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How to build a business that lasts more than 200 years – lessons from Japan’s shinise companies

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Innan Sasaki

Lecturer in Strategic Management, Lancaster University

Japan is home to a number of the world’s oldest companies. There is even a specific Japanese term for companies that have survived for more than a century, retained ownership within the same family and continued plying the same trade for the duration. They are called “shinise” firms.

Kyoto, Japan’s ancient capital, holds the highest proportion of these century-old firms. They operate in traditional sectors such as sake brewing, sweet making and arts and crafts. The Gekkeikan sake company, for example, is nearly 400 years old and has been run by 14 consecutive generations of the Okura family. Sasaya Iori, meanwhile, is now in its 303rd year of making and selling sweets.

Colleagues and I interviewed the people who run these shinise firms and many others to understand their relationship with the local community. We found that a key part of their success was maintaining high social standing in the city amid a changing business environment characterised by loss of traditional values and practices, changing consumer tastes due to Japan’s Westernisation, and increasing competition from larger and internationally operating firms.

Their high social standing partly comes through the traditional emphasis of these firms. As well as producing and selling traditional Japanese crafts, they embody and reproduce local community values. In doing so, the shinise firms are like custodians that protect local traditions. And, culturally, there is a love of tradition in Japan that gives these firms a cachet with consumers and the local community.



Gekkeikan has been brewing sake in Kyoto since 1637. Pack-Shot / Shutterstock.com

Shinise firms are also very much embedded in the communities where they are based. As well as maintaining family ownership and the quality of products, many of our interviewees emphasised their commitment to the welfare of the community. For example, according to a representative from Kyoto's local government we spoke to, most of the owner-managers of shinise firms do something to help the local community, such as supporting the city's famous Gion festival.

Long-term focus

One of the reasons that shinise firms last so long is that they put a strong emphasis on longevity and tradition. This is reflected in the way the firms are organised, as the president of Unsoudou, a 128-year-old company producing wood block prints and art books, told us:

Usually, in a firm, the CEO holds the position for two to four years, and he has the mission to satisfy the expectation of shareholders in that short period. We do not publicly list our stocks. Our way of doing is the opposite of this. We do not want to make profit in the short term.

Shinise firms are also cautious about swerving from their original focus and constantly balance opportunities to innovate with maintaining tradition. As the Unsoudou president said:

I am grateful to my ancestors, because we are doing business with what they left us. I feel very strongly about this ... If there is a business opportunity, I do not reject it. However, I do not think exploiting this opportunity is always the best option, because it is just a small part of a long history. What is important is to create a business that can live for a long time.

While the sizes of the shinise firms vary, many of them prioritise sticking to their existing commitments over seeking short-term profit or rapid growth. If they grew, they did so while maintaining these commitments.



Traditional Japanese sweets. Shutterstock

Through these commitments, shinise firms performed a cultural function in preventing cultural erosion at the local community level. In exchange, they are endorsed with high social standing by the local community which brings them a lot of custom in the face of market pressures.

The dark side of success

We also found there to be a dark side to the success of these age-old shinise firms. At least half of the 17 companies we interviewed spoke of hardships in maintaining their high social status. They experienced peer pressure not to innovate (and solely focus on maintaining tradition) and had to make personal sacrifices to maintain their family and business continuity.

As the vice president of Shioyoshiken, a sweets company established in 1884, told us:

In a shinise, the firm is the same as the family. We need to sacrifice our own will and our own feelings and what we want to do ... Inheriting and continuing the household is very important ... We do not continue the business because we particularly like that industry. The fact that our family makes sweets is a coincidence. What is important is to continue the household as it is.

Innovations were sometimes discouraged by either the earlier family generation who were keen on maintaining the tradition, or peer shinise firms who cared about maintaining the tradition of the industry as a whole. Ultimately, we found that these businesses achieve such a long life through long-term sacrifice at both the personal and organisational level.