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What New Assets Are Needed for Corporate Growth?

Human resources that generate data and brands, etc. and organizational systems that leverage them

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Summary

- The importance of S (society) in corporate ESG investment has rapidly increased in response to the movement by the U.S. Securities and Exchange Commission (SEC) to mandate information disclosure on human capital to listed companies. One of the reasons behind this is change in global macroeconomic structure. This is related to the fact that the determinants of economic growth have shifted from the accumulation of tangible assets (physical capital) through conventional capital investment to the accumulation of intangible assets such as R&D, intellectual property, data, and brands, and this has greatly affected profitability. In the case of Japan, there is also the impact of the labor shortage due to the super-low birth rate and aging society.
- Intangible assets are a source of future innovation, but the key point is that they will not be successfully linked to productivity and corporate value without human capital that is the cornerstone of intangible assets and the organizational structure that supports them. Indeed, there is growing empirical research that the accumulation of human capital and the institutions that support them lead to improves in productivity and corporate value, and strategic human capital policies are urgent for companies.
- In order to leverage intangible assets, it will be necessary for individual enterprises to verify the extent to which accumulation of human capital is helping them to improve productivity and profitability. It is also necessary to improve the environment essential for data analysis and verify the effects of human resource policies based on evidence, in order to focus management resources on situations in which human judgment cannot be replaced by AI.

Attention

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Economic Research

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