

COMPLETION REPORT

Inspiration from abroad. Can the Hybridization or Localization HRM practices of Japanese Subsidiaries in Malaysia be a new source of inspiration for Japanese firms in Japan?

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With the prolonged economy downturn in the early 1990s and the recent global economy crisis in 2008, Japanese HRM practices have lost its appeal among Japanese organizations in Japan. The American HRM model instead has been viewed as their next source of inspiration due to its flexibility to create competitive advantages. However, the question remains whether Japanese organization can actually adopt to the American HRM approaches due to the cultural differences between Japan and America. The research attempt to understand if the unique hybridization or localization model adopted by most of the Japanese subsidiaries in emerging markets like Malaysia can also be a source of inspiration for Japanese organizations operating in Japan in this turbulence time. Major HRM practices such as staffing practices, recruitment and selection, payment, promotion and appraisal system, welfare and concerns, career path, training, and unionization, were identified to facilitate in this study. A multiple case study approach of 5 Japanese subsidiaries in Perak, Malaysia with qualitative interview, participation observation and secondary data collection was adopted in this study. Staffing practices resemble a hybridization model whereby the subsidiaries adheres to the practices based on local labor laws. However continues of work based on contract and reduced salary is allowed after retirement. The recruitment practice resembles the localization model and is consistent with local practices. The welfare system resembles the Japanese traditional HRM practices whereby the bonus payment which is once per year is similar across different ranks of employees regardless of their performance. In addition, the benefits and allowances are similar for both white and blue collar employees. Interestingly, promotion system is dependable on the seniority system, MBO serves no purpose apart from formality and behavioral aspect is also given heavy weightage for both categories of employees. While acknowledging that some Japanese organizations in Malaysia rotate their employee to various departments, the career path differs among subsidiaries and resembles a hybrid model. Job rotation is only applied within the same functions and not cross department. There is also no indication of special career track for fast achievers. Training and development has been decentralized from production to HR department with needs gearing towards job requirement and organizations and, not based on preference or talent. Lastly, while most of the Japanese organizations in Japan practices enterprise union or national unions, the Japanese subsidiaries did not follow the Japanese practices. The subsidiaries were not allowed to form in-house union or joint consultative committee. In terms of job satisfaction, apart from staffing practices, many employees were less satisfied with the current practices of recruitment, welfare system, promotion, career path and unionization. Most of the survey employees hope that the welfare system will be

based on merits, MBO is taken more seriously, less emphasis on multitasking work, training which focuses on individual improvement and hiring on permanent basis rather than contracts. Will the hybridization or localization HRM practices be a new source of inspiration for Japanese firms in Japan? The findings suggest that that most subsidiaries adhere to the cost saving methods due to organization strategy and thus may not lead to the improvement of job satisfaction among employees.

Publication of the Results of Research Project:

Verbal Presentation (Date, Venue, Name of Conference, Title of Presentation, Presenter, etc.)

1. May 27-30, 2014, Seoul National University of Science and Technology (Seoul Tech), Seoul, South Korea, Proceedings of the Technology Innovation and Industrial Management Conference (TIIM), Can the Hybridization or Localization HRM Practices of Japanese Subsidiaries in Malaysia be a New Source of Inspiration for Japanese Firms in Japan?, Garry Tan Wei Han, Jessica Wong Chew Jia, Tan Boon In and Ooi Keng Boon
2. October 4, 2013, Universiti Tunku Abdul Rahman, Kampar, Malaysia, International Conference on Business, Accounting, Finance and Economics (BAFE), A Case Study on the Satisfaction of Local Employees on the Promotion System of the Japanese Subsidiaries in Malaysia, Garry Tan Wei Han, Ooi Keng Boon, Tan Boon In and Jessica Wong Chew Jia

Thesis (Name of Journal and its Date, Title and Author of Thesis, etc.)

Not applicable.

Book (Publisher and Date of the Book, Title and Author of the Book, etc.)

Not applicable.