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國際學碩士學位論文

**A Study on the New Strategies of Korean Trading Companies
in accordance with external changes through comparing
Japanese Sogo-Shosha**

일본종합상사와의 비교를 통한 대외환경변화에 따른
한국종합상사의 신전략연구

2012年 8月

서울大學校 國際大學院

國際學科 國際通商專攻

朴慶豪

**A Study on the New Strategies of Korean Trading Companies
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Thesis by

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ABSTRACT

Export has played a pivotal role for economic development in Korea. In particular, GTC(General Trading Company) has an enormous effect on trade benefit. GTC is a unique organization which only exists in Korea and Japan. Focusing on ‘manpower’, the business sector of GTC is very diversified such as financial service and natural resources investment above conventional trading.

Referring to Japanese GTC(Sogo-Shosha in Japanese), Korea designated GTCs supported by Export Trading Company ACT. And they implemented to build new market and global network resulting long-term economic development in Korea as well as executing trading business.

Meanwhile, both countries GTCs have experience several crises as manufacturers expanded overseas network and arise its accessibility to trading business. However, trained by obstacles such as ‘GTCs revocation’ and ‘reduction transaction cost by IT technology’, Japanese GTCs have overcome the crises by early energy and natural resources business based on innovative strategy. On the other hand, Korean GTCs has exposed its

weakness of trading share and lost privilege under the circumstance of conglomerate since the ACT ended in 2009. Therefore, it is time to build a new strategy for Korean GTCs in response to external changes.

Even though Korean GTCs are benchmarked by Japanese GTCs, it is impossible to follow Japanese strategy. In particular, Japanese “Continuous Transaction” would not be eligible for Korean GTCs with the different business environment.

Therefore, this study suggests new strategy for Korean GTCs based on two ways. In order to do this, at first it was executed corporate analysis ten biggest GTC on both countries to draw about similarities and differences. Continuously, through competitiveness factor mapping, ICT and SI combination model supporting by internal systemic innovation is needed for Korean GTCs new strategy.

Keywords: General Trading Company, Export Risk Management, Value Creator, Combination Business Model

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CHAPTER I. INTRODUCTION

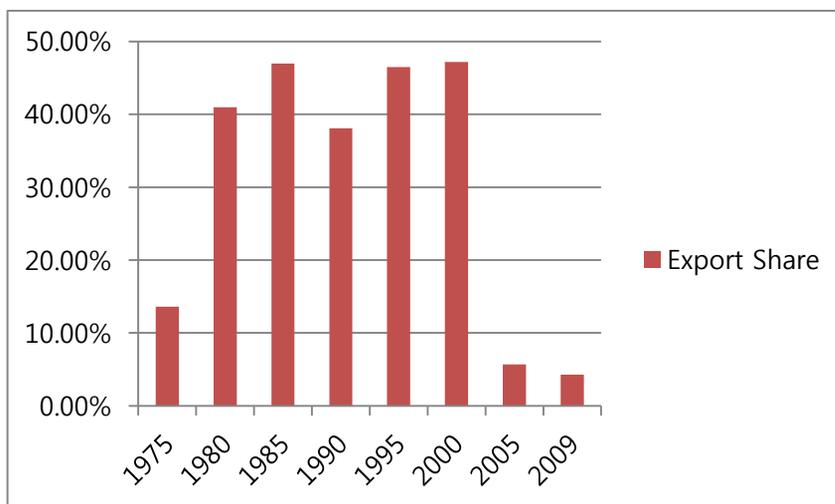
Trade has played a pivotal role as the momentum of economic development by the experiences of Germany, Japan, Korea, and others. In particular, among countries with trade –oriented countries, Korean and Japan has maximized unique business organizations, “General Trade Companies (GTC, Sogo-Shosha in Japanese)” as a biggest tool of trade growth for decades. The term “GTC” is generally regarded that it was invented by Japan and belonged to a different league from the other trading companies in terms of size, scope of activities, and their strategic directions (Dongsung Cho, 1984). Korea followed Japanese GTC’s strategy by the cooperation of Japanese firms and designated seven¹ companies as Korean GTC. Before the IMF Crisis and IT development, Korean GTCs was on the fast track to growth. However, GTC underwent enormous crisis by bankruptcy of parent company, insufficient business strategies and failure of financial risk management. Yet in other part, Korea has accelerated FTA agreements with multi-track approaches and a variety of private trade sector approach has been needed. In spite of this demand, many Korean GTCs still adhere to get benefit from traditional trading such as steel and automobile (Some energy investment business is going on, but lie on low level).

¹ Samsung, LG, Sunkyung(SK), Hyundai, Daewoo, Kolon, Ssangyong as of 1975.

Meanwhile, Japanese GTCs had prepared very lucrative business by plant, bio business and others. And they succeeded in changing their business model as ‘Value Creator’².

As a result, Korea’s GTC has pointed lowest export share since 2000 as illustrated in <Figure 1> as domestic manufacturer has increased their overseas branches and networks which have the roles of traditional role of Korean GTCs. On the other hand, since 2000, Japanese GTCs has decreased its export share of traditional trade on purpose. Instead of it, they have increased energy and natural resources business market share including brand business.

<Figure 1: Export share of Korean GTCs>



Source: Korea International Trade Association (KITA)

² <http://www.mitsubishicorp.com/jp>

On one side, since 2000, research of GTC had been stagnant 2008. On the strength of Japanese GTCs, research has been increased. However, most studies were regarding export-risk management and energy-oriented business portfolio. In different words, they well points out how Japanese GTCs were successful and which characteristics affected its own strategy. No researches exists on the mapping or alternative plan for Korean GTCs. In Particular, there must be unique reason why Japanese GTCs have revived with recording tremendous development as described in <Table 1>³.

Therefore, in this study, I will not discuss GTCs as a simple route of export for large conglomerates in Korea and Japan. Also, rather than Chaebol versus Chaebol comparative research, this study is to design fundamental differences through their external environment. Additionally, this will introduce Japanese GTCs' successful transformation in the case study of Mitsubishi Corporation to be reflected on Korean GTC's future development. However, I will not just benchmark Japanese's best case to the Korean GTCs since the purpose of this study is to draw possible suggestion based on Korean External changes.

³ Recently, GTCs sales has been bit decreased, but still points at the biggest position in the industry.

<Table 1: Business Sales Changes in the Japanese Five Biggest GTCs>

(Unit : 100mil Yen () means year

by year)

Corporation	Year	Sales	Business Profit	Net Profit
三菱商事 (Mitsubishi)	2007	231,030	3,551	4,709 (13.3)
	2008	223,891	5,889	3,699 (-
	2009	170,000	2,300	21.4) 2,200 (- 40.5)
三井物産 (Mitsui)	2007	170,091	3,748	4,101 (36.0)
	2008	153,479	3,947	1,776 (-
	2009	115,000	950	56.7) 1,200 (- 32.4)
伊藤忠 (Itochu)	2007	124,125	2,665	2,186 (23.5)
	2008	125,828	2,757	1,653 (-
	2009	105,000	1,850	23.9) 1,300 (- 21.4)
住友商事 (Sumitomo)	2007	114,846	2,652	2,389 (13.2)
	2008	107,499	2,633	2,150 (-
	2009	89,000	1,650	10.0) 1,150 (- 46.5)
丸紅 (Marubeni)	2007	106,316	2,340	1,472 (23.4)
	2008	104,620	1,250	1,112 (-
	2009	80,000	1,317	24.5) 800 (-28.1)

Source: Japan Foreign Trade Council (JFTC)

In order to do that, on the whole, I will apply two step approach based on case study. At first, GTC analysis on both countries will be implemented. Especially, I sorted out five biggest corporations which have

hugely affected industry⁴ and analyzed its characteristics. Competitiveness approach will be executed to suggest for new strategy.

⁴ GS Global, Hyosung, Toyota Trade, Sojitz has not been chosen above reason.

CHAPTER II. EXTERNAL CHANGES ON GENERAL TRADING COMPANY AND TRANSFORMATION

Korea and Japan, both countries have experiences many crises over past years. In particular, Japanese GTCs crisis had started in the period of 1950s. In fact, Japanese GTCs are more adaptable to deal with crisis than Korean GTCs. Putting in other words, they are more suitable for changing its strategy to deal with obstacles. Especially, Japanese GTCs overcame a possible crisis by innovative strategy. For example, since 1990, both GTCs have experienced similar crisis. In case of Korea, “A controversy of GTC revocation” has come up because of financial crisis and economic turmoil. Most GTCs in Korea like Japanese one were belonged to large conglomerates, which mean they were very vulnerable with bankruptcy of its parent company. On the other hand, Japanese had same economic recession right after “Bubble economy”. In addition to that, IT revolution had decreased transaction cost, which caused the reduction of its net profit. In spite of that, Japanese GTCs has overcome it with its innovative plan. In this chapter, I will discuss the reason why Japanese GTC succeeded its transformation based on historical comparative approach.

1. Comparing overview of Korean and Japanese General Trading Companies

From the early 1970s (exactly 1975), Korean General Trading Companies had been established by government rule. Then “Export Trading Act” was enacted in October 1982 with a hope to improve its troubled balance of trade (Dongsung Cho, 1984). With this national policy support, Korean GTC was able to set up its stable business portfolio depending on its parent companies. Basically, in the period of start-up of GTCs, main goods for trade were steel late, vehicles, home appliances and textile. In sum, the background of Korean GTCs establishment is truly based on export facilitations. Therefore, they cannot help focusing on trade goods manufactured by conglomerates. It means that Korean GTCs played a role as global networks to penetrate overseas market and economic situation. However, on the other view, Korean GTCs was able to be regarded agency nevertheless its man power was considerably higher than other affiliated company. Meanwhile, Korean GTCs have been renovated several times. Since late 2000s, the National Policy Support has been ended in Korea, which means the abolishment of export trading company act.

In the case of Japan, its GTCs were not established by Government. Rather that it will be much more exact that companies evolved as general trading companies. The history begins at Osaka and West region of Japan, Kansai in 1870s. In Kansai, it was brilliantly famous for external trade from Hongkong and other Asian countries.⁵ Therefore, naturally trade was prevailed neighborhood and interest increased people to people to overseas trade. Then, trade management system and financial loan was formed by private and public association. Especially, one of traders who had experienced Manchester (England) textile industrial complex received an idea to implement same industry. And he built similar corporation against European and Asian Traders supported by affiliated companies. This is the very beginning of Japanese GTC's history. In a nutshell, they had been organized by fostering domestic company to compete with foreign traders. Furthermore, they also were interested in import as well as export since they wanted to develop manufacture capability by following methodology of advanced makers. The beginning of GTCs continues relevant finance and risk management and its chain effect provided a solid foundation for present diversified GTCS business. With this background, Japanese Product line up is much wider than Korean's GTC, it deals with from living essentials to

⁵ Osaka Trade Museum (2011)

industrials. Recently, brand business of fashion item and animation could be good samples of its various business model, referring to <Table 2>

<Table 2: Overview of Korean and Japanese GTC>

	KOREA	JAPAN
Established	1970's	1870's
Background	Export Facilitation	Fostering domestic company to compete foreign traders (Import + Export)
Development Factor	National Policy Support (Export trading Company ACT)	Diversified business from specialized GTC dealing textile
Business Portfolio	Trading oriented Recently, energy investment	· Trading, Retail, Manufacturing · New Business Development
Product Line	Limited (Steel, Vehicle, Electronics)	Living Essentials to Industrials (Ramen to Satellite)

Source: 이종윤 · 김현성, “환경변화에 따른 일본종합상사의 경쟁력과 전략의 변화”

2. History of overcoming crises in response to External Changes (Japan)

In Korea, GTCs have firstly experience at the period of IMF crisis. On the other hand, as mentioned before, Japanese GTCs have been trained with several crises beginning from postwar period as illustrated <Table 3>. Its initial external obstacles happened from U.S military. U.S wanted to dissolve Zaibatsu (Conglomerate in Japanese) since it procured heavily to

the Japanese army. Naturally, GTC also had been victim of first dissolution under U.S Military. However, since late 1950s, deregulation had promoted GTC's again.

And then second crisis happened at the time of 1960-80s. Newly developed zaibatsu which didn't own biggest GTCs like Sony and Toyota didn't want to utilize GTCs, it made them to expend independent foreign operations. "A Controversy of GTC revocation" risen up. The original role of GTC, trading of goods underestimated. GTCs in Japan made a decision to exit that vulnerable situation. They emphasized less on maker-oriented trading and launched technology business. Surprisingly, this decision had an effect a 24% annual growth in 1965 to 1975. In addition to that, Mitsubishi Corporation initiated mine business in Australia in 1968. (Korean GTCs started actively this business in 2000s) This pioneering business made a biggest effect to bring net profit on nowadays GTCs.

But these two crises was not the end of story. The biggest obstacle had come up with financial turmoil and IT bubble. Having lost decades, Japanese GTCs must have been downsizing. By government action and self-industrial organizing, 7 companies out of 10 survived. Thanks to overcoming these crises, on the reverse, Japanese GTCs are enjoying the time of unprecedented booming specialized in the natural resources business.

<Table 3: History of Overcoming Crises in response to External Changes>

Period	Contents
1940-1950's	<ul style="list-style-type: none"> ▶ Postwar Dissolution of Zaibatsu(Conglomerate) → Since late 1950, deregulation had promoted GTC's again
1960-1980's	<ul style="list-style-type: none"> ▶ Maker expanded independent foreign operations ▶ [A Controversy of GTC revocation] → Less emphasizing maker-oriented trading and technology licensing business launched → It had an effect on 24% annual growth (1965~1975) ▶ 1968, Mitsubishi's mine business was the start of the GTC's Resources business model
1990-2000's	<ul style="list-style-type: none"> ▶ Management Crisis after bubble economy → Industrial Reorganization(7 companies survived out of 10)
2000-2010's	<ul style="list-style-type: none"> ▶ Has experienced unprecedented boom owing to the energy biz

Source: 中谷巖,『IT革命と商社の未来』 2001 and Interview

from Mitsui Bussan

After all, for the Japanese GTCs, early meeting with rapid external changes themselves brought positive effects than negative effects. Fundamentally, in the midst of crises, the important factor to be upstairs of business developments was “The accumulated innovative capability” of GTCs in Japan. This is not the unique theory or methodology. In summary, the most lucrative word is “Accumulated”. Owing to the several crises, unlike Korean GTCs having only financial turmoil under the parent group, Japanese GTCs were able to have accessibility of internal and external innovation opportunities. Then, we can suggest of question what the best way is for Korean GTCs and how we can propose innovation strategy. I will discuss of this matter with literature review on the next chapter.

CHAPTER III. LITERATURE REVIEWS AND CASE STUDY

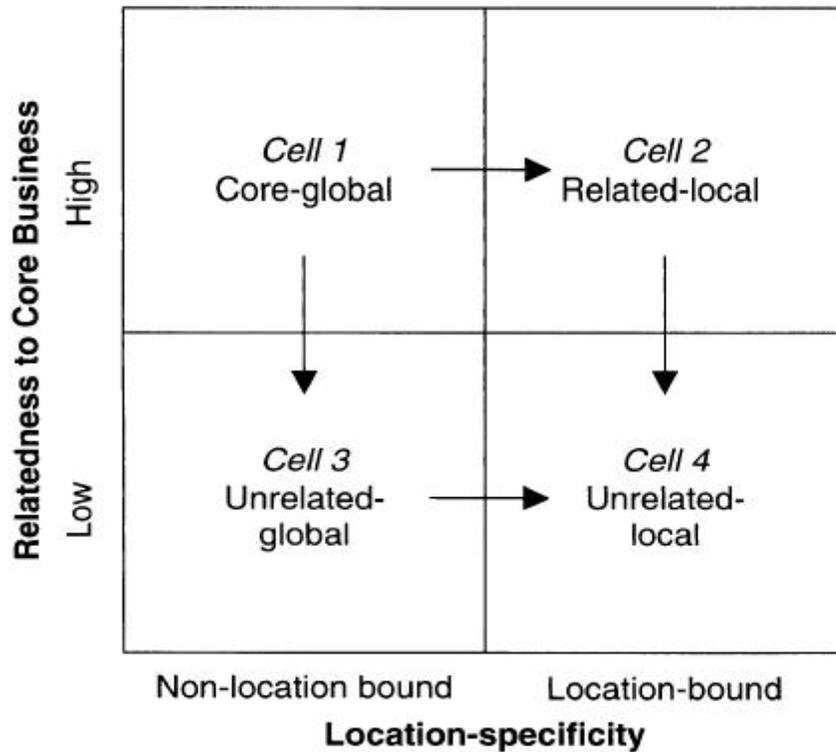
This chapter will review past academic studies on General Trading Companies and Innovation Strategy. On the Whole, I selected three literatures which will well describe the successful factor of Japanese GTC's transformation. The key concept is not on the scale of Japanese GTCs, but on their innovative strategies. The first study introduces how GTCs evolves its business portfolio in the case of service sector development. Second one can explain us why Japanese GTCs are still robust. The answer could be very simple. It is on the connection so called "Continuous Transaction". In other words, Japanese GTCs has played a pivotal role as credibility builder in the whole industry in Japan. Related to this matter, its risk management capability enabled it. The last but not least, the third theory tells us how the company step ahead as innovative one with sustaining value. As Japanese GTCs developed its business model in response to its external changes, Korean GTCs can build proper strategy with internal approach. Additionally, the case study of Mitsubishi Corporation's innovative business Strategy will make up for it.

1. Business Portfolio

Anthony Goerzen and Shige Makino (2007) argue that firms that internationalize through early investments that are closely related to their core business outperform those in unrelated business over time, but that this performance gap between related and unrelated foreign investments diminishes in more advanced stages of internationalization. Japanese trading firms are involved in many different business activities. Their core business is general wholesale trading at different stages of the value chain, including market intelligence, raw materials purchasing, and final product marketing with an extensive range of export services (Yoshino and Lifson, 1986; Shao and Herbig, 1993). Japanese trading companies are most effective for undifferentiated products such as food commodities, raw materials, and standardized industrial goods (Roehl, 1982), and in many joint ventures (JVs) these large-scale firms provide marketing and trading services and many other services such as financing, insurance, transportation, and warehousing (Maeda, 1990), with other firms supplying technical and production capabilities (Yoshihara, 1982; Kojima and Ozawa, 1984; Sarathy, 1985). It is important to note that Japanese trading companies are involved in a wide variety of businesses. Yet even in cases in which they are invested in manufacturing ventures, for example, the role they play is one of purely

service – primarily finance and marketing; whereas some of their various venture partners may be involved in the production of goods, the Japanese trading company role does not deviate from that of service provider. For this reason, we feel confident in characterizing Japanese trading companies as pure service firms across the wide range of their investments.

<Figure 2: Classification of Service Category>



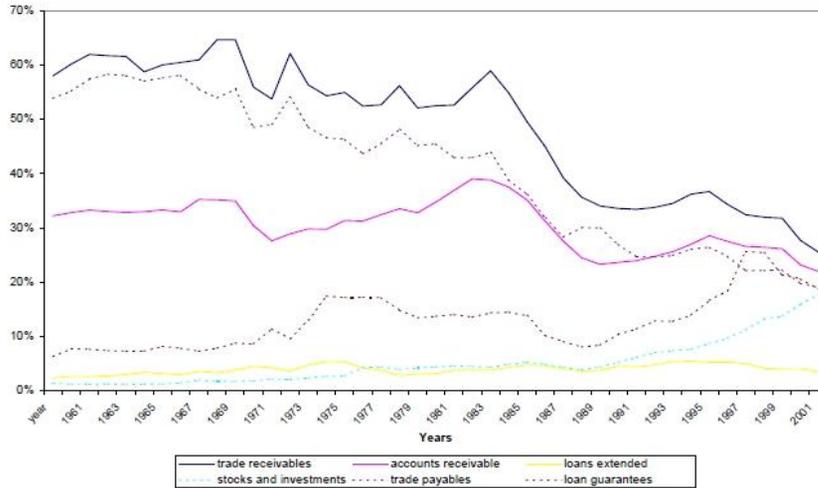
Source: Anthony Goerzen and Shige Makino (2007)

With these result, Japanese GTC Firms efficiently changed their business portfolio from traditional trading into service sector in response to external change.

2. Risk Management

Emphasizing the importance of export Risk Management, Iichiro and Yamasiro (2005) examine that the determinants of the relationship between trade credit and bank loans from the evidence of Japanese GTCs. And they view that trade credit and loans differ significantly even when offered by the same institutions, while loans extended by financial institutions and those extended by non-financial enterprises respond similarly. In sum, successful trade finance and credit risk management could support GTC. Trade credit transactions with client companies are by far the most important component of trading company finance. Because they are wholesale businesses, the general trading companies make heavy use of trade credit more due to the high turnover rate of the goods they sell as shows in <Figure 3>.

<Figure 3: Balance Sheet Items for the GTCs 1960-2002>



Note: This figure plots trade receivables, trade payables, accounts receivables, stocks and investments, loans, and loan guarantees all relative to total assets for the general trading companies from 1960 to 2002.

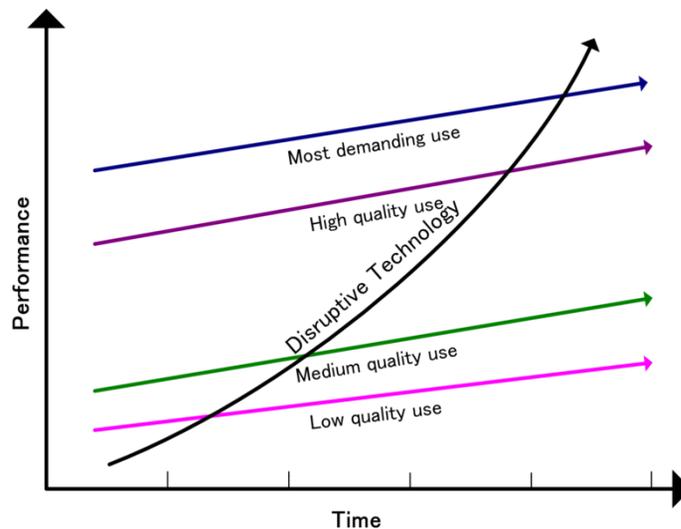
Source: Iichiro and Yamasiro (2005)

Besides trade credit, however, the general trading companies can and do provide other sources of financing to their customers. They extend both short and long-term loans, invest in equities and offer loan guarantees to client firms, all of which are vital in maintaining lasting business relationships. So, Financial Approach focusing on trade credit loan and credit risk management is very crucial to support GTCs growth and regional expansion.

3. Value Network

As the most important factor, sustaining value can be applied to the GTCs as well. Christensen, Clayton M (2003) recommends that existing firms watch for these innovations, invest in small firms that might adopt these innovations, and continue to push technological demands in their core market so that performance stays above what disruptive technologies can achieve. Therefore Sustaining Innovation does not create new markets or value networks Disruptive innovation helps create a new market and value networks as described <Figure 4>

<Figure 4: High-Low end Disruptive Innovation Period>



Source: Christensen, Clayton M (2003)

4. Case Study: “Innovative Business Strategy of Mitsubishi Corporation”

Amongst numerous Japanese GTCs, Mitsubishi Corporation is the most Representative and shows us exclusive advanced strategy for business model. Its business model initiated from internal innovative strategy and now it evolved corporate value. Previously, it relies on commission from intermediate way. In other words, Mitsubishi also very depended upon trade commission among country to country model. So, manufacturers were still above GTCs, and GTC’s strategy always under the circumstance of makers. However, Mitsubishi bravely tried to shift its basic profit model. It surely was possible because Japanese GTCs were estimated as credibility organization. Therefore, for example, if any global business happens, manufacturers and tender relevant association always wanted to take GTCs as business assessment and feasibility pioneer. Mitsubishi made use of it. In sum, the base reason to step up was not on the diversified business model. Basically, its successful innovation was possible based upon its informative capability and multi-decade accumulated credit.

With above background, Mitsubishi changed its business model as ‘Value-Chain Creating model’. Looking at the <Figure 5>, we can easily recognize how Mitsubishi Corp governed the value chain. From Upstream

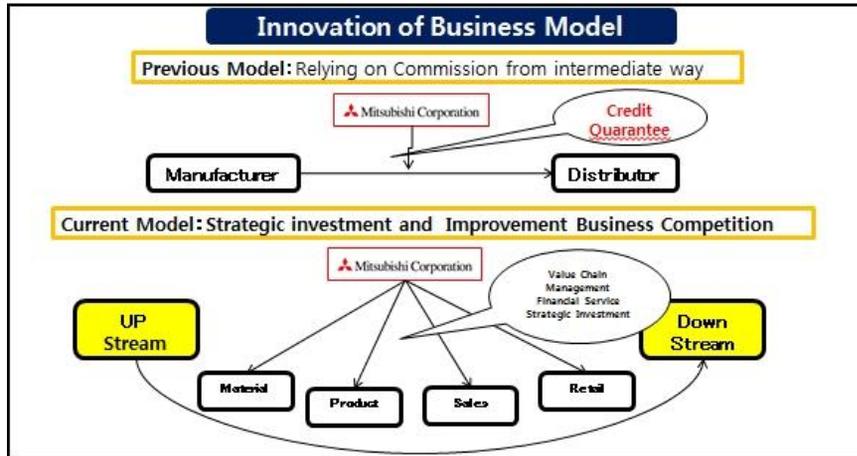
to downstream, material to retail, Mitsubishi implemented its radial system. It put their hands on basic management, financial system, and investment. And this business model is very relevant with its internal control system. Mitsubishi is building and operating an internal control system, as discussed below, so as to ensure that business activities are conducted properly and in conformity with laws and its Articles of Incorporation. Efforts are ongoing to reform and improve this system.⁶

However, its strategy doesn't stop here. Fundamentally, the main reasons of success can be divided into two sectors. Firstly, organization innovation tells us why its internal system is very robust.

6

<http://www.mitsubishicorp.com/jp/en/about/governance/corporategovernance.html#c>

<Figure 5: Mitsubishi's Innovation of Business Model >



Source: <http://www.mitsubishicorp.com/jp>

Mitsubishi has two kinds of internal organization management system. MCVA (Mitsubishi Corporation Value Added) employs organization assessment standards. For the purpose of efficiency and risk management, MCVA takes an important role as assessment tool for business development and organization (Pre to post) as follows,

- 1) After introducing the concept of capital cost, setting clear standards.
- 2) By utilizing the concept of maximum risk of loss.
- 3) 『Business income』 by separately calculating.

According to the above internal assessment, MCVA units can be easily connected risk management and mutually inform their shared value into

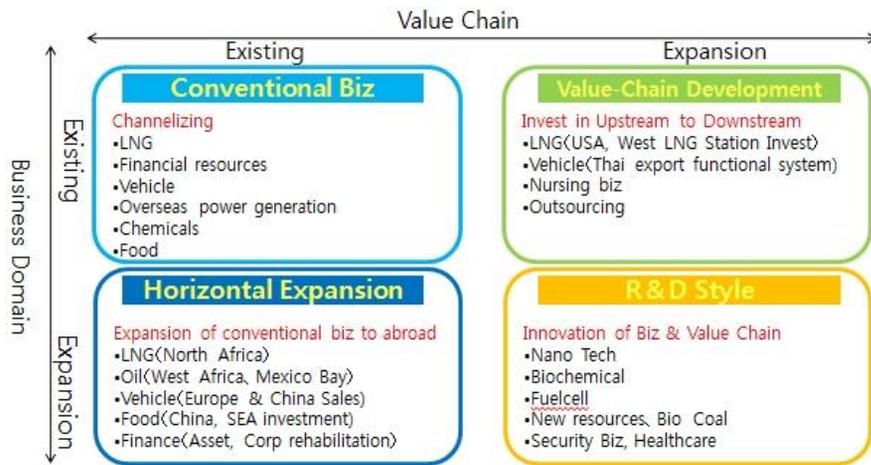
each business unit.

The second kind of organization innovation tool is Business Unit system to enforce independence of each business sector. BU (Business Unit) is the smallest unit which is independently committing planning, biz development, strategic communication. On BU, each unit can resolutely drive its own business and it resulted in recent energy and resource businesses.

Secondly, watching on the Strategy Innovation, it can be diversified three business model. There are Portfolio Strategy, Film Strategy, and R&D Open innovation. At first, showing at the <Table 4>, its business portfolio consist of four sector, conventional business, value chain development, horizontal expansion and R&D open innovation. Conventional business as it said simply channelizing its trading goods. Natural resources and energy business can be included in this sector in the case of trade. On the <Table 5> X axis shows us value chain developments. Therefore, if we moves right above, the business of value-chain development means investing in money to the future possible business. Since investing from upstream to downstream, this business enables Mitsubishi much more business profit if it is successful. Looking at the vertical axis, the under-left box means domain expansion (market expansion). Lastly, R&D Style combines Value

Chain and Expansion system. It basically focuses on open innovation, which means invest in new technology and expand its utilizing market.

<Table 4: Mitsubishi’s Business Portfolio>



Source: <http://www.mitsubishicorp.com/jp> and my own analysis

FILM Strategy is not irrelevant with value-chain network. FILM stands for ‘Finance’, ‘ICT’, ‘Logistics’ and ‘Marketing’ With these four factors play very important role to execute up to downstream network. Aforementioned R&D innovation strategy lies on strategy innovation, this strategy basically discover new R&D projects by Small-Medium Sized Enterprise having future potentials or independent Institutes. Therefore, Mitsubishi business development BU could actively invest seed money in

for commercialization for future business.

As we discussed so far, Japanese successful change in response to external changes were possible based on internal and external changes. In the next chapter, through corporate analysis between Korean and Japanese GTCs, we will discuss to bring more strategy for Korean GTCs.

CHAPTER IV. GENERAL TRADING COMPANY ANALYSIS ON KOREA AND JAPAN

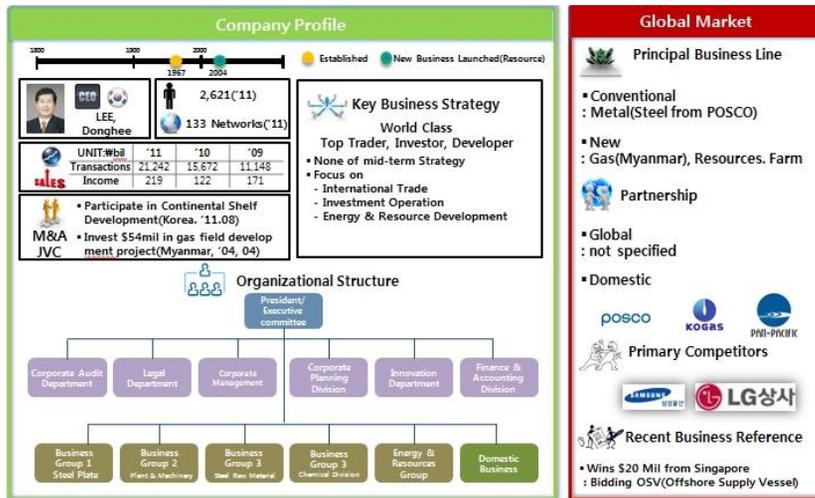
Based on respective frameworks, this study will analyze the GTCs in Korea and Japan. Since each GTC has its own organizations and strategy, individual research could bring interesting thoughts and results. Considering influences and scale, I sorted out totally five GTC respectively on each nation. Finally this study will process with the analysis of the most recent updated information to demonstrate the new trends in both countries' GTCs and to see whether the issue for Korean new GTC strategy in the most recent trend. In fact, this study will describe there have been major difference and similarities between both GTCs in corporate strategies and organizational charts for reflecting process in the most years. The main factor of analysis and classification are as next-company profile which contains key strategy and organizational charts and Global market. And then I classified differences and similarities to draw a possible conclusion.

1. Corporate Analysis in Korea

(All sources are based on Website and Interview)

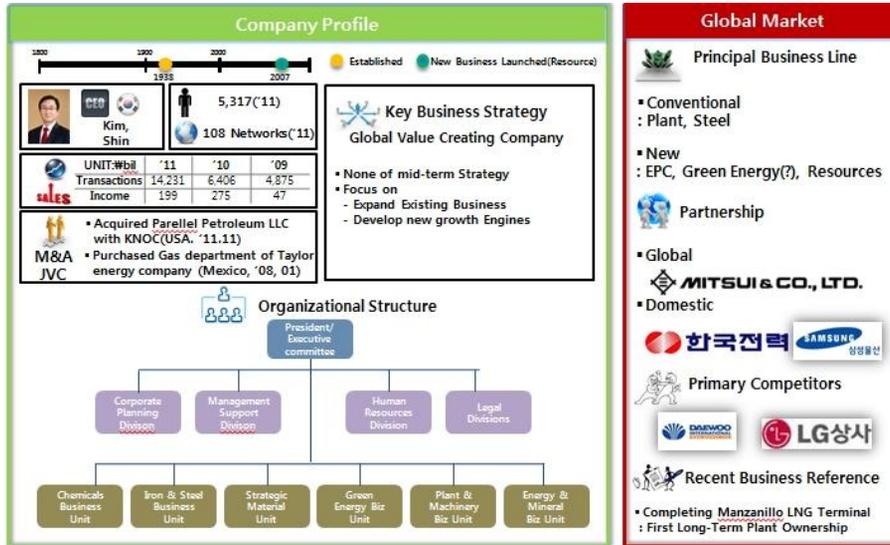
1) Daewoo International Corporation

<Table 5: Corporate Analysis in Korea: Daewoo International Corporation>



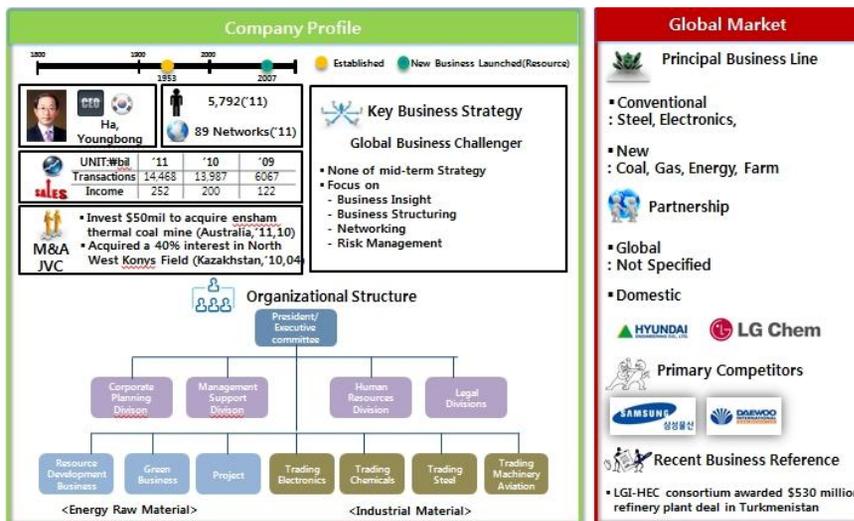
2) Samsung C&T

< Table 6: Corporate Analysis in Korea: Samsung C&T >



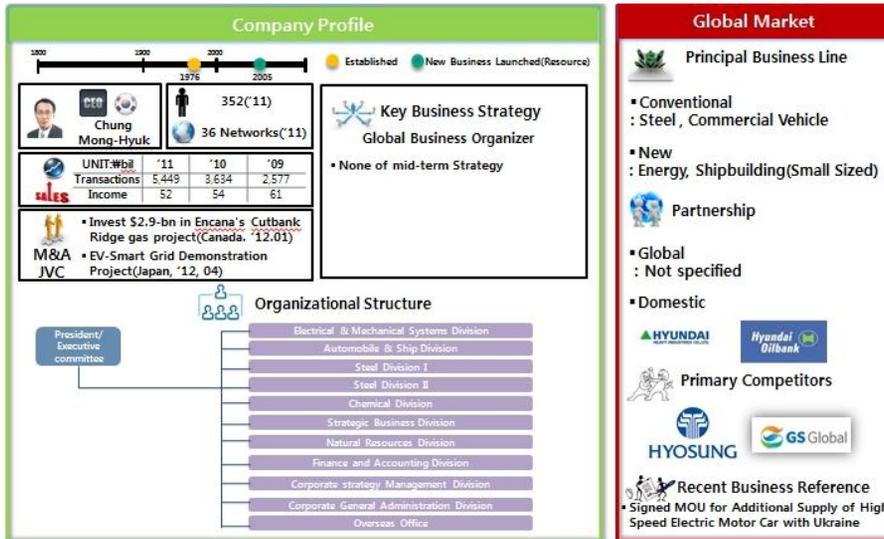
3) LG International Corporation

< Table 7: Corporate Analysis in Korea: LG International Corporation >



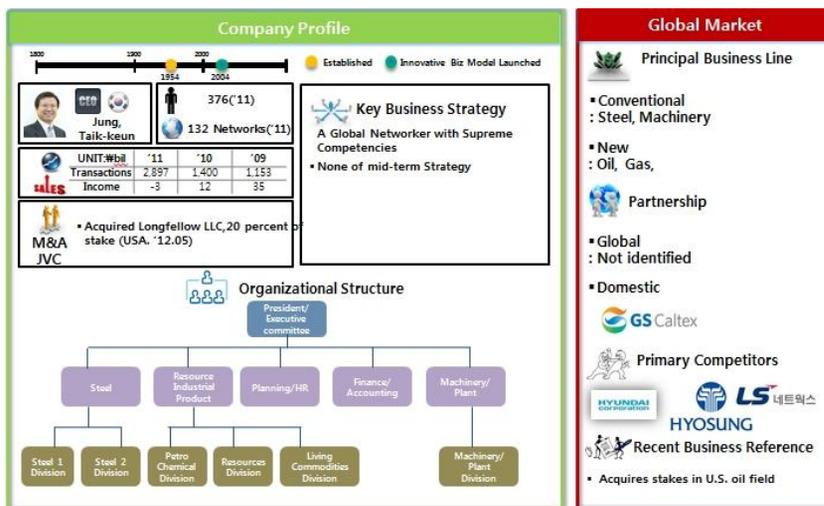
4) Hyundai Corporation

< Table 8: Corporate Analysis in Korea: Hyundai Corporation >



5) GS Global

< Table 9: Corporate Analysis in Korea: GS Global >

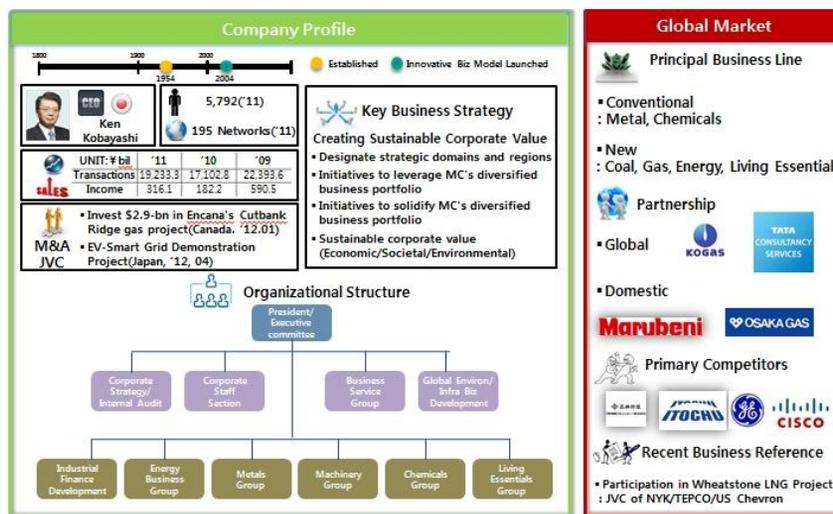


2. Corporate Analysis in Japan

(All sources are based on Website and Interview)

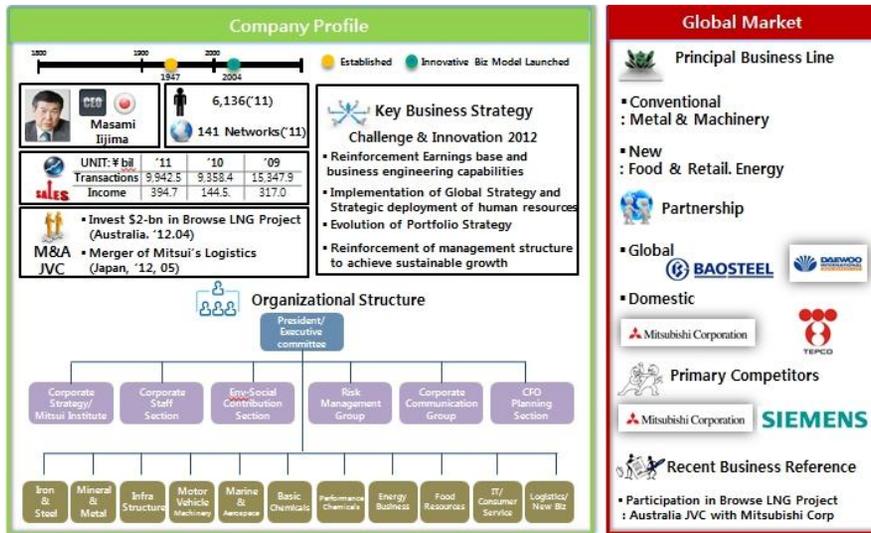
1) Mitsubishi Corporation

<Table 10: Corporate Analysis in Japan: Mitsubishi Corporation >



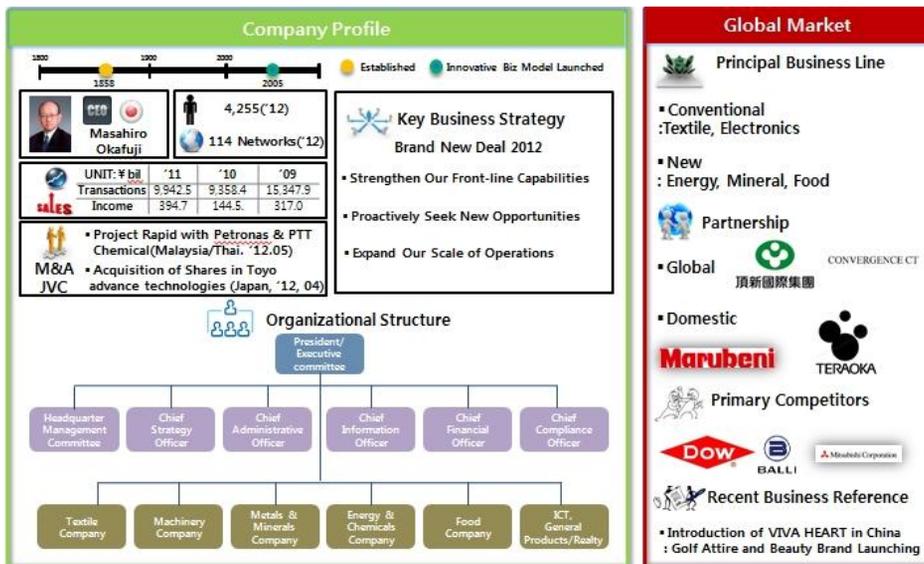
2) Mitsui Corporation

<Table 12: Corporate Analysis in Japan: Mitsui Corporation >



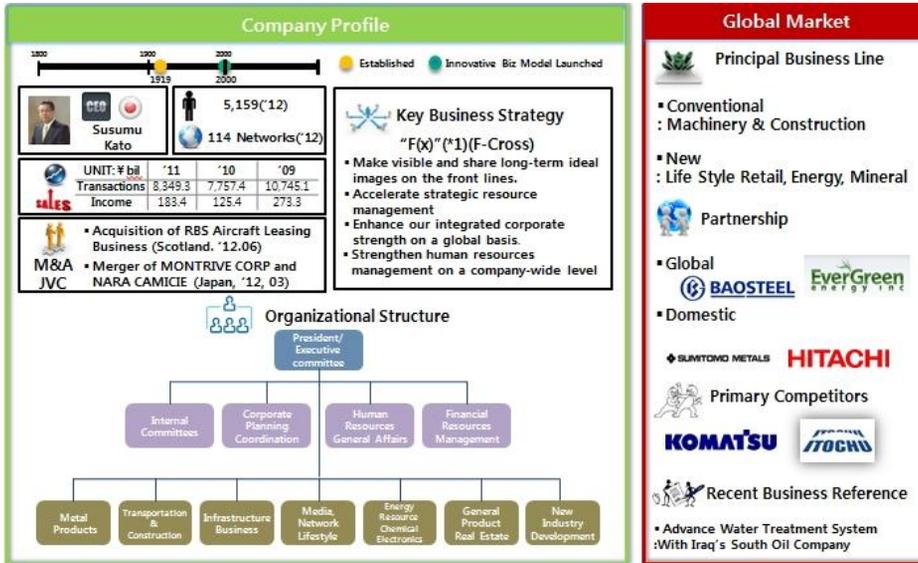
3) Itochu Corporation

<Table 12: Corporate Analysis in Japan: Itochu Corporation>



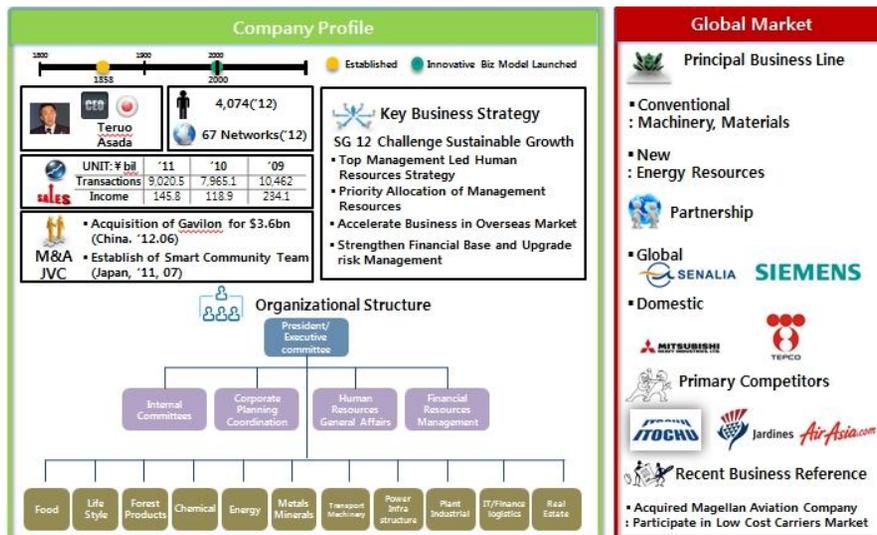
4) Sumitomo Corporation

<Table 13: Corporate Analysis in Japan: Sumitomo Corporation>



5) Marubeni Corporation

<Table 14: Corporate Analysis in Japan: Marubeni Corporation>



3. Conclusion

After researching and analyzing by document and face-to-face interview, I could draw a conclusion like this. Both GTCs has four similarities- Trading business exists, global network, under conglomerates and focusing on man power. Conventional trading business still put importance on supporting or main business. Especially in Korea, Steel business is positioned of more 30% share of its whole sales. On the other hand, several differences are highlighted. Above all, Japanese business portfolio is much more diversified on conventional and new business. In particular, Japanese GTCs are more positive at M&A. Most importantly, five biggest Japanese Corporation all have their long or mid-term tangible strategies. In Korea's case, only Daewoo International Corporation has its plan not on the strategy. The second highlighted one is competitor. Korean GTCs regard Korean or Japanese GTCs their competitor. However, Japanese GTCs surprisingly global manufacturers, Service Provider, and other relevant business group as their primary competitors. In case of Partners, the result was very significant. Korean GTCs are still under parent conglomerates. They tend not to have partnership GTCs and even other conglomerate's affiliated corporations. But Japanese GTCs have uniquely each own sector. For example, Marubeni shows strength on textile business

whereas Mitsubishi shows on energy and natural resources. In that case they tend to do partnership for mutual benefit. In the point of organizations, Korean GTCs still far away to strengthen of mid-level organization. This result reflects on weakness of business unit management of Korean GTCs referred to <Table 15>

<Table 15: Similarities and Difference between Korea and Japan GTCs>

Similarities		
1	Trading Business	2 Global Network
3	Conglomerates	
4	Man Power	
Differences		
1	Main Business(Conventional)	4 Mid/Long Term Strategy
2	Main Business(New)	5 Profit Model
3	M&A	6 Competitor
7	Partners	8 Position in Holding Company
9	Mid-level Organization	

<ul style="list-style-type: none"> <input type="radio"/> Diversified(depend on Corp) <input type="radio"/> Mostly Steel, Group line 	<ul style="list-style-type: none"> <input type="radio"/> Possession <input type="radio"/> not identified 	<ul style="list-style-type: none"> <input type="radio"/> Global(even other GTCs) <input type="radio"/> Affiliated Company Oriented
<ul style="list-style-type: none"> <input type="radio"/> Diversified(depend on Corp) <input type="radio"/> Mostly, energy and copper 	<ul style="list-style-type: none"> <input type="radio"/> Directly operating/trading fee <input type="radio"/> Commission Fee 	<ul style="list-style-type: none"> <input type="radio"/> Reliable Head(Developer) <input type="radio"/> Sales Network
<ul style="list-style-type: none"> <input type="radio"/> Global/Domestic M&A <input type="radio"/> Resource-oriented M&A 	<ul style="list-style-type: none"> <input type="radio"/> JAP GTC/Manufacturer/Service <input type="radio"/> KOR GTCs 	<ul style="list-style-type: none"> <input type="radio"/> Strong <input type="radio"/> Weak

Source: Interview and my own analysis

In conclusion, Korean GTCs still have gap against Japanese GTCs. However, since scale and background matters, it will not be exact comparing on the same level. Nevertheless, In Korean GTCs case, mid-level

organization and mid or long term corporate strategy must be built up in the near future.

CHAPTER V. NEW STRATEGY FOR KOREAN GTCs

1. Competitiveness Factor Mapping

In the previous chapter, I found out the similarities and differences on both GTCs. But aforementioned, all conditions cannot be applied as same. For Korea's GTC, It is not recommended Japanese GTC's strength on purpose. Rather than 'Fast Follower' strategy, we need to build our own strength-focused strategy. And it could be another 'Value-Creating' Strategy. For this reason, I applied CKG mapping on Korea and Japan GTC's. CKG Mapping is a very basic tool to suggest and show strength for each unit. The framework is also very visible. It is consist of 6 boxes as illustrated in <Table 16>. The upper one is the 'unit' we should find out the strength. Middle boxed is regarded "market" and the under part means counterpart. Therefore, we can consider only 3 factors to draw our strength and key factors

<Table 15: Competitive Factor Mapping >



Source: Interview and my own analysis

by simple analyzing. Korean GTC has strength on low price factor but its position is very low level. But its industrial product and IT solution providing business can be strong factor in the market. On the other hand, Japanese GTCs have overwhelming competitiveness specialized on risk management and global partnership et cetera. But their partnership has shown weakness in the industry of ICT and related business. As a result, I brought some key factors for new business of Korea GTCs. First, they need to develop of ICT business. Secondly export and import risk management risk reduction will be primarily regarded as a key factor. Thirdly they should

benchmark Japanese “Continuous credibility”.

2. New Strategy: Combination Model with SI and ICT Business

Reflecting on above results, Korean GTCs need to specialize on its strength. However, GTC itself doesn't have strength on ICT system or SI(System Integration) capability. But, it has an ability to utilize on it. On one hand, M&A with SI company would be a god way to scale up and expand its value chain. Basically, Korean GTCs not ought to follow Japanese GTCs' strategy representing natural resources. Natural resources markets are very limited. In Japan, GTCs already invested their seed money in South-East Asia and and Latin Americas. The left market is Africa. But, in the other view, Chinese commercial bank has played a role as GTCs. They commercialized conventional GTCs business almost ten years ago. Therefore, for more profit and competitiveness, ICT and SI market would be the most possible market to bring into tangible profit. Especially in the Latin America, system integration and infra solution is still needed to be developed. And domestic SI companies initiated business in the past ten years. Korean GTC's network and manpower fully need to be combined.

CHAPTER VI. CONCLUSION

This study addresses that the importance of General Trading Company (GTC) and the future strategy for Korean General Trading Company in response to external changes. In the past years, Korean GTCs focused on manufacturing firms. It gives very easier and simple way to bring profit to the GTCs, whereas it gave another task for survival for GTCs.

Both GTCs were established by very different background. Japanese GTCs were voluntarily established by private firms. In fact, rather than establishment evolving from traders are much more appropriate expression. On the other hand, Korean GTCs were established by government driving supportive actions. Prior to simply suggesting solutions and insisting irrevocable gap between both GTCs, it needs to be figured out why both GTCs are on the different ways to development.

As aforementioned, GTC is a very unique organization which is very hard to explain with existing theory. In this present study, I tried to explain its innovative strategy with three theoretical bases, business portfolio, risk management, and disruptive sustaining value. Business portfolio theory can describe us the value chain development of GTC as service industry category evolved. Risk management can also show us Japanese GTC's credibility and continuous transaction under the guidance

of conglomerates and self-management. And disruptive sustaining value theory lastly is very relevant with current GTCs internal system and market strategy in response to external changes.

However, these theories are still far away to interpret fully how GTCs developed its business sector and future business step. Basically, studying and researching GTCs are unable to research with document-based sources since the 'manpower' is the basic competitiveness of both nations' GTCs. Therefore, interview supported by web and document-based source were reliable rather than previous studies.

With this background, totally ten both countries GTCs have been researched. As a result, even though many similarities between them, differences were highlighted. Korean GTCs are still in the position of network provider for parent conglomerates. On the other hand, Japanese GTCs are more like head of conglomerates. In other words, GTCs are taking role as future development team or responsible for risk taking. That is why all other business sectors still want to do business with GTCs. It guarantees 'reliability' for business partners whereas we are making profit from intermediate commission.

Under circumstance, however, Korean GTCs can be never underestimated against Japanese one. More importantly, its strength should

be emphasized than previous period. In this study, by applying CKG mapping, ICT and SI combination model were suggested for new business model for Korean GTCs. Yet, unlike Japanese ones, internal innovative systems are not built on the proper ways, it could be feasible to exit out of the current reluctant business model.

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일본종합상사와의 비교를 통한 대외환경변화에 따른

한국종합상사의 신전략연구

국문초록

지금까지 한국의 경제성장에 있어 무역은 가장 중요한 역할을 해왔고 특히 수출무역의 첨병으로 활동한 것이 바로 ‘종합상사’이다. 종합상사는 한국과 일본만이 유지하고 있는 독특한 기업 형태로 수출입을 중심으로 하지만, ‘인력’을 중심으로 금융, 자원개발 등의 다양한 비즈니스를 하는 회사이다. 한국은 지난 1975년 일본의 상사의 성공사례를 참고하여 정부의 종합상사지정제도 도입에 따라 초기 삼성, 엘지, 대우 등의 재벌 및 일부 대기업의 상사들을 종합상사로 지정 각국의 지사를 두어 해외네트워크 및 신사업을 위한 정보 입수 및 시장개척과 더불어 상사 본연의 역할인 상품수출을 통해 장기적인 경제성장에 일조하였다.

한편, 기존의 제조업들이 해외네트워크를 확대하고 수출입 비즈니스에 대한 접근성이 높아짐에 따라 양국상사들은 위기를 맞이한다. 그러나 일본은 이미 1960년대부터 현재에 이르기까지 수

출입을 제조업의 해외법인을 통해 할 수 있다는 ‘상사폐지론’ 및 IT산업확산에 따른 거래비용의 축소를 통한 매출감소의 위기에 대비, 석탄등의 자원개발 비즈니스 및 수출리스크 관리기법의 도입 등으로 이를 극복 2000년대 들어와서 제 2의 중흥기를 맞이했다. 반명, 한국의 종합상사들들은 2009년 제정된 전문무역상사제도 이후 과거의 특권이 사라지면서 기존의 비즈니스에 대한 진입장벽의 완화, 국내 제조업들의 해외법인설립 증가추세로 수출입 비즈니스의 이익률이 낮아지고 있는 실정이다. 따라서 한국의 종합상사 역시 환경의 변화에 따른 새로운 전략을 짜는 것이 중요한 시점이다.

그러나 국내종합상사가 비록 일본의 형태와 유사하게 시작했다 하더라도 전략을 그대로 따라가는 것은 무리가 있으며 2000년 이후 본격적으로 진행한 자원개발사업역시 일본이 수십 년 전부터 진행해온 시장을 쫓아가는 사업방식인데다가, 일본이 가진 특유의 집단 ‘계속적거래’를 통한 리스크 안전망 구축의 차이로 한국의 종합상사에는 적합하지 않다.

그러므로 본 논문에서는 대외환경변화에 따른 신전략으로서 두가지 방법론에 기초한 전략을 제안하고자 하였다. 이를 위해

본 논문에서는 먼저 10개로 대표되는 한·일 양국의 종합상사에 관한 비교를 통해 장단점을 구분 및 양국 상사의 경쟁력을 분석하였고 최종적으로 미쓰비시로 대표되는 위기를 넘어 새로운 비즈니스 모델을 창출한 기업의 전략사례연구를 통한 벤치마킹 전략과 ‘인력’을 중시하는 종합상사와 가장 근접한 IT서비스 시장과의 결합 모델전략이 필요함을 제시하고자 한다.

Keywords: 종합상사, 결합모델, 신전략연구, 계속적 거래, 리스크 관리

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