

# The Management Resources in The Corporate Strategy Design and Its Practical Use

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## 企業戦略構想における経営資源とその活用

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20 世紀末、国内経済は高度成長期からバブル経済期を通じて右肩上がりの発展をしてきた。常に地価は上昇し、賃金も絶対水準も年功的に上がってきた。ところが、バブル崩壊後企業を取り巻く経営環境は大きく暗転し、雇用調整、設備投資調整、為替変動による財務調整、そして資産デフレの影響を回避するための変革が求められつつけている。加えて、21 世紀に入った今日、市場の成熟化、グローバル化が進み、国内外を問わない熾烈な競争の中に晒されながら、企業は大幅な『構造改革』を迫られており、ダウンサイジングやアウトソーシングを考慮にいたした構造変革や情報技術の新戦略の構築は避けて通れない。企業内でこの変革を高率よく、早期に、更に継続しながら実行していくためには新しい経営哲学や経営手法の採用が必要になる。

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### 1. Purpose

It has always been thought until now that land price rise and wages go up through long experience of a bubble economy time.

However, after the collapse of the bubble economy, land price slumped and the wages have also stagnated. Many company styles were considerably late in their actions for the correspondence to the current situation, and they still hold on the conventional state in business activities with no new idea of how to reform their business resources, such as land, laborer and capital.

For example, disregarding indication of a wise person's admonition, company still pursues saving typed management style as usual and is hard to be referred to as that effective use of land. They got used to treating land as security and property preservation rather than utilizing it.

Company has not freed itself from middle-aged male

oriented management style in spite of the business environment now a day where young men decrease while aged people and workingwomen are increasing rapidly in number.

There is gap in recognition between the company and employees. The young male and female employees tend to respect their own private lives rather than their public lives. In the organization, they are very concerned about clarifying what to be in responsible, how to be evaluated, and how much to be rewarded. Yet the company still prefers to employ mid aged male employees because they are willing to devote themselves to the company.

Although information circulation cost is falling due to the rapid Internet revolution, the utilization is behind after living on business. In addition, the pressure referred to as reducing cost in the current global competition has also increased. In having been filled mostly materially, people are searching for diversity in their own values of life including working style and consumption behavior

as important matters of life.

In the changes driven from such social environment, practical use of space becomes indispensable; Specialists, rather than generalists, female rather than male, and young people rather than aged people, are being recognized to be much more worth in their values; New demand in service is coming out through the changes of social environment based on less childbirth and aging; A price difference between the domestic and overseas markets is coming to disappear; Information circulation cost is going down revolutionarily because of the growth of information system and technology; living costs are also going down at large and reuse of a stock becomes more important than ever; People are looking for something that can be valued and kept having over generation as same as creating new values in living.

In the reconstruction process of corporate management in the 20<sup>th</sup> century, what practices are appropriate with information technology and management information and how to utilize them will be examined.

Practical use of management resources, such as the efficiency-technique to corporate management in the 21<sup>st</sup> century and new use of strategic information technology and system, is considered. Creation of the strategic plan in concrete direction is carried out through construction of "The action plan for the company innovation."

It checks that the result of research coming from this paper will be adopted as an optimum plan in the company and serves as the result on management.

It is also necessary to discuss how the information field to develop and information technology may become the arms in the action plan.

## 2. Background

### 1) Background of Research

In the background of society and economic maturation, the further development is not achieved depending on former typed industrial structure and corporate management system.

The industry with labor and capital that are combined simply retires gradually, and various knowledge and wisdom are collected and the industry, which produces new values, will gain power as a bearer of time in the 21<sup>st</sup> century.

Diversification of value in market brings short period of life cycles in technology, goods, and service simultaneously.

While producing bankruptcy of the big business, various types of venture business arise. They introduce new value and gains power one after another, and it comes to repeat competition and selection from now on.

Technology, goods and services that appeal to consumer's universal needs occupy one corner of market over a long period, on the other hands, brand new technology, goods, and services, which are going to catch consumers' various new wants and needs, will appear one after another and ask for their choices.

Key factors as well as economic maturation, which are able to impact on life styles in Japanese and management styles in the organizations, are economic globalization and progress of the market mechanism.

In the globalization, what was called a common new rule and measure or action norm – so called global standard – is produced spontaneously, and there is the argument that Japan has to take the global standard in management system and how to commit people.

The management system that let survive the company through the competitions is based on the market mechanism. It is a system for to maximize company profit, to give profit to stockholder, and to develop society and economy by making individuals demonstrate their skills fully<sup>1</sup>.

If it receives flat prostration, this management system considered to be natural in Europe and America has deep-rooted rebounding in Japan, and it differs from the Japan typed management system realized as a result of a

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<sup>1</sup> Shigeru Itose "You could be successful when to be Anglo-Saxon " PHP Institute Office Int'l, Inc., 1998,p3-5.

convoy-fleet system.

Therefore, introducing this will mean “ a structural transformation in the reverse-side of the rebounding.”

#### 1) Employment adjustment

If market mechanism permitted company management, company will come to pay not age but the wages according to actual contribution in productivity. Specifically, a company comes to pay the wages - market price as an amount of change - reflecting the “relation between supply and demand “ in labor market where makes people with the same skill a constituent after evaluating the skill in the field. That is, a labor cost level changes to “ the various systems reflecting the market value at that time and as a result, the wage difference between individuals also expands. Employment adjustment is performed and a gap arises between skills, which a company needs, and a laborer’s skill until such a new labor cost system permitted.

#### 2) Investment services adjustment

It is necessary to advance to high tech field positively. Japan is keeping in position as advanced technology in ceramic, memory chip, and liquid crystal industries, but it is urged to have long termed strategic plan and required to invest for catching up the United States in biotechnology, environment cleaning, and intelligence technology.

#### 3) Financial affairs adjustment by floating exchange rate

It shifted to the total floating exchange rate system due to financial affairs adjustment February 1973 by the strong yen (based on exchange fluctuations), and went in the direction of up valuation of a dollar. Then, as for Japanese economy, a weak dollar and a strong-yen policy were faced with severe economic depression due to yen appreciation. This process was by end of 1988, and many Japanese companies continued efforts of activating direct foreign investment in order to harness management slimming and strong yen merit in full.

Consequently, many Japanese companies succeeded in

conquering short economic depression due to yen appreciation and harnessing a long strong yen merit in full rather. That is, a strong yen raises export price and depreciates import price. Therefore, it invests directly in overseas, and if product and parts are manufactured and imported there, it will end with far cheap cost rather than it produces at home.

Although the organization, which can take profit by such efforts, was established, financial affairs adjustment was performed to a direct investment in the interest fall. It is natural that foreign investment prospered according to economic depression due to yen appreciation.

#### 4) Impact on assets deflation

Concerning influence of assets deflation, if it depends on national social security and the middle estimation (January, 1999) of the institute of population problems, population of Japan will decrease about 20 % with 100 million persons in year of 2050, and the land per population will increase 25%<sup>2</sup>. Today, a per capita housing area Japan is only smaller than EU countries 20 %. After 50 years from now, it is said that the per capita residence in Japan will become same as EU in average only by carrying out the replacement investment to residence. As for price, land and residence does not so much fall. As for the property, the value as security also falls. Those companies already acquired the status socially have many lands, and a fall of land price means outage of property for them. However, the fall of the land price owned now leads to aggravation of the contents of property of the existing company. The “ structure change” as a company is approached in the business environment and it takes downsizing in consideration.

Therefore, it is efficient in this change in a company, and in order to do continuing further and in Japan, adoption of new management philosophy and/or the management technique is needed at an early stage in

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<sup>2</sup> Bank of Japan "Examination of International comparisons" 1998, p23 -p36.

current situation.

## 2) Structure change

Although the management system existing is protected in many cases using expression said, “while leaving a good Japanese place,” the execution is almost actually next to impossible. Japanese typed management system does not consist with a global typed management system. It cannot make one good portion and the good portion of another side.

For example, in the company organization with a global typed management system, the “spin-out” has become common. For the management, since the section achievement for every accounting period become clear, the number after evaluating what factors in the section contribute to attain, those who performed well and business that keeps on going to grow should have a first priority to be allocated resources and capital. Inversely, the section performed not well should be determined in evaluating either maintain or retrenchment or withdraw as a conclusion.

That is, “Spin-out” has forced global typed management and it pulls out new management order compulsorily.

## 3. Subject and method

### 1) A strategic information system and construction.

This section grasps the business environment in and outside the country, especially how the management information, which surrounds especially retail trade, and the information system, has developed.

It recognizes also about information technology and how it has proceed in development and effectively used in the filed of management.

Besides, it will also be applied to what field from now on if it discerns how to develop in consideration of possibility of information technology and the system in corporate management in future. It is possible that the management strategy is built for a change of the company that has appointment of outsourcing.

Regarding construction of the enterprise, which especially information technology brings, is as follows.

The strategic information system stirred up the one large boom also in Japan at the end of the 1980's. However, it will be said that the actual result of information system investment was in general out of condition, and as a result, a boom will be calmed down at a stretch.

It could be said that the cause, which became such thing suited the easy way of thinking and said that the introduction of an information technology itself leads to establishment of competition predominance. It is necessary to have a new appreciation of the fundamental view of the strategic information system that competition predominance is not able to establish unless it builds the exciting active conduct of business radically and company innovation is attained.

It arranges about the merit obtained with the pattern of the action plan of the Framework called 5 stages of enterprise construction to depend to the original and matter, which should regard.

### 2) Five stages

#### 1<sup>st</sup> phase of Enterprise: Construction local application

An information technology is applied to the individual operating activity in the specific functions in an enterprise, such as accounting, manufacturing, marketing, and so on.

If a classification of the information system stated for the foregoing paragraph is met, this state can be called thing equivalent to a data-processing system. An information technology here enables curtailment of cost, and an improvement of service by improvement the efficiency in an individual filed.

#### 2<sup>nd</sup> phase: Inside integration

This phase is a stage that spreads as extension of the 1<sup>st</sup> phase in all activities that can apply information technology in an enterprise process. The infrastructure of an information technology is made inside enterprise and

the enterprise process of an organization is integrated.

This stage is equivalent to the management information system of foregoing paragraph, and application of an information technology here has a possibility that the merit by the information share between enterprise processes will also be enjoyable.

A manager always needs to examine the necessary condition of internal integration according to progress of technology and change of enterprise environment which he has the clear will about internal integration in this case.

### 3<sup>rd</sup> phase: Construction of enterprise process

In order to exhibit the capability of an information technology to the maximum extent rather than to revise the existing enterprise process, the enterprise process itself is newly built.

After the 3<sup>rd</sup> phase, it is equivalent to a strategic information system and an information technology is evaluated from the measure of the improvement in a competition status in a market. Therefore, a manager clarifies the strategic purpose and objectives in the organization and needs to recognize the essence and its impact in the reforming enterprise process construction.

### 4<sup>th</sup> phase: Considering of enterprise network

An organization uses an information technology and changes to a network typed organization like in cooperation by talking in the partner who can contribute to achievement of companies' targets, such as a supply contractor and a customer.

The information technology in this stage is not only useful to building an advantageous market status but also has impact, which creates new capability and function.

The manager needs to generalize a view of organization, without being caught by a conventional organization and market, and to clarify the essence of enterprise network construction.

### 5<sup>th</sup> phase: Enterprise domain makes reconsidering the company identity and change.

Specifically, the domain of existing enterprise expands or shifts selling information as new goods, by offering service that has added value.

A manager takes risks what the enterprise of our company is and needs to clarify a new enterprise domain.

### 3) Subject and method

When performing enterprise construction, the outline of theme and contents needed in action plan is as follows.

First, grasp business environment information in side and outside of the country - especially Japanese and the United States. Analysis it as Japan –US economy and consumption trend adjustment and presume economic trend in the future of Japan.

Second, consider the vision to the company information and company innovation in management strategy. Examine the possibility of company information, information technology and system adoption.

Third, build the vision to downsizing for company innovation and outsourcing.

## Analysis and Conclusion

### 1.Result of research

A high growth time finishes and the consumers' needs and wants are diversified. Since the markets are matured, consumers are willing to buy if they like even though the price is high enough. They are educated and smart in buying behavior and check if the value meets not only the price but also their own value standards.

#### 1) Structure of the society raises educational cost

Educational expenditure in Japan is high and burden on parents. There are mainly two special features of educational expenditure of Japan. One is that educational auxiliary expense, such as an exercise and training

school fees, is high even though so big cost does not start when to receive public education itself. The other especially is that parents pay the expense of college or university for their children. The college student to whom parents have paid the great portion of expense, such as tuition, becomes no less than 80 percent in Japan in comparison with only 30 percent in the United States<sup>3</sup>.

Consequently, internationally, the ratio of the educational expense occupied to household economy expenditure in Japan is quite high especially by the middle-aged households. Japan is 6-8 % to 1-2% of the United States in ratio of the education expense in household in which the householder lasts first half of the 50<sup>th</sup> generation from the second half of the 30<sup>th</sup> generation.

One of the big problems that lets the educational expense high is because most parents want to enter their children in schools famously recognized in public as brand and pay the expense as already pointed out. If there is any reason why it does so, it could be the high return - in both sides of income or social prestige.

## 2) A management style and big city concentration.

Although no less than the 23 remaining companies are distributed in the state of 13 companies, it is only that Japan is distributed over Osaka Kyoto, and Aichi prefecture.

## 3) Cost, which strives for work

As for set-decision-making in a management style of Japan, responsibility and evaluation are not clear. Although evaluation is difficult therefore, the companies, which are using seniority and age as the determination element of basic wage, increase in number.

A result will become entangled with a cause spirally and an organization will be complicated. Truly, the reflection to the company organization in many stages is also produced, and many companies have answered that

decision-making which future depends top-down and the organization where an organization class is simple become important.

Concerning actual changes recognition, company and the laborer are recognized that the ambiguity of set decision making and evaluation does not work. Doubts to the selfless devotion to others in an ambiguous company have spread. The meaning of the loan in an organization declines with shortening on the period of employment whose company can protect long – term employment.

There may also be a view that an ambiguous thing is pleasant. It may be pleasant for people that ambiguity induces expectation.

## 4) To and in future –new pleasure related with changing education.

If the period of employment is shorted, brand school education worth of large study will decrease. The companies, which do extensive adoption by new package, decrease in number, while the companies, which recruit in mid career, are increasing in number.

## The life, which changes with the changing company

A system is manageable if the promise can perform a seniority-based system and lifetime employment. It cannot be said that the system, which can be, performed functions somehow and is inferior to other systems in it deterministically.

## 5) Strategy for corresponding to change

Change has already happened. A company and people are changing if needed. If the change tends to be pushed artificially as long as people think it makes them happy.

If people are asking for practical and pleasant education you should enable it to perform such education freely. Protecting specific education will also check free education.

Female labor participation is also a cause.

Women whose educational background is high are higher in labor participation ratio than those who do not

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<sup>3</sup> Management and Coordination Agency "International comparison of youth and home" 1982, p26, p33-38.

have the high educational background. Since the pay level is also high for those whose educational background is high, the income difference between the households will spread increasingly.

Concerning spreading income difference,

When the income differential in the household of 20% of low ranks and 20% of higher ranks is compared, what was 3.05 times is expanded by 3.39 times in 1997 in 1970.

## 2. View of future by action plan adoption

In qualitative point of view, it is necessary to check if performance in making is effective after executing an action plan with low cost management.

Since predominance is increasing more by the contrast with a rival company, it is more important than ever to check if the variation of users' needs and wants in "time for delivery, a "function," a "design," and a "packing."

In quantitative point of view, it is necessary to check out if the ratio of pace of sales expansion is set in the verification point of the total amount in sales.

In between time lag arises until seeing the result, the expense to invest proceeds fundamentally. Therefore, according to time schedule, it is necessary to check and follow to predict in advance about which recovery can do about what time.

The final measurement to check if business is going well or not is come to see the earning statement base and improvement in balance sheet. In consideration cost reduction and various correlation, such as a sale fall, sales reinforcement efforts and an increase in distribution cost, the increase in profits and distribution to personnel expenses and subcontract added value reduction, the administrative accounting technique is tool. In viewpoint called the overall improvement of a measure process and change of the operating technique, it is effective to examine the superiority or inferiority with conventional technique.

### 1) The multi item grading method

The measurement grasp of quantity and qualitative improvement and so on.

Sets up the evaluation item, which suited objects, such as a design and function nature in the ease of using, grades for every item by the 5 points method etc., and judges a difficult thing at a totaling point.

### 2) The check - list method

When viewpoint is clear in the beginning, an improvement point can be held as a checklist and a result can be verified.

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