

2B9 A Study of the Research and Development
 Activities of Foreign Affiliates in Japan

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This study investigates issues facing R&D managers of foreign firms in Japan based on the results of a questionnaire survey. The survey was sent to senior level R&D managers or a senior affiliate representative of 132 companies reporting R&D operations in Japan. Responses were received from 62 companies for a return ratio of 47%.

Conducting corporate Research and Development abroad is a time consuming, risky and high cost endeavor. Most successful R&D affiliates have been operating in Japan over twenty years. A high proportion of chemical and pharmaceutical companies account for an increasing share of the foreign affiliates conducting R&D in Japan. Despite difficulties in attracting qualified personnel and increasing costs, most companies predict growth of diversified operations which will lead to increased self-financing of Japan R&D. Managers view Japan as an essential international center for R&D mainly because of its market potential, quality of R&D and importance as a focal point for the Asia-Pacific area. While a small amount of basic research is reported, the concentration of research involves applied and development work with the majority of research being conducted by Japanese staff. While coordinating corporate research with the home office is a major obstacle to successful operations, government regulations are not seen as a problem in conducting R&D in Japan.