TWO

THE CENTRE OF GRAVITY SHIFTS

Transforming the Geographies of the Global Economy

APPLIED CASE STUDY

The free circulation of labour, whether in the form of expatriates, labour migrants or transnational capitalists, is crucial to the formation of global networks. However, the experiences and positions of labour migrants have not always been the same, but change in response to other global pressures. In this case study, we will consider how the experiences of Japanese expatriate businesspeople have changed over the past 30 years.

The 1980s: Hamada's 'Under the Silk Banner'

Hamada's study was based on interviews with Japanese expatriate managers in the mid-1980s. At this time the emphasis in Japan was strongly on the idea of managers as 'company men', who would remain loyal to the company, making it the focus of their personal lives as well as their business activities. The accepted corporate model was of centralized companies focused on a Japanese head office, with foreign outlets being largely focused on exporting Japanese products and production systems rather than on absorbing indigenous practices. Japan was also, at the time, internationalizing rapidly after a period in which business was largely domestic, meaning that the concept of constructing global business members was relatively novel. Consequently, companies tended to prefer a model of expatriation based on a group of Japanese expatriate top managers and senior managers controlling the branch, with local junior managers and staff handling day-to-day issues.

Hamada's interviewees were reluctant to go overseas and concerned about losing their social networks within the company. Under the traditional Japanese corporate system, senior employees look after and encourage the careers of their juniors, who in turn support their seniors, but staff posted overseas found themselves struggling to maintain their position within this network. Japanese women managers were usually passed over for expatriate positions on the grounds that they would be expected to leave the company once they married. The 1980s thus saw Japanese companies pursuing an expatriation strategy not aimed at gathering local knowledge or building global networks, but mainly based on the exporting of Japanese knowledge, practices and products, and ensuring that branches remain in line with the Japanese head office.

The 1990s: Sakai's Japanese Bankers in London

By the time of Sakai's study in the late 1990s, however, much had changed. During the mid-1990s, Japan had undergone a severe financial crisis, which had a drastic effect on traditional Japanese company structure. In addition, the intervening years had seen the development of a cohort of 'international youth': Japanese children raised wholly or partly abroad, who are more internationally focused. Japan had thus become more flexible and globalized as a result of its experiences between Hamada's study and Sakai's.

Unsurprisingly, among Sakai's interviewees we see more interest in an international career for Japanese managers. As the system reformed itself in response to the financial crisis, managers felt less bound by the old social hierarchies and traditions of company loyalty, and sought less traditional employment patterns. They also displayed more flexible approaches to international management: a notable portion of Sakai's interviewees were either Japanese already settled in England who were recruited to Japanese banks, or expatriates who settled and became locals. Although women still faced discrimination, the loss of the 'career for life' among male employees had put them on a more equal footing with the men. With the 'international youth' becoming more and more of a prestigious group, families were becoming less concerned about going abroad.

In view of these changes, also, the head offices were more inclined to allow their subsidiaries greater control over their own affairs, resulting in a relaxing of the Japan–centric international management practices noted by Hamada. Following the financial crisis of the 1990s, the Japanese banks again changed their practices, hiring more foreign employees (and, apparently, allowing them greater sta-

tus within the organization); layoffs and redundancies became more common. Many of Sakai's interviewees felt that the Japanese national business culture was changing to become more like that of the USA or UK: no lifetime employment, a focus on generalists rather than specialists, and less of a sense of belonging to the company. International pressures thus brought about a change in perceptions of expatriation in Japan.

The 2000s: Okamato and Teo's Flexible Managers

In recent years, the economic situation has stabilized in Japan. However, it is facing increasing competition from China both in economic terms and in terms of its influence on business practices outside Asia; the number of English-language books and articles attempting to understand the Japanese business system has declined sharply in recent years. This, plus the worldwide recession of the late 2000s, has brought about renewed stability but also renewed conservatism in the expatriate staffing of Japanese MNCs. Okamoto and Teo's study of informal controls among Japanese expatriates indicates that some aspects of the traditional Japanese MNC form, as seen in the 1980s, are reasserting themselves, with a dominant head office, a long-term approach to business, and expatriates being used primarily for control over the branches being the norm.

One development, however, is that a focus on more flexible international careers remains. Okamato and Teo note that the expatriates often had quite vague, flexible and informal job descriptions, and that they showed a lot of flexibility in terms of their approach to their job, and expected much the same flexibility from their employees. They also maintained informal, but powerful, knowledge networks among themselves, although these frequently excluded local staff. Although there has been a reversion to more traditional attitudes and practices in expatriation, then, these are no longer as Japan-centric as they once were, and involve more flexibility, choice and focus on globalization.

Conclusions

These three case studies, taken together, indicate that Japanese expatriation has followed a specific trajectory over the past thirty years, from a nationally-focused model with not much in the way of global awareness, to a precarious, but flexible and globalized, model in times of financial crisis, to a more stable, more conservative, but nonetheless flexible model at present.

QUESTIONS

1. Compare and contrast Japanese expatriates in the 1980s, 1990s, and 2000s. What are the key similarities and differences?
2. Write an internal advertisement for a Japanese company seeking to recruit an expatriate manager in each of the three decades considered.
3. Compare Japanese expatriates with expatriates from your own country. How are both groups affected by the changes in globalization over the past 20 years?
4. What lessons can present-day recession-hit businesses learn from the results of the Japanese financial crisis of the 1990s?

FURTHER READING

Goodman, Roger (1993) Japan's 'International Youth': The Emergence of a New Class of Schoolchildren. Oxford: Clarendon Press.

Hamada, Tomoko (1992) Under the silk banner: the Japanese company and its overseas managers. In Takie Sugiyama Lebra (ed.) Japanese Social Organization. Honolulu: University of Hawaii Press. pp. 135–164.

Okamoto, Kazue and Teo, Stephen T.T. (2009) Forms of informal management controls in overseas Japanese companies: a qualitative study. Employment Relations Record, 9 (1): 64–82.

Sakai, Junko (2000) Japanese Bankers in the City of London: Language, Culture and Identity in the Japanese Diaspora. London: Routledge.