



CROOMHELM

London • Sydney

Dover, New Hampshire

CONTENTS

list of Figures and Tables

Acknowledgements

| | |
|---|----|
| 1. <i>Japanese Direct Investment in the UK; The General Picture</i> | 1 |
| Introduction | 1 |
| Japanese Direct Investment Worldwide and in Europe 1951-1983 | 1 |
| Japanese Companies in the UK | 6 |
| Japanese Production in UK vis-a-vis Imports from Japan | 7 |
| The Reverse Situation: UK Direct Investment in Japan | 10 |

Parti

| | |
|---|----|
| 2. <i>The Extent and Structure of Japanese Participation in UK Manufacturing Industry</i> | 15 |
| Introduction | 15 |
| Date of Establishment in the UK | 20 |
| The Ownership Pattern of Japanese Affiliates | 22 |
| Takeovers or Greenfield Ventures | 24 |
| The Location of Japanese Manufacturing Affiliates in the UK | 25 |
| Origin and Destination of Sales | 26 |
| Product Diversification | 27 |
| The Significance of Japanese Participation in UK Industry | 29 |
| The Mode of Entry | 31 |
| Conclusions | 31 |
| 3. <i>The Reasons for Japanese Participation in UK Manufacturing Industry</i> | 34 |
| The Analytical Framework | 34 |
| The Ownership Advantages of Japanese MNEs | 38 |
| The Attractions of the UK as a Location for Production | 44 |
| The Foreign Direct Investment v Licensing Decision | 56 |
| Conclusions | 61 |

Part II

| | |
|--|------|
| 4. <i>Management and Control Structures in Japanese Affiliates</i> | 67 |
| Introduction | - 67 |

| | |
|--|-----|
| An Economic Theory of Local Management and Control of Foreign Affiliates | 67 |
| Management Styles | 69 |
| The Board of Directors of Japanese Affiliates | 76 |
| Regional Offices | 78 |
| A European Comparison | 78 |
| An American Perspective | 78 |
| Conclusions | 79 |
| 5. <i>The Performance of Japanese Manufacturing Affiliates</i> | 82 |
| Introduction | 82 |
| Affiliate and Parent Company Productivity and Costs | 82 |
| Comparative Costs in UK and Japanese Plants | 92 |
| Productivity in Japanese Affiliates Compared with their UK Competitors | 95 |
| Trends in Labour Productivity and Costs | 96 |
| Conclusions | 97 |
| Part III | |
| 6. <i>The Impact of Japanese Manufacturing Affiliates on their UK Suppliers - Part One</i> | 103 |
| Introduction | 103 |
| How Much Do Affiliates Buy from UK Suppliers? | 103 |
| The Import or Make (or Buy) Locally Decision. | 107 |
| The Impact of Japanese Affiliates on their Suppliers | 110 |
| The Changing Perception of Japanese Firms Towards their Suppliers | 115 |
| Conclusions | 116 |
| 7. <i>The Impact of Japanese Manufacturing Affiliates on their UK Suppliers - Part Two</i> | 120 |
| The Structure of Suppliers | 120 |
| The Initial Approach and Supplying Arrangements | 122 |
| The Purchasing Standards of Japanese Affiliates | 123 |
| Assistance Provided by Japanese Firms to their Suppliers | 126 |
| Conditions Attached to Contracts Concluded with Japanese Affiliates | 132 |
| The Spillover Effects of Supplying Products to Japanese Affiliates | 132 |
| Exchange of Visits | 133 |
| A European Comparison | 135 |

| | |
|---|-----|
| Conclusions | 136 |
| 8. <i>The Impact of Japanese Affiliates on their Competitors</i> | 140 |
| Introduction | 140 |
| Market Structure | 140 |
| Response of Competitors | 143 |
| An Additional Note on the CTV Sector | 147 |
| Conclusions | 149 |
| 9. <i>The Impact of Japanese Affiliates on their Customers</i> | 151 |
| The Destination of Sales | 151 |
| Sales and Marketing Techniques | 151 |
| 10. <i>Labour Related Questions'</i> | 153 |
| Introduction | 153 |
| Some Background Statistics | 153 |
| Labour Quality and Motivation | 156 |
| How Far are Japanese Personnel Practices Transferable to the UK? | 165 |
| To What Extent Can Work Practices be Applied in UK Industry? | 166 |
| Other Issues | 167 |
| The GEC-Hitachi Story | 168 |
| Some European and American Comparisons | 170 |
| Appendix A to Chapter 10: Evaluating Worker Performance: One Affiliate's Profile | 173 |
| Appendix B to Chapter 10: The Nissan Agreement with the AUEW | 175 |
| 11. <i>Some Other Features of Japanese Direct Investment in UK Manufacturing Industry</i> | 178 |
| Introduction | 178 |
| Balance of Payments | 178 |
| The Level of Employment | 180 |
| Technological Capacity | 181 |
| Profitability | 183 |
| The Structure of Assets and Financing of Capital Employed | 187 |
| 12. <i>The Future of Japanese Participation in UK Industry</i> | 190 |
| The Statistical Picture | 190 |
| Evaluation | 191 |
| A Policy Footnote | 193 |
| Appendix to Chapter 12: Inward Investment: Guidelines | 195 |

| | |
|--|-----|
| Suggested by the Electronics Working Party of NEDC, May 1980 | 195 |
| Appendix: Japanese Direct Participation in UK Manufacturing Industry - Terms of Reference of original study for DOI | 198 |
| References | 201 |
| Index | 204 |