

# JETRO INFORMATION

## Japanese Business Knowhow Alive and Well In the U.S.

Japanese business management techniques can be exported. This much is clear from a survey by the semi-official Japan External Trade Organization (JETRO) of Japanese manufacturing companies in the United States. It showed that, while recession lingers on in the U.S., almost three-quarters of the firms who responded to JETRO's questions managed to increase sales.

JETRO's five U.S. trade centers conducted the first such survey in 1981. The latest report carries the story up to March 15, 1982. Questionnaires were sent to 225 firms, of which 167 (employing 37,178 people) responded.

When non-manufacturing firms and representative offices are included, there were at least 374 Japanese business establishments in the United States employing some 100,000 persons. They accounted for 5.8% of the people working for foreign companies, the JETRO report showed.

The survey also found that out of the 37,178 people employed by the responding companies, 1,274 were Japanese expatriates. In contrast, however, 668 or 70% of the executive posts were held by Japanese.

This situation, however, appears to be changing in favor of greater "Americanization." JETRO reported: "The previous survey (in 1981) indicated Japanese-affiliated companies were, to a greater or lesser degree, 'Americanizing' themselves through reduction of the number of Japanese expatriates, employment of a greater number of American executives, and the transfer of authority from Japanese headquarters to their U.S. affiliates.

"The new survey confirmed this Americanization trend. Specific measures reported include (a) giving the supervisor a greater power to hire and fire employees; (b) greater emphasis on the training of the general foreman to give him total authority over his sphere of responsibility; (c) successful employment of an American senior vice president to unify the common structure for American employees; (d) changing the product line chief from a Japanese expatriate and putting the Japanese in the position of adviser, thereby

making an American directly responsible for the product line."

The report picked out Sanyo Electric Co. which appointed an American vice president. Toshiba Corp. and Sharp Corp., two other major electrical product companies, have appointed a study group to improve working conditions. Sumitomo Heavy Industries Ltd., TDK Electronics Co. and Nippon Electric Co. have adopted a system for adopting proposals from employees aimed at improving operations. Sumitomo Electric Industries Ltd. has a policy of leaving its welfare facilities to employee self-management.

JETRO also found that it is becoming easier to get Japanese management techniques accepted by American workers. It noted: "It appears that the concept of Japanese management has been more or less accepted by Americans in general and American employees in particular. As a result, it has become no longer necessary to make undue educational efforts."

It reported on specific programs carried out by individual companies such as (a) establishment of a team of Japanese and American employees to improve work responsibilities; (b) establishment of a committee to improve the work environment.

In addition, many companies reported major efforts to increase contacts between executives and employees at all times during normal working hours to develop a feeling of closer participation in management by all the American staff.

The idea of working for a Japanese company certainly seems to be more attractive these days. The JETRO survey noted that 45,000 people had applied for 1,000 openings at Sharp Corporation's Tennessee plant, while competition for jobs at the Honda Motor Co. plant being built in Ohio was also fairly severe. However, this could also reflect the very high unemployment rate in the United States at the time the survey was carried out, particularly in depressed industries like automobile manufacturing, where there have been massive layoffs. Certainly JETRO was rather cautious about seeing the clamor for jobs as proof of the "magic" of Japanese management, as the firms surveyed for the most part were blue-chip corporations that cannot really be regarded as reflecting the average.

One attraction of working for a Japanese company is the reluctance of the

management to discard excess staff when business turns bad. Both JETRO surveys showed that the Japanese companies operating in the United States characteristically laid off very few employees. Of the 155 companies who responded to this question in the 1982 report, three-quarters said they had not laid off a single worker in the previous year. The JETRO survey noted: "In view of the fact that in many regions the unemployment rate has been well above the current national average of 9% for some time, we consider this is a remarkable accomplishment by Japanese firms. One firm in the Midwest even reported it had switched to a four-day week to avoid lay-offs during the current recession."

The companies also seem able to retain their workers. For at least 44% of the surveyed firms the turnover ratio was less than 5%. But a third of the respondents reported turnover in excess of 10%, with the ratio particularly high in the Southern Pacific region. No explanation was offered for this.

The survey also found that, apart from providing much-needed jobs, Japanese manufacturing operations were making other important contributions to the American economy. For example, there is a steady increase in local appropriation of materials. The survey reported that a quarter of the firms now depended entirely on domestic appropriation, while about 67% said that more than half their production materials were acquired within the U.S.

The majority of products of the Japanese-affiliated firms were sold in the United States, but a quarter of the firms reported that up to 35% of their output was exported to Japan and other third countries, thus helping expand American exports.

Overall, Japanese firms are doing well in the United States, despite the downward drag of a prolonged recession. JETRO found that more than 70% of the firms were happy with their performance, while 38.6% reported a sharp rise in sales over the previous year and 33.6% a moderate gain. Foodstuffs, textiles and electrical appliances all did well, while companies manufacturing wood products, paper and pulp were particularly hard-pressed.