The Key Success Factors: A Case Study of UNIQLO

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ABSTRACT

This paper aims to investigate how the UNIQLO, the global Japanese fast fashion retailing group, drives their organization towards success. UNIQLO has a good product quality by introducing Heat Tech range of cold weather underwear lines which targeted at warm weather with affordable price. Besides, UNIQLO continues to develop its product via research and development to meet the needs of their customers. UNIQLO stores particularly are distinctive and have a clear positioning in the market. In 2014, UNIQLO launched its mobile online store through the smartphone app. UNIQLO emphasizes on giving the best satisfaction to their customers. The paper presents the factors that lead to organizational success in UNIQLO. These findings will have considerable implications for academics as well as practitioners. Finally, the paper also provides direction for future research.

Keywords: Product quality, UNIQLO, Satisfaction, Organizational success.

INTRODUCTION

UNIQLO is a casual wear designer, manufacturer and retailer from Japan. It is a wholly owned subsidiary of Fast Retailing Co., Ltd (Ogori Shōji) since November 2005. The chairman of UNIQLO is Tadashi Yanai and its senior vice president is Takahiro Wakabayashi. UNIQLO grows its operations in 16 global markets which includes Japan itself, China, Hong Kong, Taiwan, South Korea, Singapore, Malaysia, Thailand, Philippines, Indonesia, Australia, USA, UK, France, Germany and Russia.

UNIQLO is a Japanese company in which it had been established in May 1984 when a Yamaguchi-based company, Ogori Shōji opened a unisex casual wear store in Fukuro-machi, Naka-ku, Hiroshima under the name “Unique Clothing Warehouse”. Initially, the brand was going to be registered under the name “uni-clo” from the contraction of “unique clothing”. However, due to the misread of the word “C” as “Q” by the staff of registration, the brand “UNIQLO” was born. From then, the chairman, Tadashi Yanai changed the store name to “UNIQLO” across Japan. Then in September 1991, the name of the parent company was changed from “Ogori Shōji” to “Fast Retailing”. UNIQLO continues growth by providing high quality casual wear through the entire process from product planning, production, distribution and marketing at remarkably affordable prices for the community.

As of 31 August 2017, the company reported that 1920 UNIQLO stores were in operation worldwide. Likewise, in different countries, here we have some names of these countries as Australia, Bangladesh, India, Canada, and Malaysia, etc.
Adopting the private Global strategy made famous UNIQLO started producing and providing their clothes. A huge part of UNIQLO success is UNIQLO was provides their customer with high-quality clothes with an affordable price. UNIQLO applies both 'shun' and 'kino-bi' concepts in creating its clothing lines. 'Shun' means best timing, but also at the same time it's a trend. In other words, something that's updated and just in time, neither early nor late. The company offers not only clothing basics, but also current basics, that respond to what's going on today in art and design. 'Kino-bi' means function and beauty, which joined: The clothing is presented in an organized and rational manner that every organization and rationality creates an artistic pattern and rhythm. The defining characteristics of modern Japanese culture, modern ‘Japanese’ reflected all these qualities.

**Product and Service**
UNIQLO’s name comes from the words ‘unique’ and ‘clothing’ that is easy and clever, rather like their garments, that square measure world-famous for being high-quality, innovative, purposeful and cheap. From one store in urban center, Japan in 1984, UNIQLO has full-grown to quite 1,300 stores in fifteen countries. Through Asia, London, the USA, and Europe, UNIQLO's life-enhancing attire has been embraced and blue-eyed by all. To stay such high standards and cheap costs, UNIQLO style and manufacture each single item themselves, though UNIQLO will wish to collaborate with attention-grabbing and provoking individuals.

For services, UNIQLO has managed to bring down material prices because of their large-scale 800 store worldwide network, and therefore the proven fact that UNIQLO commits to purchasing up 100 percent of the raw materials that a provider will give. Again, due to the big scale of UNIQLO's operations, they will discuss directly with leading world textile makers as well as TORAY INDUSTRIES, and that they square measure keen participants within the joint development of latest materials. UNIQLO additionally dispatch their Takumi (veteran Japanese knowledgeable engineers) to Chinese offices in Shanghai, Shenzhen and Vietnamese workplace in holmium Chi Minh to assist improve product quality and production processes at their contract factories. They additionally transfer Japanese textile experience in attire and mill management to their partner factories and technicians in China.

**Market Opportunity Analysis**
Market chance analysis of UNIQLO involves the core competence of the corporate and weaknesses of the competition.

In recognizing UNIQLO's Core competence, UNIQLO's worked to develop their international operations, they recognized that UNIQLO’s strengths be making basic casual garments. Beside the event of product joined to trends and latent client wants, it's necessary every season to evolve basic things, that square measure UNIQLO's core competence. Even with normal things, UNIQLO's insist uncompromisingly on reviewing and evolving materials and details to breathe new life into each item. Also, to still grow in Japan and establish a whole that appeals to customers round the world, normal things square measure progressively necessary for every category—including cut-and-sewn, outerwear, knit, and innerwear—to drive sales. That's why developing merchandise that customers will solely realize at UNIQLO is vital. Thus far, they need drawn on their strengths in materials to develop fleece, “Heat-Tech”, and different original product. Within the case of “Heat-Tech” innerwear, they're operating with TORAY INDUSTRIES, INC., WHO is their strategic partner, and is currently promoting the "Heat technical school Moist" series, which, additionally to having high heat retention properties and stretch ability, has improved moisture-retaining properties.
Despite its vast success thus far, UNIQLO faces its international business challenges. The whole takes a really completely different strategy from its fast-fashion competitors like Zara, H&M, and Gap. It's not been all clear sailing for UNIQLO. Its biggest perplexity is maybe whole differentiation because it tries to be "everything for everyone" – a celebrated whole strategy mistake. However, UNIQLO has managed to require the main focus of the presence of its product by accentuation its innovations within the materials. Though UNIQLO has already created a reputation for itself within the trade for its innovative materials, it has to treat itself as its biggest contender and frequently consider ways in which to outdo itself. According to Martin (2019), innovation is, therefore, a key issue that may powerfully influence the long run of the UNIQLO whole.

**Political Environment**

In the political setting, we tend to area unit together with the impact of the profit or probabilities of survival of the corporate area unit quite various. The political risks vary from sharp changes in existing political regimes to civil unrest to major selections taken by the government. In cases of potential multinationals, one additionally also can embrace political factors that ensue or have an effect on not solely the host country however also all countries that contain business operations, or which will have interaction in trade with UNIQLO.

To properly appraise the extent of the general systematic political risk that UNIQLO could also be exposed to, the subsequent factors ought to be thought of before collaborating in any investments. Besides that, the extent of political stability that the country has in recent years. The integrity of the politicians and their probability to require half in acts of corruption, because the ensuing repercussions could result in potential impeachments or resignations of high-level government staff. The laws that the country enforces, particularly with regards to business, like jurisprudence, as they dictate what UNIQLO is and isn't allowed to try and do. Some countries, as an example, forbid alcohol or have sure conditions that has got to be consummated, whereas some government systems have inefficient amounts of procedure that discourage business whether or not or not a company's property (IP) is protected. As an example, a rustic that has no policies for scientific discipline protection would mean that entrepreneurs could notice it too risky to speculate in UNIQLO. The trade barriers that the host country has would defend UNIQLO. However, trade barriers that countries with potential trade partners would damage firms by preventing potential exports. A high level of taxation would demotivate firms like UNIQLO from maximizing their profits. A low minimum wage would mean higher profits and, thus, higher probabilities of survival for UNIQLO. The speed of value growth within the country can have an effect on how briskly UNIQLO is anticipated to grow presently. The interest rates within the country would have an effect on what proportion people area unit willing to borrow and invest. Higher rates would lead to bigger investments that might mean a lot of growth for UNIQLO. The charge per unit of the country UNIQLO operates in would impact the profit of UNIQLO, significantly if UNIQLO engages in international trade. The stability of the currency is additionally important - associate in nursing unstable currency discourages international investors. A high level of state within the country would mean there's a bigger offer of jobs than demand that means individuals would be willing to figure for a lower wage, which might lower the prices of UNIQLO.

**Economic Environment**

According to Gitman et al. (2015), the economic environment consists of external factors in a business market and the broader economy that can influence a business. UNIQLO’s founder and chief executive, Tadashi Yanai, has a solid base at home from which to
expand into his Western competitors’ main markets of Europe and America. He wants to turn UNIQLO into the world’s largest clothing retailer by becoming the first Asian “SPA” or specialty store retailer of private-label apparel instead of his priority remains Asia. He points to the millions of consumers across the region who are reaching the middle class. According to Segura (2017), UNIQLO has positioned the further development of its store network, by both locations and formats, as a key element in its “business structure transformation.” UNIQLO opened its store in diverse locations and formats to match customer requirements, along with standardized suburban roadside stores.

Social and Technology
Social refer to the context of people in the community. The social environment includes their cultures, beliefs, practices, and customs. How does the social environment affect business? Because business is known as external and internal to the social environment. A business needs to adapt to social preferences related to their services and goods. They will fail in business if they do not understand what the community wants. The community needs something that will benefit them. So, a company needs to start its business somewhere suitable in every aspect such environment of the community.

Technology environment is the implementation of environmental science to conserve the natural environment and resources, and to prevent the negative impacts of human involvement. Sustainable development is the core of environmental technologies. Environmental technology is also known as EnviroTech. These changes in the technological environment also affect businesses. It is depending on how these organizations or companies utilize this change. For example, some businesses utilize these changes to improve products and processes or even create new products and processes that will expand markets and profits. For UNIQLO, they realize that the production of clothing has a substantial impact on the natural environment. So UNIQLO respect and obey to environmental standards by strictly managing the use of chemical and toxic substances, monitoring and reducing Greenhouse Gas Emissions, water consumption and discharge.

RESEARCH METHOD

This research uses qualitative method. The data are collected by analyzing the factors that related to UNIQLO’s success.

RESULTS AND DISCUSSIONS

Job Performance
Colquitt and his colleagues (2019) reported that organizational behavior improves performance and commitment in the workplace. Job performance is formally defined as the value of the set of employee behaviors that contribute, either positively or negatively, to organizational goal accomplishment.

Task Performance
Task performance refers to employee behaviors that are directly involved in the transformation of organizational resources into the goods or services that the organization produces (Colquitt et al, 2019). UNIQLO Malaysia employees has different task performance based on his or her position. If he is an assistant store manager, his task performance includes reading and replying to emails, handle problems and questions from customers, hiring and facilitating staff learning training and product
management. It can be termed as routine task performance since all his task performance is regular duties, which involve well-known responses to demands that occur in a normal, routine, or otherwise predictable way.

**Citizenship Behavior**
Citizenship behavior is defined as voluntary employee activities that may or may not be rewarded but that contribute to the organization by improving the overall quality of the setting or context in which work takes place (Colquitt et al, 2019). Based on our recent research, we believe that UNIQLO is going on citizenship behavior. The assistant manager maintains a good attitude with co-workers to make a good working environment. Also, the assistant manager will voice up and offer a constructive suggestion for change when the upper manager reacts badly to certain problems.

**Counterproductive Behaviour**
Habib-ur-Rehman, Idrees & Ullah (2017) reported that organizations are effective which have roused workers as they beat the unsatisfied workers of different organizations. According to Habib-ur-Rehman et al (2017), unsatisfied workers will probably take part in counterproductive work behavior which is taking long breaks, working slowly and breaking rules. It can be defined as employee behaviors that intentionally hinder organizational goal accomplishment. Counterproductive behavior can be grouped into more specific categories which are production deviance, property deviance, personal aggression, and political deviance. UNIQLO also has these problems behavior just like any other company. One of the examples of counterproductive behavior is, wasting resources. Employees usually forget to turn off the lights and air conditioners after working hours. Another example is when some employees are not friendly and use inappropriate language to their customers.

**Motivation**
According to Badubi (2017) motivation plays a key role in driving employees towards achieving their goals, organizational goals and to a certain extent the dreams of their nations. Motivated employees simply move faster and longer than unmotivated employees. Formally, motivation is defined as a set of energetic forces that originates both within and outside an employee, initiates work-related effort, and determines its direction, intensity, and persistence. Motivation is a very critical consideration to have a high level of effective job performance which plays an important role in an organization.

UNIQLO always motivated their staffs by organizing recognition awards especially when the staff achieves certain requirements or criteria in the job performance. For instance, UNIQLO will have "The Best Staff Award" for the staff who gets the highest achievement in their task. The attendance of the employees, their problem-solving skills, serving feedback by the customers, and the number of sales that the employee achieves will be the criteria to achieve the award.

Next, UNIQLO motivates its employees by giving fair and equal staff training for them. To improve their employee's skills in serving customer, UNIQLO will provide training so that they have a deeper understanding of their customers while finding new ways to show how the value UNIQLO offer is different from its competitor. They also can develop and improve their skills, confidence in their job and increase their motivation.

In a nutshell, the important reason for motivating employees to perform in their job is having defined and shared goals. A quick decision can be made easily; employees will
have a clear direction in performing their job. For instance, UNIQLO shaped Global one and Zenin Keiei management principles where it is upholding the quintessentially Japanese commitments to attentive customer service, indisputable quality and managerial approach that will encourage effective teamwork.

**Ability**

Ability refers to the relatively stable capabilities people must perform a range of different but related activities (Colquitt et al, 2019). In contract to skills, which can be improved over time with training and experience, the ability is relatively stable. Although abilities can change slowly over time such as instruction, repeated practice, and repetition. It is the level of given ability generally limits how much a person can improve.

There are three types of ability such as cognitive ability, emotional ability, and physical ability. Firstly, cognitive ability refers to capabilities related to the acquisition and application of knowledge in problem-solving. It is very relevant in jobs which is work in involving the use of information to make decisions and solve problems. Next, the emotional ability is depending on how the ability to control our emotion during work meanwhile for physical ability is more to our strength during working.

The ability that UNIQLO prefers to recruit employees is more to cognitive. Because in cognitive ability there is verbal ability. Verbal is referring to capabilities associated with understanding and expressing oral and written communication. UNIQLO needs employees that can communicate with colleagues and customers. It is most important in work which effectiveness depends on understanding and communicating ideas and information in the environment of work. The other reasons, UNIQLO is a retail shop and it exposed to customers every day.

**Organizational Culture**

Colquitt et al (2019) defined organizational culture as shared social knowledge within an organization regarding the rules, norms, and values that shape the attitudes and behaviors of its employees. There are three components of the organizational culture of an organization that can be divided, which is observable artifacts, espoused values and basic underlying assumptions. Espoused values are referred as the belief, philosophies and norms that a company explicitly states. Based on our research, UNIQLO is a company that has strong culture that can be seen and followed by their employees. For instance, UNIQLO tells the public and their employees that their basic principles are the well-controlled human resources, personnel development, promoting diversity and safe comfortable workplace which represents the espoused values of its organization. UNIQLO also producing superior quality and at the same time they also control their employee’s and customer’s safety. According to their slogan “Making the world a better place through clothing”, UNIQLO’s CEO Tadashi Yanai has the commitment in achieving world where discrimination is eliminated, the company promotes diversity in the workplace and believe it promotes growth of organization.

To ensure the growth of UNIQLO, the company provide training programs for their new hires. UNIQLO applies the organizational culture towards their employees which especially sales team who is helpful in customer service and in teamwork. For instance, UNIQLO’s employees always greet their customer politely and assist their customer while shopping and always smile to them. Lastly, to boost morale of employees and to increase their productivity, UNIQLO always brief their employees before the opening to discuss problems and solve the current problem.
Leadership: Styles and Behaviors

Leadership is defined as the use of power and influence the activities of followers toward goal achievement. That direction can affect follower interpretation of events, the organization of their work activities, their commitment to key goals, their relationships with other followers, or their access to cooperation and support from other work units. A good leader cultivates high-quality leader-member exchange relationships on a dyadic basis through role-taking and role making processes. Leaders can use several styles to make decisions. Beginning with high leader control moving to high follower control, they include autocratic, consultative, facilitate, and delegating styles. Cherry (2019) describe that the autocratic style provides clear expectations for what needs to be done when it should be done or how it should be done. The autocratic style is focused on both command by the leader and the control of the followers. At UNIQLO Queensbay Mall, Penang, leadership styles that been applied here to be autocratic style. This is because, the founder and president of UNIQLO itself, Tadashi Yanai prefer to take direct action in the decision making. Tadashi Yanai said, “Any good business manager will want to pay attention to his shop, his product, his marketing. The full commitment of a top manager is essential”. Currently, UNIQLO does not offer franchise opportunities in any territory across the world. All its stores are company owned. So UNIQLO Queensbay Mall must obey the decision that passed down from the headquarter. But under the participative part, the management will allow the designers free to design whatever they want and allow the manager at the store to decorate the store as they please.

At UNIQLO Queensbay Mall Penang, they demonstrate achievement-oriented leadership behavior to ensure the staff is always performing at their best. The staff is monitored to ensure quality customer care and they also required to practice interacting with customers. UNIQLO Queensbay Mall also applied transactional leadership behavior which gives contingent rewards to the staff. For example, those that show adequate performance and meet company identified goals will be rewarded. The reward received usually are in the form of bonuses and benefits. Provide rewards are best implemented by UNIQLO Queensbay Mall because it provides positive fortify toward a job well done.

To improve their employees’ performance, the employees should be given opportunities to provide creative ideas to improve the stores. They can improve their skills to attract customers and rotate the task with other staff every day or monthly to avoid boring feelings, absenteeism and decreasing in their job performance.

UNIQLO always motivates its employees by giving recognition awards, giving fair and equal staff training and sort. However, in our opinion, all these types of motivation are not enough to motivate them. For instance, other than that, UNIQLO should provide a bonus or increase the staff’s pay when they achieve the company’s goal. It is undeniable that money is indeed an important thing in life so people will do anything for money and for those who understand how important their role helps the company succeed are often more willing in giving their best for the company. There is some risk here, when employees start giving bonuses as motivation, everyone will start to envy each other because of the difference in the amount of bonus of the employee and there will be disturbances in the organization. And on the other hand, it will also affect the profit of the institution.

UNIQLO preferred to recruit employees with higher cognitive ability and verbal ability. In our opinion, as an employee, they all need to have cognitive ability, emotional ability, and physical ability. This is because, as an employee especially who works in the
UNIQLO’s store, they will always have to think about unexpected things or problems, always have to control their emotions and act professional when faced with various customer’s attitude and physical ability where they need to stand for long hours in the stores to promote the stuff and also to entertain the customers. UNIQLO can employ them as a temporary or trainee for 3 to 5 months first to evaluate their performance before hiring them to be part of UNIQLO permanently. The risk for this idea is the trainee might only perform well during the first 3 to 5 months just to secure the job unless they love the job.

Also, UNIQLO use espoused values which mean belief, philosophies, and norms that a company explicitly states as culture components in their company. For instance, UNIQLO currently has a well-controlled human resource, personnel development, promoting diversity and a safe comfortable workplace. To improve the organizational culture of UNIQLO, they can create customer service culture focused on service quality. After all, 80 percent of the gross domestic product in the United States is generated by service-based organizations. By having a successful customer service culture, most organization have been shown that the attitude of the employees and customers also change towards better. Great customer services can increase a higher level of customer satisfaction and sales. This can be proven by numerous companies because they claimed that the sole reason for the continued existence is their ability to create a service culture in the company.

UNIQLO is currently demonstrating achievement-oriented leadership behavior and applied transactional leadership behavior where it gives contingent rewards to their staffs. To improve the productivity of UNIQLO’s stores, a leader should be an idealized influencer in the organizations that acts as a role model and display a charismatic personality. Idealized influence involves behaving in ways that earn admiration, trust, and respect of followers, causing the followers to want to identify with and emulate the leader. Idealized influence also reflects a sense among employees that the manager possesses extraordinary qualities. According to Yukl (2010), leadership is about influencing people to guide, structure and facilitate activities and relationships in a group or organization. For instance, even though the manager in UNIQLO might be very difficult to work with, however, their remarkable charisma created a mysterious attraction that drew people to the manager, keeping the employees loyal too. Additionally, a leader also can give his or her team members ownership. According to Gleeson (2016), it shows a leader, or a manager has entrusted the team members and their capabilities to lead or handle a specific job. From this, it may build someone’s self-esteem and it is important for an organization’s teamwork.

CONCLUSIONS

UNIQLO should begin practicing flexibility in their workplace (Doyle, 2019). Flexibility in the workplace can be referred to as an organization that allows employers and employees to decide about working conditions that suit them. But in this context UNIQLO cannot fully provide this opportunity. But for example, UNIQLO can give their employees some flexibility by allows them to leave work early for certain reasons including sabbaticals, family problems, and medical care. By doing this, it can help employees maintain a work-life balance and can reduce stress among them because they enjoy working at UNIQLO.
According to Fogelman (2019), UNIQLO's should train their employees to communicate effectively. Because it is crucial in the workplace. When there is good communication, it will increase the commitment between the employees. And will be a positive impact on the organization. Besides that, the management allows employees to give their opinions about the workplace (Ashley, 2018).

UNIQLO’s is the responsibility for employee’s development. Development can enhance employee’s skills and knowledge that relate to their job scope. When the employee’s become better, it will be a benefit to the company. The company will grow positively. Additionally, it can be inspiring to other employees.

The UNIQLO’s should implement the creativity in between employees. Sometimes employees have different and a variety of minds to solve a problem. Every individual has their way of thinking, solving the problem, operating and making decisions. The management must encourage the employees to be more diversity and achieves their highest capabilities in the workplace.

REFERENCES


