

**Examining global innovation creation and entrepreneurship in migrant  
entrepreneurs:  
The case of the Jem Group Founder, UK**

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

## **Abstract**

This paper explored the relationship between the entrepreneurship and the local innovation creation of migrant entrepreneurs, focusing on the Jem Group, a company that has existed in the United Kingdom for 50 years, and the life of Tetsuro Hama, a Japanese migrant entrepreneur and its founder. Building on author's previous study and incorporating the case of Mr Hama, this paper examined the skills involved in entrepreneurs' local innovation creation in overseas markets, as well as how skill acquisition (entrepreneurial learning) relates to communities. Furthermore, the paper sheds light on what past experiences and opportunities (and systems) help to develop entrepreneurship (behavioural traits) required for long-term management and local innovation in overseas markets, probing into concrete links between the two. This paper confirmed that the new value for local innovation can be created by joining resources from two different countries. Moreover, the diversification in growing industries can lead to improved business scale and productivity by expanding the scope from the target demographic, from compatriots only to include locals, which can also lead to innovations in organisational management and sales promotion. However, to generalise local innovation by migrant entrepreneurs, it is necessary to compare the differences and similarities with the cases of non-Japanese migrant entrepreneurs, which could point to the direction of further research. Moreover, by adding cross-sectional studies that broaden the scope from the same industry to other industries, we can advance the theorisation of migrant entrepreneurs' innovation strategies. Finally, to enhance the probability of this research field, it may be effective to include statistical verification considering the findings presented in this paper.

## 1. Introduction

This paper explored the relationship between entrepreneurship and local innovation creation of so-called migrant entrepreneurs (i.e. persons who have moved abroad and started a business), using a UK case study. In the previously published Yoshida (2023a), based on a case study of the Japan Centre Group (hereinafter, Company J), I clarified the following points about the reality of transitioning from an ethnic business targeting a compatriot market to a transnational business targeting a local-for-global innovation market, which includes the innovation creation that occurred during the growth stage of this transition: (1) ambitious migrant entrepreneurs conduct local innovation activities at some point to achieve higher growth when they anticipate a saturation of the existing business and discover opportunities for new business ideas, while also working to develop the local market and diversify their business. (2) In the process of creating local innovation, they mobilise and integrate the resources of both their home and host countries, aiming to achieve dominance in the host country. Finally, (3) by innovating at the local level, they avoid decline caused by business obsolescence and gear themselves towards long-term management.

Having clarified these points, based on the facts found in the Company J survey, I inductively derived the hypothesis that ‘entrepreneurs’ ability to act and their ideas, both of which are important for innovation, may be largely cultivated through “entrepreneurial learning”. In other words, the ability to act, including leadership and networking skills, and intelligence, including conceptualisation and idea generation, can be acquired while learning about one’s relationship with external parties, suggesting that fusing resources mobilised from the two national communities may effectively impact innovation creation.

Simultaneously, further examination is required to determine whether these are specificities of a single case or whether they can be interpreted as true for migrant entrepreneurs in general. Specifically, it was not possible to fully clarify what sorts of entrepreneurial skills are important for local innovation creation or when and how those skills (especially behavioural traits that facilitate early ideas and actions) are acquired (i.e. entrepreneurial learning). An additional task was to elucidate the links between entrepreneurship, which may be labelled a skill, and other skills acquired from some past experiences or opportunities (or systems).

As such, this paper discusses the Jem Group (hereinafter, Company Je), which has realised long-term management in the United Kingdom for about 50 years, just like Company J, and based on the factors for local innovation creation among migrant entrepreneurs identified in Yoshida (2023a),<sup>2</sup> I consider whether the discussion can be generalised to clarify the relationship between the entrepreneurship and the local innovation of migrant entrepreneurs.<sup>3</sup> Building on this discussion, I examine what sorts of skills are involved in entrepreneurs’ local innovation creation in overseas markets, as well as how skill acquisition (entrepreneurial learning) relates to communities. Furthermore, I examine what past experiences and opportunities (and systems) help to develop entrepreneurship (behavioural traits) required for long-term management and local

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<sup>2</sup>Specifically, it refers to the hypothesis that foreign entrepreneurs utilise bilateral resources between their home and host countries when developing and diversifying their businesses in local markets, creating local innovation, and sublimating that into transnational business.

<sup>3</sup> The field survey was conducted on 30 May and 15 August 2023 at So Restaurant in London. I interviewed Tetsuro Hama twice during my stay in London, doing so for a total of 7 hours. Moreover, we had exchanges over e-mail several times from July to September 2023.

innovation in overseas markets, probing into concrete links between the two.

## 2. Reasons for selecting the case

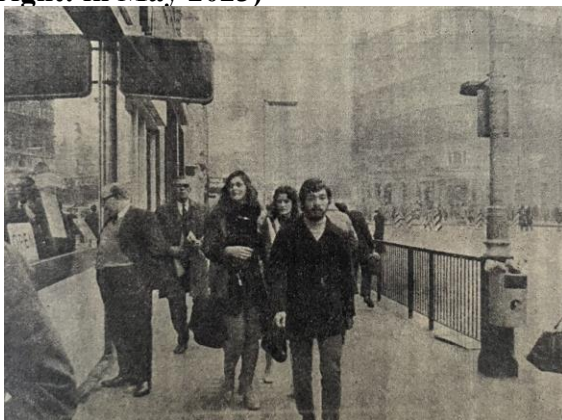
Company Je, based in London, the United Kingdom, was founded by a Japanese migrant entrepreneur Tetsuro Hama (hereinafter, Mr H) in 1973, and today, it is a ‘longevous company’ celebrating its 50th anniversary, a micro-enterprise with 20 employees or less. By diversifying its business from Japanese restaurants to car dealerships and platform businesses, Company Je has been able to sustainably develop its long-term management over the course of 50 years. Along with diversification, the company has been expanding its scope to customers in the local and online markets. Particularly noteworthy is the fact that local innovation was occurring when the company was shifting to new business areas. The founder Mr H has been learning from the environment, local community, mentors, and so forth, growing into an entrepreneur capable of utilising his experiential knowledge gained after founding the company to bring about innovation with global appeal. Moreover, he did not decide to start a business because of influence from the educational system after acquiring specialised education (university major) to become an entrepreneur, The initial trigger for starting the business and the various important decisions and actions he made throughout instead came from his father, also an entrepreneur, and the ‘entrepreneurial learning’ (empirical learning) he found in his immediate environment, involving experiences peculiar to his childhood. For these reasons, I selected Mr H, a migrant entrepreneur, as the subject of this paper, considering the many similar features he possesses for the sake of verifying the hypothesis derived from DP paper’s Company J case and the outstanding tasks.

## 3. The case study: Company Je in the United Kingdom

### (1) Corporate profile

Mr H moved to the United Kingdom in the early 1970s and opened the restaurants Japanese Grill Room Hama and Yakiniiku Hama Japan in London, with Japanese living in the United Kingdom as the target demographic (see Photo 1).

**Photo 1. The founder Mr H (left: in London during his first visit in December 1971; right: in May 2023)**



Source: Provided by Mr H



Source: Photo taken by me at So Restaurant

He subsequently expanded his scope to local British customers, and in 1979, some 6

years after opening the restaurants, he founded Company Je as a car dealer, and in 1991, he founded the Toyota dealer Jemca<sup>4</sup> in London, establishing two companies in succession. Once the car sales business was off the ground, he established So Restaurant and Sozai Cooking School under the umbrella of Company Je. Recently, he entered the platform business with the successive releases of eochef.com and neconote, which are sharing economy businesses. Now, having been 50 years in the United Kingdom, he is the president of Japan Culinary Academy UK (JCAUK) and director of the Japan Association, among other titles. In 2023, he was appointed co-CEO of Cross Media, a company that disseminates Japanese culture to the world, in English, from London through events, publications, and digital promotion. In July 2023, Cross Media hosted the HYPER JAPAN Festival, the United Kingdom's largest comprehensive Japanese cultural event, at Olympia London, which is a trade fair in London.<sup>5</sup>

## **(2) Reason for moving to the United Kingdom**

When in his third year of university, Mr H travelled by himself across Europe for 2.5 months. It was his first trip abroad. As part of this, he visited the United Kingdom, and 2 years later, he moved to the United Kingdom and started a business in London.<sup>6</sup> Mr H had an 'entrepreneurial orientation' ever since he was a student. This stemmed from his childhood experiences and family environment. Mr H's roots are in Shinshu Okaya, a cluster of precision equipment manufacturers. His relatives are well-known locally and run medium-sized companies that are at the core of local industry. It was a tough family environment, with some relatives and cousins not joining the family business but instead choosing medicine and other professions. Since his father chose to start his own business instead of joining the family business, it seems his relatives saw him as standing out among his siblings.

His father had experience in starting a business in Tianjin, China before the war. Once he returned to Japan after the war, he continued to engage in entrepreneurship in Japan. Furthermore, Mr H moved from Nagano to Tokyo when he was a toddler because of his father's work. He also moved several times after that for the same reason, and whenever he moved to a new school, he had a hard time adjusting and often ended up isolated; however, as he was not able to rely on his teachers, he learned to take care of things on his own. As a child, he learned empirically how to survive on his own in a new environment through crisis awareness and trial-and-error.

Mr H was a dexterous boy who loved to make things. He invested his ample leisure in making things and easily lost track of time doing it. He disliked hanging out with friends, sucking up to people, and boasting about his talents. By contrast, he enjoyed it when his family and friends casually complimented him on things he had made. Mr H sympathised

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<sup>4</sup> The rights to Jemca were transferred to Toyota Tsusho in 2003. See the Mr H interview record.

<sup>5</sup> The event is one of the largest Japanese cultural events in the United Kingdom, and it has been held since 2010. It introduces the 'now' of Japan from various perspectives such as anime, music, fashion, food, games, and technology. Booths, workshops, and seminars are organised by government agencies, companies, and individuals, welcoming a total of 22,000 visitors. See the relevant JETRO business brief for 1 August 2023. Accessed on 26 August 2023, <https://www.jetro.go.jp/biznews/2023/08/c60aaa702297bf79.html>

<sup>6</sup> Between his first trip to the United Kingdom and his trip to the United Kingdom to start a business, he visited the United Kingdom and Germany again to explore business opportunities. See the Mr H interview record.

with and was also influenced by his father's 'way of life' of continuously striving towards self-realization without being distracted by other people's opinions.<sup>7</sup>

As a university student, Mr H began preparations to start his own business. Since he was attending night school at university, he got a day job at the Tokyo sales branch of a medium-sized company managed by a relative. His intention was not to work there for the rest of his life as he got the job to gain experience and self-funding for the future.

Under these circumstances, he took a trip to Europe, which he also regarded as a preliminary survey, with the funds he had steadily accumulated, and this journey ignited the ideas that Mr H had deep in his heart.<sup>8</sup> During his travels, he saw business opportunities in the Japanese restaurant market. Therefore, he made up his mind and decided to go to the United Kingdom and start a business after graduating from university. The reason he chose the United Kingdom was that he had a vague feeling that he wanted to work in a country with more pride than the Latin countries but also one with a serious and meticulous temperament as well. In 1973, Mr H departed Yamashita Pier in Yokohama Port with a trunk case in one hand and travelled to the United Kingdom on the Trans-Siberian Railway.

### **(3) Exploration of business opportunities**

When Mr H first came to the United Kingdom, he had no money, no connections, and no language skills. There are countless Japanese restaurants in London today, but back then there were only a handful. Although fresh ingredients such as sushi and sashimi were provided, there was no sense of attentive Japanese service that could be termed 'hospitality'. At a time when air transport was still not developed, it was difficult to purchase fresh ingredients easily and cheaply. Under such circumstances, the existing Japanese restaurants serving expensive sushi and sashimi were rather exclusive. Instead of dealing with such fresh and expensive ingredients, Mr H decided to compete with a casual-style Japanese restaurant serving grilled fish and simmered dishes at low prices, using ingredients procured at the local market. Although it was casual and accessible, it differentiated itself thanks to its comfort and detailed service, aiming to create loyal customers. He thought that a casual Japanese restaurant with a different target demographic and concept would work well because there would be no competitors.

### **(4) Establishing an ethnic business**

Thanks to an introduction, he was able to rent the semi-basement of a hotel where British low middle-class tourists stayed.<sup>9</sup> Originally, the hotel only served breakfast, and there was a kitchen space, but it was empty day and night because neither lunch nor dinner was served. At first, he didn't even have enough money to start a business, so he tried to get a discount from the hotel by arguing that it would be a great benefit for customers if the hotel

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<sup>7</sup> There was also an episode that shows that his father desired the same as well. After his father's death, his mother said, 'Tetsuro is living the way I want', which encouraged him greatly. See the above interview record.

<sup>8</sup> At that time, information about Europe was still limited and it came from movies and books. He had a strong desire to utilise the raw information and sensations he got from his senses while travelling around Europe on his own two feet. As such, Mr H said in an interview that instead of getting a job in Japan, he wanted to start a business overseas and lead a rewarding life. See the above interview record.

<sup>9</sup> He was introduced by a young entrepreneur whom he met whilst preparing for a trip to Europe. The man introduced Mr H to an Indian immigrant who was an acquaintance of his and the owner of the hotel. See the above interview record.

restaurant offered a good casual dining option. They negotiated, and he was able to get a loan on very good terms. Mr H was good at getting into the mind of the other person and concluding negotiations on a good note.

He secured an all-important chef by scouting a Japanese fledgling chef attending a French cooking school via word of mouth. Then, in September 1973, the Japanese restaurant 'Japanese Grill Room Hama' was opened in Kensington Gardens Square, in a corner of the hotel district in Bayswater. The target demographic at the time was Japanese people. That included Japanese tourists, expatriates, and immigrants. In this way, Mr H founded a typical 'ethnic business' in London, the United Kingdom, in his mid-20s.

### **(5) The second business**

Mr H had the right foresight. The casual and accessible Japanese restaurant did really well. Three years after the success of the first restaurant (1976), he opened a second one on Finchley Road. When the second one got off the ground, he decided to enter a new business field. The casual Japanese restaurants were a good stepping stone to building a foundation in the United Kingdom, but it was not entirely satisfactory for the ambitious and resolute Mr H. He had a strong desire to grow his business ventures. He knew that targeting his compatriots meant a limited, small market. Moreover, given that the restaurant industry is a labour-intensive industry, he was looking for opportunities to enter new, more profitable sectors.

Since around the 1970s, automobile production and sales have been growing steadily in the United Kingdom and other European countries because of economic growth and increased motorization, just like in the Japanese market.<sup>10</sup> It was a time when Japanese automakers were eager to expand into North America and Europe. Meanwhile, parallel imports of foreign cars were allowed in Japan, and European cars started becoming quite popular in the Japanese market. At that time, there were no Japanese dealers handling parallel imports, so Mr H found more opportunities to act as a proxy, finding cars and helping negotiate purchases. Mr H's interest in the automotive industry was triggered by new car dealers and wealthy car enthusiasts who came to the United Kingdom from Japan to procure cars. He was introduced to them by acquaintances (the entrepreneurial community). Seeing a business opportunity in the car industry, Mr H decided to start a new car dealership in London in September 1979, selling his thriving restaurants a few years later.

The initial target demographic was the Japanese expatriate community. Selling cars to the Japanese expatriate community earned him a good reputation. For expatriates, the advantage of not having to go through bothersome negotiations with local dealers was great. The following year, the company partnered with a local dealer to provide a wide range of services, including maintenance and repairs in addition to sales. Moreover, Mr H opened his own store with a showroom, workshop, and body shop, which was something he had longed for. As his business in the United Kingdom began to thrive, he opened a store in Japan. At the base of operations in Japan, he engaged in market development for the import and sale of classic cars, mainly European, and technical training for employees dispatched to London.

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<sup>10</sup> See the statistical data of the Japan Automobile Manufacturers Association. See also Oshika (2015) and Sanuki (2003). Accessed on 26 September 2023:  
[https://www.jama.or.jp/statistics/facts/four\\_wheeled/index.html](https://www.jama.or.jp/statistics/facts/four_wheeled/index.html).

### **(6) Business opportunities for transnational entrepreneurship**

Simultaneously, as with the restaurant industry, London's Japanese community market was expected to plateau, so Mr H needed to expand the scope in the car sales market to also target locals, thereby achieving further growth on the tailwind of the growing market.

As such, he thought that if he could apply the know-how that he had accumulated in automobile sales and the maintenance shop to become a dealer of a major automobile manufacturer, he would be able to get local customers in one fell swoop. He decided to use his nationality as a strength to become a dealer for Toyota Motor Corporation, a leading automobile manufacturer in Japan. The strength of being a Japanese was the ability to gain local trust from selling Japanese goods as a Japanese person.<sup>11</sup> He also thought that the trust he had already accumulated in London's Japanese market would have a positive effect.

In addition, Mr H carefully sought business opportunities. At the time, there were three companies that had decent shares of the Japanese car franchises and could potentially step up as dealers: Nissan, Toyota, and Honda. In 1990, Nissan had a market share of approximately 6–7% in the UK, while Toyota, which boasted an overwhelming top share in Japan, had only 3–4%. Honda had an even lower market share. Mr H dared to strategically seize business opportunities in Toyota's market, and not that of Nissan, which was increasing its market share the most at the time, nor that of Honda, which was sluggish in terms of market share.

### **(7) Developing the transnational entrepreneurship**

At the time, Nissan's dealership was dominated by an Eastern European immigrant named Botner. He also had a dealer network, under the name AFG Group, which de facto controlled mostly everything, from import controls to sales. Botner did not follow the wishes of Nissan's headquarters in Japan and opted to get sales by setting up 'bargain sale'. This resulted in damage to Nissan's brand image.<sup>12</sup> Thinking that if he acquired a Nissan franchise, he would have to compete with the AFG Group and become embroiled in a discount competition, he decided that there was no point in having a Nissan dealership. Meanwhile, he deemed that Toyota's low market share had growth potential. Moreover, Toyota was a winner when considering the trends in the more advanced Japanese domestic market and the U.S. market, as well as fuel efficiency and power performance in the European market with its stricter usage conditions. Above all, Mr H felt that there was an affinity between Toyota's strengths and the strengths of Company Je in providing high-added value in the dealer 'services' that act as points of contact between customers and manufacturers. As such, he started Jemca, the first Japanese-run Toyota dealership in the United Kingdom, along Edgware Road in Hendon. Simultaneously, Company Je moved to a site of about 2 acres and made a major shift from the conventional approach of targeting Japanese customers to a localised general dealership.

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<sup>11</sup> When asked at the grand opening whether the store is directly managed by Toyota, he replied, 'Although it is not directly managed, our link to Toyota is strong, and we know more about Toyota than anyone else', thus allowing local customers to do business with peace of mind. See the Mr H interview record.

<sup>12</sup> Later, Mr B broke with Nissan's headquarters in Japan and was dismissed around 2000. See the above interview record.



### **(8) Deepening the transnational business**

Having started out as a Toyota dealership, Jemca sold the newest car in the United Kingdom in its third year, remaining in that position from 1997 to 2003. During that time, it also became the number one independent store in Europe. Until the transfer of the company to Toyota Tsusho in 2003,<sup>13</sup> Toyota's market share in the United Kingdom increased every year, and it more than doubled. This was because of multiple factors: first, they were able to open one of the largest dealerships in London at the time; second, the location was good (in an area with a large population of relatively wealthy middle class and above); third, they were able to build trust with local customers and improve their satisfaction; and fourth, they were able to acquire not only new customers but also repeat customers (lifetime customers) by joining together the reliability of the product (Toyota) and customer satisfaction.

These factors were important, but the more substantive question is why Mr H was able to do something that many wanted to do but could not easily achieve. Ever since entering the market, Mr H believed that location was the most important factor affecting sales volume, so he conducted careful research. When making important decisions, Mr H gathers information, refers to numbers, and ultimately makes decisions following his 'intuition'.<sup>14</sup>

Relying on the help of acquaintances in the entrepreneurial community, Mr H took time to carefully gather information on projects (properties) that major U.S. automobile companies were considering as sites for building car dealerships in government offices. As mentioned above, it was an attractive property with an ample size of 2 acres in Hendon, in the heart of the North London area, where there were many relatively wealthy middle-class residents and above. The property had already been sold, but since it was conditional on obtaining a building permit, it was deemed that it could be overturned just before the final contract. The reason for this was that even after a major US company obtained a building permit, there was an opportunity in that internal procedures would take quite some time. Against this background, Mr H wanted to acquire this property at all costs, and with the help of lawyers and other experts, he began careful preparations. Involving Toyota's sales and design departments, he went to the municipal office to view and study the plans currently under application, exploring the possibility of winning if reapplying with a similar plan as a Toyota dealer. He also worked hard to raise funds for factory renovations and employee recruitment. Detailed negotiations and procedures with the government

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<sup>13</sup> In 2003, after selling all Jemca's shares to Toyota Tsusho, Company Je moved to a new building along Edgware Road near Jemca. Although the scale of the automobile sales business got reduced, the company took a new step forwards as a non-franchise dealer thanks to its meticulous services, including vehicle inspections and repairs, and reasonable prices. Mr H's many years of experience as a Toyota dealer resulted in increased productivity even in a small scale operation. With the retirement of the British CEO in 2022, after having been in the position since 2003, Jem returned to its original 1973 style, assigning a group of employees to deal with Japanese customers, but the profit margin was better than before.

<sup>14</sup> Later, Mr H studied marketing research at Reading University's Henley Business School, and further demonstrated his skills as a manager by analysing collected data and applying it to management. Meanwhile, his style of ultimately following his 'intuition' has not changed to this day. He gained the opportunity to study at the business school as an official dealer for Toyota, as Toyota GB provided such opportunities to its managers. Mr H attended the course. He explains that 'the experience of staying overnight at the business school one weekend a month over the course of 2 years contributed to cultivating my knowledge later on'. See the Mr H interview record.

office were also immediately advanced. In this way, he was able to establish a new business in an attractive location.<sup>15</sup>

Mr H had luck with human resources. There was a sense of elation that the company was going to grow in the future by developing new sales channels in the newly created organisation, so it attracted young elites with high motivation and ambition. Of course, not everything went as smoothly, but by giving detailed instructions and delegating responsibility and authority to sales, rather than managing by quotas, Mr H was able to create an organisation with high morale. By adopting a bottom-up management approach, he consciously created a free and open organisation. By making the most of the strength of ‘a Japanese-run dealership selling Japanese cars with high technical reliability’, the company adopted local methods regarding public relations (PR) and sales methods aimed at British customers. Mr H emphasised after-sales services after purchase and their quality. For regular vehicle inspection services, periodic inspections, and breakdowns, they provided as detailed services as possible and strove to retain customers. Human resource development in the form of in-house training and management in the form of factory production management were incorporated based on studies at the business school<sup>16</sup> and the Toyota method. High employee motivation and low turnover were the results of this foundation. It was a highly motivated organisation that underpinned Company Je’s growth.

### **(9) Attempting new business models**

After transferring Jemca in 2003, Mr H resumed the Japanese restaurant business. Company Je had previously moved away from the restaurant industry, but with the new boom in Japanese cuisine recognised by and having taken root among the British, he thought that there was a business opportunity for British people to enjoy authentic Japanese food as a kind of food trend, which led to opening of So Restaurant in the West End in 2006.<sup>17</sup>

This restaurant is well-known as an innovative Japanese restaurant with a creative style, whose Japanese chef trained in high-grade French cuisine in France and combines authentic French cuisine with Japanese cuisine. On the basis of this restaurant management, Mr H also worked hard to convey the appeal of Japanese food to British society. In fact, the same chef was involved in the opening of Japanese Grill Room Hama in 1973. After leaving the restaurant, he trained in France and Japan before coming back to collaborate in London again. In addition to holding sushi classes, So Restaurant offered Japanese cooking classes for British people called the ‘Sozai Cooking School’ in 2012, which introduces Japanese food that can be prepared at home and is popular among the Brits.<sup>18</sup> In 2015, Mr H established the ‘Japan Culinary Academy UK’ together with Japanese chefs and restaurant professionals to research, educate, and disseminate Japanese food culture and techniques, thereby promoting Japanese food in the United Kingdom and Europe.<sup>19</sup> In this way, Mr H has come to play a central role as a missionary who spreads authentic Japanese

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<sup>15</sup> The North London area that Hendon could cover is an area with a large population of relatively wealthy middle-class residents and those of higher social status.

<sup>16</sup> See footnote 14.

<sup>17</sup> In 2021, So Restaurant moved to Liverpool Street.

<sup>18</sup> See the official website of the Jem Group’s ‘Sozai Cooking School’. Accessed on 20 September 2023: <https://www.sozai.co.uk/>

<sup>19</sup> See the Ministry of Agriculture, Forestry, and Fisheries, ‘Japanese Food Overseas Promotion Merit Awards Project’. Accessed on 23 August 2023: [https://www.maff.go.jp/j/shokusan/export/e\\_award/](https://www.maff.go.jp/j/shokusan/export/e_award/)

food on the local Japanese culinary scene to locals.

Recently, Mr H has increased his efforts to launch a business model for a platform business utilising various technologies. In 2016, he launched *ehochef*, a chef-for-hire matching website that dispatches professional chefs to ordinary households. This ‘*ehochef*’ is a neologism, with *eho ebing* being an acronym for ‘eat out at home’. Anyone can register as a chef, having their specialties and menu items posted, and then members of the general public choose their favourite chef. Chefs can register regardless of the type of food they make. The service started with this arrangement, but although chef registrations grew steadily, customer usage did not grow as expected. It was a chef-driven model, so there were few prices and menu items that were convenient for the customers. Reflecting on this, Mr H improved and relaunched the service as ‘*wedine*’. Here, instead of the chefs posting the menu items, the customers choose the dates, number of people, type of food, formal or casual, and so forth, and once the budget was determined, a chef could apply for it. It was rebranded in 2019. The website was completely improved, and just when it was about to start the following year, the coronavirus (COVID-19) pandemic struck. About a week after the last-minute relaunch and release, the United Kingdom went into lockdown, and *wedine* was forced to close without ever seeing the light of day.

#### **(10) Building new business models**

Parallel with this, Mr H created a service called *neconote*.<sup>20</sup> This project was developed as a website for Japanese people based on the *ehochef* platform. To put it simply, it functions as a ‘task bulletin board’, a platform that connects ordinary individuals ‘who want help’ and ‘who want to help’. In addition to the task bulletin board, the platform also has a commission-free ‘flea market’ function that allows users to buy and sell items when moving back to Japan, such as used books, games, handmade crafts, and so forth. There is also an ‘event square’ where seminars, events, and social gatherings can be easily organised.

*Ehochef* and *wedine* targeted relatively wealthy professionals in their 30s and 60s living in London. By contrast, *neconote* turned to a niche market by targeting the Japanese community in the United Kingdom. One of the reasons was that Mr H couldn’t spend the same amount of money as he did on *ehochef* following the COVID-19 pandemic. However, if the test marketing in the United Kingdom goes well, *neconote* envisions expansion to other countries with sizeable Japanese communities, such as in Europe, Asia, and the United States. Furthermore, he believes that it can be applied to overseas migrant markets. Based on his past experience in developing ethnic businesses into transnational ones, his plan is to start out small and grow large, thereby returning to his roots.

One competitor is the website called *Mix-b* which only has a bulletin board function, but in fact, it has quite a lot of users and is rather well-known. Compared to that, *neconote* has a registration system, which gives customers peace of mind, for example by identifying them to some extent and keeping track of traces and past postings. Currently, the number of *neconote* registrants is about 2,200 (as of August 2023), which is the largest number of London residents registered to a private service. There are several communities of Japanese expatriates in the United Kingdom, such as the Nippon Club London, the Japanese Association in the United Kingdom, the JCCI, Japan, and the Japan Society. All of these have fewer than 1,000 registrants, making *neconote* the UK’s largest known Japanese community on the Internet.

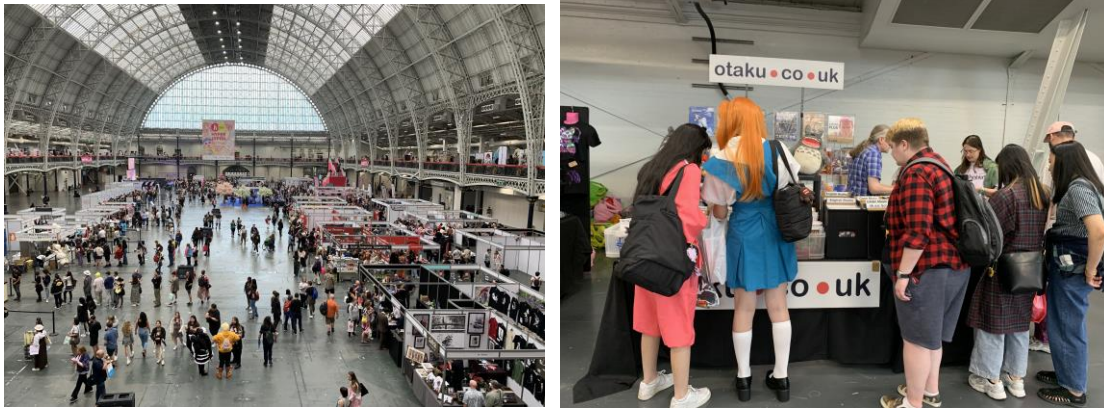
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<sup>20</sup> See the official website of *neconote*. Accessed on 20 September 2023: <https://neconote.com/>

Moreover, Cross Media, where Mr H is a co-CEO, will be hosting the aforementioned HYPER JAPAN Festival. The event, which began in 2010, was cancelled in 2020 and 2021 due to the COVID-19 pandemic and was held on a smaller scale in 2022. Mr H took over this project, and when it was actually held in 2023, over 200 businesses exhibited, and it was a great success with about 30,000 visitors. Anime fans in cosplay came and enjoyed Japanese culture, including art performances with massive paintings being drawn with brushes and ink, and Japanese sake tastings. Many British people dressed up as characters from popular manga comics, such as Demon Slayer and Evangelion (see Photo 2).

In this way, Mr H is a pioneering migrant entrepreneur in the United Kingdom who has been, for a long time, successfully developing not only the compatriot market but also the local market in London, thus entering new business fields according to the times, and creating local innovation. His constant trial-and-error as a lifelong entrepreneur is still ongoing.

**Photo 2. HYPER JAPAN Festival 2023**



(Source) Photo taken by the author on 21 July 2023

#### **4. Analysis**

In the preceding sections, we found how Mr H started his first business in London 50 years ago and how he has survived by developing new businesses and diversifying throughout. The reason for this longevity is the local innovation created at every turn for the sake of creating new businesses and pioneering new markets. In this section, we will consider the relationship between the factors for Company Je's local innovation creation and the behavioural traits of the entrepreneur Mr H. Based on that, I analyse the relationship between entrepreneurial learning and communities for creating local innovation in overseas markets. Moreover, I examine the specific relationship between entrepreneurship for long-term management and local innovation in overseas markets in terms of learning from certain past experiences and opportunities.

##### **(1) Interpreting entrepreneurship and entrepreneurs in this paper**

Shimizu (2022) defines entrepreneurship as 'the degree to which new business opportunities are pursued without being bound by the management resources currently controlled'.<sup>21</sup> In other words, entrepreneurship can be interpreted as behavioural traits that

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<sup>21</sup> See Shimizu (2022), pp. 1–6.

create value on their own,<sup>22</sup> also including entrepreneurial spirit and skills to take such creative actions. That is, entrepreneurship means not only the ‘spirit’ of entrepreneurs but also the ‘business creation activities’ of the entrepreneurs themselves. Based on this interpretation, this paper defines ‘entrepreneurship’ as behavioural traits, entrepreneurial spirit, and business creation activities for ‘pursuing new business opportunities’ and ‘acquiring resources for that purpose’. Moreover, Schumpeter (1998) argues that economic development is brought about by causing ‘creative destruction’ through innovation and considers the economic agents that trigger this to be ‘entrepreneurs’. Similarly, Couszener (1997) and Drucker (1985) see creative destruction for the sake of creating new value as an entrepreneurial function. Based on the above, this paper defines an entrepreneur as a person who plans and executes innovation.

When analysing entrepreneurship as such, it is necessary to consider the relationship between the ‘present’ of innovation activities and the experiences/environment of the entrepreneur in the ‘past’. This is because behavioural traits, which are the first step in innovation activities, do not appear suddenly but are always influenced by some past experiences, thought to lead to a subsequent innovation activity (initial action). According to Arvey, Rotundo et al. (2006), at most, one-third of the variables for playing a leadership role can be explained by genetics, whilst the rest and a larger part are due to the individual’s environment, experiences, and other factors. Those other factors have to do with the traits and skills of becoming a successful leader. It is worth noting that many environments and experiences date from earlier in the leader’s life before they become adults and leaders (Castillo & Trinh, 2018). Based on these points, I examine the relationship between the drivers of local innovation and entrepreneurship.

## **(2) Local innovation and the behavioural traits of entrepreneurship**

A common factor behind local innovation amongst migrant entrepreneurs is that they ‘mobilise the resources of two countries to create new value’. This is consistent with the case of Company J, which was discussed in my article Yoshida (2023a). More concretely, they first pioneered the compatriot market by making use of networks, information, and knowledge from the Japanese community. Then, knowledge, personal connections, information, and technology brought in from Japan were used to become predominant (differentiating factors). Once saturated, the company diversified into new growing industries (or established new businesses) and pioneered new markets by expanding from compatriots to locals. To pioneer the local market, they mobilised resources from the local entrepreneurial community. While utilising local human resources, as well as mobilising knowledge and information, they made use of Japanese technologies and sensibilities to integrate services and management in a hybrid manner.

For example, the first Japanese restaurant was opened by relying on acquaintances running a travel company started by a group of Keio University students who met while preparing to leave for the United Kingdom, and by being introduced to an Indian hotel owner and a chef in Japan. In this way, already when exploring business opportunities,

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<sup>22</sup> According to Yoshida (2023b), entrepreneurs do not create innovation, while pursuing business opportunities does not necessarily lead to innovation. This recognises that there are in fact many failures, with entrepreneurship also including such failures. This is because innovation cannot occur without making attempts in the first place, with a small number of successful ‘new combinations’ bringing about discontinuous economic development.

there was a relationship with the community. Even though they were serving casual Japanese meals, to provide food suitable to the tastes of Japanese people, cooking techniques and flavour sensations brought in from Japan were indispensable. In this regard, by appointing a Japanese chef, Mr H was able to come up with menus consisting of inexpensive and delicious dishes (grilled fish, simmered dishes, tonkatsu, and so on) whose ingredients could be procured cheaply from the local market while making cost-price calculations. Even though the market was small and limited, it had needs, and by looking at a niche market not yet pioneered, making a quick decision, and mobilising the resources necessary to open a business while relying on the familiar compatriot market, he gained the first-mover advantage of starting an ethnic business. Back then, the decision was made and implemented immediately because Mr H had a strong intention to start a business in an overseas market from the outset. Whether this ‘intention’ exists in advance is the first watershed that determines whether local innovation activities are initiated.

To achieve sustainable development, it was necessary to predict saturation to a plateauing of the compatriot market and then expand to the local market. Mr H realised this, steadily made a business plan, and searched for new business opportunities. He seized a business opportunity coming from the growth potential of the automobile trade market, which he came across by chance. Whilst engaged in the restaurant business, he gained ‘experiences’ of helping to sell cars to Japanese people, which led him to think of a business opportunity of selling cars in the United Kingdom. Based on his experiences in the United Kingdom up to that point, he started the business steadily from his compatriots but eventually entered the local market upon incorporating local sales channels. Based on his experiences, he was well aware that general information and knowledge, such as who the competitors are and how the industry is structured, are not enough to ensure that the business succeeds. Important bases for making decisions were ‘experiences concerning the subtleties of the field’, such as what kinds of business practices exist and whether there are ‘territories’ and ‘restrictions’ in the industry. As such, I would like to argue that ‘experience’ is an indispensable element of local innovation activities, along with ‘intention’.

**Photo 3. Name-engraved commemorative gift given to all employees when the company ranked first in new-car sales**



(Source) Provided by Mr H

Another characteristic of entrepreneurial behaviour that deserves special mention in linking it to local innovation, as seen in the discussion of this case, is ‘value judgement’.

For example, management requires managers to make value judgements in numerous respects, including what kind of company they want to create in accordance with what philosophy as well as what kinds of human resources they want to recruit and develop. In this case, when transitioning from an ethnic business to a transnational one, that is, when Mr H succeeded in the establishment of a car dealership with a local target demographic by going from a casual Japanese restaurant for Japanese people, there were many instances of important decisions being made according to his value standards. Specifically, by conducting management based on a value standard of prioritising customers and employees without deferring to the shareholders, he was able to win the trust of customers and increase employee motivation. When they became number one in new car sales in the company's third year, he shared his joy with employees and gave all employees a commemorative gift to boost morale (see Photo 3).<sup>23</sup> Boosted employee morale and motivation created a virtuous cycle that earned the trust of customers. Of course, had he made a different value judgement, he might have had a different successful outcome, or he might have failed. Importantly, decisions that involve value judgements can have different outcomes. It is thought that incorporating value judgements into AI can produce results where the 'right answer' cannot be derived regularly.

In this way, it is apparent that the 'intention', 'experiences', and 'value judgements' of the entrepreneur Mr H greatly influenced the local innovation creation at Company Je. The next section discusses the past environments/experiences (entrepreneurial learning) associated with the core elements of these behavioural traits.

### **(3) Learning and knowledge required for local innovation**

The businesses that Mr H engaged in were niche markets in the United Kingdom not yet been pioneered. Casual restaurants, export sales of custom European cars to Japan, development of the United Kingdom market for Toyota Motor dealerships, development of businesses to spread Japanese food culture to the British market, and development of a sharing business for Japanese people in the London market.

In an interview, Mr H said that 'I tried to maintain a spirit of staying clear of existing standardised ideas, instead aiming for slightly novel ways of doing things, not done by others'.<sup>24</sup> You could say that the businesses successfully started by Mr H, as discussed here, stemmed from the business opportunity he was able to discover because he had this kind of 'spirit'. In all cases, it appears that Mr H's strong 'intention' was the first action leading to innovation. In terms of 'experiences' and 'value standards', it seems that the 'empirical knowledge' he had gained from actual experiences such as the family environment, the teachings of his father, school transfers during childhood, and sales experience at a relative's company provided him with the skills to flexibly handle matters from various perspectives rather than thinking based on common sense only.<sup>25</sup> This is also

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<sup>23</sup> Mr H describes the concept of company management as follows. 'Employees are extremely important, and keeping them motivated is invaluable. A company is made up of stakeholders such as shareholders, customers, suppliers, and employees. It is common to think that each is equally important, but from that time on, I put shareholders at the bottom. I thought that customers and employees should be the most important, followed by suppliers, with shareholders coming last. This was not just for show; I seriously thought that if I didn't do this, the company wouldn't stay healthy. I didn't say this out loud, but I think my employees appreciated that attitude.' See the Mr H interview record.

<sup>24</sup> See the above interview record.

<sup>25</sup> Ibid.



deeply related to Mr H's 'intention' to take the first action, as the empirical knowledge he gained from past 'experiences' (entrepreneurial learning) turned into 'value standards'. Of course, since 'decision-making' is always involved in any series of business creation processes and not just the initial action, so it makes sense to consider how entrepreneurs form and acquire intentions, experiences, and value standards for innovation creation (especially regarding product innovation). This is because predominance can be gained from such elements that are not easily 'imitated'. Even with technology such as AI, it is not something that can be imitated. In other words, the human 'wisdom' extracted from certain past experiences, intentions, and value judgements may be regarded as exceedingly creative, emotional, and sometimes dedicated, rather than being the right answer to be determined by the degree of information or knowledge. In short, they are behavioural traits based on individual and irregular experiential learning that belong to each person. As such, they allow for differentiated predominance in the sense of being difficult to imitate.

The acquisition of wisdom derived from such empirical knowledge has to do with past experiences, as shown by the previous studies and examples discussed above. It also has to do with a relatively familiar home environment and community. In this way, the seeds of 'intentions' and 'value judgements' emerge from individual 'experiences' gained in one's immediate environment and community. These seeds from 'past' environmental factors germinate through the accumulation of various experiences, eventually growing into a foundation for generating so-called wisdom that may be likened to branches and leaves, facilitating ongoing local innovation, including (1) skills for coming up with ideas, (2) skills for discovering problems, and (3) skills for conceiving new business models. Here, we may also consider the causal relationship between past experiences and current innovation activities. That is, even if the central dogma<sup>26</sup> is the same, it is unlikely that the same results will be produced because the genetic information of each seed is unique. Considering that differences in soil ecosystems can greatly affect growth, we should not expect the results to be the same. As an example, it would be equally impossible for someone to create the same company as Apple by completely imitating Steve Jobs's approach. As such, each person's unique experiences and learning form their own ideas and value standards, with different product ideas and decisions being made in their unique ecosystems (environments). As mentioned above, if the behavioural traits for general entrepreneurship are defined as 'searching for new business opportunities', it is easily imaginable that when searching for new business opportunities, one discovers issues based on one's unique ideas and value standards, allowing one to carefully consider new methods (business models) to solve those issues.

These skills are gradually refined through 'experiences' and 'learning', including both failures and successes, leading to subsequent innovation activities. Naturally, past entrepreneurial learning is refined with each experience, and absorptive sensitivity also increases, so there is a synergistic effect on ongoing entrepreneurial learning as well. 'The custom of entrepreneurial societies in Europe and the United States to evaluate a person more positively if they make more failures may be interpreted as an expectation of 'human skill development' acquired from entrepreneurial learning.

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<sup>26</sup> Central dogma is a basic principle of molecular biology proposed by Francis Crick (the scientist who discovered the DNA double-helix structure) in 1958. Simply put, it refers to a principle how genetic information is carried over. It is important to note that genetic information stored in DNA itself differs for each living organism.



The transition from ethnic business to transnational entrepreneurship is not easy and requires advanced skills (or wisdom), but entrepreneurs grow not only from entrepreneurial learning in the past (in the home country) but also from entrepreneurial learning in their new local area, which results in 'creative' ideas, solid organisational management, and hospitality making social contributions. It is probable that such a business is developed to possess differentiated predominance that is difficult to imitate.

## **5. Concluding remarks**

As we have seen in this case study, the local innovation created by Company Je was the pioneering of new markets through diversified management, going from the first Japanese restaurant to a car dealership. As shown by previous studies such as Drori et al. (2009), Saxenian (2002), and Harima (2019), the new value for local innovation can be created by joining resources from two countries. Moreover, it has been confirmed that diversification into growth industries can lead to improved business scale and productivity by expanding the scope from the target demographic from compatriots only to also include locals, which can also lead to innovations in organisational management and sales promotion. In this way, the paper shows the correlation between factors for long-term management by migrant entrepreneurs in overseas markets and the entrepreneurship of those same migrant entrepreneurs. Moreover, the paper points to actual elements, although few in number, pertaining to the wisdom that entrepreneurs apply in local innovation in overseas markets, the connection between community and the entrepreneurial learning that is generated on the foundation (ecosystem) of the aforementioned wisdom, and the relationship between past entrepreneurial learning and local innovation.

This case concerns a Japanese migrant entrepreneur, who achieved success in the United Kingdom in industries where other migrant entrepreneurs from other countries have also been successful (e.g. Japanese restaurants, Japanese grocery stores, car dealerships). To generalise local innovation by migrant entrepreneurs, it is necessary to compare the differences and similarities with the cases of non-Japanese migrant entrepreneurs. Furthermore, by adding cross-sectional studies that broaden the scope from the same industry to other industries as well, we can advance the theorisation of migrant entrepreneurs' innovation strategies. To enhance the probability of this research field, it may be effective to include statistical verification considering the findings presented in this paper.

As previously described, there are many outstanding research issues relating to this study. I intend to continue to work in order to clarify them.

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