

Japan Invades America— Economically

By YASUSHI HARA

Tokyo.

Americans who use Kikkoman soy sauce probably think that, because of its name, it is imported from Japan. In fact it is a typically Japanese product made in Wisconsin by a Tokyo-owned company that is so successful it plans to export in addition to servicing the U.S. market.

The Kikkoman plant is only one example of the increasing number of Japanese firms that are setting up factories in the United States. Others include manufacturers of television sets, air conditioners and iron and steel. There are even, in Kentucky, horse breeding farms run by Japanese.

Indeed, Japan leads all other countries of the world in direct business investment in the United States. Total investment by the end of last year was estimated to be close to \$4 billion, and it continues to climb.

Looking at this situation, industrial experts are raising the question of whether Japanese factories can function as effectively abroad as they do in Japan, where they can rely on a dedicated labor force and considerable government support.

Another question, posed by Yoshi Tsurumi in a recent study published under the auspices of the Harvard Business School, is whether the American and Japanese corporate cultures can operate together in enterprises established in the United States.

In Japan, for example, the emphasis is on teamwork, while U. S. managers are trained for specific responsibilities. American companies motivate employees by threatening them with dismissal in the event of failure. In Japanese firms, on the other hand, executives take the blame for mistakes and workers must be guaranteed job security.

To a significant extent, however, both Americans and Japanese are going through a mutual learning process in the Japanese plants opened in the United States. Among other things, according to Tsurumi, the Japanese have come to appreciate American technicians, whose skills tend to be more wide-ranging than those of their counterparts in Japan. In contrast, the Japanese may have much to offer in the realm of labor relations.

One concern of Japanese automobile

though, the Japanese in the operating in the United States have found that the advantages outweigh the risks.

An obvious advantage—and one that prompted Japanese companies to emigrate in the first place—is proximity to the American market. This has proved true for Sony, which produces television sets in San Diego in order to be close to the large West Coast market.

Another advantage is the saving in transportation costs. The Kikkoman company, for instance, formerly imported American soybeans, transformed them into sauce and sent the finished ingredient back to the United States. By locating its plant in Wisconsin, near the source of the raw materials, the company is economizing on freight charges and is also in a good distribution position.

Still another advantage accruing to Japanese firms in the United States stems from the fact that the gap between American and Japanese wages has become increasingly narrow. Taking various social security charges into account, the difference between labor costs at the Sony plants in Japan and in San Diego is almost negligible, which means that it makes sense to manufacture television sets in America for the U. S. market.

The protectionist atmosphere that has lately developed in the United States offers yet another incentive to Japanese firms to move across the Pacific. For the limitation to export items recently negotiated by the U. S. and Japanese governments does not affect goods manufactured by Japanese companies in the United States.

For this reason, Sony has been joined by Matsushita, which recently purchased a subsidiary of Motorola, and Sanyo has bought a controlling interest in Whirlpool. The three companies, all of which produce television sets, can now sidestep the voluntary restrictions that went into effect for a period of three years beginning on July 1.

The Pioneer Company, another Japanese manufacturer of audio equipment, is also reported to be planning a factory in the United States. Honda, whose automobile sales in America are flourishing, is considering a motorcycle plant in California.

When former President Ford visited Tokyo last year, he reminded his hosts that a Japanese firm, the Yamaha Company, had set up a factory in his hometown of Grand Rapids, Mich. Yamaha makes musical instruments, and, as Mr. Ford put it, the plant had struck a harmonious chord with the local citizens.

As the scope of Japanese investment in the United States increases, the scope for misunderstanding and perhaps even hostility may grow. But if Japanese firms continue to act as flexibly as they have until now, both they and American consumers can benefit in a climate of co-operation.

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