

<Article>

Reconfirmation of Japanese Companies Transformation Effect to Business Communication

Shoko Okamoto

Table of Contents

Introduction

- (1) Internationalization of companies in 1970 s.
- (2) Background of change of Japanese company and Progress of concept of company marketing
- (3) Significance of necessary business communication for company transformation from Internationalization to Information era.

Conclusion

Introduction

Since the late 1960 s the world environment of trade transaction has been drastically changed due to development of business internationalization by direct investment, activation of international business tie-up and so forth. In addition to the above, forms and content of trade internet-working has changed practice by deployment of computers in companies and development of borderless economy. The content and format of commercial English is forced to be changed by those. It means that, now is the time to review the conventional method of trade transaction with wide vision. It is the reason that the international business communication has become the one of the subject to study. It is the time to consider that approach from the English study, approach from the business practice, such as import and export of goods and approach from the international marketing as the whole.

Now we usher in the 21st century of full-scale information society, its background has progressed beyond the realm of the conventional study. There are many studies to consider the issue of informatization, which contribute to change the external environment from the various aspects. Particularly, a global issue, which beset the companies, which is called "Globalization of Company", is one of the important contributing factors of studies. That is, the new value notion which is called time sharing may have the content of business communication change or develop largely, which is composed of various categories of approach including not only trade business

format but also commercial English.

Originally the Japanese companies internationalization policy had developed with centering merchandise export and had changed to localization policy with invasion of overseas companies and establishment of overseas management system⁽¹⁾. For companies, the internationalization is considered as which always has to be exposed themselves in the external serious environment no matter like or not. In other word, the international business can't survive without changing themselves in this turbulence society whenever they are required. Naturally, the concept of business, languages, formats or systems, those all have to be changed accompanying with the change. This is why we have to study various problems accompanied with the change. Primarily, with the backdrop of internationalization of companies, commercial English centering merchandise trade has been studied up to the considerable high level. As the first, external environmental change of 1970 s, companies had to change their policy due to the world trade dispute, resulting in adoption of localization. For this policy change, the other document required for local production is added to the correspondence. The English ability has become requirement in the Japanese companies in order to deal with global market and entry of foreign capital. E-mail correspondence is a little different from the conventional style of commercial English⁽²⁾.

When we discuss globalization of Japanese companies in the global market with view of the time-sharing notion, we would like to recognize that the basic point of the change is the internationalization of companies⁽³⁾. With the recognition of the point, the next development can be defined. It is a notion supported by computer of possibility led by technology that gives ideological base. Information transmitting technology is a technology that overcomes time and distance in processing of transmitting, accumulating and disposition of mean, and its purpose of progress is to make it perfect as much as possible. However as process to overcome time and distance as progressed, a degree of priority to overcome time and distance appears significantly, and it starts to have a value itself. This is the prime factor of dissemination of electronic business transaction. It has changed the form of trade transaction from the foundation, not only change of content of commercial English but also pattern of communication. It also proves from backwards, the information society has close association with change of communication.

At the beginning, I schematically write up the mean of change showed by internationalization of Japanese companies in 1970 s, the secondly development of company marketing and background of change of Japanese companies, and at the ending, the significance of communication accompanied by the change of Japanese companies in my research.

1. Internationalization of companies in 1970 s.

Nixon shock of Aug. 1971 and appreciation of yen of Dec. 1971 caused disturbance of beginning of 1970 s. Aggravated trade friction against Japan from the European countries and the United states made situation of Japan perform self-imposed restriction of export by the Japan steel exporting association with the U.S. in the 1972.

In such a drastic changes of international economic circumstance, Japanese overseas investment had expanded rapidly. There are three domestic factors to urge overseas investment ; firstly the increase of restricted factors of living activity such as shortage of labor force, upswing of pay cost, location of industrial orientation problem and hardship of purchasing raw materials. Secondly, progress of overseas investment liberalization measures back grounded by drastic improvement of international trade balance and rapid increase of foreign currency reserve and so forth. Thirdly, reduction of overseas investment cost by a large-scale appreciation of the yen after multilateral currency realignment and floating rate system of major currency and so forth⁽⁴⁾.

When we adopt the change to the stage of internationalization in companies⁽⁵⁾, merchandise export mainly has developed in the first stage. Actual state of companies is not so much different from the state of domestic companies for it puts weight on sales field internationalization. As merchandise export has advanced, the company establishes many overseas subsidiary companies. In this stage the company has to upgrade internationalization on the marketing field, internationalization of management structure, financial affairs, personnel affairs and labor affairs. Ultimately it extends to the decision-making. Japanese merchandise export has developed to very high-level as a hub of marketing on the axis of overseas subsidiary companies. In other words, it is the foundation of establishment of high-integrity world marketing network thru a high-level deployment of merchandise export and an original point of various globalizations.

In the second stage, internationalization of companies is largely promoted by expansion of overseas companies. In this stage, internationalization penetrates not only to marketing field, financial affairs, personnel affairs, labor affairs and research and development that have expanded during merchandise export on the axis of internationalization but also to various fields. At the beginning stage of invasion of overseas companies, the basic mission was to search overseas manufacturing place and to establish management system for overseas business unit. Focusing to this point, in order to distinguish the nature of domestic company, it started to name as international company.

In the third stage, due to activation of overseas company invasion, overseas business unit has increased. As overseas activity has increased, the headquarters put more weight on controlling the activity, and eventually integration and adjustment between domestic and overseas activity are performed. Companies individually pay their efforts on establishing strategic development based

on world standard and world oriented system. In this stage, establishment of management system is required. Its feature is reinforcement of centralization by headquarters. In this stage, international company has become general as designation of occupying real situation of the company. The forth stage ; it is the stage that company headquarter has to start to pay full-scale efforts for proper adoption of local requirements and localization, because establishment of centralization of power at company headquarter had caused lack of independency of local business unit and inflexibility of adoption of local requirements, resulting in serious disturbance of prompt and effective adoption. An effort to local adoption is the key to grow and survive not only overseas business units but also whole company. You can find out a result of those efforts in local employment of manager and establishment of total management system incorporated local requirements. Reconciliation of localization system, centralization system and furthermore global oriented system is an issue of great importance in this stage.

Diagram 1 is a chart of internationalization on the axis of merchandise export. Internationalization is consisting of labor, material, money and knowledge. Outward internationalization is consisting of merchandize export, overseas production and business tie-up and so forth. Inward internationalization contains purchase of scare resources-foreign technology introduction. For example, when we consider it from management professional ability ; internationalization of marketing field is to sell merchandise to overseas, internationalization of production field is to produce merchandise in overseas that is sold exclusively in Japan, and internationalization of purchasing field is introduction of technology and purchase of scarce resources as mentioned the above. A good example of internationalization of personnel affairs and labor relations fields is ; employ cooks in Japanese while employ staff in foreigners. Internationalization of financial affairs is to make able to obtain an accommodation of fund from all over the world while internationalization of R & D is to develop merchandise in cooperation with people around the world.

Stated briefly, internationalization started with merchandise export, and moves to internationalization of management professional ability. It enters an era of which even headquarters function moves to local.

Diagram 2 shows movement from merchandise export to local production. It is said that usually production system of company functions in 2 years, and marketing system functions in 10 years. Japanese company used these timing and succeeded. As mentioned the above, due to the Japanese exporting system been penetrated with high degree in the early stage, the movement has made without trouble.

Initially, export function of manufacturer depended on domestic trading company, the trading company made business with overseas third company. Gradually the manufacturer started export

by own company however still it was depending on the area, and at the last stage the manufacturer started to establish their own sales subsidiary.

Diagram 3 shows 1970 s that is the important transitional period for Japanese trading companies. Trade friction from the U.S. and European market had intensified due to Japanese companies put production base in Japan as overseas manufacturing type. Japanese companies moved their production function to overseas in order to avoid trade friction. At first that was local production oriented type with Japanese scale in developing countries. As far as advanced countries, cost merit couldn't be made due to Japanese technology was still behind comparing with them. However, in the 1990 s Japanese technology had advanced, and local production had started in the U.S. and the European countries.

Diagram 4 indicates that if exclusive technology and independency of price decision are provided, conversion of location is not necessary, however if it is not, the turn of production system changes from developing counties to advance countries.

Diagram 5 shows characteristic of geographical location of production. Japan introduced and innovated technology from the U.S. that developed R & D independently. Foreign currency restrictions defended Japanese market by tie-up of public, bureaucrat and private sectors⁽⁶⁾.

As the above, as the various functions have been internationalized, scale of local subsidiary has become larger than the headquarters and eventually the headquarters function would become no longer necessary. Subsidiary company in foreign country starts to have self-discipline for local management, and then internationalization of headquarters function performs in there. At the last stage, it moves to plural headquarters system⁽⁶⁾.

As mentioned the above, trade format was forced to change by development of Japanese companies. I compiled the change of movement and concept of marketing in same period in No, 2.

2. Background of change of Japanese company and Progress of concept of company marketing.

From postwar to 1965, Japanese company's business environment was world trade, which progressed with central focus on advanced countries. It was a period that component of Japanese export items was mainly heavy and chemical industry items while component of import market ratio to the Southeast Asia had declined.

Remarkable marketing concept in this period was market existence between demand and supply that was implemented in the U.S. in 1940. In 1950, it had deployed putting weight on merchandising mainly on publicity and advertisement as bridge for demand. A large scale of prod-

ucts, which was accepted by market, had entered in growth period rode on PLC curve. It deployed with expansion of production and decentralization of production hubs. Finally it extends to the overseas local production. In mature phase of PLC, equipment investment rapidly had expanded. As a result, cost predominance had been planned in the world. Not only cost predominance but also discrimination predominance started to be demanded by standardization of market. Multiproduct marketing strategy was planned in cost predominance. It caused overflow of distribution stock by mass production⁽⁷⁾.

However, as entered in 1960 marketing environment had become unable to meet the situation, resulting in excess or under distribution stock. Simulation of trade fluctuation factor, seasonal factor, obsolescence of products, change of market share factor and customer preference and so forth have been conducted for measure of marketing forecast. Eventually, it focused on market forecast targeted mass by supply side. However, in order to control distribution stock that has a function to adjust production and consumption, the new management measure ; more specifically to capture time and information by quantity is required A concept which combines market to production control gate comes into existence.

Between 1965 to around 1970, Japanese market had situated in a rapid expanding world trade. Kennedy round in Jun. 1967, which suggested a large scale of reduction of custom duty, depreciation of pond in Nov. 1967 and gold rush, Nixon shock in Aug. 1971, and Smithsonian agreement in Dec. 1971 caused cautious mood in export supremacy policy. The expansion of direct investment which responded to environment change is also added. Japanese economy was in boom, large-scale mergers were carried out, export and import were grown by favorable market and intensify of competitive power.

In the early part of 1970, Japanese environment was switchover to floating rate system of major currency and an acceleration of inflation. Japan promoted liberalization of import, and overseas investment with large scale and diversification oriented overseas investment was performed.

Marketing environment in the same period was promotion of discrimination strategy. Information feed back of consumer needs was introduced to development field. That is, quality predominance. Time base was required in order to perform quality management in each process of design, manufacturer, shipment and service field. Marketing was introduced in trade management for consideration of market.

In the latter part of 1970, as investment between advanced countries been activated Japan has become new investing country. The amount of investment was expanding rhythm, and lineup of export items transferred from fiber to machinery. Ratio of export and import towards developing region has become heavy, and trade friction has become aggravated among advanced countries.

In the early part of 1980, major countries of challenging structural conversion responded to liberalization and internationalization. The U.S. import increase contributed recovery of world trade. The amount of trade business has been increased with dollar depreciation after Plaza Agreement. At the same time the South Asia has grown rapidly⁽⁸⁾.

As for as marketing, each process of world quality TQC development, design and manufacturing, sales, shipment, distribution and retail store is connected with computer as data management. Information combine strategy system of Kao Co. is one of the examples. Yen was slumped in Japan, and marketing was introduced in China .

In the latter part of 1980, rapid increase of Japanese investment to overseas under Yen appreciation, intermediate goods and expensive durable consumer goods were increased by expanding capital goods export.

In 1990, change of marketing environment produced new marketing concept in rapid transformation of infra structure with progress of advanced technology and environmental change of this period. In other word, elements of “when”, “what”, “how much” and “where” needed has become common property of manufacturer and consumer side. In the future, a new viewpoint of simultaneity and common ownership of information will be sought. Time and information in the present marketing have been regarded as cumulative dosage at change of speed and change of time base, therefore appearance of the new infrastructure will press to change marketing concept in the past. New practice will be provided for many tools produced by information technology⁽⁹⁾.

3. Significance of necessary business communication for company transformation from Internationalization to Information era.

It was after 1970 that the Japanese companies introduced marketing in trade management with distinct format. Chanting production orientation pattern, Japanese companies penetrated overseas market with equipment investment, production base has moved to Asia NIEs especially light industry. Theretofore it was resource-oriented pattern in order to ensure stable import of resource. Japanese companies already made equipment investments focusing on petroleum oil, minerals, lumbers and so forth to Southeast Asia, Middle East and South America regions in 1950 s. Technology revolution and equipment investments made possible mass production, resulting in increase of Japanese export.

Correspondence under the name of commercial English or trade English was used as essential measure of communication between overseas companies. In this period, e-commerce hasn't started yet, so banks or similar kind of facilities mediated transaction. Enormous amount of documents and times were required for overseas trade business. Anyway, correspondence between

concerned positions played an important part for overseas trade business. A certain specific sentence of which used by professionals of international relations field was used for transactions of which commercial English is required. By using international telegram as supplement for "time" which is important for business transaction helped time loss.

As mentioned the above, when we place commercial English or trade English as necessary measure for communication which has grown largely in company internationalization; business communication can be considered as a measure of communication that is growing in globalization of company. Business communication is communication positively used for business.

What is communication? A term of communication is used equivocally. As vernacular speech, it means transmission of news or opinion, or contact or transportation. As an academic term, it emphasizes element or specific character of communication, and or defines communication from specific view or critical mind.

For example, followings are classification of 15 type of Mcquail⁽¹⁰⁾ :

- 1) Symbol, conversation, language
- 2) Comprehension-recipient of message, not delivery
- 3) Mutual action, relationship-active conversion and co-acting-oriented
- 4) Decrease in uncertainty-lead to information search for application, theoretical basic requirement
- 5) Process-whole of transmission sequence
- 6) Transfer, transmit-move of mean in space and time
- 7) Conjunction, merging-communication as connection and conjunction
- 8) Collectivity-increase of common sharing and possession
- 9) Channel, transmission body, circuit-expansion of transmission especially related conveyance and passage
- 10) Memory, storage-communication produces information stockpile, we can communicate by the stockpile of information.
- 11) Identification feedback-emphasis of process of alternative attention and interpretation.
- 12) Stimulation-emphasis of message as factor of feedback or counteraction
- 13) Purpose-emphasis of purpose of communication action
- 14) Time, circumstance-attention of context of communication action
- 15) Power-Communication regarded as measure of affection

These definitions are classified by common concept and or abstraction of visual perception.

During the process of communication, humans make, use and understand languages, projective images and various signals. This type of communication method is by active actions of active

humans and unique meaning effect of humans. Humans communication is not merely process of transmission of mean and information. It is meaning exchange activity of between humans different from signal activity or information activity of an isolative individual. Essentially, human communication can also be called as social communication between humans⁽¹¹⁾.

Social communication of humans can be defined as an interaction by the medium of signals between a human and multiple humans. It is an interaction without meaning between third parties. For example, interaction between others of without meaning such as physical, physiologic, material and economical interactions are not communication. Between multiple humans means not only interhuman level but also levels of small group and organization, local community, country and international community. It means each or between levels of human and whole social societies communication⁽¹²⁾.

When we think about globalization of companies, information transmission requires time elapse in the past. The elapse of time produced value. In the other hand, information sharing-existence of simultaneity entirely changed value form which was produced by time. It started to be used as business strategy tool like a new marketing by information network.

Industrial revolution changed industry from personal target to mass target, and restructured all fields. In the same way, information revolution continued to change industry from mass to personal target strategically.

Such a flow involves significant change considering from viewpoint of measure of business communication. As the mentioned above, social communication has been classified as personal communication between individuals and mass communication from mass media to admass. However among this communication, there is communication called intermediate communication that functionally specialized in various fields. There is domain of ① Technical interest, ② Regional characteristics, ③ Impersonal organization. None of them belongs to personal communication or mass communication. Intermediate communication is growing and expanding in modern society, and its importance is furthermore increasing. These personal, mass and intermediate social communications connect human to human, and establish various social relations such as cooperation, specialization or competition and dominance. At the same time, they change the relations and create new social relation⁽¹³⁾.

Conclusion

After passing era of economies of scale, slum of demand continues, and stock that used be regarded as assets turns to debt, which put pressure on management. In order to handle the situation, management has to control the stock ; therefore in case of shortage of stock, they will lose

the business chance. Today's Japanese companies have to seize not only stock but also all movements of management resource such as people, money and information at the real time. When we consider trade business in the 21st century, if movement of commodity replaced by information technology were filled by out-source, operation of information technology performs key administrative role on behalf of company, which deals with merchandize exchange, and furthermore in order to simplify the business, company with same category integrates to perform trade business.

We have to implement integration of data and work restructuring for smooth movement of commodity, money and information, and different manufacturer, sales and distribution companies have to connect each other by disclosing information. However as for Japanese companies, Japanese unique business customs and company culture⁽¹⁴⁾ and social climate sometimes become disturbance for computerization. For example, it has been said that Japanese cultural code is group behavior and conformity, but these concepts are almost disappearing due to globalization. On the other hand, we can't overlook an idea that the unique Japanese management method of cultural reliance is still effective. Can all Japanese companies have Japanese unique systems cooperating with international standard for the future? If some companies failed to do so, their positions are far behind of global competition.

As we can watch for the meaning of "World Englishes" or "New Englishes"⁽¹⁵⁾, over the coming business communication is an important partner, which is transforming with change of Japanese companies. As mentioned the above, companies in the world move their operational target from mass to personal due to progress of computerization. If we regard internationalization of language as increase of communication with foreign countries, language globalization is hybrid of communication between foreign countries.

It may indicate homology of world or improvement of words in language. The idea of blend-word is the fact of antinomy generated by change from mass called international identity and global co-ownership to individual.

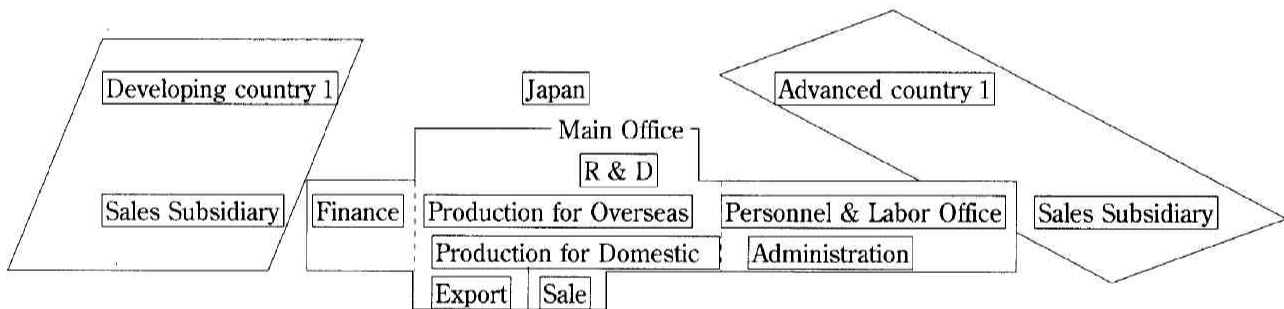
The future of international business communication is bright and extravagant, and it is still trial and error status.

Note :

- 1) Svend Hollensen, "Global Marketing" (Prentice Hall 1988) pp.23-36
- 2) *ibid*, pp.3-12
- 3) Shoko Okamoto, *Consideration of Time and Information Concepts in the Era of Globalization*, Japan Trade Academic Conference Annual Report (Japan Trade Academic Conference 1999) pp.2-3

- 4) Kazuo Ishii, "55 Years of Japanese Trade", (JETRO : The Japan External Trade Organization 2000) p. 122
- 5) Yosuke Kinugasa, "The International Strategy of Japanese Companies" (Nihon Keizai Newspaper Co. 1988) pp.17-21
- 6) Yosuke Kinugasa, *Structural Problems Faced by Japanese Companies*, Japanese Company Management Series No. 10 (1996) pp.7-25
- 7) "Gailbert A. Churchill" Strategic Marketing, (Richard D. Irvin Inc. 1998) pp.569-600
- 8) Kazuo Ishii, op.cit., pp.310-334
- 9) Shoko Okamoto, op. cit., pp.4-5
- 10) Susumu Hayashi "Theory of Communication", Yukikaku S series (yuukikaku Co. 1988) pp.2-3
- 11) ibid., pp.4-5
- 12) Jack E Hullbert, Ph D., *Effective Communication for Today* (South-Western Publishing Co. 1991) pp. 381-406
- 13) Susumu Hayashi, op.cit., pp.6-7
- 14) Chandler described Japanese company as Group Capitalism, which forms special classification of putting importance on group activity, and based on Japanese cultural tradition, which is contrasting with Europe's family capitalism or America's managerial capitalism.
- 15) Dr. Joan McConnell "English and International Communication", (McGrawhill 2000) pp.72-74

Chart 1 Internationalization on the axis of merchandise export



- Main Office (Head Quarters)
- World Marketing Production Base (World Factory)
- Domestic Market
- Sales Subsidiary
- Export Dept.
- Financial Base
- Personnel and Labor Base
- R & D base

Chart 2 Transition from merchandize export to local production

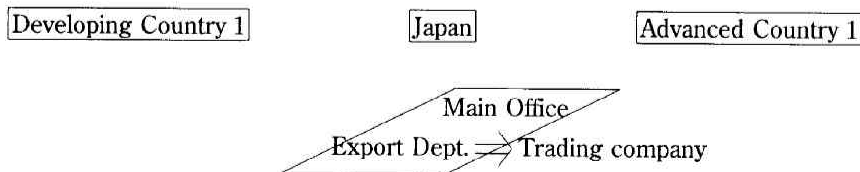


Chart 3 The extension of Export market in 1970 s

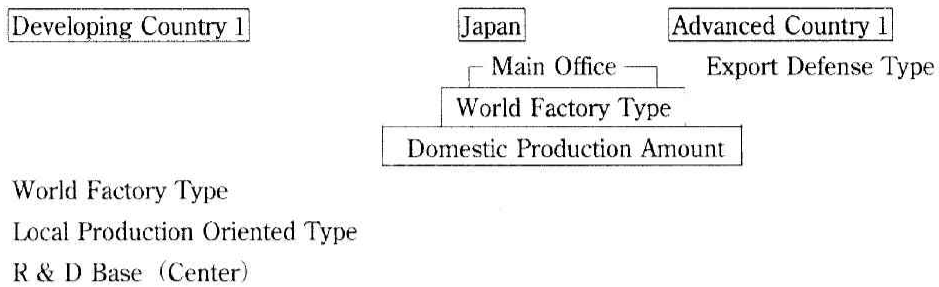


Chart 4 Cycle of Production Site Diversion

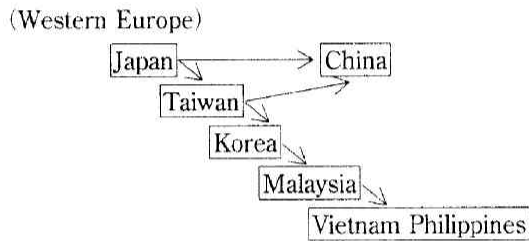


Chart 5 Characteristics of Japanese Production Site



- Introduction of Technology
- Direct Investment
- Sales (including export)
- US Companies
- Japanese Companies
- Taiwan Companies

Chart 1-5 (Y. Kinugasa, *Structural problems of Japanese companies*)