Fifty Years of Business History in Japan: Past Achievements and Future Prospects

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Introduction

THE BUSINESS HISTORY SOCIETY OF JAPAN (BHSJ) was established in 1964, the year that Tokyo hosted the Summer Olympics and Japan soared to the heights of its spectacular economic growth. Looking back over the BHSJ's 50-year history, this paper highlights several research achievements in the field of business history and explores several issues the discipline faces moving forward.

Although I am serving as the president of the BHSJ in 2014, the year of the society's 50th anniversary, I want to emphasize that this paper represents not an official, presidential position but rather my personal views on the topics that lie herein. I would also like to note that, due to limitations on space and length, the paper makes specific reference to only a small number of the many business history-related research projects and scholars that the last half-century has seen.

I. The Identity of Business History

1. What is Business History?

Before exploring past research and future challenges for the field of

business history, we need to understand exactly what the field is. Business history is an academic discipline that focuses on using the historical method to perform empirical analyses of changes in organizational management. Although the scope of research in the field covers companies, NPOs, NGOs, governmental institutions, and a wide range of other organizations, companies account for the bulk of all the various research topics.

In other words, business history is a fusion of management and history. As the discipline can probably be understood best in light of its relationships with other academic fields, I will first examine the similarities and differences between management and economics and then proceed to a comparison of business history and management.

2. Management and Economics

Managers, corporate identity, and corporate independence play extremely important roles in the world of corporate management. It would be no exaggeration to say that the discipline of management exists as a separate entity from economics because of the substantial importance assigned to the ideas of identity and independence.

Pure economics reduce companies to mathematical points, effectively eliminating their unique identities, behavioral patterns, and independent aspects. Under given conditions, all companies are expected to exhibit uniform behavior based on some form of economic rationality. Attempting to account for corporate identity and other unique, company-specific factors at every stage of the process thus makes it essentially impossible to construct abstract models and develop sophisticated economic theories.

In reality, however, companies have unique personalities and behave independently, much like living creatures do. For companies to form, survive, and grow, they need business opportunities—chances only a select few companies can actually harness and sustain. The motorcycle industry was home to over 100 competing manufacturers during the occupation, for example, but only Honda, Yamaha, and a handful of other companies remain to this day. Corporate personality and independent action also featured prominently in the transistor industry, where Tokyo Telecommunications Engineering Company (now Sony) and its emphasis on applied development (transistor commercialization) trumped Kobe Kogyo and its transistor mass-production efforts in carving out a strong

niche in the global market. The only companies capable of capitalizing on these business chances are those with well-formed, advantageous identities and the abilities to take accurate action.

Whereas those involved in economic research tend to focus on commonality and objectivity when examining companies, researchers in the field of management emphasize identity and independence. The differences between economics and management are also evident in the divergent perspectives of economic history and business history. In the realm of economic history, scholars evaluate historical phenomena by working backward from outcomes—a retrospective approach called “*ex post*”—in hopes of establishing objectives. The basic stance of business history, on the other hand, advocates analyzing events from an “*ex ante*” perspective that focuses on the processes involved.

3. Business History and Management

Business history and management are the same in terms of foregrounding the “process” when analyzing specific phenomena. What are the similarities and differences between these two disciplines, then, when it comes to research methods?

In a sense, the intertwining nature of business history and management is a matter of course. The “action system theory of management” proposed by management scholar Numagami Tsuyoshi reveals two important commonalities with the methods employed by business historians.

The first commonality is that both academic fields maintain the validity of case studies, a point that Numagami discusses thoroughly.¹

According to Numagami, observers operating from the methodological standpoint of the natural sciences have criticized the case study method for failing to live up to four conditions: internal validity (whether the explanatory model is actually valid); construct validity (whether the concept in question matches the data); reliability and reproducibility (whether the same findings can be obtained any number of times); and external validity (whether the same findings can be obtained from other samples). Although case studies do need to satisfy the first two conditions (internal validity and construct validity), Numagami argues that the third

1. See Numagami Tsuyoshi, *Ekishō display no gijutsu kakushin-shi: Kōi-reña system toshite no gijutsu* [A history of the technological revolution behind the LCD display: Technology as action chain] (Tokyo: Hakuto-Shobo, 1999).

and fourth conditions (reliability and reproducibility and external validity) do not apply to case studies because “case studies for social research cannot be expected to meet these requirements unless a ‘covering law’ hypothesis holds in actual society.”² Numagami shapes his discourse to establish a clear position on the fundamental aim of social research, saying that the ultimate goal is “not simply to discover ‘convenient’ patterns that people can fit to various events but rather to understand the action systems that lie behind the phenomena.” In an emphatic defense of the case study approach, Numagami says that “isolated case studies represent the only feasible research method for describing and explaining how the action systems behind the diverse range of technological innovation-related activities took shape.”³

Business history methodology also distances itself from simple, deductive methods that assume the existence of a “covering law” and attempt to “apply” the law to different problems. The reason that business history attaches such considerable weight to the idea of historical context is that it focuses so strongly on the development of the separate, unique “action systems” underlying various phenomena.

The second common thread uniting the research methods of management and business history is a consideration of the temporal perspective—a chronological approach to analysis.

Clearly, Numagami underscores this point due to his emphasis on “describing and explaining how the action systems behind the diverse range of...activities took shape.” Given that applied business history methods are also thoroughly rooted in the business history discipline, it goes without saying that chronological analysis is the primary mode of research in the field.

What sort of identity can the academic field of business history claim in view of Numagami’s “action system theory of management”? In my view, one of the most important defining features of the discipline is that it merges relative temporal development with absolute temporal development; researchers not only analyze phenomena in a chronological context but also account for “absolute timing.” By considering absolute timing, researchers in the field figure the actual historical backdrop into their examinations of different events: businesses in the 2010s and

2. Numagami, *Ekishō display no gijutsu kakushin-shi*, 23.

3. *Ibid.*, 23-24.

businesses in the 1930s, for example, behave in different ways because of the conditions specific to their respective times.

Interpreting events through the lens of “absolute timing” hinges on a thorough, accurate knowledge of the corresponding period—a solid historical viewpoint that lays the foundation for a convincing perspective. The ability to exhibit a proper historical viewpoint and legitimate perspective is the requirement around which the *raison d’être* of business history forms.

II. Research in the Field of Business History

1. Major Research Grounded in Business History Methods

Over the last 50 years, the BHSJ has generated a vast array of valuable research. As it would be impossible to list every project by name, this paper spotlights several noteworthy research projects that made effective use of business history methods.

The research findings I will examine fall into five thematic areas:

- (1) Research on the history of Japanese *zaibatsu*;
- (2) Industrial history research on the mechanisms of competitiveness;
- (3) Research on the activities of small- and medium-sized businesses;
- (4) Research on international business history; and
- (5) Research on the roles of entrepreneurs.

Inquiries and investigations in all of these fields have applied the research methods particular to the field of business history.

2. Understanding the *Zaibatsu*

Analysis of the *zaibatsu* is one of the areas where Japanese business history research has played an active and pivotal role. According to Hiroaki Yamazaki, “*zaibatsu*” refers to a “family-led, multifaceted business format in which the parent organization operates oligopolistic firms in multiple core industries.” While there are management entities around the world that technically fit the *zaibatsu* mold, Japanese business historians have been instrumental in showing that *zaibatsu* in Japan have several differentiating characteristics.⁴ Below is a discussion of three of

4. Prominent examples of *zaibatsu*-related research from the business history perspective include Yasuoka Shigeaki, *Zaibatsu keiseishi no kenkyū* [Studies on the formative history of the *zaibatsu*] (Kyoto: Minerva Shobō, 1970), Morikawa Hidemasa, *Zaibatsu no*

those key features.

First, researchers have established that Japanese *zaibatsu* were formed via the process by which companies transformed into modern management entities. Without expanding their networks outside a small group of influential executives with political contacts and privileged revenues, not even powerhouses like Mitsui (which effectively began operations in 1673) or Mitsubishi (which effectively began operations in 1873) could have hoped for long-term, sustained growth. The fragility of these influence-peddler foundations was evident in the political turmoil of 1881, which ended the governmental support for Mitsubishi and threw the company (then a shipping firm) into a crisis, and the increase in nonperforming loans to a variety of recipients—including many politicians—in the early 1890s, which burdened Mitsui Bank with substantial financial woes. Mitsubishi successfully overcame these distressing conditions by implementing the business diversification strategy (which involved a withdrawal from the shipping industry and entries into the shipbuilding, banking, mining, warehousing, and real estate industries) spearheaded by Iwasaki Yanosuke, the company's second family head. Mitsui Bank also survived the financial strain of the late 19th century through a series of reforms (liquidating nonperforming loans, developing various industries through investments and loans, and mass hirings of professional executives) led by Nakamigawa Hikojirō, who assumed directorship of the enterprise in 1891. Through these transformations, Mitsubishi and Mitsui parted ways with their old political influence-centric strategies and assumed the more modern forms that put the companies on the trajectory toward long-term growth.

Second, *zaibatsu* exhibited a “strong determination to industrialize”⁵ and “acted as leaders (risk takers) in most industries outside a small group of business areas related to cotton spinning and electricity.”⁶ As business opportunities expanded around the time of World War I, *zaibatsu* established holding companies, made joint-stock companies out of their

keieishiteki kenkyū [A business history approach to the *zaibatsu*] (Tokyo: Toyo Keizai, 1980), and Hosei University, Center for Business and Industrial Research, Hashimoto Jūrō, and Takeda Haruhito, eds., *Nihon keizai no hatten to kigyōshūdan* [Business groups and Japanese economic development] (Tokyo: University of Tokyo Press, 1992).

5. Morikawa, *op. cit.*, 299.

6. Kikkawa Takeo, *Nihon no kigyōshūdan* [Japanese corporate groups] (Tokyo: Yuhikaku, 1996), 230.

direct affiliates, and formed associate networks to become *konzerens*.⁷ *Zaibatsu* followed three main patterns in establishing themselves as *konzerens*. Yasuda and Nomura—so-called “financial *zaibatsu*”—followed one pattern, which took a relatively passive approach to diversification. Mitsui, Mitsubishi, and Sumitomo, which had already diversified into “*sōgō (general) zaibatsu*” by 1908, followed a pattern that involved making entries into the heavy and chemical industries—the last remaining major industrial field. Finally, *zaibatsu* that had built their primary business operations around specific industries, such as Furukawa and Kuhara (“mining *zaibatsu*”), Asano and Kawasaki /Matsukata (“manufacturing *zaibatsu*”), and Ōkura and Suzuki (“distribution *zaibatsu*”) diversified aggressively to eventually take the overall shape of *sōgō konzerens*. Most of the diversification initiatives of this third and last type ended in failure due to the recession that ensued after the conclusion of World War I, but business history research clearly shows that *konzeren*-ified Japanese *zaibatsu* had a “strong determination to industrialize.”

The third fact that historians have uncovered is that *zaibatsu*-type companies in Japan embraced the idea of “salaried managers” (non-owners) much more strongly than non-*zaibatsu*-type companies did. Nakamigawa Hikojiro, a graduate of Keio University and a salaried manager at Mitsui, brought into the Mitsui fold numerous other Keio graduates, several of whom went on to become Japan’s foremost salaried managers in the pre-war context. Mitsubishi employed a similar strategy, as well, but differed from the Mitsui pattern in that it was the company’s owner-manager—Iwasaki Yatarō—who drove the initiative to recruit salaried managers.

The reason that *zaibatsu*-type companies employed comparatively large proportions of salaried managers was that “in Japanese *zaibatsu* settings, ownership was dually controlled: both in the relationship between the controlling family/kin and the company headquarters and the relationship between the company headquarters and direct affiliates.”⁸ The fact that family/kin ownership in the Japanese *zaibatsu* world was subject to the *sōyūsei* (aggregate stockholding system) played an important role

7. A *konzeren* is a monopolistic business format that attempts to control different industrial divisions with unified capital by using a holding company to hold stock in multiple subordinate companies.

8. Kikkawa, *op. cit.*, 231.

in containing ownership in the relationship between the family/kin and the company headquarters. A construct that “prohibited the division of family property and eliminated the freedom that members of the family tree would have traditionally had to dispose of assets as private holdings,”⁹ the *sōyūsei* served to place tight restrictions on ownership. Meanwhile, the *zaibatsu* headquarters acted as the stable stockholder for direct affiliates. Reflecting the growing presence of salaried managers at *zaibatsu*-type companies, salaried managers continued to occupy an increasingly higher percentage of board of director seats at Japan’s major companies on the whole (including those at non-*zaibatsu*-type companies) through 1930s.

Various research efforts in the field of business history have shown that Japanese *zaibatsu* (1) decided to modernize and streamline their operations by abandoning the political ties that once gave them power and influence; (2) showed a strong desire to industrialize and became business leaders in many industries; and (3) actively recruited and appointed salaried managers. This last finding is a particularly significant one, as it appears to contrast the dominant conception of Japanese *zaibatsu* as tightly bound “family businesses.” Given a place to thrive in the *zaibatsu* environment, salaried managers (1) drove the advancement of management and (2) took the lead in promoting industrialization. The Japanese *zaibatsu*-related fact-finding missions I have profiled here present useful implications for industrialization initiatives in late-developing countries and showcase the vital contributions that Japanese business history research has made on the international stage.

3. Research on Industrial History and the Mechanisms of Competitiveness

Determining the sources of international competitiveness is a central theme for business historians around the world. The Japanese community of researchers in the field has developed unique research methods for delving into industrial history in search of the mechanisms that drive the competitiveness structures of major players in each industrial setting.¹⁰

9. Hosei University, Center for Business and Industrial Research, Hashimoto Jūrō, and Takeda Haruhito, eds. *Nihon keizai no hatten to kigyōshūdan*, 78 (from the contribution by Takeda Haruhito).

10. A pioneering work that helped establish this research method was Yamazaki Hiroaki’s *Nihon kasensangyō hattatsushi ron* [On the history of the Japanese chemical fiber industry] (Tokyo: University of Tokyo Press, 1975).

These methods provide promising tools for delineating the roots of international competitiveness, as well.

The biggest obstacle for analyses of international competitiveness is that even the most thorough, far-reaching examinations of labor productivity and total factor productivity (TFP), which frequently form the basis for examinations in the domain of economics, are not enough to pinpoint the actual wellsprings of international competitiveness. Plainly speaking, the rates of increase in labor productivity and TFP indicate not the causes of but rather the end results of changes in international competitiveness.

Ever since the days of D. Ricard, most economists have oriented the concept of labor productivity as a primary determinant of an industry's international competitiveness and shown great interest in explaining how countries in competitive industrial relationships try to boost their labor productivity levels to carve out a competitive foothold. However, changing rates of increase in labor productivity do nothing to explain why international competitiveness mutates the way it does.

These sorts of problems complicate not only analyses based on labor productivity but also those based on TFP, which the Ministry of International Trade and Industry defines as "a figure that indicates the overall efficiency of a production structure by subtracting the growth of labor input and capital stock from overall production growth". Increases in TFP reflect technological advances and improved production efficiency in the long term, as well as enhanced capacity utilization and higher technological standards for laborers in the short term. In economics, TFP has thus recently joined labor productivity as a common analytical criterion for international competitiveness. However, the industry-specific differences in TFP standards among various countries and regions do not illuminate the factors behind where the corresponding locations rank in terms of overall competitiveness.

Essentially, labor productivity and TFP alone do not provide researchers with enough information to identify the sources of international competitiveness. Concealed inside a black box, the sources of international competitiveness will remain hidden until we can devise a new approach that shines a light on the mechanisms within.

The second major difficulty analyses of international competitiveness face is that scholars discuss the topic in terms of national competitiveness,

industrial competitiveness, and corporate competitiveness, creating a confusing three-level discourse.

Although companies are the entities directly responsible for international competitiveness, it is virtually impossible to place the point of discussion on the corporate level without first taking other important considerations into account.

The reason is that most internationally competitive companies have highly diversified business operations. When one attempts to analyze a diversified company, one risks making sweeping generalizations about activities in divergent business divisions—in other words, lumping together the company's levels of international competitiveness in multiple markets. Competitiveness is a quality that develops on a market-to-market basis, varying according to specific commodities and services, which makes it impossible to capture the realities of different settings through "analysis" whose scope encompasses sometimes disparate markets. For this reason, discussions of international competitiveness simply cannot begin on the corporate level—the actual context from which international competitiveness emerges most directly.

Discourse on international competitiveness also encounters problems with where to locate the issue for discussion because objective criteria and methods for determining international competitiveness on the national level are largely undesignable.

That leaves the industrial level as the only viable starting point for research into international competitiveness. When examining international competitiveness on the industrial level, determining where competition occurs is a crucial piece of the puzzle. Researchers have to identify the market arenas for international competition in advance by concentrating only on international competition in industry A in the B national (or regional) market or international competition in industry Y in segment Z, for example.

Given the conditions discussed above, it would follow that research on international competitiveness would have to start with assessing the realities of competition in a specific industry and specific market. Thus, the next step would entail focusing on the corporate activities that spawned the competition in the industry. In order to reach the ultimate goal—locating the source of international competitiveness by analyzing the activities of corporations that have direct hand in sparking competition—scholars need

to traverse a rather roundabout path.

In light of the two major difficulties that analyses of international competitiveness grapple with, I will now address the significance of and approaches to business history-oriented investigations of international competitiveness.

First of all, researchers will have to come up with a new approach that illuminates the inside of the “black box” containing the sources of international competitiveness. To me, business history research is perfectly suited for this calling.

The basic stance of business history, which focuses on the process and analyzing a given phenomenon from an *ex ante*—not *ex post*—perspective, represents one of the best outlooks for identifying the sources of international competitiveness. To illuminate the darkness pervading the black box, researchers will have to maximize the potential of the business history approach by selecting revelatory cases, gathering reliable historical resources, and evaluating how international competitiveness takes shape under the corresponding conditions. The business history approach is thus an essential element of any attempt to explain the dynamics of international competitiveness in terms of rates of increase in labor productivity and TFP, underscoring the significance of business history-related research in the quest for more knowledge on this mystifying issue.

The solution to the second challenge is a circuitous procedure; it requires scholars to first understand the nature of international competitiveness in a specific industry and specific market, investigate the business activities of the companies responsible for the competitive interaction, and eventually use the results of these inquiries to trace the roots of international competitiveness in the corresponding context. Business historian A.D. Chandler, who wrote extensively on economy of scale and economy of scope, contributed many important findings¹¹ on the process of eliciting the sources of international competitiveness on the company level.¹² Thanks to Chandler’s observations, researchers have

11. Alfred D. Chandler, Jr., *Scale and Scope* (Cambridge: Belknap Press of Harvard University Press, 1990).

12. The most prominent recent contribution from the field of Japanese business history research that discusses international competitiveness using the procedure described here is Yuzawa, Takeshi, Tsunehiko Suzuki, Takeo Kikkawa and Satoshi Sasaki, eds., *Kokusai kyōsōryoku no keieishi* [A business history on international competitiveness] (Tokyo: Yuhikaku, 2009).

valuable guideposts for further discussion.

4. Research on Small- and Medium-Sized Businesses and Industrial Clusters

Business history researchers in Japan have not only paid considerable attention to major corporations but also, as manifest in the output of Abe Takeshi,¹³ given a great deal of consideration to small- and medium-sized businesses. Interest in industrial clusters has also grown in recent years among business historians, propelling further research on small- to medium-sized companies. Here, an “industrial cluster” refers to the social phenomenon in which multiple inter-related companies, mostly of the small- to medium-sized variety, congregate in a relatively small geographic area. Having spent many years exploring the transcendent economic rationality (the “visible hand”) governing the market dealings among major corporations, which have traditionally drawn the majority of research attention, business historians are now bringing clusters of small- to medium-sized businesses into the scope of their investigations and gradually demystifying the movements of another “visible hand.”

What, then, is the economic rationality specific to industrial clusters all about? In *Sangyō shūseki no honshitsu* [The essence of industrial clusters] (edited by Itami Hiroyuki, Matsushima Shigeru, and Kikkawa Takeo; 1998), co-editor Itami Hiroyuki raises the question of how small- and medium-sized business clusters can maintain continuity. In Itami’s view, there are two main reasons: (1) the presence of enterprises that bring in demand and (2) the flexibility of the division of labor. Going deeper into this second factor, Itami gives three basic requisites for flexibility (depth of accumulation of technology, lowness of division-of-labor costs,¹⁴ and ease of startup) and three basic requisites for divisions of labor and clustering (small division-of-labor units, a broad scope of company involvement, and strong company-to-company links for passing along and sharing information).

Matsushima Shigeru, another co-editor of *Sangyō shūseki no*

13. Abe Takeshi, *Nihon ni okeru sanchi men orimonogyō no tenkai* [The development of the regional cotton fabrics industry in Japan] (Tokyo: University of Tokyo Press, 1989).

14. Division-of-labor adjustment costs are “the adjustment costs of business between companies responsible for different pieces of a highly segmentalized division-of-labor agreement.” (Itami, Hiroyuki, Shigeru Matsushima and Takeo Kikkawa, eds., *Sangyō shūseki no honshitsu* [The essence of industrial clusters] (Tokyo: Yuhikaku, 1998), 13).

honshitsu, has focused his attention on constructing a new theory of small- to medium-sized businesses. In the book, he proposes a “dual-structure model,” which acts as a pathological analysis model for critically highlighting the problems facing small- to medium-sized businesses, and an “industrial cluster” model, which applies a “physiological” approach that focuses on the economic mechanisms acting on the fields where small- and medium-sized businesses operate. Matsushima’s industrial cluster model requires division-of-labor connections, market connections, and the addition of new technology.

The other major factor that Itami explained in *Sangyō shūseki no honshitsu* was the presence of enterprises that bring in demand, a point that Takaoka Mika has tackled with fervor. In addition to underlining the importance of the “reputation” resources (an industrial cluster’s established “technological reputation,” which pertains to its technology- and quality-related levels, and its established “activity reputation,” which reflects the honesty of its trading activity) an industrial cluster has, Takaoka also emphasizes how “linkage” companies—the liaisons between clusters and the outside world—can elicit demand by eliminating the business difficulties that arise from the asymmetrical transactions of information between their respective clusters and markets.

The various discussions of Itami, Matsushima, and Takaoka lay out five important keywords in the discourse on “industrial cluster modeling”: division of labor, technological accumulation, startup, linkage companies, and reputation. The first three—division of labor, technological accumulation, and startup—correspond to mechanisms that work within an industrial cluster, while the last two—linkage companies and reputation—relate to mechanisms outside the cluster.

Taking industrial cluster-related research efforts deeper will require a fusion of theoretical analysis, of course, and positive analysis, which relies heavily on historical inquiry. Researchers will thus need to concentrate on the three central tasks outlined below in order to enhance and expand their examinations of industrial clusters.

First of all, scholars will have to link the significance of technological accumulation in industrial clusters with the probability of innovation—a new theoretical task created by the importance of positive analysis in the overall analytical scope. The validity of the common logical conjecture that clusters facilitate technological accumulation and thereby breed

innovation demands theoretical examination.

On the other hand, theoretical analysis also creates the need for a new investigation on the positive analysis side: researchers will have to elucidate actual divisions of labor and startup proceedings in textile industry clusters, the roles of linkage companies in engineering and metalworking industry clusters, the formation and functionality of reputation in industrial clusters at large, as well as other facets of specific, real-life groups. Growing out of the gap between theoretical analysis and historical analysis, the third task centers on defining temporal changes: how division of labor practices and startup dealings have transformed over time in the engineering and metalworking industry clusters—a field whose realities researchers have already revealed to some extent—and how the roles of linkage companies have evolved in textile industry clusters, for example.

To business historians, the history of industrial clusters is a profoundly fertile theme for delineating “another economic rationality that transcends market dealings.” It goes without saying that the third task described above lies squarely in the hands of business historians engaged in research on industrial cluster history. However, that does not mean that the business history community can only have an impact on the third task; research on industrial cluster history has enormous potential to propel and aid in efforts to accomplish the first and second tasks, as well.

5. Making the Transition from International Comparisons to International Relations

Business history research from Japan has not only examined Japanese companies but also made foreign firms an important part of its investigative scope.¹⁵ Notably, members of the BHSJ who profess foreign business history have played a pivotal part in catalyzing international exchange on the research front.

The BHSJ has placed a substantial emphasis on forging bonds and interacting with business history societies and business historians from around the world. From regular Fuji Conference gatherings and the publication of *Japan Research in Business History* (JRBH)—the

15. For more on this point, see, for example, Business History Society of Japan and Yuzawa Takeshi, eds., *Gaikoku keieishi no kisochoishiki* [Business history in the world: Basic facts and concepts] (Tokyo: Yuhikaku, 2005).

organization's English-language journal—to various bilateral business history conferences between Japan and countries like the United Kingdom, France, Germany, Italy, South Korea, and Thailand, the society has been extremely active internationally. The 2012 Annual Congress of the European Business History Association (EBHA), which convened in Paris, was co-sponsored by the BHSJ and attended by over 80 Japanese research presenters, making Japan an integral player in the event's success. Participating in and providing support for international gatherings is set to become an even more important theme for the BHSJ over the next few years, with the 2014 World Business History Pre-Conference in Frankfurt, the 2015 World Economic History Conference in Kyoto, and the 2016 World Congress of Business History in Bergen already on the schedule.

The BHSJ has made critical methodological contributions in the field of international business history research from two key angles: international comparative business history and the business history of international relations.

Yui Tsunehiko and Yonekawa Shin'ichi proposed an approach to international comparative business history that stressed the importance of performing comparisons by looking simultaneously at specific industries (or companies engaged in specific industries) in multiple countries. Unlike other approaches, their methodology permitted comparisons of entities from divergent time periods and stages of development; for example, a researcher could set the 18th-century British cotton trade side by side with the 19th-century Japanese cotton trade). By aggressively incorporating comparative methods, international comparative business history has proved remarkably useful in deriving a relatively versatile historical awareness from multiple sets of research results that, if left alone, would remain isolated and missing from the larger context.

In addition, Nakagawa Keiichirō suggested developing international comparative business history into the business history of international relations—a field that focuses closely on the interplay between industries or companies in multiple countries at a given period in time. In other words, researchers in the discipline discuss things such as how the business activities of company (or industry) A in country Y affected company (or industry) B in country Z at a certain point and how the corresponding response of company (or industry) B changed the behavior of company (or industry) A. The development of international comparative business

history into the business history of international relations represents, in many ways, the transformation of international business history research from a static line of academic work to a more dynamic pursuit. Nakagawa's contribution to the field made a tremendous impact on subsequent research, opening the doors for publications by Kudō Akira, Shiomi Haruhito, and Hori Ichirō, among others.¹⁶

6. The Historical Roles of Entrepreneurs

Entrepreneur-related research is a fertile academic domain for the research methods of business history, which commonly focus on the individual characteristics and independence of various players. Thanks in large part to these favorable research conditions, Japanese business historians have produced a wide-ranging body of literature on the historical roles of entrepreneurs from both Japan and abroad.¹⁷

The process of “combining relative temporal development with absolute temporal development” is extremely important in business history-based research on entrepreneurs; after all, the subjects of all investigations in the field are essentially inextricable from the “trends of the times” that surrounded their lives. Thus far, researchers adopting this approach have tended to look mainly at entrepreneurs who either created these trends or rode them to success.

For entrepreneur researchers who attempt to apply the business history approach, one that centers on process, independence, and the “trends of the times,” the biggest challenge in profiling successful entrepreneurs is how to identify their “greatness” or “vision.”

At the first meeting of the Forum for Entrepreneurial Studies, held in March 2003, Sawai Minoru touched on the weaknesses of existing entrepreneur-related research and affirmed Kiyokawa Yukihiko's assertion that “it is almost impossible to convert the concept of the ‘entrepreneurial spirit’ into a measurable construct with specific and objectively extractable

16. Kudō Akira, *Nichidoku kigyō kankeishi* [A history of Japanese-German industrial relations] (Tokyo: Yuhikaku, 1992). Shiomi Haruhito and Hori Ichirō, eds. *Nichibei kankei keieishi* [A business history of Japan-US relations] (Nagoya: The University of Nagoya Press, 1998).

17. Miyamoto Matao played a central role in the creation of the Forum for Entrepreneurial Studies and continues to lead the way in related research. Masaru Udagawa and Satoshi Sasaki are two other business historians who have recently made frequent presentations of their findings on the historical roles of entrepreneurs.

fundamental characteristics that observers might see in successful entrepreneurs.”¹⁸ Centering his discussion on the ambiguity accompanying the ideas of entrepreneurial or executive “greatness” or “vision,” Sawai also underlined the difficulty inherent in interpreting the roles individuals have played.¹⁹

Sawai was right on the mark with all the issues he raised, but the community of entrepreneur-related researchers will never make any meaningful progress if it continues to let his critical insight deter or immobilize investigative efforts. Everyone involved in researching entrepreneurs—including Sawai himself and me, as well—will need to respond somehow to these important problems.

Although I doubt that there has been or ever will be a way to translate the entrepreneurial spirit or the roles of individuals in the span of business history into “a measurable construct,” I have no intention of denying the significance of entrepreneur-related research or abandoning the effort to relativize entrepreneurial “greatness” and “vision” simply because the quest is fraught with immeasurable concepts. After relativizing the ideas of entrepreneurial “greatness” and “vision” to as great an extent as possible, I want to aid in the effort to take entrepreneur-related research deeper.

First of all, we can achieve a relatively objective understanding of entrepreneurial “vision” by brining long-term historical analysis into the picture. Historical methodology enables levelheaded, detached judgments on how the behavior of a given entrepreneur at a given time shaped (or did not affect) related fields down the line.

In order to relativize entrepreneurial “greatness,” meanwhile, we will need to utilize the comparative research methods that business historians have honed over the years. By comparing and assessing the behavior of multiple entrepreneurs and executives who operated in similar environments but produced different results, we will hopefully be better able to contextualize and contrast the roles individuals have played.

18. Kiyokawa Yukihiko, *Nihon no keizai hatten to gijutsu fukyū* [Economic development and technology diffusion in Japan] (Tokyo: Toyo Keizai, 1995), 281.

19. For more on this point, see Sawai Minoru, “Kigyōsha-shi kenkyū no genjō to kadai” [Current conditions and future challenges in the field of entrepreneur history research], a paper presented at the Spring Workshop Report Session at the Forum for Entrepreneurial Studies, Osaka, 2003.

III. Future Challenges: Drawing Conclusions

As explained above, the field of business history looks mostly at corporate management history, emphasizing the process behind various phenomena over their outcomes. Whereas economics, a closely related discipline, often attempts to identify the common threads uniting the players within an analytical scope, business history tries to highlight the unique features of players as independent actors.

Developed in the United States around the time of the 1929 Wall Street Crash and resulting depression, business history is a relatively new branch of the social sciences and has always been closely linked with changing conditions in actual society. The discipline began to expand on a global scale after World War II, with business history societies sprouting up first in the industrialized world and later in emerging nations. The worldwide growth of the field continues to this day.

Business history still has intimate connections with actual society. As the global recession triggered by the 2008 “Lehman Shock” drags on, society is beginning to question the merits of capitalism itself and look to business history—a field that offers suggestions to society based on historical fact—for answers. Generally, even the stoutest, most elegant conceptualizations and perfect theories will ultimately fail to get to the very bottom of the serious problems facing a specific company or industry unless they can be successfully applied to the historical context of the actors concerned. Solving problems also requires an incredible amount of energy, which has roots in the dynamics at the heart of the company or industry in question. In most cases, these dynamics are latent—to delineate them, a researcher needs to start by closely observing patterns and transitions in the company or industry. If one manages to locate the dynamics of how the company or industry develops, one can start finding the energy it will take to solve the problems at hand. By then applying that energy to the appropriate context and incorporating the right conceptual and theoretical pieces, one can realize an effective problem-solving construct. That explains why business history, with its firm emphasis on tracking corporate and industrial changes over the long term, is commanding more and more attention in recent years.

The ability of business history to help solve major problems affecting companies and industries means that the discipline has developed into an

“applied” history. No longer is business history simply a tool for analyzing the past alone. Having now evolved into an applied field, business history can get to the heart of modern-day problems through the lessons of the past, broaden future horizons through these applicable solutions, and play a new, vital role in the social framework.

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