

**Let's study, expand globally and establish Japanese service as a brand**  
**—Executives in the Japanese service industry**  
**—now is your time to change the world!—**

**May 14, 2012**

**Recognition of and recommendations for issues**

Keizai Doyukai (The Japan Association of Corporate Executives) believes that the service industry will serve as a key industry in the new era of Japan. In order to vitalize the service industry, our association emphasized the need for globalization in the service industry and has called for appropriate action to be taken by each of the following sectors: 1) executives in the service industry, 2) customers (consumers), 3) government, and 4) research and educational institutions.

In view of increasingly fierce global competition during the past year, Keizai Doyukai has issued the following three action-oriented recommendations which should be implemented immediately by executives in the service industry.

**Recommendation 1:**

**Executives should take the initiative and decide to expand globally. The world is awaiting our service.**

It is difficult to recover overseas markets once they have been acquired by corporations from other countries. According to a survey of corporations that have yet to expand overseas, major issues are securing personnel and overseas know-how.

The Japanese government is currently developing measures and systems to support overseas expansion. Furthermore, executives are showing heightened awareness towards overseas expansion. Now is the time to act.

Executives should make the decision to expand globally. Unlike the manufacturing industry, overseas expansion by the service industry will not cause a decrease in domestic employment. On the contrary, expansion will return gains to Japanese citizens through service trade and investment income.

For the time being, it appears that the majority of corporations expanding overseas will enter developing countries in Asia. Then, in the future, the services and know-how developed in such Asian countries should be strategically expanded throughout the world.

### **Recommendation 2:**

**A higher level of organization is required to create opportunities for continued autonomous study by executives, as well as for the cultivation of next-generation executives.**

In some cases, service industry corporations stall after having achieved rapid growth through new ideas or business models. Such slow-downs are most unfortunate.

In order to fulfill their responsibility towards stakeholders, it is necessary for all executives to continue studying. Furthermore, in addition to top executives, it is necessary to expand this perspective to all employees involved in management.

Opportunities for cultivation of service industry executives are being created through support by the Ministry of Economy, Trade and Industry. It is important to encounter outstanding executives and to make new discoveries while utilizing such opportunities. Furthermore, Keizai Doyukai should participate in such cultivation opportunities and should contribute to the cultivation of next-generation executives.

### **Recommendation 3:**

**We should strengthen the brand image of Japanese service and strategically transmit this brand both within Japan and overseas.**

Japanese culture places great importance on *omotenashi*, or “hospitality.” We should recognize *omotenashi* as a Japanese brand and strategically transmit it overseas. This will also lead to increased motivation in employees.

According to a survey comparing Japan and America, the quality of service in Japan is vastly superior. However, labor productivity is lower than America. In recent years, more advanced scientific and engineering research is being conducted. The results of such research should be used to study best practices. It is necessary to improve productivity while protecting and cultivating customer service and added value.

It can be said that culture and service are inextricably linked. Therefore, encountering different cultures through global expansion may lead to the development of new business models.

It is possible to use these effects of encountering new cultures and the results of scientific/engineering research as new approaches for contributing to vitalization of the service industry. Further research should be conducted regarding this point.

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