

## Why did Executives of Local Companies Enter Graduate School of Local University?

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**Abstract**— In 2008, 7 executives of local companies entered the Graduate School of Medicine of Mie University. They were young executives or backbone executives who succeeded to the business and were thinking of doing a new trial in their succeeded business. At the first stage of our challenge, each executive brought their own problems in research and development to University and discussed their own possible technical solution with a professor who supervises them. This individual approach was effective but not enough for their expected hopes as the reward of time and efforts which they spend at University. We then tried the other approach to satisfy their purpose of entering a University. Since their wish was to find out the own way in their succeeded business, we started the cross discussion meeting in which all executive students and other graduate students participated. We indicated the activity, which executives bring both of the problems regarding management and R&D of their company and discuss these matters with other executive student and professors in a University, is effective for the foothold which works out a management strategy for the executive. In this reports, we discuss a possible activity which will be effective for regional innovative from a local University.

**Keywords**— regional innovation, local based company,

### I. INTRODUCTION

Japan is in the important turning point in our history. After World War II, Japan has accomplished a rapid economic recovery and growth. The average economic growth rate from 1956 to 73 was 9.1 % with the rapid economic growth. It was the time to form the infrastructure which was necessary for a modern Japan. After that, the average economic growth rate became 4.2 % from 1974 to 1990, and most of the people recognized the midstream because of the economically stable in this period. Because Japan entered into the low growth period after the collapse of the excessive economy expansion called the bubble economy at the late 1980s, the average economic growth rate became 0.8 % from 1991 to 2009 [1]. With favorable economic growth in Japan during 1960s and 1980s, there was the period that the consciousness which Japan is the economically most successful country had become the national common recognition. However, as the result of after that economy flounder, the national consciousness at the time of 2010 changed. The rate of the person who feels "happy" decreased from the

peak of the case of 61 % of the thirties, to 44 % at 70 years of age or older [2]. The change at a country level had also an influence on the local society strongly.

The economic history had shown that the economic growth shifts to the steady growth period from the rapid growth period as an infrastructure is enriched. As the result of the well economic growth, we should think that Japan had reached to the low growth (=the economic stabilization period) via the high growth rate period and the medium growth period. In other words, the authors think that Japan cannot find a definite answer to "How should Japan act in the economic-maturity period?" and this is the cause of the present feeling of hopelessness covering the whole of Japanese.

In this study, we discuss "what action the Japanese should do in Japan which entered in the matured economy and the low growth period". Especially since we focus on the local community and economy in this study, the case of Mie Prefecture where we are living is discussed as a model.

### II. INFORMATION and BACKGROUND

#### A. The present situation of Mie Prefecture

The population of Mie Prefecture was 1,862,575 at October 1st in 2009, and this number was in the 22nd in Japanese 47 prefectures. The nominal economic growth rate and real economic growth rate of Mie prefecture in 2007 were 8,207.1 billion yen and 9,625.5 billion yen, respectively, and these were the 18th scale in 47 prefectures. From the view point of the population scale and the economic scale, Mie Prefecture is considered as the prefecture which is located in the Medium-size in Japan [3].

#### B. The North-South problem which exists in Mie Prefecture

When supposing that the population in 2005 is as 100, the population of Mie Prefecture in 2009 slightly decreased to 99.76. According to the data of each city in Mie prefecture, the population rate of Minamiise-cho which is in the southern region of Mie prefecture was 91.12 and showed the largest decrease whereas the population of Asahi-cho which is in the northern region increased rapidly to 131.14. The

tendencies of population growth in all cities of Mie prefecture were shown in Figure 1 [3]. According to Fig.1, a tendency that the population in southern region was decreased whereas the population of northern was increased was confirmed.

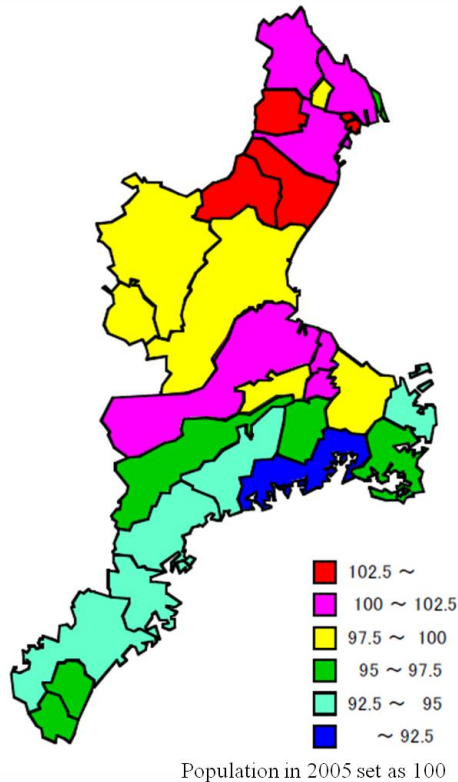


Fig.1 Population change between 2005 and 2009 in each city of Mie prefecture

This figure was made refers to Mie prefecture HP [3]

In Mie Prefecture, the industrialization in the northern region which belongs to the Chukyo industrial area succeeded in the economic growth. The accumulation of the factories of the big businesses was occurred in this area. The chemical industry and machine industry which are main industry, then, caused the high economic growth. On the one hand, because the Mie Prefecture southern region was out of the Chukyo economic area and has bad transportation conditions, the industrialization by inviting of large companies has not happened. As the agriculture and forestry fisheries industry which are the main industry of this area have declined, the aging and the decrease of the population became remarkable. Because the big gap of the economic situation and the social condition between the northern region and the southern region occurred, the serious status called "the North-South problem" happened in Mie Prefecture.

C. Future of Mie Prefecture

Even if the Mie Prefecture northern region which continued growth favorably, the competition with the developing countries such as China and the flounder of Japanese economy cause the restructuring and a withdrawal of the factories of the large company from this area. The growth model of the attracting of large-scale factory of big business has been not working well even in the north area. The influence of "the declining birthrate and a growing proportion of elderly people" which occur in the whole of Japan also effects on Mie prefecture. The population of Mie Prefecture shifted to the decline from 2005 and the population of working ages is remarkably decreasing (Fig.2).

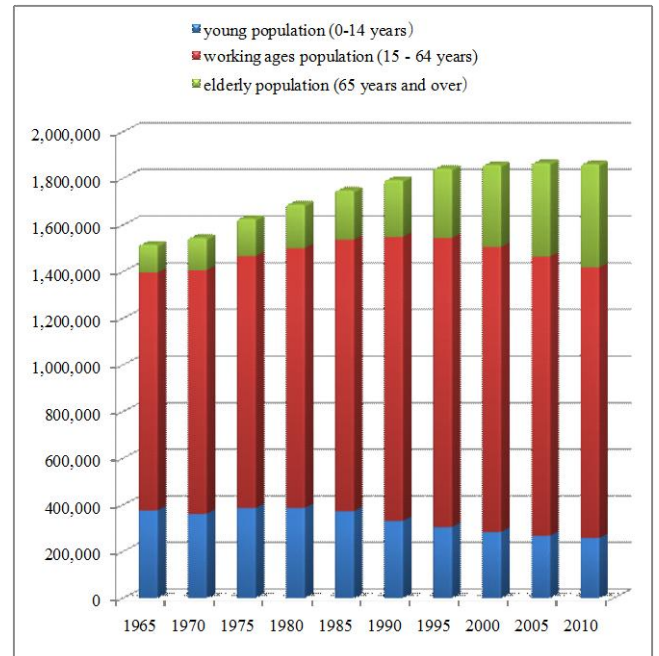


Fig.2 Population change in Mie Prefecture

In the northern part, the conversion from the economic development model such as the inviting of the big business is necessary. A proper solution for the Mie Prefecture southern region where the collapse of the local community is worried about is also desired. As mentioned above, Mie Prefecture is now in the very important time.

III. DISCUSSION

A. What happened in the shifting process from the high-growth period to the steady growth period?

In the Mie Prefecture, the number of large companies, which employ over 300 of the full - time employees at the same time, was 182 and the number of employees was 119,383 in 2006. This was 14.8 % of the total number of workers who work in Mie prefecture [3]. The head offices of most of these large companies are outside of Mie Prefec-

ture and they are operating their manufacturing department in Mie Prefecture. On the other hand, most of the small and medium-sized enterprises establish the head office in Mie Prefecture and operate the business mainly inside of Mie Prefecture.

Because the factory of the big businesses produced a large number of employments, the rapid increase of population in the northern area of Mie prefecture had been occurred after the high economic growth period. Though the role to providing an employment opportunity is effective for this area, there is the possibility that the dissociation of the local community and the corporate policy occurs. For example, the reduction of the factory by the corporate judgment occurs and it might happen that the employees leave their home town by the reason of the company. In these days, even if the factory laborers who were employed as the local adoption, the job rotation to the outside of the area by the reason of the company occurs. Because the executive trainees or managements of the big businesses are employed by the head office adoption, they must move anywhere in Japan or even abroad by the judgment of the head office.

At the time of 1920, the agriculture, forestry and fishery were main industry in the whole of Mie Prefecture (Fig.3). It thinks that this industrial condition continued until the high economic growth period which starts at the 1960s (Fig.3).

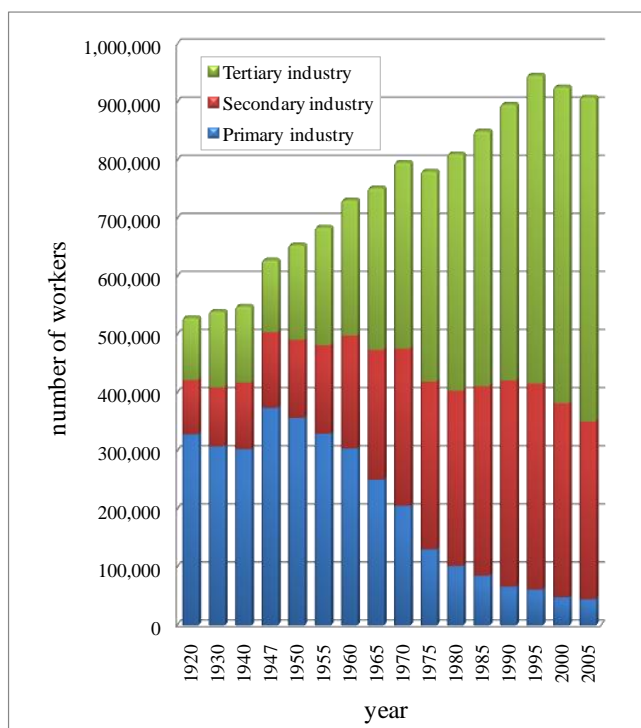


Fig.3 The change of the number of workers by industry

As shown in Fig.4, until the middle of 1970s, even if the person works for any industry, there was not a difference in the annual income. The annual incomes from the chemical

industry or the machine industry, which towed economic growth in the northern area of Mie prefecture, had increased rapidly since 1980 until 2000. On the other hand, the annual income which is gotten in the agriculture and forestry fisheries industry is increasing hardly since 1970. As a result, the structural change such as the laborers moving from the primary industry to the secondary industry and the tertiary industry had happened in the northern part in Mie Prefecture. In the southern area of Mie prefecture, many people had given up a primary industry and the depopulation and the aging had progressed rapidly.

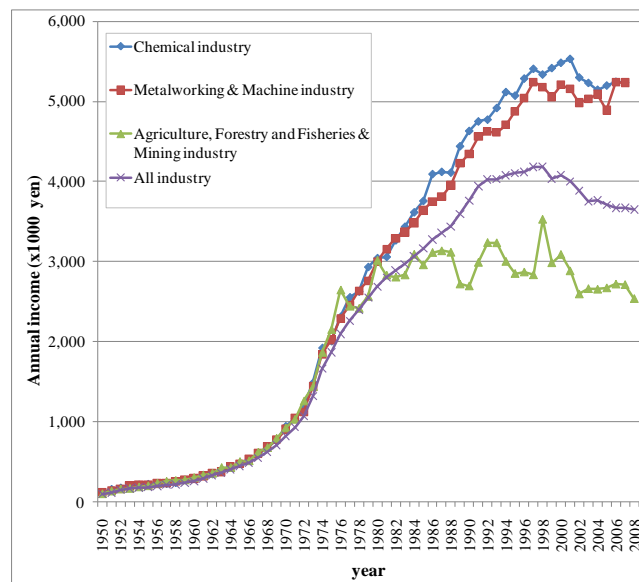


Fig.4 The change of annual earning by industry

The laborer has both the role as an employee of the company and the role as a local resident. For the maintaining of the local community, the maintaining of the people who live in there and conduct the role for inheriting a tradition are important. Historically, the patriarch who succeeds to "the family" was in charge of this role. The patriarchs who had succeeded their father in the family businesses such as the agriculture had participated in industrialization society as employees in the company to earn the money. It is the established fact which happened in the every local area in Japan during the process of the industrialization after the high economic growth period.

Therefore, we worry about that the withdrawal of the factory from the local area accompanying the restructuring of the big businesses under the recent economy flounder might make the situation that the patriarchs cannot continue to live in the local community. As a result, the patriarch might leave the area by obeying the duty as an employee, and the actual impact by this is the collapse of the local community rather than the decrease of population. It is expected that such situation occurs as the serious problem in

the future in the northern region where the economy was favorable so far.

### B. *The role of the small and medium sized enterprises in the local community*

The role of the small and medium size companies based on the local area is not only to provide the employment opportunity in the area but also to maintain the lives of the people living in the local area by providing an employment opportunity (Fig.5). The authors thought that the existence of the local companies becomes a key for the restoration of the society in the southern region of Mie prefecture and are conducting the project to encourage the local companies. On the other hand, the local companies play a valuable role as the saucer of the laborer who should be moved out by restructuring of the big businesses. As shown in Fig.5, the role of the local companies will become more and more important in local society.

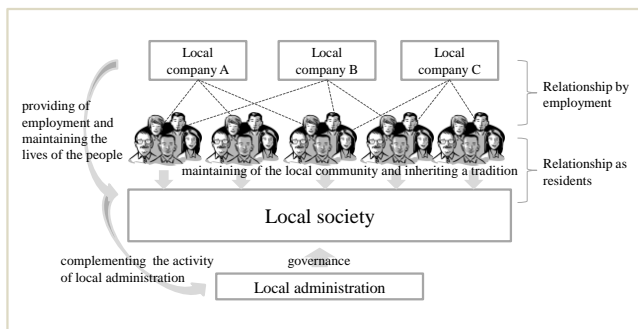


Fig.5 The relationship between local companies and residents

### C. *The cooperation of the local University with the local companies for the local society*

In 2008, 7 executives of local companies entered the Graduate School of Medicine of Mie University. They were young executives who succeeded to the business and wish to try a new challenge in the succeeded businesses. To find out the own way in their succeeded business, we started the cross discussion meeting which all executive students and other graduate students participated and discuss the problems regarding management and R&D.

When the local companies strengthen business or begin the new business, the ability of technological development and the person of talent are sometimes in short supply. The aims of our trial in Mie University are to solve such problem which the local companies are having. We believe firmly that the local companies becomes strong by thinking together of the strategy with the executives and also by helping the development and research and by introducing the person of talent to execute strategy.

The cooperation between the local university and local company can solve the common problem which the local society has. Such action should be effective for "regional innovation" from the local University.

### REFERENCE

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- [2] Public Opinion Polls Report regarding Lives of the citizenry in 2010, Cabinet Office, Government of Japan.
- [3] "Statistics of Mie" at <http://www.pref.mie.jp/> by Mie Prefecture