



## CONTENTS

### 1. Special Essay:

Damon Golsorkhi

“The Strategic Power of Narratives  
for Multinational Enterprises”

### 2. Special Essay:

Kohei Mishima

“How strategy-making shapes  
Honda’s future in emerging  
markets”

## Special Essay:

## The Strategic Power of Narratives for Multinational Enterprises

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I still recall how, two decades ago, when I first began studying the craft of strategy in depth (Golsorkhi, 2006), few people showed genuine interest in understanding how organizations and their members think about and practice strategy. Among those interested was a small scholarly community initiated by my colleagues<sup>1</sup> who focused on Strategy-as-Practice (SAP). Since then, research in this area has expanded substantially (Golsorkhi et al., 2025). Nevertheless, the task remains immense, as many unexplored or underexplored areas in SAP still require attention, particularly the study of global organizations, such as multinational enterprises (MNEs), which remains in its infancy.

Among multiple entry points, a prominent focus for studying multinational enterprises (MNEs) is the “narrative turn” in strategy (Fenton & Langley, 2011). This perspective, which examines how storytelling shapes and communicates strategy-related topics, is particularly accessible given the broad range of available data sources, including media coverage, annual reports, press releases, newsletters, historical archives, public relations materials, and interviews.

The following discussion proposes several

avenues for future research and demonstrates how adopting a narrative lens can yield significant insights into the strategic activities of MNEs. Indeed, in an era characterized by intensified globalization, heightened political instability, and expanding transnational interdependencies, MNEs face unprecedented strategic pressures and challenges. They must reconcile diverse stakeholder interests, promptly adapt to evolving regulatory frameworks, navigate intense competition, and coordinate operations across multiple cultural and institutional environments.

Consequently, narratives understood here as the structured use of storytelling to convey meaning, shape perceptions, and unify collective efforts, have gained prominence as crucial mechanisms in strategy formulation and implementation within multinational enterprises (MNEs). As a form of organizational discourse, narratives integrate multiple temporal dimensions, linking past heritage to current strategies and future visions. Within MNEs, these narratives are not merely peripheral rhetorical devices but central instruments for creating meaning, achieving alignment, and facilitating both stability and change. Strategy-as-practice scholars emphasize that strategy should be

<sup>1</sup> Some of the key initiators in the early 2000s included Gerry Johnson, Ann Langley, Saku Mantere, Linda Rouleau, David Seidl, Eero Vaara, and, of course, Richard Whittington.

understood as a socially constructed process in which language, storytelling, and discursive negotiations play critical roles (Golsorkhi et al., 2025; Vaara & Langley, 2021). In this sense, narratives enable individuals at multiple organizational levels—senior executives, middle managers, and frontline employees—to cooperate across borders, reconcile local adaptations with global objectives, and adaptively respond to crises or unexpected developments.

MNEs require narratives that are adaptable, persuasive, and tailored to multiple contexts to maintain a competitive edge. In multinational enterprises, where strategic complexity is heightened by transnational operations, cultural heterogeneity, and institutional diversity, narratives become even more essential. A coherent yet flexible corporate narrative enables organizations to align diverse stakeholders around a shared vision, legitimize strategic decisions through appeals to historical and moral imperatives, frame uncertainties in ways that reduce ambiguity and

their highly diverse employees, multidomestic units, and mosaic of cultural backgrounds, the craft of strategy involves sensemaking through narratives. Leaders, employees, and stakeholders collectively construct meaning in response to ambiguous and unpredictable circumstances (Weick, 1995), often through both overarching corporate narratives and local sub-narratives. For instance, top managers may strategically orchestrate these sub-narratives in "frontstage" communications while tacitly acknowledging "backstage" adjustments to accommodate local realities (Whittle et al., 2021a). In all cases, narratives offer a structured framework for navigating complexity arising from diverse spaces, temporalities, cultures, and internal and external organizational voices, thus securing the effective communication and enactment of strategic thinking and practice (Schildt & Cornelissen, 2025). For example, when Samsung shifted its global positioning from a low-cost electronics manufacturer to an innovation-driven technology leader, the company relied on a strategic

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foster engagement, and balance global consistency with local responsiveness. Consequently, narratives can be understood as both strategic resources and dynamic capabilities, extending insights from the resource-based view (Barney, 1991) and dynamic capabilities framework (Teece et al., 1997). By shaping the perceptions of stakeholders, including employees, customers, investors, competitors, and regulators, narratives function as intangible assets and as forms of soft-power know-how, effectively coordinating and unifying disparate voices while maintaining overall coherence.

Building on the observations above, this essay examines how narratives contribute to the craft of strategy in MNEs, focusing specifically on several principal roles, functions, and managerial implications.

### **Narratives as a Sensemaking Frame**

In global enterprises, more so than in SMEs, due to

narrative of reinvention to shape both internal and external perceptions. By consistently communicating a story of transformation, risk-taking, and quality enhancement, Samsung successfully reshaped its brand identity while maintaining employee alignment.

### **Narratives as a Tool for Multiple Voices Management**

Narratives are vital for navigating the inherent polyphony<sup>2</sup> within MNEs. These organizations operate within a web of overlapping and occasionally competing narratives (Haley & Boje, 2014), meaning the primary strategic narrative must embrace multiple perspectives rather than imposing a single, monolithic view. Within MNEs, these diverse voices<sup>3</sup> collectively shape the organization's overarching story. Different stakeholders often interpret corporate objectives differently, complicating efforts to uphold a unified corporate narrative.

A significant challenge lies in balancing global consistency with local adaptation. Corporate

<sup>2</sup> The proliferation of voices that can yield competing or conflicting perspectives

<sup>3</sup> Including managers, employees, consumers, activists, and the media

narratives must be sufficiently broad to unite employees worldwide yet flexible enough to resonate across distinct cultural and institutional contexts. Cross-cultural management research suggests storytelling must align with local expectations to be effective. A narrative that succeeds in North America or Europe may falter in Asia or Latin America unless it carefully considers regional storytelling traditions. For example, Apple's strategic narrative emphasizes individual leadership, disruption, and breakthrough innovation, whereas Sony's narrative underscores harmony, long-term stability, and incremental improvement. Meanwhile, companies like McDonald's adapt their global brand message, "Quality, Service, Cleanliness, and Value," by creating culturally specific sub-narratives in various regions (Haley & Boje, 2014). In Japan, McDonald's emphasizes seasonal menu offerings and localized service etiquette; in India, the focus shifts toward vegetarian-friendly options and culturally respectful dietary preferences. Thus, effective storytelling within MNEs requires careful management of multiple internal voices. Excessive standardization risks creating a rigid and detached narrative, while overly localized narratives

successful MNEs have converted crises into opportunities by strategically crafting narratives that recast setbacks as learning experiences, strategic pivots, or catalysts for growth (Giolito & Golsorkhi, forthcoming 2025). In turbulent contexts, MNEs frequently grapple with major strategic errors such as unforeseen expansion miscalculations, failed joint ventures, or ill-fated product launches. Although the initial inclination may be to conceal or deny mistakes, a dialectical dynamic of narrative (Giolito & Golsorkhi, 2025) underscores the constructive potential of openly addressing errors. Indeed, by "mobilizing" them as prompts for reinvention and "defusing" negative connotations, top executives can leverage crises as moments of strategic renewal. These "error narratives" revolve around two complementary actions. First, leaders publicly acknowledge missteps, thereby validating stakeholders' concerns and clarifying what went wrong. Second, they reframe errors as stepping-stones, affirming the organization's capacity to learn and pivot. When executed effectively, such narrative arcs combine apology, accountability, and forward-looking optimism, preserving morale while discarding unproductive practices (Hofmann &

may dilute the global strategic identity (Meyer et al., 2011). Successful international firms orchestrate this multiplicity into cohesive yet adaptable narrative frameworks. This involves: (1) crafting a global strategic narrative that articulates broad guiding principles, (2) empowering regional leaders to adapt stories to their local market conditions, and

(3) preventing narrative dissonance by ensuring consistency in messaging (Haley & Boje, 2014). For instance, Sony employs an overarching narrative centered around innovation but allows regional offices to emphasize different facets of this narrative according to consumer preferences and market dynamics.

### **Narratives as a Justificatory Device**

In MNEs, failure is inevitable; yet how organizations frame these failures determines their long-term resilience and stakeholder trust. Some of the most

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Frese, 2011). Fostering a climate of mistake tolerance promotes organizational learning (Weinzimmer & Esken, 2017), aligning with the principle that exploration inevitably entails risk and short-term failures (March, 1991). When woven into an overarching "story of resilience," these mistakes can reinforce the MNE's strategic identity as adaptive, forward-thinking, and culturally attuned.

Toyota's response to its 2009 accelerator pedal crisis illustrates the dialectical framework of strategic mistake narratives. The company faced massive recalls after reports emerged of accelerator pedals sticking

and causing fatal crashes. Initially, Toyota struggled with its public response, prompting speculation that it was minimizing the issue. Nevertheless, the company pivoted its narrative to transform the setback into a platform for reaffirming its commitment to safety, quality, and continuous improvement, evident in three key actions:

- (1) Acknowledgment and transparency: then-President Akio Toyoda publicly apologized, emphasizing Toyota's responsibility to regain consumer trust
- (2) Reaffirmation of corporate values: reconnecting with its longstanding devotion to quality and framing the crisis as a return to core principles
- (3) Commitment to corrective measures: introducing more rigorous quality controls and enhanced safety oversight.

*“This essay argues that narratives do not merely describe strategy; they actively shape it by creating interpretive frameworks through which stakeholders—both internal and external—understand and support corporate decisions.*

By building its recovery narrative around openness, accountability, and progress, Toyota not only mitigated reputational harm but also underscored its position as a global leader in automotive safety. Ultimately, this narrative approach preserved organizational stability while enabling substantial strategic change.

#### **Narrative as a Stability and Change Trigger**

Narrative occupies a distinctive position in the strategic life of organizations, serving simultaneously as a catalyst for transformation and a mechanism to uphold the status quo (Sonenshein, 2010). Narratives are temporal, discursive constructions (Rantakari & Vaara, 2017) that impose coherent meaning on past events, illuminate present experiences, and project future possibilities. This ability to interweave multiple time horizons grants narratives a performative quality—shaping not only how people interpret

organizational realities but also how they act upon them (Girolito & Golsorkhi, 2025).

First, narratives trigger change by prompting individuals to question existing assumptions and visualize futures that diverge from current norms. When managers and employees share accounts of new strategies or transformative successes, they encourage the broader organization to reimagine itself. Research suggests such storytelling mobilizes collective efforts and persuades stakeholders to embrace new directions.

Simultaneously, narratives preserve stability. Organizations are repositories of shared stories—founding myths, success sagas, and accounts of heroic leadership—that reinforce a cohesive identity. These narratives articulate “who we are,” “how we operate,” and “what our strategy entails,” transcending immediate challenges or personnel changes (Vaara et al., 2016). Such stabilizing narratives become vital during uncertainty, providing collective memory that reduces anxiety and fosters resilience. More

significantly, narratives often function in both directions simultaneously (Vaara et al., 2016). Change-oriented stories frequently incorporate established values and routines, facilitating innovation while reassuring continuity.

#### **Concluding Remarks: Harnessing Narrative for MNE Strategy**

This essay argues that narratives do not merely describe strategy; they actively shape it by creating interpretive frameworks through which stakeholders—both internal and external—understand and support corporate decisions. In MNEs, spatial and cultural complexity amplifies the role of narratives as a unifying mechanism. Well-crafted stories reduce ambiguity, align attention, inspire commitment, justify missteps, and reconcile local-global tensions.

In summary, based on the arguments presented in this essay, we have identified four major roles of narratives (while acknowledging the existence of additional ones).

Of course, these roles and functions bring us to the managerial implications of narratives. Indeed, effective use of narratives in MNEs requires:



Strategic Role	Description
<b>Sensemaking Frame</b>	Narratives construct meaning in ambiguous situations, shaping strategic understanding and coordination
<b>Multiple Voices Management</b>	Ensures coherence in MNEs by integrating diverse perspectives while maintaining a global corporate identity
<b>Justificatory Device</b>	Helps MNEs manage failures by reframing crises as learning experiences, maintaining legitimacy and trust while initiating change
<b>Trigger for Stability &amp; Change</b>	Narratives simultaneously preserve continuity and drive transformation by structuring past, present, and future organizational identity

Across these roles, we have also shown that four key narrative functions in MNEs can be identified:

Narrative function	Mechanism	Examples
<b>Framing Complexity</b>	Structures communication and interpretation of complex environments	Samsung's shift from low-cost manufacturing to innovation-driven leadership
<b>Legitimizing Strategy</b>	Justifies decisions, aligning stakeholders	Toyota's recall crisis reframed as a trust-building opportunity
<b>Managing Cultural Diversity</b>	Tailors narratives to resonate with different cultural contexts	McDonald's local adaptations in Japan and India
<b>Enhancing Engagement</b>	Fosters investment in a coherent, compelling strategic story	Sony allowing regional offices to customize innovation narratives

1. Cultivating narrative awareness: MNE top executives must recognize that every communication—from formal memos to casual conversations—contributes to the overarching narrative. A "narrative radar" ensures consistency and prevents contradictory or harmful sub-stories.
2. Balancing coherence and flexibility: Strong narratives provide a stable strategic direction yet remain adaptable. Executives can incorporate polyphony by integrating localized success stories into corporate discourse.
3. Addressing and reframing setbacks: Left unaddressed, failures erode trust. By framing mistakes as learning opportunities, MNE leaders can restore confidence and promote adaptive strategies.
4. Investing in storytelling capabilities: Communication training, leadership development, and cross-border staff rotations enhance storytelling proficiency, equipping executives and managers to shape strategic narratives across international boundaries.

Despite increasing recognition of the strategic role of narratives in multinational enterprise (MNE) strategy, several research avenues remain underexplored. Longitudinal case studies could provide valuable insights into how corporate narratives evolve over time in response to mergers, crises, or leadership transitions. Such studies would illuminate the dynamic interplay between storytelling and strategic adaptation in global firms. Comparative research across different cultural clusters could further refine our understanding of universal versus context-specific elements of corporate narratives. Given that much of the existing literature remains Western-centric, focusing predominantly on firms from developed economies, addressing this epistemic bias is essential. Examining MNEs from emerging markets and diverse

regional contexts would contribute to a more comprehensive and nuanced perspective on corporate storytelling in global business environments. Additionally, the role of digital media in shaping corporate narratives presents a fertile ground for future inquiry. The impact of social media platforms, internal communication tools, and AI-driven interfaces on narrative coherence remains insufficiently explored. Future studies could investigate how these technologies either amplify or disrupt strategic storytelling, influencing organizational identity, stakeholder engagement, and leadership effectiveness in transnational firms.

Narratives are foundational to how executives and middle managers construct meaning, interpret challenges, and envision the future. In MNEs, where strategic stakes are high, operational scope is vast, and cultural complexities are pronounced, stories serve as a unifying force, binding diverse actors around shared aspirations and strategic objectives. Whether in forging global coherence, navigating local complexities, legitimizing bold new ventures, or reframing failures as opportunities for growth, corporate narratives remain central to transnational leadership. As MNEs operate in an increasingly volatile and interconnected global environment, top executives who master the art of storytelling will be best positioned to drive sustained relevance, resilience, and success in the competitive global landscape.

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## Special Essay:

## How strategy-making shapes Honda's future in emerging markets

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This essay is based on Mishima (2024), “How Strategy-Making Shapes Honda’s Future in Emerging Markets?” in *Transformation of Japanese Multinational Enterprises and Business*, edited by S. Makino, Y. Uchida, and T. Kasahara, Springer Books.

#### Introduction

The expansion of companies into international markets does not always result in optimal strategic behavior within global organizations. This raises the question of how the headquarters and other entities should respond to the fallacy of such integration. The conflict surrounding market and organizational coordination has been a driving force in multinational corporate management dynamics. This fallacy of integration is also observed when multinational corporations (MNCs) that have achieved management success in developed markets venture into emerging markets (Prahalad & Lieberthal, 1998; O’Neill, 2001; Prahalad, 2004; London & Hart, 2004; Ghemawat & Hout, 2008; Nakagawa, 2021).

However, this study identifies three key issues in line with previous studies on emerging market strategies. First, they examined developed and emerging markets from the dualistic perspective of heterogeneity or homogeneity. Second, previous studies neglected the diversity of demand in emerging markets. Third, previous studies have not adequately captured the dynamics of corporate behavior.

Thus, despite acknowledging the diversity of demand, studies highlighting the heterogeneity of

demand in emerging markets have not always fully considered the diversity of corporate behavior. Given the disparity between prior research and the actual situation, this study addresses the dilemma of heterogeneity and homogeneity surrounding emerging markets, the variety of demand, and the diverse and dynamic strategies and actions of firms operating in these markets.

Considering the limitations of prior studies and the absence of official data, this study adopted an inductive research approach (Eisenhardt, 1989) to elucidate the actual situation through individual cases. Specifically, this study focuses on the motorcycle division of Honda Motor Co., Ltd. (Honda) as a primary case study.

This study explores corporate strategy and behavior by drawing upon strategy formation process theory (Burgelman, 1994, 1996, 2002). In other words, the strategy formation process involves a series of steps in which a company-wide strategy evolves as new business opportunities are sensed, given their strategic meaning, and allocated necessary resources (Burgelman, 2002).

Consistent with the strategy formation process theory, this study examines how multinational corporations (MNCs) discover new business opportunities in emerging markets and how their global business strategies evolve through the strategic allocation of resources to emerging market ventures. First, we delineated and explored the logic of development and survival from an evolutionary

perspective. Second, this study investigates the historical background of Honda's emerging business and the characteristics of its mutations as the logic of

*“Honda's strategies and actions were guided by considering the heterogeneity and homogeneity of emerging markets compared with developed markets, avoiding a rigid dualistic approach.*

emergence. Third, we confirm the characteristics of selection and retention by exploring competitive rationality as a logic of survival. Many emerging markets have grown rapidly since 2000.

#### **Honda's strategy formation process in emerging markets in the latter half of the 20th century**

During the latter half of the 20th century, motorcycle markets in developing countries were characterized by their limited size and stringent import substitution policies imposed by governments, leading to oligopolistic competition among Japanese companies, except for India and China (Mishima, 2010).

In the latter half of the 20th century, Honda witnessed an increase in sales volumes in emerging markets, establishing an oligopolistic position in many. While Honda's entry into emerging markets initially stemmed from autonomous decision-making rather than a purely economic rationale, the company continued to invest and make incremental improvements guided by its autonomous strategic actions driven by its management philosophy. Consequently, Honda has experienced growth parallel to the expanding motorcycle markets in emerging countries, establishing a mutually reinforcing cycle. Honda and numerous emerging markets co-evolved during the latter half of the 20th century.

#### **Honda's strategy formation process for emerging markets in the early 21st century**

At the onset of the 21st century, several significant changes occurred in emerging markets and their surrounding environments. First, the volume zones of emerging countries shifted westward from Southeast Asia, with South Asia and Africa experiencing substantial market growth. Second, Chinese and Indian companies experienced rapid growth owing to

domestic market expansion and intensified competition, leading to increased exports to emerging markets. Third, emerging markets witnessed the liberalization of industrial policies and the enforcement of stricter environmental regulations, particularly regarding exhaust gas emissions.

Honda's global concentration and localization strategies in the early 21st century complemented each other and co-evolved. The localization strategy complements the global concentration strategy by providing the necessary production and organizational capacities through gradual investment and improvement in individual emerging countries.

Additionally, a localization orientation facilitated qualitative improvements alongside quantitative expansion, aligned with the rapid growth of emerging markets. The global concentration strategy complements the localization strategy by introducing new products and adding value to the existing products and processes in emerging countries. This strategy drives organizational capabilities and management improvements. In the 2010s, as the growth of the Southeast Asian market plateaued, the co-evolution of markets and strategies observed in the latter half of the 20th century showed signs of moving in the opposite direction.

#### **Discussion**

This study explores the dilemma of heterogeneity and homogeneity in emerging markets, the diversity of demand, and the dynamic strategies and behaviors surrounding these markets. Honda's motorcycle business in emerging markets is used as a case study to address the research question. Honda's strategies and actions were guided by considering the heterogeneity and homogeneity of emerging markets compared with developed markets, avoiding a rigid dualistic approach. Instead, Honda focused on linking needs based on the diversity of demand in emerging markets and technology-linking activities derived from this diversity. These strategic actions by Honda were not immediate or one-step actions but were based on gradual, continuous efforts and adaptation through repeated trial and error. Consequently, Honda's global



concentration and localization strategies became complementary, and markets and strategic actions co-evolved over time.

*“These aspects highlighted in this paper have also been discussed in traditional organizational learning theory (Senge, 2006; Huber, 1991) and dynamic capability theory (Teece et al., 1997; Eisenhardt & Martin, 2000; Zollo & Winter, 2002), emphasizing the significance of these theories in achieving management results.*

This essay makes four theoretical contributions to the literature. First, it demonstrates that while price is a characteristic of emerging markets, various other factors, such as product characteristics, market segments, and categories, influence corporate behavior and contribute to market outcomes.

Prahalad's (2004) work on the concept of BOP and its significant size and growth potential has significantly impacted international management research. Consequently, since 2000, discussions on emerging markets have mainly focused on capturing demand from the large and high-growth-potential BOP segment as well as on the distinctiveness of emerging markets compared to developed ones, particularly in terms of low costs.

However, this essay emphasizes the importance of not only price but also the following: (1) recognizing needs and technologies based on existing market typologies, such as categories and segments; (2) integrating these perceived needs

and technologies into organizational processes; (3) making incremental advancements in innovation and routines; (4) offering new products and services based on these incremental efforts to capture demand in emerging markets. These aspects highlighted in this paper have also been discussed in traditional organizational learning theory (Senge, 2006; Huber, 1991) and dynamic capability theory (Teece et al., 1997; Eisenhardt & Martin, 2000; Zollo & Winter, 2002), emphasizing the significance of these theories in achieving management results. Thus, this essay

demonstrates that the organizational learning and dynamic capability theories offer valuable implications for emerging markets.

Second, the strategic behaviors of MNCs in emerging markets can be viewed dynamically to reveal their evolutionary processes. Examination of these dynamics is based on two points. First, as emerging markets seek low prices and have diverse needs, a globally uniform strategy that pursues only prices will not necessarily have a significant effect.

Therefore, understanding emerging markets requires identifying the characteristics of each country's markets, which are path dependent and require dynamic considerations. Second, organizational learning and dynamic capability construction in emerging markets play important roles in demand acquisition and must be viewed dynamically.

In addition to previous studies that pointed out the heterogeneity of emerging markets, such as those of Prahalad (2004), and Jugard Innovation (Radjou & Prabhu, 2016), which focused on prices, London and Hart (2010), who noted that new value is co-created by demand and firms, pointed out the disconnect between existing and emerging markets. Most previous studies on emerging markets have emphasized the importance

*“Fourth, this essay develops the strategy formation process theory into a theory of international management, showing the potential for further development of both theories.*

of creating value from scratch or introducing new products and services completely different from those in existing markets to develop emerging markets.

However, the dynamic discussion in this essay suggests a continuum between existing and emerging markets in terms of building organizational capacity, innovations, and improvements based on that capacity. Although existing studies have negatively positioned incremental innovation and products as approaches to emerging markets, some products and services can have managerial outcomes for firms that develop,

produce, and sell them.

Third, the essay shows that there are commonalities and differences between developed and emerging markets rather than a dualistic view of whether emerging markets are homogeneous or heterogeneous with developed markets. By taking a dynamic view of emerging markets, we show that the shades of homogeneity and heterogeneity in developed markets vary and fluctuate from one period to another. Therefore, this essay demonstrates the possibility of deepening the discussion on emerging markets by hybridizing the perspective of research on emerging markets with respect to heterogeneity and the existing research on dynamic capability theory and organizational learning theory with respect to homogeneity.

Fourth, this essay develops the strategy formation process theory into a theory of international management, showing the potential for further development of both theories. First, it demonstrates the significance of a new perspective on the strategy formation process theory (Burgelman, 2002) in emerging markets theory. By using the strategy formation process as a perspective for examining the process of strategic behavior in global organizations in business strategy, this essay clarified the characteristics of the three emerging markets and their strategic behavior and suggested the significance of this framework.

The remaining issues in this essay are threefold. The first is a rigorous substantiation of the implications derived from the case essay. As this essay was not intended to be a hypothesis-empirical essay, the above implications were derived from a single case essay of Honda. However, it is necessary to obtain more data and conduct more rigorous demonstrations in the future. Second, it is necessary to examine whether similar implications can be obtained for a specific motorcycle industry and other industries. Third, we must examine company-wide strategies in emerging markets for strategy formation process theory.

In the future, it will be necessary to investigate three aspects: (1) the positioning of the global business strategy analyzed in this essay; (2) the relationship between the structural and strategic contexts; (3) how these factors contribute to the co-evolution with the market in Honda's company-wide strategy, encompassing its other businesses (automobiles, finance, and general-purpose equipment)

not covered in this essay. This analysis provides valuable insights into Honda's overall approach to emerging markets and its adaptation to changing market conditions.

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