

Difficulties and the Future of Japanese Business Expansion Overseas

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<Introduction>

We went to Vietnam in 2018 for the SGH program, and visited the factory of the Japanese company PLUS. Before we went, we thought there were many problems with Japanese companies expanding overseas. We made the following predictions.

<Predictions>

- Insufficient equipment
In disorder
- Bad relationships between employers and employees
- Against to the regulations



<Observations> Visiting the PLUS factory in Vietnam

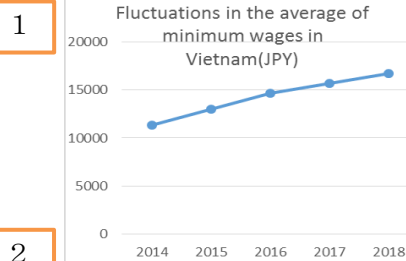
- They have high-quality equipment, and they didn't seem to have any difficulties. Their relationship between workers and management is good.
 - Workers are open to being coached.
- 5S (Japanese: Seiri, Seiton, Seiketsu, Seisou, Shitsuke)
(English: Sort, Set-in-order, Shine, Standardize, Sustain the discipline), greetings, and so on.
- The wage increases every year. <6,750 yen(2011)⇒19,900 yen(2018)>



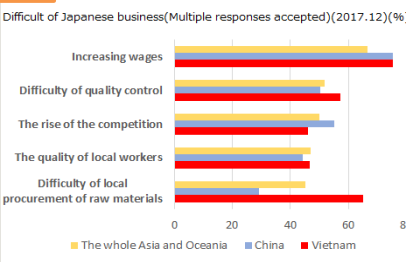
<Hypothesis>

Can the factory workers continue working if the wages are increasing more and more in Vietnam?

<Analysis①>



1. The minimum wages a month in Vietnam have increased by 68 percent(2014~2018)(Reference : Japan External Trade Organization)



2. Increase in wages account for 75.3 percent of the difficulties for Japanese businesses in Vietnam. (2017.12)(Reference : Japan External Trade Organization)

3. Japanese businesses in China decreased by 3.7 percent because of increase in wages. (2015~2016)(Reference : The Ministry of Foreign Affairs)

<Analysis②>The interview with the president of PLUS Vietnam

- Q. What are the advantages to not transferring?
A. We keep down the cost of our initial investment and transfer.
- Q. Do you take any measures to prevent transfer?
A. Downsizing the number of factory workers by mechanization of production, and shifting production to higher added value.
- Q. In what case will you consider transferring?
A. If productivity can't keep up with labor costs.

<Discussion>

The principal cause of transfer out of the target country is rising wages of employees. If wages continue to rise, many companies will have to move to another country, so employees who work at the company will lose their jobs. However, stopping transfer is very difficult. Can we build a new system that makes use of experience working at a Japanese company?

Working experience at a Japanese company will improve their future!!

<Solution>

- Give an advantage when they work at other Japanese companies in their home country
- Provide more chances to work in Japan (*)

Training in the Japanese language

Joint training system in cooperation with other Japanese companies

Training in Japanese culture

- Share ideas on how to train human resources
- Get public funds from the Japanese governments in order to reduce the burden on companies
- Provide joint training to workers across companies

Japanese companies overseas can also be educational institutions!!

(*)<A proposal to revise immigration Control Law>

The declining birth rate and the aging population are causing serious labor shortages in Japan. The Japanese government approved a proposal to revise Immigration Control Law in November 2nd, 2018, to increase the number of foreign workers. This makes Japanese language ability even more important.

- Learn skills which are useful for working in Japan
(To teach communication skills to comprehend each other, Greetings and 5S)

- Cultivate workers who can be active in Japan and resolve the labor shortage problem in Japan

<Conclusion>

Nowadays, a lot of Japanese companies are expanding to other countries in search of cheaper labor, but sudden transfer from the country causes lay-offs which cause problems for local workers. Therefore, we think that Japanese companies should train human resources with support from the Japanese government.