

Japan: the system that soured

Business



A few years ago, Japan had one of the best companies in the world accounting for 35% of fortunes 500 list and its economy was the envy of the world. But a few years later, this share had dropped to 20% in 2000 and 11.2% in 2009. So the question on many people's lips is: What did the Japanese fail to consider as they expanded globally? This paper will briefly articulate what went wrong with Japanese companies as they expanded globally.

Japan's meteoric 1970s and 1980s rise has not been replicated mainly because of its multinationals bearing a resemblance to corporate Japan in the 1990s. The country failed to realize that it is the same factors that led to its rise that also led to its downfall. They failed to realize that what got them on the top was not what had to keep them there. As the country's multinationals expanded, they failed to transform to cultures and processes of the countries they were operating in. The country may have created strong corporate policies, practices and behaviors and reinforced their business models. The many years of success reinforced the correctness of the The Way in each company.

While the Way helped the country's companies to grow exports, it was hurting the firms operations in foreign countries. Japanese executives believed that to replicate the success story at home, they needed to do send a higher number of home executives overseas. They felt that foreigners will not fit the company and its way of doing things. Japan continued to use the same economic tactics of the 1970s that did not work well into the millennium. This turned to be a recipe for debilitation.

The narrow hiring criterion was the biggest mistake that Japanese multinationals made. That is the reason why some of the country's mobile telephone handsets failed. In most cases, the Japanese expatriates tried to apply what had worked at home in foreign countries and failed to ask or listen to local insights. As with the case of the phones, they failed to supply the market with what the consumers really wanted. As a result, Japan which was predicted to dominate the world economy is now a pale of its former self.