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Japanese Post-Industrial Management: The Cases of Asics & Mizuno

Koji Kobayashi

University of Otago

John M. Amis

University of Memphis

Richard Irwin

University of Memphis

Richard Southall

University of North Carolina, Chapel Hill

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Abstract

This study provides an examination of two Japanese sporting goods corporations, Asics and Mizuno, to uncover the ways in which the traditional forms of Japanese management have been modified to fit within a post-industrial, global context. Our findings reveal a strong link between the cultural context of the firms and their managerial approach. However, the impact of traditional Japanese values is tempered by the existence of both firms in a global industry that have led to western values and practices becoming increasingly influential. This hybrid approach is contrasted with the explicitly marketing-oriented stance of western firms in the industry, most notably exemplified by industry leader Nike.

Keywords: post-industrial; Japanese management; sporting goods industry; Asics; Mizuno

Japanese Post-Industrial Management: The Cases of Asics & Mizuno

Although the notion of a post-industrial society has been with us for sometime,¹ it has become a more common topic of discussion as the economies of, in particular, western societies become increasingly oriented away from traditional manufacturing and extracting industries and towards those that are knowledge-based. This post-industrial shift has been accompanied by an intense scouring of the globe by corporate leaders anxious to secure preferential access to resources and markets. In particular, technological advances have compressed time and space around the globe and radically altered the ways in which corporations operate.²

This changed global context has, of course, transformed managerial practices. However, while the impact of globalization on western firms has been a topic of much debate and scholarly investigation, much less has been produced in western outlets about how eastern firms have modified their practices to fit with a global context. This is somewhat ironic as our fascination with Japanese firms in particular can be traced back to the 1970s and 1980s when the rapid growth of the Japanese economy and high quality of Japanese products surprised western executives and scholars. The questions of how firms located in a country lacking capital, natural resources, and political power following World War II were able to compete so effectively with western corporations proved compelling and generated much discussion.³

While such studies have undoubtedly informed western management practices, the predominant view of globalization has been one of spreading westernization, Americanization, or more rarely 'cultural hegemony'.⁴ Further, most of the research that has been carried out on Japanese firms has been focused upon the traditionally prominent automotive and electronics industries.⁵ Despite some recent and notable exceptions,⁶ few studies have offered considerations

of the ways in which Japanese firms have responded to the global shifts that have resulted in, for example, much greater connectivity among geographically dispersed groups, outsourcing of manufacturing, increased marketing segmentation, and enhanced consumer access to information. Such work has been particularly sparse with respect to how Japanese firms in non-manufacturing industries operate, and the ways in which traditional forms of Japanese management have evolved to accommodate a changed competitive context. Consequently, our purpose was to examine how the managerial practices of two well established Japanese sporting goods firms, Asics and Mizuno, responded to changes in the social, economic, cultural, and technological contexts in which they operate.

There are several reasons why Asics and Mizuno constitute appropriate and interesting sites of study. First, the sporting industries are, almost by definition, post-industrial and have contributed significantly to our understanding of the ways in which corporations operate in such a context.⁷ Nike, for example, has in many ways become the prototypical post-industrial firm that, notwithstanding its ethically problematic manufacturing practices, is viewed by many as the benchmark for how to operate in a global context. In particular, Nike's executives have been responsible for developing and exploiting a new business model that is centered upon two key strategies: intensive, celebrity-based marketing and global outsourcing. In so doing, they have radically altered the bases of competition in the industry.

Second, given that both firms have long histories, they have had extensive exposure to traditional forms of Japanese management. Mizuno was founded in 1906 by Rihachi Mizuno and developed as, in particular, baseball, golf, and skiing surged in popularity in Japan. Asics, originally called Onitsuka, was founded in 1949 by Kihachiro Onitsuka providing, most famously, Onitsuka Tiger running shoes. The firm subsequently merged with two Japanese

sportswear manufacturers in 1977 to become a general sporting goods company, Asics. Both firms also survived the economic recession of the 1990s which proved so disastrous to many Japanese firms and which, according to Schaeede, 'mark[ed] a structural transition towards a postindustrial society'.⁸ Therefore, the firms constituted interesting sites in which traditional modes of operating would likely be influenced by pressures to fit with a global, post-industrial context.

Third, both Asics and Mizuno are truly transnational corporations that have significant production and sales operations overseas. They are thus exposed to many of the commercial pressures that others in the industry face. Finally, while much has been written on western sporting goods companies, most notably Nike and to a lesser degree adidas and Reebok, there remains a dearth of knowledge pertaining to the management practices of Japanese sporting goods firms. Consequently, there is an opportunity for the study of Asics and Mizuno to contribute to our understanding of management in the sporting goods industry in a similar way that others have informed operating practices in the automobile and electronics industries.

The data upon which our study is based were collected from a number of sources, the majority of which were Japanese. These data were subject to a textual analysis from which themes emerged that allowed us to locate the evolving practices of Asics and Mizuno within particular historical, cultural, and industrial contexts.⁹ The remainder of the paper is structured in the following way. First we examine the pervasive cultural influences that have impacted Japanese corporations. From here we develop a more specific group of practices that have characterized traditional Japanese management. We then explore the ways in which managerial preferences and practices evolved at Asics and Mizuno as the firms had to cope with changing contextual pressures, followed by a contrast of practices at the firms to examine why particular

managerial differences emerged. Our interest, specifically, and theoretical location of our work, stems from a desire to better comprehend the global-local nexus where westernization, if not globalization, of management becomes evident in newly adapted practices but is also simultaneously resisted and eventually hybridized with traditional forms of Japanese management.¹⁰ We finish with some brief concluding comments.

Cultural Influences on Japanese Management

For those scholars who have asserted the importance of cultural underpinnings in understanding the differences between Japanese and western management practices, a significant disjuncture concerned the different emphases on individualism and collectivism.¹¹ For example, Ouchi argued that collectivism was a core value for Japanese corporations whereas individual incentives brought great success to American firms.¹² Comparing the construction of the self between Japanese and American citizens, Tolich, Kenny, and Biggart argued that, 'An American adult defines him or herself and then enters into relations with others; in Japan, self-definition is a product of relationships not an *a priori* construct'.¹³ A famous Japanese expression that highlights this characteristic of Japanese society is: 'The nail that sticks up gets hammered down' (*deru kui wa utareru*).¹⁴ Thus, historically, the individual who has tried to stand out has tended to be met with disapproval rather than praise.

In a similar vein, Japanese people have traditionally placed more importance on their association with groups than their American counterparts. This is particularly apposite within corporations, viewed by Japanese workers as an arena to reflect one's identification with the collective, and a context in which constructed organizational norms reinforce the employee's identification with the organization.¹⁵ In this respect, Nakane argued that *kaisha* (corporation)

was considered to be the group to which one primarily belonged and dedicated one's life, almost like a family in the western sense.¹⁶ This notion of firm-as-family, denoted by the term *ie* (family), has retained an importance in discussions of Japanese organizations.

In fact, several scholars have argued that *ie* was the traditional and fundamental unit of Japanese organizations.¹⁷ According to Murakami, even though *ie* often means a house in the contemporary usage of the word, traditionally it represented something more like a highly organized family in the western sense.¹⁸ In the *ie* structure, the eldest man was regarded as the most important figure in the organization, with the owner's successor expected to be his eldest son. If the owner had a daughter but no son, leadership of the firm normally passed, through an arranged marriage, to the daughter's husband. In either case, the successor was expected to be honored to preserve the name, fame, culture, custom, philosophy, and tradition of the *ie*. In the words of Bhappu, 'the *ie* is the material assets of the family, as well as its prestige, class, and ranking in society'.¹⁹ Bhappu also noted that relationships between individuals in the *ie* were characterized by reciprocity and obligation rather than obedience, emphasis on seniority within the organizational hierarchy, and trust, which was regarded as more important than achievement.²⁰ The unique structure and relationships offered by *ie* have heavily influenced the organization of corporate Japan.

The significance of *ie* has gradually diminished since Japan ended the *sakoku* (isolation) policy of the mid-nineteenth century and became more open to western influences. However, following World War II, the logic of *ie* still played a critical role in (re-)forming Japanese corporations. Indeed, *ie* principles, along with the Japanese values of collectivism and long-term orientation, played prominent roles in shaping traditional Japanese management approaches, which will be exposed in the next section.²¹ In this regard, the concept of firm-as-*ie* became a

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symbol of traditional Japanese society.²² For instance, *dōzoku* (family-owned) management, which was derived from the *ie* structure, was pervasive across Japanese firms into the late twentieth century. More recently, western influences on Japanese culture, lifestyle, and interaction have challenged the traditional Japanese way of doing business. Thus, we next explore five culturally unique elements of Japanese management, before examining specifically how management practices have evolved at Asics and Mizuno to fit within a globally competitive context.

Characteristics of Japanese Traditional Management

In addition to the characteristic of *ie*, we identified five other classical characteristics of traditional Japanese management practices.²³ A crucial point is that these characteristics are strongly interrelated since they all stem from core Japanese values and culture. Due to the limited space of this account, brief explanations are provided for each characteristic in the ensuing section.

Lifetime employment Lifetime employment has been considered a key part of Japanese management by many scholars.²⁴ According to Clegg and Kono, ‘The lifetime employment system is not a formal contract but a commitment on the side of both ... management and ... employees’.²⁵ In other words, the lifetime employment system is not formally regulated by corporate policies but based on a *de facto* agreement between management and employees. Under this arrangement employees are expected to exhibit sustained loyalty to the firm in return for a lifetime commitment from their employer. This mutual commitment was further strengthened by several interrelated practices: a seniority-based system that saw rewards accrue

as the basis of longevity,²⁶ a lump-sum payment upon retirement,²⁷ job rotations,²⁸ team-based operating structures,²⁹ an inter-firm personnel transfer system,³⁰ and an employee education program³¹. Lifetime employment enables the company to cultivate multi-skilled and firm-specific human resources developed through on-the-job training and job rotations.³² Knowledge sharing facilitated by job rotations, team-based structures, and intra-firm personnel transfer systems further helps effective diffusion of new and accumulated knowledge across the organization.

Enterprise unions Unlike their western counterparts, unions in Japan evolved into firm-specific forms encompassing both blue-collar and white-collar employees.³³ Fruin credited the success of enterprise unions to their universality and inclusiveness.³⁴ In such organizations, distinctions between the blue-collar and white-collar workers were minimized, and ‘us’ became everyone within a firm, including management, while ‘them’ referred to people outside a firm.³⁵ In this respect, enterprise unions reinforce the notion of firm-as-family or firm-as-*ie*.³⁶ To this end, unions are expected to contribute to the tradition, success, and reputation of the corporation through the hard work of their members, consultation with firm leaders, and participation in information forums at corporate, plant, and subunit levels.

Production systems Japanese production systems are usually known by terms such as ‘just-in-time management’, ‘total quality control’, or ‘lean production’. These concepts were pioneered by Toyota and have been heavily studied.³⁷ If one investigates the structures and functions of the system, it is not difficult to understand how Japanese values have influenced the process of building the organizational system. Other Japanese corporations have also focused on

manufacturing high-quality products through their sophisticated production systems. As Clegg and Kono noted, successful Japanese transnational corporations such as Sony, Panasonic, and Toshiba have invested significant resources in developing their production systems in order to achieve long-term growth rather than short-term profit.³⁸ In short, whether it be in the automobile, electronics, or other industries, a cornerstone of Japanese workers' competitive positioning is their pride in developing a highly efficient production system.

Keiretsu The *keiretsu*, or inter-corporate network, has also been heavily associated with Japanese corporate success and has become a significant discussion topic in both academic and popular press outlets. According to Gerlach and Lincoln, a *keiretsu* is an industrial grouping formed by 'the strategic forging of long-term intercorporate relationships across a broad spectrum of markets: banks and insurance companies in the capital markets, *sogo shosha* (general trading companies) in primary goods markets, and subcontractors in component parts markets'.³⁹

There are two types of *keiretsu*: horizontal *keiretsu* – a network across industries and vertical *keiretsu* – a network of supply chain partners.⁴⁰ The most prominent horizontal *keiretsu* such as Mitsubishi, Mitsui, and Sumitomo were originally formed as *zaibatsu* (family-owned conglomerates) before World War II.⁴¹ *Zaibatsu* were considered to possess more definite *ie* structures and principles than other contemporary Japanese organizations. Although the *zaibatsu* were legally dissolved by the Allied forces after World War II, the firms in each *zaibatsu* remained loosely connected through mutual stockholding around a major bank thereby forming what became known as *keiretsu*.⁴² With its roots in *zaibatsu* and origins in single family firms, it is little surprise that the influence of *ie* and Japanese traditional culture has lingered on in the ways in which *keiretsu* still underpins Japanese approaches to business. Likewise, vertical

keiretsu were supported by trust building with long-term relationships, employee transfer across *keiretsu* members, and reciprocal shareholding.⁴³ Those practices are consistent with the Japanese values of collectivism and long-term corporate orientation.

Transfer of Japanese managerial practices overseas In light of increased economic globalization and rapid technological advances, both western and Japanese managers have sought to exploit opportunities to gain low-cost production and penetrate new global markets. Despite complex cultural differences, scholars in several countries have supported the strong application and positive impact of Japanese management practices on overseas subsidiaries.⁴⁴ Most such studies have been conducted on overseas transplants in the automobile and electronics industries. Since Japanese production systems required specifically skilled and trained workers to be effective, Japanese corporations have had to transfer not just Japanese production methods, but also Japanese management concepts. This further explains how a production system is not just a stand-alone management practice but, rather, is integrated with other values and practices central to traditional Japanese management approaches.

Management at Asics and Mizuno

Having identified what we considered to be the most entrenched of traditional Japanese management values and practices, we turned our attention to analyzing the evolution of management at Asics and Mizuno. In our analysis, the emergence of alternative managerial practices was generally tied to growing global competition. To survive, Japanese corporations had to negotiate global forces by shifting their positions in various dichotomies between, for example, global and local, individualism and collectivism, marketing and manufacturing, global

outsourcing and domestic production, profit maximization and collective responsibility, and conceptually the west and Japan. Here, Nike serves as a reference point for western management since the company has been well-known for its marketing capability which has been regarded as a hallmark of western management, represented by mantras such as 'marketing is everything'.⁴⁵ This contrasts with Japanese values that have traditionally been associated with manufacturing excellence, technological capability, and ongoing improvements in efficiency and effectiveness through programs such as 'just-in-time management', 'total quality control', and 'lean production'.⁴⁶

Evolution of Japanese management: The influence of traditional values

It is apparent that traditional Japanese management practices play a defining role at both Asics and Mizuno. This is consistent with a recent analysis by Abegglen who suggested that:

Over the past half-century of dramatic economic and technological change, has Japan's employment system changed? Basically, it has not. The underlying values on which it was built...remain the foundation. Key practices – an emphasis on continuity, on group integrity, and on egalitarianism – remain in effect.⁴⁷

However, what is also evident is that, compared to practices exhibited during most of the latter half of the twentieth century, the traditional approach to management has undergone some significant alterations at both firms. It is plausible to assume that traditional management has been heavily influenced by western cultures and practices; however, the foundations of Japanese traditional management have played a significant role and continue to differentiate the firms from their western counterparts. Our analyses proffered several key ways in which the traditional management styles have retained prominence within both firms.

First, even though the corporations had to downsize during the economic downturn of the 1990s, the principle of lifetime employment was supported by intensive employee education

that allowed individuals to be reassigned, and voluntary early retirement packages with higher-than-usual lump-sum payments to compensate for the years not worked. This emphasis on retaining workers is demonstrated in the longevity of those employed at Asics and Mizuno (see table 1).

Insert Table 1 about here

Second, job rotations and team-based designs are emphasized. Third, cooperative, company-based unions—ASSIST in the case of Asics, Mizuno Union for Mizuno—continue to work in harmony with the firms' management teams. This is exemplified by ASSIST's concept that 'we make *our* company an excellent company'.⁴⁸ Fourth, both corporations continue to commit to 'manufacturing' and 'high-quality' production with an emphasis on craftsmanship. Fifth, the *keiretsu* concept continues to play integral roles for both firms through interdependent relationships with banks and suppliers. Finally, the desire to transmit traditional values and operating practices to their overseas subsidiaries is embodied in the corporate philosophies 'Asicsism'⁴⁹ and 'Mizunoism'.⁵⁰ However, there were also several ways in which traditional management practices were either heavily modified, or supplanted, by a perceived need to more closely meet the demands of global competition. It is to these that we now turn.

Evolution of Japanese management: Emergence of alternative practices

Shifts from the seniority-based system As we noted earlier, an integral component of traditional Japanese management was a payment and promotion system based on seniority. In the *ie* structure, seniority was more important than achievement such that power was usually associated with older workers. This emphasis on seniority was consistent with lifetime employment because 'a seniority-based system is efficient only on the assumption that with each passing year the

worker acquires skill and experience, thereby enhancing his or her value to the firm'.⁵¹ However, this approach, which effectively curtailed the potential effectiveness of younger talented workers, was found to be too rigid by Asics and Mizuno. At Asics the problems with the seniority-oriented approach had long been recognized with the firm, in fact Asics was one of the first firms in Japan to curtail this system. Company founder, Kihachiro Onitsuka, regarded employee education and development as critical to corporate success. Thus, in 1956 he built an employee-training facility called the Tiger Dormitory (*taigā ryō*) where employees were required to stay for at least one year after joining the firm. Onitsuka foresaw the inefficiency of a seniority-based system and wanted to develop young talent so his firm could compete with other more established footwear companies. Onitsuka suggested that:

As I founded the corporation, I also built a dormitory near my home to cultivate young employees. At the dormitory, I held training or study sessions every night. Meanwhile, I terminated the seniority-based system soon after I built the dormitory. I executed both the cultivation of capable employees and the active promotion of those talents to executives simultaneously by training employees through workshops and evaluating them through interviews.⁵²

As Onitsuka later noted, it was unusual for Japanese corporations to terminate the seniority-based system at this time.⁵³ Kiyomi Wada, the current chairman of Asics, further explained the stance of the firm:

We evaluate employees based on their abilities, not on their ages. However, it does not mean that simply being young brings you a chance but rather means highly-motivated employees are given priority. I believe that it is not an ideal company if it does not have employee development from the bottom up.⁵⁴

In fact, the Onitsuka Tiger brand, which vanished after the corporate merger to create Asics in 1977, was revived in 2002 by a small project team consisting of young employees who appreciated the emerging trend of consumers' identification with lifestyle brands.⁵⁵ In 2005, sales of Onitsuka Tiger had reached approximately 10 billion yen per year. This established

Asics reputation across youth markets as a company that was heavily focused upon design, not simply functionality. This turnaround would have been less—if not im—possible if Asics had persisted with the rigid seniority-based system and curtailed the potential of young employees to envision and develop new projects.

In contrast, Mizuno started a shift from a seniority- to a merit-based system when it employed a yearly salary system for managers in 1996.⁵⁶ Mizuno's commitment to this was displayed in its human resource philosophy that noted a desire for a 'thorough implementation of a results-oriented, performance oriented environment...[with] compensation based on skill and ability.'⁵⁷ Like other Japanese corporations such as Matsushita, Sanyo, and Sanwa Bank, Mizuno realized the necessity of employing a merit-based system during the economic recession of the 1990s when senior executives recognized that it was unlikely to be able to survive global competition without the cultivation of young talented employees.⁵⁸ Lincoln and Nakata similarly observed that 'growing numbers of [Japanese] companies are explicitly weighting ability and performance over tenure and age in wage and promotion decisions'.⁵⁹ Therefore, although a seniority-based system supported 'a logic of motivation and control' under the lifetime employment model,⁶⁰ it appeared to be inconsistent and inefficient for Japanese corporations in the post-industrial era.

This shift from a seniority- to merit-based reward system exemplifies the growing influence of western management practices on Japanese firms. This point is verified by Onitsuka's statements made over 20 years ago:

From now on, we should adopt the positive characteristics of western individualism into Japanese *unmei kyōdōtai* management [see below] and build the new Japanese management. Especially, as globalization within a company prevails, Japanese management alone would eventually vanish. Hence, the necessity for these types of modifications will increase more and more. At Japanese companies, the proverb 'the nail that sticks up gets hammered down' states that talented people tend not to be

rewarded properly and leave the companies while the remaining people in the company tend to be ordinary. It is expected that only companies which successfully cultivate individual talent and stimulate corporate vitality would be able to flourish in the future.⁶¹

This shift symbolizes the decay of *ie* principles and traditional values not only in the sporting goods industry but also in contemporary Japanese society as a whole. Thus, westernization of culture and society further rendered a rigid seniority-based system as incompatible with progressive Japanese management approaches in response to global competition.

Marketing & branding emphasis It has become conventional wisdom that corporations have to excel in marketing and branding in order to flourish in today's global marketplace. This approach has been most heavily exemplified by Nike, as explained by founder and Chairman Philip Knight: 'For years, we thought of ourselves as a production-oriented company.... But now we understand that the most important thing we do is market the product'.⁶² While adidas, Reebok, and other western firms adopted the Nike mantra,⁶³ Asics and Mizuno almost completely ignored it. There are three main reasons why Asics and Mizuno did not compete in the so-called 'sign wars',⁶⁴ and in particular the battle for celebrity associations. First, executives at Asics and Mizuno were unwilling to commit to the same levels of expenditure as their western counterparts for celebrity endorsements. For example, Onitsuka claimed that he convinced Ethiopian athlete Abebe Bikila—"the barefoot marathon runner"—to wear his firm's shoes after he won the 1960 Olympic gold medal. However, when he won the gold medal at the Tokyo Olympics in 1964,

Abebe could not wear Onitsuka Tiger because he had a monetary contract with another company [Puma] in the west. While it was already common in the west to have such contracts, it was unthinkable in Japan to pay money to athletes due to strict regulations relating to amateurism.⁶⁵

As Onituka noted, this reluctance to embrace a commercial attitude, including expenditure on endorsement deals, is partially explained by the way that amateurism was highly valued across Japanese sport and society. Furthermore, although it has been dynamically changing over decades, intensive commercialization was often inconsistent with Japanese traditional values and less welcome in the Japanese society. Represented by famous sayings, which praise values of modesty and self-restraint, such as *chinmoku wa kanenari* (silence is golden), *kuchi wa wazawai no moto* (out of mouth comes evil), *nō aru taka wa tsume o kakusu* (still waters run deep), excessively extravagant advertising and promotion may be seen less to raise positive brand images than to draw negative feelings of discord with traditional cultural values in the eyes of Japanese consumers. Consequently, Asics and Mizuno were restricted for many years from offering monetary contracts to athletes, placing them at a disadvantage with respect to their western counterparts when it came to trying to secure endorsements from high-profile athletes.

Second, the nationalities of endorsers should not be ignored. It is likely easier for American companies such as Nike to contract with American athletes and Japanese corporations Asics and Mizuno to contract with Japanese athletes. This was particularly the case before the start of the rapid globalization of sport, sporting organizations, and the sports media in the late 1980s that rendered national barriers less meaningful. Thus, Japanese sporting goods corporations were geographically and culturally disadvantaged in the west-centered sporting context. In other words, the global diffusion of sports, sporting organizations, and athletes has been predominantly from the west to the rest, so much so that Japanese sports and athletes, with some notable exceptions (e.g. judo and karate; Ichiro Suzuki and Hidetoshi Nakata), have had to endure marginal status.⁶⁶ This was exemplified by the ‘natural’ association that led to American

footwear companies such as Nike and Reebok developing particularly strong links with the National Basketball Association's global movement.⁶⁷

Third, and perhaps most importantly, as Nike and other western firms invested heavily in marketing, so Asics and Mizuno focused upon manufacturing and employee education. In line with the cultural values traditionally espoused in Japanese industry, Asics and Mizuno emphasized the high quality of their manufacturing processes and end products and were largely blind to the potential of branding and marketing. This 'manufacturer's mindset' at both corporations delayed their shift towards more marketing-intensive management. This fact was captured in remarks from the presidents of Asics and Mizuno. Onitsuka lamented, 'We invested much in production lines and succeeded in the athletic footwear category but lost to Nike in marketing'.⁶⁸ Likewise, Akito Mizuno, the president of Mizuno, admitted, 'The weakness of our company is marketing. We had a strong belief that 'superior products satisfy customers' all these years'.⁶⁹

As global competition intensified, so came the realization among those at Asics and Mizuno that there was a need to shift towards more marketing-intensive management in order to compete with their western counterparts. In 1994, Asics established a marketing department as a distinctive function to coordinate marketing activities across all other departments and opened an office for marketing research in Aoyama, considered to be at the cradle of new Japanese trends.⁷⁰ As noted above, the revival of Onitsuka Tiger in 2002 symbolized this dynamic corporate paradigm shift from a strict concentration on craftsmanship and functionality to a diversification into market-driven casual and fashionable products by using old designs in accordance with the 'retro' boom. At Mizuno, a marketing director position was not created to coordinate branding

across all departments until 1997.⁷¹ In 2005, Mizuno's reluctance to compete in the lifestyle market ended when the company introduced the Mizuno Women's Factory Project.⁷²

Globalization of production & distribution Globalization of production and distribution by Asics and Mizuno was enhanced by intensified global competition. In order to compete with rivals, both corporations needed to shift manufacturing overseas for lower production costs and expand their business in international markets for further growth. Since some scholars have drawn attention to Nike's commodity chain,⁷³ a particularly interesting point here is the comparison of modes of production at Asics and Nike. Asics and Nike were two of the earliest athletic companies to shift production overseas and underwent quite similar production movements: broadly from Japan to South Korea in the 1970s and to China and Southeast Asia in the 1980s and 1990s⁷⁴ in the chase for ever cheaper labor. In Japan, the rapid increase in production costs and appreciation of the yen made shifting production particularly attractive during the 1970s and 1980s.⁷⁵ Onitsuka recalled:

As our brand became more global and overseas sales were increased, we recognized that our new challenge was internationalization of production and sales. In short, it required the establishment of operating bases overseas. The biggest reason for our shift overseas was the rapid increase in cost of production in Japan and the rise of the yen. The price of our products was so inflated that overseas distributors could not handle our products.⁷⁶

In 1969, Asics built a manufacturing subsidiary with 52 employees in Taiwan, its first overseas production site.⁷⁷ The choice of Taiwan emanated from the personal experience of Onitsuka who stated:

When I visited Southeast Asian countries to inspect organizations for overseas industries in 1968, I thought the climate and culture of Taiwan would be the most suitable.⁷⁸

Other Japanese firms also began to shift production abroad. Taiwan and South Korea were particular favorites given their cultural and geographic proximity to Japan. Subsequently, Asics shifted manufacturing activities to South Korea and then China:

As production costs in Taiwan gradually rose, we shifted the production base to South Korea where we collaborated with a Korean maker to produce Onitsuka's products. However, it was immediately followed by an increase in production costs, so we shifted again to the current location in China. We built a factory in Jiangsu which was one hour inland from Shanghai, and employed about 1,000 workers to manufacture shoes and clothing.⁷⁹

On the other hand, Nike contracted with Nissho Iwai, a Japanese trading firm, and its manufacturing contractor Nippon Rubber Company to replace Asics as a shoe producer after Nike's relationship with Asics ended in dispute in 1971.⁸⁰ As Asics, 'Nippon Rubber decided to relocate much of its production operations from Japan to Taiwan and South Korea'.⁸¹ Thus, shifts in Nike's production practices reflected trends among Japanese corporations to move production to Taiwan and South Korea. As Knight recalled: 'It never occurred to us that we should dictate what their factory should look like, which really didn't matter since we had no idea what a shoe factory should look like anyway'.⁸² Nike's production system was further developed when the company found other firms in Taiwan and South Korea with which to subcontract.

To clarify a key point here, Asics has owned several manufacturing subsidiaries in Japan and one major overseas manufacturing subsidiary, Jiangsu Asics Co., Ltd. in China.⁸³ In a similar vein, Mizuno has owned several domestic manufacturing subsidiaries and overseas manufacturing subsidiaries, including Mizuno Corporation of Hong Kong Ltd., Shanghai Mizuno Corporations Ltd., and Thai Sports Garment Co., Ltd.⁸⁴ Conversely, Nike, which started by importing athletic shoes from Asics forerunner Onitsuka Co., Ltd., has never owned any of its

factories, with the exception of two short-lived production facilities built in Maine and New Hampshire in 1977. As Onitsuka explained:

Nike is a trading company and Asics is a maker. Therefore, Nike does not have its own factories. Instead, resources are invested in product development and marketing. For example, Nike captured the consumers' minds with the strategy of using Tiger Woods as Nike's exclusive promotional vehicle in exchange for an enormous amount of money, which really represented the American way of doing business. Furthermore, Nike mass-produces its goods by fully exploiting cheap labor in developing countries, mostly in Southeast Asia. On the other hand, Asics prioritizes technical skill the most. Although we also have production bases overseas, we manage those factories on our own.⁸⁵

The commitment to manufacturing and product quality has been recurrently expressed by the presidents from both corporations over generations. Wada has pointed out the need for Asics' employees to,

go back to the starting point and rediscover the importance of adhering to the fundamentals of manufacturing, which is essential as a maker. Then, we could strengthen our brand which focuses on the arena of competition sports. We continue to put an emphasis on technology and functionality, which are our brand values. We need to develop and provide the products which only Asics can create.⁸⁶

Similarly, Masato Mizuno, the third president of Mizuno, stated:

Although we could provide extravagant advertising with costly investment, we think that the most important thing is to convey the message that we provide high-quality, functionally sound products to consumers.⁸⁷

In an interesting contrast to Asics' and Mizuno's adherence to the manufacturer's mindset, Knight stated: 'There is no value in making things any more. The value is added by careful research, by innovation and by marketing'.⁸⁸ This antithesis in managerial mentality between the 'manufacturer's mindset' and the 'marketer's mindset' appeared to be a fundamental difference that guided Asics and Mizuno on the one hand and Nike on the other to employ different managerial approaches. Further, it can be argued that the manufacturer's mindset still dominate

Japanese corporate paradigms as Akito Mizuno has argued that ‘The only way for Japanese corporations to survive in global competition is *monozukuri* (manufacturing or craftsmanship)’.⁸⁹

Fulfillment of corporate social responsibility Corporate Social Responsibility (CSR) has, according to one commentator at least, emerged as an operating framework by which transnational corporations ‘should strive to make a profit, obey the law, be ethical, and be a good corporate citizen’.⁹⁰ A frenzy of criticism by media workers and human rights activists about Nike’s exploitation of workers in economically developing countries in the late 1990s raised awareness of CSR in the sport and leisure industry. As Nike initially responded to the criticism with resistance, the firm’s brand image was severely harmed to the extent that even Philip Knight admitted that ‘Nike products have become synonymous with slave wages, forced overtime, and arbitrary abuse’.⁹¹ Even though criticism remains fierce among activists, Nike has attempted to convince the public that the corporation has worked towards improvement in worker’s conditions by setting labor standards for members of its supply chain, conforming to third-party monitoring, establishing a department for CSR, and publishing CSR reports.⁹²

For Asics and Mizuno, the perceived need to engage in overt CSR-related activities was not apparent among the firms’ executives. This is evidenced by the fact that they took longer to establish CSR teams and present CSR reports than their western competitors: Nike (CSR team-1998, CSR report-2001), adidas (CSR team-1998, CSR report-2001), Asics (CSR team-2004, CSR report-2005), and Mizuno (CSR team-2004, CSR report-2004).⁹³ Perhaps more importantly, Asics and Mizuno have failed to gain as much credit as their western competitors for improving workers’ conditions overseas. For example, while Reebok participated in the accreditation process by the Fair Labor Association in 2001, as did Nike and adidas in 2002,

Asics entered the process in 2005 and Mizuno has yet to join.⁹⁴ Oxfam International has also criticized Mizuno, calling for the company to ‘engage in dialogue and cooperation with independent trade unions and labour rights groups in order to establish ways of improving respect for these rights in the company’s supply chain.’⁹⁵ This delayed action in publicizing CSR activities can probably in large part be attributed to cultural differences. As traditional Japanese values have emphasized modesty and humility, dramatizing corporate images by promoting CSR activities is less culturally acceptable than the valued attitude of *‘fugen jikkō’* (actions speak louder than words).

However, it is noteworthy that Asics and Mizuno have demonstrated significant environmental awareness. In fact, compared to the CSR reports by Nike and adidas, those by Asics and Mizuno have less information about the improvement of working conditions in production facilities but place greater emphasis on the preservation of the environment. In particular, Mizuno’s efforts toward protecting the natural environment have been notable, exemplified by the ‘Conservation of Resources and Environmental Wave towards the 21st Century’ (CREW21) initiative established in 1991. Furthermore, Masato Mizuno has actively participated in international-level organizations to promote environmental initiatives as a director of the World Federation of the Sporting Goods Industry (1991) and later as a member of the sport and environment commission of the International Olympic Committee (1996).⁹⁶ In an interview for a Japanese business journal, Masato Mizuno explained that environmental conservation:

is an obligation as a human being. It is beyond the pursuit of profit. In the U.S., it is said that products sell well when they are described as environmentally friendly. It would be shameful if the world we live in revolves only around mercenary motives. I always tell people to stop merely pretending to care for the environment.⁹⁷

His statement implies crucial points of difference between Japanese and western (in particular American) business. Japanese corporate executives appear to claim that care for the natural environment is a collective responsibility rather than a strategic play for enhancing return on investment. For instance, Mizuno's implementation of CREW21 was much earlier than its competitors. The development of environmentally friendly hybrid automobiles has similarly been led by Toyota and other Japanese automakers.⁹⁸ Thus, it can be argued that the emphasis on environmental responsibility is reflective of traditional Japanese values and has become a natural fit with public calls for firm leaders to exhibit greater levels of CSR. By contrast, the eventual adoption of standards designed to publicly certify a commitment to improved labor practices represent a need to strategically position the firms as being in line with global industry standards.

Contrasting Asics & Mizuno

While we have found several key similarities in the ways in which leaders at Asics and Mizuno have contoured traditional management approaches to take account of the post-industrial context in which they are competing, there are also some significant differences between the firms. These also shed light on the varying ways in which managers at these organizations have responded to a changed competitive context.

Mizuno's dōzoku management

Authority at Mizuno has been dominated by the Mizuno family for over 100 years with Rihachi Mizuno (1906-1969), Kenjiro Mizuno (1969-1988), Masato Mizuno (1988-2006), and Akito Mizuno (2006-present) providing an unbroken family line of leaders. Mizuno has been a good example of a thriving corporation that has pursued *dōzoku* management. As previously mentioned, *dōzoku* management, derived from the *ie* structure, reflects the traditional Japanese

way of organizing. Advantages and disadvantages of *dōzoku* management were discussed by the presidents from Mizuno and Asics. Masato Mizuno provided his analysis of *dōzoku* management in an interview in 1998:

Since I grew up seeing what my grandfather and father were doing, I gained much preliminary knowledge about management. I think that it was one of my advantages. A disadvantage would be that it is easy to become the emperor who had no clothes on [referring to the Danish fairy tale, The Emperor's New Clothes]. For example, it would be easy to abuse the authority, listen to only good news, and spoil employees by accepting marginal performance.⁹⁹

In sum, a perceived advantage of *dōzoku* management is strong control by family members who are supposed to be the most trustworthy and by a sustained exposure to the business that ingrains a strong understanding within subsequent generations. Two disadvantages are that presidents of second or later generations tend to not have experienced the early growing pains, and associated experience, usually endured by the founder, and that preferencing family members prevents non-family members from contributing optimally to the success of the business. Despite its historic relevance *dōzoku* management has eroded among Japanese corporations as Masato Mizuno himself acknowledged:

The top company in an industry as listed on the stock exchange should not pursue *dōzoku* management... A person who has talent or strong leadership should become a president.¹⁰⁰

Nevertheless, for the time being at least, *dōzoku* management remains prominent at Mizuno.

Asics' unmei kyōdōtai management

Onitaska declared the departure from *dōzoku* management at the company's 10th anniversary ceremony in 1959, a highly unusual move for a Japanese leader at the time. In

practice, he terminated the two common practices in *dōzoku* management: employment of family members and the seniority-based system. This move by Onitsuka was triggered when:

Accidentally, I obtained shorthand notes of the instruction given by Konosuke Matsushita, an executive officer of Matsushita Electric Industrial Co., Ltd., for his workers at the 15th anniversary (1932) of the company and learned a lot from them. This was the beginning of so-called 'Matsushitaiism' for me.¹⁰¹

Briefly, Matsushitaiism referred to a corporate philosophy of the firm as a public entity. In this sense, Matsushita was arguing that firm leaders should not be single-minded in their pursuit of profit, but should also seek ways to improve people's lives.¹⁰² Inspired by such an approach, Onitsuka came to believe that Asics should function as a public organization and should not be monopolized by a single individual or family. Onitsuka analyzed *dōzoku* management thus:

I do not deny the advantages of *dōzoku* management, but the advantages - such as that family members are trustful and able to keep a secret - tend to end up with the employment of only family members [for president and executive positions]. However, as the sole family strengthens the control over management, teamwork would be disturbed and employees would only care about currying favor with the family. Especially under an incompetent family, the talents of employees would not show up.¹⁰³

When he declared the departure from *dōzoku* management, he also introduced his new management philosophy and style, *unmei kyōdōtai* (a united entity sharing a common destiny) management. The idea was that the three entities of management, employees, and shareholders would work together through long-term, if not permanent, interdependent relationships to achieve organizational goals.¹⁰⁴

In launching *unmei kyōdōtai* management, Onitsuka outlined three fundamental management principles. First, corporate and managerial information, including profit distribution was disclosed to the employees; second 70% of corporate shares, previously fully-owned by the founder, were distributed to employees; and third, a merit-based system was introduced to foster

a fairer reward structure.¹⁰⁵ In 2006, Wada affirmed that this philosophy had played, and would continue to play, a central role in Asics' management approach:

Kihachiro Onitsuka, the founder of ASICS and the current chairman, has often noted that shareholders, employees, and business partners form a united entity of three parts that share a common destiny. I concur with this view, and I am confident that our longstanding philosophy and practices will continue serving to underpin growth.¹⁰⁶

Thus, while *dōzoku* management represents a traditional form of Japanese social organization based on the *ie* structure, *unmei kyōdōtai* management is derived from the continuously dominant Japanese values of collectivism and long-term orientation. In this respect, we see traditional, but different, Japanese values retaining a strong hold on Asics and Mizuno as their leaders contended with a changing managerial context.

Velocity of adjustment to post-industrial conditions

Throughout the two case studies, it was apparent that Asics responded to post-industrial challenges faster than Mizuno. Indeed, employment of the merit-based system for the purpose of talent cultivation was undertaken by Asics approximately 40 years earlier than other Japanese corporations including Mizuno. Even though it was considerably later than Nike and other western competitors to prioritize marketing initiatives and penetrate the rapidly growing lifestyle category, Asics certainly acted earlier than Mizuno. Asics revived Onitsuka Tiger in 2002 and quickly turned it into a globally recognizable 'retro' lifestyle brand, particularly in Europe and Asia; Mizuno has yet to make a global impact in the category.

Further, Asics has developed a global production and distribution system faster and more aggressively than Mizuno. Asics' overseas production reached 50% of total production in 1988¹⁰⁷ and had increased to 60% by 2007¹⁰⁸; by contrast, Mizuno's overseas production

remained at 40% of total production in 2000.¹⁰⁹ Further, in 2007, Asics accounted for 59% of its total sales from overseas while those for Mizuno were at 31%. A comparison of overseas sales ratio for Asics, Mizuno, and Nike is provided in Figure 1.

Insert Figure 1 about here

From these findings, it appears that Asics has adapted to a post-industrial global context more successfully than Mizuno. In fact, this view is supported by the gap between their recent financial reports. First, although Asics was founded later and has spent a long time catching up to Mizuno, it has outperformed Mizuno in total sales since 2005. A comparison of global sales between both corporations is indicated in Figure 2. Second, Asics has outperformed Mizuno with fewer employees. In 2007, Asics had 4,230 employees¹¹⁰ while Mizuno had 6,129 employees.¹¹¹ This points to the overall effectiveness of Asics' management in the global economy. Third and most strikingly, Asics has performed much better in net income than Mizuno in recent years (see figure 3).

Insert Figure 2 about here

Insert Figure 3 about here

Both corporations suffered substantially from the economic downturn of the 1990s. However, Asics recovered more quickly by responding more effectively to the challenges inherent in a global, post-industrial industry. It is perhaps an oversimplification to assume that the disparities in recent economic success and velocity of adjustment to the post-industrial conditions between two corporations are single-handedly caused by the difference of *dōzoku*

management and *unmei kyōdōtai* management. Yet, given the importance of cultural influence on their management and the need to hybridize Japanese management with western values, cultures, and practices to compete in this post-industrial era, the difference of *dōzoku* management and *unmei kyōdōtai* management is likely to have played a critical role in shaping their contrasting paths.

Conclusion

This study of Japanese sporting goods corporations Asics and Mizuno has revealed some interesting ways in which traditional Japanese management approaches have been modified to fit within a post-industrial global context. First, the strong links between culture and management are clearly apparent in both organizations. While Japanese traditional management systems and practices have been influenced by western cultures and practices, the core values remain, on the whole, intact and underlay major differences from western management practices. In a similar vein, Mizuno's *dōzoku* management and Asics' *unmei kyōdōtai* management, while clearly differing in their emphases, do highlight the impact of the cultural context in which the firms exist.

Second, western-influenced management practices, identified as the shift from a seniority- to a merit-based system, an increased emphasis on marketing and branding, the globalization of production and distribution, and pressures to exhibit CSR, became necessary for Japanese corporations to survive in a global context. This adaptation of Japanese management to western values, culture, and practices has cohered with current shifts in Japanese society which is itself witnessing a tension between maintaining Japanese traditions while embracing western values and cultural practices.

Third, a ‘manufacturer’s’, as opposed to a ‘marketer’s’, mindset has prevailed in today’s management at Asics and Mizuno. This is vastly different from Nike which was transformed from a production-centered to a marketing-centered company. As such, Asics and Mizuno continue to prioritize manufacturing and employee education whereas Nike has more focused on the creation of emotional ties with consumers through intensive marketing. Not only did the western-oriented sporting context position Japanese sporting goods corporations in a geographically and culturally distant position, the long-term blindness to global market trends largely due to the manufacturer’s mindset and Japanese values against intensive commercialization further hindered Asics and Mizuno from creating the ties with consumers on a global scale that Nike – and to a lesser extent adidas, Reebok, and other western firms – was able to profit with its heavy investment in endorsement contracts.

Finally, the differences between Asics and Mizuno were also exposed. From our findings, it is plausible to conclude that Asics’ departure from *dōzoku* management and transformation to *unmei kyōdōtai* management formed the core management philosophy and practices which drove Asics to adapt to a post-industrial global context more successfully than Mizuno. In other words, Asics’ leadership appears to have discovered a more successful formulation of hybridizing Japanese management styles with western values, cultures, and practices than did Mizuno. However, this is a conclusion that requires further verification from future investigation.

This study also offers intriguing implications for Japanese and western management. First, differences appear to be diminishing as managers in Japanese and western firms seek to develop ever more effective global management practices by learning from each other. However, despite such intense forces of globalization,¹¹² the differences still and prominently lie in

managerial elements which strongly reflect national cultures and values. In this study, Asics and Mizuno have managed to retain key Japanese values and indeed actively spread 'Asicsism' and 'Mizunoism' while emerging as global corporations. It will be interesting to note, in the years ahead, how, or indeed if, residual national markers are retained by Asics, Mizuno, or their western counterparts.

Notes

1. See Bell, *The Coming of Post-Industrial Society*.
2. E.g., Castells, *The Rise of the Network Society*; Maguire, *Global Sport*; Sampler, 'Redefining Industry Structure'; Silk and Andrews, 'Beyond a Boundary?'
3. E.g., Abegglen and Stalk, *Kaisha, The Japanese Corporation*; Dore, *Taking Japan Seriously*; Fruin, *The Japanese Enterprise System*; Ouchi, *Theory Z*; Pascale and Athos, *The Art of Japanese Management*; Vogel, *Japan as Number One*.
4. Donnelly, 'The Local and the Global'.
5. E.g., Abo, *Hybrid Factory*; Liker, *The Toyota Way*; Oaklander, 'The Canon Case'; Womack, Jones, and Roos, *The Machine*.
6. E.g., Abegglen, '21st-Century Japanese Management'; Vogel, 'Japan Remodeled'.
7. E.g., Amis, 'Beyond Sport'; Goldman and Papson, *Nike Culture*; Grainger and Jackson, 'Sports Marketing'; Jackson, Batty, and Scherer, 'Transnational Sport Marketing'.
8. Schaede, 'What Happened to the Japanese Model?', 277.
9. Textual extracts are crucial because: 'As well as providing evidence for particular claims, quotations provide color, add interest and enhance the legitimacy and credibility of the account' (Amis, 'Interviewing', 131). In this sense, the data for this study were predominantly qualitative and gathered from various sources. These included books (e.g., Onitsuka, 1987, 1991, 2000, 2001; Matsui, 2004), corporate publications (e.g., adidas: Annual Report 2006, Social and Environmental Report 2005; Asics: Annual Report 2003-2007, CSR Report 2006-2007, Yūka Shōken Hōkokusho (Securities Report) 2003-2007; Fair Labor Association, Annual Public Report 2006; Mizuno: Kessan Tanshin, Renketsu (Consolidated Financial Settlement) 2000-2004, CSR Report 2006-2007, Fact Book 2007, Yūka Shōken Hōkokusho 2003-2007; Nike: FY04 Corporate Responsibility Report, FY05-06 Corporate Responsibility Report, Annual Report 2003-2007, Proxy Statement 2006; Oxfam International, Offside! Labor Rights and Sportswear Production in Asia 2006), websites (e.g., www.adidas-group.com, www.ambc.co.jp, www.asics.co.jp, www.asicsamerica.com, www.cleanclothes.org, www.mizuno.co.jp, www.mizunousa.com, www.nike.com, www.reebok.com), articles in trade and business journals (e.g., Adweek, Aera, Atlanta Business Chronicle, Footwear News, Fortune, Industry Week, Knight Ridder Tribune Business News, Business Week, Mainichi Economist, Nikkei Business, Nikkei Information Strategy, Nikkei Marketing Journal, Time, Women's Wear Daily), and Japanese newspapers (e.g., Asahi Shimbun, Kobe Shimbun, Mainichi Shimbun, Nihon Sen-I Shimbun, Nikkan Kogyo Shimbun, Nikkei, Nikkei Sangyo Shimbun, Sankei Shimbun). Japanese sources were translated by the first author with the interpretations subsequently reviewed by two other native Japanese speakers who are fluent in English. Conclusions emerged, were challenged, and subsequently settled upon following numerous meetings among the authors.
10. For the global-local, homogenization-heterogenization, and universality-particularity debates, see, for example, Andrews et al., 'Jordanscapes'; Appadurai, 'Disjuncture and Difference'; Robertson, *Globalization*, 'Glocalization'.
11. Dore, *Taking Japan Seriously*; Nakane, *Japanese Society*; Ouchi, *Theory Z*; Tolich, Kenny, and Biggart, 'Managing the Managers'.
12. Ouchi, *Theory Z*.
13. Tolich, Kenny, and Biggart, 'Managing the Managers', 592.
14. Gregersen and Black, 'Multiple Commitments upon Repatriation', 212.
15. Aoki, *Information, Incentives, and Bargaining*.
16. Nakane, *Japanese Society*.
17. Bhappu, 'The Japanese Family'; Fruin, *The Japanese Enterprise System*; Murakami, 'Ie Society'; Nakane, *Japanese Society*.
18. Murakami, 'Ie Society'.
19. Bhappu, 'The Japanese Family', 410.
20. Ibid.

21. Bhappu, 'The Japanese Family'; Hofstede, 'Management Scientists Are Human'.
22. Murakami, 'Ie Society'.
23. There are arguments over defining which practices are more 'Japanese' and important than others (see, for example, Clegg and Kono, Hayashi, Ito, and McCormick). We have focused on those practices that are most entrenched and have the broadest impact within Japanese industry.
24. Fruin, *The Japanese Enterprise System*; Lincoln and Kalleberg, *Culture, Control, and Commitment*; Pil and MacDuffie, 'Transferring Competitive Advantage'; Yuzawa, 'Japanese Business Strategies'.
25. Clegg and Kono, 'Trends in Japanese Management', 276.
26. E.g., Lincoln and Nakata, 'The Transformation'.
27. E.g., Aoki, *Information, Incentives, and Bargaining*.
28. E.g., Ito, 'Japan and the Asian Economies'; Monden, *Toyota Production System*.
29. E.g., Kawamura, 'Characteristics'; Liker, Fruin, and Adler, 'Bringing Japanese Management Systems'.
30. E.g., Ouchi, *Theory Z*.
31. E.g., Hatvany and Puick, 'Japanese Management Practices'.
32. Aoki, *Information, Incentives, and Bargaining*.
33. Nishiguchi, *Strategic Industrial Sourcing*.
34. Fruin, *The Japanese Enterprise System*.
35. Nishiguchi, *Strategic Industrial Sourcing*.
36. Kenny, 'Transplantation?'; Pil and MacDuffie, 'Transferring Competitive Advantage'.
37. E.g., Liker, *The Toyota Way*; Womack, Jones, and Roos, *The Machine*.
38. Clegg and Kono, 'Trends in Japanese Management'.
39. Gerlach and Lincoln, 'The Organization of Business Networks', 493.
40. Banjeri and Sambhaya, 'Vertical Keiretsu'; Johnston and McAlevey, 'Stable Shareholdings'; McGuire and Dow, 'The Persistence and Implications'.
41. Ito, 'Japan and the Asian Economies'.
42. Aoki, *Information, Incentives, and Bargaining*.
43. Dyer and Ouchi, 'Japanese-Style Partnerships'.
44. E.g., Abo, *Hybrid Factory*; Adler, 'Hybridization'; Beechler, 'International Management Control'; Liker, Fruin, and Adler, 'Bringing Japanese Management Systems'; Oliver and Wilkinson, *The Japanization of British industry*.
45. McKenna, 'Marketing Is Everything'.
46. It is worthwhile to note that Nike underwent the start-up period under tremendous Japanese influences, in particular Asics management. It is evident since Nike started as Blue Ribbon Sports by importing athletic footwear from Onitsuka in 1964 and Philip Knight initially learned athletic footwear business from Kihachiro Onitsuka (Onitsuka, *Nenji, inori, tsuranuku*). In this sense, although today's Nike well represents the western style of management, it can be argued that construction process of Nike management was driven less by western traditional business models than by hybridization of western and Japanese ideas.
47. Abegglen, *21st-Century Japanese Management*, 89.
48. *Asics CSR Report 2006*, 22, emphasis added.
49. Onitsuka, *Shigokoro*, 243.
50. *Nihon Keizai Shimbun*, April 12, 1989, 1.
51. Lincoln and Nakata, 'The Transformation', 47.
52. *Asics CSR Report 2006*, 4.
53. Onitsuka, *Watashi*.
54. *Nihon Sen-I Shimbun*, January 23, 2003, 8.
55. *Nikkei Information Strategy*, December 24, 2005.
56. *Nihon Keizai Shimbun*, May 3, 1996, 10.
57. *Mizuno CSR Report 2006*, 9.
58. *Yomiuri Shimbun (Osaka)*, May 10, 1998.

59. Lincoln and Nakata, 'The Transformation', 48.
60. Ibid., 47.
61. Onitsuka, *Shigokoro*, 249-250.
62. Willigan, 'High-Performance Marketing', 92.
63. Klein, *No Logo*.
64. Goldman and Papson, *Sign Wars*. Asics and Mizuno were more concerned about competitions over domestic market shares and thus sought to secure contracts with renowned Japanese athletes such as Ichiro Suzuki, Kosuke Kitajima, and Naoko Takahashi. Even so, Asics and Mizuno have been left behind western counterparts in the development of their brands through, in particular, celebrity endorsements.
65. Onitsuka, *Nenji, inori, tsuranuku*, 109.
66. See also Maguire, *Global Sport*.
67. Jackson and Andrews, 'Between and Beyond the Global'.
68. Onitsuka, *Nenji, inori, tsuranuku*, 140.
69. *Nihon Sen-I Shimbun*, August 22, 2006, 1.
70. *Nikkei Sangyo Shimbun*, May 17, 1994, 18.
71. *Nikkei Marketing Journal*, October 21, 1999, 12.
72. *Nihon Sen-I Shimbun*, February 10, 2005, 1.
73. Frenkel, 'Globalization'; Harrison, 'The Dark Side'; Korzeniewicz, 'Commodity Chains'.
74. Korzeniewicz, 'Commodity Chains'.
75. Kawamura, 'Characteristics'.
76. Onitsuka, *Nenji, inori, tsuranuku*, 124-125.
77. Onitsuka, *Shigokoro*.
78. Onitsuka, *Nenji, inori, tsuranuku*, 125.
79. Ibid., 125-126.
80. Strasser and Becklund, *Swoosh*.
81. Harrison, 'The Dark Side', 492.
82. Knight, 'Global Manufacturing', 638.
83. *Asics Yūka Shōken Hōkokusho 2007*.
84. *Mizuno Yūka Shōken Hōkokusho 2007*.
85. Onitsuka, *Nenji, inori, tsuranuku*, 140. Asics and Mizuno also have utilized foreign subcontractors, for instance, the Taiwanese-owned Pou Chen Group, the world's largest athletic footwear manufacturer (Clean Clothes Campaign: <http://www.cleanclothes.org/companies/asics.htm#top>).
86. *Nihon Sen-I Shimbun*, January 23, 2003, 8.
87. *Nihon Sen-I Shimbun*, January 21, 2004, 6.
88. Quoted in Klein, *No Logo*, 197.
89. *Nihon Sen-I Shimbun*, May 16, 2006, 4. The notion of *monozukuri* is important for understanding the Japanese way of manufacturing and the 'manufacturer's mindset'. *Monozukuri* cannot be simply translated into manufacturing in the western sense but rather reflects traditional Japanese craftsmanship values, spirit, and a traditional desire to make high quality goods.
90. Carroll, 'The Pyramid', 43.
91. Knight, 'Global Manufacturing', 637.
92. Zadek, 'The Path to Corporate Responsibility'.
93. These data were collected from: *Nike FY04 Corporate Responsibility Report*; *adidas Group Social and Environmental Report 2005*; *Asics Annual Report 2005*; *Asics CSR Report 2006, 2007*; *Mizuno CSR Report 2006, 2007*.
94. Fair Labor Association, *2006 Annual Public Report*.
95. Oxfam International, *Offside!*
96. *Nikkan Kogyo Shimbun*, November 16, 1998, 19.
97. *Nikkei Marketing Journal*, July 9, 1998, 28.

98. Stewart and Raman, 'Lessons from Toyota's Long Drive'.
99. *Nikkei Business*, June 22, 1998, 92-94.
100. *Nikkei Sangyo Shimbun*, July 20, 1991, 12.
101. Onitsuka, *Nenji, inori, tsuranuku*, 73.
102. For the Matsushita philosophy and spiritual values, see Pascale and Athos, *The Art of Japanese Management*.
103. Onitsuka, *Shigokoro*, 97.
104. Onitsuka, *Ashikkusu*.
105. Onitsuka, *Nenji, inori, tsuranuku*.
106. *Asics Annual Report 2006*, 4.
107. *Asahi Shimbun*, March 6, 1988, 13.
108. *Kobe Shimbun*, March 29, 2008.
109. *Nihon Keizai Shimbun*, May 1, 2000, 12.
110. *Asics Yūka Shōken Hōkokusho 2007*.
111. *Mizuno Yūka Shōken Hōkokusho 2007*.
112. See Holt, Quelch, and Taylor, 'How Global Brands Compete'; Quelch, 'The Return'.

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Table 1. Average age and tenure at Asics and Mizuno in 2006

	Board of Directors		Employees	
	Average Age	Average	Average Age	Average
Asics	61.3	38.8	40.9	17.5
Mizuno	54.1	30.4	41.2	18.4

Sources: *Asics Yūka Shōken Hōkokusho 2006; Mizuno Yūka Shōken Hōkokusho 2006.*

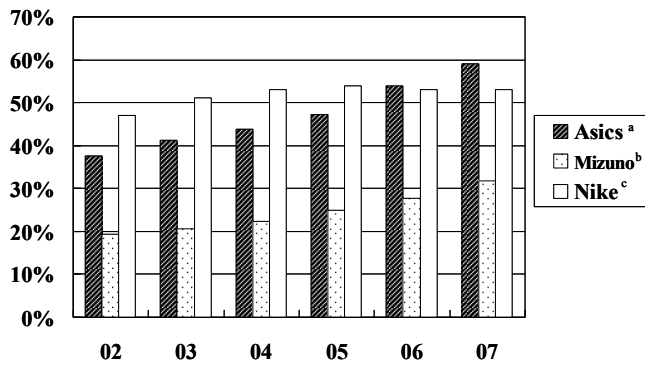


Figure 1. Ratio of overseas sales

Sources: ^a *Asics Yūka Shōken Hōkokusho 2003-2007.*
^b *Mizuno Yūka Shōken Hōkokusho 2003-2007.*
^c *Nike, Inc. Annual Report 2003-2007.*

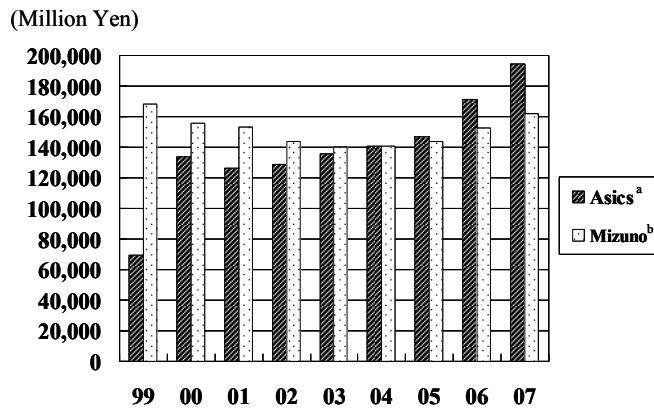


Figure 2. Global sales of Asics and Mizuno

Sources: ^a Asics Yūka Shōken Hōkokusho 2003-2007.
^b Mizuno Yūka Shōken Hōkokusho 2003-2007.

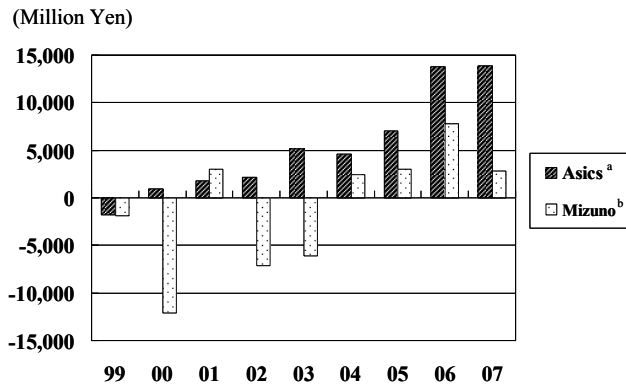


Figure 3. Net incomes of Asics and Mizuno

Sources: ^a *Asics Yūka Shōken Hōkokusho 2003-2007.*
^b *Mizuno Yūka Shōken Hōkokusho 2003-2007.*