Abstract


This study explores the internationalization process of Japanese business service firms. This is a sector of great importance, but it has often been neglected in research on Japan, which has mainly focused on the manufacturing sector. It has been found that the service sector in Japan seems to be lagging, compared with its Western counterparts. This has also had implications for the international growth of Japanese business services. From this background, the overall research problem is: Why is the Japanese service industry less internationalized than the service industries of other advanced economies?

The thesis presents an analysis of the Japanese service sector in general and the professional business service sector in particular. In the theoretical framework, a model of introvert or extrovert internationalization is developed in order to generate an overall understanding of the internationalization of the Japanese professional business service sector and why it is less internationalized. In order to generate a solid understanding of this complex industry, the theoretical framework takes its stance in three theoretical areas; service management, economic geography and internationalization theory.

The results of empirical work in Japan, UK and Singapore point to an inferior position of the Japanese firms in comparison with Western competitors. The Japanese companies are often located in central locations where they can make use of the infrastructure and knowledge flow. Nevertheless, they have had difficulties in attracting non-Japanese clients. The keiretsu network plays a less important role, but the companies express concerns about the increasing competition and the need to extend the client base. Short-term financial considerations have become more important. However, geographical differences exist. The Japanese companies that are active in Asia seem to have a stronger position and are confident about the future prospects.

It is possible that a further deregulation of the Japanese service market in combination with increased international competition and benchmarking against Western firms can strengthen the Japanese professional business service sector. The ability to learn has proven to be a most successful feature of the Japanese economic development.

Keywords: Japan, professional business services, internationalization, keiretsu.

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