

Research Summary

“The relationship between HRM and organizational effectiveness of Japan-based firms in China”

During the research process, the researcher conducted a series of company visits to those sample Japanese firms in China and interviewed many managers working for the companies. In meeting with HR managers and line managers, the research asked for information about firm's competitive strategy, HRM policies, and firm outcomes. After analyzing the information collected from these Japanese firms in China, the researcher found that there are basically three types of competitive strategies adopted by Japanese firms in China which are innovation strategy, low cost strategy, and high quality strategy, and the firms are implementing different HRM policies for pursuing each type of strategy.

Sony is among the representative firms adopting innovation strategy. This company builds up a strong employer brand to attract talents and use performance appraisal to direct the efforts of employees. In an annual performance evaluation system which emphasizes KPI of employees, employees self-evaluated their performance first, and then entered a process of performance feedback. During the performance appraisal, the evaluation criteria which are highly quantitative and results-oriented are publicized on the intranet. The performance appraisal is beyond individual performance and is extended to team or group level performance evaluation. The team orientation of individual employees is included in the performance domain. The performance appraisal thus serves as not only a tool for employee development but also a vehicle for strengthening the firm capability to innovate in the future.

Panasonic China is among the representative firms which aim at achieving low cost strategy. HRM policies at this company emphasized classification of employees into two major categories, i.e., the core employees who are composed of management personnel and the peripheral employees who are composed of front line manufacturing and sales employees. The company used two types of employment contracts to manage the two kinds of employees. Typically, the first type of core employees are managed by a long term employment contract, and enjoy high level compensation and benefit, are provided more and comprehensive training, participation, and promotion opportunities. But for the front line employees, the policies are the opposite. Actually, the front line manufacturing employees are most of seasonal workers whose job definitions are very narrowly specified. All of them are beneficial for a low cost strategy.

Toyota is among the representative firms those aim at achieving high quality strategy. The HRM at Toyota emphasize a harmony between employees and employer, appreciate the collective wisdom, prioritize the stability of operation rather than risk taking. HRM department at Toyota plays an important role in that it is regarded as a rule maker and talent developer. The HR managers at this company are given job rotation opportunities to grow up and are good at developing talents and building teams which are key factors for the development of an organizational capability. After these managers better understand the strategy of the firm, the corporate culture, and the key business requirements, they can devise the HR policies and implement them more effectively. As a result, employees at Toyota are highly committed and loyal to the company, and the reciprocal employment relationship is the key to the success of a quality strategy of the firm.

Japanese firms in China are faced by some challenges. When the firms were operating in Japan, the social culture is amenable to the policy of lifetime employment relationship. But in China now, a big challenge is to attract and retain talents in a turbulent circumstance where are many opportunities for high quality employees. The good news is that the new Labor Contract Law will be enacted since 2008 which will be more compatible with a long term employment relationship of which Japanese firms took advantage already historically.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)
Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)
Book (Publisher and Date of the Book, Title and Author of the Book, etc.)