

Chapter 3

Effects of Fostering Local Businesses and Measures for Enhancing Business Capabilities: —Based on Case Studies on Hometown Tax Donation Gift Providers



Keywords Regional revitalization · SME policies · Incentive design · Demand generation · Public–private partnership

3.1 Conventional SME Policies Centered on Subsidies and Grants

When considering Hometown Tax Donation in the context of regional revitalization or development, some question whether it is any different from conventional subsidies or grants. For instance, a keyword search for “regional revitalization, subsidy” will result in many hits on subsidies available to municipalities; however, such subsidies and grants can be obtained as long as municipalities can deftly “compose” proposals to submit to the national government. Furthermore, there are no reviews on how subsidies are used or how regions were reinforced, and basically no cases where subsidies, once issued, are reduced or returned. Thus, securing subsidies, rather than using them effectively, becomes the end goal.

3.1.1 *Current State of Local SME Policies*

It has therefore been pointed out that conventional SME support policies are mostly dependent on subsidies, with limited support on such matters as strategic management know-how, and do not sufficiently enhance motivation or skills of local businesses (Eshima 2006, and Kurohata 2012). Natori (2017) also argues that many

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SME support policies for new business development established by municipalities simply offer subsidies for technological development, and that it is necessary to provide SMEs with knowledge that they lack, including on market information and quality management. Furthermore, with regards to providers of SME support, Kurose (2006) discusses the prospects of locally driven SME policies directed by municipalities through shifting ownership from the central government to each region. Such arguments reveal that existing SME policies lack supportive measures aside from subsidies, that support is biased toward manufacturing companies in the field of science and technology, and that there is high expectation for regional municipalities to take ownership in SME support.

3.1.2 Toward Improving Management Capability Indices of Local SMEs

The government enacted the Act for Facilitating New Business Activities of Small and Medium-sized Enterprises in 2016 based on the awareness that it is important for SMEs to foster human resource, enhance management capabilities such as cost management, and invest in capital. As management capability indices, the study on “Comprehensive Management Capability Indices” carried out by the Ministry of Economy, Trade and Industry (2002) adopted “new product development,” “management diversification or business transformation” and “enhanced production capabilities,” while Kubota (2010) emphasized customer competence (e.g., grasping market needs, and deciding target customers and competing products) and management capabilities (e.g., leadership, new product development capabilities, business system conception capabilities, human resource development and organizational revitalization, and IT capabilities). In other words, management capabilities consist of raising a company’s profitability or prospect for growth, and excludes technological capabilities such as for developing products or technologies. Regional SME policies would be deemed effective if they enhance such management capabilities.

3.2 Structural Characteristics of Hometown Tax Donation—From the Perspective of SME Support

3.2.1 Three Structural Characteristics

While various support policies for local SMEs and venture businesses have been introduced and implemented in the past, Hometown Tax Donation can be distinguished from such policies by three structural characteristics. Namely, (1) gifts generate revenue only after being selected by consumers, giving local businesses the incentive to meet market needs; (2) the “market” for gifts is already in place, with

moderate competition among local businesses; and (3) local businesses and municipalities share a mutual interest and cooperate in tandem to enhance businesses and products. All three characteristics involve gifts. Since gifts are a by-product of Hometown Tax Donation and were not originally anticipated in the scheme, these structural characteristics emerged consequentially and incidentally; yet they are important as they provide implications for fostering local businesses.

3.2.2 Difference Between Subsidy Policies and Hometown Tax Donation Gifts

Regarding the first characteristic, donations may be viewed as subsidies to specific companies through purchase of products using tax. However, the fact that money only goes to companies manufacturing products that meet consumer demand makes it different from normal subsidies. In other words, donors (i.e., consumers) are essentially assessing products, thereby providing businesses the incentive to develop and deliver products that better meet market needs. Conventional subsidies could be obtained merely by composing convincing applications; whereas, businesses must raise product competitiveness and win the competition against similar gifts nationwide for their gifts to be selected by donors. In this way, Hometown Tax Donation automatically prompts creativity and competitiveness among businesses.

3.2.3 Runup (Fostering) Market: Promoting Launch of Companies and New Businesses

With regards to the second characteristic, many SME and venture business policies support the launch of businesses or financing, but companies need to secure their own customers. In contrast, gift providers of Hometown Tax Donation are provided with a market and potential customer base, and furthermore, municipalities will support operations such as order processing, customer support, delivery, and PR and advertising activities, so the hurdle for launching and entering into new businesses is extremely low. In our interviews, not a few local businesses responded that they were motivated to enter the gift market “because a market was provided in advance.” Their approach is to experiment with production and sales.

Taie Co., Ltd., which operates three convenience stores in Nemuro City, Hokkaido Prefecture, is one such company that adopted this approach. The company has been developing one new product after another, represented by an original milk pudding developed as a gift by a baker. When the author visited and interviewed Representative Director and President Mr. Toru Taie, he mentioned that since starting the provision of gifts, they have been designing new products every day and are enjoying developing such products. He mentioned that although many attempts end in failure, they value

the gift market as a test market since it enables experimenting with small-scale productions. They have also been encouraged to develop technology for extending product expiration date. In this way, gifts are distinct in that they motivate businesses by providing a market in advance.

According to the president, they previously could not expect a large demand since their market was restricted to Nemuro City, and did not consider developing new products since it could erode sales of the company's existing products. He also mentioned that by praising the female employee who devised the milk pudding in front of the entire company, all employees became further motivated.

3.2.4 Collaborative Efforts Between Public and Private Sectors

Regarding the third characteristic of Hometown Tax Donation, unlike standard SME policies, if businesses within a municipality provide attractive gifts, the municipality will receive more donations as direct income. Additionally, gifts serve as a point of contact with non-local consumers, making it easier to gain media exposure and attract attention, leading to increased recognition of the municipality and promotion of local specialties. Thus, municipalities will likely be motivated to support businesses. Businesses will also request various support from the municipality, as it is difficult for them to single-handedly gain competitive advantage over the many other gifts provided nationwide. In this way, the gift market can promote collaboration between local industries and municipalities.

With regards to SME policies, it has been acknowledged that support from municipalities and excavation of new customers are prospective areas for further commitment (Kurose 2006; Inoue 2016), and these challenges are being met, albeit unintentionally, through gifts of Hometown Tax Donation.

3.2.5 Implications for SME Policies

Owing to these three structural characteristics, the gift market holds potential for fostering local businesses. Moreover, the gift market gives local businesses more advantage and provides more moderate competition compared to general online shopping malls for two reasons. First, the competition will be between regional businesses only, since gifts are required to be local specialties, and the number of national brand products will be relatively small. In the case of primary products, such as vegetables or seafood, there are no national brands to begin with, but instead there are large retail chains. It is difficult for small local businesses to sell products to large retail chains since this requires high-volume production, and therefore, they end up

concentrating on wholesale. Contrarily, in the gift market, businesses can deliver their products directly to consumers without the mediation of large chain retailers.

Second, donors select gifts. According to a survey research conducted by INTAGE Inc. in 2019, the ratio of respondents who selected where to make Hometown Tax Donations based on “attractive gifts unique to the region,” “gifts of high value relative to donated amount,” and “region whose donation usage one sympathizes with” was 64.7%, 45.2% and 20.0% respectively (multiple choice). Thus, selection of gifts may be influenced not only by whether they are unique to the region but also by their value.

Since donors receive gifts worth more than their actual cash outflow of 2000 yen, donors feel to some degree that gifts are “given” to them, or purchased at a large discount. Hence, their expectation and demand for gifts should be lower than that of normal purchases. However, if gift providers become complacent with such circumstances, compromise the quality and contents of gifts, and fail to be inventive, Hometown Tax Donation will not have a fostering effect on businesses, and the gift market will simply be a giveaway of cash for government-created demand, no different from conventional subsidies or grants.

On the contrary, if the “gift market”—where the provision of gifts emulates an actual market—serves as a *dojo* for local businesses to enhance their capabilities and skills, it will have a fostering effect on local businesses. To what extent local businesses’ capabilities can be enhanced is a vital question, and will be answered in the next chapter. In the following sections of this chapter, I will present cases of innovations and endeavors by businesses in Japan, and pave the path for discussions on the prospect of the gift market fostering and creating businesses and leading to regional revitalization, and on ensuing implications for innovation policies necessary in regional revitalization.

3.3 Case Studies on Businesses that Enhanced Their Management Capabilities Through Providing Gifts

Enhancement in business capabilities driven by provision of Hometown Tax Donation gifts can be categorized into three types. The first is a change in product exterior or unit of sales, including product design or packaging; in other words, a change in the visual of a company’s existing products. The second is a change in distribution channel or business style, which may include cases of companies that originally focused on wholesale, but started direct sales to consumers or online sales. The third is new product development, entry into new business, or launch of a startup. Businesses that enhanced their capabilities have mostly achieved two or all three of the above. Below, I will present case studies of businesses that enhanced their capabilities based on the three aforementioned types.

3.3.1 Case Studies on Upgraded Product Visual

Many local businesses have traditionally only served local markets, and entering into the e-commerce market with its many discerning consumers requires abilities to deal with high-level demands which they are unaccustomed to. Similarly, since donors mostly select gifts on Hometown Tax Donation web portals, photos and captions of gifts become important as in normal online sales. Portal service providers give advice to municipalities on photos and captions of gifts since there is also competition among web portals. In addition, some municipalities ensure quality of photos by tying up with a professional photographer, and outsourcing photography of all gifts of the region to that photographer.

Hirado City in Nagasaki Prefecture, which ranked number one in Hometown Tax Donations procured in fiscal year 2014, implements policies clearly aimed at strengthening local businesses' capabilities through the Hometown Tax Donation system. They are leveraging the system by regarding it as a preparatory phase for businesses to independently handle common distribution channels such as the e-commerce market, without depending on the system. The municipality has thoroughly guided businesses, for example, to change gift designs so they look more high-class, enhance freshness management methods, create product manuals, or reduce unit of sales to fulfill the needs of small households in the metropolitan area. Gifts with upgraded exterior are now also sold in local marketplaces that are frequented by tourists, contributing to an increase in sales of the entire regional market.

Figure 3.1 shows the packaging of *agodashi* (i.e., fish stock) and product image of *uchiwa ebi* (i.e., Japanese fan lobster), which are both popular gifts of Hirado City. Locally, *agodashi* is packaged for daily use and sold more casually. However, by packaging it as a gift, *agodashi* is now selected by discerning consumers and sold in the e-commerce market. While *uchiwa ebi* is not widely known in Japan, they are delicious with a similar texture to the more well-known *ise ebi* (i.e., Japanese spiny lobster). *Uchiwa ebi* has gained popularity by actively being marketed as similar to *ise ebi* and using refined photos.



Fig. 3.1 Packaging of *Agodashi* (left) and Product Image of *Uchiwa ebi* (right), Both Gifts of Hirado City. *Note* Photos provided by Hirado City

It may be possible for municipalities and businesses or chambers of commerce and industry to collaboratively accumulate such know-how, share them with other local businesses, and raise regional economic strength. Awareness toward regional branding may also rise. For example, Hirado City delivers all gifts, regardless of their provider, in uniformly designed cardboard boxes, thereby establishing a regional brand. An increasing number of municipalities have similarly been elaborately designing cardboard boxes for delivery.

Hirado City also devises product packaging. Products delivered by businesses inexperienced in online sales are at times damaged inside cardboard boxes by the time they reach customers. Rural SMEs that lack online sales know-how are especially prone to this risk, and actually receive quite a few complaints. Thus, municipalities with popular gifts, including Hirado City, often centralize packaging to the municipality or an intermediary company. Products are sent to a collection site by businesses and are then packaged and delivered by the intermediary company. The strategy is to consolidate packaging and delivery know-how within the region so that gift providers can concentrate on product improvement.

Various other efforts catered to donors' perspectives include allowing donors to specify delivery time and date. Some municipalities have created innovations through analyzing donors' needs based on order data, developing products with manufacturers, and producing new hit products. It is unclear how long the Hometown Tax Donation system will continue; thus, local industries must be enhanced speedily with money captured from this system. This sense of urgency seems to be driving Hirado City's actions. Once a comprehensive scheme is established within the region, the region as a whole can enter into the e-commerce market.

3.3.2 Changes in Distribution Channels and Business Styles

The Tokyo metropolitan area constitutes the largest business-to-consumer (B2C) market in Japan. However, rural businesses face a high barrier in direct sales to urban consumers. Many businesses therefore end up deploying wholesales with lower margins than those of direct sales, or original equipment manufacturing (OEM).

Meanwhile, Hometown Tax Donation enables businesses to directly send gifts selected by a consumer, to that consumer. In other words, Hometown Tax Donation has provided businesses an opportunity to create consumer touchpoints, which was extremely difficult for them in the past. Some companies have shifted from business-to-business (B2B) to B2C by breaking away from wholesale or OEM-dependent business models. UTO Co., Ltd., an apparel manufacturer based in Kitakami City, Iwate Prefecture, manufactures and sells cashmere clothing. Their products are sold in department stores and are of high quality; yet their margin was not so high since their business was mainly OEM. However, they have gained consumer recognition by providing their products as gifts of Kitakami City, and are now shifting toward B2C.

Since UTO's gifts are all handmade, opportunities to communicate with consumers automatically arise while completing a product. Moreover, they have an office and shop, where they display sample products, in Omotesando which is one of Tokyo's fashion meccas. Although the shop is small, those who are pleased with UTO's gifts can visit the shop and take other products in their hands, and this holds great significance since look and feel are important especially for products like cashmere. While still small in number, some visitors have actually made purchases too. The case of UTO indicates the possibility of companies to shift from B2B to B2C or online-to-offline and offline-to-online (O2O), prompted by the Hometown Tax Donation gift market.

Maruhachi Suisan is a seafood wholesaler of *hamo* (i.e., Japanese conger), a popular luxury food, that started providing gifts for Shibushi City, Kagoshima Prefecture, by processing their *hamo* for B2C. As a wholesaler, they would simply procure *hamo* from the fish market and pass them on to retailers unprocessed. While this task is simple, margins are low. In contrast, B2C products require processing. The company therefore purchased a processing machine and started providing *hamo* in various styles so that they could be enjoyed at home, including fish balls, fried *hamo* and boiled *hamo*, and these products became popular in the gift market.

As the photo of a processed *hamo* gift shows (Fig. 3.2), while they look sufficient as gifts, further upgrades in packaging and visual will be required to gain popularity in normal online sales. Yet, the company has definitely taken its first step, and importantly, has purchased a processing machine, which means Hometown Tax Donation is boosting capital investment of local businesses. It is noteworthy that part of the purchase fee for the processing machine was covered by subsidies, so purchase was made possible through the municipality's recommendation of available subsidies to the company. This case indicates that local businesses can evolve and become innovative through expansive cooperation with municipalities.

3.3.3 Case Studies of New Product Development, Entry into New Businesses, and Launch of Startups

A source of concern for many municipalities regarding Hometown Tax Donation is that they do not have attractive local gifts that they can provide to donors. Municipalities with a population of only several thousands tend to not have a major industry, and even if they do, there is only enough supply to meet local demands and not enough to fulfill extra-regional demands. Thus, for many municipalities taking part in Hometown Tax Donation, their first task is to excavate gifts. They must create gifts if they have none.

Meanwhile, for rural businesses, the gift market provides an excellent chance for them to increase sales or try developing new products. Compared to starting normal online sales, the burden on businesses is smaller, since the municipality will take care of PR and advertising, order processing, and at times, even packaging and delivery.



Fig. 3.2 Unprocessed *Hamo* (top left), Processing Machine (top right), Processed *Hamo* for Gifts (bottom). *Note* Photographed by the author

As such, the needs of both municipalities seeking attractive gifts and businesses seeking to develop new products match, and this has led to a succession of cases across Japan of new product development, entry into new businesses, or launch of startups in an attempt to enter the Hometown Tax Donation gift market.

A restaurant in Osaki Town, Kagoshima Prefecture, developed high-class *catalana* (pudding) as gifts, and this became a hit product on the gift market. Initially, the restaurant did not sell *catalana* locally, since they thought there was no local demand for such high-class products. However, demand for local sales rose, so the restaurant eventually started face-to-face sales at *michi no eki* (i.e., roadside stations) and other local locations as well. As a matter of course, sales of restaurant businesses are limited by seating capacity. Yet, restaurant businesses can secure new sales channels through external sales at *michi no eki* or other locations, and through provision of Hometown Tax Donation gifts, which in turn can immensely reinforce their revenue source.

I would also like to introduce initiatives taken by Cotoyu, a confectionery cafe in Hirado City. The shop is about a twenty-minute drive from the center of Hirado City. Guidance signboards are chipped off, with not a person in sight. The shop, which opened in a rent-free unoccupied house, operates three days a week and only four hours a day at that. Their main business is online sales of frozen sweets. The president is a mother in the midst of child-raising, and employees are also local mothers working part-time. To the question of why she opened the shop in such an inconvenient place, she replied that it was because her home was close by, and that it was the only location available when considering raising children as well.

The president is not even a patisserie. She mentioned that she studies baking on her own through searching the Internet for recipes and product designs. The shop uses the gift market as a test market, by first offering its products as gifts, and then selling popular ones in the e-commerce market. Unlike normal online sales, gifts do not require inventory. Since gifts can be produced and delivered after orders are received, there is no risk of carrying dead inventory which are normally associated with new product development. Hence, the gift market is excellent for testing new products. The shop later opened on Rakuten Ichiba, and became a popular shop on the online shopping mall as well. This is a case where Hometown Tax Donation propelled a business to significantly advance in online sales. This case also represents a revolution in trading area. A confectionery shop can gain nationwide popularity without building a fancy shop in Omotesando or Ginza in Tokyo.

It is worth noting that the shop is fastidious about the ingredients it uses, and purchases high-quality ingredients not only from local producers but from across Japan. Often times, rural businesses try to procure all ingredients locally, being too fixated on local production. While this will contribute to the local economy through distributing money within the region, consumers seek delicious and high-quality products, and not necessary products using 100% locally made ingredients. Rural businesses should note that there are many cases nationwide where quality and cost are sacrificed because of fixation on procuring locally (Fig. 3.3).

Although the barrier for entering the gift market is lower than that of the normal e-commerce market, some may think that the case of an amateur mother opening a cafe and successfully starting online sales is too good to be true. As a matter of fact, the president attended an entrepreneurship course offered by Hirado City (and operated by the chamber of commerce and industry), and manages her shop by leveraging the knowledge she acquired through the course and asking many questions to experts



Fig. 3.3 Location of Cotoyu (top left), Exterior of the Shop (top right), Confectionery (bottom).
Note Photographed by the author

she met there. Importantly, the entrepreneurship course is funded by Hometown Tax Donations collected by the city.

3.3.4 Impact on Employment of Persons with Disabilities

While somewhat different from the cases presented thus far, I will close this section with cases where gifts have affected businesses employing those with disabilities. Eggs used in the aforementioned milk pudding provided by Nemuro City are produced by Nemuro Suzuran Gakuen, a support facility for those with disabilities. Also, Hamada City in Shimane Prefecture provides confectionery gifts manufactured at Yogashi Kobo Torteno, which is operated by Iwami-Welfare Society and where those with disabilities bake confectionery. If sales increase by providing gifts, the shop can employ more disabled people or raise employees' salaries. And if those

with disabilities can become economically independent, municipal spending will also decline. At the welfare society, those with disabilities also make dumplings which are similarly provided in the gift market. There are bound to be consumers who select products that lead to support for those with disabilities when choosing among various confectionery or dumplings. Yet, such products are difficult to come by in normal supermarkets or online shopping. The emergence of the gift market has paved the path for products made in such support facilities for those with disabilities to reach consumers nationwide. This movement serves to both support regions and resolve social issues, and is interesting from the perspective of SDGs as well.

3.4 Key to Launching Local Companies or New Businesses Through Public–Private Partnerships

3.4.1 Operational Support Impacts SMEs

Interviews with providers of Hometown Tax Donation web portals and large companies running online shopping malls revealed that many gift providers were inexperienced in online sales. It has been a while since online shopping has taken root in Japan, but rural SMEs still have difficulty launching online sales on their own in terms of both know-how and resources.

Contrarily, when entering the gift market, municipalities support order processing, PR and advertising, and other peripheral operations. Such support has immensely lowered the hurdle for launching online stores or sales. Incubation systems are being enriched, with the country and municipalities also offering various support for starting up companies or new businesses. However, such support is mostly confined to reinforcing systems, including for lending, company registration, and providing management advice, and businesses are therefore assumed to conduct actual operations unaided. The aforementioned case studies suggest that companies can take on new challenges if they receive support in actual operations. This will also serve as an insightful implication for devising incubation policies in Japan going forward.

In fact, Hirado City has actively carried out incubation projects, with over 70 people attending individual startup consultations and 13 startups actually being launched as of July 2017. Among them are young entrepreneurs who returned to Hirado City from urban areas; hence, such projects are steadily leading to reinforcing local industries.

3.4.2 How to View Sixth Industrialization

I would like to discuss “the shift toward the sixth industry” which often surfaces when deploying regional revitalization. The provision of *uchiwa ebi* and *shabu shabu*

by Hirado City, Nagasaki Prefecture, and processed *hamo* for B2C by Shibushi City, Kagoshima Prefecture, are cases where fishers or wholesalers of the primary industry voluntarily entered into the processing industry, and ultimately achieved sixth industrialization. Does this mean that gifts contribute to sixth industrialization of regional industries?

An apple farmer of Nakanojo Town, Gunma Prefecture, mentioned in an interview that apple farmers, whose production is affected by the weather, wish to work on sixth industrialization, since manufacturing and selling processed goods will lead to stabilized income throughout the year. However, processing products requires such equipment as commercial freezers, refrigerators, and ovens. Since each apple farmer is not so large, investing in such equipment will exceed one's financing capability and prove to be difficult. The farmer therefore seeks some kind of local government support in this area. For instance, municipalities may use the Hometown Tax Donations it receives to support such sixth industrialization.

Meanwhile, according to an interview with Nemuro City, Hokkaido Prefecture, which has an active fishing industry similar to Hirado City, it is more effective for them to use existing local supply chains of the primary, secondary and tertiary industries, rather than to promote sixth industrialization of one company through provision of gifts, since their fishery industry is large to begin with, and the division between primary, secondary and tertiary industries in the city is already established.

Such cases suggest that there are various scenarios: for instance, the Hometown Tax Donation gift market may support relatively small-scale sixth industrialization; meanwhile, other measures may be necessarily to support large-scale sixth industrialization; or it may be more effective to divide industries rather than aim for sixth industrialization. Therefore, setting up a market like that of Hometown Tax Donation gifts does not necessarily bolster sixth industrialization; however, it likely encourages businesses to think creatively and innovatively, such as seeking to develop new products or considering ways to achieve this. Raising productivity of agricultural and fishery industries is an issue in Japan, and Hometown Tax Donation may be a key in such discussions.

3.4.3 Promoting Launch of Local Companies or New Businesses by Creating a Market (Demand) in Advance

I introduced various cases thus far, all of which were triggered by the emergence of the easily accessible gift market. Similar to the crowdfunding market, businesses will take on challenges if a test market is created in advance. One reason deploying businesses in rural areas is difficult is because rural trade zones are shrinking on the back of depopulation. In order to expand trade zones, entry into e-commerce or online sales markets is effective; however, the barrier for entry is high for SMEs that lack the know-how and resource.

If businesses can be fostered by a preparatory market, and if they can enter into e-commerce and online sales markets after accumulating sufficient know-how, the preparatory market will function effectively as a supportive measure for local businesses.

While Hometown Tax Donation is sometimes criticized as government-driven online shopping and a waste of tax money, if the preparatory market creates demand in advance and thereby fosters local businesses, this provides implications for regional incubation policies, not limited to Hometown Tax Donation.

3.5 Challenges in Fostering Local Businesses

This chapter presented case studies of enhanced business capabilities and regional economic power; however, such cases are not the majority at present. Businesses and municipalities that are highly motivated with high levels of issue awareness recognize such trends, but there are also regions and companies that are simply relishing the special demand created by Hometown Tax Donation. In that sense, it is necessary to instill nationwide awareness that businesses and regions should be reinforced while the system lasts. Also, it will be difficult to produce results if leaving enhancement of business capabilities and skills up to companies.

Successful case studies such as those introduced in this chapter should be shared actively with other companies and municipalities to efficiently achieve progress. Online shopping malls such as Rakuten Ichiba offer courses to convey know-how and skills to respective shops on a regular basis. Such opportunities need to be provided in Hometown Tax Donation as well. Municipalities can hold study sessions for local businesses, or create councils or associations where gift providers can exchange opinions or share know-how. In fact, such councils and associations have been established in several regions, and as will be mentioned in the following chapter, financial institutions serve a consulting role in some cases. Ultimately, such study sessions or sharing of know-how need to be extended from respective regions to the nation.

To achieve this end, all stakeholders must acknowledge that a *dojo* is necessary to enhance capabilities and skills of local businesses and to raise economic power of each municipality, and industries, the public sector, and financial sector must promote cooperation across the nation. If the Hometown Tax Donation gift market ends in mere special demand for local businesses, it will be no different from conventional regional revitalization policies centered on cash giveaway. Discussions should be centered on fostering businesses and raising regional power.

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