



"SHOSHA"

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"SHOSHA" Function & Activities ~ Toward a Bright Future ~

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Vision of SHOSHA

At the beginning of the 21st century, the business circumstances surrounding the SHOSHA are in the midst of momentous and rapid change. To overcome this change and to be able to contribute to economic advancement worldwide in the new century, the SHOSHA are promoting constant self-reform and striving to refine and renew their functions. In order to paint a portrait of the future SHOSHA, this section presents the current changes taking place in the business environment, and a brief outline of their corporate vision, management plans and image of the future.

▶ [Changes in the business environment surrounding the SHOSHA](#)

Description of the change in the business circumstances surrounding the SHOSHA, such as globalization, the IT revolution, and global environmental issues.

▶ [Corporate vision, management plans and future outlook.](#)

Profile of the specific corporate visions, management plans and future outlooks of the SHOSHA.

[PDF 5pages 323KB](#)

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Vision of SHOSHA

Changes in the business environment surrounding the SHOSHA

The Japanese economy is being exposed to the mega-trend of dramatic change sweeping Japan and the world, and the SHOSHA are no exception.

Change in domestic business circumstances

Maturity of the Japanese economy
Market saturation and diversification of consumer wants and needs, falling birthrate and population decline, demand stagnation, investment decline and sinking economic growth etc.
Changes in the trade structure
Decrease in exports, increase in imports, reduction of the trade surplus, depreciation of the yen
Reform of the financial system
Collapse of the bubble economy, disposal of bad loans, capping deposit protection guarantees, reorganization of financial industries
Structural reform for the Japanese economic recovery
Deregulation, market-opening, encouragement of free and fair competition, industrial reorganization
Amendment of the commercial code
Suits by shareholder representatives, revision of merger and partition provisions, reform of the board of directors and auditors system
Introduction of international accounting standards
Current-value accounting system, impairment accounting system, consolidated accounting and taxation system
Movement to a recycling-based society
Rising awareness of the "three Rs" (reduce, reuse, recycle)



Change in international business circumstances

Globalization
Liberalization of trade and investment, inauguration of the World Trade Organization (WTO), spread of regional and bilateral free trade agreements (FTA), penetration of

global standards, economic advancement in developing countries, China's rise and admission to the WTO, the age of mega-competition
IT revolution
Diffusion of the internet, spread of high-speed broadband communication networks, restructuring of social and business systems
Wave of technological innovation
Advances in biotechnology, genomes, nano-technology, etc.
Global environmental issues
Movements for the preservation of the global environment drawn by The Earth Summit and The Kyoto Protocol, reduction of emissions of greenhouse gases, spreading efforts to gain ISO14001 certification, etc.
Other changes
Intensification of terrorism, anti-globalization movement, crude oil price rises, birth of the Euro, etc.



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Vision of SHOSHA

Corporate vision, management plans and future outlook.

Amid the aforementioned rapid change, the SHOSHA are seeking to strengthen their earnings power and improve business performance so that they can continue to contribute to economic advancement in Japan and the world. To this end, the SHOSHA have each formulated a corporate vision and medium-term management plan, while reshaping their management and business structures.

The following are cited as the key words showing the direction of the reform incorporated in these visions and plans.

- 1. Globalization**
- 2. Upgrading and combining inherent functions**
- 3. Selection and concentration of the business portfolio, and priority allocation of management resources**
- 4. Business alliance, consolidation, and reorganization**
- 5. Group-oriented management, nurturing and strengthening group affiliates and subsidiaries**
- 6. Adopting a cash flow management system, curtailing risk assets and interest-bearing debts**
- 7. Multi-functional SHOSHA, Enterprise creating SHOSHA, Strategic business group, Specialized SHOSHA**



The terminology therein varies, but is marked by a strong feeling of challenge, which is commonly shared by all the SHOSHA. It means that their survival in the 21st century fully depends upon the outcome of their challenge to reform their management systems and business structures, and to renew and refine their unique functions. On the other hand, there is strong confidence that SHOSHA can be reborn as "global business innovators" creating new value in the world economy by making maximum use of their global networks, a unique management resource particular to Japanese the SHOSHA.

SHOSHA have established worldwide networks and developed their business from a global perspective. Their networks will give them fundamental advantages and extensive opportunities, however they must adapt to prevailing global standards in order to make the best use of these resources. This demands better achievement of good investor relations (IR)

through positive disclosure of management strategy, business performance and financial statements, a stronger emphasis on corporate governance, establishment of better management monitoring systems visible from outside the company, and installment of a consolidated accounting system and cash flow basis management system. By harmonizing their management system with global standards, the SHOSHA will be better understood and appreciated by their investors and business partners in the international business community.



In addition, SHOSHA must create new value-added for all of their "stakeholders" (all parties with a stake in their activities, meaning not only investors, but business partners, employees, consumers, and communities as well). The fundamental factor required to do so is to constantly innovate and add value to management resources. With these efforts SHOSHA will reach an ever higher level of competitiveness, and better reliability and reputation.

To create new business models, the SHOSHA are moving ahead applying the concept of "Select & Concentration" to their business portfolio, while maintaining their comprehensive but integrated functions derived from their wide-ranging business experiences.

At the same time, the SHOSHA are adopting various types of organizational reforms, such as "the division company system" and "the business unit management system". These reforms make for more efficient management data for determining the restructuring needs for all division companies and business units.

Through this process, the future SHOSHA should be able to make the transition to such various models as the "multi-functional SHOSHA", the "enterprise creating SHOSHA", the "strategic business group" or the "specialized SHOSHA" and so on.



[Corporate Vision of the SHOSHA represented as Chairman or Vice-Chairman of JFTC](#)



[Corporate Vision of the SHOSHA represented as members of the board of directors of JFTC.](#)