Locational preferences of Japanese managers sustaining the business success of Japanese corporations in Germany and Europe

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This research attempts to explain the locational behavior of Japanese firms and locational preferences of Japanese managers within the Federal Republic of Germany from institutional and resource-based view. Hitherto research has only gone as far as the indication of a concentration of Japanese MNEs in Düsseldorf (ZIELKE 1982, GLEBE 2003). SCHICKHOFF (1990, 2003) and SCHLUNZE (1997) showed that Japanese business activities have spread over Germany and Europe. DICKEN (1997) indicated distinguish pattern of the service and manufacturing industry meanwhile SCHLUNZE (2001) showed that interrelations of Japanese business activities is crucial to the understanding of the locational behavior of Japanese MNEs in Europe. After the iron curtain was lifted Japanese subsidiaries shifted to the Eastern European countries aiming on a more cost efficient organization of global production chains. In this re-structuring and expansion process Germany became a winner of FDI from Japan. The emerging European market, the good infrastructure and social peace in Germany continued to attract Japanese MNEs.

The locational preferences of Japanese managers based in Germany are not only focused on global cities such as London and Paris but these managers vote often for Düsseldorf, Munich and Frankfurt. Path-dependency related and new industrial cluster developments became driving forces of the locational choices. Thus, Hamburg deepens his relations with Kansai-based MNEs such as Panasonic and Sharp challenging new concepts to solve energy problems of the local economy. Munich has attacked investments of general electronic companies and transformed into an international elector-automotive cluster that helps to form a Green Economy. Financial crises and product circles have to some extent weakened these diffusion-like investment processes. Japanese MNEs withdraw their production lines where the production cycle came to an end. Global linkages helped Frankfurt to grow a Japanese business community of more than 4000 Japanese inhabitants. Some Japanese companies are reported to have shifted their business form Düsseldorf to Frankfurt. Meanwhile the absence of direct flight connections from Japan to Düsseldorf is seen as a disadvantage interview revealed that the global accessibility was always praised by Frankfurt-based managers. Thus, Frankfurt is building capacities to become a more important global city location not only for financial services but also for trade and manufacturing with a European-wide coverage.

Based on these reported developments we need to ask a) what kind of changes can we observe in the locational behavior of Japanese MNEs; and b) do the preferences of the Japanese managers in the
corporate, market and living environment sustain or change these locational strategies in the near future? To be successful should the Japanese manager become a localizer or globalizer? To what extent does he need to show intercultural competence? According to the Japanese Chamber of Commerce and Industry in Düsseldorf Japanese MNEs changed their staffing policy from multinational or transnational to global staffing. Nowadays HR managers do not see the need to educate country experts anymore. They nurture so called global managers by an accelerated circulation of knowledge and personal within their global corporate network. However, to ensure knowledge creation and to sustain a long-term success of the corporations a demand for managers with special country expertise appears to exist still. Those intercultural competent managers have got the skill to function as a local networker enabling the Japanese MNE to create favorable forward and backward linkages within the corporate and market environment. Their acculturation and social integration in the living environment plays a crucial part also for their business success. An actor centered survey showed that direct networking practices enlarging their personal network within the German and European market.

The here introduced multi-level approach might have some limitation. However, as far as the author knows, a census of Japanese managers based in Germany was carried out at the first time. The here introduced approach combines firm based and actor-based analyses and shows clearly that managerial behavior is directly affected by changes in the global and local business environment.

References