

Chapter 1	Japanese Companies in the Age of Globalization	P8
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Recognition of Environment P8

- Japanese companies are forced to compete with firms around the world both in domestic and international markets.
- A variety of economic models such as the market supremacy-oriented capitalism, the state capitalism model competes in global market.
- Competition in global markets has become a melee involving 200 countries of the world and is often referred to as G-Zero World or post G-Zero World.
- Obviously the current Earth’s environmental changes are unprecedented from historical standards. Time and options are fast running out.

Issues P11

- Japanese business managers’ levels of awareness about globalization lag considerably behind global trends.
- Japanese companies remain focused primarily on the domestic market and compete primarily with Japanese companies even in overseas markets.
- Japanese companies cannot use leverage in their corporate management due to their *do-everything-in-house* principle and the full vertical integration approach.
- Japanese companies’ management cycle stagnated due to the inability to exit from a declining business and make investments for growth.
- A crisis situation surrounding the sustainability of the Earth and society is fully recognized, but no concrete action has been taken to address the issue.
- Little progress has been made in the resolution of global issues with the national interests of affected countries intricately intertwined.
- The competitive environment is unfavorable for Japanese companies in global market competition.

Direction of Reform P20

Recommendations for Business Managers and Corporations

- Capitalize on growth opportunities from globalization and contribute to sustainability.
- Continue to achieve success in fierce market competition in the age of globalization.
- Contribute to the sustainability of the Earth and society.

The National Government Must:

- Create a competitive environment that meets and exceeds global standards and an environment that can create and foster new industries and innovations.

Chapter 2	Sustainable Corporate Management	P22
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Balancing profitability with contributions to sustainability. Corporate management is to find the right delicate balance and a fair tradeoff between these two factors. It is the very essence of sustainable corporate management to put the two seemingly contradicting factors together through a balancing act of tradeoffs, into a cohesive business strategy.

Toward the Realization of Sustainable Corporate Management — “Sha-kai of Japan” Should Be “Se-kai” — P22

<The Present State of Japanese Companies>
Japanese companies are more advanced in that they seriously consider their roles and responsibilities in society (*sanpo-yoshi* [three-way satisfaction — good for the seller, buyer, and society at the same time], long-surviving companies with a 200-year history), but lags behind in terms of awareness levels about globalization.

<Key Point>
Japanese companies must evolve into a company that can offer meaningful value not only to Japanese customers but also to global customers and not only to society in Japan but also around the world. Additionally, they must replace “Sha-kai (society) of Japan” with the “Se-kai (the Whole Global Society),” turn three-way satisfaction into *sanpo-yoshi*, and have a global vision.

<Action>
Japanese companies must re-examine the significance of their existence and clarify their stance as to whether they can really pursue the realization of their corporate philosophy on a global scale. And then they must disseminate their corporate philosophy across the world. It is also necessary for Japanese companies to fully understand the global situation and then to squarely face the question about their identities: What is our company? What is Japan?

<p>Quantify Sustainable Corporate Management P31</p> <ul style="list-style-type: none"> ● Techniques that help sustainable corporate management continue into the future = dissemination of authentic corporate value ▶ Four-dimensional management, integrated reporting 	<p>Key Drivers of Sustainable Corporate Management P35</p> <ul style="list-style-type: none"> ● Top management ● Human resources ● Corporate governance
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Chapter 3	Corporate Management That Ensures Ongoing Success in the Age of Globalization	P38
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Globalization for Japanese Companies P38

▶ **What does globalization mean to your company?**

- Corporate models in terms of global operations
- Corporate models in terms of growth

Creation and Maintenance of Differentiation P41

▶ **Have you established a clear policy to address the situation where your product differentiation soon become obsolete and price competition follows in the global market?**

- From *monozukuri* (manufacturing excellence) to *kotozukuri* (producing an excellent system of products and services)
- Open and closed sequence and international standards
- Business scale and mechanism that ensure cost competitiveness
- Further enhancement of global marketing clout

Continuous Creation of Innovations P48

▶ **Have you taken specific steps to create innovations on a continuous basis?**

- Take advantage of diversity as a source of innovation
- Take bold action as if your backs were against the wall
- Post *do-everything-in-house* principle

Seeking More Agile Corporate Management in Competitive Global Market Environment P54

▶ **Does your company’s corporate governance system help motivate you (as a business manager) to achieve maximum potential?**

▶ **Do you think that your company’s corporate management cycle is held up for any reason?**

▶ **Do you think that the speed of your company’s business promotion is slow?**

- Reform corporate governance
- Act speedily to avoid holding up corporate management cycle
- Accelerate the speed of business promotion

Chapter 4	Contribution to the Sustainability of the Earth and Society	P64
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What is Growth? P64

▶ **A specific vision for your company 50 to 100 years from now**

- Definitions of growth: What is the growth that we should aim to achieve?
 - ▶ A two-stage transformation theory
- Vision for sustainability and initiatives to promote sustainability
 - ▶ Develop a long-range vision (50–100 years from now)
 - ▶ A country that can deliver higher dimensional and more profound quality

Sustainability of the Earth, Society, and Companies P67

▶ **Vision for Sustainability and Initiatives to Promote Sustainability**

- Efforts of companies to ensure the sustainability

<p>Chapter 5</p>	<p style="text-align: center;">Companies and the State</p> <p style="text-align: right;">P72</p>
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Create a Competitive Environment in Line with the Highest Global Standards P73

- Reduce effective corporate income tax rate in stages to 25%
- Work for the early conclusion of Trans-Pacific Partnership Agreement and Japan-European Union Economic Partnership Agreement
- Create regulatory environment that supports free and fair competition

Create the Environment that Makes New Industries and Innovations Happens on an Ongoing Basis P76

- Implement regulatory reforms to encourage the restructuring of industries
- Build national infrastructure necessary for making innovations
- Protect intellectual property that drives innovations

Create Attractive Social Infrastructure P79

- Build efficient and low cost social infrastructure
- Transform, with a global perspective, the Japanese market into a more attractive one

What Japan as a State and Japanese Companies Should Aim to Achieve P80

- From revival to a high quality maturity