



# Innovation in the Japanese Corporation— Education and Research Center for Empirical Management Studies

Creating a World-Class Research Center That Conducts Data-Based Empirical Research and Offers Graduate Students an Experiential Education in Research



## Tsuyoshi Numagami

Program Leader  
(Professor, Graduate School of Commerce  
and Management)

### Why Expectations for Innovation Are High

“Innovation in the Japanese Corporation—Education and Research Center for Empirical Management Studies,” the theme of this Global COE, draws on the spirit, infrastructure, and research findings of the 21st Century COE entitled “Dynamics of Knowledge, Corporate Systems and Innovation” (FY2003–FY2007). The emphasis, however, has shifted to the training of young researchers and graduate students. Attention was invested in developing young researchers in the 21st Century COE as well, but this aspect will be further strengthened in the Global COE.

Let me first outline the objectives of the center.

Japan has entered an era in which its society is aging with the decline in the birthrate. Without innovation to bring together management resources in a new way, we will not be able to resolve the various issues we face or to achieve economic growth. Innovation and the management of innovation are growing increasingly important. That's how critical the roles of corporations and executives are becoming.

Many social scientific questions related to innovation remain unexplained. The process and strategy of innovation, the organization and human resources related to innovation, as well as capital markets are significant issues that need to be elucidated through academic study: What kind of process does innovation take in Japanese corporations? What kinds of top executives and management strategies promote innovation? What kinds of management organizations hinder innovation? How can we design an accounting system that evaluates

technology, brand, and other “invisible assets” so that capital markets can appropriately allocate resources in a way that promotes innovation? We need to develop many researchers and closely investigate these issues. A large-scale research center must be established for this purpose.

It is also important that we gain a systematic understanding of and build a database on the current status of management strategies and corporate organizations to support innovation. Inability to accurately assess current corporate management situations is believed to be one of the factors behind what is commonly referred to as Japan's “Lost Decade.” For that reason as well, Hitotsubashi University must earnestly engage in work that will benefit the Japanese economy. One century from now, we would like to hear people speaking highly of Hitotsubashi University for its systematic database on innovation and management.

### A Center for the Development of Young Researchers

Over the five-year period from FY2003 to FY2007, we studied the dynamics of knowledge, corporate systems, and innovation. Led by Professor Hiroyuki Itami (Hitotsubashi University professor emeritus), we built a solid infrastructure for research, including the Center for Japanese Business Studies, and produced many research results.

Continuing on from these findings, the Global COE will further such research projects as (1) the project on “organizational deadweight;” (2) the project on Okochi Award case studies; (3) the project on management innovation; and (4) the project on the recognition and measurement and disclosure of intangibles in accounting. We intend to focus on developing graduate students and young researchers by having young and middle-echelon researchers serve as core members of the research teams.

What I would like to emphasize is that we are endeavoring



oring to develop young researchers who can be active internationally in the field of empirical management studies. In particular, we will focus on (1) providing graduate students with opportunities to work together with faculty and closely study corporations in action; (2) constructing practical theories based on a longitudinal database; and (3) developing an infrastructure to support graduate student education and supporting graduate students so that they can experience an international research context without financial worries. In this way, our goal is to be recognized by business management researchers from around the world as a core hub for world-class education and research.

## **F**our Research Platforms Spearheaded by Young Faculty Members

The COE is centered on the Business Management and Accounting Area of the Graduate School of Commerce and Management. Moreover, business management and accounting scholars from the Market/Money and Finance Area of the Graduate School and the Institute of Innovation Research are strengthening their system for cooperating in education and research outside their academic departments and areas.

We have assigned subproject leaders to the following four education and research platforms in light of their education and research topics, irrespective of the departments and areas they are affiliated with:

- (1) Innovation Process Strategy Platform,
- (2) Innovation Strategy Platform,
- (3) Innovation, Organization & Human Resource Platform, and

(4) Innovation and Capital Market.

The four platform leaders are Yaichi Aoshima, Masaru Karube, Toshihiko Kato, and Makoto Nakano—young associate professors who are on the front lines of research. In this way, we can ensure the effectiveness of the education and research.

## **F**our Features of the Center

In creating the Global COE, we are focusing on the following four features:

- (1) Conduct of empirical research to perform a longitudinal compilation of internal data from Japanese companies;
- (2) Training of graduate students through hands-on participation in empirical research projects;
- (3) Resolution of graduate students' financial concerns; and
- (4) Training of young researchers to work internationally.

Let me briefly explain each of these.



### (1) Conduct of Empirical Research to Perform a Longitudinal Compilation of Internal Data from Japanese Companies

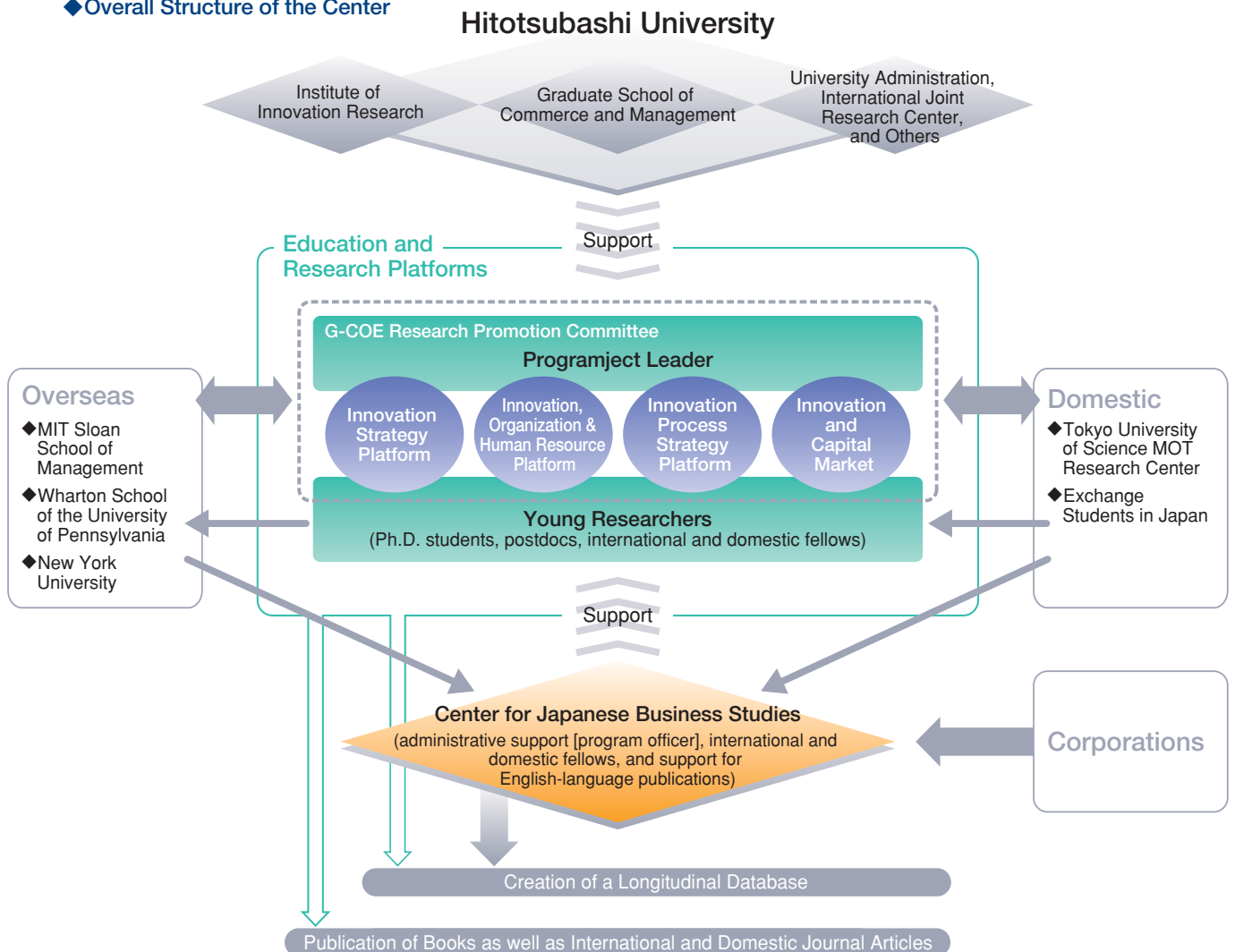
We use external materials and data that are released publicly, but we do not limit ourselves to that information. We put priority on data gathered directly from people inside corporations. Take for example the project on “organizational deadweight” that conducts empirical research to examine organizational problems that block innovation. After concluding nondisclosure agreements with the corporations to be studied, we collect and analyze questionnaires from a total of eight people in each operational unit—including the head of the operational unit, three middle-ranking personnel, three lower-middle-ranking personnel, and a support staff member. In the project on Okochi Award case studies, we interview in person individuals involved in innovations that were presented with the Okochi Award and

conduct case studies to learn the details surrounding the innovation. In the project on management innovation as well, we probe deeply into the internal situation at corporations that have made large-scale organizational reforms and thoroughly investigate the large organizational change while incorporating the perspective of those inside the company.

### (2) Training of Graduate Students through Hands-on Participation in Empirical Research Projects

The second feature of our center is that we have graduate students participate in empirical research projects where we collect data from people inside corporations. At our center, graduate students can engage in research where they observe the inner workings of corporations—something they would not be able to do as individual graduate students—and they interview people that they normally would not be able to meet. They thus become able to research business management with a

#### ◆Overall Structure of the Center



real-world understanding of corporate management. In the project on “organizational deadweight,” graduate students are given opportunities to observe key discussions among CEOs and corporate officers because we take the graduate students along as assistants when we give feedback to boards of directors. In the project on the recognition and measurement and disclosure of intangibles, we are creating a large-scale database, and faculty members and graduate students are joining together in empirical research.

### **(3) Resolution of Graduate Students' Financial Concerns**

We resolve the financial concerns of graduate students by hiring many of them as COE fellows and long-term research assistants. Moreover, we have a framework for tuition reductions. Through these measures, we aim to attract outstanding students who may hesitate to pursue further study for financial reasons, and we enable them to focus exclusively on their research. In this way, we accelerate the development of human resources. We are creating a framework for the periodic review of disbursement amounts based on annual evaluations that have clear evaluation criteria. In this way, we aim to balance financial security and competitiveness. Moreover, we have at our disposal the excellent education infrastructure created during the 21st Century COE era, including a database room for graduate students to use and conferences for graduate students to present their research findings. We will construct a system for faculty members to have continued active involvement in the training of graduate students.

### **(4) Training of Young Researchers to Work Internationally**

We are developing a support framework for releasing overseas the results of our ongoing empirical research on the topic of “Innovation in the Japanese Corporation.” In addition, we have a graduate school course entitled “G-COE Research Methods for ‘Innovation in the Japanese Corporation’” where students are given guidance on how to publish in international journals. Moreover, for one year after graduation from the doctoral program, students are sent abroad to engage in joint research with universities overseas, including the Wharton School of the University of Pennsylvania. Our center also receives young researchers and postdocs from overseas. We hold international conferences that feature research presentations by graduate students.

The center actively engages in joint research and

projects. A joint research project with the Tokyo University of Science MOT Research Center has already been finalized, and the project is scheduled to start in earnest in autumn 2008. We are also actively promoting joint research with universities and graduate schools in the West and leading universities in Asia.

Through these various measures, we are developing young researchers who can work on the international stage.

## **E**xpected Results

Our center hopes to achieve the following results:

### **(1) Education and Research Infrastructure and Human Resources Development**

- Gather longitudinal corporate internal data on “Innovation in the Japanese Corporation.”
- Through empirical research and international publications and presentations using this data, raise the research caliber of our faculty members and train graduate students and young researchers.
- Become the hub of an international network and a center where young researchers are inspired to always be internationally minded.

### **(2) Increased International Publication of Research Findings**

- Accelerate and strengthen the sharing of research findings with the world through the release of books and papers in English.

### **(3) Sharing with Society**

- Create knowledge on innovation management backed by empirical research and share it with society (ripple effect on MOT education in Japan).
- Establish Japanese-style business management education to improve literacy in business management.
- Share knowledge with society through the Hitotsubashi MBA program and the Senior Executive Program.

Professors Kenichi Imai and Ikujiro Nonaka launched empirical management studies on innovation, and these studies were pushed forward dramatically by Professor Hiroyuki Itami with the 21st Century COE. It is our mission to accelerate the development of the next generation of young people for the future era based on that research. We hope to achieve the above results as we pursue this mission. (Article is based on interview.)