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**Japanese Style Human Resource Management (HRM) Practices
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ABSTRACT

Recently years there are some of researches on Japanese style management especially human resource management (HRM) practices in Thailand. Japanese Multinational Corporation (MNCs) enjoyed global success until the early 1990s, but recent trends have presented many challenges, necessitating adaptations to Japanese style international human resource management (IHRM) for non-Japanese employee for both inside and outside (foreign) the country. It will be identified Japanese MNCs' influence, and bilateral relations between Thailand.

Since the 1990s, Japanese traditional HRM practices have been changing and adopting a modified element those are applicable and adoptable in contemporary international context. Through Japanese MNCs and foreign direct investment (FDI) are promoting the industrial and economic development of Southeast Asian countries, so that their industrial and business management styles will be necessitating adaptations the diversity business culture in these regions. Through a literature review regarding the structure and pattern of Japanese managerial

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control in different the Asian countries. However, the paper draws on empirical analysis comparative case study exemplifies that the Japanese MNCs has adopted into a concept of Japanese style IHRM practices in Thailand.

Key Words: Human Resource Management (HRM), Multinational Corporation (MNCs) People-oriented, performance-based wage, localization.

1 . Introduction

The experienced of miracle economic growth in Japan between the post-World War II (WWII) period and the 1990s. It has significantly contributed to establishing the Japanese style Human Resource Management (HRM) in Japanese Multinational Corporations (MNCs). In the 1980s, Japanese companies attracted attention globally as they were superior performers, boosted by the strong economic conditions in Japan (Bebenroth and Kanai, 2011). Japan's unique HRM practices were regarded to the success of Japanese companies, and Western businesses were eager to learn and integrate Japan's approach (Bebenroth and Kanai, 2011). However, the Japanese economy suffered due to the bursting bubble economy, the global financial crisis in 2008, the Great East Japan Earthquake in 2011, including the tsunami, these led to economy recession for long time.

In addition, Japanese economy's recovery was hampered by COVID-19, that restrictions of Chinese supply chain by strict lockdowns in China. The consumption tax hike from 8% to 10%, Typhoon Hagibis that the disaster caused around \$15billion worth of damages in 2019 (BBC, October 1, 2019). Although, soaring commodity prices, the sudden fall in the value of the yen serving to lift the price of imports caused by Russia's invasion of Ukraine in 2022, affected on productions and sales of all industry struggling with low economic growth.

Along with declining domestic demand, cost pressures for Japanese companies

and economic growth fall. Globalization emerged and as the competition of MNCs worldwide, Japanese MNCs straggled highly competitive situation and efficiency was championed more than ever. Under these circumstances Japanese MNCs has been the beginning of the rethinking of Japanese style HRM practices. At present, however, very little research has focused on how Japanese MNCs adopting Japanese style HRM in Thailand. The purpose of this paper is to examine the factors that Japanese MNCs consider in making the choice among alternative Japanese style HRM when entering Thailand. Due to cultural impediments, organizations are finding it difficult to adopt Japanese HRM practices. This study may draw some lessons for development and collaboration of novel opportunity of Thailand industries' HRM practices.

However, this paper draws upon research carried out in the context of the Japanese management style, especially in the field of IHRM. By examining the various organizational and research evidences will be discuss as follows. Section 2 gives Characteristic Features of Japanese-Style HRM; Section 3 examines Japanese Style International Human Resource Management (IHRM); Section 4 adoption of Japanese-Style HRM in Thailand; Finally, Section 5 gives conclusion and summarizing the Japanese HRM implemented management techniques/strategies and highlights on lessons from Thailand for the ASEAN Countries.

2. Characteristic Features of Japanese-Style HRM

During the 20th century Japan was a first country in Asia who has experience of miracle economic growth and success of social development. This success came through an important factor was the development of human resource (HR). As the evolution of Japan's post- WWII economic success, Ezra Vogel published "Japan as Number One: Lessons for America" in 1979, arguing that Americans should understand the Japanese experience and be willing to learn from it. Japan as Number One analyze the Japan's development into one of the

world's most effective industrial powers, in terms of not only economic productivity but also its ability to govern efficiently to educate its citizens, to control crime, to alleviate energy shortages, and to lessen pollution. Japanese business enterprises enjoyed global success until the early 1990s, but recent trends have presented many challenges, declining economic growth, increasing an ageing workforce, and changing HRM so-called life-time employment, seniority-based wage and promotion, and enterprise-based unions. As we know, Japanese-style HRM practices can consider two important factors, people-oriented, and production-oriented are briefly discuss as follow.

1) People-Oriented HRM in Japan

The personnel and HRM practices of Japanese companies are mainly people oriented and their development. Most of the research on Japanese management practices has concentrated on the HRM practices. Historically, the existence of this Japanese-style HRM system was highlighted in the writings of James C. Abegglen, OECD reports and others international research, and consequently became known to the Japanese researcher as well. Subsequently, the system was explained in detail by researchers such as Ezra Vogel, Ronald P. Dore and Masahiko Aoki, and the concept became crystalized (Takahashi, 2018). According to specialists, Japanese-style HRM include lifetime employment, seniority-based wage and promotion, and enterprise-based unions. (Abegglen, 1958; Tung, 1984; Morishima, 1995; Sekiguchi, 2006; Peltokorpi, 2013).

In particular, lifetime employment, generating strong employee cohesiveness and company commitment, has received considerable attention (Ouchi, 1981; Drucker, 1981; Gerlach, 1992). Encourages lifetime employment stability, commitment and sense of belonging of employees in the organization. Lifetime employment is not identical to maintain lifelong professional employee in the same post. On the contrary, this principle of Japanese HRM encourages internal mobility of employees in their own companies. It is about ensuring long-term

stability of employees in organizations, regardless of the positions they occupy. There is a tendency to analyze and understand the long-term commitment in terms of staff development, their promotion within the company.

Seniority principle has a bearing on activities to promote and reward employees. Currently, the trend is to replace the concept of job stability at career development. Introduction of performance-based rewards and annual bonuses to employees represents HR practices found in Western companies. Although currently in Japanese management recorded a number of changes, it should be noted that the basics of the Japanese system of HRM remains a high influence on the management practices.

Another distinctive feature of Japanese style HRM is that labor unions. The main function of union is the problem solving and completion of negotiations with company management by consensus. Number of members belonging to each union highlights the principle of total commitment, specific Japanese management. The relationship is reciprocal, because unions are involved in solving a large number of failures that employees face at work: working conditions, health and safety at work, reward system, and others. Although strikes are not a common phenomenon when they place strict measures are taken as demonstrations do not disturb the normal work process, they happen, usually after hours or on weekends.

2) Production-Oriented HRM in Japan

The production-oriented management practices manly focus on production and engineering functions which include, the just-in-time (JIT) production system, the subcontracting and the quality control, lean manufacturing, *kaizen* (continuous improvement). The *kanban* system also include JIT production and subcontracting have been developed as a result of the socio-cultural characteristics of Japanese society, which has largely contributed to the built-up competitiveness of the Japanese companies. (Chowdhury, 2019).

JIT was originally developed by the Toyota. JIT production system gives the Toyota automobile industry an edge in the market and is adopted by many companies in the manufacturing industry. Producing and dispatching the products just in time is the main objective of employing JIT. This JIT operation is designed as the automatic nervous system that reacts to information called “Kanban” issued from previous processes to later processes every minute. The manufacturing industry had been operating with fairly lean inventories centered on stocking as little as possible while still being able to meet customer demand. As result, JIT strategy saved huge amounts of expenditure cost with low inventory costs, high quality production and low wastage.

The suppliers play a crucial role in the proper implementation of a JIT system as production is dependent on the exact time of delivery of the materials. Any mishaps or delays on the supplier’s delivery of materials can cause a major disruption in the production that will result also to the delay in the company’s delivery of the products to its customers. Unfortunately, during the COVID-19 pandemic, the risks associated with this approach to JIT delivery. As the pandemic has hampered JIS, factory operations and sown chaos in global shipping many economies around the world have been bedeviled by shortages of a vast range of goods – from electronics to lumber to clothing (The New York Times, June 1, 2021).

3) Inherent Merits and Problems of Japanese Style HRM

Japanese style HRM practices have the merits and demerits. Japanese style HRM practice, which had been success of Japanese companies in the 1950s to 1990s. In the global competition and intense cost pressures, the ‘Japanese style HRM’ way of managing of human resources began to change. (Schneider *et al.*, 2016). Recently, lifetime employment, the seniority-based wage and promotion system are declining but it remains evident in Japanese companies. It is supported by cultural traditions. Indeed, seniority-based wage system has been gradually re-

placed by a performance-based system. This practice is also not economically viable – especially due to the ageing population in Japan – but it is retained due to tradition and the cultural influence of senior employees in Japanese companies.

Another important point in Japanese style HRM is philosophy of Japanese company that employees in the company are ‘family’. (Bebenroth and Kanai, 2011). Therefore, employees are extremely loyal to their company and place high importance on the performance of the company as a whole. There is an overall collective mindset in the firm whereby individuals are rarely singled out for praise or blame (Chleide, 2015). Employees often work overtime without pay in order to contribute to the company’s well-being. However, it is regrettable to memorize the suicide of a young female employee at advertising giant Dentsu which employs 47,000 people and operates in 140 countries. In December 2015, the suicide was deemed to be due to overwork, this has been shocked the society, a rash of national and international media, articles in the Japanese media asking whether it’s time to change Japan’s lifetime employee “*seishain*” (regular or proper staff) system. Unfair working conditions regardless of employment status, unreasonable treatments basic salary and bonuses between regular workers and non-regular workers within the same company. Under these circumstances, government in Japan introduced *Hataraki Kata Kaikaku*, or another Work Style Reform, as an attempt to revamp the whole working culture after overtime and overwork had become the standard. Late Prime Minister Shinzo Abe announced in September in 2016, a Council for the Realization of Work Style Reform in an attempt to address the limitations of the lifetime employment system.

In fact, Japanese style of HRM and firms’ organizing principles have created barriers to non-Japanese finding employment in the headquarters (HQs) or head office of Japanese MNCs (Maki *et al.*, 2014). Non-Japanese employees working in Japanese subsidiaries in Southeast Asian countries are facing with issues such as layout, lack of privacy, inflexible working

hours and overtime work, and the lack of promotional opportunities.

Japanese firms are currently going through a fundamental paradigm shift in respect to their global operations. The business environment for Japanese firms has changed drastically in the past several years, mainly because of the saturation and shrinking of the domestic market and increasing international competition with firms from emerging economies. Japanese MNCs face several major challenges at home and abroad.

Japan is suffering from demographic decline, leading to a smaller consumer base and talent shortage (Frank *et al.*, 2004; Kemper *et al.*, 2016). Japanese MNCs will no longer be able to fill all managerial positions at home and abroad with Japanese nationals. In order to meet the global talent demand, they need to recruit and retain a culturally more diverse workforce both at home and abroad. As Japan has historically been a culturally homogeneous country, Japanese people have not enough experience in dealing with non-Japanese (Yoshihara, 1989). Homogeneity tends to lead to in-group and out-group distinctions, where members of the Japanese in-group will be treated preferentially, whereas non-Japanese group members will be disregarded. This makes sometime to discrimination and the treatment of non-Japanese employees (Froese, 2010). Indeed, the perception of discrimination is frequently mentioned as a problem among foreign residents in Japan, and it can be inferred that the problem also exists in the workplace (JILPT, 2004).

People who cannot speak Japanese can struggle to communicate meaningfully with Japanese employees. In addition, partly because of the high-context culture, management responsibilities and knowledge and job roles are not clearly defined, and there are many unwritten rules in Japanese firms (Yasumuro, 1982). Employees need to learn these factors from their supervisors and colleagues through time on the job. Non-Japanese employees unaware of these subtleties cannot effectively function in Japanese firms and are thus prevented from assuming managerial ranks. The low level of English

proficiency among Japanese managers also impedes communication and thus reinforces non-Japanese employees as an out-group.

However, Japanese language proficiency is an important factor for non-Japanese employees hired in Japanese MNCs in head office, who are fluent in Japanese, have a good understanding of Japanese culture, and have even gained experience at head office. This is because Japanese people tend to think that their unique culture cannot be fully understood by non-Japanese, which hinders smooth communication between Japanese and non-Japanese employees (Keeley, 2001).

Moreover, Japanese-style HRM is incompatible with global HRM trends. Non-Japanese employees aiming for global careers are less attracted by seniority or long-term-based employment systems. Those foreigners who take up employment in Japan tend to leave their jobs earlier than their Japanese counterparts once they become disappointed by the nature of Japanese organizations and Japanese-style HRM.

Under these circumstances, Japanese MNCs need to change the Japanese style HRM approach in which they have relied heavily on Japanese employees in both domestic and overseas operations. In order to achieve global integration and/or local responsiveness (Bartlett and Ghoshal, 1989), they should manage their global workforce, including both Japanese and non-Japanese employees, more effectively than in the past.

3 . Japanese Style International Human Resource Management (IHRM)

International Human Resource Management (IHRM) is fundamentally shaped by institutional and cultural factors, such as the different political and social environments of particular countries and regions. The IHRM, there are three main approaches, first, organization may send employee host country to represent the company abroad, second hire host countries employees, third hire other or a third countries employees. Cultural differences, language barriers, and

perception of the locals is another issue that faces expatriates; they are employees with differences with the locals and thus they need incur further costs in their efforts to seek acceptance and understanding of the local behavior and their character traits. These are the distinguishes management practices from each other and give them originality like Western management style, Asian management style, Japanese management style, Japanese style HRM, the American management style and others (Speece, 2001).

However, Western management and the American management styles cannot always be applied in Japanese business surroundings due to ‘differences in culture’. Japanese companies traditionally hold a holistic perspective which regards the company as a unit, in which employees are constantly interacting with one another, and strongly depend on one another. Thus, they cannot be exchanged frequently, nor can their expertise be replaced easily. Under these circumstances, Japanese MNCs applied Japanese style HRM characterized by lifetime employment, seniority-based compensation and promotion, enterprise-based unions, and teamwork orientation processes. In case of foreign subsidiaries Japanese style IHRM are not all eliminate in HRM but rather improved of employment, wage and promotion system, in their foreign subsidiaries. In successful internationalization process, Japanese MNCs tried to adopt their ‘best practices’ from their domestic operations to their foreign subsidiaries to leverage their competitive advantage (Beechler and Yang, 1994; Florida and Kenney, 1991). Although IHRM systems need to support the functioning of different culture in the MNCs, and diversity also supports IHRM strategy. Japanese MNC usually hire their employees at the entry level and gradually develop them internally by rotating them through different departments and functions. The aim of their international operation was that head quarter (HQ) could control foreign operations by careful planning and monitoring (Bartlett and Ghoshal, 1989) and transfer knowledge from HQ to foreign subsidiaries through their centralized style of management (Delios and Bjorkman, 2000). For instance, diversity helps create a

corporate culture attractive to talented workers in a competitive labor market as well as draw on non-Japanese local workers.

Japanese MNCs are at an international perspective how to respond to global HRM challenges. They have been successful in the internationalization of production and operations management, but the internationalization of HRM have adopting according to their need. There are many MNCs still Japanese managers occupy most of the key management positions and non-Japanese are degraded to support staff. Japanese MNCs have decision making at their overseas affiliates made by the HQ or the Japanese local managers. This traditional Japanese HRM practices, has been identified as a main reason for the difficulty of Japanese MNCs to attract and retain global talent. Under these circumstance, Japanese MNCs to overcome these challenges, and trying to change their traditional HRM practices. In addition, in the global business arena, Japanese MNCs should also change their philosophy and attitude toward decision-making and toward their global business strategies in order to maintain international level of HRM and further enhance their competitive powers.

The evidence of increasing internationalization of Japanese-based organizations suggest the ‘Japanization’ of HRM practices in the Asian subsidiaries. According to, Collinson and Rugman (2007) Japanese MNEs are becoming more regional, rather than more global. The trend has changed and spread in regional basis to firms in the industrializing economies of Asia and has become a really global phenomenon. Collinson and Rugman (2007) argued that Japanese MNEs tend to invest and operate in Asia region. Asia is an exceptionally culturally diverse region. Culture which always been considered as a very complicated term, because it is a collection of the values, beliefs, religions, languages, and practices that group of people shares in common. ASEAN has hundreds of ethnic groups.

Under these circumstances, Japanese MNCs are change needs to be taken into consideration regarding what makes Japanese style IHRM practices possible. There are some Japanese companies, where management practices are changing that lifetime employment, seniority-based wages and decisions by consensus in

MNCs and adopted Japanese style IHRM at some companies. Japanese style IHRM practices in culturally similar contexts in Asia more closely, separate from the concept of best practices related to manufacturing practices (Oliver and Wilkinson, 1992; Elger and Smith, 2005). Recently, there are many Japanese companies have effort to find out a path for Japanese style IHRM practices. Here it will be briefly discussing about main points of IHRM practice those are as follow.

1) Life Time Employment System

As mentioned above, the traditional features of HRM in Japan are lifetime employment, enterprise unions, and a seniority-based wage and promotion system. However, with the emergence of international competition the upcoming young generation showing less loyalty and interest are effort to change and adopt appropriate reasonable elements of HRM. This appropriation mechanism suggests that Japanese companies at home and abroad are adopting Japanese style IHRM practices consisted of selective hiring, intensive training, labor relations egalitarian pay schemes.

Japanese employment term in international perspective “regular worker” generally refers to workers who are employed full-time, directly, and without a fixed contract term, while *hiseiki rōdōsha* or “non-regular workers” are those who lack at least one of those attributes. For example, they may be part-time rather than full-time workers, workers with fixed-term rather than open-ended contracts, or agency workers who are not directly employed. Henceforth it will use the terms “regular workers or regular track” (*seiki rōdōsha or seishain*) and “non-regular workers or non-regular track” (*hiseiki rōdōsha or hiseishain*) as categories based on this difference in legal employment contracts. The regular-track used interchangeably to refer to full-time, lifetime employment. Non-regular jobs, for the purpose inclusive of contract and temporary work as well, but the term does not include entrepreneurship or the self-employed. *Hak-*

en or dispatch/temp, *keiyaku* or short-term contract, and *arubaito* or part-time make up the bulk of “irregular” employment. Irregular employment positions are easily dispensable, without any guarantee of long-term job security, pay raises, bonuses, or severance pay. Regular employee normally does not have special skills when he/she enters but tends to be trained within the company by being rotated between different jobs and departments.

2) Recruitment and Selection System

Japanese companies, effort to understanding of the international environment, diverse values and cultures and actively absorbing the good points of HRM especially American and European practices. Japan until very recently had a very rigid career structure, like recruitment, selection. Most people applied for a job only when they graduate from school or university simultaneously once a year that start the recruitment process in spring. Under these circumstances 4th-year university students spend less time in the classroom yet they have to graduate and write final assignment or a paper. Students complained that they weren't able to concentrate on studies, and that led to the government, universities and businesses to set rules for job hunting. But the system has become outdated as the country struggles with a labor shortage and global competition becomes increasingly fierce. The firms to begin job briefing sessions and interviews at specific times of the year, and to hire all employees in April. However, from H2018, briefing sessions began in March and interviews began in June for students in their final year of university.

Almost all Japanese MNCs, the dominants numbers of local human resources are recruited in the subsidiaries. Only a few Japanese workers work with the local people. But in terms of the wage system, the subsidiaries firms follow two types of rules, when a Japanese firm a local citizen in Japan by the head office and send them to their local office, their wage system is based on Japan that is a Japanese basis salary. On the other hand, when a subsidiary recruit local

employee in their overseas office, their wage systems are based on the local or legal waged based.

3) Performance-based Wage and Promotion System

The rise in performance-based wage and promotion, in Japan referred to as ‘*seikashugi*’, is without a doubt the most fundamental change in the management of regular employees. Due to globalization, opportunities to work for foreign companies with performance-based wage and promotion systems have become far more common in Japan (Bebenroth and Kanai, 2011). This highlights the limitations of the seniority-based system, and increasingly attracts young Japanese and non-Japanese talent. Japanese companies are being forced to change away from the seniority-based system in order to remain competitive on the global stage (Okada, 2012). The seniority-based wage and promotion system called *shantai shoushin*, is also changing. The Japanese style HRM seniority system and implemented personnel evaluation. Indeed, this system has largely been replaced by a performance-based system. However, human resource decisions based upon seniority remain prevalent, and many companies have encountered problems with the transition to a performance-based system, such as lack of acceptance by senior employees. (Okada, 2012).

4. Adoption Japanese-Style IHRM in Thailand

During the last several decades Japanese FDI and MNC activities have spread all over the world especially Asian countries attracting much attention from business researchers and academic scholars. The biggest Japanese FDI destination in the Southeast Asian countries as well as Thailand for many years (Table-1). The factors such as improvement of infrastructure, rapid economic and social development, government policies in Thailand. On the other hand, the high value of the Japanese yen, high domestic labor cost, long term

stagnation of the Japanese economy, and rapid globalization have contributed to FDI. Particularly for Japanese MNCs their HRM practices have been seen as significant contributing factors in Japan's economic success, thus it will attempt to apply such specific approaches to Thailand. In the case of Japanese subsidiaries in Thailand some Japanese style IHRM practices have been adoptable while some are not. However, it will examine the impact of MNCs and Japanese style of IHRM characteristics on the performance of Japanese subsidiaries in Thailand. This section will attempt to investigate whether the staffing policies in Japanese subsidiaries and ownership strategies would be the possible indicators of their IHRM performance.

1) People-Oriented HRM

The Japanese working culture has many positive cornerstones and lessons to learn not only Thai worker but also ASEAN countries, how to manage human resources. In general politeness is one of the hallmarks of Japanese culture. Socializing with colleagues is making stronger relationships in the office. Teamwork is an important factor with supportive colleagues to their strength in work place. The work team sizes are not more than six to eight, which includes a team leader, and are a direct vehicle for practicing continuous improvement. The main aim of the teams was to reduce cost, increase productivity and efficiency, quality of the product, ensure workplace safety, and environmental improvements. The company stresses teamwork as a guiding principle and teams are given total freedom and responsibility: "When a problem arises, each member of the team is accountable and has the authority and responsibility to find a solution." (Takeuchi *et al.*, 2008) This form of teams' system started on the factory floors and then was extended throughout the corporation.

Consensus in decision-making always takes place while making any decisions, concentrating on planning, process and details are levelling up the quality. In addition, increased responsibility to employees contributes to the

potential of senior-level workers and helps leverage their unique skills.

According to, Lawler and Atmiyanandana (2004) Thailand has three types of enterprises namely family enterprises, Thai-owned corporations and foreign-owned enterprises. Family enterprises are small and medium scale and rely on the traditional management practices. Thai HRM practices are personal relationships being very important in hiring, the determination of wages and promotions. Thai cultural values such as collectivism and intra-group harmony, deference to authority, humility, self-restraint, and consideration for others still dominate management practices (Lawler and Atmiyanandana, 2004). Seniority is an important factor for reward and promotion rather than either the external labor market or internal equity (Lawler and Atmiyanandana, 2004). Many of these Thai's HRM elements seem to same as Japanese style of HRM. Therefore, it is possible to adoptable the Japanese style of IHRM in terms of the training system, Japanese firms prefer on the job training. On job training increase productivity of the employee or in simple learning from doing in case of Thailand's HRM.

The Japanese high-tech industry in Thailand is often cited as one that is well managed. The participation of employees in utilizing current technology is just as important as in the decision-making process, thus the input of quality control circles must be considered. Up-to-date technology aids in improving quality and productivity. In repetitive manufacturing quality improvements reduce waste and rework, and smooth the output rate, thereby improving productivity. The distinction between quality and productivity blurs. Japanese quality circles are oriented toward both quality and productivity improvements, whereas in the local quality circles are usually concerned exclusively with quality matter.

However, Hofstede's (2010) study has argued that there are distinctly different behaviors between both Japanese expatriates and Thai employees. Thai employees expect hierarchy based on relationships with Japanese managers, while the Japanese expect the Thais to show more commitment and company loyalty.

Social and organization culture is an important factor to understanding

management behavior and organization systems, but other factors like political and economical structure, although quite important. Japanese managers adapting to Thai culture and as well as Thai subordinates adapting to the Japanese style of HRM practices. The Japanese style of HRM practices for Thai, which may be different between cultures such as decision processes, meeting methods, ways of achieving urgency, lines of communication within each organization. Under these circumstance, Japanese manager to improve their understanding and communication with Thai employee. As a result, these has been contributing to higher productivity and better working relationships between Japanese and Thai employees.

2) Production-Oriented HRM

Japanese style of international production management is conscious that competitive strength will come from quality as opposed to being the biggest. During the 1980s to 1990s Japanese style management practices in the overseas was traditional. Such as employee rotation, on-the-job training by applying culturally neutral terms such knowledge creation and continuous improvement or kaizen practices used by Japanese companies. Total Quality Management (TQM), Quality Circle (QC), teamwork and harmony, company loyalty, were ‘best practice’ received widespread recognition with the onset of rapid economic growth in Japan (Endo, *et al.*, 2015).

By the 2000s, however, as the Japanese economy stagnated, these ideas seem to have become less appealing to academics and managers (Endo *et al.*, 2015). The comparative case study of Elger and Smith (2005) exemplifies the work of this period in concluding that the previous notion of Japanese MNCs had change into a concept of diversity management where Japanese HRM practices were combined with non-Japanese ones.

Due to the passive nature of Thai culture successful implementation of total quality management (TQM) programs in Thai manufacturing firms may be inhibit (Yukongdi, 2001). A study by Kumbanaruk (1987) of employees in public and

private organizations in Thailand in which QCs were implemented shows that cultural differences between Thai and Japanese may create some difficulties in transferring quality control circles (a significant part of TQM) to Thai manufacturing firms. As TQM can be achieved in many ways, however, Krasachol and Tannock (1999) argue that Thai culture already has many of the qualities that can support efficient operation, as these are a variety of approaches to TQM.

The JIT system is an important element to Japanese style of production management. External surrounding factors, lack of specialist and low technology are three obstructions selected as offering difficulties for JIT process in Thailand (Goh and Pinaikul, 1998). External factors such as traffic jams, which slow down delivery processes, are difficult for Thai companies to eliminate. The lack of new logistic management specialization and expertise, and recent inadequacy of logistics information systems are problems facing the implementation of the JIT system. Goh and Pinaikul point out that the high cost of obtaining and setting up automatic logistics apparatus is also known by companies as causing difficulties when conducting JIT system in Thailand. Recognizing the differences between Thai and Japanese norms, Calantone and Zhao (2000) assert that major differences with respect to management processes, management practices, and corporate culture between the foreign firm and local partner can cause serious conflicts contributing to the failure of many businesses.

3) Adoption of Japanese Style Selection, Promotion and Seniority System

Japanese MNCs have adopted specific practices in HRM that have proven to be reliable and efficient in Thailand. It is argued that there are distinctly different behaviors between both Japanese expatriates and Thai employees. Thai employees expect hierarchy based on relationships with Japanese managers, while the Japanese expect the Thais to show more commitment and company loyalty. Nonetheless, both parties tend to collaborate and cooperate as teams, blurring these differences in practice. Generally, the Japanese MNCs always

hire staffs with high professional experience, because they want the person to be able to work individually without an extensive training. Due to working experiences with senior staffs and must develop interpersonal skill and learn how to react appropriately with others. Thai culture will still be a major influence in the company, especially seniority. As for promotions, select the most senior person to be promoted. Senior person does not mean the oldest person, but the person who worked the longest period in the company. According to Wiriapinit, M. (2016), seniority could be a good culture when the company was smaller and consisted of with people from the same generation, because it created strong relationship. However, this company's culture changed. Currently, the company has 300 employees, there are many new employees who don't care about how long other employees have been at the company. There some cases to promoted shortly after person joined the company because his performance was highly qualified.

4) Localization of Japanese HRM in the Thai Environment

Japanese MNCs have strongly developed their activities in Thailand in the past half century. To reduce production costs, as well as benefit from the high growth of Thai. These MNCs set up production facilities, whether with local partners in joint ventures or alone in wholly owned subsidiaries. The MNCs have expatriated and assigned managers, engineers and technicians from their home countries to Thailand for selecting, enrolling and training local staff, production workers, office employees, commercial employees and managers. In these ways, many MNCs have developed their local human resources, mostly because expatriation induces such high costs and difficulties for the expatriates and their families, sometimes without leading to the promised results (Latta, 1999). Thus, MNCs are often willing to localize as many positions as possible to local staff, including management positions.

The localization of human resources in Japanese subsidiaries in Thailand has

taken place especially at junior and middle management levels, often on an ad-hoc basis without a long-term guiding strategy. On the other hand, some senior posts may be reserved for Japanese managers in the long term because to assign Japanese managers overseas, including Thailand, is part of the HRM strategy of many Japanese MNCs. Moreover, the companies need to be ready to adopt latest adoptable HR trends so that they may be able to benefit from the ongoing HRM practices at local level.

5 . Conclusion (Lesson from Japan)

Japan had a different work ethics compared to its counterparts in Asia and this, in regard to HRM, had an impact on the possibility of Japanese companies starting out extensions of mother companies in Thailand. According to Onishi, human resource factors were accepted differently in Thailand as were practiced in Japan. Factors like, the attitude of the Thai workers towards life-time employment, the system of structure from senior heads to the juniors, the system used in decision making, quality circles, and unions were put into consideration and adaptation of human resource policies and practices was possible (Onishi, 2006).

The Japanese style IHRM is systematic in nature and it involves configuration, adopt decision making system, negotiation, implementation, and localization in Thailand. There can be the expected IHRM strategies to be adopted by the Japanese MNCs to Thailand. This has been the case in Japanese MNCs of HRM strategies to Thailand, so that Thailand can change and adopt more advanced and beneficial to the management of the personnel. Some of the strategies that Japan has personnel management are those concerned with employment. They are lifetime employment policy, seniority policy, and union-based policies, all of which are aimed at managing the personnel in a better way than it used to be.

In conclusion it can be stated that both Japan and Thailand exhibit very distinct practices in HRM, and yet both the economies have to overcome many challenges.

Useful lessons can be learnt from the Japanese culture such as how teamwork can be used effectively to overcome problems and also the value of co-operation in the work place. However, looking at the present scenario and in terms of how things are expected to shape up in the future, the HRM practices based on the individualistic approach in Thailand are expected to gain more popularity as compared to those based on the ideology of collectivism in Japan.

However, Japanese companies adopt Japanese style HRM in the both countries with talent recruitment and innovation and will also help companies that work with Japanese companies to gain a deeper understanding of Japanese management style. Especially for Japanese high technology companies, HRM practices will be useful. There are big social environment changes by COVID-19 has a great impact on the market, but it is also an opportunity for technological development. Japanese companies will overcome this corona crisis through a sense of unity between management and employees in Japan as well as overseas subsidiaries and Thailand.

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