

## **Fundokin Shoyu Company, Ltd.**

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Soy sauce (*shoyu*) is the essential seasoning in Japanese cooking, with average annual per person consumption of about two gallons. Soy beans, a legume, have long been an essential source of vegetable protein for Japanese, and is an ingredient in hundreds of chemical products. In the 1970s, the government pushed for the consolidation of the then 3,000-plus soy sauce manufacturers in Japan.

Fundokin Shoyu Company, Ltd is based in Usuki City, near Oita City, in Oita Prefecture, in northeastern Kyushu. Fundokin has four factories in the area, which produce products primarily based on soy beans: soy sauce, *miso* (fermented soy beans), soy sauce-based dressings, and a range of related products. It is the largest soy sauce producer in Kyushu, and ninth-largest in Japan; it is also the largest producer of miso in Kyushu, and fifth-largest in Japan.

Each factory is a separate company, controlled by Fundokin; each factory has obtained ISO 9001 international quality management certification. The shoyu and miso factories each is a JAS (Japanese Agriculture Standard) Certified Organic Processed Food Factory. (This is the Japanese equivalent of US Department of Agriculture certification.)

The parent-company business was started in 1861 by Kinjiro Kotegawa as a manufacturer and seller of soy sauce and miso. In 1931 it was established as a company, and in 1939 the company changed its name to its registered trademark, Fundokin. In 1967 it adopted its present name. It is a private, family-controlled company; the current CEO, Kyoji Kotegawa, joined the company in 1985 after working for several years at the Development Bank of Japan (DBJ). He succeeded his father, and is the fifth generation to head the enterprise. During his tenure, company sales have doubled.

Fundokin's shoyu and miso factories are owned by separate companies, each established as a cooperative with other companies as minority shareholders, under Fundokin's

leadership. For example, one of the four factories is the Oita Shoyu Cooperative Company (established in 1974), with 18 other companies as shareholders in addition to Fundokin.

In 2018 the company had sales of ¥16.7 billion (\$152 million at an exchange rate of ¥110/dollar). It has 700 employees. Its paid-in capital is ¥30 million (\$273,000) but its capital is much larger because of accumulated retained earnings since its establishment. Oita Bank is its main bank, and it also has a banking relationship with DBJ, Fukuoka Bank and Iyo Bank in Ehime Prefecture, Shikoku. The most-profitable business is dressings, since the production process does not take much time, and output is immediately sold. Soy sauce takes seven months to produce.

I visited the soy sauce factory adjacent to the company's headquarters. It is a complex assemblage of many different huge vats, connecting tanks, and containers for the production and then the bottling of soy sauce. The blending of different batches of soy sauce provides a wide variety of sauces to cater to consumer tastes. The factory can produce some 700 varieties, including a special halal soy sauce for Muslim customers. It produces 20 different blends (brands) a day. Immense amounts of the excellent local water is used, stored in wooden tanks. Fundokin proudly shows visitors a tank built in 2001 that was recorded by Guinness as the largest wooden tank in the world. It measured 9 m (29 ft 7 in) tall, 9 m (29 ft 7 in) in diameter, and has a capacity of 540,000 liters (142,652.9 US gal). It has been superseded by even larger tanks in London, Paris, and elsewhere.

The factory has 110 employees, full-time and part-time; almost all (over 90 percent) are from Usuki City and nearby areas. The factory operates five days a week. The regular weekday is from 8:00 am to 5:00 pm, with 8 hours of work. Part-timers, mostly married women, arrive at 9:30am after dropping children at school, and leave at 4:30pm. Initially workers are trained in a range of jobs, and then decide what specific jobs they want to specialize in.

The full-time workers have a union. Management has good relations with the union, with which they negotiate over worker terms twice a year. This company hires 10-15 new persons a year.

To produce soy sauce, a huge tank is used. Some 32 tons of steamed soybeans and crushed and fried wheat, a fermentation starter (*koji*, rice and malt inoculated with the mold

*Aspergillus oryzae*), and salt are added. The fermentation process takes 45-50 hours. The liquid extracted is unrefined soy sauce, which is compressed into pure soy sauce, which is then mixed to achieve different blends, and pasteurized.

Miso and miso-processed goods are produced by the Oita Miso Cooperative Company. It was established with other regional companies in 1984 under Fundokin's leadership, and the factory was opened in March 1986. It has a paid-in capital of ¥40 million (\$364,000), and 105 employees. It produces 520 different packaged products.

The specific flavor of the miso depends on the fermentation mold (*koji*) used. The best barley and soybeans are hand-selected by tasting, rather than by sorting machines, in order to ensure high quality.

Some 30 years ago, in response to customer demand, the company began developing a dressing with soy sauce flavors. The plant was opened in June 1999 with a capacity of 5300 KL and was expanded in 2015 to a capacity of 7200 KL (about 1.9 million gallons). By 2015 the factory produced 18 million bottles of 80 different items, with sales of ¥4 billion.

Production and sale of food dressings is an important part of the company's future. The company has 80 employees – 67 in production, 5 in quality control, and 8 in the administrative office.

The company has developed a variety of dressings, including a popular sesame dressing, which now comprises about half its dressing sales. The primary dressing utilizes hand-processed raw onions added to soy sauce, vinegar, and oil. Soy sauce dressings comprise 40 percent of sales, and 10 percent are other flavors, including pepper, corn, basil and citrus fruits such as *yuzu*, which is an East Asian fruit that is quite sour and tart.

This is a fascinating, innovative company succeeding in a traditional consumer food-related industry.

## **Acknowledgements**

On May 16, 2019 I had an excellent meeting with Syouji Kato, executive office and general manager of Fundokin Shoyu Company, and Tsuyoshi Ikebe, director and plant manager of the subsidiary Oita Shoyu Cooperative Company. Mr Ikebe provided me a tour and explanation of the factory. I went with Hirofumi Maki of the Development Bank of Japan (DBJ), who arranged the meeting and joined me from Tokyo. Kimihiro Fukuyama, DBJ chief representative in Oita, participated in the meeting. Patricia Hara, a long-term Oita resident and Chair of her company (Pacific English Inc), kindly served as interpreter.

## **References**

The company's web site is partly in English.

<http://www.fundokin-english.com/companyinfo/>