

## Column 2 Hiyoshi Corporation

### **Environmental problems are borderless—international business activity taking advantage of personal connections**

Hiyoshi Corporation, established in 1955, is a provider of environmental solutions based in Omihachiman City, Shiga Prefecture. It has a workforce of 369 employees and an equity capital of 20 million yen (as of March 2024). Its businesses encompass environmental analysis and measurement regarding air and water quality, maintenance and management of environmental infrastructure, such as wastewater treatment facilities, sewage, waterworks, and water treatment plants, industrial chemicals business, including the selection of chemicals and consulting, and environment protection service, including waste collection and cleaning of sewage pipes. One of the company's strengths is its ability to provide a one-stop service, from identifying environmental situations to solving problems. Another is its technical expertise—the company has a total of more than 2,300 employees with relevant qualifications and has obtained business permissions regarding 100 types of business (as of March 2024).

Hiyoshi's international activity started when the company accepted trainees from China in 1988 following the signing of a regional friendship agreement between Shiga Prefecture, where it is based, and the Chinese Province of Hunan in 1983, which was intended as a partnership in responding to the eutrophication of lakes. Later, Hiyoshi started to accept trainees from far and wide, including from Southeast and South Asia, and from around the world. By 2024, the company accepted a total of more than 1,000 trainees from 53 countries, mainly in Asia but also in Africa and Central and South America, thereby providing technical skills to those countries. While using its international network of personal connections thus developed, Hiyoshi has cooperated with Japanese local governments, universities, and companies in providing technical assistance related to dioxin analysis and sewage treatment in China, Taiwan, Myanmar, and Viet Nam.

Moreover, in response to the wishes of trainees from India to work in an environment where they can take advantage of the skills that they acquired at the company after returning to India, in 2011, Hiyoshi established its first overseas subsidiary, called Hiyoshi India Ecological Services Pvt. Ltd. Because Hiyoshi was accepting a large number of trainees from India and had a wide network of personal connections there, the company had conducted surveys on the Indian market and institutional systems and trained local workers with a view to establishing a subsidiary there based on that network. In due course, the Indian subsidiary started operating on a commercial basis. As of 2024, the Indian subsidiary continues to actively train workers through donated courses at universities and technical guidance in addition to engaging in a wide range of businesses, including environmental analysis and measurement, maintenance and management of domestic wastewater treatment facilities, and construction of water supply facilities.

As described above, Hiyoshi has achieved overseas business expansion by making active use of the network of personal connections that it has developed through the acceptance of trainees. On the other hand, the company has experienced being forced to halt overseas activity due to the effects of the circumstances of the international community. In addition, regarding the activity of overseas subsidiaries,

it is in no way easy to ensure business stability because awareness about environmental problems and compliance with laws and regulations is low in countries where the company operates and also because there are significant differences between Japan and those countries in terms of transparency of the business environment. In light of those experiences and circumstances, despite the current difficult circumstances surrounding it, Hiyoshi intends to continue engaging in overseas businesses focusing on the environment and human resources in order to resolve environmental problems in developing countries under the philosophy “Environmental problems are borderless” by providing intangible support and by contributing to the development of institutional systems and environmental education activity.

The case of Hiyoshi indicates the importance of local personal relationships for overseas business expansion. As personal relationships can be a springboard for business startup, actively building a multinational network of personal connections is expected to increase the chance for international business expansion. This case also suggests the importance of upholding a corporate philosophy in overseas business activity. It is difficult to turn overseas business to profitability in the short term, so it is necessary to engage in overseas business with a consistent approach while taking into consideration a long-term outlook.

**Column Figure 2-1. Scenes from training at the head office and business operations at the subsidiary in India**



Note: The top left picture shows the head office. The top right picture shows a scene from a training at the head office. The bottom left and bottom right pictures show business operations at the subsidiary in India.

Source: Pictures shot by Hiroshi Corporation.