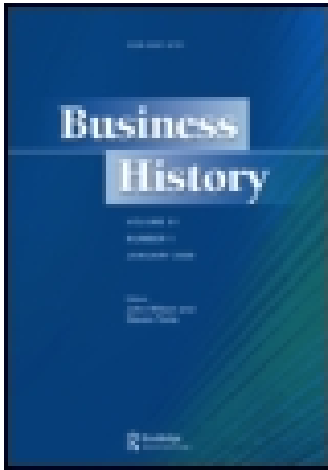


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## Cultural approach to understanding the long-term survival of firms – Japanese Shinise firms in the sake brewing industry

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The study aims to gain understanding on how firms can achieve longevity by studying the historical acculturation between organisational and local cultures of Japanese Shinise firms. We conducted multiple-case studies on five firms with more than 100 years of history in the sake brewing industry in Kyoto. Our findings suggest that the essence of both Shinise firms' corporate culture and local culture have remained unchanged over the existence of these firms. However, the strength and role of the respective cultures in relation to each other have changed substantially in different historical periods. Since the establishment of Shinise firms, acculturation has taken the path of assimilation, reverse of dominion, enhancing the value of the local culture, and reciprocal integration. The longevity of Shinise businesses has been enabled by the combination of continuity in their essential rationale and changing cultural interaction with the enhanced local environment.

**Keywords:** acculturation; family business; local culture; longevity; organisational culture; Shinise firms; survival

### Introduction

The research on organisational mortality dates back to Epstein's (1927) article, published in the Harvard Business Review: *The Rise and Fall of Firms in the Automobile Industry*.<sup>1</sup> Since then, economists have argued that firms' longevity depends on entrepreneurs' efficiency in managing production and organisational design,<sup>2</sup> while sociologists have typically argued that institutional, cognitive and socio-political legitimacy explain the survival of firms. Both perspectives have been applied recently in the field of family business.<sup>3</sup>

Among such earlier studies, Miller and Besser (2000) integrated external and internal factors of firms' survival by investigating the relationship between values of small family and non-family firms' top management and the values of the local community in which they operated.<sup>4</sup> Apart from this piece of work, few studies have examined both internal and external factors and their relationship with the longevity of firms.<sup>5</sup> As the introduction to the special issue points out, there is a substantial gap in the knowledge on integrating internal and external perspectives to business longevity. In line with previous studies on firms' longevity and in response to this, we offer a framework with which to conceptualise longevity from the cultural perspective, focusing on the historical acculturation between organisational and local cultures.

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Albeit earlier research has advanced our knowledge on firms' longevity, we believe that sufficient room remains to increase such knowledge by empirically investigating long-living firms in different regional and national contexts. There are companies in Japan termed 'Shinises' that have achieved extremely long life cycles. Japan has in excess of 50,000 companies with life spans exceeding 100 years, among which more than 3000 companies have existed for longer than 200 years; 32 companies exceed 500 years of age and seven have survived for more than 1000 years. Although fewer in number, long-lived firms can also be found in the European contexts.<sup>6</sup> A Shinise firm has been variously defined in Japanese.<sup>7</sup> Taking such definitions into account, we define business longevity as a business organisation that has survived for more than a century while preserving its main field of business and not selling ownership of the company to outsiders.<sup>8</sup> We term business organisations that achieve these three aspects of continuity 'Shinises'. By focusing on Shinise firms, the aim of this study is to answer the research question, *how and why can Shinise firms achieve long-term survival despite environmental turbulence?*

To orient the reader, next we present a brief analytical framework, followed by a description of our method and, subsequently, introduce our data and findings. Finally, we discuss how our study contributes to the organisational survival literature.

### Analytical framework

This article focuses on understanding firms' longevity from both internal and external perspectives. With this question in mind and reviewing the organisational survival and family business literature, we considered organisational culture to be an appropriate theory to study the internal aspect of firms. When an organisation seeks to survive for a long period of time, elements of 'continuity' are necessary. Institutional theory proposes that formal elements of institutions can change overnight while informal institutions such as socio-cultural norms and values and beliefs are much longer lasting. Similarly, in organisations, it is assumed that valuable, rare and difficult to imitate organisational cultures established by the founder are inherited and continued, rather than day-to-day operational strategies.<sup>9</sup> The relevance of founders to developing entrepreneurial cultures and how a founder's values, goals and visions are transmitted and sustained in succeeding generations have been studied to some extent in the family businesses.<sup>10</sup> This organisational culture is considered to influence how members perceive and interact with each other and with the external environment.<sup>11</sup>

Despite the variation in definitions of organisational culture, it is acknowledged by many scholars to comprise *shared beliefs, norms, values and behaviours held collectively by people in an organisation*.<sup>12</sup>

However, the link between internal elements of continuity and environmental influences has rarely been studied. The significance of the local community has been widely recognised in various disciplines such as economic geography, the innovation literature, international business and organisational survival.<sup>13</sup> For example, within the organisational survival literature, it has been found that older and larger firms are closer to the technological frontier, which enables them to survive for longer, and that hazard rates increase in highly innovative environments.<sup>14</sup> According to a study by Motoya (2004), an interesting characteristic of Shinise firms is that they tend to be concentrated in particular local regions; her study reveals that Shinise firms have maintained trust-based relationships with their suppliers and customers by staying in the same local community since their establishment.<sup>15</sup>

Synthesising the earlier definitions and borrowing concepts from organisational culture, we define local culture in our study as: *a set of underlying assumptions, beliefs, values, norms, artefacts and behaviours of people that are uniquely shared within a group of firms and institutions in a naturally and historically bounded sub-national space.*<sup>16</sup>

Berry's concept of acculturation strategies theory<sup>17</sup> is one of the few frameworks that conceptualise various ways that groups and individuals seek to acculturate. It is widely employed not only in the field of psychology but also in such domains as management studies. The theory conceptualises the interaction between ethno-cultural minority groups and society at large to examine the effect of cultural change. Acculturation is one aspect of the broader concept of cultural change that generates change in either or both groups at different levels. Two factors categorise such interactions: maintenance of the minority group's traditional identity and culture and the extent of interaction between the two groups. In our terms, the minority group's culture is interpreted as the organisational culture of Shinise firms, and the culture of society at large can be interpreted as the local culture. Although much of the work on acculturation has been studied from the minority group's perspective, subsequent studies have argued that acculturation is an interactive process between the minority and majority groups.<sup>18</sup> The theory of acculturation has been gaining wide acceptance and the acculturation patterns have been studied in varying contexts, while the process of acculturation has been rarely studied.<sup>19</sup> The present study fills a gap in this stream of research by focusing on the historical *process* of how such acculturation has been achieved between the organisational culture of Shinise firms and the local culture.

## Research site and method

### *Context: the Japanese sake brewing industry*

We chose the city of Kyoto in Japan for the research site as, according to the Teikoku Data Bank (2009), Kyoto is the city with the highest proportion of Shinise firms in Japan. The city of Kyoto was founded in AD 794 and flourished as the capital of Japan for approximately 1000 years.<sup>20</sup> Kyoto was the birthplace of the quintessential Japanese culture and traditions found throughout the country today. Even after capital status was transferred to Tokyo during the Meiji Restoration in 1868, Kyoto maintained its position as Japan's cultural capital. Kyoto's rich and colourful history, combined with its geographic and climatic conditions, have created a unique culture in which many Shinise firms exist.<sup>21</sup>

Within Kyoto, depending on the industry, Shinises tend to be concentrated in particular areas. Among such industries, sake brewing has the longest history. Thus, we further refined our research site to Fushimi, which is famous for its industrial clustering of sake brewing firms. Fushimi is situated in the southern region of Kyoto. Until 1931, it was a separate city from Kyoto. Fushimi changed dramatically in the late sixteenth century when Toyotomi Hideyoshi built Fushimi castle and upgraded the city. Since then, it has been an important strategic economic hub in western Japan. The ideal western Japanese climate and unique quality of spring water in the Fushimi area have been major contributory factors in brewing high quality sake. Fushimi became the location for Japan's oldest and most reputable sake brewing firms.

### *Research approach*

We adopted a history-sensitive, qualitative approach to understand the major events in each case firm's history and their linkages to the firms' internal evolution and the evolution

of the local culture as a whole.<sup>22</sup> As we aim to describe and explain the temporal sequence of events in a retrospective manner and also to interpret such historical events and attain a theoretical contribution, the case study method that involves tracking processes in their natural contexts appeared appropriate.<sup>23</sup> We employed a multiple-case research design that enables replication logic.<sup>24</sup>

We began our data collection by seeking information that described the social and economic history of Kyoto and the sake brewing industry. We then contacted the Fushimi Sake Brewers Union that currently comprises 23 sake brewing firms,<sup>25</sup> from which we chose firms that have existed for more than 100 years. As a result, we sourced five case firms that were willing to cooperate with our research. Studying these firms ensured a good representation from Fushimi's sake brewing cluster and offered a firmer grounding for theory.<sup>26</sup>

Table 1 shows the key characteristics of each case firm and the nature and amount of data collected from each company. As is typical in historical research and case studies, we collected rich archival materials and conducted multiple in-depth interviews, complemented with the researcher's observational field notes.<sup>27</sup>

Data were collected between October 2012 and July 2013. To gain a holistic understanding on the longevity of the case firms from the local cultural perspective, we also collected data from representatives of Kyoto's local institutions, which comprised conducting eight expert interviews and obtaining archival materials.

## Findings

Based on our historical study on Kyoto's sake brewing industry and analysis of each case firm's development, we are able to identify four phases in the evolution of Kyoto's sake brewing firms.<sup>28</sup> Appendix 1 summarises each case firm's objective history in detail.

### *Phase 1: Founding of the firms until the Toba-Fushimi War (1868)*

The first phase of the case firms' evolution is drawn from their establishment prior to the Toba-Fushimi War in 1868. The founding contexts of the five firms are distinct. Among the three oldest companies, Gekkeikan and Yamamoto-Honke began by only brewing sake, while Masuda Tukubee Shoten originally also operated a rice sales business. Each of the three oldest companies was established in Fushimi by the first generation of owners. However, Kinshi-Masamune, which has only ever brewed sake, was relocated to Fushimi 19 years after its establishment. This is similar to Saitou Sake Brewing that operated a Japanese traditional clothing business until its eighth generation, after which it began to brew sake.

Common to all five case firms is that they finally gathered in Fushimi to produce sake. 100 years ago, there were 84 firms brewing sake in Kyoto; of these, 13 had relocated to Fushimi. Except for two firms that still exist in Kyoto outside Fushimi, the rest of the firms have become bankrupt. Hence, sake production declined in Kyoto while being revived in Fushimi,<sup>29</sup> which was the best location for brewing sake due to the good water quality and because it was a significant river port via which products from Kyoto and Osaka were transported to Tokyo. Even today, the top sake producers are concentrated in the Kansai region (i.e. Kyoto, Fushimi and Nada) and hold 50% of Japan's sake market share.<sup>30</sup>

### *Description of acculturation in phase 1*

Kyoto's rich culture attracted many of the sake brewing firms to the Fushimi area. In general, Kyoto's citizens are proud to live in the old capital city where the Imperial

Table 1. Key characteristics of the case firms and case data.

	1. Gekkeikan	2. Yamamoto-Honke	3. Masuda Tukubee Shoten	4. Saitou Sake Brewing	5. Kinshi-Masamune
<b>Employees Founded</b>	<b>520</b> <b>1637</b>	<b>10–15</b> <b>1677</b>	<b>10</b> <b>1675</b>	<b>30</b> <b>1895</b>	<b>30</b> <b>1781</b>
Founding context and ownership	Family ownership and direct lineage over 14 generations	Family ownership and direct lineage over 11 generations	Family ownership and direct lineage over 14 generations The firm has also operated rice and hotel businesses	Family ownership and direct lineage over 12 generations The firm was a retailer of kimonos until the 8 <sup>th</sup> generation	Family ownership, some adopted sons in the lineage
Archival data	30 newspaper articles; 3 internal documents; homepage	Homepage.	2 newspaper articles; 6 internal documents; 1 PowerPoint slide show; 1 tape recording of a previous interview; homepage	4 internal documents; homepage	7 internal documents; homepage
Interviews	2 × marketing manager	1 × CEO	2 × CEO; 2 × employees	2 × CEO	1 × production and distribution manager; 1 × CEO; 3 × employees
Observation	Visit to firm's museum	–	Visit to firm's museum	–	Experiencing the sake production process; Visit to the store next to the factory

Family lived until the beginning of the Meiji era (1868). Many Kyoto inhabitants still regard the city as the capital of Japan and believe that, one day, the Imperial Family will return to Kyoto. The Japanese Imperial Family is said to be the only royal family in the world that has maintained its family lineage for more than 2600 years (i.e. since Emperor Jinmu in 660 BC). The Japanese and, especially, Kyoto's tendency to value longevity and continuity originates from the longevity of the Imperial Family as the symbol of prosperity. When the sake brewing firms were established, the Imperial Family and the nobility lived in Kyoto, which developed its cultural sophistication. Due to the Imperial Family and the nobility residing in Kyoto, the best craftsmen from all fields gathered to provide them with the best products. These craftsmen developed more sophisticated production systems based on division of labour.<sup>31</sup>

Moreover, Kyoto is home to the head temples of most Buddhist sects in Japan. Hence, historically, many people from all over Japan travelled to Kyoto to visit their head temple. Because of this, Kyoto's inhabitants often value tradition more than others, which has created an unchanging market for traditional goods.<sup>32</sup>

Phase 1 was also the time when the founding fathers formed the corporate culture of their respective firms. The original spoken philosophies that continue to be inherited by successive CEOs have aspects common to all Shinise firms; for example, not making unnecessary investments, guiding the CEOs to be patient and not only consider short-term profits, perceiving the impacts of each era and focusing on the long-term future. Spoken philosophies also concentrate on the spiritual role of the business, such as winning the hearts of employees and the local people. The founders of Shinise firms were influenced by cultural values exhibited by the Imperial Court, the nobility, craftsmanship and the Buddhist temples.<sup>33</sup> As a result, the firms' culture came to emphasise long-term survival and product quality over making short-term profit and is manifested in the spiritual role of the firms.

### ***Phase 2: Overcoming the impact of Meiji-Isin (1868) until the beginning of the Second World War, especially the Pacific War (1941)***

Among the five case firms, four highlighted the crisis that occurred in Kyoto in 1868 due to the Toba-Fushimi War, which occurred when pro-Imperial and Tokugawa shogunate forces clashed near Fushimi. While Gekkeikan escaped the same fate, Yamamoto-Honke and Masuda Tukubee Shoten had their buildings totally or almost burnt to the ground. In addition to the war damage and reconstruction, many dramatic changes occurred in Japan immediately after the revolution. Capital status was transferred from Kyoto to Tokyo, the federal society was replaced with a modern democracy and Western culture flowed into Japan with the opening of the country. Fushimi sake brewers had to cope with such societal changes and increase their firms' value. During this turbulent time, Saitou Sake Brewing changed its business from Japanese traditional clothing to sake brewing; overcoming difficulties, the firm established a position in the industry that has remained unchanged. Other firms also took advantage of the changing times and society. In particular, Gekkikan adopted modern business structures and began exporting sake in 1901. Employing new knowledge and technologies, Gekkeikan established a research institute as early as 1909. Among the five case firms, two had the honour of supplying Emperor Taisho with their products. Moreover, after the Great Kanto Earthquake in 1923, two of the case firms actively aided the damaged area, which led to them gaining a large market share in the Tokyo district.



*Description of acculturation in phase 2*

During and after the Toba-Fushimi War, surviving firms cooperated with each other and continued sake production. Together, the Fushimi sake brewers re-built burnt company buildings and ordered raw materials from other parts of Japan. According to Gekkeikan's marketing manager, Fushimi's sake production survived the impact of Meiji Ishin because of such cooperative activities and became established and famed as Japan's main region for sake production.

Most critically, at this phase, the Imperial Court was transferred to Tokyo, to where a number of nobles relocated. Thus, the cultural symbols were removed from Kyoto and its cultural value declined. Nevertheless, sake brewers decided to remain in the Fushimi area. As a result, human relationships between the remaining firms in the area became critically valuable. The ninth generation CEO of Saitou Sake Brewing decided to change the business from kimono clothing to sake brewing because he valued the location of the business and the human relationships in the area above the effort required to learn a whole new business. In a similar way, Gekkeikan have remained in Kyoto because each successive CEO valued the relationship with the local community and did not consider expansion of the business to be the primary goal. The CEO of Yamamoto-Honke states that the city nurtures the companies and that a company which leaves cannot grow to become strong.

During phase 2, Shinise firms that had grown financial and spiritual resources, for example, by having the honour of supplying Emperor Taisho with their products, began to take the lead in continuing Kyoto's heritage and culture. For instance, Gekkeikan established a research institute at the beginning of the Meiji era, since when the firm has contributed to the development of bio-technology. Gekkeikan has raised the standard of product quality in Kyoto's sake brewing industry and helped Fushimi gain its nationwide fame.

***Phase 3: From the beginning of the Second World War, especially the Pacific War (1941), until the oil shock and peak in domestic demand for Japanese sake (1975)***

During the Second World War, sake production and sales were restricted to a few firms due to wartime law. However, Kinshi-Masamune had the good fortune of providing sake to the army. Many sake brewers faced a difficult time after the war as it was difficult to attain rice, from which Japanese sake is made, when there was a shortage of rice to eat. Nevertheless, Gekkeikan recommenced exporting sake to Hawaii in 1949.

After the war, the Japanese economy as a whole experienced a so-called post-war economic miracle and the national GDP grew to be the second largest in the world by 1968. This period of high growth was also the golden age for sake brewing businesses.

*Description of acculturation in phase 3*

During the post-war economic miracle, Yamamoto-Honke and Masuda Tukubee Shoten became famous due to successful TV commercials promoting some unique products, which are still sold today. Also, Saitou Sake Brewing renewed its production facility through investments at this time. Gekkeikan engaged in various innovations and launched new products onto the market. Often, the products created at this time utilised the brand effect of 'made in Kyoto'. According to Gekkeikan, Japanese sake has the characteristic of being locally rooted. Part of the firm's cultural background is that it was established in Fushimi, Kyoto and that the business has remained in the same location.

All of the case firms maintain that businesses which uphold the corporate values of thrift and humility during both difficult and prosperous times can survive for a long time. Such values are not only manifested in Shinise firms' spoken corporate philosophies but also in Kyoto's local culture. Kyoto's inhabitants are said to be thrifty, reserved or even ungenerous in general. The attitude of being humble and not wasting money has influenced the mindset of Kyoto's firms not merely to expand their business and make large investments but to be reserved and concentrate on perfecting a single field of business over a long period of time.<sup>34</sup> According to Gekkeikan, it can be understood by observing the history of Kyoto's companies that thrift and humility have been valued while engaging in innovation. Through conducting incremental innovation and maintaining this core attitude, these companies have created new traditions. During phase 3, the case firms grew in a reserved manner, effectively utilising the brand of 'made in Kyoto'. By being innovative and providing unique high quality products that are associated with Kyoto, the firms not only became prosperous but also enhanced and advanced the cultural value of Kyoto as a whole.

#### ***Phase 4: From 1976 to date***

Since 1975, the number of sake brewing firms has approximately halved. This is due, first, to the overall Japanese economic recession after the oil shock and, second, the availability and popularity of other kinds of alcoholic drinks in the domestic market. The current presidents became CEOs of their respective firms mostly during this period of decline. Notably, the leaders of Gekkeikan engaged in exporting and creating overseas branches in countries such as the USA and China at an early stage in this period. Each of the other case firms are also striving to overcome today's difficulties in unique ways. For example, the CEO of Masuda Tokubee Shoten cooperated with the local authority to create a new regulation in Kyoto that 'toasts should be made with Japanese sake', which was approved by common assent and implemented on 15 January 2013. This kind of marketing activity is conducted to increase domestic consumption of sake.

#### ***Description of acculturation in phase 4***

In Kyoto, the centre of Japanese history, culture, and religion and a famous university town, both old Shinise-type firms and new high-tech firms co-exist. The CEO of Yamamoto-Honke says that it is impossible to do anything from zero, there needs to be a base, and that this is a way by which Shinise firms contribute to, or shape the economic foundation of the whole region. In a similar vein, the CEO from Masuda Tukubee Shoten explains that, in Kyoto, unique companies are developed because they learn from Shinise firms. Although emphasising the traditional values of humility and thrift, all of the case firms highly value the importance of being innovative and constantly seek something new. In Kyoto, new values are created based on traditions established by the ancestors;<sup>35</sup> its citizens are proud of the city's long-living firms, which they are willing to protect.

Shinise firms are also active in educating and forming the public opinion of its citizens to recall and value Kyoto's traditional culture. Especially in times of recession and decline in domestic consumption, they invest in activities that boost local culture such as local festivals and teaching heritage and tradition at schools, and seek to be one of the main actors that constitute the local culture. A representative from Kyoto City Hall states that the existence of the Shinise firms is a huge contribution to the local culture because of their cultural value of continuing and communicating traditions over centuries, attracting and boosting tourism, preserving local employment and providing a basis for younger firms to prosper.

## Conclusion

### *Theorisation towards business longevity*

The acculturation in phase 1 comprises two aspects. First, when the firms were established, Kyoto's local culture had a very strong influence on attracting talented craftsmen from across the country. The strong local culture was based on values associated with the Imperial Court, the nobility and religious institutions. Second, Shinise firms were established and their founding fathers formed the corporate culture in this period. By examining the Shinise firms' spoken corporate philosophies that are still inherited today, we found that they have the characteristic of having non-financial business goals. Such philosophies are reflected in the behaviours of the case firms; for example, keeping their headquarters in Kyoto even in times of crisis, valuing local human relationships over rational and financial persuasion, enhancing the value of the local culture and engaging actively in educating local people on heritage and tradition. Such values, beliefs and attitudes were formed under the influence of the strong local culture. Therefore, in phase 1, the local culture was in a relatively stronger position compared to the organisational culture. In Berry's (2008) terms, so-called 'assimilation' of the organisational culture occurred. However, we need to note that, in line with the will of Shinise firms, such assimilation took place in a voluntary manner.

At the beginning of phase 2, the case firms faced their first crisis. The surviving firms supported each other during and after the crisis and remained in the Fushimi area, even after the cultural symbols of Kyoto were transferred to Tokyo by the new government. Cooperating with each other, the case firms increased their financial and cultural status in Kyoto and took the lead in boosting the local economy and culture. Hence, acculturation in phase 2 is characterised by 'a reversal in dominion' due to the rise of Shinise firms and the diminished local culture.

After the Second World War, during phase 3, the case firms grew and various innovations were implemented. However, this growth was accomplished in a rather reserved manner. While family ownership was maintained, short-term profit-seeking and business diversification were restricted due to the firms' corporate philosophies and policies. Instead, new products were launched utilising the brand of 'made in Kyoto'. While both the local and organisational cultures faced a crisis during the Second World War, Shinise firms, due to their efforts, took the lead in promoting and enhancing the cultural value of Kyoto's local community. Indeed, such efforts bore fruit because of Kyoto's 1000 years' history. However, during phase 3, Shinises had relatively leading positions and strength with regard to acculturation, 'enhancing the value of the local culture'.

Today, in phase 4, Shinise firms' economic power is declining due to the recession and globalisation. In this difficult period, the case firms are trying to maintain and develop a local market in which people remember and value traditional products. They are active in educating consumers and younger firms on Kyoto's heritage and culture. Today, the Shinise firms cooperate with local policymakers and unions in such activities. Kyoto Prefectural Government acknowledges that its function is to maintain and create people's lifestyle and the culture in which Shinise firms can survive and prosper. Thus, Shinises cooperate with the local community in a reciprocal manner. Borrowing the term 'integration' from Berry's (2008) concept of acculturation strategies, we term the present state of acculturation as 'reciprocal integration'. The acculturation theory suggests that a balanced merging of two groups' cultures rarely occurs.<sup>36</sup> Indeed, also in our case, both cultural groups were dominant at times throughout phases 1 to 3. In phase 4, due to the

decline of organisational culture, the acculturation is occurring in a relatively even manner. The synthesis of our findings is shown in Figure 1.

Our key findings are summarised as follows:

(1) Except for Gekkeikan, the firms remained small and medium-sized enterprises. Our case firms have manufactured sake mostly for the domestic market. However, since the decline in domestic demand for Japanese sake, most of the case firms engage in small-scale export of sake. Thus, while the operational environment changed from domestic to international, the ownership, main field of business, and size of the firms remained unchanged.

(2) While the Shinise firms' corporate culture has not changed since their establishment, their relative strength and role in relation to the local culture have changed substantially in different phases of their history. Similarly, while the essence of the local culture (e.g. pride in once being the capital, the heritage of the Imperial Court and nobility, and humility and thrift) has been maintained until the present day, largely through efforts made by Shinise firms, its relative strength and role in relation to the Shinise firms' organisational culture has changed.

Therefore, both internal continuity in organisational culture and external continuity in their location were necessary conditions for the firms to achieve longevity. Whereas corporate culture characterised by long-term orientation and non-financial values are successively inherited in the firms, local traditional values that are contrary to mere economic persuasion are preserved in the local community.<sup>37</sup> De Geus (1997), who studied long-living firms, found that while they had a strong sense of identity and financial conservatism within the organisation, they were good at adapting to changes in the external world.<sup>38</sup> Our findings support these, while we emphasise that such adaptation is necessary, particularly in economic and political senses. For firms to survive in the long term, the socio-cultural environment of the location needs to encompass elements of continuity and stability that share common aspects with the firms' organisational cultures. This finding is supported by Joarder et al. who maintain that even two groups with different cultural backgrounds can become acculturated if

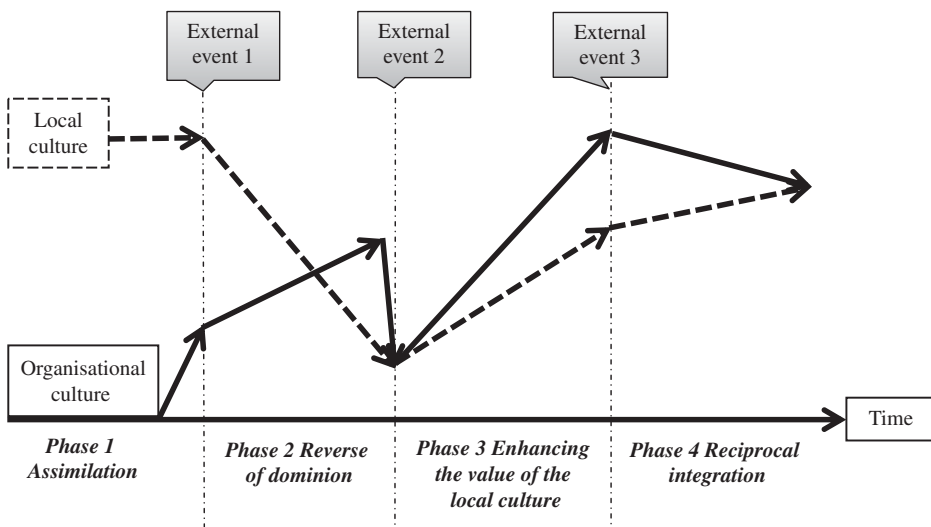


Figure 1. Rise and fall in the relative strength of the roles of organisational and local cultures.

their beliefs and values are compatible.<sup>39</sup> Family business research has emphasised that culture, as distinct from political, social, technological or economic contexts, has relevance for economic behaviour and entrepreneurship.<sup>40</sup>

(3) From the establishment of the Shinise firms to the present day, acculturation has taken the path of assimilation, reverse of dominion), enhancing the value of the local culture, and reciprocal integration. By learning from and absorbing the local culture, flexibly changing their role in relation to the local culture, taking the lead in enhancing the local culture and reciprocally integrating with the local culture, Shinises have strived to survive and prosper. Accordingly, the local culture has evolved jointly with the Shinise firms by influencing (phase 1), responding to (phases 2 and 3), and supporting (phase 4), them.

(4) More specifically, during and after a crisis in the local community, Shinise firms took the lead in supporting and enhancing the local culture through their cultural assets that have been maintained since their establishment; that is, the values, attitudes and behaviours indicated in their spoken corporate philosophies.

(5) When Shinise firms are in difficulty (e.g. recession in phase 4), they are supported in retaining their market by the local community through its cultural assets; that is, the local culture that has been preserved until the present day.

To conclude, we maintain that business longevity relates not only to the years that a firm has existed but also to the essence of the firm (i.e. ownership and main field of business) having continued for more than 100 years; thus, Saitou Sake Brewing is considered Shinise as it has been brewing sake for more than 100 years. The findings of our study add to the perspective that corporate culture is another essential aspect of longevity and that it is also critical for the local culture to have an element of continuity. It is the way that a firm interacts with the local environment that changes and it is the combination of the continuity in the essence of the firm and its acculturation (i.e. cultural interaction) with the local environment that enables the firms' longevity.

### ***Research limitations and suggestions for future research***

In our study business longevity is regarded as a positive concept, as firms' existence and longevity bring tremendous value to the local community development. Hence, we believe further research that overcomes our research limitations is required to advance knowledge on how firms can live for a long time.

We recognise some research limitations in the study. The first relates to the sake brewing industry that is considered a traditional industry in which longevity is perceived as an asset and easy to realise. In Japan, Shinises exist mostly in traditional industries such as sake brewing and sales, the manufacture of kimonos, Japanese-style hotels and cosmopolitan hotels, traditional Japanese confectionaries, wholesaling of wood and bamboo, and wooden construction industries.<sup>41</sup> Thus, one might argue that our findings cannot be applied to other, fast changing industries. However, a traditional industry does not necessarily have many Shinises.<sup>42</sup> Likewise, despite being few in number, Shinise firms also exist in high-tech industries. Thus, it is questionable whether long-term survival of firms is due to the traditional nature of an industry. We suggest that further research is needed to compare Shinise firms from different industries.

Furthermore, we should point out that the existence of Shinise firms is not limited in Japan. One might argue that Shinise firms' longevity is due to the Japanese national culture of placing stronger emphasis on long-term orientation, a cultural dimension constructed by

Hofstede (1991).<sup>43</sup> Albeit other East Asian countries such as China and South Korea are associated with long-term orientation, these countries have few long-living Shinise firms. Instead, we find a more significant proportion of these firms in European countries with less emphasis on long-term orientation.<sup>44</sup> Therefore, a national tendency towards long-term orientation might have partial influence but not direct association with firms' longevity. We therefore suggest that future studies conduct cross-country analysis of Shinise firms in Europe.

Related to the second point, it might be interesting to study how the final goals of the Japanese and Western Shinise firms differ. Based on the analysis of the case firms' corporate philosophies, it seems to be so that they have intrinsic as opposed to extrinsic finality (in Aristotle's theory). In other words, in Japanese context, the role of the owner-manager is to secure the continuity of the business, rather than the family. It would be interesting to investigate whether that is the case for Western Shinise firms.

Finally, our study lacked a control group from Kyoto's sake brewing firms that did not survive. Future research may explore bankrupted firms with a long history.

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### Notes

1. Epstein, "The Rise and Fall," 157.
2. Williamson, "Transaction-cost Economics," 96.
3. Granovetter, "Economic Action and Social," 481; Scott and Maw-Der, "New Firm Survival," 142.
4. Miller and Besser, "The Importance of Community," 68.
5. Miller, Besser, and Malshe, "Strategic Networking," 631; Thornton, Riberio-Soriano, and Urbano, "Socio-cultural Factors," 105.
6. Teikoku Data Bank, Ltd., *Conditions for a Company*, 1; Tokyo Shouko Research, News, Analysis, 1.
7. Hiramatsu, *Learn From This Old*, 1; Nagasawa and Someya, *Shinise Brand Toraya's Tradition*, 1; Yokozawa, *Research on Japanese Companies*, 1.
8. Iwasaki and Kanda, "Sustainability of the Japanese," 130; Nagasawa and Someya, *Shinise Brand Toraya's Tradition*, 1; Hiramatsu, *Learn From This Old*, 1.
9. North, *Institutions, institutional Change*, 1.
10. Chirico and Nordqvist, "Dynamic Capabilities," 487; Cruz, Hamilton, and Jack, "Understanding Entrepreneurial Cultures," 147; Weasthead, Cowling, and Howorth, "The Development of Family," 67.
11. Schein, 1985, "Organizational Culture and Leadership," 1.
12. Cruz et al., "Understanding Entrepreneurial Cultures," 147; Hatch, "The Dynamics of Organizational," 657; Schein, *Organizational Culture and Leadership*, 1.
13. Beugelsdijk, McCann, and Mudambi "Introduction: Place, Space," 485; Maskell and Malmberg, "Localized Learning and Industrial," 167; Saxenian, *Regional Advantage: Culture*, 1.
14. Klepper and Simons, "The Making of," 728; Segarra and Callejón, "New Firm's Survival," 1.
15. Motoya, "A Statistical Analysis," 37.
16. Becattini, "The Marshallian Industrial District," 38; Saxenian, *Regional Advantage: Culture*, 7.
17. Berry, "Immigration, Acculturation," 5; and "Globalization and Acculturation," 328.
18. Bourhis, Moïse, Perreault, and Sénécal, "Towards an Interactive Acculturation," 369; Sapineza, Hichy, Guamera, and Nuovo, "Effects of Basic Human," 311.
19. Joardar, Kostova, and Ravlin, "An Experimental Study," 513.
20. Teikoku Data Bank, Ltd., *Conditions for a Company*, 1.
21. Homepage of Saitou Sake Brewing.

22. Kreiser, Ojala, Lamberg, Melander, "A Historical Investigation," 100.
23. Moore and Reid, "The Birth of Brand," 419; Pattigrew, "On Studying Organizational Cultures," 570; Yin, *Case Study Research Design*, 5.
24. Eisenhardt, "Building Theories from Case," 532.
25. Homepage of the Fushimi sake brewing union.
26. Santos and Eisenhardt, "Constructing Markets and Shaping," 643.
27. Lamberg and Tikkanen, "Changing Sources of Competitive," 811.
28. Detailed interview quotations, quotations from archival materials, and supporting the aspects of acculturation are available from the first author.
29. Production and distribution manager of Kinshi-Masamune.
30. Marketing manager of Gekkeikan.
31. Representative from Kyoto Traditional Products Association.
32. Ibid.
33. Representative from Kyoto Prefectural Government and the representative from Kyoto Traditional Products Association.
34. Representative from Kyoto Prefectural Government and the owner of a neighboring shop in Kyoto.
35. Chairman of the Kyoto Chamber of Commerce and Industry.
36. Marks and Mirvis, "A Framework," 859.
37. McSweeney, "Dynamic Diversity," 933; Saxenian, *Regional Advantage: Culture*, 1.
38. De Geus, "The Living Company," 51.
39. Joardar et al., "An Experimental Study," 513.
40. Howorth, Rose, Hamilton, and Westhead, "Family Firm Diversity," 437; Mille et al., "Strategic Networking Among Small," 631; Miller and Besser, "The Importance of Community," 68; Thornton et al., "Socio-cultural Factors and Entrepreneurial," 105.
41. Teikoku Data Bank, Ltd., *Conditions for a Company*, 1.
42. Representative from Kyoto Prefectural Government.
43. Hofstede, "Cultures and Organizations: Software," 159.
44. Teikoku Data Bank, Ltd., *Conditions for a Company*, 1.

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## Appendix 1. Key phases in the history of the case firms.

1. Gekkeikan	2. Yamamoto-Honke	3. Masuda Tukubee Shoten
<p><b>Phase 1</b> In 1637, the founder came to Fushimi, Kyoto and began a sake brewery.</p>	<p>In 1677, the company was founded in Fushimi, Kyoto.</p>	<p>In 1675, the firm was founded in Fushimi, Kyoto. The first generation operated rice and sake businesses.</p>
<p><b>Phase 2</b> In 1868, during the Toba-Fushimi war, the neighbours' premises were burnt, but the firm luckily avoided the damage. In 1892, the firm began employing railroad transportation to sell products in Tokyo and, in 1901, began exporting sake to Hawaii for the first time. In 1909, the firm established a research institute. In 1927, the firm was incorporated as a limited company. In 1928, the firm had the honour of supplying ceremonial sake to celebrate the coronation of Emperor Taisho.</p>	<p>In January 1868, during the Toba-Fushimi war, the firm's premises were totally burnt. At the beginning of the Taisho period (1912), due to development in transportation technology, the firm began doing business in Tokyo and marketed its products widely under the current brand name.</p>	<p>The eleventh generation CEO experienced the Toba-Fushimi war. The firm's premises were almost totally burnt.</p>
<p><b>Phase 3</b> In 1949, the firm recommenced exporting sake to Hawaii. In 1961, the first all-season sake production plant in Japan was established. In 1975, the current bottling plant was established.</p>	<p>During the Second World War, it was difficult to produce sake. In 1962, a TV commercial employing a famous actor provoked a national boom of the brand.</p>	<p>In 1966, the firm launched nationwide sales and distribution of nigori-sake.</p>
<p><b>Phase 4</b> In 1989, a branch was established in California, USA. In 1995, the firm was damaged by the Hanshin Awaji Great Earthquake. In 2011, a branch was established in Shanghai, China.</p>	<p>Franchised bars were opened.</p>	<p>In 2009, after 50 years, the firm's logo was changed.</p>

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#### 4. Saitou Sake Brewing

**Phase 1** The firm's founder was previously a retailer of kimonos. He came from Osaka to Fushimi at the beginning of the Edo period.

**Phase 2** During the time of seventh generation CEO, the shop was totally burnt in the Toba-Fushimi war. In 1892, the ninth generation CEO decided to change the field of business from kimonos to sake production.

**Phase 3** During and after the Second World War. It was difficult to make sake.

**Phase 4** The sales declined.

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#### 5. Kinshi-Masamune

In 1781, the founder began sake production in Kyoto. In 1880, he moved the company.

In 1896, after the Japan-Shin War, the firm applied for and registered a new corporate brand name, which remains in use today.

In 1913, the firm won first prize in a national Japanese sake tasting competition, hosted by the Japanese government, and attained the opportunity to provide its sake to Emperor Taisho.

In 1923, when the Great Kanto Earthquake occurred, the firm offered aid to the Tokyo area. In 1924, it opened a Tokyo office.

In 1936, the firm was incorporated as a limited company. During the Second World War, it provided sake to the army. The Tokyo branch was destroyed during the bombing of Tokyo.

The firm became a pioneer in sake production process innovations. In 1977, it received recognition for being the pioneer in sake packaging.

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