

# **Functional language of Japanese MNCs: A predetermined construct or a product of deliberate selection?**

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## **Abstract**

How a functional language in MNCs is chosen? Is it a predetermined construct or a product of deliberate selection? As existing studies focusing on European and North American MNCs tend to view the choice as a product of deliberate choice, there are scarce researches on a language choice of Asian MNCs. With 41 cases of Japanese MNC's functional language use and two in-depth case studies to understand why they choose a certain language, this study aims to understand the logics of Asian MNCs' functional language choice. Analysis results show that for Japanese MNCs, a functional language choice is a predetermined construct rather than a product of deliberate choice, as Japanese is used in subsidiaries of three Asian countries (China, Korea, and Taiwan), and English in other countries. Especially, Japanese language is chosen for knowledge transfer to overseas subsidiaries of strategic importance. This study contributes to language researches in IB providing empirical evidences on Japanese MNCs.

## **Keywords**

functional language choice, Japanese MNCs, knowledge transfer, manufacturing, product development, Asian MNCs, case study approach.

# Resource Repositioning Capability as an International Marketing Strategy

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## Abstract

The purpose of this study is to understand how firms utilize their home-based resources to achieve value in the foreign markets that they have entered. Previous studies have proceeded on the premise that firms that have been established in the home market have a sense of superiority that helps them develop positional advantage over local competitors in foreign markets. Firm specific advantage (FSA) has been considered to automatically create value in foreign markets. This happens when firms internalize their activities and assets by executing a series of foreign direct investments. This is why the main focus in earlier studies in international business has constantly been mechanisms supporting the existence of multinational corporations as a medium for efficient overseas transfer of home-based resources. This is known as transaction cost minimization.

However, from an international marketing standpoint, the main issue here is not cost-efficient transfer of home-based resources. Rather, the issue is whether market value really exists or not. On the one hand, why is a certain home-based resource becoming a value achieving FSA in the host market, and on the other hand, why is it not possible to utilize other home-based resources as FSAs? This is a strategic marketing issue that remains to be explored before investigating its other implications. This study investigates how a firm identifies non-location bound-FSA (NLB-FSA) to achieve value for customers in host markets in the initial market entry stage, and, which conditions enable home-based resources to become NLB-FSAs in host markets. Through exploratory case studies of eight Japanese firms across industries, such as cosmetics, apparel, retail, and restaurant industries, we inductively identified a dynamic selection process to determine which home-based resources are to be transferred as NLB-FSAs.

Our qualitative data lead to two findings. First, there are dynamic competitive market effects on resource reconfiguration in host markets. The resources and bundles of resources are tailored for specific market conditions, including customer preferences and competitor skills. Therefore, home-based resources may be repositioned differently in host markets in terms of customer perceived preferences and rarity. Second, in the initial resource transfer process, only resources that have both, high customer perceived preference and rarity in the host market, can be chosen to become NLB-FSAs. Our data from all those eight firms clearly show us that a firm is forced to develop and maintain a resource repositioning capability as an international marketing strategy in the initial market entry stage, in order to build competitive advantage over local competitors.

Keywords: resource, firm specific advantage, marketing capability, international marketing, and Japanese MNCs

# **New developments in IB theory: revisiting O and L advantages**

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## **Abstract**

There are three variations of the ‘Reading School’ theories of international business: the internalisation theory version pioneered by Buckley and Casson, the eclectic paradigm by Dunning, and the ‘new internalisation theory version by Rugman and Verbeke. I will summarise and explain the primary current developments in conceptualisation in these conceptual frameworks, highlighting changes in our understanding of three things: 1. How O advantages (FSAs) are understood, 2. How location advantages are understood; 3. How Dunning’s FDI motives have been revised.