

**Oleg Moroz**

ORCID: <https://orcid.org/0000-0001-7336-8023>

*Candidate of Economic Sciences (PhD),  
Associate Professor  
Engineering Educational and Scientific  
Institute of Zaporizhzhia National  
University, Ukraine  
(Zaporizhzhia, Ukraine)*

**USING THE  
EXPERIENCE OF  
LEADING JAPAN  
CORPORATIONS IN  
THE CONDITIONS  
OF THE POST-  
CRISIS RECOVERY  
OF UKRAINE**

**Abstract**

*The possibility of using the most effective examples of world experience and practice of ensuring the sustainable development of economic systems in the conditions of post-crisis (post-war) challenges and threats on the way to the recovery of Ukraine as a whole and its economy in particular is considered. Taking into account the high pace of recovery of Japan's economy after the Second World War and its transformation into a highly developed country and the world's leading economy, the purpose of the study is to highlight the possibility of using the experience of Japan's leading corporations in the post-crisis recovery of Ukraine's economy. In order to achieve the specified goal, the work highlights the experience of leading corporations in Japan regarding: a) fundamental aspects of economic development on the way to overcoming the crisis and approaches to evaluating the results of business activity; b) strategic approaches to business development by the country's leading companies and the formation of an innovative type of its economy; c) approaches to business process reengineering and human resource management at advanced Japanese corporations.*

**Keywords:** *crisis, criteria performance, development strategy, human resources, innovation, recovery, reengineering.*

**Introduction**

The economic advantages of Ukraine, which were justified both by its geographical location, taking into account its various natural-climatic and resource characteristics, and by existing industrial complexes, the agricultural sector and extensive infrastructure, were

largely devalued as a result of the annexation and occupation of part of its territory in 2014 and significant destruction as a result of aggression against it by Russia from the beginning of 2022. The restoration of the country's economy in the post-war period and its further integration into the world economic system requires the reconstruction of both its resource and processing and labor potential, with the determination and further consolidation of the national economy's appropriate place and role in the international division of labor and the world economy.

On the way to the recovery of Ukraine as a state as a whole, and its economy in particular, it is very important to use the most effective examples of world experience and practice of ensuring the sustainable development of economic systems in the conditions of post-crisis (post-war) challenges and threats.

The relevance of the study of problems related to the definition and implementation of world experience and practice to ensure the post-crisis development of both the country as a whole and its individual regions and certain territorial entities, as well as business entities, in particular, in the context of the need for Ukraine to overcome the existing crisis phenomena, primarily related to the war and its consequences (economic, social, psycho-emotional, etc.) is determined by the fact that significant economic and political support to Ukraine from the partner countries, which was provided during the war, may significantly decrease (and in some cases even change) after its completion. At the same time, one of the most effective mechanisms for restoring the country's economy in the post-crisis period is the intensification of innovation and investment activity, the justification of which requires the use of the best practices of the world's leading companies in economic activity.

From the point of view of Joseph Schumpeter, one of the founders of the entrepreneurial approach to the development of economic relations, the basis of economic growth is the evolutionary process of constant introduction of innovations in the form of certain scientific and organizational combinations of production factors, supported by a motivated entrepreneurial spirit and advanced experience (Schumpeter, 2004).

Taking into account the fact that after the Second World War, Japan was destroyed, and modern Japan is a highly developed

country that accounts for a sixth of the world's industrial production, *the purpose of the study* is to highlight the best practices of Japan's leading corporations, which ensured the recovery and dynamic development of the country's economy in the conditions of its post-crisis state. At the same time, attention is focused specifically on Japanese advanced companies because in terms of gross domestic product and industrial production, Japan ranks third among the countries in the world after the United States and China. The country ranks first in the production of ships, cars, tractors, metalworking equipment, consumer electronics, and robots. The main sectors of the country's economy are: ferrous and non-ferrous metallurgy, power electrical equipment, shipbuilding and automotive industries, electronic and electro-communication equipment, instrument making, petrochemical, food, textile and light industries (Shved, 2022).

## **Materials and Methods**

Of course, an outstanding role in the formation of advanced approaches to the revival of the Japanese economy after World War II belongs to the American scientist William Edwards Deming, who first visited the country in 1946 and proposed the practical use of his scientific developments in the field of management, including (Stratton Brad, 2012):

a) the W. Shewhart cycle he modified, which the whole world now calls the Shewhart-Deming cycle [PDSA or PDCA];

b) proposed for practical use of the theory of deep knowledge developed by him (understanding of the system; knowledge of the theory of variability; elements of the theory of knowledge; knowledge in the field of psychology) and methods of statistical quality control;

c) concentrating efforts on the widespread use of team interaction and on the internal motivation of employees as the basis for their responsible and stable behavior;

d) the use of Deming's 14 key principles, which were widely used both in Japan and in other countries under the name "lean manufacturing".

This study was based on both information obtained from open literature sources (Schonberger, 1988), and information received

from specialists from the NEDO research center (“New Energy and Industrial Technology Development Organization” in Kawasaki), which is developing strategies for the metallurgical industry concern “Kawasaki seitetsu”, as well as specialists from the corporations “Toyota”, “Honda motors” and “Sony Electronics” when visiting.

The evaluating factor for the activity of any business structure in Japan is the ratio of the results achieved to the costs incurred as 3 criteria, in particular:

- *productivity*, which takes into account the labor consumed – “it is necessary to do something properly”;
- *effectiveness*, which takes into account the degree of achievement of the target function – “you only need to do what should be done”;
- *efficiency*, which takes into account all functioning labor – “doing only what should be done must be done only as it should be done.”

In an effort to speed up the elimination of crisis phenomena, take the place of one of the leaders of the world economy and create conditions for maintaining their achieved positions, leading Japanese corporations rely on the widespread use of such factors as:

- psychological (including behavioral) traditions of the population, based on philosophical, religious and moral values, including: strict discipline, exceptional hard work, amazing accuracy, perseverance, patience, minimal needs, a strong sense of collectivism, devotion to the employer, submission and respect to elders, understanding and recognition of one’s place in business, desire to learn and improve, etc.;
- minimizing inventories of material and technical resources by integrating inventory management systems based on our own approaches to quality management and the implementation of automated production management systems;
- widespread use of comprehensive quality control systems for both the resources used and the work performed, as well as the results of activity and its consequences, by including responsibility for quality in every job description or job description of a production worker;
- widespread use of comprehensive systems of preventive maintenance of equipment, eliminating its breakdowns and failures

during operation;

- extensive use in practical activities of advanced methods of studying both the total needs of consumers, the capabilities of our own production to improve the consumer qualities of operating results, conditions and sales channels, and the total capabilities of competitors.

At the same time, it is necessary to take into account that government authorities must take on a special role, making increased efforts aimed at ensuring conditions for filling the foreign market with Japanese goods (better quality and cheaper than competitors), while simultaneously protecting their own market from external competition under WTO rules.

Thus, we can conclude that in order to revive the Ukrainian economy in the post-war period and restore its industrial, agricultural and logistics potential, it is necessary to use clearly defined and transparent assessment criteria for the activities of business entities and socially significant sectors of the economy, as well as markers of development dynamics for both individual business structures and their associations, as well as for government bodies and local self-government.

## **Results and Discussion**

The development strategy of the most effective Japanese companies (for example, Toyota, Honda motors, Sony Electronics) is based on both improving consumer qualities and reducing prices for goods that are analogues of goods produced by competitors. The following examples characterize the options for approaches to overcoming crisis conditions by Japanese companies:

- the owner of a network of auto repair shops, Mr. Toyoda, having concentrated on improving the lubrication and interior heating systems in German cars supplied to the USA and not taking into account the climatic conditions of this country, developed the business to the largest car manufacturer in the Toyota concern;
- the automobile concern “Honda Motors” began by installing small, improved engines on bicycles, which came in large quantities from army warehouses, gradually moving on to producing cars with environmentally friendly engines of its own design, leading in the

segment of sports cars, as well as electric vehicles and scooters;

- a small company for the repair of consumer electronics and the production of pressure cookers called “Sony” (from the Latin word small) made a rapid breakthrough in business development by hiring engineer Ibuka Tada, who proposed to improve the captured tape recorder by combining it with radio receivers in which he provided for switching to FM stations broadcasting in the USA.

In addition, special attention of the strategic management of large corporations in Japan is focused on expanding and diversifying the range of activities and areas of business development. For example, the company “Kawasaki seitetsu”, which is one of the 5 largest metallurgical concerns in Japan, declares that one of the most important directions of its business development strategy is the transition from the metallurgical sector in business to a diversified business by bringing the share of steel production in the overall structure of business volume to 60%. At the same time, organizing the production of electronics goods, which should account for up to 15% of total income, the production of chemical products and new types of polymer materials up to 13% and engineering work up to 12%. At the same time, the Sony Electronics holding company sets itself a strategic goal in the form of creating the widest possible range of production of electrical appliances that a person may need in life under the slogan “the entire living room in every family is only from Sony.”

Thus, the main attention in the process of post-crisis recovery of the economy should be given to the creation of an *innovative type of economy* in post-war Ukraine – an economy based on:

**a)** continuous flow of implementation of improvements in consumer qualities and price characteristics of goods and services;

**b)** constant improvement of technical-technological and economic-management processes;

**c)** concentration of attention and resources on expansion of spheres of activity and creation of new types of high-tech products with high added value;

**d)** limiting the supply of unprocessed raw materials to world markets by expanding target market segments in the world economy to ensure the export of domestic products and services, etc.

At the same time, it is necessary to take into account the fact that

the complexity of creating an innovative economy in Ukraine in the post-crisis period lies, in particular, in the fact that there are:

- a) limited resources for overcoming the destruction and restoration of regional infrastructure and business assets;
- b) demographic losses in the country;
- c) the presence of an unfavorable investment climate in the country for business development;
- d) aggravation in the post-crisis period of competition both on the international arena within the global economy as a whole, and in certain industries and types of activity, in particular, etc.

However, without a clear definition of a strategic vision of ways and directions for the recovery of the country as a whole and its economy, in particular, a positive solution to the problems accumulated during the war is impossible. Therefore, it would be appropriate to consider the practical experience of approaches to the formation of a strategy for existence and business development, which has found application in advanced companies. Many dynamically developing transnational corporate structures in Japan and other developed countries, as the basis for building a business strategy and management system, use the model proposed by M. Hammer and J. Champi, called the balanced scorecard, which is based on its four main components, (projections), namely (Hammer & Champy, 1993):

- a) finance (cash flows);
- b) marketing (supply of resources and marketing of results);
- c) internal business processes (technology and organization);
- d) personnel (training and professional development).

Thus, the formation of a general (corporate-wide) strategy is carried out by integrating all functional business strategies with a focus on the following areas:

- “*clients*” – it provides for the development of activities aimed at meeting the needs of both consumers of the results and consequences of business activities, and suppliers of resources needed by the business, as well as the search for optimal ways to interact with related companies, manufacturers of similar products, and competitors, etc.;
- “*processes*” – prospects for systemic and comprehensive optimization of all business processes and related resources

(machinery and technology, equipment and accessories, organization and management, resources used, etc.), in order to improve the consumer properties of manufactured products (provided services), improving their quality characteristics, reducing resource consumption and production costs;

- *“people”* – coordination of work on strategy formation in the process of transforming “human resources” into “human capital” capable of realizing the company’s goals and strategy through constant training, assessment and development of personnel, their involvement in the business by motivating their behavior and stimulation to achieve the necessary results;

- *“finance”* – development and coordination of all functional strategies in terms of balancing financial flows, using own and borrowed funds, minimizing costs and increasing income, using profits.

In our opinion, special attention when forming a strategy for overcoming the crisis and restoring economic potential, taking into account the emerging demographic situation under the influence of the consequences of the war, would need to be focused on human resources. In this case, in the strategic direction “people”, using the experience of Japanese enterprises, certainly taking into account the national characteristics and cultural traditions of our country, it would be possible to focus on the fact that when forming:

**a)** compensation policy (organization of remuneration) take into account both the qualifications of the employee, his work experience and the employee’s work merits, test assessment indicators of personal characteristics and authority among colleagues, subordinates and managers (personal price list “who”), and the nature of the work performed by the employee and their results, the position of the workplace in the hierarchy of the enterprise’s subordination structure, the number of related professions mastered and the quality of their implementation, the absence of violations of technological, production and labor discipline (price list of work performed “what”);

**b)** personnel policy to provide opportunities, conditions and tools for implementing the personnel development system as a whole (for example, the use of the Toyota concern’s labor knowledge rotation system) and individual career programs, in particular based on a



systematic and objective assessment and taking into account the individual merits of each;

c) internal and external social policies of businesses should provide for both systems of broad support and social protection for employees and members of their families, including support after the end of their working career, and certain aspects of social support for the population in the places where business structures operate.

## **Conclusions**

Based on the foregoing, it is possible to draw certain conclusions about the advisability of using the experience (critically analyzing and assessing the possible results and consequences of its implementation in real-life conditions) of the most successful business structures, both in terms of the positions they have achieved in world markets, and in terms of their influence on the revival and dynamic development of the regions of their operation and society as a whole. From this perspective, of particular interest is the study and practical use of the experience of advanced Japanese corporations, which have achieved good results in practice, in the conditions of post-crisis economic recovery.

Among the factors that deserve attention, in our opinion, we can highlight, in particular, the following:

- the basis for the effective work of leading Japanese companies is their constant desire to meet the needs of consumers through constant improvement of the quality properties and consumer characteristics of their products while striving to reduce the price and improve the conditions for the sale and promotion of their goods on the market;
- carrying out painstaking, balanced and targeted work on the formation of a unifying strategy for all functional and product (regional) divisions of corporations in the areas of clients – processes – people – finance. At the same time, the implementation of a certain strategy is carried out by searching for ways to improve consumer characteristics and quality properties of manufactured products (services provided), improving technology and technical means of production, minimizing inventories, comprehensive quality control, ensuring uninterrupted operation of equipment and effective use of labor potential;

- special attention to the formation of labor potential and the effective use of human resources by leading Japanese companies, including:

- a) creation of conditions that exclude violations of performance, technological and labor discipline;

- b) strict and clear formalization of all industrial relations (the peculiarity is that the description of the functions and responsibilities for a position (profession) working at a specific workplace is replaced by a statement of them for a specific employee working in a position (profession) at a given workplace);

- c) a combination of unquestioning subordination and subordination in industrial relations with providing opportunities for creativity and initiative (with encouragement and decent remuneration) exclusively in free time from work;

- d) conducting a systematic, scrupulous and objective assessment of both the employee's characteristics and the results of his work, as well as his opportunities and prospects for professional growth, a detailed accounting of all the employees' achievements;

- e) comprehensive support for employees' desires to improve their skills, master related professions, rotate labor knowledge, and professional development;

- f) concern for changing the employee's attitude towards the business from job satisfaction to loyalty to the company and involvement in the business, dedication to the interests of the business.

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**Olena Stanislavyk**

ORCID: <https://orcid.org/0000-0003-2481-9961>

Doctor of Economics, Professor  
Chair of Management and Marketing  
State University of Intellectual  
Technologies and Communications

**Oleksandr Kovalenko**

ORCID: <https://orcid.org/0000-0001-9702-2772>

Doctor of Economics, Professor  
Chair of International Management  
and Innovations  
Odesa Polytechnic National University  
(Odesa, Ukraine)

## THEORETICAL AND METHODICAL BASES OF ENTERPRISE'S INTERNATIONAL ACTIVITY DEVELOPMENT

### Abstract

*The article is devoted to research the theoretical and methodical bases of the development of enterprise's international activity. It is established that international economic activity is an activity based on the relationship between a national producer of goods and services and a foreign partner and takes place in accordance with current legislation. Export and import are the most typical operations of international*