CONTENTS

ACKNOWLEDGMENT
ABSTRACT
CONTENT
LIST OF TABLES
LIST OF CHARTS
LIST OF ABBREVIATIONS

CHAPTERS

I  INTRODUCTION
  1.1 Background 1
  1.2 Critique 5
  1.3 Objectives of Study 9
  1.4 Definition 10
  1.5 Research Methodology 11
    1.5.1 Research Criteria 11
    1.5.2 Selection of Industries 12
    1.5.3 Selection of Firms 13
    1.5.4 Survey Methodology 13
  1.6 Hypotheses 14
  1.7 Outline of Chapters 15

II  AN OVERVIEW OF JAPANESE DIRECT INVESTMENT IN MALAYSIA 16
  2.1 Introduction 16
  2.2 Foreign Direct Investment from Japan and Other Countries 18
2.3 Japanese Direct Investment in Malaysia and Other Countries
2.4 Japanese Direct Investment in Malaysia, Thailand, Philippines and Indonesia
2.5 Employment
2.6 Capital Investment
2.7 Ownership Patterns
2.8 Reasons to Invest in Malaysia
2.9 Production Pattern
2.10 Location of the Japanese Companies
2.11 Sales by Japanese Firms

III THE LITERATURE REVIEW ON FOREIGN AND JAPANESE DIRECT INVESTMENT
3.1 Introduction
3.2 Literature on Foreign Direct Investment by Western Economists
3.3 Literature on Foreign Direct Investment by Japanese Economists
3.4 Literature on Foreign Direct Investment in Malaysia
3.5 Literature on Japanese Direct Investment in Malaysia
3.6 Summary and Comments
IV  GENERAL PROFILE OF JAPANESE DIRECT INVESTMENT IN KEDAH STATE

4.1  Introduction  55

4.2  Economic Profile of Kedah  55

4.3  General Features of Japanese Direct Investment in Kedah

4.3.1  Development of Japanese Direct Investment in Kedah  58

4.3.2  Location  59

4.3.3  Japanese Firms by Sectors  60

4.3.4  Employment  61

4.3.5  Japanese Expatriates  62

4.3.6  Ownership Structure  63

4.3.7  Capital Investment  64

V  STRUCTURE OF JAPANESE-RELATED FIRMS IN KEDAH STATE

5.1  Introduction  68

5.2  Determinants  68

5.2.1  "Pull" Factors  69

5.2.2  Estimation of "Pull" Factors  70

5.2.3  "Push" Factors  72

5.2.4  Estimation of "Push" Factors  73

5.3  Financial Condition  76

5.3.1  Investment  76

5.3.2  Ownership Structure  78

5.4  Workforce  80

5.4.1  Total Employment  80

5.4.2  Japanese Workers  82
5.7.5 Malay and Non-Malay Subcontractors 108

5.8 Adoption of Japanese-Type Management 108

5.8.1 Japanese Management 109

5.8.2 Estimation of Japanese-Type Management 109

5.9 Salaries 112

5.9.1 Salaries by Type of Job 113

5.9.2 Salaries and Location 114

5.9.3 Salaries and Industry 115

VI THE TEST OF TWELVE HYPOTHESES ON JAPANESE DIRECT INVESTMENT IN KEDAH 116

6.1 Introduction 116

6.2 Hypothesis Test 116

6.2.1 Hypothesis One 117

6.2.2 Hypothesis Two 118

6.2.3 Hypothesis Three 119

6.2.4 Hypothesis Four 120

6.2.5 Hypothesis Five 121

6.2.6 Hypothesis Six 122

6.2.7 Hypothesis Seven 122

6.2.8 Hypothesis Eight 123

6.2.9 Hypothesis Nine 124

6.2.10 Hypothesis Ten 125

6.2.11 Hypothesis Eleven 126

6.2.12 Hypothesis Twelve 128
<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Foreign Direct Investment in Malaysia from 1987 to 1992</td>
<td>19</td>
</tr>
<tr>
<td>2.3</td>
<td>The Total Amount of Japanese Direct Investment in Manufacturing Sector in Indonesia, Thailand, Malaysia and Philippines from 1986 to 1988</td>
<td>27</td>
</tr>
<tr>
<td>2.4</td>
<td>The Distribution of Japanese Firms in Malaysia by Sectors in 1989</td>
<td>29</td>
</tr>
<tr>
<td>4.1</td>
<td>The Ownership Structure of 29 Japanese Firms in Kedah in 1993</td>
<td>64</td>
</tr>
<tr>
<td>4.2</td>
<td>Japanese Direct Investment in Malaysia by States in 1990 and 1994</td>
<td>65</td>
</tr>
<tr>
<td>4.3</td>
<td>Japanese Direct Investment in Kedah by Industries in 1990 and 1991</td>
<td>66</td>
</tr>
<tr>
<td>5.1</td>
<td>Authorised Capital, Paid-up Capital, Total Investment of 14 Japanese Firms is Kedah</td>
<td>77</td>
</tr>
<tr>
<td>5.2</td>
<td>Ownership Structure and Year of Establishment of 14 Japanese Firms in Kedah</td>
<td>79</td>
</tr>
<tr>
<td>5.3</td>
<td>Employment Creation by Location of 14 Japanese Firms in Kedah (Workers)</td>
<td>81</td>
</tr>
<tr>
<td>5.4</td>
<td>Share of Malay and Non-Malay Workers in Electronics/electrical Non-electronics/electrical Japanese Firms in Kedah</td>
<td>84</td>
</tr>
<tr>
<td>5.5</td>
<td>Export-Sales Ratio and Vintage of 14 Japanese Firms in Kedah</td>
<td>91</td>
</tr>
<tr>
<td>5.6</td>
<td>The Adoption of Japanese-Type Management by 14 Japanese Firms in Kedah</td>
<td>111</td>
</tr>
<tr>
<td>Chart</td>
<td>Title</td>
<td>Pages</td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>1.1</td>
<td>Approved Manufacturing Projects by Local, Foreign and Japanese Investors from 1985 to 1992</td>
<td>3</td>
</tr>
<tr>
<td>2.1</td>
<td>Number of Japanese Firms Established in Malaysia from 1950 to 1979</td>
<td>17</td>
</tr>
<tr>
<td>2.2</td>
<td>Japanese Direct Investment in Malaysia, Thailand, Indonesia and Philippines from 1984 to 1991</td>
<td>25</td>
</tr>
<tr>
<td>2.3</td>
<td>Sales by 283 Japanese Firms in Malaysia in 1987, 1988 and 1989</td>
<td>34</td>
</tr>
<tr>
<td>4.1</td>
<td>The Number of Japanese Firms Established in Kedah in 1960s, 1970s, 1980s and 1990s</td>
<td>59</td>
</tr>
<tr>
<td>4.2</td>
<td>Employment by Japanese Firms in Kedah in 1993</td>
<td>62</td>
</tr>
<tr>
<td>5.1</td>
<td>Estimation of “Pull” Factors by 14 Japanese Firms in Kedah</td>
<td>71</td>
</tr>
<tr>
<td>5.2</td>
<td>Estimation of “Push” Factors by 14 Japanese Firms in Kedah</td>
<td>75</td>
</tr>
<tr>
<td>5.3</td>
<td>Sales by 14 Japanese Firms in Kedah</td>
<td>87</td>
</tr>
<tr>
<td>5.4</td>
<td>Purchase by 14 Japanese Firms in Kedah</td>
<td>96</td>
</tr>
<tr>
<td>5.5</td>
<td>The Number of Subcontracting Firms of 14 Japanese Firms in Kedah</td>
<td>104</td>
</tr>
<tr>
<td>7.2</td>
<td>Prospects for Production of 14 Japanese Firms in Kedah</td>
<td>131</td>
</tr>
<tr>
<td>7.2</td>
<td>Prospects for Employment of 14 Japanese Firms in Kedah</td>
<td>132</td>
</tr>
</tbody>
</table>
Chart 7.3  Prospects for Local Content by 14 Japanese Firms in Kedah  135
Chart 7.4  Problems of Management of 14 Japanese Firms in Kedah  139
Chart 7.5  Problems with Subcontracting Firms of 14 Japanese in Kedah  143