CHAPTER VI
CONCLUSION

When a small country called Japan, rose from the devastation of World War II and forced itself on public consciousness as the single biggest industrial success, the necessity for studying the Japanese phenomenon was felt.

Initial attempts led researchers to identify practices that were unique to Japan and consequently they dismissed the Japanese industrial success as a derivative of its culture. Naturally the practices could not be transferred elsewhere. But more tenacious researchers determinedly pursued the query to get to the bottom of the Japanese success. It is these researchers who threw up definite findings about operations of Japanese production system and classified Japanese management techniques and management practices into understandable parameters. Management literature since then has been strewn with terms like kaizen, just-in time, kanban, jidoka, all of Japanese origin, considered responsible for catapulting Japan into the upper echelons of world economic power. However, when these management techniques were tried out in other countries the result was modest and often restricted to few companies. This in turn led to a debate about the question of transferability. Empirical studies have shown that Japanese management techniques often adapt and localize themselves to the local environment. Further the success of transferring operational management techniques is dependent on effective human resource practices that build teams, enhance flow of communication, empower employees and
GROUP A
1. LIFE-TIME EMPLOYMENT
2. SENIORITY WAGE SYSTEM
3. ENTERPRISE UNION

GROUP B
1. RECRUITMENT PROCESS
2. RINGI
3. NEMAWASHI
4. INTERNAL PROMOTIONS
5. WELFARE BENEFITS

GROUP C
1. QC-CIRCLE
2. SMALLGROUP ACTIVITY
3. SUGGESTION SYSTEM
4. EGALITARIAN ENVIRONMENT
5. TRAINING
fashion an egalitarian and harmonious work environment.

This research therefore, classified the prevailing human resource management practices in Japan into three broad groups: Group A comprising lifetime employment, seniority wage system and enterprise union, group B consisting of the recruitment process, internal promotion system, ringi system newamashi and welfare benefits and group C comprising Quality circles, suggestion system, egalitarian environment and training (Fig 6.1). Group A is one end of the spectrum, culture specific in nature, while group C is at the other end, and more procedural in nature. The study then, sought to understand level of transferability of Japanese human resource management practices across two Asian countries-Thailand and India. For this purpose the study chose two companies Honda and Sanyo, leaders in their sector, to evaluate the level of transferability of their human resource management practices. Honda is a multinational with core competence in automobiles, which includes motorcycles. This company was chosen on because it was a pioneer in setting up plants outside Japan. Further its joint venture in Thailand and India have been established for quite some time and have a sizeable market share. Sanyo was selected as a representative consumer durable company because of its long presence in India and Thailand.

It is worth noting here that Japan itself is an economy in transition and the sanctity of some of the oft-quoted management practices like seniority wage system is being challenged by the Japanese themselves. This has been revealed by this study in Honda Japan. However the Japanese operational management techniques still continue to be unsurpassed in most areas and the endeavour of this study is to
establish that Japanese human resource practices which help sustain the operational management techniques benefit the company proportionately to the adoption of the time-tested Japanese human resource management practices in their country of transplant.

In Honda Japan, the human resource management practices have evolved in response to the changing economic environment. It goes to the credit of Honda Japan that its response to externalities has been immediate, which has placed it on the forefront of Japanese dynamic Japanese company. This promptitude has given rise to some unique human resource management practices in Honda Japan, which are Japanese in essence but simultaneously aligned with current international trends. Thus recruitment practices at Honda Japan retains the essence of the Japanese recruitment system, including attention to details such as the recruit's family background and his ability to contribute creatively to the workplace rather than focussing just on skill and qualification.

But while recruitment retains the traditional flavour, performance evaluation has incorporated contemporary global practices like self assessment, which are different to the conventional Japanese system of assessment on account of transparency. Additionally, Honda Japan has de-linked emoluments from the seniority criterion by adopting performance linked bonus and evaluation, thereby ushering in individuality and professionalism into conventional Japanese human resource management practices.

Interestingly, while Honda Japan has given up the seniority criterion in its...
FIGURE 6.2 RESEARCH MODEL HONDA

GROUP A
1. LIFE-TIME EMPLOYMENT
2. ENTERPRISE UNION

GROUP B
1. RECRUITMENT PROCESS
2. RINGI
3. NEMAWASHI
4. INTERNAL PROMOTIONS
5. WELFARE BENEFITS

GROUP C
1. QC-CIRCLE
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performance evaluation and wage system, it continues to see merit in lifetime employment. There have been no retrenchments in the company, and it continues to provide a sizeable lump sum retirement benefit, which makes for employee loyalty to the company.

All these changes has made Honda Japan's human resource practices shift away from the conventional model of Japanese human resource management practices. Thus in the Honda model seniority criterion listed under group A in (fig 6.1) and therefore culture specific does not hold any ground. From this study's point of view, because of these emerging changes in Honda Japan that the research model has fewer elements under group A. The model for transferability of Honda Japan human resource management practices is shown in figure (6.2).

Since, most of these departures were effected by the company since 1992, when faced with global competition, it clearly indicates that a certain amount of adaptability to global practices is inevitable when a Japanese company integrate with the global industrial community and world becomes a global village. The departure has made Honda Japan a winner as it is able to retain its world position also throws up the surmise that the Japanese companies that adapt fast would tend to sustain globally. Many experts believe that Honda Japan may also abandon lifetime employment in the long run, but it needs to be remembered that it is because of this adaptability character that the company has been able to ride the current slowdown, without a major dent to company's profitability.

Sanyo Japan, on the contrary is a conventional company, and its human resource management practices are representative of the Japanese practice. Recruitment of
the right kind of individual is followed by structured induction training for all levels of recruits. During the induction programme, the employee is provided with inputs on the company's philosophy, vision and goals. Training at all levels is basically imparted through on-job training. Job rotation is used extensively at the shop floor level to ensure multi-skill development of a shop floor employee. At a managerial level the training is designed to help the manager perform his role more effectively. Thus at a junior level skill development to enhance productivity is the focus while from a middle managerial level, the training emphasis shifts to inter-personal communication skills, creativity and leadership quality. The aim is to enhance employees capability throughout his productive years through various forms of training.

Sanyo Japan continues to build the seniority criterion into performance evaluation which is linked to emoluments that the employee earns. Evaluation and ranking through seniority continue to dominate the Japanese multinational's HRM practices. The seniority criterion definitely makes the older employees in the organisation feel more secure. If frustration exist it is well camouflaged. The seniority criterion along with the guarantee for lifetime employment which the employees fully support in the current recession scenario ensures an employee his future and helps him contribute productively.
While evaluating the degree of transferability based on empirical studies conducted in Honda and Sanyo's Thai and Indian joint ventures, it is interesting to note that maximum transferability has taken place in group C elements, which are by definition, universal in nature and considered easily transferable. Significantly, even within group C elements, the degree of transferability differs from the country of adoption to another, clearly indicating that Japanese management practices have undergone further adaptation in the country of transplant to suit local needs. While adaptation itself is not bad as has been shown by Honda Japan's experience, what is disconcerting is that despite the accolades won by Japanese operational management techniques and human resource management practices, there does exist a certain amount of resistance to Japanese management techniques and therefore human resource management practices in the country of adoption because of local biases and rigidities. The net result has been only a partial reaping of benefits by the country where Japanese management practices have been adopted. The impression gleaned during the field visit is that part of the blame for this goes to the Japanese entrepreneurs themselves. This is because they do not feel bound to transfer their superior management techniques and practices to their joint venture partners, though technology transfer as prescribed by the joint venture agreement is considered their primary duty. But at the same time, local management are also to blame since they have adopted Japanese management techniques and practices in a piece-meal fashion, not on account of structural or cultural rigidities endemic to their own country, but because of narrower considerations such as hierarchy.

Hero Honda India, 'dinning room for managers' is a case in point. Clearly while the company has been willing to adopt certain egalitarian measures such as a uniform
dress code in line with Japanese practice the top management has fallen short of accepting a common eating place and a common menu for all employees. Even in BPL Ltd. sharing of a common eating place is not acceptable by the managers.

Such deviations which are neither culture specific nor culture affected are common not only in India but also in Thailand. Thus, while housing is central to the list of benefits extended by Honda Japan to its employees to create employee commitment towards the corporation, Thai and Indian experiences clearly indicate that such practices would be compromised, if they are not the industry norm in the country of transplant and involve substantial cost to the company. Neither do SUE Thailand nor BPL Ltd. India, Sanyo's joint venture partners in Thailand and follow this practice.

Similar is the transferability experience in case of the enterprise union system. The enterprise union system that enables better communication, participation of workers in the management decisions of the company and wage settlement without any acrimony is core to Japanese human resource management practices as it ensures harmonious work environment. But it has been given a short shrift in the countries of transplant. In Honda Thailand the transferability of enterprise union system with high participation rate of workers is considered partial because its function and scope are rather limited, but even this level of transferability is considered to be responsible for the ability of the organisation to retain employees even during economic down turn as witnessed during the factory visit in December 1997.

At the same time the mindset of the Honda Thailand management is indicated by Mr. Odamoto's (Director & Administration Division Manager) statement that the
Company is open to a larger role for the union. The statement clearly indicates that the management is conversant with the benefits of the enterprise union system and is willing to consider its total transplant.

But the Indian experience is entirely different. In India were unions are known to adopt a confrontation course to protect workers’ rights both Hero Honda and BPL Ltd. have consciously adopted policies to discourage unions. Hero Honda management weeds out employees with potential unionist tendencies for recruitment at its Gurgaon plant because of its experience in another plant. BPL Ltd. deliberately recruits employees who live at a distance from the work place and in a different locality, and discourages employment of kith and kin in the same plant. Even with these policies BPL Ltd. could not prevent unionism which has led to indefinite strike in its plants in and around Bangalore. The impression gathered was that apart from inherent distrust of unions in India and Thailand, the fundamental view towards unionism differed between Japan, Thailand and India. In Japan workers are considered an equal partner and due importance is given to their contribution towards enhancing of company’s wealth. That is why it is possible for a Japanese worker to reach top management rank (though rarely) while it is near impossible in Thailand and India.

However it should be noted here that workers in countries like India consider Japanese workers’ unions to be comparatively toothless and say the kind of exploitative meted out to contract/ part-time workers in Japanese establishment would not be tolerated by an Indian union. The workers the researcher talked to were conversant with the Japanese work environment, as some of them had gone on training programmes to the parent company. One would not arrive at any conclusion.
in Thailand because of the given language barrier. However since the scope of the study was limited to regular workers the research has consciously excluded contract/part-time workers.

Transferability of Quality-circle and suggestion systems has been widespread because of the nature of these elements. These practices do not demand significant monetary commitment of the management, reduce cost of production, encourage quality consciousness, build better communication channels and help in motivate the employees. These practices reach down to the lowest level of employees, thus, giving them a feeling of self-importance as their suggestions contribute towards profit and growth of the company. A feeling of belonging and being a part of the decision making process is also enhanced. Thus, these practices make a qualitative difference to the work environment. These are softer aspect of Japanese human resource management practices and have been introduced with enthusiasm in Hero Honda and where they bore positive results. Honda Thailand was in the process of introduction of these practices. SUE Thailand and BPL Ltd. had adopted the Quality circles because of the quality needs but have gone slow on suggestion system.

Training programmes provide support to Japanese human resource management practices that require cooperation and communication between employees. Training programmes that enhance communication, team building and motivate employees apart from developing skills have become popular in all joint ventures. BPL Ltd. has taken great care in developing training programmes for all level of employees and has borrowed considerably from Sanyo Japan. The attitude of the top management to concentrate on training before implementing the Japanese management practices seem to be a wise decision because this policy will make implementation easy.
However, two common practices distinctly Japanese ringi and nemawashi have not found any takers. Ringi because it is considered to be time consuming and managers are reluctant to give up their decision-making authority. Nemawashi has deep social roots and, therefore its transplant, more difficult.

It is of importance to note that SUE Thailand has transferred the seniority criterion with some modifications into its performance evaluation system and has also factored in the seniority criterion into its provident fund scheme. This is seen by the management as a retention policy and is also favoured by the employees because of staggered economic benefits. Though still popular with many Japanese multinationals, its practice is on the decline as can be seen from Honda Japan's example. Thus transplant of this practice has little meaning.

It is clear that transferability is strongly determined by the attitude of the local management towards incorporation of Japanese practices. Honda Japan's partners have felt the need to maintain their competitive strength and have therefore implemented the practices. Sanyo Japan's partners have faced lesser competition in domestic markets, which is also their mainstay. Therefore they have not been inspired to incorporate Japanese management practices with same zeal.

The assumption made in the first chapter that practices under group C will be easily transferred is validated for both the companies. The practices listed under group B have cultural lineages and therefore these practices have yet to fully establish themselves in areas where they have been tried out; while for many other practices like promotion system the management has preferred to follow the local practice. Thus with group B localisation is more the norm. Group A being culture specific was
assumed to be non-transferable but in SUE Thailand it has been incorporated with certain modification. These case studies thus show that transferable practices listed under group C are soft aspects, are not sensitive to employer-employee relationship but help in motivation and can act as an initiator to other practices. These practices do not require any modification and the success rate for transfer is high. Group B practices do not find acceptability because they often contradict the prevalent mind frame. They comprise sensitive area that affect employer-employee relationship and therefore require bold initiatives which are not forthcoming. Group A practices are facing challenges and criticism in Japan itself. Moreover these practices being highly culture-specific transferability of these practices require to be examined in context of the economic and social environment of the host country. The necessity today is to take small steps towards incorporating Group C practices. The way to go about doing this would be first have faith in these practices, then draw out a plan, educate and train the employees and providing sustained thrust for implementing them.