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Preface

In the first decade of this century, the global economic environment has seen tremendous changes. The most significant is the rise of emerging countries. The share of global GDP accounted for by developed nations such as Japan, the United States, and European countries has dropped from almost 80 % in 2000 to about 60 % in 2010. I estimate that this share will fall to around 50 % by 2020 and to about 40 % by 2030. Meanwhile, emerging countries such as China, India, and Brazil are increasing their market presence. In terms of population, the picture of a global economy centering on developed nations, in which those countries that represent 10 % of the population generate 90 % of the wealth, is disappearing. It is becoming increasingly important for global companies to develop business strategies to adapt to this new era.

This book systematically summarizes the business strategies of global companies that are addressing the rise of emerging countries. While in the past, textbooks on international management and global business theory were mainly based on developed countries, this book is characterized by a primary focus on strategies for emerging countries, where the business environment is quite different from that of developed nations. Among these emerging countries, China and India are discussed because they are believed to be the two chief economic powers of the twenty-first century. The book contains case studies of companies operating in those countries to allow readers to obtain some understanding of how business fields differ from those in developed nations.

Also, instead of a narrow discussion of how overseas businesses differ from domestic businesses, the book's content focuses on the concept of an overall business strategy for an enterprise that aims to become a true global company drawing on all of its management resources. For a number of Japanese companies, more than half their sales come from overseas markets, and their overseas subsidiaries hire significantly more employees than their domestic ones. However, their governance structure is still centered on the head office in Japan and is generally far from an optimum global management organization that takes advantage of diversity in countries into which they have expanded. I believe that it is crucial for Japanese companies to improve their business organizations on a global scale, given the fact that the main business battlegrounds have moved from Japan to overseas, to emerging countries in particular.

I hope this book helps firms to make a significant leap forward in becoming true global companies.

The contents of this book were originally prepared for the course “Global Business Strategy and Policy” in the Department of Technology Management for Innovation, Graduate School of Engineering, The University of Tokyo. Both theories and case studies in the area of international management studies for graduate level education are contained here. The book can be used as a textbook for graduate-level management education, as in business schools, and for senior-level undergraduate students. The case studies it presents are on Japanese firms expanding into emerging countries such as China and India, but these stories can be applied to multinational enterprises in general, including European and U.S. firms. At the same time, comparative analyses of multinationals across countries are also provided in the theory sections, enabling readers to understand specific factors associated with global strategies in a particular country, namely, Japan. Therefore, this book can be useful in courses that focus on Japanese (or other Asian) business studies.

Without the input, support, and contributions of many people, I could not have been able to complete this book. First of all, I would like to thank everyone at the companies taking part in the case studies. They have kindly accepted my visits to headquarters and local operation sites all over the world and have provided a diversity of useful information. In addition, I would like to acknowledge the new insights, inspiration, and advice of all students who have taken my classes. I am deeply indebted to many other individuals, including my colleagues at The University of Tokyo and friends at my former employer, METI (Ministry of Economy, Trade and Industry) of the Japanese Government, for their substantial intellectual input. All of them have contributed integral parts of the contents of this book.

This present volume is based on *Global Keiei Senryaku*, a Japanese-language publication by the University of Tokyo Press in 2013. This English edition contains expanded chapters and is written for students and researchers throughout Asia and the world. I would like to thank the University of Tokyo Press for allowing me to publish this English edition. I also thank my assistants, Ms. Miwa Abe and Ms. Mariko Niimura, for their support in formatting tables and figures.

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