

Canon



**ASSIGN  
BUSTER**

Case Study Introduction Canon is one of the most recognisable brands worldwide. It is a Japanese Multinational Enterprise (MNE), specialised on manufacturing of imaging and optical products, including printers, cameras and copiers. This paper will investigate on the degree of global expansion of Canon. It will focus on the problem statement on how Canon evolved from a Japanese company to a global player. First, this paper starts with Canon's structure and their background. Furthermore, the paper elaborates on the motivations, means and mentalities of expanding and an analysis of the international context.

Next to that,..... Sama jouw stuk!. Finally, this paper will describe the socialresponsibilityof Canon and will end with a conclusion. Background of Canon Canon focuses on three different groups: the Customer, the Office and the Industry and others. They are producing a lot of different products but the most important are for the Customer: cameras, camcorders, printers, projectors, scanners and equipment. For the Office: laser/ large-format printers, multifunction devices, solutions software, cartridges. For Industry and others: lithography systems, card printers, radiography systems, vacuum equipment, components. Canon, 2011). Founded in 1933, Canon started as a small laboratory in Tokyo. At the time, all high-quality cameras were European with the majority coming from Germany. It was in this small room that young people with a big dream began to work on producing a high-quality Japanese camera, this was the start of Canon. In 1950, Canon's first president, Takeshi Mitarai, went to America for the first time to attend an international trade fair. He got a lot of inspiration and good ideas and started

to build a new factory as modern as in the US. In 1955, Canon made its first step into the global market with the opening of a U.

S. office in New York City. In 1970, Canon was doing really good but was hit by dollar and oil shocks. In 1976, Canon launched its Premier Company Plan, an ambitious strategy to transform Canon into an "excellent global company". The plan proposed high ideals and pooled the strength of its employees, enabling the company to promptly recover. Then, in 1988, Canon introduced its corporate philosophy of kyosei, an unfamiliar term at the time. We will elaborate on this later in the report. In the 1990s, Canon carried debt of more than 840 billion yen and in 1996 the Excellent Global Corporation Plan was launched.

Transforming the corporate mindset from partial to total optimization and from a focus on sales to a focus on profits, the new plan was the start of the innovations that characterize today's Canon. From 2001 to 2010 the number of employees almost doubled, this shows the huge growth of Canon in the last years. (Canon, 2011) Canon's global expansion Canon satisfies both requirements for being a Multinational Enterprise according to Bartlett and Beamish (2011, p. 2), such as substantial direct investment in foreign countries and active management in foreign subsidiaries.

Canon goes beyond the trading relationships of an import-export business in countries such as France and Australia. The headquarter in Japan plays however a crucial role in determining organizational culture and strategy. This can also be seen in the representation of the Board of Directors which consists exclusively of Japanese. (Canon, 2011). Canon's mentality can be categorized as Global. The production of the mainly standardized products

takes place to a large extent in Japan, but also in the US, Germany, France, Malaysia, Taiwan, Thailand and Vietnam.

These few plants are highly efficient, which provides economies of scale but also transparency of quality. When considering the products itself world is seen as one. Due to the organizational structure the Japanese headquarter takes over the central coordination and control of the subsidiaries, their various product or business managers have worldwide responsibility. Furthermore R&D and manufacturing activities are managed from Japan. R&D subsidiaries are located in France, China, the Philippines and Australia but mainly Japan. Canon, 2011). Main motivations for Canon to expand their activities globally were mainly due to market-seeking behaviour and increasing scale economies. Especially in the technology sector where competition is increasing, R&D costs are rising and product life cycles are becoming shorter, so Canon was forced to expand if it wanted to gain first mover advantages. This is in line with the principle of global chess. (Bartlett & Beamish, 2011, p. 4). Canon operates in an international industry, where technological forces are central.

As mentioned above the technology industry is fast moving, highly competitive and requires huge R&D investments. Therefore Canon need to follow the international strategy and focusses on its ability to exploit technological forces and leveraging international life cycles. Furthermore its business also contains some attributes of a global industry, such as highly centralized, scale-intensive manufacturing and R&D operations, which allows Canon to leverage through worldwide exports of standardized global goods. (Bartlett & Beamish, 2011, p. 123).

Besides competitive positioning, global scanning and learning capability play a crucial role. This responsibility is usually taken over by the R&D departments. However Canon adjusts to local needs mainly in marketing activities. In order to reach the local market Canon focused on marketing activities. Headquarters for marketing activities are located in Japan, New York (USA), Florida (Central and South America, Caribbean) London and the Netherlands (Europe), Dubai (Middle East) and Singapore (South East Asia). Numerous local marketing offices are places in almost every country where products of Canon can be purchased. Canon, 2011). After having analysed Canon's administrative heritage, clearly in line with the Japanese tradition, the EPG framework can be applied. On the first sight Canon seems to be mainly ethnocentric oriented. (Perlmutter, 1969). Performance criteria for products and managers are clearly formulated in Japan. Managers of the subsidiaries are Japanese, many of them are related. (Flannery, 2011). This also shows the cultural distance between Japan and the western business world. Further culture distances include differences in social norms, such as the principle of "saving face" and of course a language barrier.

Many differences were embraced by Canon by expanding globally. An example of this is the implementation of a FengShui activity for employees in Europe. Furthermore Japanese do not expect foreigners to have comprehensive knowledge of the Japanese culture and tolerate mistakes. Overall Canon managed to overcome most of these obstacles without losing their Japanese identity. (Ghemawat, 2001). When considering marketing activities, Canon managed to capture and target all the different local

market needs and appears to implement a world-wide approach and not just following home-country objectives.

Part Sama!!!! Corporate Social Responsibility Initially international expansion was viewed as something very positive. It would not only help the richest nations, but also the poorer countries were able to benefit from globalization. However, in the last years of the 20th century contradicting views were arising. People saw a lot of drawbacks, globalization was seen as continued exploitation by MNEs. The growing gap between the rich and the poor was seen as an evidence of this exploitation. There was a need for a different approach and many people believed that MNEs could provide a solution.

Because MNEs controlled the resources and power, they should play a larger role in the global development. (Bartlett & Beamish, 2011, p. 646) Canon is a perfect example of a company who is trying to be responsible and who wants to take care of the world. In 1988 Canon officially introduced its corporate philosophy of kyosei. This means 'living and working together for the common good' (Canon, 2011). They want to achieve this in a community in which all people, regardless of language, culture or ethnicity, live together.

Based on the concept of kyosei and with the idea of their "excellent global corporation" plan in mind, Canon tries to take the responsibility for the impact of its activities on society. (Canon, 2010) Besides that they also focus on CSR internally, a nice example is the change of offices in 2008. They implemented Feng-Shui in their European offices to remedy a real, modern problem: high levels of employee office stress and rage. In the end, a Zen Workplace was created by a US-based Feng Shui Master consultant. (Mainini, 2007) According to Bartlett and Beamish (2011, p. 49) there are four MNE

responses to developing world needs. The first one is the exploitive MNE, this company only focuses on making profit and does not care about the community at all. The issue of sweatshops is common within these companies. The second response is one of a transactional MNE, today this is viewed as the minimum expectation of MNE's behaviour. These companies do not pursue the bottom-line at all costs but respect laws and regulations. The third approach is the responsive MNE, they are making a difference. Canon can be categorized into this category.

They really try to make a difference and not only for their own benefits. The question that could arise is if Canon should try to move to the fourth one, the transformative MNE? In this transformative approach companies are trying to lead the change, so take a initiative to set up projects. In our view this should not be the aim for Canon, they are already making a huge difference because of their commitment to society. A good example to show why they are still a responsive MNE is the investment of Canon after the recent Japanese earthquake, their commitment was enormous but this was also due to their own damage.

The most important reason for their action was their own recover. This is in line with Prahalad and Hammond (2002), companies can help the community profitably. On March 11, 2011 a great Japanese earthquake caused a lot of damage. This earthquake took place where Canon's operations are based. Canon acted immediatley and supported the Red Cross Society with a financial donation but more important with portable digital radiography systems. This system has shown to be effective in contributing to medical activities in disaster areas.

The earthquake caused damage to buildings and equipment of Canon, but most of all their supply chain was hit. Canon realized the only way of minimizing the impact was a rapid recovery so they concentrated all of their resources and tried to provide customers still with a supply of their products. (Canon, 2011) Canon focuses on two different parts of the community, the social and cultural support activities and environmental activities. This is still a really broad focus, because they want to be committed to everyone and everything.

Their environmental view is the produce - use - recycle circle, in which they want to reduce their environmental impact in every stage. (Appendix, figure 1) Canon is also focused on the social and cultural support activities. Canon Global uses the philosophy of Kyosei to focus their CSR initiatives in a couple of categories. They are humanitarian aid and relief, art, culture and sports, education and science, local communities, social welfare and conservation of the environment. Due to cultural differences and needs, the implementation of projects varies between branches. Canon, 2010) Conclusion The aim of this paper was to investigate in the evolution of Canon from a Japanese company to a global player. .... blabla Conclusion!!!!!!! \* References Bartlett, C. A. & Beamish, P. W. (2011). Transnational Management, Text, Cases, and Readings in Cross-Border Management. (6th ed. ) New York: McGraw-Hill. Canon. (2010). Social and Cultural support activities. Retrieved from: <http://www.canon.com/scsa/index.html> Canon. (2011). Canon support relief efforts following Japan quake. Retrieved from: [http://www.canon.com/scsa/aid\\_relief/support/japan\\_quake/index.html](http://www.canon.com/scsa/aid_relief/support/japan_quake/index.html) Canon. (2011). Canon up to now. Retrieved from: <http://www.canon.com/about/history/outline.html>



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