

Figure 9.1: Market Challenges and Japanese Firms' Strategic Responses

		Strategic Responses		
		Market	Nonmarket	Organizational
MARKET CHALLENGES <i>(in italics)</i>	<i>Rivalry among firms</i>	<ul style="list-style-type: none"> • Product, service, and technological innovation; • Cost cutting through local sourcing and changing product offerings. 	<ul style="list-style-type: none"> • Pressure for financial aid • Cartel formation • Lobby home government to provide financial aid to host markets 	<ul style="list-style-type: none"> • Mergers • Strategic alliances • Sales of equity to foreign investors • Improve management structure
	<i>Changing barriers to entry</i>	<ul style="list-style-type: none"> • Seek new markets • New investment strategies • Seek Japanese firms in Asia as clients 	<ul style="list-style-type: none"> • Push home government for concessions as barriers drop • Strategic investments to curry favor with Asian governments • Work with standardization organizations • Cartels 	<ul style="list-style-type: none"> • Home government aid in restructuring and mergers • Partnerships with local and international firms
	<i>Power of buyers</i>	<ul style="list-style-type: none"> • Use Japanese relationships to work with Japanese buyers in East Asia 	<ul style="list-style-type: none"> • Lobby to pressure buyers (borrowers) • Link to government buyers and use them to promote products 	<ul style="list-style-type: none"> • Government promotion of vertical integration • Corporate driven vertical integration
	<i>Power of sellers</i>	<ul style="list-style-type: none"> • Close links to sellers through keiretsu relationships • Financial assistance to suppliers 	<ul style="list-style-type: none"> • Push home government assistance to suppliers 	<ul style="list-style-type: none"> • Move to global sourcing • Local sourcing to cope with local competition

Figure 9.2: Nonmarket Challenges and Japanese Firms' Strategic Responses

		Strategic Responses		
		Market	Nonmarket	Organizational
NOMARKET CHALLENGES (in italics)	<i>Production regulation</i>	<ul style="list-style-type: none"> • New services and products in response to deregulation 	<ul style="list-style-type: none"> • Lobby actively for decreased restrictions on activities • Shift from working with regulatory agencies to direct lobbying 	<ul style="list-style-type: none"> • Corporate restructuring • New industry associations
	<i>Trade intervention</i>	<ul style="list-style-type: none"> • Use local suppliers to enter protected markets 	<ul style="list-style-type: none"> • Promote new multilateral and minilateral trade regimes • Promote bilateral trade agreements • Lobby to use existing trade regimes selectively 	<ul style="list-style-type: none"> • Strategic alliances and joint ventures to jump trade barriers
	<i>DFI intervention</i>	<ul style="list-style-type: none"> • Invest with local partners to avoid DFI barriers 	<ul style="list-style-type: none"> • Lobby on regional investment schemes • Secure aid and trade policies from home government to foster investment 	<ul style="list-style-type: none"> • Local parts sourcing • Create associations with other firms to aid lobbying efforts • Use associations to promote corporate restructuring