

**A Study on Global Innovation Creation and Long-Term Management  
by Immigrant Entrepreneurs  
- Case Study of Japan Centre Ltd., UK -**

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<sup>1</sup> Research interest: The Globalization of Japanese Entrepreneur and Local for Global Innovation.

## **Abstract**

This paper explores the factors that enable so-called “immigrant entrepreneurs” to achieve sustainable long-term business development in overseas markets through a case study of a pioneering immigrant entrepreneur in the United Kingdom.

The research question for this paper is as follows: Is the company continuing to grow sustainably by developing new sales channels and diversifying its business, and by creating locally-originated innovations? In particular, with immigrant entrepreneurs, in the process of expanding the scope of their business from targeting their fellow countrymen to include local markets, do they somehow demonstrate their strength in integrating the resources of both countries, leading to the creation of new innovations? In doing so, does the environment in which immigrant entrepreneurs find themselves, and the people-to-people relationships they build there, play an important role in developing local markets and creating innovations that can be used globally?

Based on the results of this analysis of pioneering cases, we conclude with suggestions for Japanese entrepreneurs who wish to start businesses in overseas markets.

The methodology will be a semi-structured interview method. The interviews will be conducted from the following analytical perspectives: We will focus on the resources and advantages they brought from Japan, what resources and advantages they used locally, and what the relationship is between the mobilization, utilization, and integration of such resources and their success in the local market. How do they create value by combining the resources of their country of origin (Japan) with those of their country of residence (UK)? How does the combination of resources mobilized from the respective networks (business ecosystems) in the two countries relate to innovation creation, and how is long-term management was achieved on the basis of locally built advantages?

## 1. Introduction

This paper explores the factors that enable so-called “immigrant entrepreneurs” to achieve sustainable long-term business development in overseas markets through a case study of a pioneering immigrant entrepreneur in the United Kingdom.

This case study will explore the factors that enable immigrant entrepreneurs--those who move abroad to start a business--to achieve sustainable long-term development in overseas markets. In general, innovation creation is one of the factors that lead to sustainable long-term management of a company. However, there are very few cases where immigrant entrepreneurs have been able to sustainably develop and manage their businesses over the long term by continuing to create innovations in foreign markets. Usually, they either continue to operate as ethnic business<sup>2</sup> or enter the market as transnational entrepreneurs from the start. Since transnational entrepreneurship<sup>3</sup> is a relatively new form of immigrant entrepreneurship that has emerged with the recent development of technology, there are no companies that have been in business for more than 30 years at this point<sup>4</sup>. As a result, there are few research findings that investigate the reality of long-term management of immigrant entrepreneurship from the perspective of locally-originated innovation.

This paper introduces the situation of a Japanese small- to medium-sized company from the UK that has built a competitive advantage in London and, despite its small size, has thrived by taking advantage of Japan's meticulous focus on service and authenticity down to the smallest detail that only the Japanese can provide. The company has continued to grow for almost 50 years by developing the local market and diversifying its business to generate locally-originated innovations<sup>5</sup>. The report then analyzes actual cases in which

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<sup>2</sup> Ethnic business refers to businesses whose managers belong to ethnic minorities and which depend on the market of their fellow countrymen operated by ethnic minorities in a given society. There is already a vast accumulation of research on ethnic business studies. Most of the approaches are from ethnography and sociology, and there is a wealth of accumulated research from the perspective of ethnicity and culture on specific businesses operated by specific ethnic groups (immigrant minorities). For example, Aldrich & Waldinger (1990) Drori et al. (2009) Zhou (2004) Higuchi (2012), etc.

<sup>3</sup> According to Harima (2022), transnational entrepreneurship is the establishment of a business outside the country of origin (country of residence) while simultaneously being integrated into the social structure of two or more countries. It is characterized by the creation of unique entrepreneurial value by combining the resources, markets, and institutions of multiple countries made available by this duality. Background and definitions of the rise of transnational entrepreneurship, detailed in Drori et al. (2009), Portes et al. (2002), Saxenian (2002), Harima (2019), etc.

<sup>4</sup> The transition and development from "ethnic business," targeting the compatriot market, to "transnational entrepreneurship," targeting the global market including local markets (local for global innovation market) by immigrant entrepreneurs who establish their businesses abroad to realize long-term management, has been well documented in previous studies to the best of the author's knowledge. The author is aware that previous studies have not sufficiently clarified (1) the actual conditions of the transition and development of transnational entrepreneurship, and (2) the actual conditions of innovation creation (new market development, business model or organizational transformation, etc.) that occurs during this transition (growth phase).

<sup>5</sup> In order to conduct this field survey, we began consulting with acquaintances in the London entrepreneurial community in April 2023 regarding the selection of companies to be surveyed. Using information obtained by word-of-mouth, literature, and the Internet, from April to May 2023 we narrowed down the list to a few companies that met our research objectives. After being introduced to the target companies through local acquaintances, we made an appointment with Mr. T, the founder of the Japan Center, in July 2023 to plan the survey. The field survey was conducted on July 13, 2023 at Shoryu Ramen Oxford and Mr. T's home in the Cotswolds. Additional interviews were conducted on August 31, 2023 at a pub in Charlbury and at Mr. T's home. We interviewed Mr. T twice during his stay in London, for a total of about 15

foreign entrepreneurs have created locally-originated innovations and transformed ethnic businesses into transnational entrepreneurship<sup>6</sup> by utilizing the bilateral resources of their businesses; and explores the factors that enable foreign entrepreneurs to achieve sustainable development and long-term management in overseas markets.

## **2. Reasons for Case Selection**

Founded by a Japanese entrepreneur based in London, England, Japan Centre Group (hereafter referred to as “J Company”) is a long-standing company founded by Mr. Kunizo Tokumine (hereafter “Mr. T”) in 1976 that will soon celebrate its 50th anniversary. In general, the corporate survival rate of firms in Japan is 81.7% in the first five years after establishment. In the 50th year, it is said to be 0.7%<sup>7</sup>. Compare this to the corporate survival rate of 42.3% in the first five years in the United Kingdom<sup>8</sup>.

This indicates that it is more difficult to sustain a business in the UK after its establishment than it is to sustain a business in Japan. J Company has been able to sustain itself over the past 50 years by diversifying its business from a small Japanese martial arts supply store and bookstore, where it earned just enough money to make ends meet, to Europe’s largest Japanese grocery store and ramen noodle chain. During that time, the company has also developed a travel agency, a real estate agency, a staffing agency, and a language school. The company is expanding its target customer base in the local and online markets, as well as diversifying its business management<sup>9</sup>. And it is one of the few pioneering companies that has innovated in transitioning to new business areas and markets, leading to sustainable growth. For these reasons, J Company was selected as the case study company.

## **3. Previous research<sup>10</sup>**

### **(1) Research Related to Immigrant Entrepreneurship**

Takahashi (2021) summarizes research trends related to “Migrant Entrepreneurship,” in which people who have moved abroad start businesses, and argues

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hours. In addition, we exchanged more than a dozen e-mails with Mr. T to confirm the contents of the interviews and articles.

<sup>6</sup> Transnational entrepreneurship is characterized not as a passive entity that merely accepts the environment of the destination (country of immigration) as in traditional ethnic businesses, but as an active entity that creates a unique combination of cultures and norms and new values by integrating the resources of the destination and home country.

<sup>7</sup> See White Paper on Small and Medium Enterprises (2017), p. 109.

<sup>8</sup> See *ibid.* and Small and Medium Enterprise Agency (2017). Also, a comparison of the opening rate between Japan and the United Kingdom shows that Japan has a 5.6% opening rate while the United Kingdom has a 14.6% opening rate. [https://www.chusho.meti.go.jp/pamflet/hakusyo/H30/h30/html/b1\\_2\\_1\\_3.html](https://www.chusho.meti.go.jp/pamflet/hakusyo/H30/h30/html/b1_2_1_3.html) (Date information was viewed: July 1, 2023)

<sup>9</sup> In general, diversified management refers to a management approach in which a company ventures into new markets by applying the advantages accumulated through its existing businesses while utilizing the company’s own management resources. In other words, it is a management strategy that aims for further growth by redefining business sectors based on its own advantages before existing businesses become obsolete.

<sup>10</sup> This section is based on the “previous studies” in my paper [Yoshida (2023)], with significant additions and revisions. The main purpose of this paper and that one is the same, but the papers examine cases from different countries/regions/industries. However, this paper adds and revises new analytical perspectives and a review of related previous studies based on the literature survey conducted during this period.

that there is still no dominant research targeting the creation or transfer of innovation by immigrant entrepreneurs, which is the central focus of this paper. Takahashi (2021) also shows that there is an accumulation of research in the field of immigrant entrepreneurship, approached from a wide variety of interdisciplinary fields such as sociology, ethnology, migration studies, business administration and international business administration. He then clearly explains the relevance of this research to the innovation activities of immigrant entrepreneurs (especially local innovation creation and overseas transfer of innovation) which is the focus of this study.

Specifically, ethnic business studies and international entrepreneurship studies show the relevance of existing studies such as the Transnational Entrepreneurship Study and others. The definition of transnational entrepreneurship differs depending on the field, but transnational entrepreneurship in particular extends the scope of research to all entrepreneurs who start multinational businesses, yet the research topic is also micro in nature. On the other hand, each study shows a different “typology” of migrant entrepreneurs being studied, suggesting that each faces different challenges in innovating and acquiring management resources.

## **(2) Changes and Interpretations in Innovation Research**

Next, we would like to provide a definition of “innovation,” which is one of the other key concepts in this study, and organize which parts of the broad concept of innovation we will focus on.

Innovation is the process of combining knowledge with knowledge (creating new combinations), transforming business opportunities into new ideas, and fostering them so that they can be widely put into practical use. Because such innovations occur within the traditional mechanisms for solving market problems (or the technology itself) that can be put to practical use, the firm deploying such innovations grows rapidly, leading to economic development as well as discontinuous growth in the newly created market as a whole (Shumpeter, 1942). New combinations are thus created, leading to new innovations, while also collaborating on location, face-to-face, and tacit knowledge (Asakawa, 2011). At one time, innovation” meant “technological innovation,” and it was theorized that large companies in developed countries, under good management and armed with abundant management capital, would create high-quality innovations within the parent organization by marketing to existing markets and having excellent in-house R&D teams (Christensen, 1997). The product cycle was generally such that, after spreading the product within developed countries, further growth was achieved by expanding it to overseas markets, including less developed countries (Vernon, 1966). In recent years, however, a pattern has emerged in which innovation does not necessarily require the development of new and complex technologies, but rather, by the creation of business models that lead to direct solutions for customer and market problems (Ogawa, 2000)<sup>11</sup>. It also openly utilizes external resources for internal R&D that deals with sensitive information (Chesbrough, 2006). The public is involved in innovation (Eisenmann et al., 2007), and the technology that is supposed to advance is set back (Eisenmann et al., 2007).

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<sup>11</sup> Therefore, in addition to traditional new innovations (elements) such as new product development and new market development, the “business model” itself can be interpreted as one of the elements of innovation that bring about economic development.

A strategy that completely reverses the traditional “angle of vision” and “leveraging the business ecosystem” is one of the effective innovation strategies of our time. This change in perspective has even changed the location from which innovations are created. Modern innovations can come from anywhere in the world, including emerging and developing countries (Govindarajan, 2012). By entering an ecosystem where innovation is continuous, even small businesses with few resources can promote innovation by skillfully leveraging resources within the business ecosystem and taking advantage of synergies from external economic effects and entrepreneurial learning (human capacity development) (Yoshida, 2020)

The most significant structural change is that the industrial structure has shifted from a value chain structure to a layered structure. This implies a shift from vertical linkages (vertical integration) to horizontal linkages (horizontal integration) which has characterized the general industrial structure of production activities to date. The mechanism of growth by sharing resources while taking advantage of network effects in such a business ecosystem is multi-sided market theory (Tirole et al., 2003) in which the platform business<sup>12</sup>, that originated on the fringe is transformed into an effective business strategy to create new innovations.

### **(3) Areas of Interest and the Definition of Innovation in this Paper**

Thus, recent studies have revealed that innovation requires a business ecosystem as described above. The report emphasizes the importance of entering into and building relationships with actors within these environments, and connecting with these actors by participating in these environments. We can say that learning while engaged in friendly competition will bring wisdom and reveal new business opportunities for entrepreneurs is the broad concept of innovation in this paper based on the above, as Schumpeter captured, in which entrepreneurs bring five elements: (1) new products, (2) new markets, (3) new materials, (4) new manufacturing methods and (5) new organizations. The "new combination" is considered to be the "new business model" that has emerged as a result of recent technological advances, as seen in the rise of platform businesses stemming from the multi-sided market theory mentioned above, and can be seen as the sixth element of the new combination. Therefore, after considering these six entrepreneurial activities as innovations, we focus on the environment (business ecosystem) in which these innovations are promoted as a place to develop the human capacity of entrepreneurs.

In general, innovation does not come from the sharing of homogeneous values, but from the synergy between different values. Therefore, innovation activities through collaboration, via alliances and joint development, are based on such collaborations. Although there is a growing awareness of the importance of information exchange among actors and the promotion of voluntary cooperative activities, no definitive solution has yet been found for how to realize these activities in the form of a forum and how to enhance them into collaborative measures. In light of this situation, we will examine the “social capital theory”<sup>13</sup>, which has been proposed as a social factor that brings about voluntary cooperative activities and improves the efficiency of society.

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<sup>12</sup> Platform business is characterized by four points: the layered structure, network effect, ecosystem, and the mature economy. See Negoro (2019), pp. 7-8.

<sup>13</sup> See Putnam (2000).

#### **(4) Transnational Business Management**

When the reality of international innovation activities (as described above) first emerged, it was based on the theory of home-country dominance; this had been the conventional theory in international management studies (especially direct investment theory)<sup>14</sup>. However, it failed to explain the reality of “value creation from anywhere in the world” and “effective local innovation” activities. This has led to a redefinition of the role of overseas subsidiaries and an emphasis on transnational management, as well as the effectiveness of a management organization that shifts from a top-down, headquarters-centered hierarchical structure to a network organizational structure in which the headquarters in the home country and all overseas offices are interconnected (Bartlett & Ghoshal, 1989).

In other words, at this time the effectiveness of value creation based on resources obtained from more than one country has already been confirmed by multinational companies. The trend continues to evolve toward internationalization of innovation activities from “home-country superiority” to “value creation through bilateral (or multilateral) networks,” to “value creation originating locally.” Meta-national management theory pursues both global efficiency and local innovation in an uncertain environment where it is impossible to predict where in the world innovation will occur. (Doz et al., 1997) With the addition of “reverse innovation theory,” in which innovations originating in emerging countries flow back to developed countries or are laterally deployed in third countries (Govindarajan, 2012), the effectiveness of the approach has become widespread.

Based on this review of the internationalization of firms, we can explore the connection with immigrant entrepreneurship and confirm the existence of “The Born-Global Firms” (BGF) in the global market, consistent with the timing of the already mentioned trend of local innovation. BGFs are defined as “small and medium-sized enterprises and venture businesses that achieve market share gains in global markets in a short period of time (within three years) from their inception” (Knight & Cavusgil, 1996). The smaller the domestic market and the greater the prospect of having a competitive advantage in a global niche market, the more likely that a BGF tends to define its business domain as “international” from its inception and target foreign markets (McNaughton, 2003). Nakamura (2013) found that successful BGFs must demonstrate entrepreneurship in local markets, learn about opportunities through marketing, and leverage social networks<sup>15</sup>.

#### **4. Awareness of the issue and Research Questions**

##### **(1) Transnational Entrepreneurial Challenges**

Transnational Entrepreneurship Theory can be viewed as a developmental framework derived from the same genealogy as Transnational Management Theory and

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<sup>14</sup> This is based on the concept that large companies in developed countries create products under vertical integration at their headquarters in the home country, and the resulting products are transferred to the less developed countries. Examples include the “product cycle model,” the “oligopoly model,” and the “internalization theory.”

<sup>15</sup> See Nakamura (2013), pp. 251-290.

Born Global Enterprise Theory, in the sense that it is based on locally initiated innovation activities to establish roots in overseas markets and achieve growth<sup>16</sup>.

Harima (2019), building on previous studies such as Drori (2009), argues that the recent technological environment (transportation and communication) has facilitated the diversification of business startup activities conducted by people who cross borders--such as immigrants and refugees--and that transnational entrepreneurship has emerged as a result of this diversification process. Harima (2019) then emphasizes that before the 1990s, the concept of "transnational" was dominated by the idea that immigrants were passive in the society of the host country, and that the ideal was to accept the environment of the country of residence; the culture and norms of the immigrants' home countries were not considered important.

In contrast, modern immigrants have come to engage in transnational economic activities that create new value by combining the managerial resources of both countries in an environment where they can benefit from technology and have the duality of absorbing the culture of the country of residence while retaining the culture of their home country. Thus, previous studies on transnational entrepreneurship have revealed the characteristics of transnational entrepreneurs, their economic and social potential, and the barriers they may face. Harima (2022) also examines the impact of the Covid-19 pandemic on transnational entrepreneurs based on a wealth of examples; examines the possibility of responding to environmental change; and shows that combining resources, contacts, and markets from multiple countries creates strategic options to avert crises and turn around difficult situations. These research results are an indispensable and valuable bank of knowledge for the development of this research field.

On the other hand, it is not clear what motivates Japanese entrepreneurs to start their own businesses, or how they mobilize and utilize the resources of both countries to break out of their initial ethnic businesses through innovation creation to rise to transnational entrepreneurship. To begin with, there is an undeniable sense that these ventures have been viewed as "different." Therefore, the reality of how the process of evolving from ethnic business to transnational entrepreneurship is related to the utilization of resources from the respective networks and ecosystems of the two countries has not been fully clarified. However, some immigrant entrepreneurs, although not many, have achieved long-term management by following the process of "evolving" from ethnic businesses to transnational entrepreneurship. In other words, there are some companies that have achieved long-term management by shifting from "ethnic business" to "transnational management" targeting the global market (local for global innovation markets), including the local markets, as well as the actual situation of the transition from "ethnic business" to "transnational management" targeting the local for global innovation market.

We believe that clarifying the actual conditions of the transition from "ethnic business" targeting the compatriot market to "transnational management" targeting the global market, including local markets (local for global innovation market), and the actual conditions of innovation creation (new market development, business model or organizational reform, etc.) during this transition phase (growth phase) will contribute to the development of this research field in some small way.

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<sup>16</sup> However, BGF does not mention the mobilization of resources in its home country, as it assumes that it will rely on resources in foreign markets from its inception.



## **(2) Research Questions, Methodology and Analytical Perspectives**

Based on the previous studies discussed above, the research question for this paper is as follows: Is the company continuing to grow sustainably by developing new sales channels and diversifying its business, and by creating locally-originated innovations? In particular, with immigrant entrepreneurs, in the process of expanding the scope of their business from targeting their fellow countrymen to include local markets, do they somehow demonstrate their strength in integrating the resources of both countries, leading to the creation of new innovations? In doing so, does the environment in which immigrant entrepreneurs find themselves, and the people-to-people relationships they build there, play an important role in developing local markets and creating innovations that can be used globally?

Based on the results of this analysis of pioneering cases, we conclude with suggestions for Japanese entrepreneurs who wish to start businesses in overseas markets.

The methodology will be a semi-structured interview method<sup>17</sup>. The interviews will be conducted from the following analytical perspectives: We will focus on the resources and advantages they brought from Japan, what resources and advantages they used locally, and what the relationship is between the mobilization, utilization, and integration of such resources and their success in the local market. How do they create value by combining the resources of their country of origin (Japan) with those of their country of residence (UK)? How does the combination of resources mobilized from the respective networks (business ecosystems) in the two countries relate to innovation creation, and how is long-term management was achieved on the basis of locally built advantages?

## **5. Case Study: Japan Centre Group, UK**

### **(1) Overview of J Company**

J Company is a “long-established” Japanese company in the UK, founded in London by a Japanese entrepreneur almost 50 years ago, that boasts the top market share in the industry. Since opening a small bookstore in central London in 1976, it has developed into one of the largest Japanese retail stores and restaurant chains in the UK, offering everything from carefully selected Japanese foods, sake, books and household goods to traditional Japanese crafts. After the success of the supermarket and restaurant, the

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<sup>17</sup> Specifically, a semi-structured interview survey was conducted according to the following areas:

- (1) Basic information: Attributes (age, hometown, education, country of residence, etc.);
- (2) Work experience and entrepreneurial experience: years of work experience in Japan, entrepreneurial experience in Japan, years of work experience overseas, entrepreneurial experience overseas, countries/regions where they started their business in the past, employment status immediately before starting their business overseas, duration of employment at the company immediately before starting their business overseas;
- (3) Motivation: Whether or not management resources were acquired, and what influenced them;
- (4) Business summary: Name of the business enterprise, country/region where it is located, year of establishment/year of incorporation, sales/profit ratio, corporate form, number of offices;
- (5) Business description: Business description, relationship to past business experience, details of business description, changes in services over time;
- (6) Overseas business success factors: new product/service development, new customer development, human resource development, use of local resources, etc.

company diversified its business and launched Shoryu Ramen in the UK, specializing in Hakata tonkotsu (pork bone) ramen<sup>18</sup>.

Launched in 2012 by a dedicated team from J Company, Shoryu Ramen was listed in the UK Michelin Guide (the world's leading authority on fine dining) for five consecutive years (2014, 2015, 2016, 2017, 2018), and became one of the pioneers of the ramen boom in the UK. In 2017, the company opened a British Shoryu outlet in Fukuoka, Japan<sup>19</sup>. Currently, Shoryu Ramen has nine outlets in London, with two more in the outlying districts of Oxford and Manchester. In recent years, as a catalyst for the revival of the food and beverage industry during the Covid-19 pandemic, the company developed “Hedon Yokochō” and “Panton Yokochō” “streets” where visitors can enjoy the atmosphere of retro Tokyo Asakusa restaurant as if they were tourists, and eat specialty ramen from around Japan.

The main branch of the Japan Centre in London averages 1,500 customers daily. All Shoryu Ramen restaurants, including the suburban ones, are crowded with customers. Only about 10% of the patrons are Japanese, while the remaining 90% are not. The restaurants have many fans not only in the UK, but also throughout Europe. It is a Japanese company from the UK that is supported globally. Annual sales for fiscal 2019 before the Covid-19 pandemic were approximately £38 million (approximately 7 billion yen) and EBITDA<sup>20</sup> was about £2.5 million (about 460 million yen).

Affected by the lockdown and the prolonged quarantine, annual sales of J Company, which is in the food and beverage industry, declined significantly for a time. However, the situation has recovered steadily from FY2023, and as of August 2023 (the time of this survey) are almost back to pre-pandemic levels<sup>21</sup>. In addition, 80% of the company's employees are local personnel.

In the 1970s, a Japanese entrepreneur crossed the ocean to establish a small bookstore on British soil, and almost half a century later, the company has grown to become the largest Japanese food retailer in Europe, with a popular ramen restaurant chain under its umbrella. The company is characterized by the fact that it has developed its business through a series of transformative changes-- adapting to the shifting needs of the times, rather than staying with one business or one particular customer base. The business built in a single generation continues to carry on its traditions and take on innovative challenges.

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<sup>18</sup> Hakata Tonkotsu Ramen is a thick, rich, cloudy white broth with thin, straight noodles. Executive Chef F, who was born and raised in Hakata, trained at a Japanese ryotei (restaurant) and developed the recipe specifically to offer authentic tonkotsu ramen, which is rarely available outside of Japan. Shoryu's owner, Mr. Kunizo Tokumine, is a native of Fukuoka City, and he and his chef, Mr. F, whom he brought with him from Japan, are working to promote the specialty of their hometown.

<sup>19</sup> Mr. T sold the UK Shoryu Hakata branch to his nephew in 2018, and it is now run as a franchise restaurant on an independently-financed basis, separate from J Company's management. Since the sale, the restaurant has been successful as a yakitori restaurant rather than a ramen restaurant.

<sup>20</sup> Net income plus depreciation and amortization. It is generally used as an international corporate valuation index.

<sup>21</sup> The number of employees, which had been about 600 just before the Covid-19 pandemic, was reduced to about 400 during that crisis; see Mr. T's interview survey transcript.

## (2) Background of Establishment

The founder of J Company is Kunizo Tokumine (Mr. T) born in Fukuoka, Kyushu, Japan in 1948 (see Photo #1). His lifelong hobbies are motorcycles and golf. Mr. T grew up in a large family and, as a youth, was a martial artist passionate about kendo and judo. There is a reason he prefers individual competitions. From early elementary school until he graduated from high school, he had difficulty communicating with others because of his stutter. Due to this condition, he withdrew from people and spent his childhood in solitude. Using this frustration as a springboard, he worked hard in his studies and martial arts training. He attended a local Fukuoka preparatory school, then went on to Keio University's Faculty of Arts and Letters in Tokyo. He recalls that when he first entered college, he ran for class president to face down his disability. He even attempted public speaking, which was a great challenge for him<sup>22</sup>. Slowly, his ability to communicate with others improved, although it remained difficult<sup>23</sup>. At university, when he was 18 years old, he was finally able to develop his first friendships, which gave him confidence and helped him overcome his disability.

**Photo#1 Mr. Tokumine Kunizo, founder of J Company**



Photo courtesy of the Japan Centre.

During his junior year, student protests against the Vietnam War disrupted the university and Mr. T was unable to attend classes. With nothing to do, he returned to Fukuoka to help out at his father's steel company<sup>24</sup>. He received his initial lessons in

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<sup>22</sup> "Since no one knew me as the poor communicator I once was, I decided that if I was going to change, now was the time to do it." See the interview with Mr. T.

<sup>23</sup> It was at this time that he learned from first-hand experience that "position makes the man," and this influenced his decision to live as a manager. See Mr. T's interview comments regarding his father.

<sup>24</sup> Mr. T's father was an entrepreneur who established a business in the steel industry, which was a growing industry at the time, and had a personal fortune of ¥10 billion when he was alive. However, when his father passed away and the business folded, Mr. T said, "I did not inherit a single penny of his fortune. I am grateful that my father continued to

running a business from his father<sup>25</sup>, who had been his first mentor in life. Although he had lost the opportunity to attend college classes, he was able to learn how business really worked from living role models. Mr. T developed a strong interest in business, becoming fascinated with the success stories of the fathers of his college friends who had started and succeeded in business.

After graduation, he worked part-time at the family steel company. With a desire to start and succeed in business overseas, he decided to study in Hong Kong. There he met his wife, an English teacher. Upon her return to the UK in 1975, they married and settled there. Although it was unexpected, after marrying and settling down in the UK, Mr. T said he became aware of business opportunities that only a Japanese person would have. Above all, he fell in love with the richness of England and decided to stay long term. His dream of starting a business and making a living overseas was unexpectedly realized.

### **(3) Establishment of Ethnic Businesses**

During his early days in the UK, when Mr. T had free time, his wife suggested he go into London to read, but he couldn't find any bookstores that carried Japanese books. Like most Japanese people, he loved to read, and being in a foreign country made him miss Japanese books even more. At that time, the country was experiencing rapid growth by earning foreign currency. He thought that there must be an increasing number of Japanese people in the UK who felt the same way.

A bookstore is a business that earns a steady daily income. His mother advised him to open a shop because it would be a good opportunity for him to learn the basics of that business. Then, a friend from college who worked in the publishing industry introduced him to Nihon Shuppan Hanbai KK, a book distribution company. He purchased books from them and opened TOKUMINE LIMITED in a rented a corner of a restaurant in London, he recalled. That was 1976, almost 50 years ago.

As business slowly picked up, he wanted to own his own store. When he actually started his business in a corner of London, concrete ideas for new businesses came to him one after another as he interacted with customers, vendors, and others. Nevertheless, raising funds in a foreign country was not easy. Not only was the rent expensive, but the deposit for a foreigner with no credit or collateral was high.

However, an unexpected chance encounter at a boarding house opened the door to a better fortune. A Mr. Phillipps (hereafter referred to as "Mr. P") was a recent graduate of Cambridge University with a degree in economics and a minor in Japanese. He was an Englishman who wanted to start a business of his own and was also interested in Japanese culture. He and Mr. T hit it off immediately. Mr. P's family was very wealthy, and upon hearing of Mr. T's business plan, Mr. P acted as a guarantor and immediately invested £200,000 (about 130 million yen at the exchange rate of the time) to fund the start of the business. This is how TOKUMINE & PHILLIPPS LIMITED was founded in 1978. They

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support me to go to England and live as I wanted to live. Above all, I am grateful that he taught me business skills when I was young."

<sup>25</sup> Several times during the interview Mr. T quoted a Japanese proverb, "Many faceless soldiers fight and die to win a battle, but it is the victorious general who receives all the glory." While he learned from his father how to run a business, he said the most important lesson was on how to treat people. Mr. T believes that in business it is essential to share a vision with partners and employees, to work together as a team based on trust, and to share the wealth and success together.

formed an equal partnership, and, as he had dreamed of, Mr. T was able to set up his own store in the city of London. He now had a bookstore. During this period, he also started a series of other businesses: a travel agency (an idea he had been developing), as well as a real estate agency and an employment agency.

Although it may be hard to imagine from his solid, martial artist physique, (which he developed through judo and kendo) Mr. T is a serious person who loves to read and is eager to study. He says that work is his hobby and he is always thinking about it. He values business principles and duty above all else, thanks in part to the skills he learned from his mentors and others. Mr. T is obsessed with everything and takes everything seriously<sup>26</sup>. He has come to have a solid, dignified belief in every detail of his management philosophy, his relationship with his employees, and his leadership style.

Therefore, he is aware of even the most minute changes in his surroundings. In the 1980s, soon after he started his business in London, the number of Japanese residents and tourists visiting the UK was rapidly increasing, but there were not yet enough Japanese food products or Japanese restaurants in London. With the growing interest in Japanese and other Asian foods, Mr. T decided to set up a small supermarket and curry bar inside his bookstore. In expanding his new business, he asked the advice of a Japanese man who was already operating a Japanese restaurant in London. Mr. T's instinct was correct. Being Japanese himself, he knew exactly what the Japanese people living in London needed.

To meet those needs, he spent every waking moment preparing and providing meticulous service. He did everything himself, from stocking the shelves at the market to opening and closing the restaurant. The business targeted at Japanese people was useful at this time, when the number of Japanese expatriates and overseas students living in London was increasing, so his customer base grew steadily. In this way, the company developed a niche market by being the first to understand the needs of the customers, thereby enjoying first-mover advantage in that market.

#### **(4) Mayhem and Strife**

After opening the business, it became necessary to increase cash flow in order to expand. To do this, Mr. T set up a travel agency. Europe, including the UK and Germany, had been selling of low-price, discounted airline tickets, a practice which was not popular in Japan at the time<sup>27</sup>. He saw a good business opportunity, so he bought cheap tickets locally and resold them to Japanese customers. He also sold European excursion packages to British expatriates and Japanese tourists. In this way, he earned a huge amount of cash. He believed that as the number of travelers and expatriates increased, there would be a need for real estate services and temporary staffing services, so he took the initiative and started a real estate agency and a temporary staffing agency for Japanese nationals. These businesses quickly took off; they were profitable in about two years, with sales and revenues increasing steadily.

Yet one day, when everything seemed to be going well, there was an incident in which Mr. P, the co-owner of the company, and Mr. T were at odds over business

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<sup>26</sup> He is such an unpretentious, down-to-earth person that he even roasted the beans himself for the coffee he served me when I visited him for an interview. He was also very studious about reading to keep up with the trends of the times.

<sup>27</sup> According to Mr. T, at the time he was also wholesaling cheap tickets to the HIS travel agency in Japan, which also coincided with HIS's start-up period; see Mr. T's interview survey transcript.

philosophy and management policy<sup>28</sup>. For Mr. T, who valued trust above all else in business, this incident caused him to lose faith in his partner, so he decided to leave the partnership. He gave up the rights to the real estate company that was taking off, and bought back all of his shares in the other companies over the next three years. Thus, by “doubling down,” the partnership was dissolved without any long-term consequences. At this time, he had some doubts and even thought about returning to Japan<sup>29</sup>, but with his English wife as his top priority, he decided to stay in England. He restarted his business in London as a completely independent entrepreneur. Shortly after becoming independent, he started a language school. In preparation for this, he interviewed a Polish business owner who had already established a track record in the language school industry in London. However, soon after starting up the language school, Mr. T suffered a family tragedy—the worst incident of his life. His beloved daughter was killed in a car accident. In the immediate aftermath he could not work at all. The market for language schools in London is a highly competitive, mature market and under the circumstances, Mr. T’s new venture wasn’t able to survive.

When the company's core business began to be severely affected, he considered closing the company, but was unable to do so because he had mortgaged his home to finance the company. Protecting the house where his family of five lived represented protecting the family itself. In order to overcome this difficulty, he vowed to rise again and put more effort than ever into his work.

### **(5) Transition to Transnational Entrepreneurship**

Mr. T lost his language school, but expanded his restaurant business and started an online business. He also relocated to a prime location, Piccadilly Circus. The bookstore was converted into a grocery store and gradually expanded in size. London had a diverse range of restaurants, but at that time, none were selling particularly healthy food. In addition, Mr. T had long been aware that the number of Japanese livings in the UK had peaked, and he felt the need to shift his businesses to the British market. In addition, Japan's bubble economy had already burst and the number of Japanese businessmen in town was decreasing. The spread of the Internet was diversifying the values of developed countries. With the advent of the age of commoditization, in which commonplace goods and services are hard to sell, there was a need for a change in business.

Convinced of the business opportunity presented by these factors, combined with the growing food consciousness of Londoners, Mr. T opened Toku, a health-conscious Japanese restaurant for the British market. The menu, featuring Japanese ingredients, and Japanese goods, offered with British consumers in mind, were widely accepted by people throughout Europe, and the number of customers grew steadily.

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<sup>28</sup> The details regarding this incident are unimportant here, and are omitted out of respect for the other person’s privacy.

<sup>29</sup> “Before returning to Japan, I wanted to do business for British people at least once, so I started a business called ‘Musashi’ in Manchester, a city near my wife's parents' house, selling authentic martial arts goods imported from Japan for British martial artists.” Mr. T chose Manchester for three reasons:(1) there were many martial artists and aficionados in the northern suburbs of Manchester (He thought he could sell bamboo swords and imitation Japanese swords, especially since kendo was popular among samurai fans), (2) he wanted to keep physical distance from his co-owner, and (3) his wife's parents lived nearby. However, Mr. T did not want to pursue that business for a lifetime. As soon as he decided to commit to living in the UK, he returned to London (see research record of interview with Mr. T).

After seeing a positive response from the local customer base, Mr. T immediately set up a dedicated team to develop a system for online shopping and disseminating information to the global market<sup>30</sup>. An official website was created to provide information on Japanese culture and the special appeal of Japanese products<sup>31</sup>. Because his wife is British and his children's community is British, Mr. T had a firsthand understanding of what British consumers wanted and what they valued. On the other hand, he understood the difference between what existed in Japan and what did not exist in England. In order to understand the British way of doing business, he actively interacted with British entrepreneurs he met through corporate roundtables and other events, or were introduced to him. Among these were prominent entrepreneurs such as Richard Branson, founder of the Virgin Group. Mr. T says that he has tried to respect and value his relationships with these contacts<sup>32</sup>.

He also focused on developing the human resources within his company. In particular, since 80% of the employees are local personnel, he intentionally created opportunities to understand the thinking of local staff and made efforts to directly communicate his company's values and management philosophy. Specifically, as a formal opportunity, he incorporated a personnel evaluation system and created opportunities for interviews. He had his subordinates accompany him on important business trips. He also created informal opportunities for socializing, such as monthly dinners and golf outings.

In this milieu, the company evaluated business opportunities, carefully formulated strategies, and correctly and carefully communicated the "authentic values" of Japan to British customers in the local market. This approach succeeded in winning the hearts and minds of British customers who appreciate authenticity. Soon after the business was launched, online sales grew to about 25% of total sales. In all other business sectors, sales and revenues grew steadily.

## **(6) Diversified Management in a Period of Growth**

Innovative and challenging initiatives adapted to the changing times have led to the acquisition of new customers not only in the local market, but also in European countries.

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<sup>30</sup> The idea of going online came from advice given by a language school manager in the mid-1990s. The manager said, "Technology in the IT field is developing rapidly. In the future, we will not be able to ignore digitalization in all business situations. Even our language school business, where face-to-face communication is the norm, may go online in the future. Mr. T had never been involved in "IT" before, but he felt that he had a chance to develop the local market through face-to-face business, and felt that he should take on the challenge of going online.

<sup>31</sup> For example, the product description section of J Company's online site includes the following commentary along with product images. Kayanoya began as the soy sauce warehouse of Kuhara Honke, a seasoning and food company founded in Hisayama City, Fukuoka Prefecture in 1893. Since then, Kayanoya has continued to produce traditional authentic dashi using carefully selected Japanese domestic ingredients, with no chemical seasonings or preservatives added, and now has over 40 stores and restaurants throughout Japan. We are proud to be the only retailer in the UK to carry Kayanoya products." Kayanoya is a dashi broth that any Japanese (or professional chef in a Japanese restaurant) who cares about food knows. These niche products are dug up from the Japanese market and purchased after negotiations with the British and European Japanese who are obsessed with the real thing. See official website of J Company.

<https://www.japancentre.com/ja/maker/1685-kayanoya> (information viewed on July 23, 2023).

<sup>32</sup> For example, when he was consulted by Richard Branson about business, he proposed the "railroad business," which later became "Virgin Trains." See Mr. T's interview research record.

With the restaurant business and sales of Japanese foods and materials on track, Mr. T decided to throw himself fully into a new challenge. He would try to establish a “Japanese ramen culture,” something which did not exist in England at the time.

The development team leader for Shoryu Ramen was the eldest daughter, Hana Tokumine<sup>33</sup> (hereafter referred to as “Ms. H”), who he appointed Managing Director. In promoting the online launch of J Company (Japancentre.com), Ms. H, having been raised in England by a Japanese father, also demonstrated her ability to understand different cultures, as mentioned above. Meanwhile, Mr. Furukawa (“Mr. F”), a chef born and raised in Hakata, Japan, was Mr. T's right-hand man who moved to London. He had been the executive chef for J Company from the time when the curry bar had been added to the bookstore. He, along with Ms. H, also made a key contribution to the ramen development team. Mr. F was sent to apprentice at a ramen restaurant in Tokyo to learn how to properly make the dish.

Then, Nariaki Kanazawa (hereafter “Mr. K”), who was a Japanese creative and graphic designer, collaborated with a British designer on branding strategies and designs. Based on this work, Mr. T and Ms. H developed a strategy for the concept, marketing, and promotion. A British designer joined them in the strategic planning. Mr. F returned to England and, together with Mr. T and Ms. H, created the original recipe. Hakata Tonkotsu Ramen, which combines a pork bone broth slowly simmered for more than 12 hours, and authentic noodles made from an original recipe, were offered at multiple locations.

Reservations could be made at any of the 11 restaurants, making them ideal for both business meals and social dining. The team also tried to create stores tailored to each region. The first Regent store, located in Piccadilly, London's busiest shopping district, offers everything from yakitori to sushi and sashimi. Both Soho stores are conveniently located a short walk from Piccadilly Circus Station. The Carnaby store, located in the popular Kingly Court shopping mall, featured a covered terrace, making it the perfect place to stop by with friends when shopping. The Shoreditch store, opened in 2017, is located in an East London district teeming with street culture and is a popular gathering place for young people. The Liverpool Street branch is located on a corner in Broadgate Circle, which, after redevelopment, has become a major food hub. It is a popular place for business people who want to enjoy ramen with drinks and snacks on their way home from work.

Developed in response to the pandemic, SHORYUgo is recommended for those who want to enjoy authentic ramen at home. Specializing in carryout, customers receive the noodles and broth separately and mix them together at home for the taste of freshly made ramen<sup>34</sup>.

Most of these ideas were achieved through the collaborative efforts of Mr. T, Mr. F, Ms.H, and the British designer. In the development process, Ms. H would make the proposal to the board of directors and execute it after obtaining their agreement. Mr. T's son is a director of the AI division at Google's US headquarters, and he has become an important advisor to Mr. T as well. This tripartite approach has led to the creation of new businesses (innovations), which in turn has led to the sustainable growth of J Company. This hybrid management structure between Japanese and British people is equally

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<sup>33</sup> Ms. H joined a British TV production company after graduating from a British university; after about 10 years of experience in program production, he moved to J Company.

<sup>34</sup> This service ended at the end of June 2023, following the elimination of quarantine restrictions.



prevalent in all aspects of J Company, including business departments such as promotions, and administrative departments such as human resources.

Using his Japanese identity as an advantage, Mr. T and his British daughter and son, along with artisans brought from Japan, have succeeded in developing their own market by promoting the “authenticity” of Japanese martial arts, food ingredients, and food culture to the sophisticated English market. By being based in London, a world center of fashion and culture, and by remaining sensitive to the changing times and striving to respond to them, a “ramen boom” has occurred and a core fan base established.

## **6. Analysis**

The above case study has introduced the reality of immigrant entrepreneurs transforming their businesses from ethnic business to transnational entrepreneurship and achieving sustainable development. We have highlighted a case in the United Kingdom where an immigrant entrepreneur has achieved long-term development and grown from a small business to a medium-sized company. The company has been able to achieve long-term management because it has continued to create locally-generated innovations through combining resources brought from its home country with local resources. In the following section, we will analyze the factors that enabled the company to innovate and grow locally by focusing on the behavioral characteristics of immigrant entrepreneurs.

Specifically, as mentioned in section 4 (2) above, we will look at the relationship between the mobilization, utilization, and integration of resources in both countries, and success in the local market. We will then analyze how the combination of resources mobilized from the respective networks (business ecosystems) of the two countries is related to creating innovation, and how long-term management can be achieved based on the advantages established in the local market, focusing on behavioral characteristics and learning within the business ecosystems.

### **(1) What is the relationship between the mobilization, utilization, and integration of resources in both countries and success in the local market?**

Mr. T's consistent efforts have been based on his practice of sincerely listening to what his customers say they really want, carefully observing them, and striving to provide beyond expectations. Therefore, the services provided by J Company have continued to develop new business areas in a way that constantly adapts to the changing needs of its clients, which have changed with the changing times. As described in the case study, the target customers have expanded from Japanese customers to local customers and then to global customers. No two stores have the same concept, and each is designed to meet local preferences and consumer behavior. For example, as mentioned above, Shoryu Raman has 11 outlets in the United Kingdom, mainly in London, and all of them adapt their restaurant atmosphere and menu offerings to suit the local clientele.

The management resources Mr. T brought with him from his home country are a keen sense of discernment that Japanese people have to recognize what is authentic to their native Japan, and the technology to reproduce this authenticity of products in the local market. To be precise, Mr. J, who began his career in a steel company in Fukuoka, knew that Japanese manufacturing was supported by skilled craftsmen. None of this is formalized systematic “information” or “technical knowledge,” but rather it is “tacit knowledge,” which is knowledge based on experience and intuition. And, since it is necessary to actually

search for the authentic products in Japan and have J Company distribute them wholesale, a human network based on relationships of trust with these human resources must be in place in the home country. The core “craftsmen” were found in Japan and brought all the way to England. These are the fruits of the resources that Mr. T received from his environment and experiences in Japan for the 25 years before he moved to the UK.

However, no matter how good the product is, it would not have been accepted and loved by the local market over the long term if it were simply displayed on the shelves and sold in the conventional way. In other words, if they had continued to compete only on the advantage of importing products directly from Japan, it would have been difficult for them to develop from an ethnic business to transnational entrepreneurship. It is also essential to have the foresight to stay one step ahead of the changing times. Market-related information and strategies are also necessary, such as business characteristics unique to the local market and differentiation from competitors. Sales and outreach to cultivate customers and business partners are also indispensable. In other words, what these realizations have in common is the integration of management resources brought from their home country of Japan and the acquisition of management resources obtained by putting down roots locally<sup>35</sup>.

In this way, the creation of locally-generated innovation in this case study represents a strategy of business creation that simultaneously pursues global innovation in addition to the pursuit of global efficiency and adaptation to local markets that have been discussed in transnational management and reverse innovation theory. We were also able to confirm that the “creation of new value by integrating the resources of both countries” discussed in the transnational entrepreneurship theory is consistent with this<sup>36</sup>. As Yoshida (2023) argues, “embedding in the communities” of both countries is essential to the “fusion of the resources of both countries,” and added value is created because the resources cannot be easily mobilized<sup>37</sup>.

## **(2) How is the combination of resources mobilized from the respective networks (business ecosystems) of the two countries related to innovation creation?**

How, then, did the resources of the two countries actually combine and develop into innovation? As Asakawa (2011) argues, innovation is created and developed through the collaboration of place, face-to-face interactions and tacit knowledge, and the process leading to the new combination of innovation involves face to face “communication channels” between people. The communication channel here refers to a device that connects tacit knowledge with tacit knowledge and converts it into formal knowledge. It is easy to understand if we imagine the process of knowledge propagation leading to

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<sup>35</sup> For example, carefully conveying the background foreign culture and craftsman's commitment, and having the customers realize the value of the product.

<sup>36</sup> The discerning eye gained from the sensitivity and techniques unique to Japanese culture brought from Japan, as well as knowledge, information, and personal connections that can only be obtained locally. Only when these are fused together can they lead to the development of local markets.

<sup>37</sup> See Yoshida, *supra* note 10, pp. 35-36.

innovation creation as discussed in Nonaka's (2002) SECI model<sup>38</sup>. In other words, the spiraling up of "knowledge" from formal knowledge to tacit knowledge is a process of knowledge transfer" within the organization that leads to innovation creation. In the case of J Company, Mr. T, Mr. F, Ms. H, and Mr. K were going back and forth between the "Japanese community" and the "British community" to transfer knowledge (tacit knowledge collaboration) to the "specialized team." In other words, "specialized teams" have become the "communication channel" that combines these advantages in Japan and the UK, creating new value through knowledge transfer.

In Govindarajan's (2012) "Reverse Innovation Theory," which discusses the discovery of the fact that innovations originating in emerging countries flow back to developed countries, he explains that "locally growth teams" (LGTs)<sup>39</sup> are required to foster locally-generated innovation. The importance of this LGT can be pointed out in this case study as well. Because there is an entrepreneur on the team who is responsible for the communication channel, and because tacit knowledge is communalized between the entrepreneur and the team, it leads to the creation of innovation. In this case study, "Shoryu Ramen" was created by the fusion of Mr. T's discernment, Mr. F's skill, the British designer's local color sense, and Ms. H's marketing skills (combined with h British sensibilities).

To begin with, the resources mobilized from both countries must have value, which requires putting down roots in the communities of both countries, building relationships, and continually updating the information gained from these relationships. In order to integrate and localize these values, the entrepreneur's own constant "entrepreneurial learning"<sup>40</sup> is essential. Kawana (2014) emphasizes that "entrepreneurial learning" is not knowledge that is passively taught in school (formal knowledge), but something that is developed proactively/actively. This includes leadership, human networking, problem identification, and decision-making<sup>41</sup>. In other words, it is "wisdom" that is acquired through learning and being influenced by actual experiences based on the local and cultural environment, such as sometimes failing and sometimes sharing the joy of success with informal, disinterested peers.

Since action skills, such as leadership and networking, and wisdom, such as inspiration and idea generation, are acquired by the learning subject through learning external relationships, it can be said that relationship building in the community has an effective impact on innovation creation (integration of resources from both countries). Another interesting discovery is that entrepreneurial learning is made possible by the discreet and remote community. Specifically, Mr. F. had training in Hakata tonkotsu ramen with a mentor, who generously shared his secret recipe and techniques. The same flour used for the recipe is imported from Itoshima, Fukuoka. If a restaurant were to open in the

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<sup>38</sup> According to Nonaka (2002), the knowledge creation process refers to the creation of knowledge in an upward spiral of individual to individual (S), individual to group (E) group to organization (C), and organization to individual (I) over the four modes of collaboration, representation, consolidation, and internalization.

<sup>39</sup> Yoshida (2020) emphasizes the importance of establishing and empowering specialized local teams to take action for local innovation activities, rather than operating from the home headquarters, which is less aware of the importance of what is happening locally. See Yoshida (2020), pp. 264-266.

<sup>40</sup> See Kawana (2014), pp75-79.

<sup>41</sup> See Kawana and ibid, p.61.

immediate neighborhood, it could be considered competition, but because he wanted to make a name for himself in a faraway foreign country, he gladly accepted Mr. F. as an apprentice and taught him his secret techniques. Thus, although it is a foreign community, there is "cross-border learning" available because of the trust of a fellow countryman.

The fact that this authentic Hakata ramen was able to penetrate the British market in a way that was accepted by the British people can be attributed to the mutual understanding of values through the hybrid management of Mr. K, the Japanese branding manager, Ms. H, the British planning manager, and the British designer, who decided on the concept, advertising, and even the design of the restaurant in detail.

As a result, Shoryu Ramen has achieved a distinction that appears simple but is difficult to imitate; offering authentic Hakata ramen in a stylish color scheme and atmosphere favored by the British.

The company has won the hearts of British people, who love authentic products backed by tradition and culture, by carefully approaching them in a way they prefer. Events such as food tastings and sake tastings are held regularly, and pop-ups and explanation boards are set up in stores to help first-time visitors understand the products. Online sales, which provide detailed explanations of the products, are also in line with these efforts. However, the results were not immediate. Mr. T says there were many things he tried that did not work. He has consistently shared his awareness of the issues with his internal team of experts in order to overcome the challenges and prepare for the next opportunity.

We have tried to learn from the Japanese business community and the local business community in the UK, where wisdom cannot be gained from within the company alone<sup>42</sup>. The 50 years of long-term management can be seen as the result of the continuous feedback loop to the customers of the services that have been improved as a result of the feedback from the customers.

## **7. A Combination of "Courage, Determination, Action, and Natural Luck."**

The bundling of management resources that Mr. T utilized in the UK can also be viewed as "social capital," which is tacit knowledge that recognizes the sensitivity of the British people, as well as management resources brought from Japan, as well as human resources related to product development, sales channel development, and human resource cultivation. Putnum's (2001) "social capital theory" regards "capital" as a "resource" embedded in "relationships (social relations)" consisting of mutual trust, norms of reciprocity, and social networks. The nature of these components will vary depending on their distribution in society and the constituent variables (e.g., density of the network, strength of ties, degree of scope, etc.) In other words, social relational capital with these characteristics is not something that can be purchased with money or acquired through power, but is buried within the local community.

Therefore, they cannot be acquired overnight. This is why it is not easy to imitate and is a factor that results in superiority. The fusion of resources based on the social capital of both countries makes it even more difficult for other companies to imitate them, and gives them a more solid advantage. To survive in local markets targeting local customers, some "differentiation" from the local market is essential. The advantages underpinning the

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<sup>42</sup> In the Japanese community, Mr. T voluntarily took on the role of secretary of the Keio Mita-kai in the UK, and continued to interact with them by organizing study groups in his field of interest; see the record of the interview survey with Mr. T.

social-relationship capital of both countries mentioned above can be an effective differentiation for the long-term management of overseas business.

It should be noted that in this case, in the process of converting/expanding its business from an ethnic business (targeting primarily its own people) to a transnational business (targeting primarily local people), the company increased its reliance on resources (social capital) from both countries and enhanced the degree of entrepreneurial learning. At the same time, J Company began to explore new business opportunities and simultaneously deepen its commitment to the Japanese food products business that it had been engaged in since the beginning.

According to O'Reilly (2021), continuous innovation is achieved by simultaneously "exploring knowledge," (which represents the discovery of new business opportunities, such as new products and new businesses), and "deepening knowledge," (which is the advantage accumulated through years of corporate management). Combined, this is called "ambidextrous management"<sup>43</sup>. In this case, we can confirm that J Company practiced ambidextrous management in the preliminary stage of innovation creation. In other words, ambidextrous management can be effective in the transition from ethnic business to transnational entrepreneurship, but in general, it is difficult for SMEs with few management resources to simultaneously allocate such resources abroad.

In this regard, it is noteworthy that this case study compensates for and implements the lacking resources by mobilizing and effectively utilizing the social relational capital of both countries. The fact that they were able to acquire tacit knowledge and eventually reach new customers through repeated entrepreneurial learning, even though it may have taken a long time, shows how important it is for transnational entrepreneurs to be embedded in relationships with the communities of both countries.

Mr. T's business card bears the words "Courage, Determination, Action, and Natural Fortune." These are important keywords that encapsulate the symbolic essence of his 50 years of trial-and-error experience in the UK.

Putting yourself in a cross-cultural environment and building new relationships is not easy task. The language barrier is one thing, but the hardships facing an immigrant who must overcome differences in culture and customs are immeasurable. It is one thing for us to embrace diversity, but it is another for the people of the host country to embrace our values. There is always a tricky negotiation to get the other party to understand. To enter into such negotiations, one must have "courage" and not to be afraid of failure. Somewhere in the midst of negotiations that have no precedent and have no correct answers, we are forced to make a decision.

At such times, what we can rely on is our conviction, backed up by our experience and education. Beliefs are also acquired through the experience of entrepreneurial learning. And no idea or wisdom will produce results unless it is translated into action. Mr. T mentioned the phrase "I was lucky" many times during the interview. While "natural luck" is certainly important, Mr. T was always ready to learn from his mistakes and prepare for the next opportunity, which enabled him to be "lucky" when opportunity came his way.

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<sup>43</sup> In short, it suggests that in today's world of shorter product life cycles due to technological advances and commoditization, it is essential to consider the shortening of the process from "market penetration" to "diversification" as they overlap in layers, and to pursue "knowledge exploration" and "knowledge deepening" simultaneously, while promoting or controlling these growth vectors from a strategic and management perspective.

The last remaining simple question that cannot be deduced just from the words inscribed on his business card is: what kept him going? The answer may lie in the Cotswolds, which he chose as his safe haven. This simple rural landscape itself, unchanged for hundreds of years, retains an enduring value that will never fade away. Mr. T must have fallen in love with the greatness of this unchanging region. I feel that I have glimpsed in the essence of his way of life the motivation to pursue authentic values in a society that must continue to change in order to survive.

## **8. Remaining Research Issues**

In order to generalize the concept of locally-generated innovation in transnational entrepreneurship by Japanese immigrants, it will be essential to further test the hypotheses inductively derived from this case study, given the limitation that this is a single case in the UK. In particular, the analysis of this case suggests that "entrepreneurial learning" in the communities of both countries is important for creating locally-generated innovation, and that the existence of "social capital" in each country is key to facilitating this entrepreneurial learning.

However, further research and analysis is needed to understand how entrepreneurs make initial contact with their communities, why this is possible, and how this contact leads to learning. It is also necessary to clarify the specific relationship between entrepreneurship (behavioral traits), which can be considered as a capability, and what past experiences and opportunities (or systems) they were acquired from. Adding an analysis that links these transnational entrepreneurs' "entrepreneurial capabilities" to "locally-generated innovation" would be an important perspective that would increase the probability of the theory of this study. As described above, there are many remaining research questions in this study. We will continue to work on clarifying these remaining issues.

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