

J THE STRATEGY OF
Japanese
B·U·S·I·N·E·S·S



JAMES C. ABEGGLEN

CONTENTS

List of Figures	ix
List of Tables	xi
Note	xv
Preface	xvii
INTRODUCTION	xxiii

PART I. TRADE WITH JAPAN

1. The Relevance of Japan	3
2. U.S.-Japan Trade Competition in the 1980s	17
3. Facing up to the Trade Gap with Japan	3 1
4. Resolution of Trade Frictions: Export Restraints and Limits to Protectionism	57
5. The Final Trade Barrier: The Price of Money	65

PART II. JAPANESE MANAGEMENT

6. The Comparative Analysis of Japanese Management Methods: Some Observations	61
---	----

7.	How Efficient is Japanese-Style Management?	75
8.	Mobility and Capability of the Labor Force	87
9-	Are Japanese Companies Becoming Too Conservative?	81
10.	Japan's Industrial Policy	101
	PART III. FOREIGN COMPANIES IN JAPAN	
	PART III. FOREIGN COMPANIES IN JAPAN	
11.	Foreign Direct Investment in Japan: Position and Prospects	117
11.	Foreign Direct Investment in Japan: Position and Prospects	117
12.	Acquisitions in Japan by Foreign Companies	125
	PART IV. RESEARCH AND DEVELOPMENT IN JAPAN	
13.	Japan's Position and Prospects in Research and Development	143
14.	The New Industrial Revolution	163
13.	Japan's Position and Prospects in Research and Development	143
14.	The New Industrial Revolution	163
15.	The Dynamics Driving Japan's Technological Advances	189
	Index	221
	About the Author	227

LIST OF FIGURES

3-1	Growth of Japanese Exports and Imports for Selected Manufactured Product Categories Relative to Growth of Total Imports and Exports.	53
14-1	Integrated Circuit Relative Production Share.	166
14-2	Capital Investment and Production in Semiconductor Industry.	167
15-1	Comparison of Steelmaking Industries, Selected Countries.	197
15-2	Trends in Composition Ratio of Major Manufacturing Industries.	203
15-3	Trends in Production Composition Ratio of Major Consumer Electronics Equipment.	204
15-4	Total Capital Expenditures as Percent of GNP.	211
15-5	Japanese Production of Industrial Plants.	213
15-6	Numerically Controlled Machine Tool Production.	216

LIST OF TABLES

1-1	Share of World GNP.	4
1-2	Projected Per Capita GNP, 2000.	4
1-3	The Population of Japan.	9
1-4	The Problem of Public Debt.	10
1-5	Projected Structure of Employment, 2000.	11
1-6	Projected Composition of Gross Domestic Product, 2000.	12
1-7	Total Aid to ASEAN Nations, 1970-1979-	14
1-8	New Foreign Direct Investments of Major OECD Countries.	14
1-9	Japanese Overseas Investment by Location.	15
3-1	Shares of Japan's Basic Materials Imports.	34
3-2	Shares of Japan's Manufactured Imports.	35
3-3	Impact of Import Market Share Loss.	36
3-4	Japan Trade Balance, 1977.	39
3-5	East Asian Growth Rates and Rates of Capital Formation.	54
9-1	Sources of Industrial Funds in the Corporate Sector.	92
9-2	Company Hierarchies in Light and Medium Manufacturing Industry.	94
9-3	Financial Comparisons of Companies Studied.	94
9-4	Comparative Financial Positions, 1981.	96
11-1	Share of Output by Foreign-Controlled Companies, 1975-1980.	118
12-1	Sales of Foreign Capital Related Countries.	126

12-2	Merger Acquisition of Troubled Japanese Companies.	128
12-3	Approximate Number of Mergers and Complete Acquisitions in Japan.	128
12-4	Comparison of Foreign and Japanese Stockholders' Positions.	129
12-5	Partial Summary of Known Share.	130
12-6	Intimacy of Relationship Prior to Share Acquisition.	132
12-7	Primary Reasons for Acquisitions.	134
12-8	Approximate Investment Returns to Foreign Companies Technologically Aiding Japanese Companies.	135
12-9	Representative Investment Returns to Foreign Companies Financially Aiding Japanese Companies.	136
12-10	Potential for Dilution of Key Financial Ratio if Full Consolidation is Achieved.	138
13-1	General Index of Technology Level.	145
13-2	Businessmen's Evaluation of Japan's Technology.	145
13-3	Number of Researchers Deployed in Various Countries.	146
13-4	Japanese Investment Levels.	154
13-5	Patents Registered in the United States by Foreign Nationals.	158
14-1	Equipment Investment and Production of Major Semiconductor Makers, 1981.	168
14-2	Relative Technological Strengths in Integrated Circuits of Japanese and U.S. Firms.	169
14-3	World Share in Leading Products.	170
14-4	Number of Industrial Robots Installed by Country, 1981.	171
14-5	Robot Production in Japan.	172
14-6	Capital Investment and Labor Productivity.	175
14-7	Productivity Comparison of Japanese and American Competitors.	176
14-8	Education Level of New Entrants to the Labor Force.	178
14-9	International Comparison of Social Security Levels.	180
14-10	Japan's Aging Population.	181
14-11	Projected Influence of Microelectronics on Employment, 1985.	183
14-12	Hours Worked Per Year in Manufacturing.	184
15-1	Share of World GNP, 1960-1980.	190
15-2	Projected World GNP, 2000.	191
15-3	The Structure of Japan's Labor Force.	191
15-4	Structure of Employment.	192
15-5	Composition of Gross Domestic Product.	193
15-6	Conditions in Principal Depressed Industries, 1981.	195

15—7	Trends in Technology Balance of Payments.	198
15—8	Research Expenditures in Major Countries.	199
15—9	Governments' Share of Research Budgets.	202
15—10	Trade Balance in Integrated Circuits.	207
15—11	Trade Balance in Semiconductors.	209
15 - 12	Industrial Robot Demand Projection.	214
15—13	Production of Office Automation Equipment.	218