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in Japan

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## Dynamics of Ethnic Korean Entrepreneurs in Japan

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### Abstract

This paper explores the complex business histories of ethnic Koreans in Japan, a field that remains relatively understudied not only within the global academic arena but also within Japan itself. Ethnic Korean entrepreneurs have exhibited a significantly higher rate of self-employment compared to other immigrant communities and Japanese nationals. The primary objective of this paper is to provide a historical context for the entrepreneurial ventures of ethnic Koreans, analyzing the industrial framework and the evolutionary dynamics of their businesses. This study utilizes two directories, published by the Korean community, which provide relatively extensive coverage of businesses and offer insights into a rough business history derived from aggregated data. Additionally, the paper aims to supplement this information with interviews conducted with various companies. The observed transformation in the industrial structure represents a significant evolution in response to the rapid progression toward service industrialization. This advancement highlights the entrepreneurial activities undertaken by ethnic Koreans. Korean entrepreneurs adeptly identified viable profit opportunities and facilitated entry into growing businesses through the sharing of community knowledge. These activities of ethnic Koreans have been conducted within the context of community functions, which are intertwined with roles in information dissemination, resource utilization, and distribution. Upon establishing their businesses, interaction with Japanese clientele during daily operations became crucial for Korean proprietors, as they constituted the primary customer base, thereby facilitating integration into the local market. These enterprises operated within specific geographic locales, necessitating the provision of services tailored to the unique demands arising from regional characteristics. The primary focus was on forging deep interconnections with economic endeavors across various industries and the acquisition of resources from Japanese society, which were pivotal in shaping the evolution of industries and the growth of individual companies. Consequently, the role of community's influence transitioned to a more supporting position in this context. While the analysis primarily focuses on select industries, it endeavors to uncover compelling narratives that extend beyond the typologies highlighted by previous studies on ethnic entrepreneurs in Japan.

## **Introduction**

Numerous studies have been conducted on immigrant entrepreneurs, primarily centering on the elevated rate of self-employment and spanning the realm of traditional economic sociology as well as more recently the fields of management and history (Berghoff 2020). The shift from a negative to a positive evaluation of start-ups in the context of self-employment has invigorated research on immigrant entrepreneurship and entrepreneurs (Kloosterman and Rath 2001). Phenomena associated with elevated self-employment rates have been observed, and are ubiquitous, in many places worldwide.

Nevertheless, immigrant entrepreneurship is constrained to certain specific ethnic groups. In 1995 and 2000, the estimated self-employment rate among ethnic Koreans in Japan, which stood at less than 33% (including executive positions), was notably higher in comparison to other immigrant communities (Higuchi 2010) as well as Japanese nationals.

Higuchi (2012) conducted a comprehensive analysis of business characteristics, with a focus on diverse ethnic groups in Japan. While Willis and Lee (2007), Kawa (2003) and Han (2022) have addressed the business history of ethnic Koreans in Japan, these contributions are somewhat limited in scope, often concentrating on specific areas like the pachinko industry. Nevertheless, apart from these studies, research pertaining to ethnic entrepreneurship in Japan has exhibited limited prominence. This is in stark contrast to the dynamic and multifaceted field of research surrounding immigrant-led ethnic businesses and entrepreneurship (Dana 2007; Berghoff 2020).

The academic landscape in Japan is shaped by several factors. One primary reason is the comparatively low levels of immigration and foreign residents in Japan, especially when juxtaposed with other advanced nations. Despite recent rapid growth, the population of foreigners comprised only 2.4 percent of the total Japanese population as of 2022. This paucity of immigrant and foreign communities has, in turn, contributed to limited scholarly attention to the business history of ethnic enterprises. Additionally, the predominance of the traditional Chandlerian approach in Japanese business history scholarship, which primarily focuses on large corporations, has further marginalized research interest in immigrant entrepreneurs and ethnic businesses.

However, it is crucial to underscore that despite these prevailing circumstances and the rather modest level of academic interest, immigrant entrepreneurs and ethnic businesses do exist in Japan.

In an effort to transcend these limitations, this study will employ the ethnic Korean community, a prominent ethnic group in Japan, as a representative example. The primary objective of this paper is to historically situate the entrepreneurial endeavors of ethnic Koreans in Japan.

## **Classifying Ethnic Koreans as Entrepreneurs**

Berghoff (2020) outlined several typologies encompassing various categories of immigrant entrepreneurs, including necessity entrepreneurs, diaspora merchants, transnational entrepreneurs, middleman minorities, entrepreneurs in ethnic enclaves, and refugee entrepreneurs. Many ethnic Koreans residing in Japan can be categorized as necessity entrepreneurs, propelled by restricted access to the labor market, alongside entrepreneurs in ethnic enclaves such as Osaka's Ikuno district. Indeed, the structural challenge of restricted participation in the labor market has been identified as the primary cause of the elevated self-employment rate among ethnic Koreans in Japan.

Masayoshi Son, the founder of the SoftBank Corporation Group, and Kyuk-ho Shin, the founder of LOTTE Corporation in Japan, could be classified as transnational entrepreneurs. Shin emerged as one of the most accomplished entrepreneurs, heralded as a first-generation immigrant who cultivated LOTTE into a *chaebol* in South Korea, thereby establishing a formidable global business conglomerate. Son's father started a small, shabby venture but succeeded in the pachinko parlor, a major business sector of ethnic Koreans. The third generation, Son, ventured to the U.S.A. during his high-school years and subsequently graduated from the University of California, Berkeley. In 1981, he co-founded Japan Soft Bank through a collaborative investment. These representative cases are distinguished from the majority of necessity entrepreneurs constituting the self-employment landscape among ethnic Koreans in Japan. The prevailing assumption suggests that the general trend leans towards necessity entrepreneurship, drawing from diverse observations.

As Berghoff emphasized, the typologies serve as an initial focal point for analyzing the business history of the ethnic Korean community in Japan. While they are valuable in capturing characteristics based on observed phenomena, differentiation among typologies becomes somewhat ambiguous (Berghoff 2020, 2) when considering concepts that aid in understanding the determinants of each entrepreneur. Furthermore, accurately capturing historical changes based on typologies proves to be challenging. Shin, the founder of LOTTE, ought to be classified as a necessity entrepreneur during his establishment of the initial lubricant oil firm in the prewar era and the soap factory in 1946. When assessing his successful evolution from a necessity entrepreneur to a transnational figure, it is crucial to place greater emphasis on the contextual framework shaped by economic conditions not only in Japan, but also in Korea. This necessitates conducting a case study that delves into the nuances of relationship-building.

It is insufficient to comprehend the business history of the ethnic Korean community solely through the lens of necessity entrepreneurs or those operating within ethnic enclaves. The postwar period witnessed a decline in business opportunities within the

enclave. Diverse and varied patterns of growth also emerged contingent upon regional disparities, industrial development, and temporal factors, despite the predominant emergence of self-employment originating from necessity entrepreneurs.

This paper will delve into the industrial framework and evolutionary dynamics of businesses, aiming to elucidate their historical trajectory. Key sectors such as textile industries, pachinko parlors, and Korean-style barbecue (*yakiniku*) restaurants will be emphasized. The *kyōyūzen* dyeing and Nishijin textile industries have been key businesses for Koreans in Kyoto, related to the manufacture of kimono (Japanese traditional dress), allowing them to draw on the relationship between their experiences as workers during the colonial era and self-employed entrepreneurs in those areas during the postwar period. The establishment of pachinko parlors offering spaces equipped with gaming machines for entertainment has evolved into a substantial market, playing a significant role as an economic cornerstone of the Korean community. The Korean barbecue restaurant industry shares common characteristics with other ethnic restaurants in enclave economies. I will not only examine this sector within the context of the ethnic enclave, but also explore the factors motivating entrepreneurs' keen interest in this business as a strategy for diversified management.

### **Who Are Ethnic Koreans in Japan?**

The annexation of Korea by Japan in 1910 proved to be a pivotal event in the establishment of a Korean community within Japan. Against the backdrop of Japanese colonial policies, notably the Land Survey, Koreans began emigrating to Japan in the 1920s to seek employment opportunities. The Korean population surged dramatically to 2,206,541 (about three percent of total Japanese population) by 1945, primarily due to the forced conscription of laborers during World War II, marking an extraordinary increase. Upon the cessation of the war, a sizable number of Koreans was ordered to repatriate to the Korean Peninsula. Many of those who had established enduring roots and familial ties in Japan chose to remain, fortifying their presence as the challenges on the Korean Peninsula became more pronounced.

The ethnic Korean community, which numbered 577,682 individuals in 1955, persisted as the most substantial foreign demographic throughout the postwar era. The Japanese government has designated the ethnic Korean population, which numbered approximately 290,000 as of 2021<sup>1</sup>, as “special permanent residents.” Although Chinese nationals overtook the ethnic Korean population (excluding new Koreans with foreign nationality from South Korea) as the largest demographic in 2004,<sup>2</sup> the count of “invisible” Koreans is higher due to the statistical exclusion of naturalized Japanese citizens of Korean descent. The group is generally acknowledged to experience both formal and informal discrimination.<sup>3</sup>

## **Data and Methodology**

The historical investigation of businesses owned by ethnic Koreans in Japan has been notably limited. The inadequate collection of statistical information by the Japanese government based on nationality has posed challenges in systematically elucidating their overall characteristics.

Between 1947 and 1997, the Korean community published several business directories. These sources, while valuable, suffer from limitations including incomplete coverage regarding location, business scale, and industries. Above all, the most crucial issue relates to data deficiencies arising from unknown survey methods and sporadic information, preventing meaningful comparison and investigation of historical aspects. Nonetheless, they stand as the only relatively systematic materials available on the subject.<sup>4</sup>

I intend to utilize two directories that offer relatively extensive coverage of businesses within the ethnic Korean community while exhibiting less glaring biases than other directories. One such directory, *Zainichikankokujin Kigyōmēbo*, which comprises a list of companies associated with the ethnic Korean community, was compiled in 1976 by the community newspaper publisher, Tōittsu Nippōsha. The other, *Zainichikankokujin Kaishamēkan*, was published by the Chamber of Commerce of the ethnic Korean community in 1997.

First, I aim to trace a rough business history derived from aggregated data obtained from directories and geographical locations.

Second, I will endeavor to contextualize businesses owned by the ethnic Korean community within the broader development narrative of the pachinko parlor as a pivotal sector driving the transformation of industrial structure and the Korean-style barbecue restaurant industry as a typical ethnic business.

Finally, to enrich this information, I intend to supplement the data with interviews conducted with companies listed in the directories. This undertaking will elucidate multiple facets of industrial structure and its progressive evolution, highlighting unique attributes and advancements across diverse industries.

### **1. Establishment of the Ethnic Korean Community<sup>5</sup>**

#### **(1) Formation of the Ethnic Korean Community during the Japanese Colonial Period**

Koreans were attracted to urban centers like Osaka and Kawasaki due to the pronounced need for day labor and jobs offering low wages during the Japanese colonial era, especially starting during the 1920s. Within these cities, Korean residents congregated in specific zones that eventually evolved into what became known as “*Chōsenburaku*”

[Koreatowns].<sup>6</sup> The 1920s witnessed a substantial degree of mobility, with many Koreans regularly traveling between the Korean Peninsula and Japan. During the 1930s, with the emergence of family units, a cohesive Korean community took root in Japan.

In the densely populated Korean districts of Osaka, among the most industrialized cities boasting a substantial Korean population, individuals with prior work experience in factories or construction commenced entrepreneurial ventures. They established businesses specializing in the production of various items, including metal machinery components (such as nuts, fasteners, and screws), textile goods, and rubber products. In nearly all instances, these factories utilized inexpensive Korean labor to manufacture products intended for the broader Japanese market.<sup>7</sup> Waste management, which requires relatively modest initial investment, surfaced as a prevalent industry among Koreans engaging in business with Japanese vendors within the service sector. The non-manufacturing sector, primarily focused on businesses catering to Koreans, encompassed a spectrum of industries such as general merchandise retailers, boarding house and workers' dormitory management, Chinese medicine dispensaries, restaurants, and various service-related sectors.<sup>8</sup>

Significantly, numerous ethnic organizations were established during this timeframe. Based on a 1933 survey by the Osaka Prefectural Police (*Shōwa 8 Nendo Chōsenjin ni kan suru Tōkeihyō*), it was found that Koreans had founded 984 associations, collectively comprising approximately 133,923 members, about one-third of the entire population across Japan. The primary objective behind the establishment of the majority of these organizations was to foster camaraderie and extend mutual assistance such as mutual financing ventures. Reciprocal networks of assistance among ethnic Koreans were forged during the prewar era, and the interconnections they fostered among compatriots persisted into the postwar period.

## **(2) Reorganization of the Ethnic Korean Community during the Postwar Period**

The postwar Cold War dynamic significantly influenced the longevity of the Korean community in Japan.<sup>9</sup> Reflecting the partition of the Korean Peninsula, this ethnic community underwent a corresponding division, solidifying into two distinct societal frameworks. On one front, ethnic Koreans aligning with North Korea formed the General Association of Korean Residents in Japan (In Japanese, Zainichi Chōsenjin Sōrensōkai, shortened here to Chōsen Sōren). Its 18 federations encompassed commerce and industry associations as well as credit unions, all operated under the purview of Chōsen Sōren.<sup>10</sup>

In response, ethnic Koreans aligned with South Korea established Mindan, the Korean Residents Union in Japan, which encompassed regional branches,<sup>11</sup> educational institutions, and economic organizations.<sup>12</sup>

Nevertheless, relationships within these communities were not dictated solely by

political affiliation. A considerable number of ethnic Koreans adopted a more centrist stance, aspiring to a vision of a unified homeland. Several individuals opted to join either Chōsen Sōren or Mindan not solely based on their political ideology, but rather due to economic incentives or social motives, including the preservation of friendships and community ties. Some individuals transitioned between both factions<sup>13</sup>, while others refrained from affiliating with either.<sup>14</sup>

The inaugural financial institution for ethnic Koreans was founded in Tokyo in 1952. By 1996, a total of 74 credit associations had been established throughout Japan, of which 36 were aligned with Mindan and 38 with Chōsen Sōren. Primarily focused on economic functions, these associations played a concurrent role in sustaining the ethnic Korean community.

Consequently, we can infer that although not overtly visible within Japanese society, the network among ethnic Koreans was multifaceted, encompassing various aspects ranging from daily-life-related organizations to economic entities. This network functioned as an independent channel for the dissemination of information.

## **2. The Industrial Structure Characterizing Japan's Ethnic Korean Community**

Beyond discriminatory factors, various overarching conditions influenced the economic situation of the ethnic Korean community following the decolonization of the Korean Peninsula.

First, it's essential to highlight that the 1952 San Francisco Peace Treaty revoked the Japanese citizenship of ethnic Koreans and designated them as foreign nationals. This change significantly limited their opportunities within the labor market.<sup>15</sup>

Second, the attributes of the ethnic Korean population in Japan caused them to be confined to a restricted labor market. The initial generation, constituting a significant percentage of the workforce, possessed limited Japanese language proficiency and a more limited educational background compared to the average Japanese. The unemployment rate among ethnic Koreans surpassed that of their Japanese counterparts.<sup>16</sup>

A decision to initiate a business signified a proactive and self-protective measure. As per a 1985 survey conducted in Osaka Prefecture, where the density of ethnic Korean inhabitants is the highest, the proportion of self-employed Koreans was 2.5 times greater than the prefectural average.<sup>17</sup> In 2000, the self-employment rate remained twice as high as the national average in Japan.<sup>18</sup>

The sectors that attracted the participation of ethnic Koreans exhibited distinct features.<sup>19</sup> Initially, Koreans predominantly engaged in specific industries (Table 1): restaurants, production of rubber or leather footwear, management of pachinko parlors,



involvement in civil engineering work, and engagement in particular niches within manufacturing, where they specialized in specific steps of larger processes—for example, metalworking or particular stages of the *kyōyūzen* dyeing process, such as steaming and fabric-washing. Within manufacturing, there was a notable tendency among ethnic Koreans to gravitate toward sectors they were familiar with from the prewar era when commencing their businesses.

Second, over the course of time, ethnic Koreans transitioned from the declining manufacturing industry to focus on burgeoning sectors like pachinko and construction, which enjoyed sustained growth over an extended period.

Third, the heightened concentration of ethnic Koreans within burgeoning industries facilitated a swift metamorphosis of the overarching industrial framework, notwithstanding the increased diversification in businesses.

**Table 1. Major Businesses Operated by Ethnic Koreans (Comparison between 1975 and 1997)**

	1975	Places of Business	Rate (%)		1997	Places of Business	Rate (%)
1	Restaurants (Korean restaurants, <i>yakiniku</i> restaurants, specialty restaurants), coffee shops, bars, Japanese-style pubs, etc.	971	14.3	↘	Pachinko parlors	1,548	16.6
2	Pachinko parlors	921	13.6	↗	Construction	1,231	13.2
3	Construction	720	10.6	↘	Restaurants (Korean restaurants, <i>yakiniku</i> restaurants, specialty restaurants), coffee shops, bars, Japanese-style pubs, etc.	1,007	10.8
4	Material recycling (including dismantling of automobiles)	675	10.0	↘	Real estate leasing, management, and sales	986	10.6
5	Metal manufacturing (including as processing subcontractors)	337	5.0	↘	Material recycling (including dismantling of automobiles)	480	5.1
6	Fiber and textile manufacturing	265	3.9	↘	Consumer finance and banking	217	2.3
7	Real estate leasing and management	247	3.6	↘	Metal manufacturing (including as processing subcontractors)	175	1.9
8	Wholesale	234	3.5	↘	Hotel business	175	1.9
9	Automotive service (including maintenance and used car businesses)	139	2.1	↘	Rubber and plastic footwear	167	1.8
10	Rubber and plastic footwear	153	2.3	↘	Manufacture of plastic plates, bars and rods, pipes and tubes, pipe fittings and profile extrusions	159	1.7
11	Retail	150	2.2	↘	Trade	138	1.5
12	Consumer finance and banking	123	1.8	↘	Shipping	105	1.1
13	Laundry, barbering, sauna, cleaning	114	1.7	↘	Food and beverage retail	105	1.1
14	Miscellaneous manufacturing	103	1.5	↘	Fiber and textile manufacturing	99	1.1
	Subtotal for 14 industries	5,152	76.1		Subtotal for 14 Industries	6,592	70.6
	Total	6,771	100.0		Total	9,335	100.0

Notes: ↘ indicates a decline from positions beyond 14th place, while ↗ indicates an ascent into 14th place or higher from a position beyond the ranking.  
 Source: Tōittsu Nippōsha, *Zainichikankokujin Kigyōmēbo*, 1976, and Zainichikankokujin Shōkōkaigisho, *Zainichikankokujin Kaishamēkan*, 1997.

The distinctive traits observed in the industrial structure of ethnic Koreans stemmed from their substantial accumulation of industry-specific information encompassing business opportunities, professional experience, and technical expertise within the ethnic

Korean community, which contributed to the accumulation of capital. The perception of certain industries as lucrative or profitable, acquired through hearsay within the co-ethnic Korean community or observations made within the ethnic group, played a decisive role in entrepreneurs' decision-making process when initiating business ventures. This information was not static; rather, it was updated whenever an ethnic Korean evaluated, selected, and entered a specific industry. This adaptable approach allowed ethnic Koreans to transition from declining sectors into emerging and thriving industries.

The widespread establishment of credit unions, predominantly exclusive to ethnic Koreans, served as a crucial system for procuring essential initial capital for businesses. The capital invested within these credit unions contributed significantly to the bolstering of the community's overall financial strength.

Consequently, the ethnic Korean community in Japan could identify promising industries and assemble the technical know-how and capital necessary for market entry. The dissemination of industry-specific knowledge within the Korean community significantly influenced how ethnic Koreans focused on specific sectors, facilitating their seamless integration into burgeoning industries and expediting the transformation of the overall industrial landscape. Entrepreneurial initiatives undertaken by ethnic Koreans were profoundly shaped by their primary collective, the ethnic Korean community.

### **3. Development of the Pachinko Industry and Ethnic Koreans<sup>20</sup>**

Pachinko originated as a popular amusement and began to develop into an industry during the postwar period. The vast size of the pachinko industry, which was estimated at approximately 276 billion U.S. dollars in 1996, garnered widespread attention in various journals.<sup>21</sup> Notably, revenue in the sector surpassed that of Japan's renowned motor industry during that period.<sup>22</sup> With 9.7 million active participants recorded as of October 2013, pachinko stood as an exceedingly popular form of entertainment.

Gambling is prohibited in Japan, with the exception of enterprises operated by prefectural governments (e.g., horse racing, bicycle racing, lotteries). To the extent that pachinko operators are prohibited from offering cash payouts as prizes, pachinko is not gambling. However, customers can exchange prizes for cash at independent shops outside parlors. In this way, pachinko gambling operates through the subtle interpretation of the legal, the illegal, and that which cannot be said to be legal.

This legal gray area, and the flow of money to organized crime during the industry's early years, spurred Japanese to keep their distance from pachinko parlor operation. While statistically unverifiable, it is estimated that 60 to 70 percent of pachinko parlors are operated by people of Korean descent.<sup>23</sup> In this section, I will locate ethnic Korean entrepreneurship within the larger development of the industry.

### **(1) Ethnic Koreans During the Industry's Infancy (1949 to 1954)<sup>24</sup>**

Before they can commence operating, parlor proprietors are required to obtain a permit issued by the police. Of utmost significance among the licensing conditions is a mandate ensuring no affiliation with criminal organizations.

The introduction of innovative machine models like the Masamura gauge, which incorporates intricate arrangements of nails on the pachinko board, and high-risk, high-return machines sparked a “pachinko boom” in the initial years of the 1950s. The resulting surge in pachinko's popularity was propelled by high-risk, high-return machines, contributing to the establishment of a widespread market nationwide.

Ethnic Koreans had already recognized the profitability of pachinko as a lucrative business venture. Community newspapers extensively covered success narratives of enterprises that had vertically integrated, spanning from machine manufacturing to the operation of pachinko parlors in various prefectures. Individuals<sup>25</sup> within the Korean community reaped benefits from the widespread and explosive popularity of pachinko during the postwar resurgence.

### **(2) A Sustainable Revenue Foundation for the Parlor Business (1955 to 1960s)<sup>26</sup>**

High-risk, high-return machines garnered substantial sales within the parlor business. However, the earnings derived from these parlors were notably irregular, making the business a precarious endeavor. By 1955, the industry faced a crisis as it inadvertently became a significant funding source for organized crime. The police imposed a ban on high-risk, high-return machines, constraining the business to low-risk, low-return models and driving parlor revenue down by one-third. Nevertheless, the prohibition led to a reduction in revenue fluctuations.

The stabilization of the pachinko industry after 1955 as the Japanese economy entered its period of rapid growth and avoidance of the industry by Japanese must be seen important conditions for ethnic Koreans' continued selection of the pachinko industry. During this period, it was primarily the first generation of ethnic Koreans in Japan who entered the pachinko parlor business. How did ethnic Koreans come to discover this business opportunity?

Several factors encouraged ethnic Koreans to focus on pachinko. With industry-topping sales, Maruhan is Japan's leading pachinko parlor operator. The company was originally established in 1957 by Chang-woo Han, a first-generation immigrant. Amidst the string of pachinko parlor closures that followed the new 1955 regulations, Han's brother-in-law, another ethnic Korean, decided to give up his business and return to South Korea. For his part, Han had given up hope of finding employment after graduating from Meiji University, a prestigious Japanese university. Having gained prior experience through part-time work for his brother-in-law, he chose to take over the management of the parlor,

acquiring the machines and necessary equipment under an agreement to pay his brother-in-law once he achieved success. Typically, Japanese who had acquired a tertiary education refrained from seeking employment in pachinko parlors throughout this era.

Since ethnic Koreans tended to cluster within particular industries, they collectively shifted or closed their businesses in sectors experiencing an early decline. For instance, drawing on their prewar involvement in the Kyoto traditional textile industry, many ethnic Koreans promptly initiated textile enterprises as demand for clothing surged in the years after the war. However, the Westernization of people's lifestyles made a rapid reduction in the size of the market for Japanese-style clothing for everyday use inevitable.

The gradually stabilizing pachinko business represented a concrete alternative for ethnic Koreans seeking to change industries. Among the ethnic Korean businesses that built up monopolistic positions within production processes for dyed fabrics (steaming and finishing), Takayama Bussan, a representative chain parlor company in Kyoto, provides an example of a company that successfully transformed itself into a major pachinko parlor chain during this period.

An entrepreneur with the initials A.I. had experience in various businesses, including running a workers' bunkhouse at a construction site. Upon the advice of another ethnic Korean, he acquired the expertise to set up a Nishijin silk fabric business and was able to set the new venture on a successful course. However, his inability to keep up technologically with the constant evolution of the fabric market threatened the future growth of the business. Based on advice from his Korean friend T.Y., who introduced A.I. to fellow Korean and pachinko parlor owner S.M., A.I. decided to invest in the pachinko parlor business along with S.M., thereby resolving S.M.'s difficulties in raising capital. A.I. was able to "easily" liquidate his declining fabric business.

It was through the ethnic community that Maruhan founder Han discovered the potential of the pachinko parlor industry and obtained the capital and technology necessary to make a start in the business. A.I.'s exit from a declining industry, his discovery of pachinko as a new business opportunity, his acquisition of the management know-how to run this new business, and his ability to obtain the necessary capital—in other words, all of his resources—were made possible through the ethnic Korean community. Mediated by the flow of specialized information within the community, the pachinko business represented an easy way for ethnic Koreans to start or switch over to new businesses.

**(3) Ethnic Koreans and the Emergence of a New Breed of Parlor during the 1970s<sup>27</sup>**  
Market growth continued during the 1970s with the advent of new developments such as suburban-style pachinko parlors and electricity-powered machines.

During this period, the second generation of ethnic Koreans paid attention to the parlor

business. Around 1970, 25 years after the end of World War II, the generation born during the postwar period began to reach adulthood and enter the labor market. An examination of the generational composition of Japan's Korean community in 1974 reveals that the Korea-born first generation comprised 24%, while the Japan-born second generation comprised 75.6% of the total ethnic Korean population.<sup>28</sup> The pachinko parlor industry provided one route by which university-educated ethnic Koreans could attempt to raise their social position.

Osaka-born J.E. graduated from university in the early 1970s but couldn't find work. Attracted by the profitability of a pachinko parlor run by a relative, he decided to enter the industry. An ethnic Korean broker specializing in pachinko parlors introduced J.E. to a property in Wakayama Prefecture. Using the capital recouped from the closure of his parents' coffee shop and a loan from a community credit union, J.E. started a business in the pachinko industry. Because of J.E.'s lack of business experience, he could not have expected to obtain a loan from an ordinary Japanese financial union. The partial funding that J.E. received from the Korean community credit union was of decisive importance at a time when ethnic minorities were not considered trustworthy borrowers within Japanese society.

At gatherings held by ethnic organizations (New Year's parties, general meetings and other events regularly convened to foster fellowship within the community, and cultural events held from time to time), it was far from unusual for ethnic Koreans to obtain information pertaining to the pachinko parlor business from fellow attendees who were involved in that industry. The appearance of brokers is also symbolic of an environment that offered ethnic Koreans easy access to information about the pachinko industry. The emergence of fellow Korean brokers demonstrates how information accumulated within the community was used as a business resource and purposefully disseminated through commercial transactions.

Pachinko parlors also attracted attention from ethnic Koreans who had succeeded in other industries as a method of developing their businesses. M.Y., the owner of a construction company in Kobe, had connections to the real estate industry. Using information regarding real estate properties managed by Mindan's chairman, M.Y. entered the pachinko parlor industry as part of a plan to diversify his business ventures. After evaluating loan offers from both Mindan and Chōsen Sōren-affiliated credit unions, M.Y. chose to accept the larger loan offer made by the Chōsen Sōren-affiliated institution despite being a South Korean citizen.

The company began to concentrate its resources on suburban-type parlor management as a new market. The scale of funds needed to expand Maruhan's business far exceeded what could be provided by Korean community credit unions. In order to

enhance the capabilities of its headquarters and manage businesses including pachinko parlors, restaurants, and bowling centers, Maruhan hired professional accountants and middle managers who were all Japanese.

Maruhan and other leading companies procured information and funds necessary for growth from Japanese society instead of the community because the pachinko industry and those companies' growth exceeded the speed and scale of the development of the Korean community and its accumulated resources. Maruhan was successful because its successful track record in the parlor business allowed it to earn the trust of major Japanese banks after an initial period of support from the Korean community.

#### **(4) Significant Market Growth and the Ethnic Community<sup>29</sup>**

The arrival of the new "Fever" machine introducing innovative technology ushered in the digital age of pachinko in the 1980s. The popularity of the new machines fueled remarkable growth in the pachinko industry, and this rapid growth prompted Japanese and ordinary companies, which had previously kept their distance, to enter the industry, leading to intensified competition.

Given such market growth, the Korean community remained aware of the business opportunities that pachinko presented and adopted a more proactive stance in response to this market growth. In the late 1970s, Osaka Kōgin, the largest credit union, began compiling its own independent on-site analyses of pachinko parlors in order to promote the ethnic Korean-heavy pachinko parlor business and using this information to proactively offer financing. The bank independently collected and analyzed market information from every region of Japan and offered it to Korean proprietors to stimulate investment.

As one example, M.S., who was involved in the manufacture of plastic products, used market information and financing he had obtained from Osaka Kōgin to open a pachinko parlor outside the company's base, Osaka. Osaka Kōgin also organized events such as study groups for pachinko parlor proprietors and was active in building up a network among ethnic Koreans, facilitating the more active exchange of investment-related information. In this way, information that had been transmitted through personal connections was now consciously introduced and circulated by economic organizations, providing an environment that made it easier for ethnic Koreans to enter the pachinko parlor business.

As with Maruhan, major parlor companies saw their operations grow in scale and gain momentum during the buildout of chain businesses that began in the 1980s. That Maruhan was able to grow at this time by expanding its network of parlors hinged on the development of the pachinko industry in the 1980s and on various decisions concerning how the company recognized business opportunities and procured necessary resources.

As for the necessary management resources—human resources, information, and funding—a substantial proportion, including search and discovery, was procured from Japanese society.

As mentioned above, ethnic Koreans with various business motivations found opportunity in the growing pachinko industry, which they entered by procuring resources such as information and financing from the ethnic community. Prominent companies like Maruhan also cultivated relationships within the non-ethnic market as both they and the industry rapidly expanded beyond the economic confines of the ethnic community.

#### **4. Ethnic Korean Entrepreneurs and Korean-style Barbecue (*Yakiniku*) Restaurants**

Based on the data presented in Table 1, it is apparent that restaurants and diverse dining venues, including those serving Korean-style barbecue, commonly known as *yakiniku*, had emerged as crucial economic entities within the ethnic Korean community in Japan by 1975. Despite expectations of diminishing significance over time, such businesses were still emblematic of the community in 1997. In this section, our focus shifts towards an exploration of the historical evolution of the restaurant industry, exemplifying the type of enterprise typically established by ethnic Koreans in Japan.

Embracing the notion of non-elite entrepreneurship as articulated by Light and Rosenstein (1997, 1-5), the concept of unattributed entrepreneurs entering the domain of ethnic restaurants, stemming from the dietary preferences of immigrant communities, represents a noteworthy form of innovation within the host society.

The proliferation of Korean-style barbecue restaurants in Japan can be characterized as an innovation borne of “an entrepreneurial movement whose constituents remained largely anonymous.” Prior to the prewar era, consumption of Korean cuisine by Japanese was perceived as a rare phenomenon (Han 2020, 195-197). While the precise rationale behind this phenomenon remains elusive, it is conceivable that socio-cultural factors influenced it. Japanese exhibited a preference for modernized culinary options, notably influenced by Western culinary styles, such as beef steak.

However, in accordance with a multi-decade internet survey examining Japanese culinary preferences from 2000 to 2020, it is notable that *yakiniku* maintained its prominent status by consistently ranking second in the hierarchy of favored dishes.<sup>30</sup> Furthermore, Korowaido, the headquarters of Gyukaku, a preeminent *yakiniku* chain, embarked upon an assertive international expansion strategy, notably extending its operational footprint to the United States starting in 2012.<sup>31</sup> Korowaido’s overarching mission revolves around the proliferation of Japanese restaurants centered on Gyukaku, which fundamentally transforms the perception of *yakiniku* establishments from ethnic

eateries to integral components of Japanese gastronomic culture. This change signifies the unequivocal integration of *yakiniku* into the culinary tapestry of Japan.

The transformation in Japanese society from a nascent and undifferentiated market during the prewar era to the subsequent market expansion prompts a series of probing questions. My objective entails a comprehensive inquiry into these establishments and their geographical distribution using the following criteria to chart the historical evolution of *yakiniku* restaurants as trailblazers in the Japanese culinary market.

### **(1) What Is a *Yakiniku-ya*?**

The word *yakiniku* denotes the act of grilling meat, while *ya* signifies an establishment or eatery. The precise origin of the term remains unclear. An establishment formerly known as a *horumon-ya* (indicating a restaurant specializing in barbecued beef and pork offal) appears to have undergone a shift in designation, evolving into what is now recognized as a “*yakiniku* restaurant” during the 1970s.

At a *yakiniku* restaurant, patrons are presented with an assortment of bite-sized portions of raw meat. Customers sear, tenderize, or fully cook these selections over charcoal embers or smokeless roasters and enjoy them with the delectable accompaniment of *tare* sauce. In addition to meat, a range of side dishes, including kimchi (Korean-style fermented Chinese cabbage), *namul* (Korean seasoned vegetables), and Korean soups, are also available. The menu, though seemingly straightforward, exhibits a subtle complexity in its arrangement of ingredients, and *yakiniku* restaurants’ traditional focus on offal dishes has expanded to include various meat cuts.

### **(2) To Start Operating *Yakiniku* Restaurants**

The culinary landscape of the 1930s bore witness to a notable presence of Korean restaurants, of which there were more than 30 (Tonomura 2004). The vast majority of these establishments were ostensibly nestled within the confines of Korean enclaves, remaining largely obscure to those beyond the boundaries of these ethnic neighborhoods. Remarkably, historical records reveal the existence of Korean restaurants established by successful ethnic Korean entrepreneurs with the goal of economic diversification (Han 2020).

Japanese culinary tradition had previously included neither offal nor meat, with the result that Japanese remained unfamiliar with their preparation and consumption. One can speculate that this fact hints at the distinct advantage enjoyed by ethnic Koreans, who were well-versed in the culinary art of offal preparation, which was rooted in time-honored dietary customs. Throughout the colonial era, dishes centering on innards or offal assumed the role of grand banquets, affording marginalized ethnic Koreans at the lowest echelons of Japan’s socioeconomic hierarchy access to a valuable source of high-quality protein.



The immediate postwar economic reconstruction phase was characterized by scarcity, particularly an acute shortage of food. Offal, available and cost-effective, emerged as a prominent culinary resource.

The restaurant sector experienced robust growth, intricately entwined with Japan's significant economic expansion from 1955 to 1973. While a precise quantification of *yakiniku* restaurants remains elusive, their proliferation beyond the major urban centers that were home to most ethnic Koreans likely picked up its pace after the 1970s, when personal consumption began to exert a more pronounced influence on economic growth compared to preceding years.

Table 2 makes it clear that Korean cuisine and *yakiniku* establishments registered a conspicuous upsurge within the restaurant industry during the intervening period spanning from 1975 to 1997. Virtually all sectors within the industry, with the exception of coffee shops (primarily bars), notched an expansion of footprint. However, it is imperative to acknowledge that these findings may be impacted by discrepancies among the disparate directories, necessitating caution in assessing fluctuations in business counts. It is reasonable to assume that ethnic Koreans exhibited an amplified proclivity toward the Korean and *yakiniku* restaurant sectors as promising business prospects.

Table 2. Restaurant Businesses Operated by Ethnic Koreans in 1975 and 1997

Restaurant	1975		1997 (Business Duplication)	
	Number of businesses	Rate (%)	Number of Businesses	Rate (%)
Korean restaurants and <i>yakiniku</i> restaurants	459	41.5	756	49.5
Restaurants (various Japanese restaurants, Western restaurants, etc.)	227	20.5	300	19.7
Coffee shops	228	20.6	155	10.2
Chinese restaurants	30	2.7	46	3.0
Other (Japanese bars, bars, clubs, hostess bars, etc.)	151	13.7	234	15.3
Unkown	11	1.0	35	2.3
<b>Total</b>	<b>1,106</b>	<b>100.0</b>	<b>1,526</b>	<b>100.0</b>

Source: Tōittsu Nippōsha, *Zainichikankokujin Kigyōmēbo*, 1976, and *Zainichikankokujin Shōkōkaigisho, Zainichikankokujin Kaishamēkan*, 1997.

This point is consistent with the view mentioned above concerning *yakiniku* restaurants' nationwide proliferation since the late 1970s. It is known that the 1970s was an important epoch in the restaurant industry in terms of market growth and the spread of chain businesses. Table 2 implies that ethnic Koreans saw Korean and *yakiniku* restaurants as a source of business opportunity.

Prefecture	City	Ward	Number of establishments	Rate (%)
Osaka	Osaka	Kita-ku	9	19.6
		<b><i>Ikuno-ku</i></b>	7	15.2
		<b><i>Suita-ku</i></b>	5	10.9
		<b><i>Sakai</i></b>	5	10.9
		<b><i>Higashi Osaka</i></b>	3	6.5
Subtotal			46	100.0
Tokyo	23 wards	<b><i>Shinjū-ku</i></b>	6	12.5
		<b><i>Taito-ku</i></b>	6	12.5
		Shibuya-ku	5	10.4
		Minato-ku	4	8.3
		Meguro-ku	4	8.3
Subtotal			48	100.0
Kanagawa	Kawasaki	<b><i>Kawasaki-ku</i></b>	18	29.0
Subtotal			62	100.0

Note: Ethnic Korean neighborhoods are shown in bold and italics with underlines.  
Source: Tōittsu Nippōsha(1976), *Zainichikankokujin Kigyōmēbo*.

The geographical diffusion of Korean and *yakiniku* restaurants beyond the confines of Korean enclaves presents an intriguing phenomenon. This progression can be seen through a historical lens in Table 3, which provides a quantitative account of Korean and *yakiniku* restaurant establishments in major metropolitan areas such as Osaka and Tokyo. Specific focal points have emerged, most notably Ikuno-ku and Kita-ku in Osaka and Shinjuku-ku, Taito-ku, and Shibuya-ku in Tokyo. As shown in Table 4, Ikuno-ku in Osaka and Shinjuku-ku in Tokyo manifest themselves as primary hubs of the cities' ethnic Korean communities. In reality, two quintessentially representative Koreatowns have been established in both of these regions.

Area	1975		1995		
	Population	Ratio (%)	Population	Ratio (%)	
Osaka Prefecture total	159,096	100.0	149,006	100.0	
Subtotal, Osaka (city)	97,643	61.4	89,357	60.0	
Ward	Ikuno-ku	37,295	23.4	34,499	23.2
	Higashinari-ku	10,005	6.3	7,635	5.1
	Nishinari-ku	7,508	4.7	6,432	4.3
	Hirano-ku	5,249	3.3	5,904	4.0
Hishi Osaka (city)	18,684	11.7	17,857	12.0	
Tokyo total	60,668	100.0	75,405	100.0	
Subtotal, 23 wards	49,234	81.2	62,051	82.3	
Ward	Adachi-ku	6,702	11.0	7,716	10.2
	Shinju-ku	2,156	3.6	6,033	8.0
	Arakawa-ku	4,965	8.2	5,498	7.3
	Edogawa-ku	2,631	4.3	3,699	4.9
	Ota-ku	3,772	6.2	3,488	4.6
	Shibuya-ku	1,322	2.2	1,381	1.8

Source: National Census (1975, 1995)

Paradoxically, Korean and *yakiniku* restaurants also established their presence in districts like Kita-ku in Osaka and Shibuya-ku in Tokyo, both areas celebrated for their urban dynamism and an abundance of dining establishments and commercial enterprises. This convergence of locales, which bridges ethnic Korean enclaves with vibrant urban hubs, underscores the permeation of *yakiniku* within the Japanese culinary landscape and the burgeoning of this sector. It serves as a testament to the expansion of *yakiniku* restaurants beyond the precincts of ethnic neighborhoods within the metropolises, particularly in the year 1975.

There are considerable challenges in precisely quantifying the historical trajectory leading to the early 1970s; nonetheless, the nationwide transformation was heralded by preliminary indicators observed in major urban centers (Han 2020). As delineated in Table 5, the percentage of establishments located in the top 11 regions, each inhabited by 11,000 or more ethnic Korean individuals, in comparison to the entire nation, stood at approximately 60 percent in 1975 but diminished to 49.4 percent by 1997. Concurrently, the percentage of establishments in the remaining regions increased from 39.7 percent to 46.1 percent. This data elucidates the diffusion of market space in a distinct manner, exemplified by the inclusion of three prefectures that lacked Korean and *yakiniku* restaurants in 1975 but featured them in 1997.

Prefecture	Population (people, %)		Region as a percentage of all Korean and <i>yakiniku</i> restaurants (number, %)	
	1974	1996	1975	1997
<b>Total</b>	645,373	638,806	458 businesses	756 businesses
Osaka	25.8	28.0	10.0	4.9
Tokyo	14.4	11.6	10.5	15.3
Hyogo	10.4	10.5	3.1	6.3
Aichi	7.8	8.4	7.0	4.3
Kyoto	6.7	6.9	3.1	1.9
Kanagawa	5.0	4.6	13.5	3.8
Fukuoka	3.6	4.0	2.2	5.3
Saitama	2.5	1.4	2.6	2.0
Chiba	2.5	1.4	3.1	2.8
Hiroshima	2.2	2.5	3.3	1.7
Yamaguchi	1.8	2.3	1.7	1.1
	<b>Average population (1975)</b>	<b>Average population (1995)</b>	<b>Prefectures to national ratio (1975)</b>	<b>Prefectures to national ratio (1997)</b>
<b>Top 11 ethnic Korean population regions (Osaka, etc., listed above)</b>			60.1	49.4
<b>Other prefectures with a population of 11,000 people or less (Okayama, etc.)</b>	3,086	3,248	39.7 (32 prefectures)	46.1 (35 prefectures)
Notes:				
1. Figures include a small number of Koreans without permanent residence.				
2. Population figures represent sum of residents with South Korean or Chosen nationality.				
Source: <i>Statistics on Foreign National Residents</i> in 1974 and 1996, Tōttsu Nippōsha, <i>Zainichikankokujin Kigyōmēbo</i> , 1976, and <i>Zainichikankokujin Shōkōkaigisho, Zainichikankokujin Kaishamēkan</i> , 1997.				

### (3) *Yakiniku* Restaurant Location Patterns and Customers

I will pay attention to roughly four origins of *yakiniku* restaurants related to locations and customer bases.

One is the case of Korean residential districts located in impoverished areas. This type of restaurant has existed since the prewar period. In many cases, Korean residential districts were situated in slum areas. Although it would be inappropriate to classify these venues as restaurants, it is postulated that these establishments strived to accommodate the gastronomic predilections of their Korean patrons by offering sustenance and service at a modest cost commensurate with their prevailing economic conditions.

Gansoheijyōreimenyahonten, a *yakiniku* restaurant which was founded in 1939, survived World War II as well as the Hanshin-Awaji Earthquake in 1995 and remained in operation as of 2023. Gansoheijyōreimenyahonten, located in the Korean residential district in Nagata-ku, Kobe, is popular for its cold Korean noodles, known as *reimen* (or *naengmyun* in Korean), as the concluding dish on their menu. The founder, who came from Pyongyang and trained at a famous *reimen* restaurant, served the noodle dish to reproduce the taste of his hometown using a noodle extruder, which was unusual in Japan. Nagata-ku was famous for shoe manufacturing in the postwar period, and it attracted a cluster of Korean manufacturers and workers related to shoes and rubber products.

Shugi Chang, the fourth-generation owner of the restaurant, estimates that ethnic Korean customers comprised approximately 70 percent of the clientele in Nagata-ku, an area where Korean manufacturers and workers were concentrated.<sup>32</sup> During the postwar period, Japanese residents were not the restaurant's principal customer base, but they visited sometimes and acquired a taste for the Korean dish. Chang could not identify the exact time when Japanese became the establishment's principal customers but presumed that current regular customers including ethnic Koreans account for about one-third of the restaurant's total patrons. The restaurant opened two more branches in Kobe managed by relatives, and Japanese, including two-thirds of non-regular customers, have been major customers in 2023.

The restaurant Ts. was founded in 1948 in the Tsuruhashi Market in Ikuno-ku, Osaka, the most densely populated Korean neighborhood in Japan.<sup>33</sup> The founder managed K., a shop selling various Korean products and foodstuffs in the Tsuruhashi Market, a large local market where many Korean wholesalers sold shoes produced by Korean manufacturers located nearby.

Ethnic customers asked the founder to let them grill and eat offal bought at the shop K. because merchants had nowhere they could eat it near. That request was the start of the restaurant Ts. as the founder had customers grill offal on portable braziers burning charcoal in a corner of his store. As the operation gained popularity due to the food's

delicious flavor, the founder spun it off as a new business and had the second-generation owner manage from the shop K.

In this case, the founder saw a market in the needs of ethnic customers. Floating customers from all over Osaka and surrounding prefectures visited the Tsuruhashi Market to shop. The popularity of the restaurant Ts. meant the market for Korean cuisine had gradually formed and spread. Today, locals and visitors from outside Osaka can visit the so-called “*yakiniku* restaurant street,” which remains crowded and which was inspired by Ts.’s popularity.

Another type of restaurant was located outside Korean residential districts. Its primary customers were Japanese and Koreans who lived outside Korean residential districts. The restaurant Shokudōen, which was established in 1946, is considered to be the oldest restaurant in Osaka, which is historically the largest city with a Korean population<sup>34</sup>. During the prewar period, the founder, Gwangshik Im, had provided meat for the Japanese military as a purveyor who also managed a restaurant in Taiyuan, in what is now China. He returned to Japan with his Japanese wife and three children when Korea was decolonized from Japan. He initially opened Shokudōen in Sennichimae, Osaka, a prominent entertainment center, before relocating to the current location in Dotonbori, a bustling area renowned for its gourmet restaurants and shops. The founder came from Pyongyang and provided a main menu of Pyongyang *reimen* dishes accompanied by a side menu of beef *yakiniku*. Pricing was higher than for restaurants located in Korean residential districts as beef was expensive at that time in Japan. When *yakiniku* became popular with Japanese customers, *yakiniku* dishes replaced Pyongyang *reimen* as the restaurant’s main dishes.

The turning point for the reputation of Shokudōen came during the Japan World Exposition Osaka in 1970. Based on his relationship with the Korean Embassy, Im opened a restaurant in the Korean Pavilion. *Yakiniku* lunch boxes, which were somewhat expensive, generated massive sales and had the effect of promoting the cuisine among customers from all over Japan, making Shokudōen famous. Many cooks were trained at Shokudōen, and some went on to open their own *yakiniku* restaurants. Shokudōen’s efforts to retain staff, for example by raising their salaries, were not particularly effective, and the outflow helped the Korean restaurant market expand.

The *yakiniku* restaurant market has grown in megacities such as Osaka and Tokyo since the late 1960s (Han 2020), and it began to spread nationwide during the 1970s.

#### **(4) Market Outside Major Cities**

How did *yakiniku* restaurants fare in more rural areas? Lately, *yakiniku* restaurants in such areas have enjoyed greater growth compared to the major cities (Table 5). The restaurants seemed to attract Japanese customers from the start in regions that had only a small ethnic

Korean. Finally, let us consider the case of Morioka.

Morioka is the biggest city in Iwate Prefecture, which is located in the northeastern part of the country. The Korean population of Morioka was only 490 in 1974.<sup>35</sup>

Morioka is a unique place that has developed signature *yakiniku* restaurants serving Morioka *reimen*, whose origins can be traced to Pyongyang (Heijyō in Japanese) and Hamhung *reimen*.<sup>36</sup> Morioka *reimen* has become a famous local cuisine in Japan. Yongcheol Yang, the inventor of Morioka *reimen* and founder of the *yakiniku* restaurant Shokudōen in 1954, came from the city of Hamhung, South Hamgyong Province, North Korea.

Yang developed Pyongyang *reimen* based on the nostalgic flavor of his hometown. Pyongyang is famous for *reimen* in Korea, but the *reimen* Yang invented differed from the original Pyongyang *reimen* both in its soup stock and noodle ingredients. The restaurant had a poor reputation at the beginning, when Japanese customers were said to be shocked by *reimen*, whose thick noodles were considered to be as hard to chew as rubber. The noodles get their chewy texture from potato starch and by being formed by extrusion, a traditional way to cook noodles in Korea. It was assumed that Japanese preferred neither the noodles' chewy texture nor the overly spicy flavor of kimchi.

The *yakiniku* restaurant had to target Japanese customers because Morioka does not have a large enough population of ethnic Koreans to sustain a market like Osaka. *Reimen* has gradually gained popularity as an addictive taste. Served with cold, spicy soup, the noodles slide pleasantly down one's throat and are also refreshing as a palate cleanser after eating meat.

In 1973, the local newspaper, *Iwate Nippo*, introduced Shokudōen's specialty dishes.<sup>37</sup> In the late 1970s, advertisements announcing the openings of new *yakiniku* restaurants serving Pyongyang *reimen* appeared in the advertisement section of the paper. Pyongyang *reimen* became a specialty of *yakiniku* restaurants in Morioka.

Another *yakiniku* restaurant, Pyompyonsha was founded in 1987 and became famous for its Morioka *reimen*. The company's forerunner, Nakahara Shōten, was started by Chisam Byun as a shoe manufacturer in Kobe. Byun moved to Iwate Prefecture in 1950 because of sluggish sales and changed businesses to the processing and wholesale of iron scrap, a representative industry of ethnic Koreans (Table 1), in Morioka in 1955. The company's second-generation president, Yongwoong Byun took over the family firm in 1983, but the business was not profitable. Yongwoong Byun paid attention to the *yakiniku* restaurant business with Pyongyang *reimen* as a special food culture unique to Morioka. It was a time when Korean cuisine was attracting significant attention as a result of the Seoul Olympics in 1988. Yongwoong Byun learned to cook from the scratch and developed his original Pyongyang *reimen* developed by Shokudōen recipe over more than

three years.

In 1987, before he started the restaurant Pyomgpyonsha, Yongwoong Byun participated in a noodle festival sponsored by the Morioka government. The Morioka government named Pyongyang *reimen* “Morioka *reimen*” and promoted it as a local cuisine at the festival. The restaurant Pyomgpyonsha gained popularity at the festival, and the company has grown ever since. Today, it operates about 10 chain restaurants in Iwate prefecture and Tokyo.

### **Conclusion: Comprehending the Juncture at Which Ethnic Korean Entrepreneurs Discern and Delve into the Market**

The influence exerted by ethnic Koreans in the ownership of various industries surpassed the significance of the phenomenon itself. It is imperative to comprehend the historical role played by ethnic Koreans in the advancement of these specific industries. The transformation in industrial structure, orchestrated by ethnic Korean entrepreneurs, embodied a significant evolution in response to the rapid advancement toward service industrialization. To grasp the elements that underpinned this advancement, due emphasis should be placed on the entrepreneurial endeavors pursued by ethnic Koreans, leveraging the multifaceted roles within their ethnic community.

Korean entrepreneurs astutely identified a durable profit model and facilitated entry into the pachinko parlor business through the dissemination of community knowledge. The establishment of a robust profit foundation facilitated their sustained engagement within the sector and was also conducive to making investments aligned with long-term growth strategies. This groundwork further solidified the position of ethnic Koreans within the industry. It is imperative to delve into the characteristics of ethnic Koreans’ activities within this milieu, which functioned as a community intertwined with information dissemination as well as resource utilization and distribution roles.

Similar to the scenario observed in traditional textile manufacturing, it is evident that the community played a pivotal function as businesses entered this industry or pivoted towards alternative markets like the pachinko industry, facilitating the dissemination of information and financial resources.

The inception and evolution of Korean barbecue restaurants occurred within the framework of the ethnic community market and were led by ethnic Korean entrepreneurs. The sector, however, faced growth constraints tied to its dependency on the ethnic Korean population within the market. The Korean entrepreneurs who embarked upon this venture were driven by diverse motivations, including a strategic aim for the business transformation, and they sought to cater to a spectrum of needs among their Japanese clientele, thereby integrating into the local market.

Regarding community functions, the proliferation of credit unions played a pivotal role in mediating and revitalizing the community, ultimately enhancing its economic standing across multiple industries. This played a crucial role in the evolution of industries as ethnic entrepreneurs navigated new markets, especially given the fact that funding from mainstream Japanese financial institutions did not facilitate the establishment of sectors like the pachinko industry or Korean barbecue restaurants until the 1970s.

Upon entering the parlor business, interaction with their Japanese clientele during daily operations became paramount for Korean proprietors, given that they comprised the primary customer base for both the pachinko and restaurant sectors. These enterprises functioned within specific geographic locales, necessitating the provision of services tailored to distinctive requirements deriving from regional characteristics. The involvement of ethnic communities in these domains remained infrequent. The prominent focus lay in profound interconnections with economic endeavors spanning various industries and the acquisition of resources from Japanese society, pivotal in shaping the evolution of the pachinko industry and the growth of individual companies. Consequently, the community's influence retreated to a less conspicuous position in this context.

This paper delves into the intricate business chronicles of ethnic Koreans in Japan, a domain that remains relatively unexplored on the global academic stage. While the analysis primarily focuses on select industries, it endeavors to unearth compelling narratives that transcend the typologies highlighted by Berghoff (2020) concerning ethnic entrepreneurs in Japan. The exchange and integration of ideas gleaned from this analysis into theoretical investigations will pose questions to be addressed by future research endeavors.



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<sup>1</sup> Special Act on the Immigration Control of, *inter alia*, Those Who Lost Japanese Nationality Pursuant to the Treaty of Peace with Japan (Act No. 71 of 1991).

<sup>2</sup> Ministry of Justice of Japan, *Statistics on Foreign National Residents*.

<sup>3</sup> One reason for this social position might relate to the deeply rooted perception that Japanese looked down on Koreans while the Korean Peninsula was controlled by Japan from 1910 to 1945.

<sup>4</sup> See Han (2010, 39-41) for details.

<sup>5</sup> Unless otherwise noted, this account is based on Dai Tonomura (2004).

<sup>6</sup> Due to housing shortages and ethnic problems, areas with high concentrations of Korean residents were often formed along the outskirts of cities such as Osaka. Shin (1995, 268).

<sup>7</sup> Sugihara (1998).

<sup>8</sup> Just three of the 12,000 restaurants in Tokyo were Korean restaurants, in contrast to 1,619 Western and 444 Chinese establishments (Han 2019, 195-196). More Korean restaurants, invisible to Japanese, were established and presumed to operate primarily based on co-ethnic customers in areas with a high concentration of Koreans (Tonomura 2004, 134-137).

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- <sup>9</sup> Tonomura (2004).
- <sup>10</sup> Regarding organization formation, see Park (1989) and Kim (1995, 49).
- <sup>11</sup> See Zainihon Daikanminkoku Chūō Honbu (1997).
- <sup>12</sup> As for the representative organization, Osaka Kankokujin Shōkōkai, see Osaka Kankokujin Shōkōkai (1985).
- <sup>13</sup> As for the transactions with Mindan and Chōsen Sōren-affiliated credit associations, see Han (2010), Ch. 4, Ch. 7.
- <sup>14</sup> Ibid., Ch. 4.
- <sup>15</sup> Park (1999, 110-112).
- <sup>16</sup> Higuchi (2012, 7-8).
- <sup>17</sup> Higuchi (2012).
- <sup>18</sup> Han (2014, 462). It is difficult to calculate the rate of self-employment within ethnic groups or changes to this rate over time from Japanese statistics. In this paper, I use Higuchi's estimates to emphasize the fact that the rate of self-employment among ethnic Koreans is higher than the Japanese average or the average of other groups (Higuchi 2010: 3-4).
- <sup>19</sup> The following summary is taken from Han (2010).
- <sup>20</sup> Unless otherwise indicated, information is from Jaehyang Han (2010).
- <sup>21</sup> For example, "Pachinkoholism," *The Economist*, Jul 6, 1996, pp. 35-36.
- <sup>22</sup> Ibid.
- <sup>23</sup> Tessa Morris-Suzuki (2006) focuses on the role of the invisible ethnic Korean as a labor force that supported the expansion of the pachinko industry. However, the illegal labor force analyzed in the study comprises only a small portion of the labor in the pachinko industry as a whole.
- <sup>24</sup> Unless otherwise indicated, information about the pachinko industry is from Han (2022), while information related to ethnic Koreans in Japan is from Han (2010, Ch. 3).
- <sup>25</sup> The number of parlors owned by ethnic Koreans is unclear, but about 10 percent of ethnic Korean workers (above 15 percent, of which there were 146,381 in 1955) were employed in the service industry, including pachinko parlors. See Morita (1996, 44). Regardless of their total numbers at that time, the fact that ethnic Koreans worked in or managed parlors in the pachinko industry is of significance.
- <sup>26</sup> This description of industry characteristics is from Han (2022), Ch. 1. The discussion of ethnic Koreans is from Han (2010, Ch. 3).
- <sup>27</sup> For industry characteristics of the 1970s, see Han (2022, Introduction and Ch. 2). Information pertaining to ethnic Koreans is from Han (2010).
- <sup>28</sup> O (2005, 89).
- <sup>29</sup> Unless otherwise indicated, information on the industry is taken from Han (2022), Ch. 5, while information pertaining to the industry experiences of Japan's ethnic Koreans is from Jaehyang Han (2010).
- <sup>30</sup> The website of Kurashir, "Sukina Ryōri Rankinggu" ("favorite food rankings"), <https://www.kurashiru.com/articles/e56bc72f-2496-4852-9c52-c08941ebaec>, accessed August 16, 2023. Sushi and the Japanese traditional food sashimi had the top ranking. Ramen, curry rice, and *karaage* (Japanese-style fried chicken) rounded out the top five.
- <sup>31</sup> 'Gyukaku, Korowaido, Kaigaichokueiten Gobaimo Chūtōnimo shinshutsu' ("Gyukaku, Korowaido, Expand Directly Operated Chain Restaurants Overseas by Factor of Five, Including in the Middle East"), *Nihon Keizai Shinbun*, April 28, 2023, Bēkoku Yushutsu Shien Puratto Fōmu, '2022-nendo Bēkokuni Okeru Nihonshoku

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<sup>32</sup> I interviewed the owner on October 10, 2023. Unless otherwise noted, insights pertaining to the restaurant G. are derived from this interview unless otherwise noted.

<sup>33</sup> I interviewed the third-generation owner, Mr. Y (alias) on July 19, 2019. Unless otherwise noted, details concerning the restaurant Ts. are derived from this interview.

<sup>34</sup> Unless otherwise noted, details concerning Shokudōen are derived from Ezaki (1983).

<sup>35</sup> See *Census* (1974).

<sup>36</sup> Unless otherwise noted, information concerning Morioka *reimen* is derived from Konishi (2007).

<sup>37</sup> “Sābisuten Meguri: Shokudōen” (Tour of Taste), *Iwatenippo*, June 30, 1973.



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