Thai employees due to cultural differences that led to negative outcomes (Darawong & Igel, 2012). Therefore, Thai manufacturing is a context relevant to our research questions where we can explore the role of CQ and knowledge sharing between Japanese expatriates

and local employees. In this study, we focus on knowledge sharing between expatriates and their HCN colleagues. In contrast to domestic settings, there are specific obstacles to the sharing of knowledge in a cross-cultural work environment.

THEORETICAL BACKGROUND

Cultural intelligence

According to Earley & Ang (2003), CQ consists of cognitive CQ, metacognitive CQ, motivational CQ, and behavioral CQ. Cognitive CQ refers to the specific knowledge of a group's values, beliefs, and practices; it also focuses on the knowledge dimension of CQ, representing to the level of understanding of culture and its function in establishing business style and cross-cultural interaction. Metacognitive CQ refers to an individual's level of conscious awareness regarding cultural interactions, along with their ability to strategize when experiencing different cultures and to carefully assess their personal thoughts and the thoughts of others regarding culture. Motivational CQ refers to a person's ability to channel energy and attention towards gaining knowledge about cultural differences. It also refers to the degree of interest, drive, and energy that an individual invests in cross-cultural adaptations. Behavioral CQ is the ability of an individual to be flexible in modifying behaviors and appropriately using verbal and physical actions in cross-cultural interactions. In particular, behavioral CQ is emblematic of a person's capability to behave appropriately when confronted with cross-cultural situations and their ability to demonstrate whether or not they are able to achieve objectives successfully in these circumstances.

Expatriates' intention to share knowledge

Previous studies suggested that knowledge sharing is a key part of their job, i.e. expatriates are assigned to educate/manage local staff, fill knowledge gaps in skilled jobs in host countries, and develop global leadership competences (Heizmann et al., 2018). However, differences between expatriates and local employees co-workers in terms of ethnicity, nationality, pay/status, and values (Toh & DeNisi, 2007) reduce the intention to share knowledge. Moreover, expatriates often are challenged with different ways of communication, such as indirect and direct communication. This can facilitate misunderstandings and frustration in the sharing and decoding of knowledge. In addition, analytical approaches to problems vary across cultures, that is Westerners prefer to dissect problems into fragments; while East Asians like to adopt a holistic view. These differences in analytical strategies may cause frustrations when expatriate managers and local employees share knowledge working on a task (Stoermer et al., 2021). Hence, expatriate managers should have a high ability relevance for dealing with these challenges and for effectively engaging in knowledge sharing.

HYPOTHESIS DEVELOPMENT

The relationship between CQ and expatriates' intention to share knowledge

Cultural intelligence enhances social interactions and increases knowledge sharing between expatriate and local employees (Bogilovic et al., 2017). Previous research shown that cultural intelligence plays a significant role in improving employees' willingness to share knowledge with foreign employees. Another recent study by (Ali et al., 2019) found that cultural intelligence can increase expatriate employees' individual and team creativity when they share their knowledge with local employees. Hence, it is expected that individual CQ will contribute to knowledge sharing effectiveness.

First, when individuals have elaborate cultural schemas, they should have a more accurate understanding the comprehensive of knowledge. Next, those with high metacognitive CQ know when and how to apply their cultural knowledge. They do not rely on habitual knowledge structures, but select from multiple knowledge structures depending on the context. They also know when to suspend judgment based on stereotypes and when to look for additional cues (Triandis, 2006). Accordingly, they have more accurate understanding of knowledge transfer process in situations characterized by cultural diversity. Those with high motivational CQ should have contribution to knowledge transfer effectiveness since they direct energy toward learning and adapt themselves to knowledge recipients, even when sender cues are confusing due to cultural differences (Stone-Romero, Stone & Salas, 2003). For example, persistence provides more opportunities to obtain feedback. Those with energy and persistence tend to practice new behaviors and, through practice, improve the knowledge transfer process. Finally, behavioral CQ should positively relate to knowledge transfer effectiveness. Those with high behavioral CQ adapt their verbal and nonverbal behaviors to meet the expectations of others. Consistent with this, Shaffer, Harrison, Gregersen, Black & Ferzandi (2006) demonstrate the positive effects of behavioral flexibility on cross-cultural performance. Combining the above arguments, we propose that each of the four dimensions of CQ should positively relate to knowledge transfer effectiveness. Therefore, we posit that:

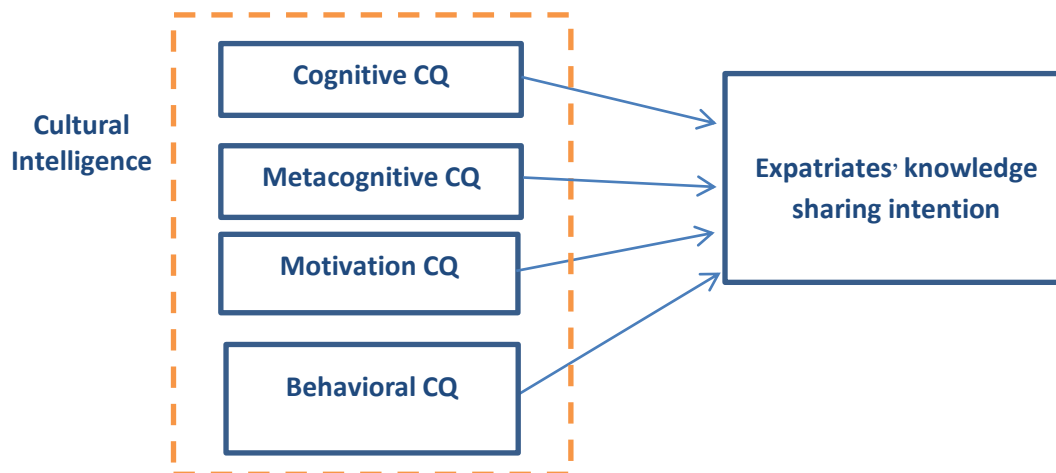
Hypothesis 1: Cognitive CQ will relate positively to Japanese expatriates' intention to share knowledge to local subordinates

Hypothesis 2: Metacognitive CQ will relate positively to Japanese expatriates' intention to share knowledge to local subordinates

Hypothesis 3: Motivational CQ will relate positively to Japanese expatriates' intention to share knowledge to local subordinates

Hypothesis 4: Behavioral CQ will relate positively to Japanese expatriates' intention to share knowledge to local subordinate.

Figure 1 Proposed conceptual framework



RESEARCH METHODOLOGY

The research population

The sample for this study was collected from Japanese expatriates sent to Thai subsidiaries to complete planned international assignments. The researchers first collected the contact information about Japanese companies listed in the Thai manufacturing and service sector, listed in the Federation of Thai Industry (FTI) Directory. Questionnaires have been distributed to all the eligible companies, rather than just a sample, because the population is small and it was believed that this is an effective way to achieve a high response rate. Invitations were then e-mailed to the companies to participate in the research. Most of the firms declined the invitation due to confidentiality issues.

Survey questions were prepared in English, and translated to Japanese by an academic native speaker. The web-based survey was sent to participants, with a cover sheet detailing instructions and guidelines for the survey. Respondents were assured of anonymity and confidentiality. The researchers distributed 500 survey links, of which 81 were returned; this corresponds to a response rate of 16.2%. The survey participants worked in various industries: construction and contracting; machinery and instruments; and business support services.

Data collection administration

In disseminating the survey, the researchers mostly follow the advice of Duncan (1979) regarding the appearance of the questionnaire and facilitating ease of use in order to boost the response rate. The survey package includes: 1) cover letter: An introductory letter explaining the objectives, assuring confidentiality and access to the samples as well as the specification of the deadline. The letter clearly explains the purpose of the questionnaire so that respondents could grasp its value, and the contact

details of the researcher are provided (i.e. office address, telephone number and email address). 2) An online-questionnaire on Google form in Japanese language.

Measure

In this study, items used to operationalize the constructs were mainly adapted from previous studies and modified for use in the knowledge sharing context. All constructs were measured using multiple items. All items were measured using a seven-point Likert-type scale (ranging from 1 = strongly disagree to 7 = strongly agree). Table 2 lists all of the survey items used to measure each construct. The variable measurements are shown in Appendix A.

RESEARCH FINDINGS

Table 1: Standardized estimates of regression on Japanese expatriates' intention to share knowledge

	Model 1	Model 2
Control variable		
Age	-.262 (-1.714)	-.120 (-.866)
Education	-.057 (-.519)	-.055 (-.576)
English proficiency level	.052 (.353)	.034 (.273)
Independent variable		
Cognitive CQ	H1 (not supported)	.125 (.187)
Metacognitive CQ	H2 (not supported)	.122 (.168)
Motivational CQ	H3 (not supported)	.047 (.426)
Behavioural CQ	H4 (supported)	.214 (.1.999)*
R ²	.116	.247
Adjusted R ²	.079	.201
R ² Change		.183
F	3.136	10.104***

*p < 0.05, **p < 0.01 and ***p < 0.001; the figures in the parentheses are t-values. N = 81 for all models.

The results from hierarchical regression analysis estimation appear in Fig. 1. Hypothesis 1,2 and 3 predicted that the cognitive, metacognitive and motivation CQ of Japanese expatriates would relate positively to intention to share knowledge, respectively. However, the relationships were not statistically significant. Thus, hypothesis 1,2 and 3 were not supported. Hypothesis 4 predicted that the behavioral CQ of the Japanese expatriates would relate positively to intention to share knowledge. The result revealed that the relationship between them was positive. The result was also statistically significant. Thus, hypothesis 4 was supported.

Limitations

Some limitations of this research also need to be acknowledged. First, the results were obtained through data collected from a small sample of Japanese expatriates in Thailand, which may reduce the ability to generalize the findings. Second, there may be certain other influential variables that were not investigated. Third, given that the data were collected using a cross-sectional approach, the results may be interpreted only as correlations among variables, and no causal relations can be inferred.

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[AJBS-012]

The impact of managers' coaching behaviors on employees' knowledge sharing behaviors through intermediary pathways

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ABSTRACT

This study examines the relationship between managers' coaching behaviors on employees' knowledge sharing behaviors in the Asian context. Based on the existing review of literature, we argue that managers' coaching behaviors relate to employees' knowledge sharing behaviors through their psychological safety perceptions and learning goal orientation. To test the hypothesized relationships, we employed a quantitative research methodology. We self-administered a structured instrument to gather data from employees in knowledge intensive companies in an Asian country. Moreover, we used Structural Equation Modeling (SEM) to analyze the model presented in this study. The results supported the hypothesis that managerial coaching behaviors can have a direct and indirect impact on knowledge sharing behaviors in organizations. To the best of authors' knowledge, there is limited research on the relationship between managerial coaching behaviors and knowledge sharing specifically in the Asian context. We provide valuable theoretical contributions to the existing literature on managerial coaching and knowledge sharing in the Asian context by highlighting intermediary psychological factors that influence employees' knowledge sharing behaviors. The findings of the study may be used by managers in Japanese organizations, where group-oriented cultural values and tightly knit interpersonal relationships are dominant. We provide insights for Japanese managers with regards to leveraging manager-employee relationships and mobilizing knowledge resources which can subsequently promote innovation and competitive advantage.

Keywords: Managerial Coaching Behaviors, Psychological Safety, Learning Goal Orientation, Knowledge Sharing.

[AJBS-013]

Knowledge sharing as a result of better social capital under the epistemic and pro-social motivation

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ABSTRACT

This paper explores the knowledge sharing activities within organizations as a result of high social capital. The role of Epistemic and pro-social motivation is proposed to be linked with this relationship as a moderating factor. Knowledge sharing among employees is critically important for companies working in emerging markets due to rapid expansion and adaptation in these markets. The data of IT based organizations from an emerging market is used for the empirical analyses. Results of analyses reveals the relationship of social capital and knowledge sharing. Results also support the preposition of this relationship to be stronger under the moderating effect of epistemic and pro-social motivation. The findings suggest additional benefits of productive human interaction which companies in the form of sharing useful information, skills and experiences. The findings can have important implications for Japanese business environment where deep rooted collective values can provide greater opportunities of knowledge sharing under the pro-social environment of Japanese organizations and the society in general. Findings also provide direction for managers and policy makers regarding the importance of pro-social behaviors and epistemic motivation among the members.

Keywords: Emerging Market, Japanese business environment, Social Capital, Knowledge Sharing, Pro-Social Motivation, Epistemic Motivation

Competitive Session

HRM: Emotional and Motivational Issues & Job-based Employment



Session ID:	1.3
Format:	<i>Competitive session</i>
Session Title:	HRM: Emotional and Motivational Issues & Job-based Employment
Session Chair:	<i>Naoki Ando (Hosei University, Japan)</i>

[AJBS-031] Exploring emotional and professional identity demands of migrant bridge individuals in Japanese SMEs: understanding emotional goals, emotional regulation, and identity

Markane Sipraseuth (Kyoto University, Japan)

[AJBS-004] Thai factory workers' motivational context: A case study of Japanese steelmaker in Thailand

Miyako Imamura (Kyoto University, Japan)

Tomoki Sekiguchi (Kyoto University, Japan)

[AJBS-028] A study on membership-based employment as a strategy based on the perspectives of community-type organizations on innovation

Takao Nomakuchi (Chuo University, Japan)

[AJBS-009] Women in the Japanese Workplace: A social constructivist perspective

Yingying Zhang Zhang (International University of Japan, Japan)

[AJBS-031]

**Exploring emotional and professional identity demands of
migrant bridge individuals in Japanese SMEs: understanding
emotional goals, emotional regulation, and identity**

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ABSTRACT

The purpose of this paper is to explore and explain migrant bridge individuals' interpreter role through emotion goals, emotion regulation, and identity within Japanese small medium-sized enterprises (SMEs) through a multidisciplinary lens. Methodology includes a grounded theory approach with semi-structured interviews followed by observational fieldwork and surveys on emotion regulation and identity. This paper includes: (1) understanding emotion goals and emotion regulation of the bridge individual (2) exploring the three identities of the bridge individual. This paper brings a novel look into the field of IHRM by examining underrepresented migrant bridge individuals and Japanese SMEs with a unique emotional and social approach. Practical contributions to managers involve new knowledge to understand the emotions, identities, and challenges their migrant bridge individual faces.

[AJBS-004]

Thai factory workers' motivational context: A case study of Japanese steelmaker in Thailand

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ABSTRACT

Understanding local employees' ethical values and motivation is critical for multinational corporations (MNCs), especially when MNCs operate in developing countries by introducing modern production equipment and management practices to previously rural communities. However, little is known about how the characteristics of rural societies and those of modern societies (e.g., capitalism), jointly affect the local employees' ethical values and motivations. To address the research gap, we conducted an ethnographic study of Thai factory workers for Japanese MNCs who migrated from rural areas to urban factory zones. We found that factory workers' ethical values and motivation, represented by terms such as Phara, are based on the maintenance of the rural community where they are from and that they use the modern working environment to achieve this goal. The results suggest that modern Western management practices may not always be appropriate for MNCs to manage and motivate local employees in rural areas of developing countries.

INTRODUCTION

Multinational companies (MNCs) operate in various places in both developed and developing countries. MNCs from developed countries may face more challenges when introducing their modern production facilities and management practices to their local operations in developing countries than when introducing them to their local operations in developed countries. This is because, for example, in developing countries based on rural societies, the basis of the local people's ethical values and motivations may be different from those assumed by Western modernity. MNCs need to understand how local employees' traditional culture affects modern working life. Also, MNCs need to consider how the modern production equipment and management practices they introduce will affect the traditional way of life and work in the local communities, for those factors may affect the way local employees work and are motivated. However, we know little about how the characteristics of rural societies and those of modern societies (e.g., capitalism) jointly affect the local employees' ethical values and motivations. Indeed, there are only a few notable studies on this topic.

To address the research gap, we conducted an ethnographic study of Thai factory workers for Japanese multinationals who migrated from rural areas to urban factory zones. Our study context is the most suitable for our research topic because those Thai factory workers were mostly born and raised in rural communities in Thailand and work in modernized production facilities that are transferred from Japan. Our findings suggest that Thai factory workers' ethical values and motivation are based on the maintenance of the rural community where they are from and that they use the modern working environment to achieve this goal. Based on the findings, it is indicated that modern Western management practices may not always be appropriate for MNCs to manage and motivate local employees in rural areas of developing countries. Through our findings, the current study contributes to the international business literature for the deeper understanding of the joint influence of the characteristics of rural societies and those of modern societies (e.g., capitalism) on local employees' ethical values and motivations, which has considerable implications on how to manage local employees especially when MNCs from the industrialized economies manage local employees from rural communities in developing countries.

THEORETICAL BACKGROUND

Compatibility of the Asian Culture with the Western Management Practices

According to Hofstede (2005), Asian cultures typically have high power distance, high long-term orientation, and low individualism. Those three dimensions are related to each other in Asian cultures (Yeh and Lawrence: 1995). In managing people, it is suggested that the merit-based system, which has been recognized as a useful management system in egalitarianism and individual society such as Western cultures, often causes conflict in Asian culture. For example, the previous study about

Hofstede's index and merit-based system found that a culture that has high power distance and low individualism (collectivist society) tends to have difficulty accepting a merit-based payment system for people relies on human relationships (Du and Choi: 2010). On the other hand, Awanis (2017) insisted that Asian culture practically could integrate western materialism. Materialism has been considered to represent individual-oriented thoughts in Western culture; however, this study insists materialism is actually used to strengthen the ideology of the community. This also applies to Thailand—our study context; Hirai (2011)'s study indicates that factory workers spent most of their income decorating their rural houses with modern electrical appliances or holding big parties back in rural homes to maintain their status (for their not being able to do their role in rural place while they are away from home for work).

This kind of strategy to utilize material wealth to fit capitalism into a traditional culture in a transitional stage can be seen in many economically emerging societies. Those studies may give us an insight that Asian cultures may integrate the same alternatives as Western's in a different psychological context. This study, therefore, prevails an unrecognized motivational connection between traditional culture in a rural place and modern work in a capitalist society based on ethnological research of Thai migrant workers.

Cultural Differences in Ethical Values and Motivation

Several recent studies tell us about the influence of cultural differences on ethical values and motivation. Bucholz (1978) insisted that the United States had an individualistic work ethic as Weber stated, working diligently to be independent had been a dominant value. In the current US situation, on the other hand, workers must rely on many kinds of organizations such as companies, labor unions, the government, and so on. Therefore, humanity which includes communication and teamwork skills is becoming more important. Indeed, scholars are aware of the problem that the existing motivational study might be biased because most of the studies are done in Western countries. From this point of view, Lewis (2011) conducted a study in Eastern Europe which has more collective culture than western Europe. Lewi made a model using the Eastern Europe data and stated 13 variances that affect motivation such as culture, social identity, diversity of the team, etc.

Related to motivation in different cultures, Barbuto et al. (2004) conducted a study in rural society in America. John compared 5 factors of motivation (internal process, instrumental, external self-concept, internal self-concept, goal internalization) between the rural group and the other American group. As result, rural workers are motivated by internal self-concept more than others, which means, that rural workers are motivated when a policy in the workplace meets with their identity and ideals, while others are motivated by the contents of the job and incentives. This kind of source of motivation is defined as “moral identity” (Hardy & Carlo, 2011).

Moral identity is a concept in between moral development and identity building; it is considered to be a motivational source to connect moral judgment if the behavior is right or not. Based on this moral identity concept, Ren (2010) analyzed existing data in America and concluded that the corresponding value of the company with workers' moral identity is a source of the identity of the workers.

To summarize, the existing studies showed that workers' social value in their hometown affects their moral identity, and the degree of matching (distance) between the moral identity of the workers and policy in the workplace would affect their working motivation. On the other hand, it is still unknown how those factors are internally storied; an ethnological study from this point of view is necessary. Therefore, in this study, the researcher conducted a life-history interview of migrant workers from a rural area to introduce a new point of view in motivational studies.

MORAL, IDENTITY, AND MOTIVATION IN THAILAND

In this section, we briefly review the Thai context, which is the target of our study. Regarding the motivational issues, Hilderbrand (2019) studied Thai motivation from a religious perspective. This paper insists that Thais have ethical motivations such as happiness and peace, Karma, a sense of Krengjay (a Thai concept that means consideration not to bother someone), and concern for others. This study also insists that both Theravada Buddhism and Christian Protestantism could have such motivation. However, the detail of the motivation is affected by doctrine. For example, Karma of Theravada Buddhism says "If you do good, you will get good; if you do evil, you will get bad"; Karma for Buddhists is a law of nature, instead, Christianity is based on an individual promise to god. The Karma belief such as "do good so you will be happy" is connected to other beliefs, such as Krengjay. Krengjay means feeling concerned for others, especially superiors and choose not to do something (not to bother someone); this is the consideration to others (Karma: do good so you will be happy). However, in case something is morally good but goes against of spirit of Krengjay, Thais tend to give priority to Krengjay because of consideration for others. The unethical perspective of Krengjay is also pointed out; for those at the top of the hierarchy in Thai society can take advantage, and exploit others thanks to Krengjay. This study summarizes that Thai Buddhists value process and emotion, therefore, do not have a merit-oriented thought such as Christianity.

Holmes (2000) also discussed this point relating to the workplace. According to Holmes, Thailand has a hierarchical society; superiors and subordinates are considered to be in a patron-client relationship. Therefore, subordinates feel Krengjay in consideration of the superior's intentions and do not make direct demands. On the other hand, the supervisor understands the subordinate's nonverbal intention and gives him or her a Bunkun (a Buddhist word that means kindness or favor). According to Hofstede

(2000), Thailand has a much more collectivist society than Western countries¹⁵. Similarly, Schwartz (1999) insists that Thais tend to accept a high degree of centralization and autocratic leadership. Thais give importance to long-term relationships and commitment to the group. Also, Thais are generally not competitive and not assertive in business or human relationships (Punturaumporn, 2001).

Komin (1990) compared Thai work values and motivation with that of the western country from a social-cultural system point of view. According to this study, prominent values of Thais are seen in "appreciation," "compassion and care," and "response to current (and not scheduled) situations and opportunities". The researcher also insists that this tendency indicates Thai's social achievement orientation, such as giving priority to gaining honor and maintaining good human relationships rather than task accomplishment in work. This is because interpersonal factors, such as attitudes toward people of upper status, are the key to success in Thai society. Therefore, task-achievement values are not considered important. This tendency is seen particularly obvious in upper strata and government agencies. In rural jobs, on the other hand, work and social relations are less likely to conflict, therefore, people in this group relatively seem oriented to task achievement in Thai society.

Komin rejects the traditional foreign view that Thais do not like to make effort and are hedonistic, and explains that looking cheerful is necessary for Thai society to maintain human relationships, which leads a succeed in work. These considerations suggest that Western (individualism-based) merit-oriented management is not acceptable in Thailand, on the other hand, due to its hierarchical social system, Thais tend to accept paternalistic leadership. Therefore, Thais would cooperate with individualism (top-down management rather than involving constituents) that take a softer, more polite approach.

Regarding relations between traditional rural culture and work values, Holmes (2000) insisted that Thais are not good at taking responsibility or long-term thinking because they do not have experience with those in rural culture or the Thai educational system. This is because they do the same routine every year in agriculture, and what happens in nature cannot be controlled by human efforts; the pursuit of causes is unnecessary in rural society. Thai people, on the other hand, are analytical in human relation area. Thais relationship has a circulating structure such as family at the center, workplace, home doctor, clubs, and schools are at the second layer, and public place, transportation, and city center are at the third layer. The workplace, on the second layer, is thought to be an area that needs mutual caring, which requires constant discretion and appropriate language to maintain good relations. Because of this, Holmes also agrees that the western merit-based work evaluation system does not match Thai society.

Hirai (2011) conducted fieldwork in a factory and in an agricultural village to explain the relationship between rural value and factory work. According to Hirai's research, an important value in rural work

¹⁵ Individualism in Thailand pointed 20, while the U.S. pointed 91 in Hofstede's index (i.e. Thailand has more collectivism tendency).

is to keep hands busy and take the job according to each one's role. In other words, values in traditional society are not to earn money or work efficiently to make results such as in modern society. Work in rural areas that requires a workforce, such as farming, rituals, and house repairs, is based on mutual aid; working is considered ethical behavior. The employee is considered to be helping the employer based on his/her compassion. Employer prepares meals for them and adjusts break times. Compensation for work is given as a token of appreciation by the employer. This kind of communication works based on their personal ties. They avoid hiring people from different communities to do one-time helping work because it is very likely to be in vain.

As above, some scholars already tried to compare Thai work values based on rural traditional culture with Western theories. However, as noted, the existing empirical research focuses on "present" work life in both Thai and western studies; investigating their whole life story including past, present and future is necessary for a more comprehensive discussion.

RESEARCH CONTEXT

As stated in the introduction section, this study will target migrant workers from rural areas to urban factories in Thailand. The economy of Thailand grew rapidly since the 1990s; the capital-intensive manufacturing sector, especially the Japanese automobile industry, has been developed at this time. The impact of industrialization and capitalism involved the rural people in the form of migrant workers in factories. The northeastern part of the country, in particular, became the largest source of migrant workers to the factories because the rice harvest in this area was smaller than that of other parts of Thailand (Shigemori, 1996). On the other hand, in many cases, the families of migrant workers own land to farm in rural areas, which means sometimes they need to hire farmers within the area; income from the migrant workers to the factory sustains subsistence farming in their rural communities. In this respect, their migrant work contributes to the rural community; migrant workers are not totally independent from their traditional society. In other words, their migrant work has a dual perspective. On the one hand, it retains the subsistence character of the rural community. On the other hand, their migrant work is incorporated into the market economic relations of the commodification of labor (Sugawara, 2016).

Thus, migrant workers from rural areas have spent their childhood and built an identity in rural traditional culture, and work in a factory maintaining the traditional value. Therefore, those people are considered to be an ideal target for the topic of this study.

Methodology and Analysis

The researcher conducted observation in a factory and carried out an interview about workers' past, present, and future; their motivational source and structure were analyzed using the collected data. The interview contains many questions about an informant's life; therefore, building trust between the

interviewer and interviewee is important. In addition, to understand the background of a worker's narrative, it is necessary to observe how they work and live every day. Therefore, long-term research is appropriate instead of one-shot interviews. For these reasons, observations and open-ended interviews were conducted in a manufacturing company in Thailand to collect data for this study.

The study was done in a Japanese company in Rayong Province, Thailand. Rayong Province is located about 180 kilometers east of Bangkok; the province faces the Gulf of Thailand and has industrial estates where many Japanese manufacturers have a factory. The target factory started operation in 2001 in Rayong; their business is to process steel bars and sell them to car suppliers. The Thai factory has 104 employees; 69 employees work in the factory, and others work in the office.

The fieldwork was conducted for about two weeks in February 2018 and one week in August 2018. The researcher stayed in the company and constantly took fieldwork notes during the research to understand the company's operation and the workers' conditions. The researcher stayed to observe for the first week of the February survey. After one week, the relationship with the workers had been built to a certain extent; thereafter, interviews were started with one to three workers every day. A Thai manufacturing manager assigned interviewees who can take time on the day; the researcher was not involved in the interviewee selection process; no intentional adjustments were made.

A tabled profile of the interviewees is shown in table 1. For the sake of privacy, the names of the interviewees are not disclosed; instead, they are assigned the symbols A1-A21. The amount of collected data, including that, gathered from the observations and interviews, came to a total of 83 pages on A4 paper. After the survey, the fieldwork notes were coded and analyzed using Atlas (<https://atlasti.com/>) software. This paper also includes the narratives of workers during factory observation; their status is directory stated after the narrative.

Table 1 Summery of Interviewee

ID	Interview Date (Order-New to Old)	Sex	Age	Length of Service	Position	Region of Birth Place	Educational History
A1	August 10 th , 2018	M	30's	7 years	operator	Central	M6(High School)
A2	August 9 th , 2018	M	30's	11 years	leader	Northeast	M6
A3	August 9 th , 2018	M	20's	4 years	operator	Central	PWC (Vocational School, 2years)
A4	August 9 th , 2018	M	20's	4 years	operator	Northeast	M6
A5	August 8 th , 2018	M	30's	8 years	leader	Northeast	M5(Dropped out of High School)
A6	August 8 th , 2018	M	20's	4 years	operator	Northeast	PWS (Vocational School, 5years)
A7	August 7 th , 2018	M	30's	12 years	operator	Northeast	M6

ID	Interview Date (Order-New to Old)	Sex	Age	Length of Service	Position	Region of Birth Place	Educational History
A8	August 7 th , 2018	M	20's	5 years	operator	Northeast	M6
A9	August 7 th , 2018	M	30's	8 years	operator	Northeast	M6
A10	August 6 th , 2018	M	40's	8 years	operator	Northeast	M6
A11	August 6 th , 2018	M	30's	6 years	operator	Northeast	M6
A12	February 16 th , 2018	F	20's	6 years	operator	Northeast	M6
A13	February 16 th , 2018	F	30's	7 years	operator	Northeast	PWS
A14	February 15 th , 2018	M	20's	4 years	operator	North	PWS
A15	February 15 th , 2018	M	30's	5 years	operator	Northeast	M6
A16	February 14 th , 2018	M	20's	3 years	operator	Northeast	M3(Junior High School)
A17	February 14 th , 2018	M	20's	3 years	operator	Central	M6
A18	February 13 th , 2018	M	30's	6 years	operator	Northeast	M6
A19	February 13 th , 2018	M	30's	6 years	operator	North	M6
A20	February 12 th , 2018	M	30's	4 years	operator	Northeast	M6
A21	February 12 th , 2018	M	30's	5 years	operator	North	M6

The workers in this company are generally males. This is because the target company is a steelmaker, and many of the jobs in this company require physical strength. The majority of the workers' ages are in their 20s and 30s, and the length of service was from 3 years to 12 years. This reflects the fact that migrant workers in Thailand retire in their late 30s or 40s and go back to their hometowns. In terms of educational background, most of them have graduated M6, which is equivalent to a high school; this is a common educational background for factory workers in Thailand. As for their home region, the majority are from the northeast, where many people come to work in Rayong; others come from the north and the central areas.

The interview was carried out in Thai, semi-structured according to time of past, present, and future. The content of the interview is roughly divided as follows: 1) past - childhood and student life; 2) present - work and personal life, especially work consciousness and problems, human relationships, family, finances, and leisure; 3) future - plans for future career and life goals. The reason for including their present working life and their past and future in the interview is that their past experiences form their identity, and the vision of the future greatly influences their motivation and behavior in modern work. Therefore, this interview aims to clarify how they position their present work from their entire life. Some interview results are referred to in the text of this paper, and the whole summary of interview data is indicated in Tables 2 and 3.

Table 2. Interview Result: Past, Present, and Future Life of Interviewee

ID	Family Member at Rural Home	Family Business and Life in Childhood	Family Relation in Present	Expenditure (Monthly in Thai Baht if not Designated)	Future Aim
A1	Father, five Siblings.	Agriculture. I Helped the business after school and on weekends.	I am living with my wife. My child is living in a rural home. I go to see them once a month.	Send to Father: 1000(+10000 when Bonus) Send to Child: 8000 House Loan: 13700 Car Loan: Finished	I want to do a car washing business. However, starting the business needs about 1 million baht, and it takes more than ten years to save the amount.
A2	Father and Mother, two Siblings	Agriculture. I helped rice farming in childhood.	I am living with my wife.	Sent to Parents: 3000 Car Loan: 10000	I want to build a house in a rural home and help a small shop that relatives own. I want to do this after saving 50 thousand baht but soon I am going to have a child so I will spend money for the child first.
A3		Agriculture	I am living with my wife. My children are living in a rural home.	Send to Home: 2000-5000 (send to parents and children) Car Loan: 9900	I want to farm.
A4	Father and Mother, five Siblings	Agriculture. I became a monk from M1-M3 to pay for own tuition and living expence.	I am living with my brother.	Send to Mother:3000	I want to farm. Especially want to plant peppers, because it can be sold well.
A5	Mother, six Siblings	Agriculture. I helped the business on weekends.	I divorced my wife. My child is living with the ex-wife's parents.	Send to Mother: 5000 Send to Child: 6000 Car Loan: 12000	I want to have a fishing equipment shop. I already found a place and going to hire a relative to keep the shop. I am going back home at around 50 and going to do farming at home.
A6	Father and Mother, one Sibling	Agriculture. I helped the business or played soccer after school.	I am living with my wife. My child is living in a rural home.	Send to Own and Wife's Parents:15000-20000 each when bonus (once a year) Send to Child: 5000 Car Loan: 10000	I want to own a small business at home.
A7	Father and Mother, three Siblings	Agriculture	I am living with my wife.	Send to Parents:1000-2000、 Car Loan: 10000	I want to farm or sell food.
A8		Agriculture	I divorced my wife, and I have a child.	Send to Parents: 2-30000 per a year Send to Child: 20000 per a year Car Loan:10000	
A9		Agriculture	I am living with my present wife. I have a child with an ex-wife.	Send to Child: 3-500 per a week Car Loan: 9400	I want to farm at home. I am also interested in the business to produce ice.
A10	Four Siblings (Parents passed away)	Agriculture. I took care of the caws before and after school.	I am living with my wife. My child is living with my wife's parents.	Send to Child: 5-6000 Car and Motor Bike Loan: Finished	I want to farm and sell things.

ID	Family Member at Rural Home	Family Business and Life in Childhood	Family Relation in Present	Expenditure (Monthly in Thai Baht if not Designated)	Future Aim
A11		Agriculture	I am living with my wife. My child is living in a rural home.	Send Money to Child: 2-3 times per a month (amount not informed) Car Loan: Finished	I am going back home soon and farm.
A12	Three Siblings	Agriculture (rice and sugar cane)	I am living with my husband. My child is living in a rural home.	Send to Child: 7-8000 Car Loan: 10500	I want to own a fishing equipment shop in Rayong. I need money about 60 thousand baht for that.
A13	Father and Mother, one or more Sibling (number not informed)	Agriculture. I helped the business in childhood.	I am living with my husband. My child is living in a rural home.	Send to Parents: 4-5000 House Loan: 12200 Car Loan: 11000	I want to go back home and sell food or sell things online.
A14	Father and Mother, one or more Sibling (number not informed)	Agriculture (Tobacco). I helped the business in childhood.	I am living with my wife.	Car Loan: 12000	I want to do a rice cleaning business at home.
A15	Three Siblings	I became a monk in childhood.	I am living with my wife and two children.	Car Loan: 10400	I want to do a transporting business of sugar factory at wife's home.
A16	One Sister and one half-brother (Parents passed away)		I am living with my sister and the sister's husband.	Car Loan: 8100	I want to go back home.
A17	Father and Mother, two Siblings	Agriculture	I am living alone.	Motor Bike Loan: 1500	
A18			I am living with my wife and daughter.	Car Loan: Finished	I want to own a small shop at home. I need money for that about 30 thousand baht.
A19		Agriculture	I am living with my present wife. I divorced before and have a total of 4 children and are all living in a rural home.	Send to Child: Total 14000	
A20	Father and Mother, one or more Sibling (number not informed)	I attended high school while working.	I am living with my wife and a child.	House Loan: 3600 Car Loan: 13000	I want to farm rice and vegetables at home.

ID	Family Member at Rural Home	Family Business and Life in Childhood	Family Relation in Present	Expenditure (Monthly in Thai Baht if not Designated)	Future Aim
A21	Six Siblings, one Sibling passed away. Parents also passed away.		I am living with my wife.	Send to Wife's home: 5000 House Loan: 10060 Motor Bike Loan: 3600	I want to do a farm or produce pillow at my wife's home.

Table 3. Interview Result: Work of Interviewee

ID	Job History	Aim of Work, Meaning of Ngan (Work)	Thoughts about Promotion
A1	I had worked in an electric factory before, but the factory was closed, and I lost my job.	Work aims to feed my child and for a future dream. The meaning of Ngan is Phara (duty) and Nathi (role).	I want to be promoted if I have a chance, but becoming chief is good enough.
A2	I came to work in this factory after graduating (without a job) for a year.	Work aims to have a good life, earn money, and establish a foundation for the future. Ngan is something I have to do and something compatible with cash.	It depends.
A3		I work for money and experience. Ngan is money.	I want to be promoted if others thought that I have an aptitude.
A4	I worked as a sub-contract worker in a factory for a year. I went back home after that for a while. Then I worked in another factory as a sub-contract for just four days and came to work in this factory.	I work for the future and to let my mother have an easy life. Ngan is a role I have to take.	
A5	I worked in several factories in Thailand for seven to eight years, then I went to work in Taiwan for two years and came to work in this factory.	The aim of work is money. I would buy a car and house for the future.	It is good enough already considering my educational history (so not interested to be promoted).
A6	I worked in a cloth factory in Bangkok, moved to Rayong because of water float, worked for a Korean car part company for a year, and then came to this factory.	Work aims to save money, get experience, and utilize it. Ngan is a source of money.	
A7	I have worked in the construction industry in Bangkok before.	I work for the future and my family. Ngan is a part of my life and something I have to do.	I do not want to be promoted. I have to take care of others if I was promoted and the responsibility is too much.
A8	I worked as a truck driver for three to four years, worked in a factory as a sub-contract for one year, and then came to this factory.	Ngan is something I have to do.	I am not thinking of being promoted, but I can be if I could work well.
A9	I worked in two Japanese factories. I also worked in a restaurant for one year and then came to this factory.	I work to feed my child and myself. Ngan means transforming things into other shapes.	It depends. I would if others say to do it.
A10	I worked as a sales officer in Bangkok for four to five years, came to Rayong, worked in two factories, and then came to this factory.	I work for my family, buy a house and car, and build a foundation for the future, such as educating my child. Ngan means having money. We don't have something to eat without farming, same for factory work.	I do not want to be promoted because it's too much responsibility.
A11	I got to work in a car part factory after graduation. I changed job and worked in a steelmaker for two years, went back home for two years and then came work in this factory.	Work aims to establish a foundation for the future. Ngan is money.	It depends.

ID	Job History	Aim of Work, Meaning of Ngan (Work)	Thoughts about Promotion
A12	I worked in a jewelry factory in Nakorn Pathom Province for two years, cloth factory for one year, went back home because of water float, worked in other factories, and then came to work in this factory.	I work to save money and send money to my child and parents.	
A13	I worked part-time in a factory while studying. After graduation, I worked in another factory, and then came to this factory.	I work to go back home in the future.	
A14	I went to military service for one year, and I helped to farm at home for one year and then came to this factory.	I work to save money.	
A15	I worked in a car part factory for three years, and in an electric factory for five years, and then came to work in this factory.	Work aims to save money and to live in wife's home in future.	I do not want to be promoted. I think I cannot because I have a low educational background.
A16	I helped the transportation business of relatives for five to six years and then came to this factory.	Work aims to save money to go back home.	I just do my work. I am not motivated to be promoted.
A17	I worked in an air conditioner part factory for two years, car part factory for two years and a half. I wasn't a permanent employee in previous job, so I came to this factory to be a permanent employee.	(couldn't come up) Maybe both for money and experience.	
A18	I worked in an iron plate processing factory for three years (I quit the job because of allergies), a jewelry factory for six years, an aluminum part factory for three years, a motor company for three years, and then came to this factory.		I don't want to be promoted. I am old, so I think it's better to let young workers take that position.
A19	I went to military service for one year, cooking equipment factory for seven years, tire factory for one year, and then came to this factory.	Work aims to feed my family.	I want to be promoted.
A20	I worked in an ice factory while studying in high school, after graduating, food factory (less than one year), rice farming at home for two to three years, three factories (total seven years and seven months) then came to this factory.	Work aims to feed family, save money and go back home.	I don't want to be promoted. I think my skill is not enough to be promoted because it needs the skill to manage others.
A21	The first job was to sell things. After that, I worked in two factories (a total of seven years), then helped a friend's business to sell watermelons for two years, but the job wasn't stable, so I came to this factory.		I want to be a leader.

FINDINGS

Past, Present, and Future Life

First, family structure, life in childhood and adolescence, current life and spending conditions, and worker aims for the future will be reviewed to understand their lives. As shown in Table 2, they are from rural areas. Many of them lived with several siblings during their childhood. In some cases, they participated in agriculture while attending school.

I went to an elementary school near my house, but junior high and high school were located in the city, so I commuted to school by bicycle; the distance was about six kilometers each way. I did so even on rainy days. Before going to school, I would take the cows and buffaloes to the fields and take care of them, and when I returned from school, I would take them home again. This was my chore. (A10)

On Saturdays and Sundays, I helped with farming. On weekdays, I go to school, but my parents live near the field, so I go to see them on Friday. (A5)

At present, they are living with a partner in many cases. They often leave their children with their parents in a rural area and send money to support them. In addition to these remittances, house and car loans accounted for a large portion of their expenditures. This large amount of loan is considered an expense "to form an asset to return to their hometown in the future."

Their aims for the future are generally to return to their hometowns in their 40s and live with their families while farming or owning a small business. As a result of the interviews, 13 interviewees indicated their desired age for retirement, and the average age was 42 (ranging from the 30s to 50s). Employment regulations of the target company allow employees to work until the mandatory retirement age of 60. Also, if their abilities are recognized, they can be promoted from operator to leader, chief, or manager. Although the company's system provides a situation where employees can work long, workers hope to return to their hometowns without waiting for mandatory retirement age; they do not intend to live in Rayong for the rest of their lives. This desire to return to the traditional rural areas is because they have a deep-rooted belief that farming, the family business, should be passed down from their parents' generation. They do not think of abandoning the land where they were born and raised and moving their entire family out of their hometown, making a living by farming or owning a business in rural areas is considered the ideal life for them.

I want to quit factory work in five years to farm rice and take care of my parents. I would also like to plant new vegetables. (A20)

I want to start farming in my hometown after working for about three more years. My Japanese boss wants me to work for ten more years, but I want to farm because I worry about my parents.

When parents get sick, we must hire someone else to take them to a hospital because my brother and I cannot drive them. I like farming. Money is not important. Farming cannot make money as much as factory work, but it makes meสบายใจ (sabay jay=comfortable in mind). (Male, chief position, interviewed while doing fieldwork on February 9th, 2018)

After quitting my job, I want to farm and start a business to make pillows in my wife's hometown. Since there is no one to do it now, I am hiring people to do it. I think I can make my living expense cheaper that way and is moreสบายใจ (sabay jay=comfortable in mind) for me. I want to plant vegetables, raise fish and animals, and eat them by myself. (A21)

I want to go back to my hometown and open a coffee shop. My family owns a coffee bean field. We sell the beans now, but I would like to open a coffee shop using the beans from my field. (Male, leader position, interviewed while doing fieldwork on August 8th, 2018.)

In summary, their lives are based on their rural life; they still have their parents and children there. They aim to quit factory work early; therefore, they generate assets for that purpose. The result of the interview about their present working life is indicated in Table 3. They explain their work as “duty”, “things I have to do”, and “source of money”. They consider work as a source of cash income to do their duty to support rural life. Therefore, they choose a company to work based on the salary; other factors, for example, human relationship at the workplace, is not much important to consider when they choose a job. Requests to the company are also leaning toward welfare or other incentives.

I am working to support my family, and also to save money to go back home in the future. (A20)

I am working to build a foundation for the future, such as buying a house, a car, or educating children. (A10)

This attitude is typically seen in their passive intention for promotion. They hope to return to their hometown in near future; they consider that promotion will only increase their responsibilities and will not bring them financial benefits for a long time.

Moral Identity and Motivation; Phara

The word *Phara* (ภาระ) was often heard in the interview as a reason and motivation for work. *Phara* is translated as burden, task, work, duty, or responsibility in the dictionary (Haas 1964:389). In the interviews, they described the purpose of their work as supporting rural life and building assets for the future, and they conclude that these are their *Phara*. They say that they are working for *Phara*, and the *Phara* encourages them and gives them the motivation to work. Moreover, they say that even if they wanted to do something more than their current job, such as going to school or changing jobs, they had

to give it up because of *Phara*. As such, *Phara* is seen as a responsibility that they must fulfill even if they have to give up things they want to do.

I am working here because Phara has increased. I had hoped to go on to higher education before. I still want to study car or machine maintenance if I got a chance. But I have too much Phara now so I didn't get to do that. (A1)

I don't get tired from work if I have Phara a lot. (A12)

I sometimes feel that I want to work in another company, but I have too much Phara, so I am afraid my salary might decrease. That's why I do not change my job. (A14)

The range of "family" they have to support as part of *Phara* includes not only the family they have built through marriage but also the family in the rural area. As mentioned above, they leave their children in rural areas with their parents and send money to support them. In most cases, women manage the household budget by pooling their husband's and their own salary, then pay for loans and send money to rural families. This remittance replaces the duty of taking care of the family because they are living away from home; this is called a part of their *Phara*.

I'm working for the future. I want to make my mother's life easier because she has had a hard life. I am still supporting my mother by sending money. (A4)

I'm working for the future and my family. (A7)

As above, in addition to supporting the family, the loan payment is also recognized to be part of their *Phara*. Their average base salary is about 13,000 baht, but they pay as much as 6,000 to 10,000 baht for a loan per month. Even if both husband and wife are working, this amount is not small. These loans are regarded as *Phara* because they build assets by it as an essential foundation of life after quitting jobs and going back home. They may buy a house in a rural area or even in Rayong, where they are currently living. Even though they buy a house in Rayong, it is still considered part of their asset building. This is because they think this is the way for building a secure asset; they can sell the house so that they will have a certain amount of money when they return home. They think it is better than paying house rent every month with nothing left upon moving out. Furthermore, land prices in Thailand are currently rising, so they expect a considerable investment value. Cars are still considered valuable assets because they can be sold second-hand and used as collateral to borrow money. In addition, they emphasize the practical significance of needing a car to return to rural areas; they have a strong sense of belonging to their hometowns, which leads them to return to their rural areas frequently on holidays.

DISCUSSION

The purpose of the current study was to understand the joint influence of the characteristics of rural societies and those of modern societies on the local employees' ethical values and motivations by conducting the ethnographic study in Thai factory workers in Japanese MNCs who moved from rural areas to urban factory zone. We found that factory workers' ethical values and motivation, represented by terms such as *Phara*, are based on the maintenance of the rural community where they are from and that they use the modern working environment to achieve this goal.

The findings revealed that the motivation of factory workers in Thailand stems from their rural life; they work to meet the demands of industrialization and capitalization in Thailand to maintain rural life. Their childhood in traditional rural society has shaped their identity; working in a factory to contribute to the rural society is thought to be their role. In other words, it is morally important for them, therefore we can consider this as a moral identity defined in existing studies. Their moral identity: responsibility in rural society is called *Phara* in their language. Along with the waves of capitalism in Thailand, it has been necessary to do migrant work to earn cash income. Therefore, they consider supporting rural life by doing this as *Phara*. In other words, *Phara* motivates them to work.

These attitudes might cause considerable distance from the workplace value in below two ways, from the management point of view (figure 1). First, distance from modern society. The workers work in a factory to fulfill their responsibility in rural society by earning cash. This means they are not motivated by the job itself. In other words, they are not working to build a long career in the city. Therefore, they maintain the values of rural areas, rather than adjusting to the urban working culture. This tendency is also indicated in Hirai's study: they prefer to maintain human relations rather than to make efficient outputs. Second, distance from the culture of the mother company in the case multinational company. The researcher conducted a study in a Japanese factory in Thailand. Thai workers have a sort of collectivist culture, which is similar to Japanese values. However, there is a critical difference in where (which group) they want to contribute. As indicated by theory Z of Ouchi (1981), Japanese people aim to contribute to communities in the company (to be recognized by co-workers), while Thais desire to contribute to their home rural community. Because of this, Thai workers seem to be very individualistic or irresponsible in Japanese managers' eyes. It should be understood that the destination of motivation is different rather than understanding that Thais are less motivated to work.

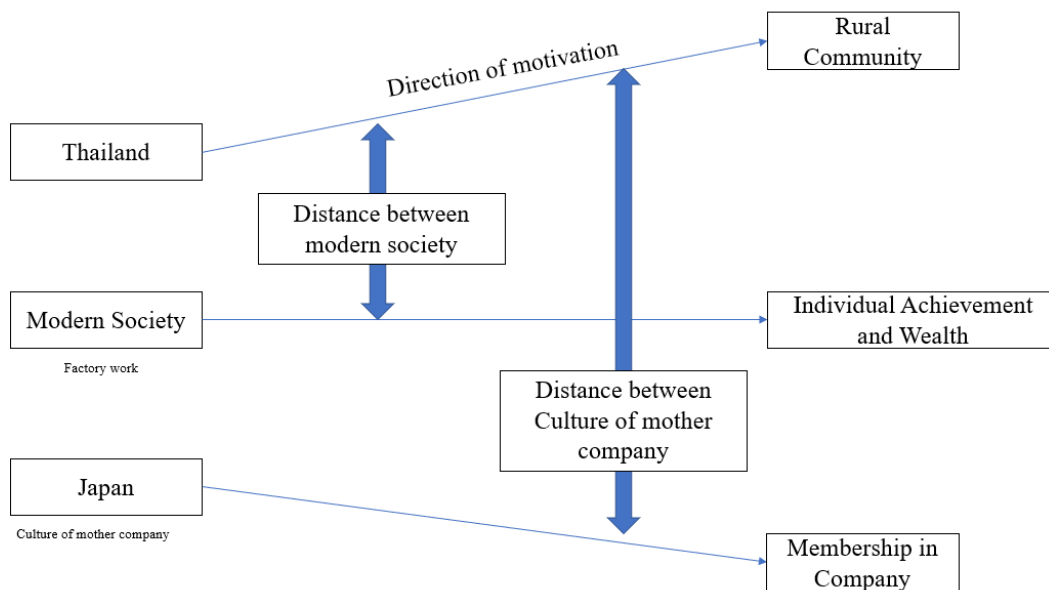


Figure 1: Motivational direction and distance between other cultures

Practical Implications

Existing studies have shown that western merit-based payment system might not fit with a collectivism culture. This study, may give a farther understanding of the context of employees from collectivism society; therefore, would give a concrete hint of how to motivate those employees. Because of waves of capitalization, responsibility in rural society, especially for migrant workers is alternated with cash. Cash rewards such as rewards for Kaizen¹⁶ activities and additional bonuses for increased profits are also useful incentives for migrant workers to fulfill their *Phara*. However, as a matter of awareness, it may be difficult for them to recognize the job itself is connected to the rural society that they want to contribute to; they might lack internal motivation. To connect these two (their awareness and the job itself), incentives should be more directly connected with their rural society. For example, giving longer holidays to let them go back home longer as an incentive of Kaizen, donations to rural communities, educational support, private insurance for rural families¹⁷, or, giving meals from their hometown in the cafeteria, etc.

¹⁶ A Japanese management method to improving productivity by the suggestions from employees.

¹⁷ Private insurance is a common welfare in Thailand, due to limited service of government's social security.

Limitations and Future Research

This study focused on migrant workers from rural areas in Thailand who have a traditional collectivist culture. This study, instead, has not analyzed how much this sample could be generalized in other country or other social group within Thailand. The target of this study was Thai factory workers and their educational background was mostly equal to high school graduates. Results may be different in other countries. Even within Thailand, results may be different for employees with college degrees and office workers. Furthermore, different results may be observed among different ethnic groups in Thailand, such as Tai-Thai, Chinese-Thai, or Malay-Thai.

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[AJBS-028]

A study on membership-based employment as a strategy based on the perspectives of community-type organizations on innovation

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ABSTRACT

It is argued that Japanese companies are innovating at a slow rate; the cause of this has been said to lie in the characteristics of Japanese management. Japanese management has been shaped by membership-based employment, which is characterized by the hiring of new graduates in batches, lifetime employment, and the seniority system. Membership-based employment is based on the logic of a closed community. In Japan, it is believed that this community-type organization created by membership-based employment has become unsuitable for the digitalization and globalization of the business environment. It is now argued that innovation is being hindered by this community-type organization. The purpose of this study is to analyze how Japanese companies that entail Japanese-style management and membership-based employment can stimulate innovation. In this study, we will consider the measures required to restore innovation while maintaining the merits of membership-based organizations, from the perspective of middle managers. By doing so, we will try to explain how making a membership-based organization innovate—which is a characteristic of Japanese management—can be a management strategy.

Keywords: Job-based Employment, Intellectual Proficiency, Problem-Solving Middle Class, Organizational Commitment, Psychological Safety

INTRODUCTION

It is argued that Japanese companies are innovating at a slow rate. Membership-based employment is based on the logic of a closed community. It is believed that Japanese management, which is based on the premise of membership-based employment, has hindered innovation by suppressing the motivations and unique ideas of individuals. Hamaguchi (2009) suggested that the Japanese-type employment system was based on membership-based employment.

Ota (2021) defined membership-based organizations as organizations with strong communal characteristics that are created by membership-based employment. Furthermore, he argues that in membership-based organizations with strong peer pressure, innovation does not occur because individuals with outstanding talents are not utilized. Until around 1990, it was middle management that created innovation within Japanese management. However, it is now argued that the community-type organization that is created by membership-based employment is incompatible with individuality, which actually creates innovation; therefore, companies as a whole should abandon membership-based employment and shift to job-based employment.

However, until around 1990, it was certain that innovation was fostered by the community-type organization that was created by membership-based employment. It is therefore necessary to clarify why community-type organizations that entail Japanese management have ceased to innovate. This is the context of the problem in which this research is situated.

The author believes that it is necessary to examine the structure of membership-based employment as a strategy that community-type organizations can use to generate innovation and as a way to explore ways to encourage this innovation.

The purpose of this study is to analyze how Japanese-based companies that are currently formed through membership-based employment can stimulate innovation. In this study, we will examine the measures required of middle management to restore innovation while maintaining the merits of membership-based organizations. By doing so, we will try to explain that making a membership-based organization innovate can be a management strategy that brings a competitive advantage.

PREVIOUS RESEARCH

In this chapter, previous research that has been conducted on middle managers in membership-based organizations will be reviewed. Then, the relationship between middle management and innovation will be reviewed, followed by the review of how the characteristic of membership-based organizations as communal has been considered in previous studies. Finally, hypotheses and models of the causal relationships between membership-based organizations and innovation will be established.

Hamaguchi (2009) suggested that the Japanese-type employment system was based on membership-based employment. Hamaguchi (2021) has later explained that in the case of membership-type employment, the job is not specified, and if the number of people required for one job decreases, then the person can be transferred to another job. On the other hand, in the case of job-based employment, the job is specified, and the person is hired for that particular role. Therefore, if the necessary duties are no longer required, it will be necessary to dismiss them. In the membership-type job, as long as there are other duties that need doing, you cannot be dismissed, so lifetime employment or long-term employment are a feature. In the labor market, wages are determined by the job, but wages cannot be rounded up or reduced in the case of job transfers within the company, so the wages of senior members depend on the number of years they have worked and their age. Also, in membership-based companies, wages are not determined by the job but by the entire company, so instead of having labor unions that represent a particular job, they represent each company instead. Hamaguchi (2021) argues that the reason why membership-based employment in the Japanese-type employment system is necessary is for upholding the three sacred treasures—lifetime employment, the seniority system, and in-house unions—as outlined by Abegglen (1958). The three sacred treasures are seen as a major feature of membership-based employment. However, the reason why companies adopt membership-based employment should not be the purpose of being a membership-based organization in itself and nor should the goal be to realize the three sacred treasures. Instead, Japanese companies that employ Japanese management should adopt this Japanese-type employment system as a means of achieving a competitive advantage. Therefore, it is necessary to clarify the reasons for using membership-based employment as a management strategy.

Ota (2021) defined a membership-based organization as an organization with a strong communal character that Hamaguchi (2009) describes as being created by membership-based employment. The definition of community is based on the theory that groups and organizations, as outlined by Tönnies (1957), are classified into two types: a community-type society (*Gemeinschaft*) and a function-type society (*Gesellschaft*). On top of that, he argues that in membership-based organizations with strong peer pressure, innovation does not occur because individuals with outstanding talents are not utilized. Until around 1990, middle management created innovation within Japanese management. However, it is now argued that the community-type organization that is created by membership-based employment in Japan is incompatible with individuality, which actually produces innovation; therefore, companies as a whole should abandon membership-based employment and shift to job-based employment. The characteristics of the community created by Japanese membership-based employment are “strength of peer pressure,” “homogeneity,” “exclusivity,” and “communitarianism.” Ota (2021) considers “communitarianism” as that of “seeing community as desirable both emotionally and as an idea, having values that actively seek to maintain and strengthen the community.” (p.51) A mere “sense of community” is “a consciousness that is aware of one's role as a member of the community and belongs

to it to obtain spiritual comfort and common benefits.” (p.52) Under communitarianism, words such as “bonds” are commonly spoken in the community and the unity of its members is seen as the highest priority.

Sakaiya’s (1993) work resonates with Ota’s (2021) argument. Taichi Sakaiya was a former bureaucrat at the Ministry of International Trade and Industry—now the Ministry of Economy, Trade and Industry—who graduated from the University of Tokyo, Japan, and was a writer who had a strong influence on the government's economic policy. He served as Director General of the Economic Planning Agency from July 1998 to December 2000 and served as Special Advisor to the Cabinet from December 2000 to April 2004. Throughout his career, he carried out economic and corporate reforms in Japan. Sakaiya (1993) argues that post-war Japanese companies were based on community-type organizations (*Gemeinschaft*) rather than function-type organizations (*Gesellschaft*). He states as follows,

“Post-war Japan aimed at the formation of a developed modern industrial society in which the manufacturing industry was exclusively based on standard mass production. The entire Japan society was organized for this purpose, and the workplace organizations such as companies and government offices in Japan society were also created accordingly. It is a post-war Japan-style management based on three pillars: closed employment practices symbolized by lifetime employment, an upfront investment-type financial structure based on the assumption of price rises, and a collective decision-making mechanism. Fortunately, in the post-war world structure, the direction Japan aimed for was advantageous. Thanks to the Cold War structure, international condemnation of bureaucrat-led standardization was also tempered. Due to the oversupply of oil and other primary commodities, mass production did not hit a wall. As the Japan population grew and construction demand flourished, lifetime employment was protected, and upfront investment was profitable. The organization of Japan was successful, both as a system of the country as a whole and as a management of individual companies. In other words, Japan's workplace organization has generally performed well. However, it is common for organizations to tend that success leads to the next failure. Successful organizations are more likely to be buried in their success stories and overadapt to successful environments. Moreover, Japan workplace organizations with closed employment practices tend to be communities of employees that have forgotten their original functional purpose. These three—burying in successful experiences, overadapting to the environment, and communalization of function-type organizations—are the diseases that lead to the death of huge organizations. The Cold War, which was the structure of the post-war world, is over. The environment surrounding Japan is fundamentally changing. Whether or not the Japan government structure can reform its organization in response to this will be an important issue that will determine the rise and fall of this country.” (p.4)

As a result, Sakaiya (1993) calls for the reform of personnel evaluations in community-type organizations. He explains,

“Today, many Japan business organizations are likely to become sick as community-type organizations “deadly diseases.” In order to break away from this, the first step is to change the standard of personnel evaluation from self-sacrifice evaluation to merit evaluation and merit evaluation.” (p.279)

Sakaiya defines self-sacrifice evaluation as follows,

“The criteria for personnel evaluation in organizations can be broadly divided into two categories: self-sacrifice evaluation and ability and merit evaluation. In community-type organizations, the former is usually prioritized, and in function-type organizations, the latter is usually preferred, but in reality, this causal relationship is often reversed. In other words, as a result of the expansion of self-sacrifice evaluation, what should have been a function-type organization becomes a community-type organization.” (p.277)

The characteristics of a community-type organization, which Sakaiya depicts as a deadly organizational disease, are outlined above. Ultimately, Sakaiya (1993) argues that the following reforms should be implemented for membership-based employment, which would create a lifetime employment system.

“In a function-type organizations, efficiency in achieving objectives is important. Therefore, in a function-type organizations, it is best to allow members to participate only for the period of time when they are capable, during which time they can demonstrate their full potential. For example, people who do manual labor should be employed only when they are physically active, and retired when their physical condition declines. A function-type organizations is a mechanism that buys human virtue rather than buying human virtue and expects merit in achieving its goals. The rational mind of modernity, as a thoroughly function-type organizations, has created a form in which companies identify their business contents for the purpose of pursuing profit, entrepreneurs gather capital, and people are attached to it. Therefore, even if people change, the organization does not change. Whether the president is replaced, the chief engineer retires, or a large number of employees are dismissed, it will continue to exist as the same corporation. In other words, we employ people by ability and let them participate only for as long as they are capable. The function-type organizations shall adopt a division of roles that allows its members to maximize their abilities. It is efficient for those with technical skills to work in the field of their expertise. Those who are physically strong are good at physical labor, and those who are skillful in negotiations are good at public

relations and sales. Those who have a broad perspective and good judgment are suitable for positions that are responsible for overall basic policies and overall coordination.” (p.103)

In other words, Sakaiya believes that corporate efficiency will not improve unless membership-based employment is replaced with job-based employment; in fact, Sakaiya promoted such reforms as Director General of the Economic Affairs Agency and as Special Advisor to the Cabinet Office. He argued that the failure to carry out such reforms would increase peer pressure based on the subjective norms within the organization, which differed from achieving the original purpose of function-type organizations.

When personnel evaluations are conducted based on the social subjectivity within the organization, members take action accordingly. Naturally, this will lead to friction with people outside of the organization and will cause frustration sooner or later—it is one of the dangers that organizations are prone to. Nevertheless, in the case of a community, it is still permissible because the purpose is for the members to live comfortably. By ignoring their interests and losses—even if a family insists, “this is our family style,” or a nation-state insists that “this is our national character,”—it can be pushed through as long as it does not cause extreme trouble to a third party. However, Sakaiya insisted that this must be done, otherwise function-type organizations corporations cannot achieve their original purpose.

In addition, Hamaguchi (2021) argues that the positions, such as department manager and section manager, which are represented by the word “middle,” are not job types or functions, but internal statuses. He also asserts that the intellectual proficiency of middle management is an illusion. The concept of intellectual proficiency in middle management is based on the work of Koike (2008). Koike (2008) defined intellectual proficiency as “the skill to deal with change and problems” (p.3) and argued that this skill continues to develop even after 20 years of service. To encourage such intellectual proficiency in Japan, companies are constructing a remuneration system. Hamaguchi (2014) noted that he had “joined” the company with no skills as part of a mass hiring of new graduates; when he remembered various jobs through on-the-job training, his job performance ability certainly increased year by year, but this was not necessarily the case when he entered middle age—around 40 years old. Despite this, we had no choice but to ignore this reality and decide that “job performance” would continue to increase based on the evaluations of seniority-based “ability”. In this sense, the theory of retirement at the age of 40 exposes this contradiction.

However, there are studies that show that intellectual proficiency was not an illusion until about 1990. This research includes the study of the middle up-and-down by Nonaka and Takeuchi (2020), the transformative middle by Kanai (1991), the problem-solving middle by Sakuma (2006), as well as Koike's (2008) study on intellectual proficiency. Koike (2008) argues that the intellectual proficiency of middle management is acquired through the on-the-job training of subordinates, and it is thought that this intellectual proficiency increases each time the training is taught. In other words, educating subordinates is one of the best ways for middle management to develop their skills. If this is the case,

when middle management lose the opportunity to educate their subordinates, their abilities will not be honed. The loss of educational opportunities for subordinates may have been the cause of Hamaguchi's (2014) theory that intellectual proficiency has become an illusion. A typical example of intellectual proficiency is that of Toyota's on-site improvement. Toyota's improvement was comprised of dealing with changes and problems. According to Wakamatsu (2007), Taiichi Ohno, the creator of the Toyota Production System, said that "the boss's job" was to "compare [their] wisdom with [that of their] subordinates." He said, "When you give instructions to solve a problem to a subordinate, you must think more than the subordinate because you received the instruction to solve the problem at the same time." As a result, Toyota's workplace success is said to be pervasive even today; in other words, it has been made clear that the implementation of measures to promote intellectual proficiency increases the intellectual proficiency of workers.

Next, we will look at the research concerning the creation of innovation through the introduction of teams, which was implemented by middle management. According to Duhigg (2016), Google conducted a study named the Aristotle Project, consisting of the engineering team 115 and the sales team 65. The study clarified the characteristics of organizations that produce innovative results, with the most important characteristic being what Edmondson (1999) called "psychological safety." Google also conducted a study called the Oxygen Project to identify characteristics of middle management that produce psychologically safe organizations. According to the survey, being a "good coach" is a characteristic of middle managers who create innovative organizations. The role of the middle manager is to ask the members what their current goals are, make them aware of the problems that stand in the way of achieving them, and then work together with them to figure out how to solve these problems. A good coach is, therefore, the middle manager who implements intellectual proficiency, as Koike (2008) argues, and the middle manager who focuses on problem-solving, as argued by Sakuma (2006).

According to Sakuma (2006), having middle management focus on problem-solving increases subordinates' organizational commitment. A high level of organizational commitment is considered to be a characteristic of membership-type organizations. Tao (1997) called employees with a high organizational commitment to companies in Japan "company people." Tao (1997) defined organizational commitment as "a state in which individuals identify with the goals and wishes of the organization," (p.30) and outside of Japan, it is divided into three elements: emotional, normative, and survival. Fortunately, Tao (1997) discovered some unique elements that could only be found in Japanese companies; an example of these is the internalization component. The internalization component is part of the emotional element that is found only in Japan, whereas the emotional element found in other countries is only concerned with the affective component. The affective component is the emotional aspect of an autonomous employee who is drawn to the organization to which he belongs as an objective object. On the other hand, the internalized element does not inherently make the organization an objective object but is an emotional component that identifies and unites the organization with the

individual. It can be considered that the internalization component is more prevalent than the affective component for employees in the organization, since it is a characteristic created by membership-based employment. In other words, the internalization component can be used as a measure to calculate the degree to which members in a membership-type organization belong. In this case, membership can be defined as the degree to which members of a membership-type organization regard the organization and the individual as one, in other words, the degree of internalization.

When a boss solves a subordinate's problem, it can be considered as a transfer of knowledge within the organization. According to Haghirian (2010), bosses in Western companies are cautious about transferring their knowledge to subordinates, since they consider their knowledge as personal property. This is because they believe that knowledge is the source of authority. In other words, Western companies do not support subordinates in solving problems. On the other hand, in Japanese companies, knowledge is a shared object that is created by the organization and superiors work to actively solve subordinates' problems and transfer their knowledge. It is thought that because it is a membership-based organization, superiors can solve the problems of their subordinates; in other words, by having a sense of membership, superiors can pass on knowledge as the secret to achieving their acquired results because they cannot only use the acquired knowledge as individuals, but can also generously convey it to other members and improve the capabilities of the entire organization. However, when a supervisor transfers knowledge by supporting problem-solving, creating Japanese-type organizational knowledge would be impossible if the subordinate does not have a sense of membership.

There are four possible hypotheses from previous studies:

Hypothesis 1: *The high internalization component as a characteristic of employees in membership-based organizations affects the problem-solving leadership behaviors of middle management.*

Hypothesis 2: *The high affective component as a characteristic of employees in membership-based organizations affects the problem-solving leadership behaviors of middle management.*

Hypothesis 3: *Middle management's problem-solving leadership behaviors affect the psychological safety of the organization.*

Hypothesis 4: *The psychological safety of an organization influences the results of members' innovations.*

The above four hypotheses will now be examined.

CONSIDERATIONS

In this chapter, the four hypotheses will be verified using the data derived from the questionnaire survey.

In preparation for the questionnaire, we referred to the work of Shen (2005) regarding the affective component, the internalization component, and how to measure problem-solving leadership. Next, to measure psychological safety, we referred to Edmondson's (1999) Psychological Safety Scale. To measure innovative outcomes, we referred to Carmeli et al. (2010). The original English text was translated into Japanese. At the same time, the measures of organizational commitment were included in the questionnaire, again with reference to the study of Shen (2005). The questionnaire was given to general employees of Japanese companies that were not managers and data acquisition was outsourced to the NTT Communications Online Marketing Solutions Corporation. On September 6, 2021, 319 valid data sheets were retrieved.

Using the above data, covariance structure analysis was performed using IBM SPSS AMOS28. The result is the path diagrams demonstrated in Fig. 1, Fig. 2, and Fig. 3 below.

Fig. 1 Model I: The internalization component and the affective component

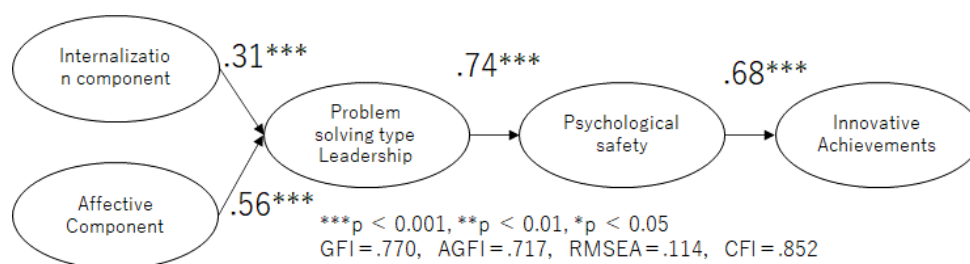


Fig. 2 Model II: The internalization component only

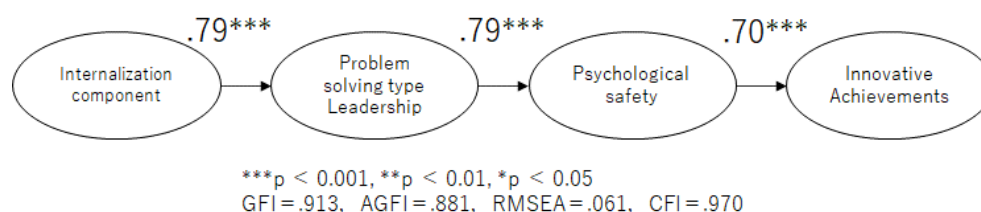
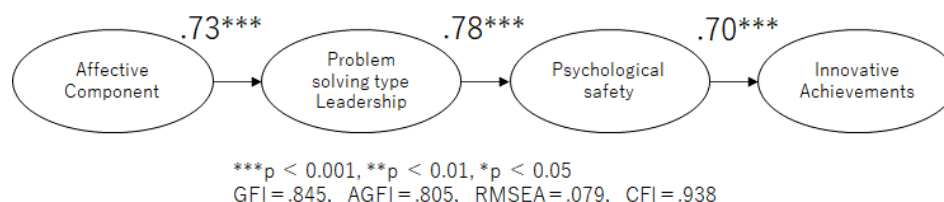


Figure 3 Model III: The affective component only



In the path diagrams in Figures 1, 2, and 3, only the internalization component of Model II has a high degree of fit. In other words, the high internalization component, which is unique to membership-based organizations, suggests that promoting problem-solving leadership within middle management is a condition for generating innovation within the organization.

From these results, the hypothesis test results are as follows:

Hypothesis 1: The high internalization component as a characteristic of employees in membership-based organizations affects the problem-solving leadership of middle management—this was supported.

Hypothesis 2: The high affective component as a characteristic of employees in membership-based organizations affects the problem-solving leadership of middle management—this was not supported.

Hypothesis 3: Middle management's problem-solving leadership affects the psychological safety of the organization—this was supported.

Hypothesis 4: The psychological safety of an organization influences the results of members' innovations—this was supported.

CONCLUSION

Until around 1990, innovation was created from community-type organizations that were the outcome of membership-based employment; the reason for this decline after 2000 is the concern of this study. It was therefore necessary to clarify why community-type organizations with Japanese management have ceased to produce innovation. This paper considered the structure of membership-based employment as a cooperative organization that produces innovation and considered the need to explore ways to activate innovative capacities. Therefore, the purpose of this study was to analyze how Japanese companies that are currently formed through membership-based employment can stimulate innovation. As such, this study examined the measures that middle management can take to restore innovation while maintaining the merits of membership-based organizations. By doing so, we were able to reveal that making a membership-based organization function can be a management strategy to help gain a competitive advantage. In other words, being a community is a condition for generating corporate innovation. On the other hand, if the community is destroyed, it is unlikely that the company will be able to compete in fostering innovation. This begs the question: why did Sakaiya (1993), Ota (2021), and Hamaguchi (2021) insist on abolishing community-type organizations? What they regarded as a characteristic of community-type organizations may be a characteristic of bureaucracy that results from the pursuit of efficiency and rationality within function-type organizations. The characteristics of community-type organizations Sakaiya contend would be the characteristics of bureaucracy organizations mentioned by Weber (2016), Merton (1957), and Ritzer (1998). Weber (2016) analyzed bureaucracy as functional bodies that are concerned with the ultimate pursuit of efficiency and rationality. He argued that the "immersiveness" and "composability" of the bureaucracy created "inhumanity" and made work irrational. In other words, the pursuit of being a functional body creates an inefficient and irrational organization. Merton (1957) further presented the characteristics of a bureaucracy as the reverse function of a bureaucracy, which was said to have the following features:

- Rule-based universalism
- Avoidance of responsibility
- Self-preservation
- Secrecy
- Precedentism
- Conservative tendencies
- Uniformitarian tendencies
- Authoritarian tendencies
- Traditionalism
- Sectionalism

The above features are what Merton (1957) regarded as the stains and evils produced by community-type organizations. These are consistent with Sakaiya's (1993) depiction of community-type organizations as deadly diseases. Sakaiya (1993) may have mistakenly thought that the cause of the reverse functional characteristics resulting from the pursuit of efficiency and rationality in function-type organizations originated in community-type organizations. It is also possible that they mistakenly thought that membership-based employment, which produces community-type organizations, should be destroyed. As Sakaiya (1993) proposed, the organization created by job-type employment, which thoroughly pursues efficiency and rationality, is a bureaucratic organization.

Sakaiya's junior colleague, Nakano (2022), an active bureaucrat in the Ministry of Economy, Trade and Industry, who also graduated from the University of Tokyo, argued that HR consultants and human resource management scholars often call for organizational reform to solve the reverse functional problems that are the result of bureaucratic pursuits and that organizations should be reformed by quantifying personnel and organizational evaluations. Together with these, they also propose a management system that more rigorously enforces performance and competence-based management by measuring results correctly. If organizational reform is carried out in accordance with the recommendations of HR consultants, a more bureaucratic, inefficient, and irrational organization will be created. Although everyone knows that bureaucratic organizations are incapable of innovation, they have persisted with organizational reforms, such as “objective evaluation based on numerical values,” “performance-based management,” and “transparency” in order to achieve innovation, thereby strengthening the function of bureaucratic organizations. Nakano (2022) further states that the bureaucratic structure of the organization has grown stronger. He explains that the “lost 30 years” is the result of 30 years of national structural reforms, as proposed by Sakaiya (1993), and in lamenting their ineffectiveness, he states that Japan can no longer afford to experiment with “knee-jerk reforms” and “joke reforms” that have continued over the past 30 years. In retrospect, the collapse of Japan's bubble economy around 1990 was caused by the extreme pursuit of economic efficiency and rationality by all

players. Nakano (2022) argues that Sakaiya's ideas did not have a significant impact on people nor did they advance the world.

However, he also argues that Sakaiya had an excellent ability to grasp the mood of the times and was able to express what the masses were vaguely thinking. That ability of Sakaiya to grasp the minds of the masses, according to Nakano (2022), is what political influence is all about; politicians can then gather political instructions from the masses and make policy decisions by expressing the thoughts of the masses in speeches or in other forms of expression. Nakano (2022) says that the ideas symbolized by Sakaiya (1993) were the political driving force behind the “thoughtless reforms” and “preposterous reforms” that lasted for 30 years. It is believed that the government has attracted popular support by bringing Sakaiya into power and implementing his policies. The fact that many companies did not ultimately collapse in the midst of such “thoughtless reforms” and “preposterous reforms” is most likely a result of the fact that the community-type organizations created from membership-based employment kept Japanese companies afloat. This is because the community is a place where “humanity” is reasserted by regenerating “unmeasurable value” and “subjectivity” to alleviate the reverse function of the bureaucratic organization that pursues functionality. This is because membership-based employment is considered necessary to reconstruct the enterprise from bureaucratization—a disease that leads to death through its focus on functional efficiency and rationalization—to a community-type organization.

Lave and Wenger (1991) argue that in communities of practice, where newcomers acquire knowledge and skills, legitimate peripheral participation is necessary to be recognized as a member and to participate in the network. Legitimate peripheral participation is, in Japanese terms, *Zokin-Gake*. *Zokin-Gake* is the process of wiping and cleaning floors using a rag by hand. It is an unavoidable task in cleaning, but is associated with the image of simple, rudimentary, steady, and endless work; therefore, it represents the steady, low-level work in business. Newcomers who do not participate in legitimate peripheral participation such as *Zokin-Gake* will not be able to learn the practice on site. Once they have done *Zokin-Gake* as newcomers, they realize that they will not be recognized in the community of practice without legitimate peripheral participation; therefore, they can return to their roots and do *Zokin-Gake* wherever and whenever. An image of a ragpicker is shown in Figure 4 below.

Figure. 4 *Zokin-Gake* in Japan (Free Material of Illustration Site, n.d.)



Membership-based employment is a means of human resource development in terms of management strategy, not an end. In an organization, it often happens that the means and objectives are mistaken. Membership-based employment is a management strategy—that is, a means—that develops human resources internally and creates a community-type organization that brings a competitive advantage. Japanese companies may have fallen into the trap of mistaking their means from their objectives. The strategic objective of membership-based organizations is developing middle management's problem-solving skills. In other words, it is a membership-based employment strategy that develops innovative human resources and a community-type organizational strategy that produces innovation. In order to develop such human resources, there must be subordinates in middle management for more learning to be acquired. Whether to adopt a membership-based organization is based on a strategic decision of whether to develop human resources who can innovate within the organization. For middle management to problem-solve and, therefore, to innovate freely and vigorously, we believe that they must have a high level of “human ability” for the community, that is, one that prioritizes “human virtue” rather than the “functional ability” of function-type organizations.

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[AJBS-009]

Women in the Japanese Workplace: A social constructivist perspective

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ABSTRACT

This paper attempts to provide a critical perspective of women in the workplace in Japan from the perspective of social constructivism and deploy that for discussion of gender studies as part of diversity, equity, and inclusion in the field of international business. Crossing different levels from the macro level economic factor to specific business cases, I employ an integrative and social constructivist perspective for understanding gender in the field of international business. Focusing on the case of Japanese women in the labor market and workplace, secondary documentations and first-hand interview data were collected to analyze in a holistic integrative interpretation of the gendered social phenomenon. This study identified six lines of research directions based on the Japanese case, recognizing its limitations for a better understanding of gender studies in the international business field. With the existence of a limited understanding of gender and women in the field, Japan offered an opportunity for exploring different levels, dimensions, and factors. This paper contributes to the critical analysis of gender studies in the field of international business, providing insights for practical perspective of Japanese women in the workplace, and an opportunity to better understand and construct future research framework.

Keywords: Gender, Japan, female, culture, diversity, sustainability

Competitive Session

Japanese internationalization



Session ID:	2.1
Format:	<i>Competitive session</i>
Session Title:	Japanese internationalization
Session Chair:	<i>Masashi Arai (Asia University, Japan)</i>

[AJBS-016] Role of managerial confident level and keiretsu structure toward the relationship between organization slack and firm's internationalization: Evidence from Japan

Pitima Diskulnetivitya (Chiang Mai University, Thailand)

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[AJBS-007] The impact of macro and micro-level distances on joint venture survival of Japanese subsidiaries

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Mario Henrique Ogasavara (ESPM, Brazil)

[AJBS-010] Dynamic capability and its effect on business models for Japanese firms' entry into emerging markets: a case study of the telecommunications carrier industry in Myanmar

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Manabu Chitose (Malz, Japan)

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[AJBS-016]

Role of managerial confident level and keiretsu structure toward the relationship between organization slack and firm's internationalization: Evidence from Japan

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ABSTRACT

In this study, we empirically test the association between types of slack and internationalization performance. In addition, we examine how management characteristics that as management confidence level, and organization structure that as keiretsu influence the allocation of slack resources into internationalization strategy. We expect that slack affects a firm's internationalization. Also, the confidence level of management moderates the relationship between slack and internationalization performance. We also expect that vertical and horizontal keiretsu influence the internationalization behavior of firms differently.

Keywords: organization slack, internationalization, managerial confidence, Keiretsu

[AJBS-007]

The impact of macro and micro-level distances on joint venture survival of Japanese subsidiaries

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ABSTRACT

Distance is crucial when multinational enterprises are accessing new markets. A relevant distance that prior research mainly consider is the cross-national distance (macro-level). It includes institutional differences between the home and host countries where the foreign subsidiary operates. However, another distance level needs attention when internationalizing using joint ventures (JVs). The distance at the organizational level between partners involved in the JVs formation is called micro-level distance. This paper analyzes both distance levels and investigates their impact on the JVs' survival. Also, it considers the unconventional form to classify JVs, considering the national and corporate distances: International JVs (IJVs), Intrafirm domestic JVs (Intra-DJVs), and Interfirm domestic JVs (Inter-DJVs). Using 1,028 observations of Japanese subsidiaries operating in 27 European countries, we applied the Cox Regression to test our developed hypotheses. Our findings show that the macro and micro-level distances are relevant to understanding distances' impact on the foreign subsidiary's survival. Most importantly, it indicates that the distance at the organizational level (micro) is an essential indicator for JV survival. The lowest micro-level distance (Intra-DJVs) increases the probability of survival, while the highest one (IJVs) decreases its survival rate.

Keywords: Cross-national distance; Organizational distance; Survival; Joint Ventures; Japanese subsidiaries.

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[AJBS-0010]

Dynamic capability and its effect on business models for Japanese firms' entry into emerging markets: a case study of the telecommunications carrier industry in Myanmar

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ABSTRACT

The purpose of this study is to clarify how Japanese firms have gained and maintained competitive advantage in overseas markets by identifying the impact of dynamic capability on business model and its mechanism. Using replication logic, we examined the case of a Japanese firm by the expanded Dynamic Capability Framework method used in Kimura and Chitose (2021). The analysis confirms the creation of new business model in foreign markets is realized by dynamic capability, that dynamic capability is necessary to transform the business model, and that differentiated business models provide a competitive advantage. The results in this case study also aligned with Kimura and Chitose (2021), therefore, further supporting the expanded DCF analytical method for investigating overseas business development.

Competitive Session

R&D and Automotive industry



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[AJBS-021] Digital and green transitions in the automotive industry: Japan and China pushed toward cooperation with the rise of new energy, connected and autonomous vehicles

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Agnieszka McCaleb (SGH Warsaw School of Economics, Poland)

[AJBS-008] Japan-US Differences and R&D Investments in Response to Performance Feedback: An Analysis of Global Automotive Firms

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[AJBS-026] The "big room" effect on the expansion of a Japanese firms' collaborative partner organizations in research and development: A case study

Tomomi Hamada (Chukyo University, Japan)

[AJBS-021]

Digital and green transitions in the automotive industry: Japan and China pushed toward cooperation with the rise of new energy, connected and autonomous vehicles

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ABSTRACT

Digital and green transformations are causing a reconfiguration of the traditional automotive industry. In this article, we identify factors that cause this phenomenon, by applying macro, meso, and micro perspectives to the automotive global value chain (GVC) analysis. The first part of the paper describes trends in the Japanese and Chinese new energy and digitalised vehicle policies and the ensuing reconfiguration dynamics of the traditional automotive value chain. The second part of the paper focuses on Japan's Toyota and Honda reorganisation through partnerships with Chinese information and communications technology (ICT) and new energy vehicle firms. The digital and green transformations are accelerating the process of reshaping the automotive industry in which ICT companies have a growing role in emerging markets. These transformations add to the reconfiguration of the automotive production networks in the areas of in-vehicle battery and semiconductor production and autonomous driving technology development for the automotive industry. The article explains the ways in which innovative solutions such as new energy, connected and autonomous vehicles can be used for addressing social needs, thus identifying a new dimension of less profit-focused but more sustainable cooperation between businesses and states from the host and home economies.

Keywords: automotive industry, China, digital and green transitions, Japan, new energy vehicles, production networks.

[AJBS-008]

Japan-US Differences and R&D Investments in Response to Performance Feedback: An Analysis of Global Automotive Firms

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ABSTRACT

We investigate the effects of culturally shaped holistic-analytic differences in cognition on Japanese and US firms' responses to performance feedback through R&D investments. Stemming from the behavioral theory of the firm and grounded in a cognitive perspective that views firms' actions as a result of decisions produced by groups of individuals with different backgrounds, performance feedback research has mostly assumed a universal nature of decision makers' cognition and responses. Leveraging evidence of culturally shaped holistic-analytic differences in cognition, we theorize that firms from Japan should have a more holistic cognitive orientation than US firms, making them less responsive to problemistic and slack search mechanisms of performance feedback when making R&D investments. These expectations are largely supported in the empirical context of 37 Japanese- and 19 US-firms in the automotive industry (546 firm-year observations) during the period from 2003 through 2019. In a test of the external validity of our theoretical arguments, we find further support using data on 106 different global automotive firms (902 firm-year-observations), from 14 different holistic or analytic cognitively-oriented countries. Results highlight the importance of considering cross-national differences in firms' responses to performance feedback.

Keywords: Japan; automotive industry; R&D intensity; performance feedback; culture; analytic; holistic; cognition.

Acknowledgment

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[AJBS-026]

**The "big room" effect on the expansion of a Japanese firms'
collaborative partner organizations in research and development:
A case study**

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ABSTRACT

To promote inter-firm and cross-functional open innovation, some Japanese firms have adopted the "big room" concept in R&D. We posit that the introduction of a big room has some effect on researchers' research collaboration network and researchers' network positions. We test this idea in the empirical context of network analysis using the patent data of Japanese firm A, which merged three laboratories that specialized in different technological and product areas and were located in different places in Japan. We assess the degree centrality, eigenvector centrality, constraint in the collaborative research network, and total number of applied patents of firm A's researchers as factors that influence the Herfindahl–Hirschman index of their collaborative research partners. Results show that the network position of the firm's researchers in the collaborative research network after the adoption of the big room concept greatly influenced the expansion of the firm's partner organizations in collaborative research. The effects of the changes in the researchers' network position in the period before and after the merger were limited to the expansion of the firm's collaborative partners.

Keywords: Innovation and R&D, Networks, Industrial and Manufacturing, Inter-Organizational Relationships, Big room, Open innovation

INTRODUCTION

The difficulties faced by incumbent firms under technological discontinuities are comprehensively discussed in the literature (e.g., Christensen, 1997; Henderson & Clark, 1990). For instance, the market share of Japanese manufacturers, which have driven the development of state-of-the-art technologies in well-established industries, has decreased in the last 10 years owing to the stiff competition with firms, including those from emerging market countries. Many Japanese firms that are widely known among consumers have suffered from huge deficits in mature markets (e.g., personal computers, smartphones, and flat-panel televisions). For the next generation of Japanese manufacturers, product development is no longer about “how to make”; to compete in mature “red ocean” industries, these firms should focus on “what to make” to create a new “blue ocean” market.

Japanese firms are motivated to invest in “open innovation” (e.g., Chesbrough, 2003) as it may lead to the development of new businesses or new products. The existing literature extensively discusses open innovation and how it influences firms’ new technology and product development. In practice, an organization cannot easily innovate in isolation; it must engage with different types of partners to acquire ideas and resources from the external environment (Dahlander & Gann, 2010; Laursen & Salter, 2006) and thereby stay abreast of competition (e.g., Chesbrough, 2003). Through collaboration, firms enrich their knowledge, skills, and techniques and even learn opposing views and ideas, which may in turn generate new insights or perspectives that they would never have grasped while working on their own (Katz & Martin, 1997).

In engaging in open innovation, organizations must employ mechanisms for implementing strategies that would enable them to maximize the benefits of open innovation and help them utilize their resources and capabilities (Dahlander & Gann, 2010). To generate new products, firms often conduct cross-functional projects involving members from different research disciplines (Keller, 2001). Therefore, firms aiming for open innovation require inter-firm and cross-functional innovation (Dahlander & Gann, 2010).

To promote both innovations within organizations, some Japanese firms have adopted the “big room” concept in research and development (R&D). In particular, many Japanese firms have invested heavily in merging laboratories with researchers and setting them up in one place. The “big room,” known as *obeya* in Japanese, is a collaborative workspace design in which project processes involving different disciplines are carried out in a single room so as to increase coordination, cooperation, and communication among team members with different specialties (Temel, Başağa, Uluçay Temel, Kamber Yilmaz, & Nasery, 2019). It is also described as a co-location space that physically brings together different project stakeholders to work together and could help team members to enhance cross-functional integration (Majava, Haapasalo, & Aaltonen, 2019). Such cross-functional component provides several advantages, including multiple sources of communication, information, and

perspectives; and links outside a particular project group, all of which are critical for success in globally competitive high-technology markets (Keller, 2001).

Although many Japanese manufacturers have adopted the big room concept in R&D, comparatively little attention has been given to the effect of this concept on firms' open innovation. To address this gap, we raise two important research questions: (1) Does adopting the big room concept promote research collaboration with outside partners? (2) Which network positions of researchers and the changes in such positions promote collaboration with outsiders? This research examines these issues by using the longitudinal data of a Japanese firm (referred to as firm A) that span the period of five years before and five years after the merging of its laboratories in line with the big room concept.

HYPOTHESES DEVELOPMENT

In the social network literature, the positions of researchers in a research collaboration network are identified as a factor that may influence firms' open innovation capabilities (e.g., Belussi, Sammarra, & Sedita, 2010; Fleming & Waguespack, 2007). Among various established network variables, centrality is widely used to evaluate the type of innovators involved in research collaborations on the basis of network analysis. It is generally used as an indicator of the importance of each vertex or individual actor in a given network (Borgatti, 2005). Organizations with high rates of network centrality can be considered as the type of open innovators that sustain significant levels of relational involvement with external actors through interactions that promote knowledge exchange (Huggins, Prokop, & Thompson, 2019). In a research collaboration network, individuals with high centrality collaborate with many researchers from different technological fields and organizations. In line with this description, we formulate the following hypothesis:

Hypothesis 1: The degree centrality of an individual in a collaboration network is negatively related to the degree of concentration of collaborative partners.

Similar to degree centrality, eigenvector centrality is a network measure for evaluating individual centrality, but it differs from degree centrality in terms of the social network structure as it is calculated by counting the centrality of an individual's neighbors using the eigenvector of the adjacency matrix (Bonacich, 2007). If a focal actor with high eigenvector centrality mainly acquires knowledge from other firms that are central in the knowledge network, the external knowledge obtained by this actor would not be highly useful for generating new research (Dong & Yang, 2016). Connecting with a researcher who is central in a network means that the focal researcher's time and effort could be occupied by such central researcher, who may have power to promote collaboration research in his/her research field. In such a situation, the focal researcher collaborates repeatedly with the central researcher and becomes further embedded in the latter's research network. By contrast, a researcher with low eigenvalue centrality collaborates with many researchers with minimal repetition and connects to a wide variety of organizations.

Hypothesis 2: *The eigenvector centrality of an individual in a collaboration network is positively related to the degree of concentration of collaborative partners.*

With regard to the benefits that individuals acquire through a network, a suitable network indicator is Burt's (1987, 1997, 2004) notion of structural holes based on "the strength of weak ties" conceptualized by Granovetter (1983). Structural holes, whereby actors who link previously unconnected actors within a network, allow individuals to not only obtain extensive information from others but also position themselves to control information flow within different regions of a network and gain advantages in communicating, negotiating, and bargaining with others. Individuals rich in structural holes have numerous opportunities for creative knowledge recombination, increased ability to communicate and share knowledge with their colleagues, and access to a wide set of potential collaborators beyond what is locally available; therefore, they can easily leverage their external knowledge to generate innovation (Tortoriello, 2015). In line with this concept, we formulate the following:

Hypothesis 3: *The constraint of an individual in a collaboration network is positively related to the degree of concentration of collaborative partners.*

As another factor related to a researcher's capacity is one's involvement in various partners' collaborative research, a researcher's collective output, that is, the total number of applied patents, should be assessed. In the current study, we suppose that individuals with several patent applications do not (or could not) expand their collaborative partner networks but possess strong connections with particular partners with whom they repeatedly conduct research with high efficiency. Maintaining collaborations with colleagues or partners requires individuals to invest much effort and time (e.g., time for resolving differences in opinions) (Katz & Martin, 1997). Moreover, connecting with new collaborative research partners in different organizations or different research areas requires researchers to devote their effort and time toward obtaining knowledge about their partners' research areas and communicating with them.

Meanwhile, researchers with few patent applications has little time to spend in research activities owing to their other tasks. They may also be engaged in research that is difficult to progress forward, and they may have limited connections with collaborative partners. Such researchers cannot easily find new collaborative partners and advance collaborative research with such partners. Therefore, we suppose that individuals with few patent applications can connect with a wide range of organizations and serve as a bridge between their firms and other organizations. We develop the following hypothesis accordingly:

Hypothesis 4: *The number of patents of an individual has an inverted U-shaped relationship with the degree of concentration of collaborative partners.*

To test the big room concept's effect on the diversity of individuals' research partners, we assess the extent of changes in individual network measures in the time period before and after the integration of

laboratories. As described previously, the degree centrality and eigenvector centrality of an individual in a collaboration network are hypothesized as having a negative or positive impact on the degree of concentration of collaborative partners, respectively. The extent of changes in these measures exerts the same effects on the degree of concentration of collaborative partners. We thus develop the following hypotheses:

***Hypothesis 5.** The extent of changes in the degree centrality of an individual in a collaboration network is negatively related to the degree of concentration of collaborative partners.*

***Hypothesis 6.** The extent of changes in the eigenvector centrality of an individual in a collaboration network is positively related to the degree of concentration of collaborative partners.*

Individuals whose constraints in a research collaboration network increase after the integration of laboratories become progressively embedded in established research collaboration groups and invest effort and time in maintaining their research projects. Such individuals face difficulties in finding and connecting with new partners for collaborative research outside their established research groups. Researchers who expand their collaborative research network to obtain more structural holes become less dependent on certain collaborative organizations and others. We thus formulate the following:

***Hypothesis 7.** The extent of changes in the constraint of an individual in a collaboration network is negatively related to the degree of concentration of collaborative partners.*

In the period before and after the integration of laboratories, an increase in the number of an individual researcher's patent applications means that researchers can promote their work, including their collaboration research. Such researchers with increased patent applications are more capable of exploring new collaborative research projects with new partners compared with researchers with few patent applications following the integration of laboratories. Therefore, we formulate the following hypothesis:

***Hypothesis 8.** The extent of changes in the number of patents of an individual is negatively related to the degree of concentration of collaborative partners.*

DATA AND METHODS

Data

To measure the effectiveness of the big room concept in R&D, we selected Japanese firm A as the research object. This firm's core businesses are air conditioners and chemical products, and it runs factories and sales offices in over 40 countries. In 2021, its total sales amounted to 3 trillion yen (or approximately 23 billion U.S. dollars; the exchange rate 1 Yen = 0.0076 U.S. dollars on February 1, 2023). At the end of November 2015, it merged three of its laboratories that specialized in different technological and product areas. It then built a new research center to house the merged laboratories and

applied the “big room” concept to promote cross-department and inter-organization research collaborations.

In our analysis, we used the patent data of firm A because they are suitable in identifying the collaborative network of researchers and the organizations with which firm A conducted collaborative research. Patent data were collected from Patent Integration, a web-based patent search database service offered by Patent Integration, Inc. The patent data included all the names of the researchers listed as applicants for patents and the organizations to which they belonged. The data collected spanned the period of December 2010 to November 2020, that is, five years before and five years after the merging of firm A’s laboratories in November 2015.

Methods

Dependent variables. The Herfindahl–Hirschman index (HHI) of patents can be applied to measure the concentration of collaborative research partner organizations across organizations and to evaluate the concentration level of researchers’ dependencies on specific research partners’ organizations. The HHI of patents is calculated as follows:

$$\text{collaboration partner HHI} = \sum_{j=0}^n P_{ij}^2, \quad 0 \leq \text{collaboration partner HHI} \leq 1.$$

Here, n is the number of partner organizations with which firm A conducted collaborative research and applied for patents in the five-year period after the merger. P_{ij}^2 is the percentage of patents for which researcher i collaborated with the researcher(s) of organization j against all the patents that researcher i applied for. This measure can indicate the degree of researcher i ’s dependence on specific partner organizations in conducting his/her collaborative research. When researcher i only has one partner organization (including firm A) in a joint patent application, its HHI of patents equals unity. It means that the concentration of collaborative research partners of researcher i is quite dependent.

Independent variables. To assess hypotheses 1 and 2, we calculated the degree centrality and eigenvector centrality of each researcher in the collaborative research network as independent variables. Degree centrality is measured by the total number of direct links with other nodes (Bolland, 1988; Nieminen, 1974; Zhang et al., 2017), that is, the number of neighboring vertexes. The higher the degree centrality, the more relationships with other researchers exist in the network.

Meanwhile, eigenvector centrality indicates the centrality of an individual by counting the centrality of his/her neighbors using the eigenvector of the adjacency matrix. Bonacich (2007) stated that the eigenvector from the highest eigenvalue in the adjacency matrix can result in a good centrality measure in a network. Similar to degree centrality, eigenvector centrality favors nodes with high correlations with many other nodes. In contrast to degree centrality, it specifically favors nodes that are connected to nodes that are themselves central within the network (Maharani et al., 2014).

Constraint is one of the scales that Burt (1982) advocated for estimating structural holes; it is defined as the dependency of a vertex on another vertex and the absence of structural holes between these related vertexes. That is, the beneficial network position for an individual is not a closed network with specific colleagues but an open network connected with others in different regions. Therefore, individuals with a low constraint hold a position of strategic advantage as they can access beneficial information easily and serve as a bridge between groups.

In testing hypotheses 5, 6, 7, and 8, we set the extent of changes in the number of an individual's total number of applied patents and the network variables, namely, degree centrality, eigenvalue centrality, and constraint, as independent variables to assess the influence of these variables on the degree of concentration of collaborative partners.

RESULTS AND DISCUSSION

The data included 1,803 researchers and 4,706 applied patents in the period before the merging of the laboratories of firm A (December 2010 to November 2015) and 2,107 researchers and 3,576 applied patents after the merger (December 2015 to November 2020). In the former period, each researcher applied for 1 to 126 patents and collaborated with 69 organizations. In the latter period, each researcher applied for 1 to 89 patents and collaborated with 94 organizations. In both periods, the collaboration partner organizations of the researchers of firm A included universities, firms from different industries, firms from the same industries, and public research institutions. Table 1 shows the descriptive statistics and correlations of all variables explained herein.

[Table 1 goes about here]

Figures 1 and 2 respectively show the collaborative research network of the researchers of firm A and their partner organizations five years before and five years after the merger. Before the merger, the collaborative research network was divided into two parts probably because the three laboratories of firm A were physically separated and one of them had no connection with the researchers of the other two laboratories. Figure 2 shows that all researchers were connected directly or indirectly with one another after the merger. It also indicates that the collaborative research network diverged; in this condition, the researchers could connect with new researchers and engage in new collaborative research on the basis of previous collaborative research with other researchers.

[Figure 1 goes about here]

[Figure 2 goes about here]

Table 2 presents the regression results. We set 953 researchers as samples ($N = 953$) that appeared in both time periods. The adjusted R^2 values of Models 1 and 2 were 0.176 and 0.203, respectively. An examination of the collinearity statistics revealed that the variance inflation factor coefficient fell within the acceptable boundaries of tolerance (<2.0), thus avoiding any substantive multicollinearity.

[Table 2 goes about here]

In Model 1, we set the square of the logarithm of the total number of patents, degree centrality, eigenvalue centrality, and constraint as independent variables. We added the variations of these variables in Model 2. The degree centrality of researchers exerted a negative effect on the HHI of collaborative partners; this result supported hypothesis 1. Hence, the researchers who actively formed collaborative research relationships within and outside of the firm widely dispersed their efforts toward collaborative research with various researchers and organizations; otherwise, their research efforts depended on one or specific organizations.

Meanwhile, the eigenvalue centrality of researchers had a positive effect on the HHI of collaborative partners; this result supported hypothesis 2. The high eigenvalue centrality of the researchers implied that they repeatedly collaborated with particular partners. Therefore, we supposed that such researchers linked to other researchers with strong power to advance their collaborative research project with other researchers. Such researchers consequently devoted their efforts toward their collaborative researchers. For researchers with low eigenvalue centrality, they collaborated with many researchers without much repetition and established connections with a wide variety of organizations.

Network constraint exerted a positive effect on the HHI of collaborative partners; this result supported hypothesis 3. Moreover, this result is aligned with the literature that proposes the importance of weak ties in collaborative research networks as new and useful knowledge for project teams to proceed with their new projects (Hansen, 1999). Weak ties play a vital role in the spread of information or resources because they tend to serve as bridges between otherwise disconnected social groups (Granovetter, 1983). Therefore, if a firm would explore the seeds of open innovation outside the organization, then the researchers of the firm must secure their position with low constraint in the collaborative research network.

As expected, the square of the total number of patents exerted a positive effect on the HHI of collaborative partners, thus lending support for hypothesis 4. The researchers with a moderate number of applied patents tended to achieve the lowest HHI; hence, they could expand the networks of their collaborative relationships with other researchers belonging to other organizations.

The results of Model 2 in Table 2 show the extent of the changes in each independent variable before and after the merger. Contrary to our expectation, the extent of the changes in the degree centrality of the researchers in the collaboration network had a positive effect on their collaborative partner organizations' HHI. By eliminating the influence of other independent variables, we tested the single effect of the extent of the changes in degree centrality and identified its positive effect on the HHI of the researchers' collaborative partner organizations. Hence, the researchers could increase their connection with others (without increasing the number of patent applications and decreasing eigenvalue centrality and constraint) and engage repeatedly with different individual partners of the same organizations

existing in their own collaborative research networks. If firms aim to increase the variety of the organizations they connect with in collaborative research, they should not only increase the number of collaborative research projects but also encourage researchers to expand their collaborative research network by building new connections with organizations.

The extent of the changes in the eigenvalue centrality and constraint of the researchers in the collaboration network had no effect on the HHI of their collaborative partners. These results thus rejected hypotheses 6 and 7. From these results, we can suppose that the researchers who initially occupied good network positions (low eigenvalue centrality and/or low constraint) continued occupying such positions after the merger and then expanded their collaborative research network outside of the firm.

As hypothesis 8 assumed, the extent of the changes in the number of patents of the researchers had a negative impact on the HHI of their collaborative partners. The researchers with increased number of applied patents after the merger exploited new partners from various organizations, thereby taking advantage of the effectiveness of the big room concept. This result indicated that the big room concept was significant as it helped progress open innovation for the firm. Specifically, the extent of the changes in the researchers' network position was no longer important as the application of the big room concept helped the researchers to advance their research.

CONCLUSION

Although many Japanese manufacturers have applied the big room concept in R&D through the merging of their laboratories so as to achieve open innovation, the effect of the approach has not been widely studied in the literature. In the current study, we show that the network position of a given firm's researchers in the collaborative research network after its adoption of the big room concept is significantly influential on the expansion of the firm's partner organizations for collaborative research. Meanwhile, the effects of the changes in the network position of the researchers in the period before and after the merger are limited to the expansion of the firm's collaborative partners. To promote firms' open innovation, they should employ or train researchers who are capable of occupying ideal positions in collaborative research networks involving other organizations. Researchers who collaborate with various organizations and obtain new knowledge through aggressive information collection from existing networks can also exploit such knowledge for the benefit of the next researchers with new partners.

This study has some limitations. First, because this research relies on a single data source (patent data), the causal relationship between researchers' network position and firms' open innovation outcomes could not be established. Specifically, we did not explore the abilities and characteristics that researchers must possess to occupy an advantageous network position in a collaborative research network. Second, the ideal management methods under the big room concept could not be derived from patent data

analysis alone. Future research should focus on the type of communication among researchers in a big room and the ways in which researchers seek new collaborative partners outside their firms. The results of such investigation may lead to specific and concrete implications for firms as they adopt the big room concept.

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Figure 1 - Collaborative research network of firm A and its partner organizations (from December 2010 to November 2015)

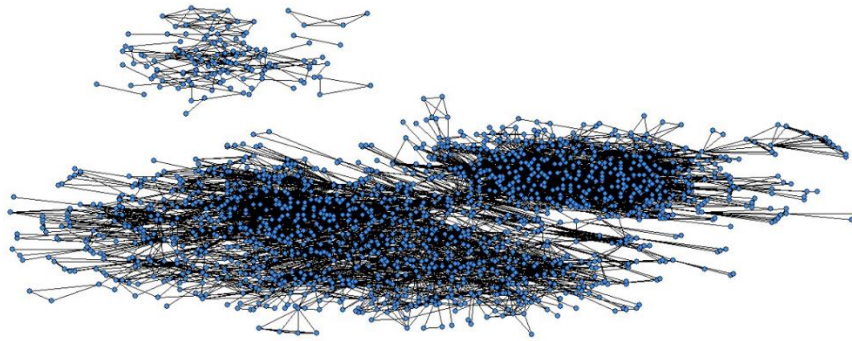


Figure 2 - Collaborative research network of firm A and its partner organizations (from December 2015 to November 2020)

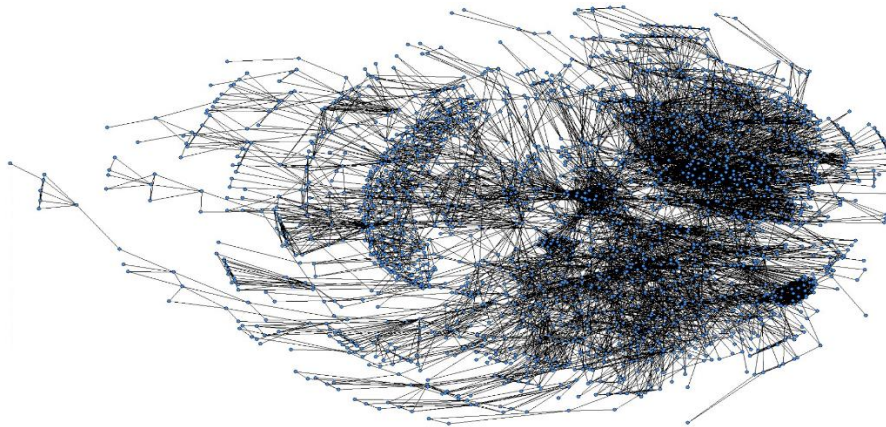


Table 1 - Descriptive statistics and correlations of variables

	Variable	Min	Max	Mean	s.d.	1	2	3	4	5	6	7	8	9	10
1	collaborative organization HHI (2016–2020)	0.280	1.000	0.924	0.163	1									
2	log total number of patents (2015–2020)	0.000	1.949	0.712	0.467	-.058	1								
3	log total number of patents (2015–2020)^2	0.000	3.800	0.726	0.722	-.034	.944**	1							
4	degree centrality (2015–2020)	0.000	974.000	67.859	115.677	-.059	.667**	.799**	1						
5	eigenvalue centrality (2015–2020)	0.000	0.393	0.004	0.030	.046	.263**	.377**	.584**	1					
6	constraint (2015–2020)	0.083	1.620	0.433	0.250	.131**	-.583**	-.513**	-.417**	-.128**	1				
7	Δtotal number of patents	-98.000	80.000	-2.002	14.128	-.022	.359**	.440**	.484**	.364**	-.132**	1			
8	Δdegree centrality	-762.000	898.000	4.290	122.778	-.015	.428**	.537**	.744**	.538**	-.208**	.844**	1		
9	Δeigenvalue centrality	-0.489	0.393	0.001	0.044	.016	.085**	.136**	.305**	.686**	-.047	.386**	.523**	1	
10	Δconstraint	-1.000	1.080	-0.018	0.312	.003	-.199**	-.174**	-.145**	-.071*	.598**	-.163**	-.184**	-.025	1

Note: * p < 0.10, ** p < 0.05, *** p < 0.01 in two-tailed tests.

Table 2 - Results of regression

	Model 1	Model 2
log total number of patents (2015–2020) ²	0.158** (0.013)	0.237** (0.015)
degree centrality (2015–2020)	-0.178** (0.000)	-0.312** (0.000)
eigenvalue centrality (2015–2020)	0.112** (0.223)	0.149** (0.299)
constraint (2015–2020)	0.152** (0.025)	0.187** (0.032)
ΔTotal number of patents		-0.130** (0.016)
Δdegree centrality		0.157* (0.000)
Δeigenvalue centrality		-0.079 (0.196)
Δconstraint		-0.080 (0.024)
N	953	953
R ²	.176	.203
F-value	7.338	4.873

Numbers in brackets are standard errors.

Note: * $p < 0.05$, ** $p < 0.01$ in two-tailed tests.

Competitive Session

HRM: Gender, Culture & Expatriates



Session ID: **2.3**
Format: **Competitive session**
Session Title: **HRM: Gender, Culture & Expatriates**
Session Chair: *Carol Reade (San Jose State University, USA)*

[AJBS-020] Striving in an institutionalized environment: Female self-initiated expatriates and their career agency

Jiayin Qin (Kyoto University, Japan)

Tomoki Sekiguchi (Kyoto University, Japan)



[AJBS-011] Cultural diversity in the region and the staffing of foreign subsidiaries

Naoki Ando (Hosei University, Japan)

Shiho Nakamura (Ritsumeikan University, Japan)



[AJBS-014] The connections between national and organizational cultures and the consequences of organizational culture: Evidence from the UK, the US, Saudi Arabia, and Japan

Takashi Sakikawa (Chuo University, Japan)

[AJBS-020]

Striving in an institutionalized environment: Female self-initiated expatriates and their career agency

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ABSTRACT

The purpose of this study is to understand how female self-initiated expatriates (SIEs), a group that is gaining a stronger presence in global work, exert their career agency and act under structural constraints. Using theoretical perspectives of career-agency theory and person-environment fit as frames of reference, we collected 113 blog posts written by nineteen female SIEs who are currently living and working in Japan. This was supplemented by additional semi-structured interviews with eleven female SIEs. We found that the career agency of our female SIE informants was closely related to their identities (e.g., as a foreigner or as a woman). Through career-related agentic behaviors, our informants strove to increase their fit with their environments and to build career capital while interacting with different aspects of structural constraints (e.g., the liability of foreignness or gender inequality). This study highlights the dynamic interaction between structure and the agency of female SIEs and contributes to the limited knowledge on career agency applicable to women's self-initiated work globally. This study also suggests that fit with one's environment and the preservation of one's central identity against the backdrop of a hostile environment are both crucial to female SIEs.

Keywords: self-initiated expatriates, career agency, person-environment fit, gender, Japan.

[AJBS-011]

Cultural diversity in the region and the staffing of foreign subsidiaries

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ABSTRACT

How multinational enterprises (MNEs) staff foreign subsidiaries has been studied focusing on the determinants at the subsidiary level, the host country level, and the parent firm level. This study extends previous studies on foreign subsidiary staffing by investigating the impact of factors at the geographic region level. By using the panel dataset of MNEs' investments in six geographic regions, the effect of regional factors on foreign subsidiary staffing is examined. This study finds that when the cultural diversity of an MNE's host countries in the region is great, MNEs tend to assign more host country nationals (HCNs) to foreign subsidiaries. It also demonstrates that the availability of competent managers in the host country moderates the positive effect of regional cultural diversity on the assignment of HCNs. This study implies that to advance an understanding of how MNEs staff foreign subsidiaries, research should shed light on the intraregional activities of MNEs and incorporate the influences of the factors at the region level into the research framework.

Keywords: cultural diversity, foreign subsidiary staffing, human capital, intraregional geographic diversification, regionalization

[AJBS-014]

The connections between national and organizational cultures and the consequences of organizational culture: Evidence from the UK, the US, Saudi Arabia, and Japan

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ABSTRACT

Some researchers have argued and examined the connection between national and organizational cultures although others have denied such a connection existed and even denied the existence of organizational culture itself. Such connections are still under-researched as the connections between national culture dimensions and existing organizational culture dimensions are not known. I explore not only the connection between national and organizational cultures but also the effects of organizational cultures that may embody national cultures on collective employee engagement, based on evidence from the UK, the US, Saudi Arabia, and Japan. The four countries are different in adhocracy, market, hierarchy, and clan organizational cultures. The effect of clan organizational culture is not only mediated by high commitment work practices but also conditioned by nation, e.g., the US contrast with Japan. The direct effect is stronger for Japan than it is for the US.

Keywords: national culture, organizational culture, collective employee engagement, high performance work practices

INTRODUCTION

National and organizational cultures are important as they both have an impact on organizations and their management functions (e.g., Hofstede, 2001; Schein, 1985). Since organizations and their organizational cultures are nested or clustered within a nation and its societal culture, organizational culture may be affected by national culture (Kwantes & Dickson, 2011). House et al. (2004) studied culture in terms of values and practices and presented a proposition: Societal cultural values and practices affect organizational cultural values and practices. They concluded that national or societal culture has an impact on the homologous dimensions of organizational culture (for instance, national power distance values and practices were related to organizational power distance values and practices).

Aykan et al. (1999) also found in their empirical research that national culture is connected to organizational culture. Adler and Jelinek (1986), Gelfand et al. (2006), Gerhart and Fang (2005), Gerhart (2008), and Weber et al. (1996) also explored the relation between national and organizational cultures. However, as Kwantes and Dickson (2001) and Dickson et al. (2014) contended, the relationship between national and organizational cultures is not as simple as believed. Understanding the following questions is never simple: What is the relation between national and organizational cultures like? When does national culture affect organizational culture? How much effect does national culture have on organizational culture?

Hofstede (2001) denied the effect of national culture on organizational culture as national culture is qualitatively different from organizational culture. He even dismissed the existence of organizational culture per se. This is because, he argued, a society or a nation has such a long and rich history that it can develop a culture, while an organization does not.

Thus, in regard to the relation between national and organizational cultures, there are two perspectives: the “culture affecting culture” versus the “no effect” perspectives (Dickson et al., 2014). Despite the “no effect” perspective, Dickson et al. (2014) argued that the idea that two cultures are unrelated seems to be unlikely. Hofstede (1980) himself mentioned that organizations are bound by culture, that is to say, national culture. Since organizational culture is an essential part of the organization (Schein, 1985), it is highly likely that national culture is connected to organizational culture. House et al. (2004) applied national culture dimensions to organizations and found that societal culture dimensions can have a homologous or corresponding relation with organizational culture dimensions. Researchers may be required to explore the relations between the dimensions of national culture and the existing dimensions of organizational culture in order to further understand such relations. Cameron and Quinn (1999) presented the following organizational culture dimensions: clan, hierarchy, market, and adhocracy. The dimensions of national culture may be connected to these dimensions of organizational

culture as well as organizational culture dimensions identical to national culture dimensions (for instance, the connections between organizational and national power distance values and practices).

Cameron & Quinn (1999) argued that different types of organizational culture, i.e., clan, hierarchy, market, and adhocracy, are related to different criteria of organizational effectiveness such as commitment, precision, market share, and creativity, and have an effect on different organizational performance outcomes. Thus, researchers may be required to examine not only the relations between national and organizational cultures but also the effects of organizational cultures—reflective of national cultures—on employee and/or organizational performance outcomes in order to understand the consequences of organizational cultures that have their origins in national or societal cultures.

Thus, the purpose of this research is twofold: one is to explore the connections between national and organizational cultures; the other is to examine the effects of organizational cultures on organizational performance outcomes by considering such connections. I theorize on and hypothesize the connections between national and organizational cultures and the effect of organizational cultures—which may embody national cultures—on organizational performance outcomes, by building upon cross-culture studies (e.g., Hofstede, 2001; House et al., 2004) and organizational culture studies (e.g., Cameron & Quinn, 1999, 2011; Cameron et al., 2006; Hartnell et al., 2011; Schein, 1985). I empirically test my hypotheses and conduct statistical analyses by collecting data from the UK, the US, Saudi Arabia, and Japan. The four countries are culturally different from one another. Japan is part of the Confucian Northeast Asia where collectivism is a common value (House et al., 2004). The US and the UK are parts of the Anglo cultural group where individualism is a common value (House et al., 2004). Although the UK and the US are from the same cultural group, they are still culturally different from each other. The UK is slightly lower in the cultural dimension of uncertainty avoidance than the US is (Hofstede, 2001). Since Arab countries in general are higher in power distance than other regions of the world are (Hofstede et al., 2010), Saudi Arabia is expected to be higher in power distance than the UK, the US, and Japan. Cultural scores for Saudi Arabia are not available in cross-culture research done by Hofstede (2001) and House et al. (2004).

However, one can gain possibly estimated cultural scores for Saudi Arabia from the Hofstede Insight website operated by cross-culture researchers and consultants from around the world (<https://hi.hofstede-insights.com/about-us>). According to the information on this website, Saudi Arabia is ranked higher in power distance than the UK, the US, and Japan are. It is expected that such differences in national cultures can explain differences of organizational culture among the UK, the US, Saudi Arabia, and Japan. This research will make a simultaneous theoretical contribution to both studies of cross-culture and organizational culture together e.g., by exploring and revealing the connection between two cultures. It will also make a theoretical contribution to organizational culture studies alone e.g., by exploring the consequences of organizational culture that may embody national culture. It will make a theoretical contribution to studies of cross culture alone by demonstrating the

ability of organizational culture dimensions as well as national culture dimensions to explain cross-national differences.

THEORETICAL DEVELOPMENT AND HYPOTHESES

The Connections of National Culture Dimensions with Different Types of Organizational Culture

National and organizational cultures may be found to have homologous and identical dimensions in terms of both cultural values and practices when researchers apply cultural dimensions developed for understanding nations to organizations (House et al., 2004). However, as Hofstede (2001) once argued, the two cultures are possibly different in nature in some ways. For instance, national culture is general as it involves the life of a society (Dressler, 1969). Organizational culture is specific as it revolves around the operations and functions of an organization (Schein, 1985). Organizational culture researchers, for instance Cameron and Quinn (1999, 2011), Cameron et al. (2006), Denison and Mishra (1995), and O'Reilly et al. (1991) have developed organizational culture dimensions to understand organizations. By using these organizational culture dimensions, researchers have examined and found the relation between organizational culture and organizational effectiveness or performance. Researchers would be able to advance knowledge on the relation between national and organizational cultures by applying not only homologous culture dimensions both at the national and organizational levels but also organizational culture dimensions developed for understanding organizations. I explore and theorize on the connection between national and organizational cultures by focusing on organizational culture dimensions presented by Cameron and Quinn (1999), among other things. This is because, as they stated, their competing values framework can provide more general and comprehensive organizational culture dimensions than other organizational culture studies can. Cameron and Quinn (1999, 2011), and Cameron et al. (2006) proposed four types of organizational culture: clan, hierarchy, market, and adhocracy. They also regarded a culture type as a cultural dimension. Table 1 is a summary of congruence between national culture dimensions and different types of organizational culture, that is, hierarchy, clan, market, and adhocracy.

Insert Table 1 here

Culturally hierarchical organizations fit with, and are most likely to develop in, national cultures of high power distance and high uncertainty avoidance among other culture dimensions. People who have grown up in a high power distance society are likely to bring the norm of hierarchical relations to organizations where they work. Authority is concentrated at the top of an organization. Superiors have the right to decide about everything and subordinates are not allowed to take part in the decision-making process. High uncertainty avoidance is also expected to be connected to hierarchical organizational-culture. Uncertainty avoidance is the extent to which the members of a culture feel threatened by uncertain and unknown situations (Hofstede, 2001, p. 161). People in such a society dislike change and are conservative. Organizational members are bound by rules and regulations, to which they tend to comply.

Clan organizations and their clan organizational cultures are expected to develop in and be built upon national cultures of collectivism, low power distance, high uncertainty avoidance, and low performance orientation. Collectivism, more than other national culture dimensions, is strongly connected to development of clan organizational culture. Since employees at a clan organization value human relations and teamwork among colleagues, clan culture develops mostly in a collectivist national culture. Employees in a collectivist national culture make decisions in the best interest of their organization or group as they are well integrated into the organization or the group.

Market culture is more likely to develop in individualist nations rather than in collectivist nations. Market organizations possibly stress the interests of investors and seek to maximize their stock prices. Employees are evaluated in terms of how much they have achieved organizational goals such as sales, profitability, and stock prices. Employees in market organizations compete with each other fiercely over better job performance outcomes and cut-throat competition among them is a norm. As a result, market organizations are individualist. It is therefore expected that such organizations are more likely to develop in individualist rather than collectivist societies.

Market culture may also be likely to develop in performance orientation nations rather than in non-performance orientation nations as employees are often evaluated on their performance outcomes. Employees who outperform their colleagues are compensated with generous bonuses. As a result, large income disparity is likely in market organizations. Inequality in the form of salary, bonus, status, and so on is common in market organizations.

Adhocracy organizational culture would develop in a low uncertainty avoidance national culture as adhocratic organizations search for new ideas and seek creativity. People from such a national culture are likely to take risks and accept change. Such attitudes translate into a high rate of start-up companies being founded. These companies would be eager to create new products and/or services by taking advantage of their innovative cutting-edge technology. Founders and engineers of adhocracy organizations are not overly bound by rules and precedents, as they believe that bureaucracy prevents innovation. The workplace atmosphere is informal and casual; no dress codes exist. Adhocratic culture is also likely to develop in a low power distance society. Relations between managerial and non-managerial employees are not hierarchical. Everyone is allowed to contribute to the decision-making process. Subordinates are allowed to question their superiors' ideas and to disagree with them.

As I have discussed so far, a national culture dimension has a certain relation with a type of organizational culture. Since national and organizational cultures are connected, it is expected that organizational cultures are different among nations. I select the UK, the US, Saudi Arabia, and Japan to compare nations in terms of organizational culture. The US, an individualist society, is expected to rank higher in market organizational culture than Saudi Arabia and Japan (see Hofstede, 2001, for more). The UK will also rank higher in market culture than Saudi Arabia and Japan. Since Japan is a collectivist

nation, it is expected to rank higher in clan organizational culture than the UK and the US. Since the UK is a low uncertainty avoidance and low power distance society, it is expected to rank higher in adhocracy organizational culture than Saudi Arabia and Japan. Since Saudi Arabia is a high power distance culture, it is expected to rank highest in hierarchy organizational culture among the four nations. Therefore, it is expected that the UK, the US, Saudi Arabia, and Japan are different in organizational cultures. I can offer the following hypothesis regarding the connection between national and organizational cultures or cross-nation differences in organizational cultures:

***Hypothesis 1:** Organizational cultures are different among the four nations, i.e., the UK, the US, Saudi Arabia, and Japan.*

The Effect of Organizational Culture on Collective Employee Engagement

Organizational culture is related to and improves organizational effectiveness. For instance, organizational culture such as strong culture can improve economic performance (Denison & Mishra, 1995; Kotter & Heskett, 1992). Cameron and Quinn (1999) argued that organizations with different types of organizational culture stress different criteria of organizational effectiveness or outcomes. For instance, each culture has the following possible relation with a performance outcome: clan is related to employee attitudes; market is related to market capitalization; adhocracy is related to innovation; and hierarchy is related to operational precision and reliability. Although different types of organizational culture are related to a certain criterion of organizational effectiveness, it is not necessarily only a single type of organizational culture that is related to a certain organizational outcome. For instance, not only clan but also market and adhocracy have a relation with employee attitudes such as job satisfaction and organizational commitment, although the effect of organizational culture on employee attitudes varies among different types of organizational culture (Hartnell et al., 2011).

By taking connections between national and organizational cultures into account, I explore the relations between different types of organizational culture and organizational effectiveness. I focus on employee attitudes and explore the effect of organizational culture on employee attitudes. This is because, as suggested earlier, different types of organizational culture have something to do with employee attitudes. Organizations with different types of organizational culture are expected to engage employees in the achievement of different organizational goals such as innovation, reliability, stock prices, and job satisfaction. All these organizations require a certain amount of engagement from employees to attain their different goals. Thus, I stress and focus on employee engagement among other employee attitudes in my research framework. Kahn (1990) defined personal engagement as “the harnessing of organizational members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances” (p. 694). Engaged individuals are also psychologically present, attentive, feeling connected, integrated, and focused on their performance; in other words, they are “fully there” (Rich et al., 2010). Although employee

engagement is a consequence of organizational culture, in this research I focus on collective, not individual, employee engagement (see Barrick et al., 2015 for more). This is for a theoretical reason: I align organizational culture to the same level of organization or workplace. This is also for a methodological reason: the level of analysis in this research is a workplace, but not an individual employee.

The clan organization is like a large family where managers guarantee employees job security until the employees reach retirement age. Employees work hard in return for support from the company and its managers. Mutual reciprocation between employers and employees is a hallmark of the clan organization. Since employees of a clan organization are group-oriented, they put organizational goals before their personal ones. They also align their personal goals with those of their organization. As a result, employees at a clan organization are engaged in their jobs and with their organization. Clan organizations define employee involvement as a criterion of their success. Since clan organizations make it their goal to seek to improve employee commitment, it is expected that such an organization's culture helps to improve employee engagement.

Adhocracy organizations are driven by the core value of change. These organizations define innovation or creation as the criterion of success. Employees are expected to accept change and be creative. Adhocratic organizations are equity-oriented as well as change-oriented as they assume employee equity will lead to innovation. Employees are expected to manage themselves and take initiative at such organizations. Flexible and autonomous work environments are more respected at the adhocracy organization than circumstances in which employees are closely monitored and controlled. Employees in working environments where they are not controlled from above can have positive work attitudes such as job satisfaction and work engagement (Baron & Kreps, 1999). The nature of tasks at an adhocracy organization that involve innovation and freedom is likely to improve employee engagement.

Although market and hierarchy may also affect employee engagement, I focus on the role of clan and adhocracy organizational cultures in the improvement of employee engagement. As I argue later, the effect of organizational cultures may take place through a third variable. I can offer the following hypotheses regarding the effect of organizational cultures on collective employee engagement, not considering the mediating effect of a third variable:

Hypothesis 2a: *Clan organizational culture is related to collective employee engagement.*

Hypothesis 2b: *Adhocracy organizational culture is related to collective employee engagement.*

A Process in Which an Effect of Organizational Cultures on Collective Employee Engagement Takes Place

Given that clan and adhocracy cultures affect collective employee engagement, I explore a mechanism in which these cultures lead to employee engagement. This is because links of organizational cultures

to employee attitudes may be different (Hartnell et al., 2011) even though each culture (e.g., market or hierarchy) is related to employee attitudes. Clan organizations value the interests of employees the most among other stakeholders. They stress employee well-being and seek to improve employee engagement. It is expected that clan organizations are likely to design and employ what is called *high commitment work practices* (e.g., Appelbaum et al., 2000; Arthur, 1994; Baron & Kreps, 1999; Pfeffer, 1998; Wright et al., 2021) as the organizations value cooperation and seek to improve employee engagement. I regard such management practices as part of a system of *high performance work practices* along with flexible work arrangements, as I will discuss later. Employees covered by high commitment work practices are engaged in their work and provide consummate effort (Baron & Kreps, 1999). They work for the best interests of the organization based on a deep understanding of those interests, are flexible and willing to take on assignments different from their normal work, and work with their brains as well as their hands. High commitment work practices are closely combined with, and developed under, a long-term employment system or internal labor market (Baron & Kreps, 1999). Job security is an essential high commitment work practice. It complements extensive training, quality control teams, egalitarian teamwork, and other high commitment work practices (Pfeffer, 1998). Clan organizations that seek to achieve a high standard of employee engagement per se are likely to adopt and execute high commitment work practices.

In this research I regard flexible work arrangements as part of a system of high performance work practices along with high commitment work practices. Flexible work arrangements are underlaid by the principle of autonomy and self-sufficiency. Teleworking, flexible work scheduling, staggered commuting, the four-day workweek, and other flexible management practices are flexible work arrangements (e.g., Peretz et al., 2017; Stavrou, 2005). Teleworking, flexible time schedules, and other flexible working arrangements can reduce turnover and absenteeism (Stavrou, 2005). Based on social exchange theory, Peretz et al. (2017) posited that employees feel obligated to give back to their employers when they recognize that their employers care about their well-being by providing flexible work arrangements—which will reduce employee absenteeism and turnover. The extensive use of flexible work arrangements will thus enhance employee engagement. Organizations with adhocracy organizational culture may tend to use flexible work arrangements as they value and stress freedom and independence—which they believe will engage employees in the achievement of their organizational goals, that is to say, innovation and creation.

Although clan organizations with an aim of securing long-term employment may be more likely to use and exercise high commitment work practices rather than flexible work arrangements, they can achieve a high standard of collective employee engagement with the use of both high commitment work practices and flexible work arrangements. Adhocracy organizations are possibly more likely to use flexible work arrangements than high commitment work practices; these organizations can also achieve

a high standard of collective employee engagement with the use of both high commitment work practices as well as flexible work arrangements.

A system of high performance work practices, that is to say, a combination of high commitment work practices and flexible work arrangements that will be used by clan and adhocracy organizations will be able to improve collective work engagement. Therefore, the effect of clan and adhocracy organizational cultures on collective employee engagement is mediated and attained by the use of high commitment work practices and flexible work arrangements. I can offer the following hypotheses regarding the indirect effect of clan and adhocracy organizational cultures on collective employee engagement:

***Hypothesis 3a:** Clan organizational culture is related to collective employee engagement through the use of a system of high performance work practices (i.e., both high commitment work practices and flexible work arrangements).*

***Hypothesis 3b:** Adhocracy organizational culture is related to collective employee engagement through the use of a system of high performance work practices (i.e., both high commitment work practices and flexible work arrangements).*

The Conditions Under Which a Direct Effect of Organizational Culture on Collective Employee Engagement Takes Place

I further explore the effect of organizational culture on collective employee engagement that will take place not only through those practices and arrangements but also under some other conditions. Since national cultures are related to organizational cultures and organizational cultures are different among nations, as I have argued earlier, the effect of organizational culture on collective employee engagement may be conditioned by, and be different dependent on, nations. A society that consists of its entire population sharing a distinct and continuing way of life, that is to say, culture, may be a community or a city or a region or a nation (Dressler, 1969, p. 46). A society is the breeding ground of culture (Dressler, 1969).

Since a nation as a society may represent a culture—although it is not exactly a culture—it may become a moderator that will affect the effect of organizational culture on collective employee engagement.

Caprar et al. (2022), Newman and Nollen (1996), and Schuler and Rogovsky (1998) argued that national culture can affect the relationships between management practices (e.g., the decision-making process and compensation) and performance. Cultural congruence and incongruence are expected to affect employee perceptions and behaviors (Newman and Nollen, 1996). When management practices are inconsistent with deeply held national cultural values, employees are likely to feel dissatisfied, distracted, uncomfortable, and uncommitted. As a result, they may be less able or willing to perform well (Newman and Nollen, 1996). In contrast, management practices that are consistent with national cultural

values are likely to yield desirable employee attitudes and high performance (Newman and Nollen, 1996). Therefore, the successful implementation of management practices and the resultant performance outcomes depend on a cultural fit. Although organizational culture is not exactly management practices, I can speculate from these arguments on a cultural fit or cultural congruence that a fit between national and organizational cultures may affect and improve the relationship between organizational culture and collective employee engagement.

Managers who grew up in a collectivist nation or society may be more likely to accept, and may be less likely to be distracted by, clan organizational culture than managers from other societies may be. As a result, such managers may feel comfortable with, and engage with work tasks at a clannish company. In addition to the indirect effect of clan organizational culture on employee engagement through a system of high performance work practices, thus, the direct effect of clan culture on employee engagement is moderated by a nation of collectivism. Since it is known that Japan is a collectivist country, while the US is an individualist nation (Hofstede, 2001), managers from Japan are more likely to fit into clan organizational culture and, as a result, to be engaged in work tasks at a clannish company than managers from the US are. Given the indirect effect of clan organizational culture on collective employee engagement through a system of high performance work practices, I can offer the following hypothesis regarding the direct effect of clan culture on employee engagement that is moderated by nation or the US contrast with Japan as the reference nation:

Hypothesis 4a: *The direct effect of clan organizational culture on collective employee engagement is negatively moderated by nation, that is to say, the US vis-à-vis Japan. More specifically, such a direct effect is stronger for Japan than it is for the US.*

Given the indirect effect of adhocracy on employee engagement through a system of high performance work practices, I further explore the effect of such an organizational culture. Since a national culture of small power distance and low uncertainty avoidance is connected to adhocracy organizational culture, employees from a nation with such a national culture are likely to accept adhocracy organizational culture and be engaged in work tasks at an adhocratic company. I treat Japan as a baseline country in my framework since I have already compared the US with Japan. The UK is a lower power distance and a lower uncertainty avoidance country compared to Japan (Hofstede, 2001). Given the indirect effect of adhocracy on employee engagement through a system of high performance work practices, I can offer the following hypothesis regarding the direct effect of adhocracy organizational culture on collective employee engagements that is moderated by nation, or the UK contrast with Japan:

Hypothesis 4b: *The direct effect of adhocracy organizational culture on collective employee engagement is positively moderated by nation, that is to say, the UK vis-à-vis Japan. More specifically, such a direct effect is stronger for the UK than it is for Japan.*

METHOD

Sample and Procedure

In order to test my hypotheses, I conducted a questionnaire survey and statistical analyses of the responses to the survey. I collected data via the online system of a research company in February and November of 2022. Survey participants were managers from the UK, the US, Saudi Arabia, and Japan, because, as I explained earlier in the introduction section, the four countries are culturally different from one another. It is expected that such a difference in national culture explains a difference in organizational culture among the UK, the US, Saudi Arabia, and Japan. One-hundred and ten British managers, 111 US managers, 109 managers from Saudi Arabia, and 101 Japanese managers responded to the survey questionnaire. A total of 431 managers responded to the questionnaire. Managers responded to all the questionnaire items, including the independent variables (organizational cultures), the mediator variables (a system of high performance management practices), and the dependent variable (collective employee engagement). Such a data collection method might have caused a statistical problem of common method variance (Podsakoff et al., 2003), since a manager was asked to answer both the independent and the dependent variables. Thus, it is recommended that a dyad of persons, as opposed to a single person, respond to the questionnaire, with managers responding to the dependent variable and non-managerial employees responding to the independent variable or both the independent and mediator variables. However, I was unable to collect information on the independent variables and the dependent and mediator variables from a dyad of persons through the online system that I used. In addition, it would be complicated and costly to collect data in such a manner.

The industries of the participating companies included automotive, electronics, food, information technology, service (e.g., tourism, hotels, restaurants, and healthcare), and other manufacturing and non-manufacturing industries. It should be noted that the unit of analysis in this survey was the workplace, but not an individual or a company.

I drew up the English and Japanese versions of questionnaire. I asked several scholars and a businessperson who can speak English and Japanese fluently to check both the English and Japanese versions of the questionnaire. I revised and improved the questionnaire after receiving comments from these people and completed both the English and Japanese versions of the questionnaire. I asked a scholar from an Arab country to translate the English version of the survey questionnaire into Arabic. When I was asked for clarification and explanations about words and meanings in questionnaire items, I returned feedback responses to the scholar. In order to check the accuracy of the translated Arabic version of the questionnaire, I “back- translated” it into English using an online translator.

In my research framework, as I indicated earlier, independent variables are organizational cultures; the dependent variable is collective employee engagement; the mediator variables are a system of high performance work practices, more specifically, high commitment work practices and flexible work

arrangements; the moderator variables are two dichotomous, national dummy variables that contrast the US with Japan and the UK with Japan; control variables are 11 industrial dummy variables. I adopted all indicators from the prior literature (e.g., Appelbaum et al., 2000; Barrick et al., 2015; Cameron & Quinn, 2011; House et al., 2004; Huselid, 1995; Peretz et al., 2018; Rich et al., 2010). I modified some of these indicators that had been provided many years ago to be relevant to current business circumstances so that the questionnaire items could be easy to understand and answer. All items were evaluated on a five-point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree.” I performed confirmatory factor analysis (CFA) or exploratory factor analysis (EFA) for questionnaire items by each of the areas of organizational culture, a system of high performance practices, and collective employee engagement in order to extract latent factors behind observable indicators.

Measures

Collective Employee Engagement

I developed the three questionnaire items by modifying the indicators of collective or individual employee engagement from Barrick et al. (2015) and Rich et al. (2010). Respondents were asked to evaluate how engaged in their work tasks employees are as a whole. A sample questionnaire item is “Employees feel proud to be part of the company.” A researcher cannot basically perform CFA with one latent factor model constituted of three indicators since the model is just-identified and would always be a perfect fit (Brown, 2006). Thus, instead of CFA, I conducted EFA with the principal component method. I found that three observable indicators converged toward the one factor (eigenvalue = 2.46, proportion = 0.82). Internal consistency reliability among the three items was 0.89. I decided to use the average value of the three items as an indicator of collective employee engagement.

Organizational Culture

In my research I shed light on the four types of organizational culture presented by Cameron and Quinn (1999): clan, hierarchy, market, and adhocracy. Their original tool for cultural assessment is called the *Organizational Culture Assessment Instrument* (OCAI; Cameron & Quinn, 1999). OCAI is a kind of Q-Sort method. It consists of six questions regarding organizational characteristics and so on, as each question has four alternatives. An alternative may describe one of the four organizational cultures, that is to say, clan, hierarchy, market, and adhocracy. Another alternative may portray one of the other organizational cultures. Organizational members are asked to divide 100 points among the four alternatives depending on the extent to which their organization resembles the portrayal of organization provided in an alternative. Although my research was inspired by Cameron and Quinn (1999), I developed the questionnaire items regarding organizational culture, not by using a Q-Sort method, but instead using a Likert scale. One reason is because I attempted to simplify my survey in which managers were asked to evaluate their organizational cultures on a Likert scale. Another reason is because since other variables, namely a system of high performance work practices and collective employee

engagement, were on a Likert scale, I designed the organizational culture indicators to be evaluated on a Likert scale as well.

The four types of organizational culture are characterized by their dominant values and behavioral patterns attributed to such values. I attempted to capture organizational culture in terms of behavioral patterns and orientations since cultural values are so abstract that it is not possible to distinguish cultural differences among organizations (Hofstede, 2001). As I argued earlier, clan organizations are team- and employee-oriented; market organizations are individual- and task-oriented; adhocracy organizations are change- and equity-oriented; and hierarchy organizations are stability- and control-oriented. I created indicators of team versus individual orientation, employee versus task orientation, change versus stability orientation, and control versus equity orientation, which would all be assessed on a Likert scale.

Sample questionnaire items are the following: “Employees avoid confrontation and maintain harmony” (team orientation), “Employees like to try new things” (change orientation), “A person in a high position makes decisions, irrespective of her or his qualifications (e.g., knowledge, skills, and experience)” (control orientation), and “Profits come first while employee well-being comes later” (performance orientation). Since I captured each of these behavioral patterns as a continuum, I inversed original scores of some of the indicators such as this question: “Employees would rather act independently rather than depend on their colleagues” (individual orientation). Then, I conducted CFA with a four-factor model. Since the result was not favorable, I used original scores of the indicators and performed CFA with an eight-factor model again. Since the result was still not favorable, I conducted EFA with promax rotation and extracted the four factors. I performed the four-factor model of CFA based on the result of EFA. Even though the four-factor model did not fully fit the data according to the recommended cut-off thresholds for the model fit ($\chi^2 = 732.48$, $df = 246$, $p < .01$, CFI = .88, SRMR = .07, RMSEA = .06; Brown, 2006, p. 87), the CFA result showed that indicators of organizational culture converged toward the four organizational culture dimensions: adhocracy, market, hierarchy, and clan. The first dimension includes 10 indicators that largely pertain to employee, change, and equity orientations. I refer to this dimension as adhocracy culture. The second dimension is largely composed of eight indicators I created to capture individual, control, and performance orientations. I regard this dimension as market culture. The third dimension includes three indicators I created as task and control orientations. I refer to this dimension as hierarchy culture. The fourth and last dimension is composed of three indicators I created as those for team and control orientations. I refer to this dimension as clan culture. The internal consistency reliabilities were 0.88 for the 10 items for adhocracy, 0.84 for the eight items for market, 0.69 for the three items for hierarchy, and 0.68 for the three items for clan. I used each average value of these items by each dimension of organizational culture as the variable of organizational culture. The CFA result indicates that each dimension of organizational culture is complicated since it is composed of single or multiple behavioral patterns and orientations. For instance, adhocracy is composed of employee, change, and equity orientations. A reason my CFA result did not present a

full fit model might be that a dimension or type of organizational culture such as adhocracy is composed of a complex set of behavioral patterns.

A System of High Performance Work Practices

As I argued earlier, in this research I regard high commitment work practices and flexible work arrangements as parts of a system of high performance work practices. I used measurements of high commitment work practices from Appelbaum et al. (2000), Huselid (1995), and Dastmalchian et al. (2020). A sample questionnaire item was “Job security of employees (the probability that they will keep their job) is guaranteed.” I used two measurements of flexible work arrangements from Peretz et al. (2018). The questionnaire items were “Teleworking: Employees work from home for some or all of the working week by connecting to the workplace on an electronic device” and “Flextime: Employees can choose their start and finish times within limits set by the company.” The results of the two-factor model CFA were generally favorable ($\chi^2 = 91.03$, $df = 19$, $p < .01$, CFI = .94, SRMR = .06, RMSEA = .09). The reliability of the six question items regarding high commitment work practices was 0.85. I used and regarded the average values of the six management practice items as the index of high commitment work practices. The reliability of the two question items for flexible work arrangements was 0.70. I used and regarded the average values of the two management practice items as the index of flexible work arrangements.

Moderator Variables

Moderator variables are two dichotomous national dummy variables, with the US and the UK being contrasted with the reference country Japan. Thus, the US and the UK were coded the value of one, while Japan was assigned the value of zero.

Control Variables

I used 11 industrial dummies as control variables. Industries included automotive, electronics, retail/wholesale, banking, and other manufacturing and non-manufacturing industries. The reference industry was the service industry, which was coded the value of zero, while other industries were coded the value of one against the reference industry.

Analyses

In order to test the hypotheses, I analyzed data by employing and combining a mediation model and a moderation model (Hayes, 2018)—all of which are OLS regression- based models. I performed regression analyses and estimated the indirect as well as the interactive effects by executing PROCESS version 3.5.1 for SAS, created and distributed by Hayes (2018). I adopted and performed models 4 and 5 of PROCESS. The mediation model was built to estimate the indirect effect, as follows:

$$Y = interceptY^* + cX + f1Ci + errorY^* \quad (1.1)$$

$$M_i = \text{intercept}_{M_i} + a_i X + f_2 C_i + \text{error}_{M_i} \quad (1.2)$$

$$Y = \text{intercept}_Y + c' X + b_i M_i + f_3 C_i + \text{error}_Y \quad (1.3)$$

Y is the dependent variable of collective employee engagement. X is the independent variable of organizational culture, namely clan or adhocracy organizational culture. M_i is high performance work practices (namely high commitment work practices and flexible work arrangements), and C_i is the control variables of 11 industrial dummies. The direct effect is c' ; the total indirect effect is $\sum^k a_i * b_i$; and the total effect is $c = c' + \sum_{i=1}^k a_i * b_i$.

Given the indirect effects of X on Y through the third, mediator variable of M_i , I combine a mediation model—to be precise, a multiple mediation model—and a moderation model to capture the conditional or interactive effect of X on Y by a fourth, moderator variable W . The combinational model includes two equations (see Hayes, 2018, p. 403 for more). One is the equation (1.2) described earlier and the other is the following equation:

$$Y = \text{intercept}'_Y + c'_1 X + c'_2 W + c'_3 XW + b_i' M_i + f' C_i + \text{error}'_Y \quad (2.1)$$

W is the moderator variable of national dummy variable, namely the UK contrast with Japan or the US contrast with Japan. The equation (2.1) is rewritten below, grouping terms involving X and factoring out X :

$$Y = \text{intercept}'_Y + (c'_1 + c'_3 W) X + c'_2 W + b_i' M_i + f' C_i + \text{error}'_Y \quad (2.2)$$

So, in the model that combines a multiple mediation and a moderation, X exerts its effect on Y indirectly through M_i and directly, with the magnitude of the direct effect being dependent on W .

RESULTS

Table 2 presents the descriptive statistics, including means, standard deviations, correlations, and reliabilities for study variables.

Insert Table 2 here

I predicted in Hypothesis 1 that the cultural dimensions of adhocracy, market, hierarchy, and clan are different among the UK, the US, Saudi Arabia, and Japan. Table 3 represents the results for analysis of variance with average values of organizational culture dimensions by nation. These results indicate that there are differences in organizational culture dimensions of adhocracy, market, hierarchy, and clan among the UK, the US, Saudi Arabia, and Japan. Those differences in organizational cultures among the four nations may attribute to differences in national cultures. Thus, Hypothesis 1 is supported.

Insert Table 3 here

Despite these differences, my predictions were not completely correct and caution should be exercised in reading the statistical results. Adhocracy organizational culture is more common in the West, namely

the UK and the US, than the East, namely Japan. This may be because the national cultures of the UK and the US are more open to change, more humane- oriented, and more egalitarian than the national culture of Japan. However, contrary to my expectations, Table 3 shows that adhocracy organizational culture is more common not only in the UK and the US but also in Saudi Arabia than it is in Japan, although Saudi Arabia is known to be a more hierarchical society than Japan is (Hofstede, 2001).

Market organizational culture is more common in the UK and the US than it is in Japan. This may be because the UK and the US have a more individualistic culture than Japan does (e.g., Hofstede, 2001; House et al., 2004). Table 3 shows that market organizational culture is also more common in Saudi Arabia than it is in Japan. Saudi Arabian managers may tend to perceive their employee behaviors and management practices as more individualistic and performance-oriented than their Japanese, and even UK and US counterparts do.

Table 3 shows that although Saudi Arabia is the most hierarchical society among the four countries, hierarchy organizational culture is more common in the UK and the US than it is in Japan. The UK and the US may be more culturally hierarchical as well as more culturally egalitarian than Japan is.

Assuming that collectivist and individualist cultures are not mutually exclusive, I predicted that clan organizational culture is more common in Japan and Saudi Arabia than it is in the UK and the US. Table 3 shows that, as opposed to my expectation, the four countries are marginally different in regard to clan organizational culture. The average score (3.47) for Japan is the same as or almost the same as the figures for the UK and for the US. This may be because Japan is not placed on the opposite end of the individualism-versus-collectivism continuum in Hofstede's (2001) cultural survey, but just to the right of the middle point of the continuum; that is, Japan is a modestly more collectivist society compared to other nations.

Table 4 shows a summary of the results regarding the total, indirect, and direct effects of organizational cultures on collective employee engagement. Hypothesis 2a predicted an effect of clan organizational culture on collective employee engagement, not controlling for high performance work practices (high commitment work practices and flexible work arrangements), that is to say, the total effect of clan organizational culture on collective employee engagement. The multiple mediation model 1 in Table 4 shows that the total effect of clan organizational culture on collective employee engagement is significant and positive ($\beta = 0.57, p < .01$), supporting Hypothesis 2a.

Insert Table 4 here

Hypothesis 2b predicted the total effect of adhocracy organizational culture on collective employee engagement. The multiple mediation model 2 in Table 4 shows that the total effect of adhocracy organizational culture on collective employee engagement is significant and positive ($\beta = 0.91, p < .01$), supporting Hypothesis 2b.

Hypothesis 3a predicted the indirect effect of clan organizational culture on collective employee engagement indirectly through a system of high performance work practices (high commitment work practices and flexible work arrangements). The multiple mediation model 1 in Table 4 shows that high commitment work practices are significantly related to collective employee engagement ($\beta = 0.78, p < .01$), and that clan organizational culture is significantly related to high commitment work practices ($\beta = 0.55, p < .01$). The indirect effect (0.43) is calculated by multiplying the two coefficients (0.78×0.55). The bootstrap estimates of the indirect effect through high commitment work practices within a 95% confidence interval did not straddle the value of zero (0.34 to 0.53). Therefore, the conclusion is that clan organizational culture can improve collective employee engagement through high commitment work practices.

However, as can be seen in multiple mediation model 1 in Table 4, the indirect effect of clan organizational culture through flexible work arrangements was 0.01. Since the indirect effect within a 95% confidence interval straddles the value of zero (-0.00 to 0.04), it is not concluded with 95% of confidence that there is an indirect effect of clan organizational culture on collective employee engagement through flexible work arrangements. This is because flexible work arrangements are not related to collective employee engagement ($\beta = 0.04, n.s.$) although clan organizational culture is related to these arrangements ($\beta = 0.36, p < .01$). Thus, the indirect effect through high commitment work practices exists while the indirect effect through flexible work arrangements does not.

As I showed earlier, I estimated the total effect (0.57) of clan organizational culture on collective employee engagements by regressing collective employee engagement on clan organizational culture, not controlling for high performance work practices. The total effect is also derived from the sum of the total indirect effect ($0.44 = 0.43 + 0.01$) and the direct effect 0.12). I depict a statistical diagram of the indirect effects of clan organizational culture on collective employee engagement in Figure 1 in order to increase the understanding of the mediated relation. All my statistical analyses will partially support Hypothesis 3a.

Insert Figure 1 here

Hypothesis 3b predicted the indirect effect of adhocracy organizational culture on collective employee engagement indirectly through a system of high performance work practices (high commitment work practices and flexible work arrangements). Multiple mediation model 2 in Table 4 presents the indirect effect (0.49) via high commitment work practices. The bootstrap estimates of the indirect effect through high commitment work practices within a 95% confidence interval did not straddle the value of zero (0.38 to 0.60). However, the indirect effect (0.01) through flexible work arrangements within a 95% confidence interval straddles the value of zero (-0.03 to 0.05). Multiple mediation model 2 in Table 4 shows that this is because flexible work arrangements are not related to collective employee engagement ($\beta = 0.01, n.s.$) although adhocracy organizational culture is related to these arrangements

($\beta = 0.68, p < .01$). I depict a statistical diagram of the indirect effects of adhocracy organizational culture on collective employee engagement in Figure 2 in order to increase the understanding of the mediated relation. All my statistical analyses will partially support Hypothesis 3b.

Insert Figure 2 here

Hypothesis 4a predicted that the effect of clan organizational culture is not only mediated by high performance work practices, but is also moderated by a national contrast, namely the US vis-à-vis Japan. Table 5 represents the results of moderated regression analyses. Model 1 in Table 5 shows that there is a significant interactive effect of clan organizational culture on collective employee engagement along with the national dummy variable of the US compared with Japan as the reference country ($\beta = -0.20, p < .01$). I can estimate the direct effect of clan organizational culture on collective employee engagement for the two countries by drawing upon the interactive or conditional effect. The direct effect for Japan is 0.20 ($p < .01$) while the figure for the US is -0.00 (n.s.). These results support Hypothesis 4a. In order to increase the understanding of the model that combines a multiple mediation and a moderation, I visualize it in Figure 3 by using the effects of clan organizational culture on high performance work practices from multiple mediation model 1 in Table 4 as well as the effects of these practices on collective employee engagement and the interactive effect between clan organizational culture and the US dummy variable from model 1 in Table 5.

Insert Table 5 here

Insert Figure 3 here

Hypothesis 4b predicted that the effect of adhocracy organizational culture on collective employee engagement is not only mediated by high performance work practices, but is also moderated by nation, namely the UK vis-à-vis Japan. As model 2 in Table 5 shows, the effect of adhocracy organizational culture on collective employee engagement is not moderated by the national dummy variable of the UK vis-à-vis Japan ($\beta = 0.11, n.s.$). Thus, Hypothesis 4a is not supported.

DISCUSSION

As I mentioned earlier, although Hypothesis 1 was supported and the four countries are different in each dimension of organizational culture, my predictions were not totally correct. It is noted that Saudi Arabia ranks highest in all the four dimensions of organizational culture among the four nations. This may be because Saudi Arabian managers tend to perceive employee behavior and management practices as being related to organizational culture dimensions more frequently than their UK, US, and Japanese counterparts do.

Clan and adhocracy culture were related to collective employee engagement, not controlling for the mediator variable, that is to say, a system of high performance work practices (i.e., high commitment work practices and flexible work arrangements). Thus, Hypothesis 2a and 2b were supported.

I found the indirect effects of clan and adhocracy on collective employee engagement through high commitment work practices. However, the indirect effects of those organizational cultures through flexible work arrangements were not significant. Thus, Hypothesis 3a and 3b were partially supported. These arrangements were not related to collective employee engagement while high commitment work practices were related to collective employee engagement. These results may suggest that, as its name implies, high commitment work practices are more powerful in engaging employees in their work tasks than flexible work arrangements are.

Not only did high commitment work practices mediate the relation between clan organizational culture and collective employee engagement, but the national dummy of a US contrast with Japan moderated such a relation. Thus, Hypothesis 4a was supported. However, the UK dummy variable did not moderate the relation between adhocracy and collective employee engagement and Hypothesis 4b was not supported. I conducted additional analyses by replacing the UK dummy with the US or Saudi Arabia dummy. The US dummy negatively moderated the relation between adhocracy and collective employee engagement ($\beta = -0.26, p < .01$). The negative moderation means that the direct effect is stronger for Japan than it is for the US although Japan is a higher uncertainty avoidance society than the US is. This may be because adhocracy culture includes some aspects of collectivism. My factor analysis found that the factor of adhocracy included team orientation as well as change and employee orientations. Therefore, not the UK but the US may be able to moderate the relation between adhocracy organizational culture and collective employee engagement. This result may suggest that although the UK and the US are from the same Anglo cultural group, the cultural effect is different between the two countries.

Theoretical Contributions

This research can make one or more contributions to cross-cultural studies and organizational culture studies together. It can also make one or more contributions to cross- culture or organizational culture research as independent areas of scholarship. First, in this research I theorized on the connections between national culture dimensions (such as power distance and individualism versus collectivism) and organizational culture dimensions (such as clan and adhocracy) and empirically tested differences in organizational culture dimensions among the UK, the US, Saudi Arabia, and Japan. This research can help cross-culture researchers understand how a national culture manifests itself in an organizational culture. It can also help organizational culture researchers understand what underlies an organizational culture and what the origin of an organizational culture is. This research can make a contribution to both cross-culture and organizational culture studies together in that it can bridge the gap between the two cultural studies by revealing under-researched connections between national and organizational cultures.

Second, this research can make a contribution to organization culture research. This research proved the “culture affecting culture” perspective (Dickson et al., 2014) as it revealed the national, cultural effect on organizations and their cultures. Modern organization and management theories propose and

advocate the open system view, assuming that organizations are open to and subject to external environmental influences (Kast & Rosenzweig, 1985). Thus, the alternative perspective of “no effect,” assuming that societal culture is not totally related to organizational culture (Dickson et al., 2014), may seem to be unlikely. However, the question is why organizational culture reflects national culture. One theoretical explanation is that an organizational founder can play a mediation role in the relation between national and organizational cultures (Dickson et al., 2014). It is likely that an organizational founder’s basic assumptions, beliefs, and philosophy come from and are influenced by a nation’s cultural values. Schein (1985) presented a three-level model of organizational culture that is similar to Hofstede’s (2001) value-practice cultural model. Basic assumptions at the deep level affect other cultural elements such as “artifact” at the surface level. A company’s organizational culture is affected by its founder’s underlying, basic assumptions that possibly stem from a nation’s cultural values. A connection between national and organizational cultures may take place when a nation’s cultural values underlie and manifest themselves in organizational culture.

Third, this research can make another contribution to organizational culture research as I revealed the effects of organizational culture on performance outcomes and a mechanism in which such effects take place. Different types of organizational culture, namely clan, hierarchy, market, and adhocracy, are related to different criteria of organizational effectiveness or different organizational performance outcomes, such as commitment and precision. Clan, market, and adhocracy have a large or moderate relation to employee attitudes (collective employee engagement) although the process in which, and the conditions under which, the effects of these organizational cultures on employee attitudes take place, are not well known (Hartnell et al., 2011). In this research I explored the relations between organizational cultures and employee attitudes, more specifically collective employee engagement. I found that high commitment work practices mediated the relations between clan and adhocracy organizational cultures and collective employee engagement. Schein (1985) posited that management functions and practices—which he called “artifacts”—are affected by organizational culture. In this research I found that clan and adhocracy organizational cultures are related to high commitment work practices. I also found that organizations with such cultures can affect and improve collective employee engagement through these practices.

Fourth, this research can make a contribution to cross-culture research as I found that organizational culture dimensions as well as national culture dimensions can explain differences among nations. On the one hand, national culture develops as people of a society learn the skills and gain knowledge regarding a way of life (Dressler, 1969). On the other hand, organizational culture develops as members of an organization learn to deal with issues concerning adapting to environments outside the organization and organizing people within the organization (Schein, 1985). National culture is general as it involves the life of a society. Organizational culture is specific as it centers around operations and functions of an organization. Since organizational culture is specific, the use of organizational culture dimensions may

be effective in national comparisons, at least when researchers focus the subjects of their survey on business organizations inside and outside of their own country.

Fifth, this research can also make a simultaneous contribution to cross-cultural and organizational culture studies as I found not only the indirect effects of organizational cultures on collective employee engagement through high commitment work practices but also the conditional effects of such cultures by a nation or a society. A nation as a society is the breeding ground of culture (Dressler, 1969). Thus, although a nation is not exactly a culture, I regarded a nation as a presentation of a culture in building theories and used a national dummy variable in conducting statistical analyses. I found that the effect of clan organizational culture can be negatively moderated or conditioned by the US contrast with Japan.

Limitations and Future Directions

This research has its limitations. First, since I collected data from only four countries and three regions, my arguments are limited to those countries and regions. Nevertheless, the three regions—what House et al. (2004) called Anglo, Middle East, and Confucian Asia—are culturally different and each region is culturally unique. As I argued before, the UK and the US are culturally different although they are from the same cultural group. Thus, researchers may be able to learn from this research about the connections between national and organizational cultures and the consequences of organizational cultures reflective of national cultures.

Second, in this research I selected collective employee engagement alone as a performance outcome of organizational culture. I would have gained a deeper insight into the relations between organizational cultures and performance outcomes had I had selected and used other performance indicators such as profitability and creation. Third, I have argued by focusing on clan and adhocracy organizational cultures, although market and hierarchy may also affect and improve employee attitudes. Fourth, focusing on companies from within a nation, or non-multinational corporations, I have discussed the impact of national culture on organizational culture and the nature of organizational culture. This is because multinational corporations (MNCs) may be affected not only by the culture of their home countries but also by the cultures of their host countries (e.g., Jaeger, 1983). The relation between national cultures and MNCs' organizational cultures may be more complex than the connection between national cultures and non-MNCs' organizational cultures.

Although I have discussed and have tried to theorize on and empirically test the connection between national and organizational cultures and the consequences of organizational culture reflective of national cultures, there remain limitations in this research.

My next project would be to address these limitations and improve and develop this research.

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Table 1				
Congruence of National Culture Dimensions With Type of Organizational Culture				
		National cultural dimensions		
Types of organizational culture	collectivism versus individualism	Power distance	Performance orientation	Uncertainty avoidance
Hierarchy	Collectivism	High Power distance	High performance orientation	High uncertainty avoidance
Clan	Collectivism	Low power distance	Low performance orientation	High uncertainty avoidance
Market	Individualism	High power distance	High performance orientation	Low uncertainty avoidance
Adhocracy	Individualism	Low power distance	Lower performance orientation	Low uncertainty avoidance
<i>Note.</i> Bold cultural dimensions represent national culture that is strongly connected to an organizational culture.				

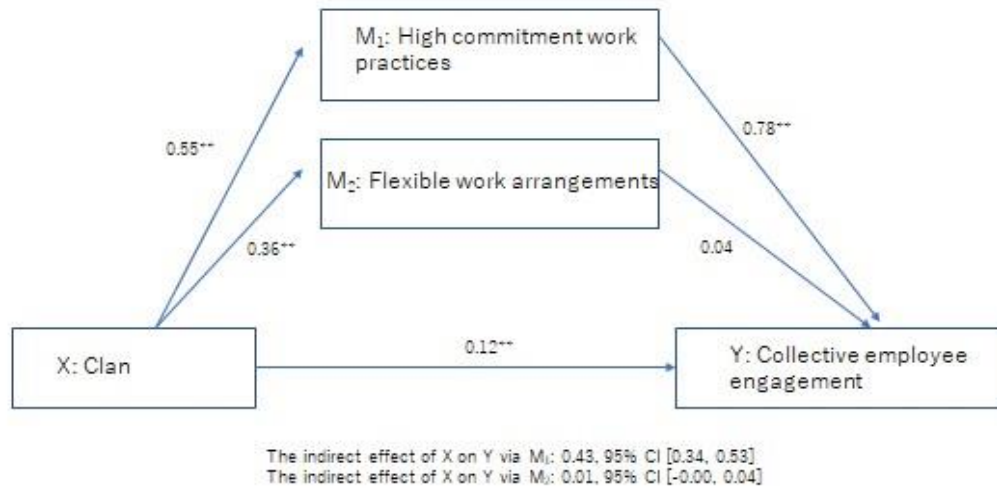
Table 2									
<i>Means, Standard Deviations, Correlations, and Reliabilities^{a, b, c, d, e}</i>									
Variables	Mean	s.d.	1	2	3	4	5	6	7
1 Collective employee engagement	3.70	0.98	(.89)						
2 Adhocracy	3.42	0.78	.72**	(.88)					
3 Market	3.03	0.82	.08	.27**	(.84)				
4 Hierarchy	3.26	0.90	.34**	.42**	.61**	(.69)			
5 Clan	3.53	0.85	.50**	.64**	.35**	.45**	(.68)		
6 High commitment work practices	3.52	0.85	.77**	.75**	.25**	.43**	.56**	(.85)	
7 Flexible work arrangements	3.18	1.12	.44**	.47**	.31**	.28**	.28**	.52**	(.70)
8 The UK	0.25	0.43	.06	.07	-.12**	.04	-.04	-.01	-.06
9 The US	0.25	0.43	.12**	.03	.02	.07	-.03	.03	.06
10 Saudi Arabia	0.25	0.43	.14**	.13**	.21**	.17**	.12*	.19*	.16**
^a Internal consistency reliability coefficients (Cronbach's α) appear on the diagonal.									
^b Eleven, industrial dummies are excluded.									
^c The national dummy variables with the three countries (=1) compared with Japan (=0) as the reference country.									
^d Eleven industrial dummy variables are excluded.									
^e Observations: 431									
⁺ $p < .10$									
[*] $p < .05$									
^{**} $p < .01$									

Table 3									
<i>The Results for Analysis of Variance: Average Values for Organizational-Culture Dimensions by nation^a</i>									
Organizational culture	The UK		The US		Saudi Arabia		Japan		<i>F</i> (3, 427)
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	
Adhocracy	3.52	0.72	3.47	0.84	3.59	0.85	3.06	0.57	10.12**
Market	2.84	0.73	3.06	0.94	3.33	0.88	2.86	0.58	8.71**
Hierarchy	3.33	0.86	3.37	0.96	3.54	0.85	2.77	0.73	15.48**
Clan	3.46	0.79	3.47	0.97	3.71	0.93	3.47	0.65	2.17 ⁺
^a Respondents (managers) from the UK, the US, Saudi Arabia, and Japan are 110, 111, 109, and 101, respectively. Thus, the total number of respondents (i.e., observations) is 431.									
⁺ <i>p</i> < .10									
[*] <i>p</i> < .05									
^{**} <i>p</i> < .01									

Table 4					
<i>The Summary of the Total, Indirect, and Direct Effects of Organizational Cultures on Employee Engagement^{a, b}</i>					
Multiple mediation model 1: The independent variable of clan	The total effect (<i>c</i>) of the independent variable on the dependent variable	The direct effect (<i>c'</i>) of the independent variable on the dependent variable	The effect (<i>a_i</i>) of the independent variable on the mediator variable	The effect (<i>b_i</i>) of the mediator variable on the dependent variable	The indirect effect of the independent variable on the dependent variable (<i>a_i*b_i</i>) and its 95% bootstrap confidence interval
The mediator variables: High commitment work practices	0.57**	0.12**	0.55**	0.78**	0.43: 0.34 to 0.53
Flexible work arrangements	0.57**	0.12**	0.36**	0.04	0.01: -0.00 to 0.04
Multiple mediation model 2: The independent variable of adhocracy	The total effect (<i>c</i>) of the independent variable on the dependent variable	The direct effect (<i>c'</i>) of the independent variable on the dependent variable	The effect (<i>a_i</i>) of the independent variable on the mediator variable	The effect (<i>b_i</i>) of the mediator variable on the dependent variable	The indirect effect of the independent variable on the dependent variable (<i>a_i*b_i</i>) and its 95% bootstrap confidence
The mediator variables: High commitment work practices	0.91**	0.40**	0.83**	0.59**	0.49: 0.38 to 0.60
Flexible work arrangements	0.91**	0.40**	0.68**	0.01	0.01: -0.03 to 0.05
^a The total effect : $c=c'+\sum a_i*b_i$					
^b Observations: 431					
⁺ <i>p</i> < .10					
[*] <i>p</i> < .05					
^{**} <i>p</i> < .01					

Table 5				
<i>The Results of Moderated Regression Analyses^{a,b,c}</i>				
	Model 1		Model 2	
<i>Variable</i>	<i>b</i>	<i>SE</i>	<i>b</i>	<i>SE</i>
Intercept	0.15	0.18	0.30	0.16
Independent variables:				
Clan	0.20 ^{**}	0.04		
Adhocracy			0.36 ^{**}	0.06
Mediator variables:				
High commitment work practices	0.78 ^{**}	0.04	0.60 ^{**}	0.05
Flexible work arrangements	0.04	0.03	0.01	0.03
Moderator variables:				
The US contrast with Japan	0.93 ^{**}	0.26		
The UK contrast with Japan			-0.32	0.32
Product terms:				
Clan × the US	-0.20 ^{**}	0.07		
Adhocracy × the UK			0.11	0.08
R^2	0.79 ^{**}	---	0.80 ^{**}	---
^a The dependent variable is collective employee engagement.				
^b Eleven industrial dummy variables are excluded.				
^c Observations: 431				
⁺ $p < .10$				
[*] $p < .05$				
^{**} $p < .01$				

Figure 1
The Statistical Diagram of the Multiple Mediation Model—The Independent Variable of Which Is Clan

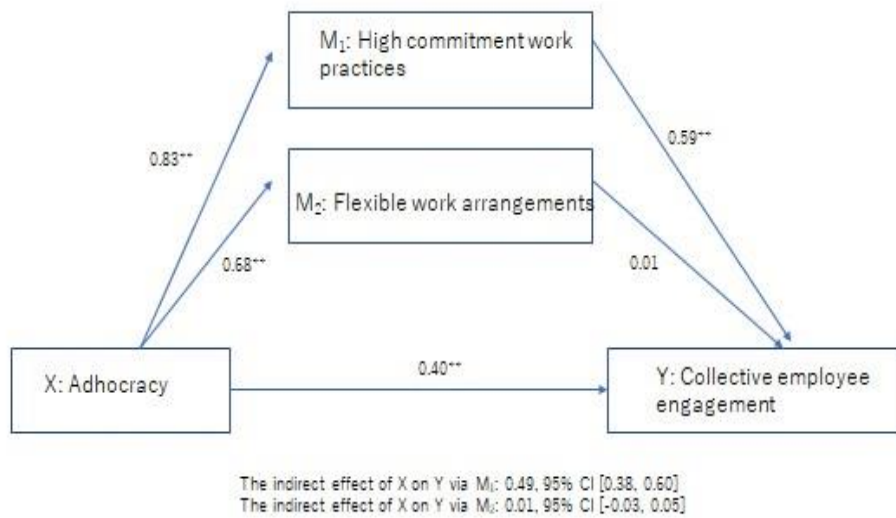


Note. Industrial dummy variables are excluded.

* $p < .05$

** $p < .01$

Figure 2
The Statistical Diagram of the Multiple Mediation Model—The Independent Variable of Which Is Adhocracy

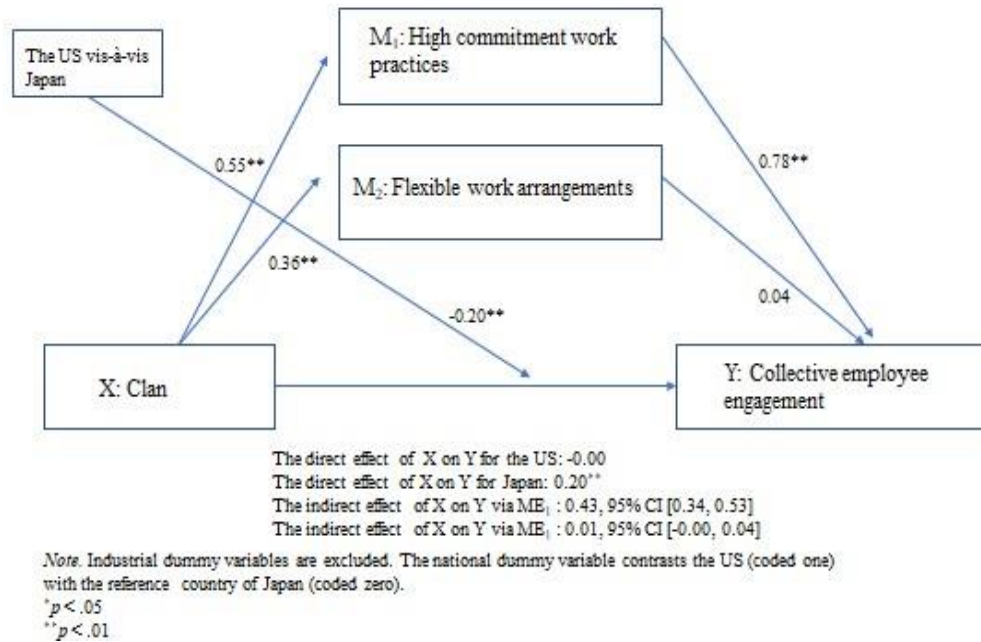


Note. Industrial dummy variables are excluded.

* $p < .05$

** $p < .01$

Figure 3
The Statistical Diagram of the Model That Combines a Multiple Mediation With a Moderation—The Independent Variable of Which Is Clan



Competitive Session

CSR & Sustainable Development



Session ID: **3.1**
Format: **Competitive session**
Session Title: **CSR & Sustainable Development**
Session Chair: *Tomoki Sekiguchi (Kyoto University, Japan)*

[AJBS-027] How do green policies facilitate CSR actions in MNEs? A comparison with local firms in emerging markets

Akitsuo Oe (Tokyo University of Science, Japan)

Mariko Watanabe (Tokyo University of Science, Japan)

[AJBS-038] Beyond CSR: A case study of social innovation and a new business model

Ayako Sendo (Takushoku University, Japan)

Yan Li (Takushoku University, Japan)

Takashi Sendo (Senshu University, Japan)

[AJBS-006] The degree of firm internationalization on CSR performance: The moderating role of host country institutional quality and breadth of subsidiary activities

Mashiho Mihalache (University of Amsterdam, Netherlands)

Ken Asaka (VU Amsterdam, Netherlands)

[AJBS-003] The war on drugs: How public, private, and nongovernment sectors can transform a drug-based economy into an alternative sustainable economy

Hee-Chan Song (Chulalongkorn University, Thailand)

[AJBS-027]

How do green policies facilitate CSR actions in MNEs? A comparison with local firms in emerging markets

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ABSTRACT

Do firms adopt different corporate social responsibility (CSR) actions in response to radical environmental policies in emerging markets, depending on internal factors? This study uses the Thai auto parts industry, which promotes green industry policies, to demonstrate the factors that lead to differences in the CSR actions of local firms and foreign firms that are subsidiaries of MNEs from other countries in emerging markets. Using data from 3120 cases from 2017 to 2020 for the Thai auto parts industry, a multiple regression analysis reveals whether (1) a company has obtained international CSR certification, (2) is a foreign national, and (3) the starting date of local operations of the group firms creates differences in the timing of their acquisition of domestic CSR certification. The results reveal that (1) foreign nationality and (2) the starting date of local operations of the group company create differences in the timing of the firm's acquisition of domestic CSR certification. This finding suggests that differences in the local legitimacy of the same group of Japanese auto parts firms, which account for the majority of foreign firms operating in Thailand, determine the CSR actions of Japanese firms toward green industrial policies.

Keywords: Strategy, Management, Organizational behavior, CSR, Green industry, Emerging market, MNEs

Acknowledgments

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INTRODUCTION

Firms are expected by their diverse stakeholders to commit to activities that contribute to social and economic development beyond the scope of their business. A firm's stakeholders are people and organizations with mutual interests, including shareholders, customers, employees, suppliers, competitors, governments, and the local communities in which the company operates (Freeman, 1984). Aware of these stakeholder expectations and norms, an increasing number of firms are committing to corporate social responsibility (CSR) activities based on their own high competencies and resources (Gardberg & Fombrun, 2006), and firms' CSR performance is becoming a focus of increased concern and coming under closer inspection. Wood (2016: 1) defines CSR performance as the principles, practices, and outcomes of businesses' relationships with people, organizations, institutions, communities, societies, and the earth in terms of the deliberate actions of businesses toward these stakeholders, as well as the unintended externalities of business activity.

This is particularly true in emerging markets. In emerging markets, the magnitude of public challenges often exceeds the capability of local stakeholders to address them effectively (Boddewyn & Doh, 2011). Therefore, local stakeholders may expect private firms to apply their superior technology and management know-how to CSR activities and commit themselves to solving locally specific social problems. In addition, in recent years, global environmental issues such as climate change and the biodiversity crisis have been considered social issues that should be addressed worldwide. The International Framework for Environmental Treaties (e.g., the United Nations Framework Convention on Climate Change expects both developed and emerging countries to cooperate and commit to achieving targets for reducing emissions, e.g., CO₂). The international situation is such that the United Nations has been working to reduce environmental burdens. In response, some emerging countries have rapidly steered course in recent years toward realizing sustainable societies, and radical environmental policies are being promoted. However, in emerging markets, where the capabilities and norms of local stakeholders have not yet been sufficiently developed to deal with global environmental issues, such radical environmental policies elicit proactive CSR actions from all firms. Do firms in the same emerging market face different external environments and adopt different adaptive behaviors toward environmental policies?

Based on this awareness, this study focuses on the similarities and differences in the behavior of local firms and foreign firms that are subsidiaries of MNEs from other countries in emerging markets. Using the research context in which new domestic green certification schemes have been formed in emerging markets, this study identifies the differences that exist and the factors that contribute to differences in the speed of firms' certification behavior. In emerging markets, which have increasingly joined international environmental treaty frameworks in recent years, some industries have established their own domestic green certification systems and require firms to obtain them. In addition to the simple disclosure of CSR reports, green certification can be an objective indicator of a firm's commitment to

CSR. Furthermore, the earlier a locally awarded green certification is obtained, the stronger the firm's commitment to local environmental policy. However, as local and foreign firms in emerging markets face different stakeholder relationships and institutional environments, they are likely to react differently to highly uncertain new environmental policies.

The institutional environment refers to the collection of regulations, norms, values, and beliefs with which individuals and organizations interact and form relationships with society as a whole (Scott, 2013). These institutional environments define the boundaries of desirable behavior and influence the actions and decisions of individuals and organizations. Firms can raise resources for organizational survival by acquiring legitimacy in the communities in which they operate (Suchman, 1995). Suchman (1995: 574) defines legitimacy as a recognized perception or assumption that the actions of an entity are desirable, proper, or appropriate within a socially constructed system of norms, values, beliefs, and definitions. A firm's CSR activities create a favorable impression of the company in the community and enable it to gain legitimacy (Wang, Dou, & Jia, 2016). For example, CSR reporting provides firms with a means of communicating their legitimacy to stakeholders through CSR-related disclosures (Doh, Husted, & Yang, 2016).

As discussed below, the magnitude of the information asymmetry between local and foreign firms differs from that between stakeholders. In addition, even when comparing the same local firms, the need to communicate the legitimacy of the company externally differs according to its history and management situation accumulated to date. However, from the perspective of comparisons between local and foreign firms or between local firms, the mechanism of differences in corporate behavior in response to environmental policies in emerging markets has not been clarified.

Based on the abovementioned research gaps, this study employs Thailand, which has been promoting green industry policies for the past decade, as the target region and uses the auto parts industry, a key industry in Thailand, as the analysis target to demonstrate the factors behind the differences in CSR actions between local and foreign firms in emerging markets.

This study aims to identify unexplored differences between local and foreign firms regarding the strategic behavior of firms toward green industry policies promoted in emerging markets over the past few years. To this end, this study is positioned as an exploratory study to develop provisional hypotheses based on phenomenal trends in green industries in specific emerging markets, which serves as an introduction to the development of a more universal hypothesis. Therefore, we first introduce the context of the target emerging market; then, we organize the findings of previous studies based on that context; and finally, we construct hypotheses that tentatively explains the phenomenon.

THAILAND'S GREEN INDUSTRIAL POLICY

Reasons for Selection of Research Subjects

This study focuses on Thailand's auto parts industry (2017–2021), which was established around 2010 by various emerging country governments to promote and support the greening of the industry as a whole by designing their own green certification schemes and encouraging and supporting firms to obtain them, such as Clean Industry in Mexico (Husted, Montiel, & Christmann, 2016), Green Supply Chain certification in China (CEC HP), and Green Label certification (Green Product Council) in Indonesia. Governments in various emerging countries have designed their own domestic green certification systems and are promoting the greening of the entire industry by facilitating and supporting firms to obtain certification. This is one of the most important projects in this field. Thailand was selected as the target region for this study because (1) Thailand has been promoting a strong industrial policy aimed at sustainable economic development over the past decade, and (2) Thailand has disclosed data on firms that have acquired green certification, which makes it possible to track changes in corporate behavior in the long term. This makes it possible to track changes in corporate behavior over time.

The pillar of Thailand's green industry policy is Green Industry (GI) that is a green initiative promoted by the Ministry of Industry. Since its establishment in 2011, the GI system has evolved and expanded its targets, forming the foundation of Thailand's current national strategy, the Bio-Circular Green Economy Model (Noranarttakun & Pharino, 2021). Regarding Thailand's green policies, various studies have focused on the relationships between corporate strategy, organizational management, and environmental policy. These numerous studies focus on corporate green innovation (Tantayanubutr & Panjakajornsak, 2017; Jirakraisiri, Badir, & Frank, 2021), green supply chain management (Laosirihongthong, Adebajo, & Tan, 2013), and green entrepreneurship (Muangmee, Dacko-Pikiewicz, Meekaewkunchorn, Kassakorn, & Khalid, 2021). In addition to business administration, research on green policy is underway in several fields, including management engineering, economics, political science, agriculture, civil engineering, and urban planning, making it a topic that has attracted attention across disciplines.

This research employs the auto parts industry because the Thai auto and auto parts industry is one of the world's largest producers and exporters, and many Japanese automotive parts companies have established operations in the country and have a long history of activity in the local market. Automotive-related industries have high environmental impacts and are strongly affected by changes in domestic and international environmental policies and technologies. There is a strong need to respond to complex institutional changes (Thai-Japan Investment Research Institute, 2022). Many foreign firms in Japan, Germany, and China operate in Thailand, and these home countries and their parent firms engage in international competition for the supremacy of next-generation eco-cars in response to international

demands to reduce CO2 emissions. Local firms doing business with these firms and the Thai government are struggling to determine which next-generation environmental technologies, which are still highly uncertain, should be aggressively invested in (Thai-Japan Investment Research Institute, 2022). It is imperative that Thailand's automobile and auto parts industry respond to uncertain expectations and demands for environmental considerations by local and foreign stakeholders, and the differences in corporate CSR actions on which this study focuses can be clearly observed (Eisenhardt, 1989).

Characteristics of the GI Certification

The Green Industry Policy covers factory facilities in the industrial sector across all industries with the criteria and procedures required at each level of the GI certification (Table 1). When applying for the initial certification, firms must create and implement management systems. During inspection for certification, documentation must be prepared and submitted according to specified criteria. Stringent requirements must be satisfied when companies are upgraded to higher certification levels. Levels 1 to 3 can be applied for certification as long as they meet the qualifications, whereas Levels 4 to 5 require careful preparation for an audit by an auditor from the Ministry of Industry (Ministry of Industry website and results of preliminary interviews with relevant parties).

[Insert Table 1 here]

Level 3 certification requires a management system equivalent to ISO 14001, whereas Level four certification requires a management system equivalent to ISO 26000. Level 3 or higher GI-certified factories are entitled to several benefits such as (1) exemption from permit fees, (2) exemption from audits by government ministries and agencies, and (3) the ability to display GI marks on product labels, thus demonstrating local stakeholders' commitment to CSR activities in the region. Therefore, for factories that have already obtained ISO 14001 certification, Level 3 certification is easy to obtain and the rewards for the effort are significant. It is also possible that firms' motivation to actively acquire the Level 3 certification includes checking the level of their business operations. This is because firms with a certain level of business experience or those that put considerable effort into CSR activities may acquire certification as part of a strength test. However, the number of firms acquiring Level 4 and 5 certifications is limited, because the benefits obtained from the effort and preparation required to obtain certification are the same as those for Level 3 certification. Acquiring Level 5 certification requires mobilizing significant resources, including establishing an environmentally friendly supply chain and collaborating with the community and suppliers. Against this backdrop, only approximately 100 firms and 1% of factories in Thailand are currently certified as Level 5. However, the Ministry of Industry aims for all factories in Thailand to participate in the GI certification system and has set a mid-term goal of increasing the number of factories with Level 3 or higher certification to 30,000.

THEORETICAL BACKGROUND AND HYPOTHESES

Local Firms and Foreign Firms in Emerging Markets

Firms need to gain local legitimacy, the perceived perception of “desirability” by local stakeholders, by following the rules and belief systems of the region in which they operate and procure the resources to survive (Hillman & Wan, 2005; Reimann, Ehr Gott, Kaufmann, & Carter, 2012: 3). However, emerging markets have institutional voids (Khanna & Palepu, 1997), indicating an absence or lack of institutions to support market activities. Compared with developed markets, there is a lack of resources and cooperative actors that are important for business activities, laws, and market characteristics marked by underdeveloped regulations (Hitt, Dacin, Levitas, Arregle, & Borza, 2000). In this emerging market environment, local and foreign firms face different stakeholder relationships and institutional environments and may react differently to the emergence of new certification schemes associated with radical environmental policies by local governments.

For local firms that have obtained local legitimacy, obtaining new local green certification requires considerable effort and time. A management system must first be created and implemented for the GI certification, and the cost is significant. In addition, the GI certification does not provide substantial benefits unless Level 3 or higher is achieved. For example, to achieve Level 3, a management system equivalent to ISO 14001 must be introduced. Level 4 requires reform and the formation of an organizational culture not only in the department in charge, but also in the entire organization. Level 5 requires management of the entire supply chain, including education, awareness, and supervision, not only of the company itself but also of its suppliers. Level 5 requires management of the entire supply chain, including education, raising awareness, and supervision of suppliers and the company. However, even if a local company takes time and effort to obtain a new domestic green certification with uncertain effectiveness and benefits, the additional benefits of local legitimacy that it gains would appear to be relatively small. Therefore, local firms are likely to adopt a cautious wait-and-see attitude toward new domestic green certifications.

However, there are some exceptions. Most finished vehicle manufacturers in Thailand’s automotive industry are foreign-capitalized firms, indicating a highly globalized market. Therefore, local firms are likely to have already obtained international environmental certification to establish their legitimacy at the global level, because most of their transactions are with foreign firms. Efforts to obtain new domestic green certifications are not significant for local firms. Instead, they can increase their local recognition and influence as leading companies. Moreover, local firms with extremely low local legitimacy (e.g., low-performing firms and new start-ups) may gain additional legitimacy by obtaining domestic green certification early.

Conversely, foreign firms bear the liability of foreignness, an additional cost incurred when foreign-capitalized firms operate in foreign markets compared to local firms (Bhanji & Oxley, 2013). Therefore,

even if they engage in externally favorable activities, they tend to have relatively lower local legitimacy than local firms. Domestic green certifications in the host country are more likely to be recognized and valued by local stakeholders, and the benefits of local legitimacy gained by obtaining them early are relatively large. However, because it takes time and effort to make the entire supply chain green, the first step is to obtain a certification level that the company can achieve on its own.

Thus, local and foreign firms may react differently to establishing new certification schemes because of radical environmental policies in emerging markets.

Discussion Points in Previous Studies

This section reviews relevant studies on firms' CSR performance in emerging markets and develops our hypotheses. After surveying MNEs studies, international business studies, and strategic theory studies in the context of Thailand's green policy, we identify several issues regarding the factors that formulate the CSR actions of firms in emerging markets. We highlight several factors influencing the formulation of CSR actions in emerging markets. The main issues extracted are (1) the institutional environment surrounding firms operating in emerging markets (institutional environment within emerging markets and the binary environment of emerging and foreign markets) (Tashman, Marano, & Kostova, 2019; Marano & Kostova, 2016; Husted et al., 2016); (2) the network environment in which firms are embedded (supplier networks, group networks, etc.) (Dahms, Kingkaew, & Ng, 2022; Briseño-García, Husted, & Arango-Herera, 2022); (3) the firm's capabilities and resources (recognition and capabilities of managers and management, superior technology, intellectual property, and management systems); and (4) the firm's track record of activities (Dahms et al., 2022).

This study focuses on firms' internal factors such as their capabilities, resources, and performance in local markets. These factors generate differences in firms' CSR actions for the same environmental policies in emerging markets. In addition, previous studies set only the presence or absence of CSR action (e.g., acquisition of environmental certification), the focus of CSR action (e.g., the area of CSR action), and the level of CSR action and its results (e.g., the level of environmental certification introduced and the resulting CSR score) as objective variables. However, this study focuses not only on the occurrence of CSR actions by companies, but also on their timing of CSR actions. When a new environmental system is formed, knowledge spillover of the environmental system and operational know-how by firms that can adapt to it at an early stage may filter through to other firms via the same industry channel (Kim, Sun, Yin, & Moon, 2022). Therefore, the earlier CSR actions are initiated, the more legitimacy and influence they can have on local stakeholders. However, previous studies have not discussed the organizational characteristics of firms that take early action against new institutions with high uncertainty. Based on the above issues of previous studies, this study sets the following hypotheses based on firms' internal factors, such as the resources, capabilities, and activity performance of local and foreign firms operating in emerging markets:

Corporate Resources and CSR Action

It has been shown that firms' management capability and resources, such as organizational learning capability, quality management capability, and ability to integrate environmentally friendly management systems, have a positive impact on the adoption of green management strategies by firms in emerging economies (Tantayanubutr & Panjakajornsak, 2017). As mentioned earlier, Thailand's green industry policy has established five levels of GI certification, requiring a management system equivalent to ISO 14000 to obtain Level 3, and ISO 26000 to obtain Level 4. Therefore, the more a company has already obtained these international certifications, the easier it is to obtain domestic certifications. In the sense of testing a firm's sustainable management capabilities (results of interviews with the Thai Ministry of Industry), it may be a more aggressive option to obtain domestic certification.

***Hypothesis 1.** In emerging markets, obtaining international CSR certification in emerging markets positively affects domestic CSR certification.*

Corporate Performance and CSR Action

Studies on firms' CSR actions in emerging Asian countries show that firms implementing environmentally friendly management practices have higher corporate performance. For example, a study in Thailand shows that introducing an environmentally friendly supply chain management system enhances a firm's technological and managerial capabilities, resulting in improved company financial and environmental performance (Tippayawong, Niyomyat, Sopadang, & Ramingwong, 2016; Saenchaiyathon & Wongthongchai, 2021). This suggests that firms with lower corporate performance may be more willing to obtain domestic CSR certification because they have more incentive to implement CSR practices, and the marginal effect is higher.

In addition, with the recent expansion of ESG investments, CSR activities in the environmental field have had a positive impact on corporate performance, enabling companies to gain recognition from stakeholders with strong environmental awareness, leading to reductions in direct production and operating costs (Dilla, Janvrin, Perkins, & Raschke, 2019). However, when firms without environmental certification disseminate environmental performance information, environmentally conscious stakeholders perceive them as posturing (Cho & Patten, 2007; Holder-Webb, Cohen, Nath, & Wood., 2009; Cho, Michelon, Patten, & Roberts, 2014, 2015). From this perspective, while the benefits of engaging in CSR activities are higher for firms with lower performance, the need for certification is also higher to receive these benefits.

***Hypothesis 2.** In emerging markets, firms with lower performance are more likely to obtain domestic CSR certification at an earlier stage.*

Liability of Foreignness and CSR Action

Foreign firms bear additional costs related to their dealings with stakeholders because they have

relatively less local information on host country markets than local firms. Foreign firms that undertake this liability are expected to adapt to the expectations and demands of local stakeholders (Bouquet & Birkinshaw, 2008), and in recent years, high expectations have been placed on their CSR efforts (Husted et al., 2016). In emerging markets with unstable institutional systems, local practices exist with respect to certain CSR activities such as community support and environmental protection (Gardberg & Fombrun, 2006). Furthermore, it has been noted that foreign firms in emerging markets have higher expectations from local communities regarding CSR activities such as community support and environmental protection compared to local firms (Gardberg & Fombrun, 2006; Kostova & Zaheer, 1999). Therefore, foreign firms may actively seek locally recognized domestic CSR certifications to signal their legitimacy (Husted et al., 2016). Previous studies indicate that firms with high environmental performance attract highly skilled human resources and increase labor productivity (Russo & Fouts, 1997; Delmas & Pekovic, 2013). Furthermore, the voluntary acquisition of local CSR certification by the government, which is highly trusted in the local market, indirectly demonstrates that the company is engaged in long-term activities rooted in the local community, overcoming the liability of foreignness and gaining the trust of local firms, making it easier to conduct business with the company. This will help overcome the liability of foreignness and gain the trust of local firms, making it easier for them to conduct their business.

***Hypothesis 3.** In emerging markets, foreign firms obtain domestic CSR certification as early as possible.*

Corporate Local Information and CSR Action

In emerging markets where information asymmetry between firms and stakeholders is high, the shorter a firm's period of operation, the less local information it has, the lower its local legitimacy, and the higher its transaction costs with local stakeholders. Signaling refers to how individuals or organizations convey information to others, typically through their actions (Spence, 1973). Corporate CSR actions have been shown to produce more favorable performance outcomes for firms because they increase the perceived value of the relationship between the company and its stakeholders (Marano, Tashman, & Kostova, 2017).

This local information about the firm is provided not only during the firm's operations but also by a group of firms belonging to the same parent company. Therefore, the greater the sum of the local business activities of the entire group of firms, the more the local information about the corporate group increases, thus mitigating the information asymmetry between the company to which it belongs and its stakeholders. In such a situation, a company may not engage in proactive CSR actions (Jiang, Jung, & Makino, 2020; Zhou & Wang, 2020). However, even within the same group of firms, firms that have been in business for a longer period and firms that have been in business for a shorter period may have started operations at different times, and the stakeholder communities that each firm confronts may be

different. In such cases, subsequent firms cannot take advantage of the signaling effect of local legitimacy based on local information in the preceding firm country. Therefore, the greater the difference in local legitimacy owing to the difference in the starting date of business operations of the group firms, the greater the need for such firms to acquire new local legitimacy, and the more aggressive they may be in obtaining domestic green certification. Furthermore, because foreign firms have lower local legitimacy than local firms, the larger the difference in the local legitimacy of group firms that have expanded locally, the greater the impact of the difference on the acquisition of domestic green certifications.

Hypothesis 4. *The more different local legitimacy a group company has in an emerging market, the earlier the company in question obtains domestic CSR certification.*

Hypothesis 5. *In emerging markets, the earlier foreign firms obtain domestic CSR certification, the more different the local legitimacy of the group firms is compared to that of local firms.*

DATA AND ANALYTICAL METHODS

Because this study focuses on the Thai automotive industry, firms were selected from those with Thai addresses listed on the Marklines Information Platform. The status of GI certification in Thailand by level as of 2017–2021 for these firms was obtained from a list of certified factories on the Green Industry website provided by the Thai Ministry of Industry. Information on international environmental certifications was obtained from the automotive market line industry. To obtain financial information on firms and group firms, we used data from Bureau van Dijk Electronic Publishing Ltd.'s Orbis, which contains data on a large number of unlisted and listed firms. As a result, the number of firms for which all the variables used in the analysis were available was 624 or 3,120 as the time-series data cover the 4 years from 2017 to 2021. The analysis used a random-effects model.

The dependent variable is the duration of domestic green certification ($t+1$), which explains earlier acquisition of domestic CSR certification. This variable is the number of years since the firm obtained Level 3 certification for the Thai GI. The first year was set to 1, the second year to 2, and so on. This variable has a lag of 1 year and uses data from 2018 to 2022. This is similar to the dependent variable for measuring “early certification” used in the empirical study by Husted et al. (2016). However, because the distribution was skewed to the right, we used a log transformation with e as the base.

The independent variables are the ISO 14001 dummy, return of assets (ROA), firm age S.D. (Standard Deviation) in the group, and foreign dummy. The variable ISO14001 dummy for “obtaining international CSR certification” in Hypothesis 1 is set to 1 if the firm has obtained ISO14001, an international environmental certification, in 2021 from the Marklines Information Platform, and 0 otherwise. ROA is an indicator of a firm's return on assets, indicating the profit a company can earn by investing in its assets. Firms with high ROA are considered able to utilize their assets and make profits efficiently, and they are used as an indicator of corporate sustainability. A foreign dummy is used for

“foreign firms” in Hypothesis 4. The variable firm age S.D. in the group, which explains the different starting dates of local operations of group firms, in Hypothesis 5, is the variance of the age of firms belonging to the same group in Thailand. Firm age is the number of years since the firm’s founding year; the first year is calculated as 1 and then standardized. Jiang et al. (2020) use the sum of the ages of local sister firms in the same group as a variable for the degree of localization that leads foreign firms to gain local legitimacy. However, we used variance rather than the sum of the ages of sister firms. This is because if there are multiple local foreign firms belonging to the same group in Thailand, the local legitimacy acquired by an early entrant to the local market can be used by a new entrant with the same group. We also used an interaction variable. This variable is calculated by multiplying the foreign dummy by the firm’s age S.D. in the group.

The control variables are firm age and the number of group firms, where firm age is the number of years since the establishment of the firm, and the number of group firms is the number of firms belonging to the same group in Thailand.

ANALYSIS RESULTS

Table 2 presents the descriptive statistics, and Table 3 presents the correlation matrix. The number of firm groups and firm age S.D. in the group has the highest correlation coefficient of 0.568. We checked the variance inflation factor (VIF), a measure of multicollinearity, and found it to be 1.55, well below the threshold value of 10 (Belsley, Kuh, & Welsch, 2005).

[Insert Tables 2–4 and Fig. 1 here]

Table 4 presents the results of the analysis using the variable-effects model. Model I is the baseline model, and Model II is Model I with independent variables. Model III is Model II with interaction variables. The R-squared value (between), which indicates the degree of appropriateness of the model due to differences among organizations, increases when Models I, II, and III are used.

Hypothesis 1, that international CSR certification in emerging markets has a positive impact on domestic CSR certification, is supported because the ISO14000 dummy is positive and strongly significant ($p < 0.01$) in Models II and III. Hypothesis 2, that lower performing firms in emerging markets obtain domestic CSR certification earlier, is not supported because ROA is not significant in Model II. For Hypothesis 3, the foreign dummy is positive and strongly significant ($p < 0.01$) in Model II and positive and significant ($p < 0.01$) in Model III, lending support to the hypothesis. The more different the local legitimacy of the group firms in emerging markets, the earlier the firms obtain CSR certification. Hypothesis 4, that firm age S.D. in the group in Model II is positively and weakly significant ($p < 0.10$), and positively and strongly significant ($p < 0.01$) in Model III, is supported.

For Hypothesis 5, that for foreign firms in emerging markets that obtain CSR certification earlier than local firms, the more different the local legitimacy of the group firms, the interaction effect is confirmed

in Fig. 1 because firm age S.D. in the group ($p < 0.01$), foreign dummy ($p < 0.05$), and Firm age S.D. \times foreign dummy ($p < 0.01$) in Model III are all significant. The y-axis in Fig. 1 is the predicted value of the duration of domestic green certification, which is the duration of obtaining GI certification, the dependent variable, and the x-axis is the foreign dummy. The solid line in the graph indicates a firm's age. The solid line in the graph indicates the case in which the firm age S.D. in the group is one standard deviation below the mean, and the dotted line indicates the case in which the firm age S.D. in the group is one standard deviation above the mean. The graph shows that when the variation in firm age in the same group of firms is small, there is no difference in the duration of domestic CSR certification acquisition between local and foreign firms. However, when the variation in the ages of firms in the same group is large, the duration of domestic CSR certification acquisition is longer for foreign firms than for firms in the same group. However, when there is a large variation in the age of firms within the same group, the period of domestic CSR certification acquisition is shorter for local firms than for small ones. In other words, when the variation in the age of the same group of firms is large, foreign firms attempt to obtain domestic CSR certification at an early stage, whereas local firms are reluctant to do so, indicating that Hypothesis 6 is supported.

DISCUSSION

This study focuses on the CSR actions of local and foreign firms in response to environmental policies in emerging markets, which are required to make rapid commitments to global environmental issues, and demonstrates the factors that create these differences. In this study, five hypotheses were formulated from the viewpoint that firms' internal factors such as their capabilities, resources, and past activity records may influence differences in the timing of their implementation of CSR actions in response to radical environmental policies. Based on the results of our analysis using data from the Thai automobile industry, which has been promoting the Green Industry Project over the past decade, we found that three factors, including (1) the existence of international CSR certification, (2) foreign nationality, and (3) differences in the starting date of local operations by the group firms, were responsible for the differences in the timing of the acquisition of domestic CSR certifications.

First, (1) Regarding the availability of international CSR certification, firms with ISO 14001 certification are more likely to acquire domestic green certification in emerging markets at an earlier stage. In previous studies, the factors determining a firm's CSR actions in emerging markets, where local stakeholders' capabilities and resources concerning sustainable management are immature, include the firm's superior management capabilities and the management's perception of the company. This study also suggests that firms with the ability to obtain global CSR certification are more likely to understand the importance of environmental management. Therefore, such firms might have found it easier to obtain domestic green certification and been able to respond earlier.

However, considering the degree of globalization in the Thai automotive industry, one could argue that the acquisition of international certification is recognized as a matter of course among firms that have already acquired ISO 14001 certification. Rather, such firms may understand that ISO 14001 is no longer a differentiating factor, so they are actively seeking to acquire domestic green certifications recognized and valued by local stakeholders in search of further differentiation. Nevertheless, a more detailed clarification of the causal process of why these results were obtained is needed in future studies.

Second, (2) being a foreign, early adaptation to environmental policies in emerging markets is more pronounced for foreign firms than for local firms. This suggests that foreign firms have relatively low local legitimacy and are attempting to gain it by meeting the expectations of the Thai government, which is an important stakeholder, through the early acquisition of domestic green certifications that are easy to obtain and have clear benefits. In Thailand's automotive industry, although most finished vehicle manufacturers are foreign, many local firms participate in the supply chains. The results of this analysis indicate that foreign firms are more active in acquiring GI certification than local firms, but for foreign firms to acquire a higher level of certification, they need to become leaders in organizational reform, education, and training for the entire supply chain. In this process, knowledge spillover of environmental management from foreign firms to local firms is likely (Kim et al., 2022). In other words, a stepwise process may develop in the future in which strong pressure from governments and regulators of environmental institutions prompts CSR actions by foreign firms at an early stage, followed by local firms' CSR actions through knowledge spillover.

Regarding (3) the difference in the starting date of local operations of group firms, the greater the difference in the starting date of local operations of group firms, the earlier the relevant firms tended to acquire domestic green certification. In addition, a comparison of local and foreign firms showed that (1) when the difference in the starting date of business operations of group firms was small, there was no difference in the timing of acquisition of domestic green certifications between local and foreign firms. However, when the difference in the starting date of group firms' business operations is large, foreign firms acquire domestic green certification earlier than local firms. This indicates that in emerging markets, even if a corporate group has built a local business track record, if there is a large gap in the starting year of each company, such as the existence of extremely old or new firms, group firms may have built a local track record. In this case, group firms might not be able to exploit their accumulated local legitimacy. Such firms are more likely to acquire domestic green certifications earlier to gain new local legitimacy. Under the same conditions, foreign firms with relatively low local legitimacy may overcome the liability of foreignness by taking early acquisition actions.

CONCLUSION

The contributions of this study are threefold. First, we compare the strategic behavior of local and foreign firms in adapting to complex institutional environments concerning firms' CSR actions in

emerging markets and identify the factors that create differences between them. Most previous studies related to firms' CSR actions in emerging markets have focused on either (1) the CSR of foreign firms in international business or (2) the CSR strategies of local firms in each country. This study combines these findings in a cross-sectional manner and demonstrates that country-level environmental policies have different effects on different types of firms. This study advances research on corporate CSR in international business.

Second, this study draws practical implications by focusing on the factors that determine firm-level CSR actions. The strategic CSR actions of foreign firms have received increasing attention in international business research in recent years. However, while previous studies have examined macro environments, such as institutional environments at the country/regional level, industrial communities, and inter-firm networks, as factors that determine foreign firms' CSR actions, manageable factors, such as management resources, management capabilities, and organizational attributes at the firm level, have not been discussed. This study presents a new perspective on the differences in the legitimacy of local corporate groups as the behavioral logic of foreign firms that are early responders to environmental policies in emerging markets. We find that even if there are already group firms active in emerging markets and if there are differences in the local legitimacy of each firm, foreign firms would implement CSR actions at an early stage.

Finally, this study has implications for the impact of environmental policies on emerging markets. This study reveals that foreign firms are more preemptive than local firms regarding CSR actions against environmental policies in emerging markets. In the Thai automotive industry, it was predicted that after foreign firms obtain domestic green certification, local firms would gradually obtain domestic green certification through the foreign firms' supply chain. Local governments may also expect this type of knowledge spillover from foreign firms. Long-term verification of the effectiveness and ongoing discussions are necessary to determine whether this phased process would occur, what issues would arise at each stage, and what kind of support and role the local government and leading firms should play in the local industrial community.

This study has four limitations: (1) bias of the target industry; (2) limitations of the data on the CSR practices of foreign firms; (3) lack of understanding of the local and regional context (culture, language, and economic, social, and political systems); and (4) lack of understanding of the causal process of the supported hypotheses. (1) Regarding the bias of the target industry, in the automotive industry, the target of this study best practices in product technology and production systems are widespread, and product planning and management systems are standardized within the industry. Consequently, corporate actions and policies regarding environmental certification tend to be shared and unified within industries. Comparisons with industries in which industry standards are not advanced (e.g., the biotechnology and chemical industries) are necessary. (2) Regarding the limitations of the data on foreign firms' CSR practices, secondary data analysis is limited because objective data that can be used as an indicator that

foreign firms have practiced CSR actions have not been developed. In future, it will be necessary to combine these data with primary data, such as questionnaires and interviews. (3) Regarding lack of understanding of the local context (culture, language, and economic, social, and political systems), in most cases, information on environmental policies and green certifications in Thailand's emerging markets and the data on green-certified firms referenced in this study are presented in the local language. Therefore, the context of the target region could not be understood in depth because of language barriers. Therefore, this study cannot establish and discuss hypotheses based on the characteristics of complex and volatile emerging markets. In future, it will be necessary to consider a comprehensive research design that includes field research. (4) Regarding the lack of understanding of the causal process of the supported hypotheses, this study attempts to test tentative hypotheses using data from automobile parts firms, but does not fully examine the causal process underlying the supported hypotheses. Therefore, additional case studies that synthesize interviews with representatives from local and foreign firms should be conducted to strengthen the logic that would explain the causal process of the hypotheses.

The conclusions of this study have several important implications for Japanese firms, which have the largest number of foreign firms operating in Thailand and have been active in the local market for a long time. Regardless of how much local legitimacy a company has acquired in the local market, if there is a gap in the starting years of other group companies operating in the same market, and if the differences in local legitimacy among the companies are large, the company may need to acquire additional local legitimacy. If there is a gap between the starting years of the business of other group companies in the same market and the difference in the local legitimacy of each company is large, the company would need to acquire additional local legitimacy. Therefore, foreign firms are more likely to adapt actively to newly formed institutional environments and attempt to strengthen their local legitimacy. This indicates that it is important for foreign firms operating in the same country market to start their operations strategically such that there is no significant difference in the starting years of each company's operations to enhance the local legitimacy of the entire group of companies.

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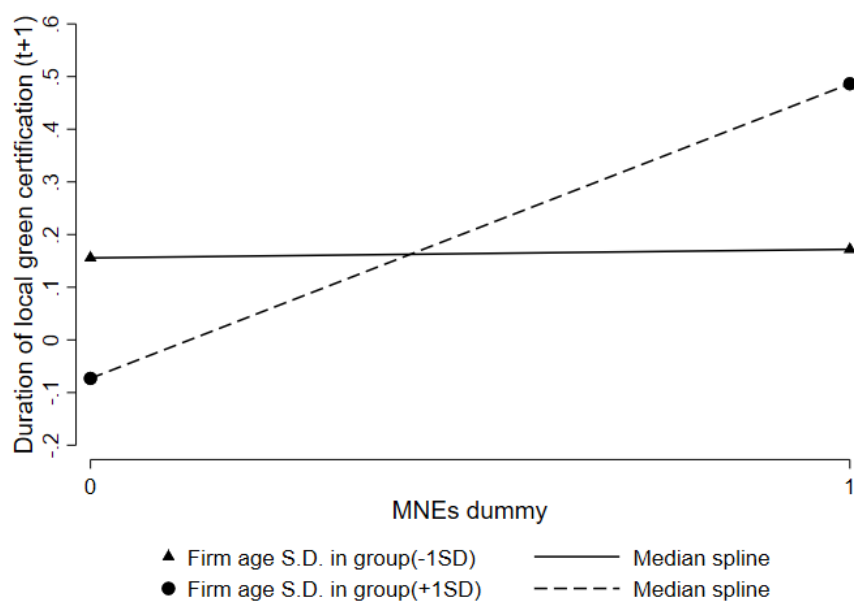


Fig. 1 Results of interaction analysis

Table 1. Five levels of GI development criteria (Noranarttakun & Pharino, 2021: 404)

GI Level		Criteria	
Level 1:	Green Commitment	1	Organization must define environmental policy with a commitment related to environmental impact reduction or pollution prevention or sustainable resource use or climate change mitigation, and adaptation or protection and restoration of the natural environment.
		2	Organization must communicate the environmental policy to all persons for acknowledgment.
Level 2	Green Activity	1	Organization must define and communicate the environmental policy as defined in Level 1.
		2	Organization must prepare and implement an environmental plan to comply with defined environmental policy; the environmental plan must consist of objectives, targets, procedures, responsible persons, and completed timeframes.
Level 3	Green System		Organization must establish, implement, and maintain continuous improvement of the environmental management system, which is equal to ISO 14001.
Level 4	Green Culture	1	Organization must have environmental management system, as mentioned in Level 3.
		2	Organization must create organization culture in environment and implement it effectively by covering the criteria of standard of corporate social responsibility as ISO 26000.
		3	Organization must prepare the environmental implementation report and communicate to the public.
Level 5	Green Network	1	Organization must implement environmental management system and create organization culture with respect to green industry criteria of Level 4 in all aspects.
		2	Organization must implement the promotion, creation, and interrelation of environmental activity with stakeholders throughout supply chain, community, and consumer by promoting green industry implementation to supply chain and encourage awareness and understanding in sustainable consumption to community and consumer.
		3	Organization must prepare and distribute the report of promotion, creation, and interrelation of environmental activity with stakeholders.

Table 2 Descriptive statistics

No	Variable	Mean	Std. Dev.	Min	Max
1	Duration of local green certification level 3 (t+1)	0.28	0.98	0.00	6.00
2	Firm age	0.00	1.00	-1.78	4.56
3	Number of group firm	1.59	1.95	1.00	15.00
4	ISO14001 dummy	0.31	0.46	0.00	1.00
5	ROA	4.29	10.91	-94.00	95.00
6	Firm age S.D. in group	2.67	4.45	0.00	24.04
7	Foreign dummy	0.84	0.36	0.00	1.00
Number of observations 3,120					

Table 3 Correlation matrix

No	Variables	1	2	3	4	5	6	7
1	Duration of local green certification Level 3 (t+1)	1						
2	Firm age	-.032	1					
3	Number of group firm	.127	-.008	1				
4	ISO14001 dummy	.185	-.021	.052	1			
5	ROA	.063	-.052	.097	.063	1		
6	Firm age S.D. in group	.188	.122	.568	.159	.086	1	
7	Foreign dummy	.102	-.028	-.028	.002	.046	-.006	1
Number of observations 3,120								

Table 4 Analysis results

No	Variables	Duration of local green certification (t+1)					
		I		II		III	
2	Firm age	0.128***	[0.035]	0.110***	[0.032]	0.109***	[0.031]
3	Number of group firm	0.065***	[0.025]	0.029	[0.031]	0.027	[0.031]
4	ISO14001 dummy			0.353***	[0.087]	0.367***	[0.088]
5	ROA			-0.001	[0.001]	-0.001	[0.001]
6	Firm age S.D. in group			0.026*	[0.014]	-0.026***	[0.009]
7	Foreign dummy			0.291***	[0.061]	0.125**	[0.064]
8	Firm age S.D. X Foreign					0.061***	[0.014]
	Constant	0.181***	[0.045]	-0.180***	[0.064]	-0.041	[0.060]
	Observations	3,120		3,120		3,120	
	Number of firms	624		624		624	
	R-square (within)	0.047		0.040		0.040	
	R-square (between)	0.004		0.065		0.077	
	R-square (overall)	0.004		0.053		0.062	

Standard error in brackets *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

[AJBS-038]

Beyond CSR: A case study of social innovation and a new business model

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ABSTRACT

In Japan, there are not many successful examples of strategic CSR and CSV which integrated into business operations. In considering the reasons for this, this paper takes up the case of Saraya Corporation's activities in Borneo, Malaysia, and examines how the company could create social innovation and how they link it to business success, using ANT (Actor Network Theory). In 2004, Saraya was hit by a major crisis, and instead of choosing superficial solutions to its problems, it took measures to solve serious social issues by creating value for the stakeholders from an altruistic perspective. In doing so, Saraya changed its relationships with various organizations and people, and succeeded in building a new society while changing the actors in the arena of social innovation, as can be discovered through this case study. In addition, this case study shows that the company has spent a long time on social issue-solving activities over a long period of time. It is as if it were an "unintended strategy," a business model involving new business model through social innovation that goes beyond traditional CSR and CSV.

[AJBS-006]

The degree of firm internationalization on CSR performance: The moderating role of host country institutional quality and breadth of subsidiary activities

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ABSTRACT

Internationalization and Corporate Social Responsibility (CSR) have emerged as key corporate activities for organizations in an international business environment. In prior studies, little attention has been paid to the impacts of the firm's internationalization on CSR performance and the scarce research provides mixed results. In addition, the influence of host countries' institutional characteristics and business activities carried out in foreign markets on the relation of internationalization and CSR performance have been rarely examined. Hence, the effects of internationalization on CSR performance and the moderate role of host countries' institutional quality as well as breadth of subsidiary activities are investigated in this study. Based on the samples of 633 Japanese firms between 2011 and 2015 totaling 2438 observations, the results of this study reveal that a firm's internationalization enhances their CSR performance. The results also show that the breadth of subsidiary activities have a positive moderating impact on the main relationship.

Keywords: Internationalization, Corporate social responsibility, Institutional quality, Subsidiary activities

[AJBS-003]

The war on drugs: How public, private, and nongovernment sectors can transform a drug-based economy into an alternative sustainable economy

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ABSTRACT

Multi-stakeholder research suggests that multiple stakeholders across different sectors can resolve societal problems when they unite their complementary resources and skills. The studies highlight that global multi-stakeholder initiatives play a pivotal role in building such partnership processes. However, geographically and culturally isolated regions, such as ethnic minority areas, are often in a blind spot concerning the dissemination of the global initiatives and the relevant stakeholders' attention. Drawing upon a long-term fieldwork that took place in ethnic minority villages near the Thailand and Myanmar border, this study investigates how collective interventions of multi-stakeholders transformed the illicit drug-based economy of the region into an alternative sustainable economy. The region once supplied 60% of the illicit drugs distributed worldwide, yet a series of cross-sector interventions transformed the region into a non-drug-driven, sustainable economy over the last 60 years. This study reconstructs the process, and in doing so discloses the role of Japanese multinational enterprises that facilitated government and non-government sectors to effectively tackle the problem. The findings of this study shed light on the importance of authentic cross-sector partnerships in dealing with sustainability issues of ethnic minority regions.

Keywords: Multi-stakeholders, Japanese MNEs, Sustainable development, Thailand

Competitive Session

HRM issues in Japanese firms



Session ID:	3.2
Format:	<i>Competitive session</i>
Session Title:	HRM issues in Japanese firms
Session Chair:	<i>Kiyohiko Ito (University of Hawaii at Manoa, USA)</i>

[AJBS-030] Adverse implications of corporate monolingualism: Analyzing the language paradoxes in Japanese firms

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[AJBS-030]

Adverse implications of corporate monolingualism: Analyzing the language paradoxes in Japanese firms

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ABSTRACT

Using Japan as an example, the present study investigated the negative effects of the absence of multilingualism in the workplace. Based on information obtained through interviews and online questionnaires conducted with Japanese businesspeople, it was determined that most Japanese workplaces were still exceedingly monolingual and lacked diversity in languages or cultures, even in internationally renowned companies. English is regarded as Japan's second official language and is increasingly required in various business sectors. Yet, even in sizable, established businesses, English is used for limited purposes. Furthermore, Japan's language education industry is worth \$3 billion; Japanese students study English for years to pass high school and university entrance exams. Despite the time and money invested in English education, Japanese English proficiency is reportedly declining annually compared to that of other nations. The study revealed that Japanese business people's monolingual myopia distorts their perceptions of language. Language proficiency requires lexicogrammatical knowledge and the ability to use the language proactively, which is acquired by listening to and observing how others communicate. The study indicates that interacting with diverse non-Japanese speakers would enhance their global communication skills. Therefore, Japanese businesses require a more diverse workforce and international experience.

Keywords: English, Japan, monolingualism, corporate, globalization

INTRODUCTION

Globalization is a feature of contemporary business. Corporations that aim to thrive in the global market and extend beyond national borders must overcome various problems caused by cultural and linguistic differences. Japanese corporations, such as Rakuten, UNIQLO, and Nissan, reportedly use English as their official or common language. This study examines the current status and problems of English use in Japan. The originality of this study lies in the fact that it analyzes data from the real voices of Japanese businessmen based on information obtained through laborious interviews and online questionnaires regarding the use of English and their opinions in Japanese businesses. As such, it provides new insight into language-related research in IB.

BACKGROUND

Japan faces many unprecedented challenges, such as a declining birth rate, an aging population, and the depopulation of local communities. Against this backdrop, the Japanese economy has remained stagnant for many years.

Japan is suffering from the symptoms of “Japanification” and “Galapagosization.” Japanification is characterized by low growth, inflation, and interest rates, driven mainly by a declining birthrate and an aging population (Baba, 2021, Davies & Hirtenstein, 2019). Galapagosization, also known as the Galápagos syndrome, refers to isolated technological development unrelated to global trends and frequently results in producing goods that are not usable outside Japan (Miyazaki, 2008).

Japanese companies that once dominated the global electronics market have recently experienced a conspicuous decline, contributing largely to their low economic growth. Notably, Japanese companies are lagging in the global shift to “servitization” of the manufacturing industry, which requires a profound understanding of diverse cultures and changes in consumer preferences (Lusch & Vargo, 2006, Lusch & Vargo, 2014).

Japanese companies seek new opportunities in overseas markets as the local market shrinks. They are seeking to improve their employees’ language skills. Nonetheless, some paradoxical phenomena surround English in Japan, as mentioned below.

No Official Status Despite Perceived Importance

In Japan, English is the de facto second official or first foreign language (Hashimoto, 2002). For instance, official Japanese government documents issued worldwide, such as passports, are written in Japanese and English. However, no legislative restrictions exist on using any particular language in Japan. From the language policy and management standpoint, Japanese and English are used based on customs and tacit understanding. The Japanese situation differs from other countries with more stringent language laws and legislation.

Although English is considered one of the most important subjects in school, it is not used for communication within Japan; fluency is not imperative in everyday life (Yano, 2008).

Poor Proficiency Despite Massive Investment in Learning

Japanese people's general English proficiency is very poor; Japan ranked 80th out of 111 countries in the EF Education First's English Competency Index (2022), a standard for English language proficiency.

For most Japanese people, learning English is a lifelong process that begins in elementary school and continues through college and beyond. Many students spend more than a few hours daily studying English and preparing for high school and university admissions tests. English learning continues after college, and many businesspeople take English lessons after work. Japan's language education industry is valued at roughly 2.3 billion US dollars or 3000 billion yen (Yano_Research_Institute, 2022).

Many popular English proficiency tests in Japan measure individual language proficiency, such as the TOEIC, pronunciation, and Eiken. When recruiting new employees, many Japanese companies rely on the TOEIC to measure English competence (cf. IIBC, 2013, Kingsley, 2010, Neeley, 2011). In addition, many Japanese companies set certain TOEIC scores to recruit new employees (Yamao & Sekiguchi, 2015). Thus, Japanese students spend considerable money and time on English test preparation courses.

Nevertheless, Japanese people's average English proficiency remains poor. A similar sentiment was expressed in a recent newspaper article titled "Life in Japan: This country wastes a lot of money teaching English" (McNeill, 2022).

Motive for the Study

I became interested in language issues in Japanese businesses when Rakuten, a large e-commerce company, announced that English would become its official language. News of Rakuten's decision to make English its official language was reported worldwide, and academic papers and case studies related to the news were published (Neeley, 2012, Neeley, 2011).

However, there is overwhelming skepticism in Japan. For example, Honda Motors CEO Takanobu Ito stated that it is absurd for a Japanese corporation to use only English in Japan when most of its employees are Japanese. Yet, five years later, Honda announced that English would be its official language (Greimel, 2015, Ohnsman, 2013). Nevertheless, given the situation in Japan and the general lack of English competence among Japanese businesses, many felt that declaring English as the company's official language was highly unfeasible. I shared this skepticism, which prompted me to begin relevant research.

LITERATURE REVIEW

In 1997, Marschan, Welch, and Welch produced a study titled "Language: The forgotten factor in multinational," which argued that language issues had been "forgotten" in international business

(Marschan, Welch, & Welch, 1997). As a result of this pioneering study, language-related business difficulties have been explored from several perspectives, and numerous intriguing research articles have been published. Language is no longer “the forgotten element” (Marschan et al., 1997: 591) or “the orphan of international business research” (Feely and Harzing, 2003: 1). Yet, it has become one of the most debated and important concerns in international business studies (Brannen, Piekkari, & Tietze, 2014).

The study of language issues in business is interdisciplinary in nature. It has been investigated and examined by researchers in international business, including management research, organizational studies, business communication, and (socio)linguists (e.g., Brannen, Piekkari, & Tietze, 2014, Ehrenreich, 2011, Harzing & Pudelko, 2013, Luo & Shenkar, 2006).

I begin by discussing the findings of international business scholars, followed by pertinent (socio) linguistic literature, including the concepts of English as a lingua franca (ELF) and English as a business lingua franca (BELF) research, communicative competence, and multicultural or transcultural communicative competence. We then provide key findings highlighting the language-use features of the current Japanese business world. I believe that analyzing them in light of these perspectives will shed light on the underlying language issues in Japanese businesses.

Overviews of Relevant Studies

Japan was not the only country affected by the spread of English during globalization. Many non-English-speaking European companies have experienced the same issue, and over the past 20 years, research has been conducted to identify these issues.

Non-Anglophone MNCs adopt English as their common corporate language to address communication issues arising from language barriers. Many businesses have reportedly adopted English as their official or common corporate language (Charles, 2007, Ehrenreich, 2010, Ehrenreich, 2009, Ehrenreich, 2011, Neeley, 2012, Neeley, 2013).

However, the language-related issues are complex. Although English is a common language in most businesses today, studies show that individuals from varied linguistic and cultural backgrounds still have trouble communicating (Harzing & Feely, 2008, Louhiala-Salminen, Charles, & Kankaanranta, 2005, Peltokorpi & Vaara, 2014).

Common Corporate Language as a Barrier

A common corporate language facilitates internal communications and enhances corporate unity. However, it can also act as a linguistic barrier in the MNC because it is not the native language of the company’s employees, as found in many cases (e.g., Charles & Marschan-Piekkari, 2002). In nonnative speaker (NNS) communication using a common corporate language, varying proficiency levels among interactants may lead to linguistic and cultural communication difficulties. Beechler and Bird (1999)

studied Japanese MNCs where English was the common corporate language in global operations. They found that using English as a common language of communication did not eliminate the substantial language barrier between Japanese expatriates and local staff. Charles and Marschan-Piekkari (2002) observed difficulties in subsidiaries where a common corporate language, such as English, was not the local language and no one was a native speaker. In addition, difficulties have been expressed when attempting to establish trust among employees from various cultural backgrounds (Jarvenpaa & Leidner, 1999, Tenzer, Pudelko, & Harzing, 2013).

Inability in Small Talk and Dilute or Thin Communication

Small talk and chitchat in a common corporate language pose a barrier for NNS personnel, despite being natural and simple for native speakers (e.g., Charles & Marschan-Piekkari, 2002, Coupland, 2003, Holmes & Fillary, 2000, Marschan, Welch, & Welch, 1996, Pullin, 2010). Although NNS workers typically have a high level of foreign language fluency in terms of technical words, jargon, and professional expressions, they may have limited capacity for ordinary informal discussions (e.g. Charles, 2007, Feely & Harzing, 2003, Louhiala-Salminen, Charles, & Kankaanranta, 2005, Pullin, 2010, Tange & Lauring, 2009). Nonnative English speakers (NNESs) tend to fear that their incapacity to speak in English about private topics may be interpreted as a sign of ineptitude (cf. Lauring & Tange, 2010). Lack of or low levels of informal or relational communication, such as small talk, and gossip, result in thin and diluted communication (Lauring & Tange, 2010, Tange & Lauring, 2009). NNSs describe their conversations as “less thick” or “less detailed,” which can be attributed to the absence of jokes and sarcasm in interpersonal interactions. Consequently, business communication has become increasingly task-oriented (Lauring & Tange, 2010: 326), more formalized, and devoid of gossip, small talk, and storytelling, which could improve organizational knowledge sharing and learning (Lauring & Tange, 2010; Tange & Lauring, 2009).

Language Clustering, Shadow Structure, and Trust Building Difficulties

Studies show that language differences create social boundaries, even in companies where English is a common corporate language (Lauring & Tange, 2010, Mäkelä, Kalla, & Piekkari, 2007).

The containment of communication with particular national, linguistic, or professional communities leads to language clustering phenomena: a lack of cooperation between employees who speak different languages and the alienation of employees who lack access to the dominant language (cf. Lauring & Tange, 2010, Marschan-Piekkari, Welch, & Welch, 1999, Tange & Lauring, 2009).

Marschan-Piekkari, Welch, and Welch (1999: 13) refer to “shadow structure”, that is, corporate employees communicating with those with whom they can easily communicate (due to language and culture) rather than with those with whom they should be communicating based on their professional and business interests.

Power Implication of Language

NNSs of the dominant language in the company tend to feel a loss of status and competitive advantage (Neeley, 2013, Śliwa & Johansson, 2014). In addition, one study discovered subjective (dis)empowerment in a corporation that used English as its official language (Louhiala-Salminen, Charles, & Kankaanranta, 2005). Moreover, a study of a U.S. subsidiary of a Japanese corporation revealed that the NES employees of the U.S. subsidiary felt a relative rise in their status after English became their official corporate language (Neeley & Dumas, 2016).

THEORETICAL FRAMEWORK

ELF and BELF Research Approach

English as a lingua franca (ELF) research has had a substantial impact on how non-native English speakers should perceive their English use and English education. ELF research focuses on English as a common language used by speakers with different first languages and is often used when there is no other option. It is also defined as “any use of English among speakers of different first languages for whom English is the communicative medium of choice, and often the only option” (Seidlhofer, 2011: 7).

The main thrust of ELF research is that English is no longer the sole property of native speakers but a global language utilized by millions of individuals with diverse linguistic and cultural backgrounds. They use English as a means of communication to achieve their goals. As such, ELF differs from English as a native language and English as a foreign language. ELF researchers focus on effective communication rather than on the grammar, vocabulary, or accents of native speakers.

ELF, a product of continuous globalization and English expansion, is used in cross-border communication when individuals connect national and cultural barriers. Nonnative English speakers now outnumber native English speakers as the frequency of English conversations among them has increased (Crystal, 2012). In ELF situations, English is often used without native speakers; however, this does not exclude native speakers from ELF communication (Jenkins, 2007, Mauranen, 2012, Seidlhofer, 2011). However, they were frequently found in a minority of interlocutors.

English as a Business Lingua Franca (BELF) is an ELF used for business purposes and was coined by Louhiala-Salminen et al. (2005) analyzed the multilingual interaction of the business environment. ELF and BELF share several similarities; however, the letter B, which represents “business,” differentiates BELF from ELF.

BELF researchers have analyzed the role of English in the internal and external communications of globally operating MNCs. Like ELF, BELF is dynamic, creative, hybrid, and fluid. It does not conform to native English norms, and the norms of native English speakers are irrelevant (Ehrenreich, 2010, Kankaanranta & Planken, 2010).

Communicative Competence

Competence in language use necessitates understanding lexicogrammar and pragmatic norms and applying such knowledge to social purposes in actual communication contexts.

Communicative competence was developed by Hymes (1972) from a sociolinguistic perspective as an alternative to Chomsky's concept of "linguistic competence."

Contrary to the Chomskyan belief that humans are born with the capacity to develop linguistic competence, communicative competence must be acquired socially. This includes verbal and nonverbal behaviors and other communication elements, such as nonverbal cues. Hymes (1972) defined communicative competence as applying linguistic knowledge to various communication contexts. According to Hymes (1972), one's ability to use grammar in various contexts, rather than just one's command of grammar, determines one's language proficiency. Appropriate language usage is context-dependent and may require many modes of expression. Language norms are acquired through exposure to and internalizing particular community-wide linguistic practices.

Canale and Swain (1980), following Hymes but focusing more directly on second-language instruction and acquisition, recognized three areas of communicative competence: 1) grammatical proficiency, 2) sociolinguistic competence, and 3) strategic competence. Later, Canale (1983) distinguished "discourse competence" from "social, linguistic competence," with "social, linguistic competence" encompassing solely "social-cultural rules."

The works of Canale and Swain (1980) and Canale (1983), which serve as the foundation for communicative language teaching (CLT), the Communicative Approach (CA), and the Common European Framework of Reference for Languages (CEFR), have significantly influenced language education.

In the communicative competence framework, interaction in specific communities enables socialization into specific ways of utilizing language through which individuals learn what constitutes appropriate language.

This concept has had a significant impact on the field of applied linguistics and language teaching. However, ELF scholars have criticized it for its static perspective of linguistic competence, emphasis on native-like abilities and NS speech communities, and failure to recognize the need for flexibility in using language resources regarding English used in a global context and ELF interactions (Baker, 2015, Baker, 2018, Seidlhofer, 2011).

Inter-, Multi- and Transcultural Communicative Competence

Language and culture are deeply intertwined. Culture influences how people communicate and understand concepts, developing unique vocabulary, idioms, and grammar. The concept of intercultural communication competence (ICC) suggests that when people from different cultures and mother

tongues communicate, it is essential to understand the other person's culture. A lack of knowledge of the other person's culture and values can result in significant misunderstandings. Against the backdrop of increasing cross-cultural communication with the advancement of globalization, ICC has significantly impacted intercultural communication studies (e.g., Byram, 1997).

Byram (1997) casts doubt on the concept of communicative competence (e.g., Canale & Swain, 1980; Swain, 1983; Hymes, 1972). His view was that by emphasizing the ideal native speaker, such attempts set an unachievable goal for NNSs. In addition, he argued that previous research had neglected the importance of learners' social identities and cultural competence in any intercultural encounter (Byram, 1997: 8). Accordingly, Byram set out to create a new conceptual model that encapsulates the characteristics of interculturally competent speakers. He defined these characteristics as knowledge, skills, attitudes, and dispositions to act.

However, in ELF research, Byram's (1997) concept of intercultural communicative competence is disputed because, in ELF encounters, links between a language and a specific culture are not always clearly established (Baker, 2011; 2012a). According to ELF scholars, culture is both emergent and dynamic, and cultural differences are seen as processes negotiated through interactions rather than as a fixed set of cultural features. As Jenkins (2015: 227) argues, "competence in language use is more than just knowing lexicogrammar and abstracted pragmatic conventions; it also involves the use of such knowledge concerning social purposes in the actual context of communication." ELF users learn effective communication skills by using language, experiencing and observing what and how others say and do.

Moreover, the term "intercultural" is no longer valid in the current situation. ELF/BELF communicative practice is fluid, flexible, innovative, and transient. Canagarajah (Canagarajah, 2014, 2013) also emphasized the fluidity and flexibility of language use and recognized the multilingual and multicultural nature of communication in today's globalized world. He called this "translingual practice." From this perspective, culture is not defined as static and discrete, as traditionally assumed, but as emergent and transient. Therefore, "transcultural communication" is a superior term to "intercultural communication" because it enables the exchange and blending of cultural norms and practices across geographical boundaries (Baker, 2022).

BELF and Global Communicative Competence

BELF users, ELF users for business purposes, and professional knowledge gains importance, including terminology and business knowledge specific to their companies or industries (Kankaanranta & Louhiala-Salminen, 2013). Business knowledge can be acquired through daily business activities, as the core of English lexicogrammar can be learned through regular classroom lectures. However, effective BELF communication is only possible when appropriate communication strategies based on essential business know-how and the context-specific "core" of the English language are employed.

Communication competence requires knowledge of lexicogrammar and generalized pragmatic rules and applying such information to social ends in real communication settings.

Global communicative competence (GCC) is a concept developed by Louhiala-Salminen and Kankaanranta (2011). It consists of three layers: multicultural competence, English competence as a Business Lingua Franca (BELF), and the communicator's business know-how. The third layer is business-specific knowledge. The second layer is English knowledge, which differs from that of NESs. BELF users must use the situation-specific 'core' of the English language and professional terms and concepts to achieve business goals by adapting to the forms and norms of the language required for specific business situations.

The first layer is multicultural competence, which refers to knowledge and skills in communication with business professionals from different national, organizational, and cultural backgrounds. Here, the interlocutors must be sensitive to cultural differences and require listening and accommodation skills as well as the capability to understand various languages based on adequate sociolinguistic and discourse competence in a multicultural environment. Accommodation skills are a critical element in this layer of competence (Louhiala-Salminen & Kankaanranta, 2012, Louhiala-Salminen & Kankaanranta, 2011). According to the authors, all three layers are essential, and communication is impossible if any layer is missing.

The traditional passive learning of fixed linguistic knowledge based on NES standards cannot build good communication skills. Users of ELF/BELF must be able to employ communication strategies other than native English norms. Based mostly on European cases, previous studies have reported that BELF often involves non-English elements in business communication as part of accommodation strategies, constructing more nuanced meanings, and expanding meaning-making activities (Cogo, 2012; Ehrenreich, 2010). Communication strategies are used between speakers who share a first language but are used more frequently between speakers who do not share a first language, as in conversations between ELF and BELF speakers. Accommodation is when an ELF speaker adjusts their accent, word usage, and so forth to match how the other person speaks. "Negotiation" means that, in a dialogue between ELF speakers who do not share the same first language, when one party's utterance is not understood by the other, both parties try (negotiate) to understand the meaning by paraphrasing or by slowing down their speaking speed.

Therefore, learning how to deploy communication strategies, including accommodation and negotiation, is more important for ELF/BELF users than learning the native English norms. Successful communication is only feasible when appropriate accommodation and negotiation strategies are applied. Kankaanranta and Louhiala-Salminen (2013) argued that BELF pragmatic communication skills are cultivated through real-life experiences.

METHODOLOGY

The present study focused on asking participants about their overall perceptions of using English as an official language, and they were asked to respond to related questions.

The study was twofold: the data were gathered through in-depth interviews with 16 Japanese bilingual professionals in the first part and an online questionnaire with 107 Japanese businesspeople in the second part. The latter part of the study was to triangulate, explain, and supplement the first part.

Interview Study Procedure

In the first part of the study, participants were discovered via the “snowball” method, a chain referral approach that relies on information obtained from the first participants (cf. Bernard, 2006) through the author’s personal and professional network. I chose sixteen participants who are bilingual business professionals with experience working in business environments in which English is used for business communication.

Semi-structured and open-ended interview questions were used as interview guides. However, as the interviews progressed, the participants could freely express their thoughts. For the interview study, I used an interview guide that was prepared by referring to Brinkmann and Kvale (2015), Roulston (2010) and the findings from relevant previous research (Lauring & Selmer, 2010, Lauring & Tange, 2010, Neeley, 2013, Neeley & Dumas, 2016). Several participants were interviewed multiple times, and due to the pandemic, later portions of the interviews were conducted via email or online meetings. Participants were asked to freely describe how they use English in business, their reasons for doing so, and their subjective impressions of the benefits and drawbacks of doing business in English and being bilingual. Various questions were developed over data analysis; therefore, the latter parts of the interviews involved open-ended dialogue between the researcher and participants in obtaining more detailed responses to the specific topics that emerged at the beginning of the interview process.

Interviews were transcribed or paraphrased in Japanese and English. I then coded the transcripts using the codes, mostly in vivo, generated from the data and categorized the transcribed or paraphrased data into themes that emerged throughout the process. I referred to Saldaña (2016) for coding and used MAXQDA, a computer-assisted qualitative data analysis software (CAQDAS), to code and categorize the data. Reflection and analysis began during the lengthy, repeated coding process and continued after the coding and thematic categorization processes. The coding helped me create a set of hierarchical categories. I adopted a deductive, concept-driven approach when setting up the research questions based on previous studies.

[Figure 1 here]

[Figure 2 here]

Online Questionnaire Procedure

The latter part of the study, using an online form, was conducted mainly for triangulation purposes to determine whether the interview data differed significantly from the views of a broader and more diverse population. I contacted business partners, personal friends, acquaintances, members of the alumni association of my alma mater, and students and alumni of the universities where I teach, seeking their cooperation in the survey. More than 100 individuals were contacted and asked to participate in the survey. When I attempted to initiate a survey of a broader range of participants in the latter part of the present study, I could not conduct face-to-face interviews because of the COVID pandemic that began in early 2020. An online questionnaire was administered.

To intentionally avoid overlap, I avoided members of the Japanese alumni associations of the graduate schools I had attended abroad, which I used in the first part of the study. Approximately 110 respondents completed the questionnaire; however, after eliminating incomplete responses, data from 107 respondents were used.

I endeavored to collect data from Japanese company managers and executives, as they greatly influence corporate policymaking. This resulted in more middle-aged male respondents.

Triangulation

Triangulation was used to validate data from multiple sources (Hatch, 2002, Patton, 2002). Triangulation addresses the subject of internal validity, defined as the degree to which study findings are reliable.

Denzin (Denzin, 1978) proposes four types of triangulation: (1) data triangulation, which uses different sources of data; (2) investigator triangulation, which uses more than one researcher and observer to minimize biases; (3) theory triangulation, which uses several theoretical perspectives; and (4) methodological triangulation, which examines data from multiple perspectives (cf., Flick, 2018, Flick, 1992).

Data were triangulated using evidence from several data sources. I conducted the research by interviewing different groups of participants and using online questionnaires with a much larger number of participants, as indicated in the section below. The first part was intended to be an in-depth interview-based study. The second part triangulated and complemented the first by obtaining opinions and perspectives from a broader participant base.

FINDINGS

English is Used by Few People and in Limited Locations

English is increasingly required in various industries, from small and medium-sized companies to large corporations, regardless of the organization's size in Japan.

Nevertheless, English is used by few people and for limited purposes, even by large, established enterprises.

Participant 3 works for a Japanese pharmaceutical corporation with global operations. She rarely spoke English. When asked if she had ever used English, she replied that she did so when assisting medical salespeople visiting Japan from other countries.

I don't speak English internally.

When a famous overseas doctor (researcher) comes to Japan and lectures, the company sponsors the visit, and the person-in-charge contracts. I must also confirm the content of my contract with the researcher. I prepared materials and letters for Japanese medical representatives (MRs, pharmaceutical product sales representatives) to communicate in English. I do not interpret it, but sometimes I get help. (Participant 3)

Participant 4 was a lawyer who worked for one of Japan's largest law firms. English was used to a limited extent in his office.

In my business, my use of English is limited. There are only a small number of lawyers. Everything else and almost every lawyer is not an international lawyer; therefore, it is limited to few people. Most lawyers work only in Japanese. (Participant 4)

Participant 7 was born and raised in London because of his parents' work and worked in Japan after graduating from college in the United States. He noted that the extent to which English is used in Japan depends on the industry; however, he rarely uses English at work.

I think when you look at most of the... I guess it depends on the industry. There are some sectors you cannot withstand... I have to be much more specific. In the case of Nissan, you have a boss who does not speak Japanese, so, of course, you do not have a chance. Even in the automobile sector, Toyota and Honda. Do the men at the Aoyama or Toyota headquarters speak English? Are these mandatory? Of course not. I surmise that 70% of these employees, similar to those in Japan, never speak English. (Participant 7)

Q: Do you use English in meetings?

A: Not daily.

Q: Do you write emails in English?

A: Hardly.

Q: Do you write memos and reports in English?

A: Not on this engagement.

Q: Do you use English in telephone conversations?

A: No.

(Participant 7)

Participant 14 was an executive at a large beverage company conducting business globally. According to him, the employees of a consumer product manufacturer with whom he worked did not speak English.

I have been with the consumer goods manufacturer for a long time, so, speaking from the consumer goods manufacturer's point of view, there are almost no people among our business partners who speak English. It seems impossible. I think that this will be limited to certain areas.

(Participant 14)

English is Mainly Used for Communication with Parties Outside Japan

English is mostly used to communicate with people outside Japan, such as customers, partners, and coworkers who do not speak Japanese but work for affiliated companies overseas. Therefore, the participants in the present study presumed that English should be used when communicating with foreigners or someone who cannot speak Japanese.

For instance, Participant 8 was a financial manager of a Japanese subsidiary of a large European reinsurance company. She said that she does not use English in the office at all for day-to-day business because Spanish expatriate executives moved to Shanghai the year after the parent company decided to focus on the growing insurance markets in China. Although she writes memos and reports in English and corresponds with non-Japanese staff in Spain and Shanghai, she does not speak English with her colleagues in Japan. In addition, most employees in Japan are marketing and sales staff targeting the Japanese market; therefore, proficiency in spoken English is not part of their job requirements.

Participant 6 is the Chief Financial Officer of a small Japanese real estate investment fund. The company invests exclusively in real estate in Japan. Its largest investor or shareholder is a Chinese investment fund managed by Chinese MBAs educated in the United States; consequently, all meetings and teleconferences are conducted in English. Additionally, memos, reports, and e-mail correspondence are frequently written in English for Chinese shareholders, even though the company is small and all five employees are Japanese.

Our company has overseas shareholders, and we have to communicate with them in English. However, there are few people who can speak English, so it is very difficult to prepare various documents. However, this process is time-consuming. (Participant 6)

The results of the online survey also indicate that Japanese companies have very few opportunities to use English.

[Figure 3 here]

Many Believe that English Should be the Official Language to Improve English Proficiency

The predominant reason for favoring English as the official language was that it improved English proficiency. This contrasts with previous studies on non-English-speaking European countries. In these cases, English is the official language to eliminate language barriers. As there are few opportunities to use English in Japan, a significant percentage of respondents believed that companies should improve their employees' English skills by increasing their exposure to English.

The table below presents some comments given in the online survey.

[Table 1 here]

The Japanese People who use English are not Native English Speakers

The online survey results indicate that the Japanese communicate primarily in English, not with native speakers in the Inner Circle¹⁸, such as the United States and the United Kingdom. Instead, they communicate mainly with people in the Outer Circle, formerly British territories, or in non-English-speaking countries in the Expanding Circle, where English use is expanding. The Japanese conduct business primarily in English with their Asian counterparts in the Expanding Circle, Asians in the Outer Circle, and Europeans in the Expanding Circle.

[Figure 4 here]

[Table 2 here]

Some Express No Need for English; the Japanese Market is Large Enough

A significant number of participants expressed negative views about the use of English as an official corporate language. Their opposing opinions assumed that most Japanese companies have monolingual workplaces. Most of their employees are Japanese, so they do not need to use a foreign language if their target market is Japanese.

Japan has become increasingly introspective in recent years, which was reflected in the interview findings. Some participants contended that the Japanese market and Japanese-speaking population are substantial enough that English is unnecessary; they do not feel that expanding into foreign markets is an urgent issue.

¹⁸ The Three Circles of English by Braj Kachru is the most influential paradigm of the spread of English. There are three concentric circles: the inner, outer, and expanding circle. The Inner Circle consists of the regions where English is currently the primary language, such as the United States, Canada, the United Kingdom, and Australia. The Outer Circle consists of mostly former British colonies where English spread through imperial expansion, i.e., India, Nigeria, Bangladesh, Malaysia, Tanzania, Kenya, South Africa, the Philippines, etc. The Expanding Circle includes countries such as China, Nepal, Russia, Japan, and non-Anglophone Europe, where English is extensively used as a means of international communication.

Participant 15 believed no foreign language was required if a business targeting 100 million people in the Japanese market was viable. According to him, the English-speaking market is enormous, with approximately one billion people. However, suppose a business is viable in Japan, targeting 100 million people, and a company targets only the Japanese domestic market. In that case, there is no need to target the global market because the Japanese market is large enough. I have heard similar arguments from other Japanese businesspeople on numerous social occasions.

For example, business is no longer viable if only 3–5 million people speak the language. However, what is the market for 100 million people? The Japanese market can be either slightly too small or too large, depending on the industry. Thus, for industries that target 100 million people, businesses have been successful. Some people have considered this. However, others may feel that the market for 100 million people is insufficient in the current information society. They can say that their businesses will not be successful unless they target the English-speaking world with one billion people. I think that they need to decide based on the characteristics of each industry and business. (Participant 15)

Using English as an Official Corporate Language

Most respondents to the online survey rejected the use of the official business language in Japanese enterprises (see Figure 5).

[Figure 5 here]

As mentioned in the above section, Japanese businesspeople believe that the Japanese market is sufficiently large for companies to generate sufficient revenue in Japan and are, therefore, not required to use English.

I do not think the shift to English as the official language will proceed because there is sufficient revenue from businesses with domestic customers. (Online Survey Respondent 24)

As noted above, in many cases, the employee composition of Japanese companies is almost exclusively Japanese. There should be sufficient diversity in the workforce to make English the official language.

The official language in my previous and current jobs was English, but at my previous company, about 10% of employees were foreign, making it inefficient and impractical. At my current company, the percentage is approximately 40%, and practically nothing can be done without English. I think this depends on the level of globalization of the company's business content and the diversity of its employees rather than lumping them together as Japanese companies, which may or may not be appropriate. (Online Survey Respondent 76)

Making English the official language is inefficient when many people cannot communicate in English. English is only one communication tool, and those who truly have the skills and ideas

to apply it to their work cannot demonstrate these abilities. Alternatively, too much interpretative work is given to those who are good at English. (Online Survey Respondent 64)

Low English Proficiency Among Japanese Businesspeople

The overall opinion of the participants was that it was unrealistic to use English as the official language in Japanese companies because of the overall low level of English proficiency in Japan.

Almost all the participants agreed that globalization and the emergence of rising economies had necessitated international communication and are boosting English usage. They believe English is vital to Japan's future. Most respondents opined that, at present, the general English proficiency of Japanese businesspeople is so low that it is unrealistic to expect them to conduct business in English. They believed that using English slows down or hinders their work and significantly reduces their efficiency.

Participant 4 said that it was neither possible nor realistic to implement it given the generally low level of English proficiency of Japanese people.

It hinders communication between coworkers because it is not their native language. However, I do not understand the reason for this. It's kind of impractical. I think the communication level in the information being exchanged will be significantly lower than speaking in one's native language, so I do not think it is good. (Participant 4)

I am not in favor of making English the official language because it is not necessary in the case of Japanese companies because customers are mostly Japanese, and employees are all Japanese. I worked for a Japanese company where English was the official language. While I think it is necessary to use English for the internationalization of Japan, some things are better done in Japanese because the quality of communication will decrease. (Participant 6).

Medical representatives were asked to complete these forms. I asked them to write in Japanese before, but now in English. However, they do not know how to write mailing addresses. They did not know the basic English rules. Therefore, I do not think it is realistic for (Japanese) corporations to mandate English as their official language. (Participant 3)

Cultural Differences Japanese Experience when Speaking English

Furthermore, Participant 3 suggested that the cultural idiosyncrasies of the Japanese may put them at a disadvantage in international enterprises. This view was shared by Participant 16, who had worked for an investment bank in the United States for many years and now works for a Japanese company. He is also fluent in English but feels that culturally, the Japanese are disadvantaged when using English and working with native English speakers. In Japan, people tend not to assert themselves strongly.

That is, disagreements are viewed as evidence that things are not going well in Japan; therefore, to get along, it is vital to be patient and refrain from expressing one's opinions excessively. However, in

societies where differences in opinion are viewed as normal, it is generally understood that cordial connections are fostered by clearly expressing one's opinions and beliefs to the other person. Moreover, it is believed that the power of words and the power of communication has a great influence on such a culture.

In contrast, in Japan, which has a high-text culture, school education does not emphasize the importance of training students to be assertive and communicate their thoughts in words. The Japanese people are generally taciturn and not very good at asserting themselves.

Furthermore, even in their workplaces, Japanese people tend to be group- and family oriented.

A: I think there is. I think that because of the language barrier, they end up taking advantage of it. Due to language barriers, reaching the top or more important positions is difficult.

Q: I understand. Is this tendency very evident in the U.S.?

A: In the U.S., such a situation is often the case.

Q: Because English is the native language in the U.S., right?

A: Yes, that is, it is right. This is disadvantageous for companies in native English-speaking countries. Social get-togethers outside work are very important.

Aren't they?

Q: Yes, yes. It's a great way to build relationships.

A: You can have a standing buffet party or just stand around and talk about a drink. Japanese people are not good at making witty mistakes or laughter. The manners in which they drank also differed. Japanese people tend to sit down and pour alcohol for each other and then have it poured for them. However, people stand, drink, talk, and laugh in the West. I do not think the Japanese can become accustomed to this style. In this sense, Japanese people are disadvantaged because social relationships are important. The Japanese people are not sociable. That's the point.

Q: So, it is not because of English?

A: Yes. Yes, it is. It is a cultural problem.

Q: Are cultural issues causing disadvantages?

A: In Japan, there is a sense of family or family consciousness in the company; however, in other countries, it is more individualistic. (Participant 16)

Low English Proficiency is due to a Lack of Opportunities to use English

A significant proportion of participants believed that their low English proficiency was due to a lack of opportunities to use English and that if they increased these opportunities, their English would naturally

improve. Therefore, they believe that making English the official language in Japanese companies would increase opportunities to use English, and encouraging employees to use English would improve their overall English proficiency.

I agree that English should be the official language in Japanese companies because I think having more opportunities to speak English is good. I think it is essential for the future of Japan for English to become an official language in Japanese companies. Globalization, the growing importance of English, and the rise of emerging economies are expected to expand the use of English in Japan. Japanese people's English proficiency is low and can be improved by creating opportunities to speak English semi-mandatorily, such as by making it the official language of a company. (Participant 12)

Additionally, many online survey respondents advocated that their English language proficiency should be improved through increased opportunities for international interaction in education, collaborative learning, and other practical learning activities. This emphasizes the importance of increasing the number of real-world opportunities to use English.

I think it is simply a matter of increasing the opportunities to speak. I believe that if students play, study together, and give presentations on the Internet with their peers from elementary school, they will naturally improve their English ability. (Respondent 79)

Do we not need to create childhood situations that encourage us to speak English? What do you need to study? If you think, "I'm studying," you will end up studying. Since the Internet has developed so much, would it not be interesting for native English speakers to connect with schools overseas via the Internet and create something together—for example, in class—so that they would have an opportunity to think that they are blessed? (Respondent 9)

Create more opportunities to use English. (Respondent 3)

Increase opportunities for practice. (Respondent 96)

Increase opportunities to interact with foreigners who cannot speak Japanese. (Respondent 42)

Summary of Findings

Overall, the participants in this study believed that English was becoming increasingly important because of globalization and the need to expand into foreign markets. However, the use of English in Japanese companies is currently impractical because of the low English proficiency of Japanese businesspeople. This negatively affects their business execution. The English proficiency of Japanese people is low because they have few opportunities to use English. To improve Japanese students' English proficiency, increasing opportunities to use English is necessary. If Japanese companies that believe English should be the official language of Japan create an environment where English must be

used constantly, there will be more opportunities to use English. Japanese business people's English will thus improve.

The following narrative appears to be the opinion that most accurately reflects the current situation:

Using English as the official corporate language benefits Japanese companies because it broadens their business possibilities. However, it is essential to define the policy. This depends on the definition of the official language. The official English-language policy is that nobody must use English on all occasions or only use English whenever there is non-Japanese. Depending on the purpose and strategy, there are always advantages and disadvantages. If the company is looking for... they want to involve non-Japanese people in their top-level decision-making or their operations, or whatever; if there is the participation of non-Japanese people who do not understand Japanese, they will need it. Otherwise, they would not need to use English as their official language. Making English the official language may help a Japanese company become a genuinely global company eventually. (Participant 13)

DISCUSSION

Compared to Relevant Studies, Japan's Business Community Lacks Linguistic and Cultural Diversity

According to this study's findings, most Japanese workplaces are monolingual, indicating that most personnel speak only Japanese (cf. Ujiie, 2020). Concerning whether the problems and phenomena reported in previous surveys of European companies were also experienced or observed in Japanese companies, some participants indicated that they encountered difficulties speaking English during small talk and informal meetings. However, because their coworkers were predominantly Japanese, most respondents indicated they did not face the same problems as those identified in the survey.

The English Used by the Japanese is ELF, English as a Lingua Franca

It is clear from the study results that the English used by the Japanese is ELF. However, there is no clear understanding of what kind of English should be used or for what purpose. With so much emphasis on learning native English, many Japanese tend to be timid and hesitant to speak English because they are corrected for expressions and pronunciations that are not in native English.

Real-World Experience is Critical to Develop Transcultural Communicative Competence

This study found that many people believed that Japanese people's low English proficiency was due to a lack of opportunities to use English. This finding is consistent with assertions of communicative and transcultural communicative competence.

Real-world experiences are indispensable for the development of transcultural communication skills. BELF scholars emphasize practical and functional skills in English based on actual needs. They argued

that real-world practice is the most effective method for developing communicative competence in BELF.

Pragmatic processes such as real-world accommodation and meaning negotiation practices in encounters with other ELF speakers are essential for BELF learning. In other words, repetition, paraphrasing, clarification requests, and other tactics enable ELF users to increase their mutual comprehension and enhance their communication skills.

Japanese Businesspeople Need Real-life Transcultural Interactions

Real-world experience is lacking among the Japanese. Therefore, to remedy these deficiencies, I propose the following solutions: (1) taking advantage of overseas training opportunities, (2) bringing in more inpatriate personnel from overseas offices, and (3) recruiting more employees from overseas to increase linguistic and cultural diversity in the workplace.

Therefore, Japanese companies should recruit more professionals with diverse language and cultural backgrounds to broaden their perspectives and expand their horizons, which may lead them to end the prolonged economic stagnation. Appropriate language policies and management strategies should be created and implemented simultaneously. Previous studies have revealed the issues and challenges encountered in more diverse workplaces. By incorporating these findings, businesses can establish language policies for effective multicultural human resource management.

LIMITATIONS

Interviews with participants were the primary data source for this study. In-depth subject data were obtained from interviews, which were also viewed as potentially problematic. First, interviewer bias could distort the results.

There may also be selection bias in interview-based studies. Finally, the honesty and memory of interviewees can limit the validity of interview-based investigations. Therefore, an additional questionnaire-based survey was conducted with 107 participants to address these issues, and the results of both surveys were consistent.

Further research is required to determine how workplace diversity and international experience help BELF members improve their communication skills.

CONCLUSION AND FURTHER STUDIES

In Japan, the English language has several paradoxes. For example, despite general awareness of the increasing importance of English, the Japanese workplace remains largely monolingual.

In Japan, English education is a thriving industry in which much money is invested, and many people study English very hard. However, according to international comparisons, their English proficiency is declining annually. Furthermore, the growing number of commercial English language training

programs overemphasize native English norms and do not meet actual business needs. It is necessary to determine what kind of English is to be learned and what language environment is necessary.

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FIGURES

Figure 1. MAXQDA Workspace Example

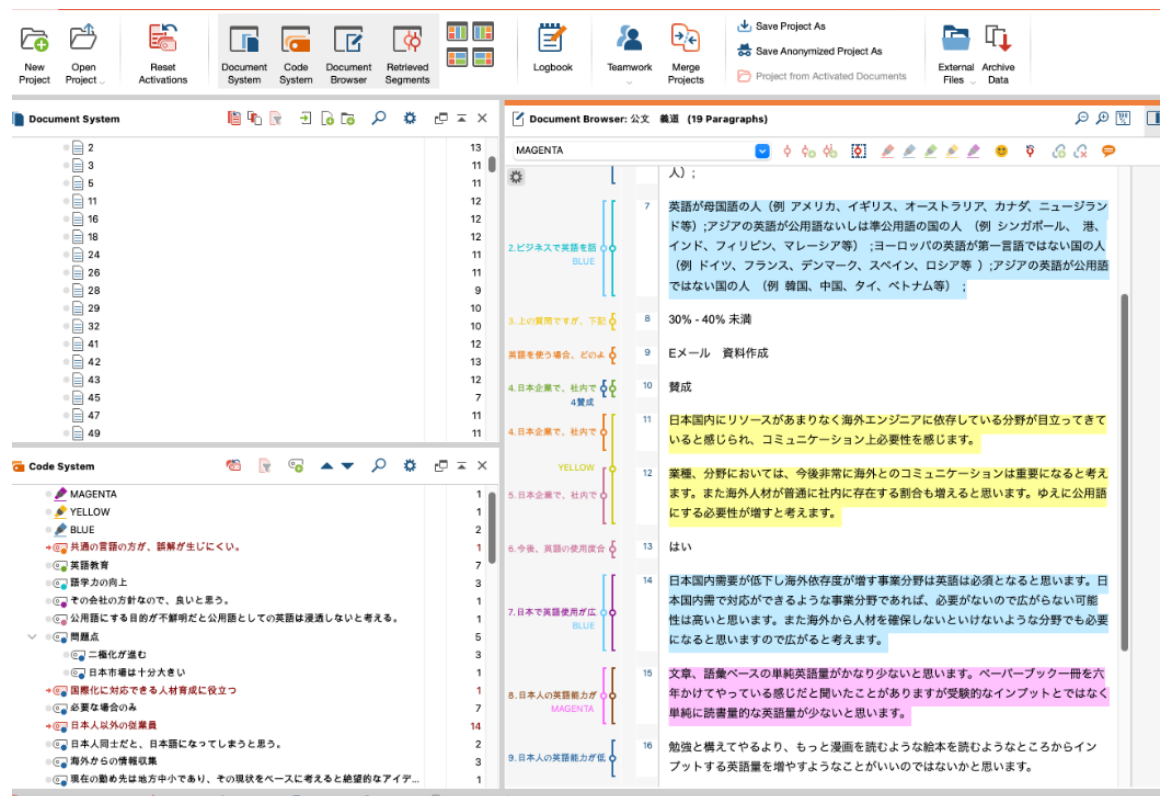


Figure 2 Examples of Codes and Comments

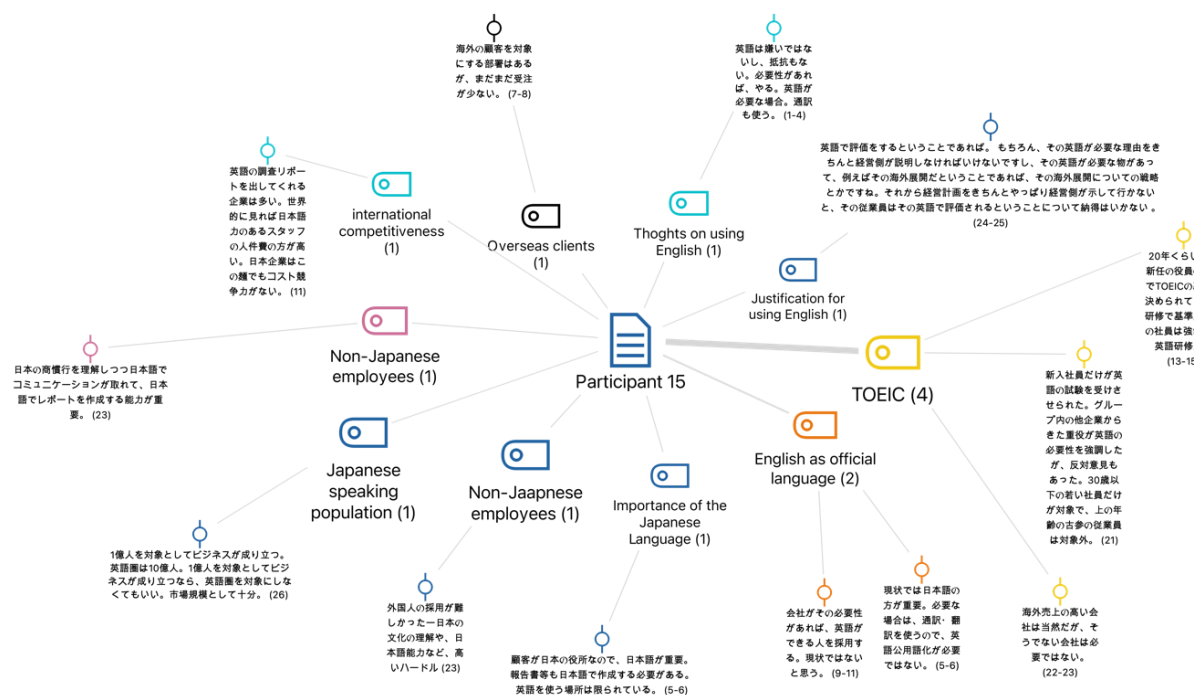


Figure 3. How much English do Japanese businesspeople use for their work?

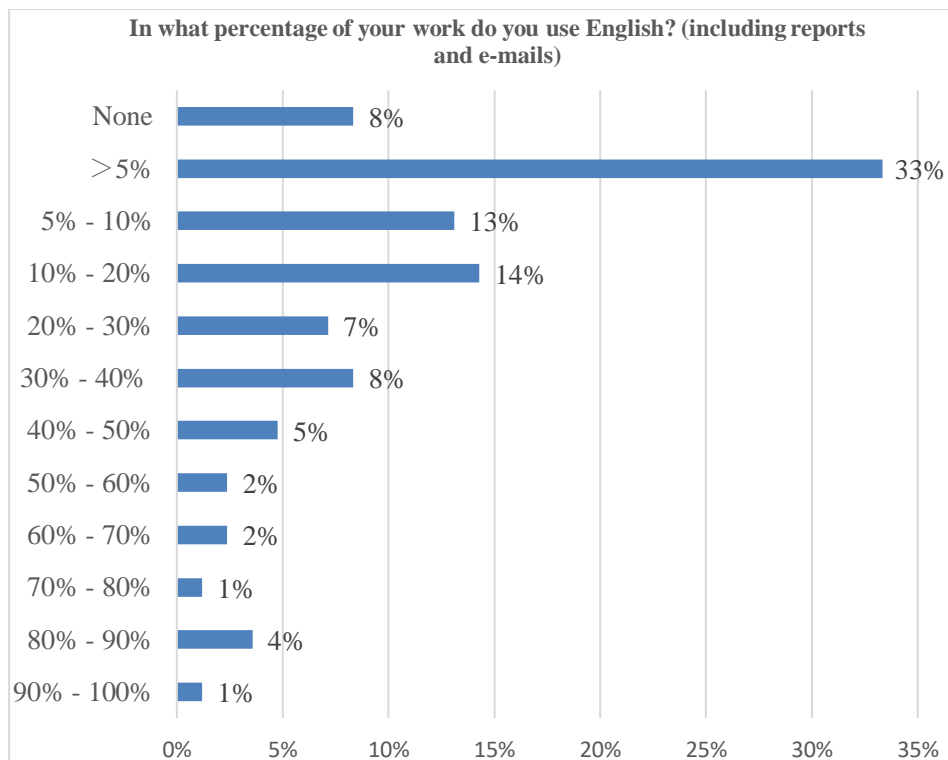


Figure 4. Who do Japanese businesspeople use English with?

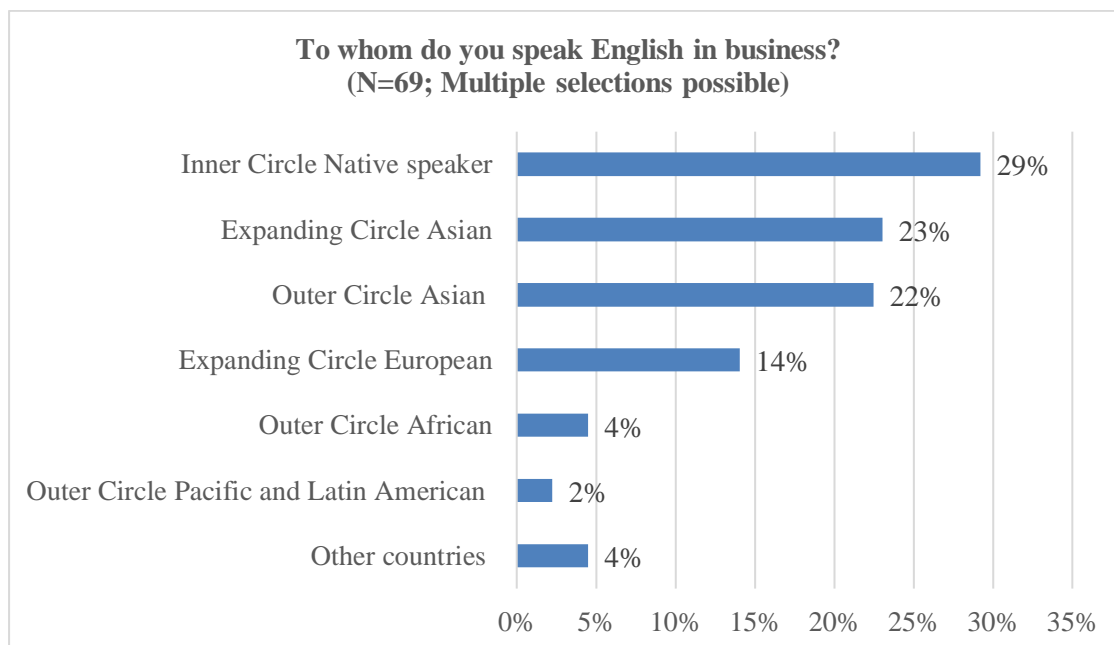
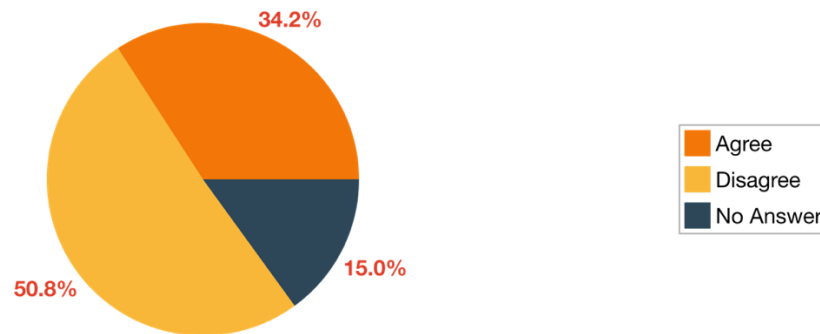


Figure 5 Do Japanese businesspeople support or oppose using English as their corporate official language?

Do you agree or disagree that English should be the official language in Japanese companies?



TABLES

Table 1. Some of the responses to the question about the benefits of mandating English as the corporate official language

Respondent #	Comment
16	English will not spread unless we take drastic measures.
32	I'll study English even if I don't want to.
42	We can routinely improve our English language skills, which are essential to expanding overseas. For personal reasons, I'd like the opportunity to retrain my rusty English skills.
43	I believe that the trend of "If you cannot speak or write Japanese, as well as those who grew up in Japan, you will not be accepted" cannot be broken down without making English an official language. Also, if people start using English, they will be able to understand it. 「
103	It helps to develop human resources who can respond to internationalization. As the world becomes borderless, English is the minimum necessary communication tool. If you get used to using it in your company, it will help you improve your language skills.
104	I think it will make it easier for talented people from overseas to work for us and for Japanese people to improve their English.

Table 2. How much do Japanese businesspeople use English?

To whom do you speak English in business? (N=69; Multiple selections possible)		
Inner Circle Native speakers (e.g., USA, UK, Australia)	52	29%
Expanding Circle Asians (e.g., Korea, China, etc.)	41	23%
Outer Circle Asians (e.g., India, Philippines, etc.)	40	22%
Expanding Circle Europeans (e.g., Germany, France, etc.)	25	14%
Outer Circle Africans (e.g., South Africa, Sudan, etc.)	8	4%
Other countries (It is not known whether English is the official language)	8	4%
Outer Circle Pacific and Latin Americans (e.g., Dominica, Marshall Islands, etc.)	4	2%
Total	178	100%

[AJBS-025]

Client scope and the Penrose effect: The moderating effects of the size, turnover and new hiring of professionals

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ABSTRACT

The factors that determine firm growth rates are research topics of interest to many researchers. While existing studies have revealed that the Penrose effect is widely observed in analyses of for-profit firms, few studies have examined the Penrose effect for PSFs. This study investigates the Penrose effect by focusing on client scope in PSFs. That is, this study predicts that firms with a larger client scope are more likely to face shortages in managerial services, and therefore, their growth rate will slow down. In addition, we identify factors that mitigate or reinforce the negative relationship between client scope and firm growth rate, i.e., the Penrose effect: since the planning and implementation of PSFs' growth strategy relies heavily on human resources, namely professionals, we focus on factors that affect the Penrose effect, such as the size of the professionals, their turnover rate, and their rate of new hires. Since the planning and implementation of PSFs' growth strategies rely heavily on the human resource of professionals, we focused on factors that affect the Penrose Effect, such as the size of the professionals, their turnover rate, and their rate of new hires. The size of the professionals reflects the total amount of managerial services (i.e., time and effort) that they can provide, and their turnover and recruitment reflect the fluctuations in managerial services and the additional intra-organizational coordination required. Thus, we hypothesize that the size of professionals moderates the Penrose effect and that the turnover and hiring of professionals reinforce the Penrose effect. The results of an empirical study of Japanese patent firms confirm the Penrose effect. Furthermore, we found that the size of professionals eases the Penrose effect, and that professional turnover reinforces the Penrose effect. However, professional hiring was found to have no impact on the Penrose effect. The contributions of this study are that it empirically addresses the client scope of PSFs and the Penrose effect, and that it identifies the characteristics of professional groups that affect the Penrose effect.

Keywords: Client scope, Penrose effect, Professional service firms, Turnover, New hiring

[AJBS-037]

Utilizing store assistants as models in the Japanese fashion industry: Towards future research

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ABSTRACT

This work in progress paper introduces into the extensive use of shop assistants by Japanese companies in displaying their merchandise on their web pages. The paper provides a first exploration of the phenomena and then introduces into the general discourse on aesthetic labor in the fashion retail industry as well as into possible ways to contextualize the strategy of Japanese retailers within the institutional setting of fashion retailing and consumption in Japan. It thus provides the foundations for upcoming empirical research.

Keywords: Japan, fashion, retailing, HR, marketing

WORKSHOP SESSION

Writing and Publishing Case Studies



Session ID: **3.3**

Format: **Workshop session**

Session Title: Writing and Publishing Case Studies

Presenter: *Derek Lehmborg (North Dakota State University, USA)*

Writing and Publishing Case Studies

This session provides information about how to write and publish case studies intended for teaching purposes.

Derek Lehmborg

Professor of Management and director of the NDSU MBA Program, Lehmborg has authored over 40 Journal papers, conference papers, book chapters, and case studies. His teaching case studies have been used by thousands of business school students in numerous universities. Currently, Lehmborg is Co-editor in Chief of Asian Case Research Journal.

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