

# Possibility of Activating the City's Central Commercial Businesses

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## Abstract

A proposal from the book, "A Vision of the Distribution Industry in the 1980's", outlines a proposal for a perspective city planning approach in the distribution policy. In this paper, we emphasize that it is important to create a sound-working model to solve these city-planning problems by using the "Knowledge Management Approach". Finally, I will apply the "Welfare Economics" and "Capabilities Approach" conceptual model to demonstrate how to create a Town Management Organization (TMO).

## I . Introduction

A proposal from the book, "A Vision of the Distribution Industry in the 1980's", outlines a proposal for a perspective city planning approach in the distribution policy.

To begin with there are many strong reasons to promote a new organizational system. From the tangible aspect, good facilities and products are essential. From the intangible aspect, up-to-date information, a sound

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service system, a reliable system of credit and developing capable human resources are also vitally important. Secondly, the country needs to encourage independent operation of small and medium sized businesses. In other words, small and medium sized businesses have a social commercial function in that their prosperity ensures the healthy operation of the community in terms of both the shopping areas and residential areas. In addition, from a long-range perspective, there must be support from the government to establish modern businesses in the residential areas, especially small community grocery stores, community centers and parks<sup>1</sup>.

The book, “Vision Toward Distribution in the 21<sup>st</sup> Century” (1995), describes the importance of maintenance after a cities initial development. It also established the so called, “Three Laws of City Development” from May to June of 1998.

The Three Laws of City Development are; (1) Favorable Large Scale Retail Law, (2) Revised City Planning Law and (3) Activation of the City’s Central Shopping District Law”. The Activation of the City’s Central Shopping District Law is vital because of the continuing decline of small and medium size businesses, which unfortunately, is creating a vacuum in businesses on a national level. The aim of this law is to revitalize and activate these shopping districts. Furthermore, the function of these three laws is divided so that the “The Activation of the City’s Central Shopping District Law” is to activate these businesses, and the remaining two laws are responsible for the overall management and regulation of these districts.

In order to introduce this new system of city development by enforcing the “The Activation of the City’s Central Shopping District Law”, a Town Management (TMO) to carefully co-ordinate the downtown area is required. This TMO will be responsible for guiding public and privately owned businesses, local residents and nonprofit organizations (NPO). In

addition, it is important that the steps concerning the public consensus process, concrete planning and city development are carefully followed so that this new system can be actualized.

The purpose of this paper is to create a sound-working model to solve these city-planning problems by using the “Capabilities Approach”.

Finally, I will apply the “Welfare Economics” and “Capabilities Approach” conceptual models to demonstrate how to create a TMO.

## II . Basic Knowledge Management Concept for The Activation of the City's Central Shopping District

There are two aspects to Knowledge Management that involve both “tacit knowledge” and “explicit knowledge”. The interaction between tacit knowledge and explicit knowledge is known as the “SECI” process. SECI is an acronym that comes from the following four concepts; “Socialization”, “Externalization”, “Combination” and “Internalization”.

Socialization is the process of moving “personal tacit knowledge” to “group explicit knowledge” in the same location. Externalization is transferring this explicit knowledge through dialogue also in the same location. Combination is the crystallization of these independent fragments of knowledge and skills so that they come together to form a system of local mutual co-operation. Finally, Internalization is the process where everyone benefits from tacit knowledge. Therefore, communication and simply walking among the people in local communities is essential in developing trust.

Should conflict happen to arise, it will act in a dialectic fashion in that the two opposing concepts of social efficiency and economic effectiveness will give birth to a new idea, which could be beneficial for the parties con-

cerned. Then, through the SECI process, both work motivation and quality products can be developed in the “Ba”, in other words the same location. At first, Ikujiro Nonaka, the person who developed the SECI approach only applied it to the private management of businesses. However, in 2003 he proposed to implement this model on a national level in his book entitled, “Chishiki Kokkaron Jyosetsu”<sup>ii</sup>.

In the “Ba” there are many individuals, but they all dynamically work together to solve a common problem. Furthermore, only the people who are closely connected to the ba will induce a place with creative knowledge, apply this knowledge and who have a strong commitment for the communities well being. This ba can be broken down into three important locations; the physical location, virtual location and the actual location. The physical location involves the following things in the same area; the shopping zones, offices, various work places, educational facilities and general life activities. The virtual location refers to such things as e-mail, television conferences and websites. Finally, the actual location consists of a project team where such groups as the PTA and the TMO manage the overall functioning of the ba. However, contrary to the SECI model, and especially in Japan, the physical location is the place where all matters of government are decided. It is the location where the Diet, the local government and the country’s autonomy can be found.

It is important to apply the SECI model in the TMO because it clearly outlines how to effectively use each aspect of the ba. By creating a good ba will enhance creativity and foster harmonious dialogue amongst those intricately connected to the ba

The TMO ba means “site”, and it includes such things as its materialistic entities, the symbolic entities, the visual entities, and the local residents or tourists in its shopping activities. For consumers in the shopping

area it includes such interesting activities as walking down main-street, going through the small shopping lanes, looking in show windows, at shopping displays, in individual stores, and looking for shopping information. This double process of consumption and movement is a clear expression of tourism. Tourism consists of the two physical aspects of site and sightseeing.

It includes the physical movement within the site and sightseeing, the buying of souvenirs as a gift for others or for one's own personal use, physical consumption and visual consumption. Furthermore, if one should establish a shopping website in the shopping district would give rise to a futuristically inclined community.

In the knowledge community Ba site equals site and it is very important.

The real community is the physical location that involves materialistic consumption. The place and range is closely fixed to the place where one's existence and life activities are carried out and the place where people's houses are located. In concrete terms, the real community is where the elementary school district is, and the place for such things as town meetings and neighborhood self help organizations for the elderly are developed. In the elementary school district both the parent and child join and attend PTA meetings, the place where a good relationship between the child, parent, and teacher is fostered, and various activities are conducted. The shopping district exists together with the area from school lunches until the home delivery of lunches, and even though it's a traditional inclination, it forms a futuristically inclined community model.

The following is in reference to the case of the Towa-Ginza shopping district in Adachi ward, Tokyo. It founded a city development company which set out to manage all the hospital restaurants in the area, accepted an

order to make the most of experienced restaurant cooks for privately con-  
signed school lunches, made plans for various events and laid the tracks to-  
ward the activation of shopping districts<sup>iii</sup>.

Rather than a physical location, the virtual community is the website.  
For example, it includes the news group and mailing list. If the virtual  
community got involved with a nonprofit organization for such things as  
the PTA and school reunion organizations, or so that one could conduct  
business interactions and the exchange of opinions and ideas for those con-  
cerned or want to participate in those various subjects and themes, could  
create an opening for shopping in the residential communities and these  
pluralistic layers would complement the real knowledge community.

There is a Tanaka briefcase store in the shopping district in Shina-  
gawa ward, Tokyo. The sales area is only 52.8m<sup>2</sup>, but through the use of  
the internet there has been a rapid increase in sales since 1997. In one year  
there has been over 330,000 accesses to his business site. A Tanaka brief-  
case basic virtual outlet is now located in Musashi Koyama<sup>iv</sup>.

Sightseeing, in other words tourism is an expression that indicates the  
visual community. On the city streets there is an accumulation of eco-  
nomic cultural activities and at the same time there is support for fresh air,  
wind and nature to encourage all life in the environment. Towards things  
like parks and publicly owned land there should be a lasting premise to  
preserve such things as wooded areas, farmland, water and the area's sce-  
nic beauty.

Uno Shiro (2005) introduced a progressive TMO case study of Ka-  
nazawa and Takaoka cities. Kanazawa city introduced and enforced regu-  
lations limiting large-scale commerce facilities in order to protect the small  
retail businesses in the downtown area. Takaoka on the other hand did not  
create and enforce any regulations. This created an obvious difference in

the two cities downtown shopping districts. Kanazawa's shopping district is now thriving while Takaoka's shopping district is struggling to maintain a level of minimum sales<sup>v</sup>.

Therefore, it is vitally important to manage the "Ba" particularly in terms of the knowledge management pace for developing cities. Then you can maintain and develop the virtual community, site and sightseeing and at the same time the formation of the real shopping district within the "Ba".

However, in the theory of knowledge management, you can hypothesize that by conducting good business you will naturally attract capable management and entrepreneurship. This theory in itself is inefficient especially in terms of city development because its view is too objective. It doesn't take into account the long-range problems of bureaucracy.

The problem of activating the cities central shopping district is for the residents of the area. Especially those directly involved have to come up with a solution to this problem. The question is however, how to develop a new perspective and new concepts.

### III . Activating the Cities Central Shopping District "Welfare Economics"

The previous section covered the problems of developing cities. In this section how to activate the cities central shopping district and Amartya Sen's theory of welfare economics will be covered.

Traditionally, the "real" shopping district's function was to prevent crime and natural disasters, for the residents to exchange information, the holding of festivals and events and the multifunctional community was left to that areas society. According to the term knowledge management, how can the process of changing an areas tacit knowledge to that of implicit

knowledge in terms of development and maintenance be created?

If you look at Amartya Sen's capabilities approach in his theory of welfare economics will give you a clue on how to do change this process. Amartya Sen defines development as greatly increasing people's essential freedom to create enjoyment. In other words removing the causes and restrictions to one's freedom is the aim of development.

Here, a major criterion for defining freedom is measuring the level of advancement. In addition, freedom of trade, economic opportunities, freedom of speech, the right to vote, freedom of government, educational and medical facilities, social benefits, freedom of information, and reciprocal co-operation, together, are all the means and the goals of development. Freedom and development are both involved in the capabilities approach. Let's look at a more detailed definition.

The method of achieving "welfare" is:

- (1) enhancing one's well-being.
- (2) equality in being able to compare oneself economically with others.

Mainly, the capabilities approach is related to the first point and utility is related to the second point.

Sen thinks that human well-being is receiving work and resources<sup>vi</sup>, in other words wealth, or feelings of contentment by fulfilling one's wants and desires without feelings of pleasure, in other words utility. Generally speaking, being able to lead a good life to exist and act freely is an indicator that one has realized a good human existence. In other words, measuring human well-being is simply evaluating the quality of a person's existence at the end of one's life. If so, then the object of evaluation when judging well-being is not wealth and utility.

Utility is not a subjective evaluation as is most commonly thought, but rather involves subjective feelings of pleasure and pain, happiness and



unhappiness. The capabilities approach is more than just a marketing evaluation concerned with these kinds of non critical emotions and affluence but gives a degree of priority to ones thoughts and reflections, and is judgment based on an objective evaluation not a function of one's subjective feelings. Because evaluation is action based on critical and deliberate reflection not an expression of one's spur of the moment selfish near-sighted desires and feelings.

For example,

- 1 . There is a possibility that victims under conditions of lasting poverty will get used to adversity and can no longer continue to feel feelings of dissatisfaction and sadness, and welcome the tiny pleasures of life creating a situation where they have no thought of wanting to change their circumstances.
- 2 . Conversely, there are many people undergoing serious adversity who acknowledge extreme dissatisfaction with their own circumstances, even though they have fulfilled the basic needs of food, clothing and shelter.

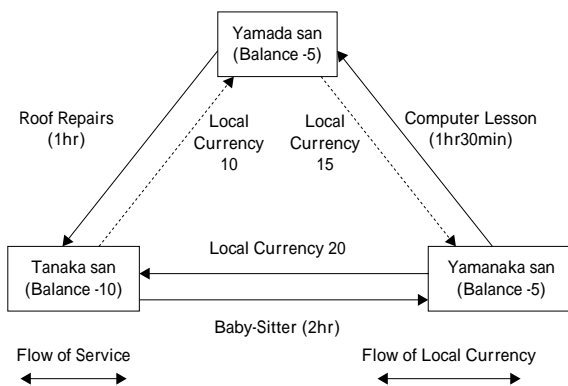
In this case, according to the concept of utilitarianism, the situation of the latter person has a lower feeling of well-being than the former person because the former person is concealing his poverty.

On the other hand, with the capabilities approach you can directly explain that those people experiencing severe hardships are essentially free to fulfill their important roles in society. That is, the capabilities approach will try to actualize true equality and equal opportunities for all by removing obvious injustices.

Therefore, Amartya Sen's study of Welfare Economics doesn't consider how to solve the underlying cause of the problem because the theory is lacking in the sense that it just states that those who are out of work can

easily acquire money if compensation is given by the welfare system that functions like employment insurance.

Diagram 1 An Example of Business Transactions in Local Currency



Reference: Uno Shirou, " Modern Urban Distribution and City Planning ", 2005, pg76.

Table 1 A Diverse Restoration Menu Ranging from Money to Eco-money

Type	Money	Service Point	Volunteer Point	Eco-point	Eco-money point	Eco-money
Function	Activating Local Economies			Community Structural Power		
Position of Party Concerned	Consumer		Contributor		Creator	
Activity	Circulate money and revive community businesses in each area.	Issue discount points for marketing promotion.	Issue points for those who actively volunteer and these points can be used as a discount for goods and services.	Issue points to those people who bring their own shopping bags to reduce garbage and these points can be used as a discount for goods and services.	Issue points to those people who purchase eco-money goods and who bring their own shopping bags to reduce garbage and these points can be used as a discount for goods and services.	Exchange various community activities and circulate eco-money.

Reference: Toshiharu Kato, "When Eco-money Drives Away Money", Keisouhou, 2002, pg.352

Unemployment is not only a loss of income but it also entails a loss of individual freedom, autonomy, instability in terms of skill level, societal alienation, confidence and a loss in psychological abilities and physical health. In other words, unemployment is a situation that destroys one's overall individual capabilities. In addition, a limit to one's own personal efforts and public assistance towards unemployment naturally comes out.

Sen, in order to actualize well-being advocated the formation of a mutual support system where unemployed people of a community recognize and utilize each others unused skills and abilities, and who are willing to offer their time for the benefit of the community so that everyone can acquire fixed assets. The following diagram explains how to create such a mutual support system for the benefit of the individual and the community by using what is called "local currency" or "eco-money" instead of actual money.

Hence, a mutual support system for human development and security that is totally different from public assistance and personal effort is indispensable.

In recent years "eco-money"(Toshiharu Kato, "When Eco-money Drives Away Money", Keisouhobou, 2002) and "local currency" (Nishibe Tadashi, "When Western Loyalty Will Know Local Currency", Iwanami booklet, 2003) that are introduced in each area understand it as a thing having a purpose and significant to realizing the "capabilities approach" by developing "welfare economics". The following is a conceptual figure outlining this system.

#### IV . Conclusion

A senior citizen living in the central downtown area loses personal

freedom, independence, skills, confidence, psychological and physical health, and brings about social alienation. Therefore, there is general loss in personal capabilities. When that happens, the TMO intervenes and they demand social approval and community participation. It can initiate a recovery of “richness of heart” and pride for local inhabitants and people of medium or small size businesses.

As for the purpose of the capabilities approach, people can acquire fixed assets by offering each other their time and unused abilities to participate in the community and gain the approval of society.

Capabilities approach developed from welfare economics can theoretically build the foundation of a system of mutual help and fill the void that has been created in the central downtown area.

From the latter half of the 1990's to the 2000's, the concept of creativity (originality) and sustainability has become a central concern for the creation of industrial and city policies. (Kazuko Goto. Public Policy of Culture and City. Yuhikaku 2005)

On that occasion a “local currency” becomes the exchange medium of the mutual help concept that the citizens organize voluntarily, and it may be said that it could possibly activate the central downtown area.

#### References

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