

# THE PROFESSION

Section

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Electronic Engineering Times

## U.S. Firms Underestimate Value Of A Man In Japan

**Editor's note:** Five or six U.S. electronics companies are setting up some kind of operation in Japan each month, according to the American Electronics Association. Yet more and more often those companies quickly turn over control to an all-Japanese staff, partly to avoid the high costs of keeping an expatriate in Japan (see EE Times, June 23, Page 77). Here is another view.

By David Lammers

**TOKYO** — The high yen is making it more expensive than ever to keep an expatriate executive in Japan. Yet having someone from the home office in Tokyo remains an important factor in a successful Japan operation, said Tom Nevins, president of Technics in Management Transfer, a consulting and recruiting firm here.

Nevins first became involved in Japan's labor environment in 1974, when he came here from Cornell University as a visiting researcher at Japan's Ministry of Labor. The author of *Labor Pains and the Gaijin Boss*, Nevins is considered the most experienced American labor consultant in Tokyo.

"It is important to have someone in Japan from the home office, someone who is not on the same career path as the Japanese employees," Nevins said.



Thomas Nevins: Don't lose control.

"If you give a Japanese employee the position of president, he will hesitate to bring in managers better than himself," Nevins said. He found one foreign company was not able to sign up recruits after the final interview. Upon investigation, Nevins found that the

Japanese president was making his negative feelings clear to the recruits. "It was the way he gave off those non-verbal signals, which are so important in Japan. One guy said the president picked his nose during the interview," Nevins said.

Nevins said U.S. companies who do not keep an American here to keep an eye on the operation "are naive. No Japanese company, or Swiss or German company, leaves its overseas subsidiaries totally up to the locals like Americans do."

One foreign operation found its sales up but profits down. Nevins found that the Japanese president had set up a subsidiary company in his name which was skimming off profits.

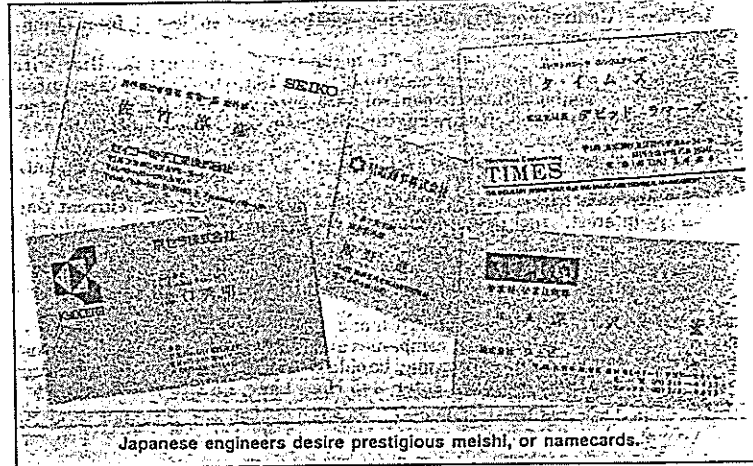
"An audit is just not enough," Nevins said. "You've got to keep checks and balances in any operation. Besides watching the books, a foreign manager must be there to review marketing plans, and to be the key to the home office. You need someone who has a good relationship with the top brass back home."

### Encouraging Passivity

Many times, Japanese employees encourage passivity on the part of the expatriate manager. "They like the unaggressive guy who spends his time at the American Club. The Japanese employees encourage that kind of behavior because it makes it easier for them to do things their own way," Nevins said. He added that one problem with older Americans here is that, expecting to retire soon, they become lazy and fail to positively influence the Japanese staff.

And yet expatriates must take a low-key approach with the Japanese managers they work with.

"In Japan, the way things are done is important," Nevins said. "The foreign manager must... show that he wants to learn and get new information. The Japanese staff are very aware if someone is really listening. They want to know if this American is really serious, and wants to hear what is being said, or if he



Japanese engineers desire prestigious meishi, or namecards.

is the kind of guy who jumps in with his own opinions right away and tries to direct things."

The foreign manager, for his part, must be careful not to accept the line, "This is Japan and Japan is different," Nevins cautioned. "What works at home can work here too, but to get it to work the foreign manager may have to be persistent, in a nice way. He has to let it be known that he is not going to just let it go by. Somehow, he plants the seed and lets the Japanese employees run with it, without taking credit."

### Recommends Senior Men

In the electronics industry, Japanese executives are accustomed to relatively young American managers such as James Shinn (Advanced Micro Devices), Richard Dyck (Teradyne) or Rick May (Harris), all of whom speak Japanese well. But Nevins said young, aggressive Americans can easily alienate a Japanese staff, and for that reason Nevins recommends that foreign companies consider sending a relatively senior man to Japan, someone who can demonstrate a working relationship with top managers in the home office.

Normally, a senior American can comfortably work with a Japanese manager who is in his 40s, the prime age for active decision makers here. Nevins said hiring a Japanese executive who has already retired from a Japanese company often does not work, because the older Japanese may assume the psychological role of "advisor," rather than manager. Also, a second-career manager has his pension money rolling in and "he may not really hustle that much," Nevins cautioned, adding that in Japan it is difficult to get rid of an older, unproductive manager gracefully.

Job security is such a concern with Japanese that American companies must be able to offer two things to attract top quality Japanese staff. One is a higher salary, and another is an impressive *meishi* (name card).

"The smaller the U.S. company is, the more difficult it is to hire Japanese employees," said Nevins, who oversees about 20 "headhunters" in his company.

### Getting Into Real Estate

One way a smaller company can attract good technical and managerial talent is—strangely enough—to buy land. "Take Microsoft, for example," which

is trying to expand its staff in Japan after severing its relationship with A&CII, he said. "Now, if Bill Gates would buy some land in Tokyo and put a building on it, he would have a much easier time getting top quality people," Nevins said.

Companies which have bought land in Tokyo's inner business district (Minato Chuo and Chiyoda wards) have seen the value of that land increase in value by an impressive 57 percent in the past year alone. The main benefit of land ownership is that potential staff and customers know an American company is serious (not to mention wealthy) when it spends on Tokyo real estate.

Small American electronics companies have a hard time attracting staff because they are not well known here.

"A young engineer at Fujitsu or Hitachi has great prestige, even though his salary may be lousy. The *meishi* is so important here. If he works for some unknown U.S. venture company, his *meishi* doesn't carry much weight when it comes time for an *omiai* (arrange meeting for marriage purposes), or if it shows it to a girl at a disco, or to his old high school classmates. This kind of thing is more important here," Nevins said.

One saving grace is that Japan's electronics engineers are "more realistic about salaries than Japanese in the securities or banking industries, two other areas where there is great demand for foreign companies.

Stock analysts who are bilingual, for example, can make about 20 million yen (\$120,000) a year, and foreign banks are often confronted with Japanese candidates who demand extreme high salaries.

By contrast, Japanese engineers "a virgins, because they are not a proached that often by headhunter and because salaries at Japanese companies are so low."

A 35-year-old *kacho* (section chief) at a Japanese engineering group will earn about 8 million yen (\$48,000), and young engineers earn half of that, Nevins said. Nevertheless, to attract an engineer to a foreign company a much higher salary is expected, in the 10- to 12-million-yen (\$60,000 to \$72,000) range. And foreign companies would be smart to ease the new Japanese employee's higher tax bill by paying his rent, or most of it, he said.

For Japanese managers, foreign cor- (Continued on Page 72)

## 'Recruit Season' Starts In Japan, But Prospects Look Less Rosy

By Kimiko Yamamori

**TOKYO** — Japanese electronics companies are cutting back on hiring high school graduates, but university graduates with technical degrees still have bright job opportunities.

Hiring plans by major corporations are regarded as an indicator of corporate financial prospects.

"In general, electronics companies are hiring fewer people this year, partly because the higher yen is forcing them to expand overseas instead of in Japan," said a spokeswoman at Japan Recruit Research Inc.

Aug. 1 marks the official beginning of "recruit season" in Japan, when companies officially are permitted to meet with university students who will graduate next April.

Companies began posting job notices on university bulletin boards 40 days earlier than last year, partly because companies and students had widely violated a gentlemen's agreement to begin full-scale recruitment on Nov. 1.

The actual scouting process begins much earlier, with "OBs" (old boys) returning to their alma mater to wine and dine sought-after prospects.

IBM-Japan plans to hire 1,560 people to begin work next May, including 1,030 male university grads and 350 female university grads, with the balance coming from high schools and vocational schools. Last year IBM-Japan hired 1,855 new people, according to a company spokesman.

Nihon Digital Equipment Corp. will hire 200 new people, about the same as last year, but Nihon DEC expects to add 120 engineering graduates, up from 74 last year. Texas Instruments Japan has sharply increased its hiring plans: 100 people this year compared with 46 new hires a year ago.

Hitachi Ltd., NEC Corp., Matsushita Electric Industrial Co. Ltd., Mitsubishi Electric Corp. and Toshiba Corp. are remarkably similar in their hiring plans for new engineers. All five companies plan to sign on about 700 new engineers this

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