Regional Development Through Establishing Autonomy in China and Japan

Abstract  Regional disparity has become a major problem in both China and Japan. Governments are emphasizing developing rural areas (Japan: depopulation region) to decrease the economic gap they have with major urban centers. This paper compares two successful cases in each country and identifies a sustainable development approach to establishing local autonomy to develop business and/or industry. The factors of success in these two cases were analyzed, and some implications and insights were clarified. Local specialties should be taken into account, and adopting a suitable strategy and establishing autonomy for the local people is a realistic and effective approach to developing the socio-economy of regional areas and narrowing the disparity. During this development, a wise leader or a team of leaders is essential, and this leader (s) also must have open communication with the local community.

Keywords: Regional development, Autonomy establishment, Japan, China

1. Background Introduction

1.1 Regional development issue in China and Japan

Regional disparity represents an ever-present development challenge in most countries (Raja: 2003). As two of the important economical poles in Asian area, Japan and China, both face to serious regional disparity phenomenon.

For Japan, the current disparity emerged after 1990’s economical stagnation and was enhanced by the government policy on de-regulation and austerity. In addition, harder cost competition by globalization deadened many rural industries including agriculture or caused retreat of production factories from rural areas. The decline of regional industries and the freedom of population floating caused depopulation in rural areas and overpopulation in the metropolitans. In parallel, reduction of birth rate accelerated the depopulation.

For China, the regional disparity originated from the socialist initial industrialization stage. The government first encouraged some specific east seacoast urban districts by economical de-regulation by “open policy” in 1980s to induce FDI (Foreign Direct Investment) and recently focused on encouraging western rural areas to reduce the huge unbalance of economy between both sides. However, the tremendous disparity between western and eastern or between urban and rural has already emerged as a most serious social problem. The large difference of living standard among regions and huge demand for the low-cost labors in the industrial areas made drastic transfusion from rural to urban and it caused depopulation in rural area, even the government made much effort to prevent such transfusion by registered permanent residence (Huhou) system and some corresponding policies, such as the differentiation of the social welfare system. Right now, the aging and depopulation issue in rural areas is already emerging and will become more serious in the near future.

The detailed situations are different in Japan and China, but in a sense, the basic factors which cause regional disparity and regional depopulation are globalization and harder competition in world-wide free market for both cases. As a matter of fact, from the perspective of the aging and urbanization rate, the similar tendency could be observed in both countries. As Table 1 show, the indices of aging, GNP per capita and urbanization rate, China (2010) will be approach to the situation of Japan around 1972. In other words, China lags behind...
1.2 Literature review

Early literature in the relationship between economic growth and overall income disparity seems to suggest an inverted-U-shaped Kuznets (1955) curve. The inevitability of this ‘polarization process’ was also stressed by Hirschman fifty years ago. Regional development has been the hot theoretical and practical topic from then on. Until the present age, academicians put forwards plenty of hypothesis and experimental models as illumination or guidelines. Such as the cluster theory of Porter (1984), regional innovation system of Cooke (2000), knowledge as core competence for learning region of Asheim (2000), Triple helix model of Etkowitz (1997) and so on. Also, thanks to the diligent work of all the other researchers, there are large numbers of valuable literatures which concern the regional development issue in the implementation aspect. However, this research focuses on the detail case study in a comparative viewpoint, analyzed the common characteristics of the determining factor in Japan and China, whose political system and economic mechanism are quiet different. Undoubtedly, for different development phases in different countries, the mentality and measures for decreasing disparity are different. Despite all the differences, some empirical implications are expected to originate from this comparative case study to be used by the regional development policy-makers all around the world.

1.3 Methodology and paper framework

During the extensive investigation in Japan and China, we found two cases which have a remarkable similarity even their businesses are completely different: Chengdu Five golden flowers (FGF) and Tokushima Kamikatsu-chou. The former is located in the western China, which is usually considered as the less developed inner land areas, but its success is presented as a new paradigm for social-economical development of the laggard area. The latter belongs to the depopulation rural town, but its business was introduced as "a leaf-turns-into-capital magic" and praised as one of the model cases of agricultural revitalization and the use of information technology to address the problems of depopulating areas. Through the deep and systematic analysis of the successful factors of these two cases, we observed that establishing autonomy is the key instrument for regional development, just as a Chinese aphorism says, give a man a fish and you will feed him for a day, teach him how to fish and you will feed him for a lifetime.

Our information about these cases comes from a variety of sources. One author used to live near FGF for 7 years, another author’s hometown is Tokushima, Kamikatsu-chou is located in this prefecture. We experienced the great evolvement of these two regions. For the research study, we visited these two areas several times, for informal discussions with village leaders and villagers. Open-ended interviews were conducted with local peasants, tourists, government officials and managers of companies in November 2006, to acquire more quantitative information about the changes over the previous decades. Finally, a large variety of archival materials and information have been obtained from the bulletins of the government and local almanac. It is believed that such effort may help the researchers to keep their objective positions and protect the field researchers from the governmental unilateral influences.

The organization of this paper is as follows: Next two sections provide an overview of FGF and Kamikatsu-chou, including their forepassed status, development procedure, dominant business manners, and status quo. The discussion and analysis about the essential conditions for establishing autonomy are in Section 4. The driving forces of these two areas are conceptualized. In the final section some ending remarks are made on the applied method and a number of suggestions are given that may help policy makers to design strategies for encouraging autonomy establishment in rural regions.

2. Establishment of Five Golden Flowers

2.1 Geographical and forepassed status

FGF, formed by five villages of Chengdu City, is 7 Kilometers away from the downtown. The soil texture belongs to the Longquan cordillera acidity inflation soil, which is unsuitable to plant foodstuff but flowers. FGF’s flower industry experience can be traced back to Qianlong period (1736-1795). Due to the dispersed family-scale, inefficient and obsolete technology, the flower industry could not bring prosperity to the local economy.

<table>
<thead>
<tr>
<th>Nation</th>
<th>Year</th>
<th>GNP ($) (per capita)</th>
<th>Aging (%) Over 65</th>
<th>Urbanization Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>2000</td>
<td>840</td>
<td>7</td>
<td>36.9</td>
</tr>
<tr>
<td>China</td>
<td>2010</td>
<td>2446</td>
<td>8.5</td>
<td>About 30</td>
</tr>
<tr>
<td>Japan</td>
<td>1972</td>
<td>2540</td>
<td>7.1</td>
<td>72.1</td>
</tr>
</tbody>
</table>

Table 1 Comparative indices between China and Japan.
The average income per capita was less than 2000 Yuan (RMB) in 2002. This area was used to be considered as traditional laggard western rural area.

2.2 Status quo
From 2003, Chengdu municipal government implemented the development project of FGF. The five villages were reestablished and renamed as rural tourist sightseeing place according to the principal of "One village, One flower, One season, One culture". Just as its name implies, each village has its own dominant flower for one season and represents one special culture. For spring, there is Hua xiang nongju (Hongsha village), that means "flower farmer residence". Potted flower, cut flowers and ornamental fresh flowers are the dominant industry; For summer, there is He Tang Yue Se (Wanfu village), that means "Moonlight over the Lotus Pond", it encompasses 1074 Mu land, with lotus as primary flower, supported by spatterdock and late lotus, forming an ecology lotus pond landscape; For autumn, there is Dongli Juyuan (Fuma village), that means "Dongli chrysanthemum garden", with the chrysanthemum as its dominant flower; For winter, there is Xinfu meilin (Xifu village), that means "Happiness plum forest", with about 3000 Mu of plum forest. The last member is Jiangjia Caidi, which is called Jiangjia Caidi, meaning "Jiangjia vegetable yard". Vegetable flowers are the dominant one. Renzhong manner\(^1\) was initiated by the farmers here. FGF was assessed as a national 4A level scenery place in 2006.

2.3 Development procedure and main business manner
2.3.1 Hardware; infrastructure construction
From 2003, the government carried out the development project of FGF. The investment from the government amounted to 115.45 million Yuan. Simultaneously, 1670 million Yuan social fund investment has also been involved in the project operation. The first step was improving the infrastructure. It involved:

1. Rehabilitation of the rural residences. The local community decorated their residences as the unified normative western Sichuan farmer residence style. Government afforded 80% of the reconstruction fee as subsidy. The local people use their residences as the business spot for Happy Farmer House\(^2\). In FGF, Happy Farmhouse, which receives an average of 10,000 tourists per day, has become one main business model. In Hongsha village, there are more than 90 Happy Farmhouses.

2. Urbanization and modernization of rural infrastructure. Road net, sewage treatment, natural gas pipelines, water supply, cable TV optical fiber and also medical treatment center were built by the funds from government.

3. Large-scale land management. The lands were rearranged and by dismantling the courtyards, the ridge of field and so on. The centralized lands were auctioned or used for commercial development. Especially, in Jiangjia Caidi, the local community used their lands for Renzhong business, which currently attracts hundreds of tourists each year.

4. Introduction of Company & Project Foundation. Supports were afforded to the floriculture companies in the aspects of fund, technology and policy from different departments of government.

5. Financial assistance. Low or no interest loans were afforded to the local entrepreneurships, to encourage them to create their own business.

2.3.2 Software; culture factor, education, training, social security system
The cultural and industrial factors were introduced into the FGF to change the traditional agriculture industry to the tourism. Furthermore, the government paid special attention to cultivate the independent competition of the local people. It involves:

1. Attach cultural value to the traditional industry. The first "Sichuan flower exposition" was held in FGF on Sep. 29th, 2003; The first "China_ Chengdu plum blossom festival" was held in Xinfu Meilin on Dec. 27th, 2004; The "Agricultural Civilization Memory Hall" was built in Jiangjia Caidi to show the agricultural culture civilization. Complementation and mutualism of the cultural industry and agricultural industry has been implemented.

2. Social security system has been constructed for the

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\(^1\) Renzhong manner was developed by Jiangjia Vegetable Yard, which provides clients with the opportunity to plant, watch and taste the green vegetables. At present, the advertising slogan is "Be a farmer for a year for 800 Yuan". As the term suggests, for that small fee anyone can have a vegetable garden (one tenth of a Mu) in Jiangjia vegetable yard, and such services as growing seedlings, planting or harvesting are charged by the land owner. The clients can participate according to his or her interest, and the agricultural product will be completely processed by the clients.

\(^2\) Happy Farmhouse is a type of tourism business, which takes the countryside landscape, the attractive environment, the countryside folk culture and customs and atmosphere of farm life as basic tourism resources, the farmers' residence as the unit of business and the experiences of the village life as the marketable product. The main tourist activities are eating the peasant family's food, living in an agricultural house, doing agricultural work and enjoying contacting with a peasant family. (cf. Sichuan Province Chengdu city: "The General statue of service quality in Chengdu Happy Farmhouse").
local people. All the peasants have been completely included in the new rural cooperatives medical service. 92% land-lost, 62% quasi-land-lost peasants have participated in the social endowment insurance system.

(3) Experts and consultants were invited to train or educate the peasants in the field of flower industry or restaurant. The governors in Hongsha village told us that they have held lots of training lectures or symposiums from 2003. What is more, just one month ago, a manager from Minshan Restaurant (Five Stars hotel in Chengdu) worked one month there, instructing every Happy Farmhouse on site.

2.4 Social and economical efficiency analysis

The establishment of FGF generates great social and economical efficiency. The entire area was invested less than 180 million Yuan, but formed a leisure open style park with attractive rural scenery and harmonious ecological environment for the citizens, where millions of people come for vacation each year. Moreover, it has attracted multitudinous agricultural enterprises and management merchants. Due to the change of the traditional life and production method, the peasants can also enjoy the urban civilization. It largely promoted the urbanization progress. We collected the following index to demonstrate the economic efficiency.

(1) Growth of the floriculture industry revenue. From 41.24 million Yuan in 2000, it extended to 65.6 million Yuan in 2005, with a 59.1% increment.

(2) The tourism income. Till now, FGF has received about 11 million tourists, with reception income of 234 million Yuan.

(3) The appreciation of peasants’ properties. For the improvement of the countryside environment, the rent of land raised from 1,005 to 2,000 Yuan per Mu. The rent of reconstructed residences rose from 500 to 1600 Yuan per square meter in one year. The appreciation of the peasants’ household properties has surpassed 1.3 billion Yuan in FGF.

(4) The increase of peasants’ income. The peasants’ income composes four stable parts: rent, salary, bonus and welfare. In 2005, the per capita net income in FGF reached 6,321 Yuan. Particularly in Hongsha village, it reached 7,060 Yuan, with an increase of 40.5% compared with 2003.

(5) The tax in FGF increased to 12 million Yuan in 2005, from 0.401 million in 2002, with a 300% annual increase rate.

3. Establishment of Irodori Project

3.1 Kamikatsu-chou and its new business introduction

Kamikatsu Chou is located deep in the mountains of Tokushima Prefecture, about 40 kilometers from Tokushima City. Forests occupy about 85 percent of the town’s total area (109.68 square kilometers). It used to represent a typical depopulated rural town, where a population of 6,200 in 1955 has dropped to nearly 2,100 nowadays, 46% of which is over 65 years old.

The main products of Kamikatsu used to be timber and satsuma (Onshu) oranges, but they have been pushed away by imported timber and oranges. In February 1981, a cold snap caused the death of most orange trees and devastated the town’s economy. Under such circumstances, the town office, in cooperation with farmers and the agricultural cooperative, drew up a major plan to develop problem-solving abilities among citizens. Some new businesses were started in this context. Among them, especially, tsumamono commercialization of Irodori Project that we will describe in this paper is remarkable nowadays. “Tsumamono” refers to decorative leaves and flowers which adorn plates of food at restaurants.

3.2 The origin and development of Irodori Project

The business was originated from a “flash” that happened to Mr. Yokoishi, the vice-president of Irodori company. When he was having meal in a sushi restaurant in Osaka in 1985, his attention was caught by two young female customers in a nearby table who were quite excited about the small colorful leaves served as artful garnish and started wrapping the leaves carefully with their handkerchiefs. Kamikatsu has beautiful tree leaves in abundance, whereas a wide variety of tree leaves and small flowers seems to be in demand among high-end Japanese restaurants as tsumamono for dish presentation throughout the year. In addition, unlike traditional agricultural activities, leaves can be easily handled by elderly population.

Mr. Yokoishi proposed the idea of Irodori Project and appealed for cooperation all over the town. Despite the great hardship and disputation in the beginning, Mr. Yokoishi and his entrepreneurship team accumulated the necessary know-how on product development, quality control, distribution and marketing, the number of participants gradually increased and the brand image of the Irodori Project began to take shape. The revenue
increased to 50 million yen after five years and to 170 million yen after ten years. Today, Irodori Project consists of 190 members of independent farmers (mostly senior females). The average age of Irodori members is 67 years old, while the eldest member (female) is aged 92. In 2005, the total sales of Irodori amounted to 270 million yen, approximately 1.4 million yen per member. The great increase of sales has been accompanied with a constant increase in the number of products, from a few dozens of basic products initially to about 300 products in each season now.

3.3 Highly modern special platform for senior citizens

The operation of Irodori is supported by a highly modern and complex system of soft-and hard-infrastructure that has been developed gradually over last 20 years. In each season, Irodori provides about 300 different products to nearly 90 whole sellers located in major cities throughout Japan. The actual decision for what and how much of each product to be supplied each day is made by individual farmers (i.e., members) who cultivate trees and flowers on their land, while the total supply of each product is to be controlled by the Irodori Cooperative. Furthermore, farmers must make also longer-term decisions about what and how many trees and flowers to be grown on their land. Thus, each farmer needs a lot of the newest information (e.g., yesterday’s prices) as well as long-term information (i.e., past trend and future projection). Such information is collected and processed by the Irodori Cooperative, and is provided for individual farmers though the computer system (in combination of a special fax-machine system). Irodori Co. regularly provides seminars for all members to learn how to read and utilize the information in their daily business.

Each morning, watching the computer screen and fax information, each farmer decides how much of each product will be supplied, and notifies the Cooperative of their decision. Farmers operate their computers using a special (simplified) keyboard and a big mouse, which were developed specifically for elderly people. Then, each farmer collects leaves, sprigs and flowers from its land, and packs them for shipping. All the packages are collected at the Agricultural Cooperative of Kamikatsu before 4 PM. After that, using special trucks, they are transported to Tokushima airport and sent by airplanes to Tokyo and other distant cities. Or they are sent directly to nearby cities by trucks. In this way, the entire operation of the Irodori Project is supported by the modern information-transportation infrastructure. In particular, the special computer system was developed in 1999 at the cost of about 300 million yen (supported partly by the national government and partly by Kamikatsu-cho), boosting the sales value of Irodori Project by nearly 50%. It is also interesting to note that each evening, the ranking of all members in terms of sales value is announced through the computer system. Each day ends with a handwritten facsimile letter form Mr. Yokoishi, which summarizes in friendly and encouraging tone the results of the Irodori activity of that day, and his suggestions on next day’s activity.

3.4 Great changes initiated by Irodori Project

Irodori Project, together with four other related initiatives in the town, has succeeded in turning the once hopeless town to a revitalized place, attracting about four thousand visitors in 2005 from other parts of Japan as well as from abroad, curious about its unique products. It initiated great changes in Kamikatsu Chou.

(1) Great changes in family financial status. Before the introduction of the Irodori Project, the local people depended solely on cultivating generic commodities, earning annually less than 0.2 million yen per farming household. Thus, in average, farmers participating in the project increased their annual income about ten times over the 20-year period.

(2) Empowerment for senior female. Most of the participants are aged women who were no more than helpers in traditional farming work, but now they can earn considerable cash income. This fact indicates the great contribution of the project to the empowerment of females in Kamikatsu.

(3) The realization of the social value and social participation of senior citizens. Kamikatsu is called “the smiling town”. Needless to say their independent financial status, a more important point is that they can actively participate in society through their work. As we mentioned before, all the new productions are developed by individual farmers. The senior citizens can fulfill their wisdom and experience.

(4) The improvement of the health situation of the senior citizens. It would be interesting to note that there are only two bedridden villagers to date among Kamikatsu’s elderly (65 years and above age group). Due to participation in the company, Irodori members are constantly stimulated mentally and physically, which sustains the well-being of the elderly.

In short, a young outsider (Mr. Yokoishi) together with
local people succeeded in revitalizing the regional area through sustained efforts over 20 years, in which unique products (tsumamono items) have been constantly developed by utilizing creatively the seemingly ordinary resources (leaves, senior citizens, and land in deep mountains).

4. Analysis and discussion

4.1 FGF successful factors analysis

Firstly, we analyze the successful factors of FGF by focusing on autonomy establishment of the local community through four dimensions as follows:

(1) The positive leading role that the Chinese government has played. During the development of FGF, the governmental function can be evaluated through six criteria: means operator, regulator, investment stimulator, promoter, coordinator, as well as educator. Concretely, the government, as the biggest player and initiator, operates the project in macro and holistic point of view, regulating the statutes and condition, promoting the infrastructure and living environment, stimulating the external and internal investment, coordinating the relationships among the communities, household families, and external capitals and so on.

(2) The business platform has been constructed. In FGF, the platform has been established and afforded to the local people where they can select a suitable approach to make use of their resources: operating their own flower business or Happy Farmhouse, Renzhong their lands or working in the companies, etc.

(3) The relatively complete insurance system has been established for the local community. No fear of trouble in the rear was somehow guaranteed due to the availability of the medical insurance, endowment insurance and for-free compulsory education system. Particularly the first two subjects used to be only citizens’ welfare in China, not farmers’.

(4) The tool was endowed to the local people includes material and spiritual aspects. On one hand, the traditional isolated flower production has been changed to the extensive, large-scale management business, the rural tourism industry has been soundly developed, and local people gradually master the business management knowledge by training, educating and experience. On the other hand, this pattern is not only simply changing the household registration status (Hukou) of the peasants from the countryside to urban, but also promoting the integration of the urban and rural. Urban residents engage in sightseeing, operating business or Renzhong land. Peasants also can experience the citizen life more conveniently and initiatively than before. Such kind of bidirectional ideological interaction should contribute to update the ideological system of the local people. FGF’s experience could be illuminative to the contemporary Chinese urbanization process.

4.2 Kamikatsu chou successful factors analysis

Secondly, we analyze the successful factors of Kamikatsu Chou by focusing on autonomy establishment of the local community through three dimensions as follows:

(1) The leader’s function. Mr. Tomoji Yokoishi, an agricultural cooperative extension worker, spent nearly 20 years in working and communicating with the local people to gain their trust and friendship. And during the beginning and development of the Irodori Company, his attic faith and laborious spirit were the pivotal points of success.

(2) The effective and unique use of the local resources. The material for tsumamono is abundant in mountainous areas, and mainly light-weigh leaves can be easily handled by elderly people, Kamikatsu chou exploited these two resources creatively.

(3) The modern technological platform that has been established. During this project, all the local community can join with the support of appropriate infrastructure (computer-fax system, special trucks, and access roads to the airport). Due to the advanced technology, all individual participants can attain the market information and business knowledge conveniently, they are well-connected to each other and also to rest of the world.

4.3 Commonness analysis

In both cases the autonomy of the local people and communities has been established. It appears that both of them have sufficient momentum to become self-sustaining. Certainly, because of their different national economical background, each of them has its own specialty. However, in some factors, they are markedly similar. Their similarities illustrate that basically the same strategies of successful autonomy establishment can materialize in a huge variety of hidden or unexpected factors.

(1) They utilize the local resource effectively according to its own specialty and established the suitable
and unimitated business model. In the respect of regional development, it should adopt a general strategy for community-based rural development that identifies, cultivates and fully utilizes local resources (including natural, historical, cultural and human resources) for the development of products or services unique to a certain "village" or geographical area.

(2) Capable leaders are indispensable, whatever it is one person or a team; they should be familiar with the situation and history of the area. They are innovative and aggressive. The communication and understanding of the leaders and the community is also essential.

(3) In both of them, the platforms were established for the local people to make good use of their energy and resources.

(4) They all master some suitable and powerful tool to make their dream come into being.

(5) They have sufficient market information and relatively perfect social insurance system, which can make they focus on promoting their business.

5. Conclusion

"If farmers are rich, then the country will be prosperous. If villages are stable, then the society will also be stable." As Chinese president Hu Jintao said (TIME, 13 March 2006, 22), to solve the "San nong (agriculture, rural areas, peasants)" problem is the top urgent task for the Chinese central government. To accomplish this objective, how to develop the regional economy causes wide attention. For Japan, to develop the backward area means how to fulfill the potential of the national economy, to reach a new upsurge of economical prosperity. This paper described and analyzed two cases in each country. The characteristics of the success factors in these cases gave us some fruitful implications and illumination on the regional development issue: taking the local specialties into account, adopting the strategy and resources as countryside capital, The issues related to regional development also merit further study. The effects of a region's industrial structure, environmental policies, and the local government's attitudes toward development priority, etc. can be considered to expand the scope of the results. We will leave these highly intriguing topics to future studies.

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