

## TAMED ECONOMIC ANIMAL: CONSERVATIVE JAPANESE BUSINESSMEN IN THE GLOBAL COMPETITION

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Half a century ago the Japanese were regarded by some to be an aggressive people. Japanese businessmen were found everywhere in the world and often labeled 'economic animals'. Their aggressiveness in business seemed reminiscent of Japan's military invasions in Asia. Terms such as *kamikaze*, *samurai* and *hara-kiri*, referring to aggressive business attitudes, were used to symbolize the selfless devotion of Japanese businessmen to their companies.

Those business attitudes, which were partly praised as evidence of a noble pursuit of incessant improvement, became outdated in the 1980s after Ezra Vogel's *Japan As Number One* was published in 1979. Many Japanese started to think they were among the richest people in the world even though their ways of life and thinking had not been fully westernized yet. In particular, they had confidence in the quality of their products and the practical technologies they invented. Consequently, they believed that commodities made in Japan were mostly the best in the world, especially as far as high-end markets were concerned. Their former orientation towards the production of commodities as cheaply as possible was discarded in the process of technological development because it came to be regarded as an easy-going attitude which degraded the reputation of Japanese products.

It became evident around the turn of the millennium, therefore, that the Japanese had become more conservative in a world that was more globalized than ever before. Japan, it seemed, did not need to take risks by exploring the world's frontier areas in order to survive. Other than the United States and Europe, there were huge markets just next door to Japan, namely, a rapidly growing China and other East Asian nations, and dealing with neighbors in one's part of the globe would suffice to ensure the vitality of the Japanese economy. In short, Japan became an old, matured, safe, and risk-averse economy.

In the meantime, neighboring economies turned more outgoing. China reactivated its relations with African countries which were forged in the communist era. China today is not only regarded as a 'generous businessman' but also a 'flexible donor', especially by recipient countries turned off by the ethics and discipline imposed by OECD countries. China's presence is now felt all over Africa and Asia. An innumerable number of Chinese have emigrated to oil- and mineral-rich countries in Africa, such as Angola, Gabon, South Africa, and Sudan. Chinese businessmen move around a practically borderless Asia for trade and investment.

Another active player in this increasingly competitive global situation is South Korea. Koreans have spread all over the world for trade, construction contracts, investment and migration, sometimes with startling results. Last year, for example, the business world was surprised by an agreement by Madagascar to lease 1.3 million hectares of land to a Korean company, Daewoo Logistics. The leased land, accounting for half of Madagascar's arable area, would be cultivated to supply food to Koreans in the near future. What agitated most Malagasy, however, was, Daewoo Logistics would pay almost nothing for the lease. This

affair triggered a citizen's movement that eventually ousted then President Ravalomanana. Among other things, this incident captured the aggressive business approach taken by the Koreans under globalization. By contrast, Japan has not regarded sub-Saharan Africa and low-income Asian countries as business partners for a long time. For a while, Japan considered China to be sufficient as its main production base for exporting to the world. Therefore, Japan had not properly assessed other countries as substitutes for China. To be precise, only Vietnam was taken into account for that purpose.

However, a series of negative incidents took place in China which revealed the risks the Japanese were taking in concentrating their business in China. First, there was the outbreak of the severe acute respiratory syndrome (SARS) in Vietnam and China in 2003. Following that was the occurrence of the highly contagious avian influenza in China in 2006. In addition, some Chinese launched violent attacks on Japanese shops and restaurants as a result of the football game between China and Japan during the Asia Cup tournament in 2004. Those incidents and the risks they implied caused the Japanese to start thinking of the concept of 'China plus one' which suggested that another production site was necessary to hedge against the risks of operating in China.

In light of this new thinking, it is instructive to note how a vibrant Japanese company has been expanding in the current worldwide recession. In 2007, First Retailing Co., Ltd. made deep commitments to procure a substantial volume of products from Bangladesh, one of Asia's poorest countries. First Retailing's main brand is UNIQLO the sales of which have enabled the company to gain a considerable surplus during the global downturn. Bangladesh is the fifth and third largest apparel exporter to the United States and EU27 respectively. The wearing apparel industry has been the most important export sector in Bangladesh for decades. The export-oriented garment industry was initiated in cooperation with a Korean firm in 1980 and has expanded by 20 percent per annum with almost no interruption since. Korean and Chinese investors played a pivotal role to nurture the industry even though the majority of factories of the industry are currently owned by Bengalis. Another 'Least Developed Country', Cambodia, follows a similar pattern of industrial development. Cambodia's garment industry is the country's dominant foreign-exchange earner and has been growing since 1996. Most of the factories in Cambodia are owned by ethnic Chinese of different nationalities. Thus, China and Korea are decades ahead of Japan in terms of making serious commitments of business to low-income countries.

Sources in UNIQLO and YKK, which began fastener production in Bangladesh in 2001, admitted that they had underestimated the capabilities of garment factories in Bangladesh which were noted much earlier by the Koreans and Chinese. Hence, Japan is presently far behind South Korea and China in terms of incorporating local dynamism in production within developing lower-income countries. If some Japanese, indulging in narcissism, believe that Japan is one of the greatest countries of the world, they are liable to miss the dynamic changes and developments taking place outside their own country. Perhaps only after the gap between Japan and the world becomes great will they realize that Japan is really behind and must start to catch up with the world by displaying once again the aggressiveness it had in the *samurai* era.

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