

**Transfer and Adaptation of Japanese Management
Practices in a Different Cultural Context:
Case Study of Technocentre (TNC), Shenzhen Region of
China**

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Abstract

The purpose of this study is to examine the way in which national culture influences the Human Resource Management (HRM) practices of Japanese subsidiaries in China. Six Japanese subsidiaries based in Technocenter (TNC), an industrial park established to support the activities of Japanese subsidiaries located in the Shenzhen region of southern China, were chosen as a case study and differences in perception concerning the Japanese-style management practices and possible conflicts that might result between Japanese managers and their Chinese subordinates were examined. The primary tool of data collection was semi-structured face-to-face interviews. The study found that within the Chinese context, a large number of the problems concerning the transfer and adaptation of Japanese-style management practices can be attributed to national cultural differences. The results indicate that some adaptation of Japanese management practices was undertaken to fit the Chinese socio-cultural context. Yet, while Japanese managers had knowledge about Chinese culture, they did not seem to know how to address the relationship between Chinese national culture and specific Japanese HRM practices. Whereas multiple studies have dealt with the transferability of Japanese HRM practices in the US, Europe, and a few countries in Asia, less is known about

Japanese companies in China. Thus, the results of this study could be particularly helpful to Japanese Multinational Corporations (MNCs) when they design HRM practices for the specific socio-cultural configuration of China.

Keywords: Japanese-style management, HRM, national culture, Japanese subsidiaries, China

1. Introduction

While there is an increased awareness of Human Resource Management (HRM) as a source of competitive advantage for Multinational Corporations (Bartlett & Ghoshal, 1989; Evans, Doz, & Laurent, 1989; Schuler & Jackson, 1987; Sparrow, Schuler & Jackson, 1994), the complexity involved in employing and managing people from different national and cultural backgrounds makes the transferring of HRM practices a very difficult process (Beechler & Yang, 1994; Hofstede, 1980; Rosenzweig & Nohria, 1994; Tayeb, 1998). In transferring a system for managing workers, it is necessary to take the cultural conditions of the host country into account (Elger & Smith, 1994). Japanese firms are considered to have more “ethnocentric” international HRM practices (Bartlett & Yoshihara, 1988; Kopp, 1994; Shiraki, 2006). As pointed out by Rodgers and Wong (1996), there is a great deal of evidence showing that Japanese companies consider the Japanese-style management practices as the source of their strength and they tend to closely follow these practices.

National culture is defined as “the collective programming of the mind” which distinguishes one nation from another (Hofstede, 1980, p. 25). National cultures vary, which in turn is reflected in the dissimilarities of HRM practices used by the firms of each country as well as their ability to adapt to a new culture (Ferner, 1997; Newman &

Nollen, 1996; Ngo, Lau, & Lui, 1998; Rosenzweig & Nohria, 1994). Existing research indicates that subsidiaries that are managed according to the host country's expectation perform better than subsidiaries that are managed contrarily (Newman & Nollen, 1996; Ngo et al., 1998). The choice between "local isomorphism" and "internal consistency" is an important issue in the academic debate concerning cross-culture management, and significant research has focused on the factors that affect the above choice (Beechler & Yang, 1994; Rosenzweig & Nohria, 1994; Tayeb, 1998). However, whereas multiple studies have dealt with the transferability of Japanese HRM practices in the United States, Europe, and a few countries in Asia (Amante, 1995; Beechler & Yang, 1994; Dedoussis & Littler, 1994; Faulkner, Pitkethly, & Child, 2002; Gill & Wong, 1998, Ishida, 1986; Jain, 1987; Tayeb, 1994), less is known about Japanese companies in China.

According to the Japan External Trade Organization (JETRO) (2006), China was the largest recipient of Japanese Foreign Direct Investment (FDI) in Asia with 14.5 percent of world share. However, establishing and managing business in China has been a difficult process. In particular, HRM has been an area of high concern for multinational corporations (Child, 1994). The open-door policy in 1978 attracted many foreign companies to invest in China and brought not only the transfer of technology, but was accompanied by the transfer of the foreign countries' managerial knowledge too. As a result, as argued by Ding and Warner (2000), nowadays China is characterized by a "hybrid" HRM model that incorporates foreign companies' management style with Chinese characteristics.

The focus of this paper is to examine the way in which national culture influences the HRM practices of Japanese subsidiaries in China. The following three research questions were examined in this study: (1) How well are the cultural differences understood by Japanese

subsidiaries in China?, (2) What are the conflicts based on cultural differences that emerge from the transfer of Japanese HRM practices?, (3) To what extent are Japanese managers adapting to local conditions? The paper begins with a review of literature related to the transferability and adaptation of Japanese HRM practices overseas. It is followed by an assessment of the compatibility of the five national culture dimensions between Japan and China based on Hofstede's framework. After which, the author explores the case study of six Japanese subsidiaries in the Shenzhen region of southern China. Finally, findings and practical solutions to facilitate the transfer are discussed.

2. Literature Review

2.1 Japanese-style Management

Under the pressure of increased competition and rapidly changing environments, it has been argued that Japanese-style management is going through changes even in Japan (Kuruvilla & Ericson, 2002). This makes it more difficult to give a clear academic definition of what constitutes present-day Japanese-style management. Performance based pay, promotion based on ability, and the hiring of new employees mid-career are some areas of change. At first glance, it seems that there may be a tendency toward abandonment of traditional Japanese-style management practices. However, Japanese companies still believe that the traditional practices are the source of their strength in the global market. Changes will continue, but this doesn't mean that Japanese companies will drop their way of doing things in favor of an all-new model approach (Rebick, 2005; Vogel, 2000).

Three distinctive features of the Japanese approach to HRM, which are often referred to as its "pillars," are evident among various definitions of what constitute Japanese-style management. They are

long-term employment, seniority-based promotion and wage system, and enterprise union. In addition, other practices such as careful recruitment and selection, company specific training, job rotation and development of multi-skilled workers, broad job-classification, concern for employees, collective decision-making, flexible management and job behavior, egalitarianism, use of small group activities, goal congruency and group-oriented-behavior are all identified as feature elements and are attached to the definition of Japanese-style management (Beechler & Yang, 1994; Ishida, 1986; Ichimura cited in Tachiki, 1991; Jain, 1987). It is these practices to which the author refers in this study.

2.2 Transfer of Japanese Management Practices Overseas:

A Successful Experience?

The literature concerning the transfer of Japanese management practices observe that while “hard” practices like lean production and other manufacturing practices related with it tend to be similar to those used at home, “soft” practices like HRM tend to follow the host country HRM practices (Rodgers & Wong, 1996). Table 1 below was developed by the author and is a summary of previous studies concerning the transferability and adaptation of Japanese HRM practices overseas. The practices that researchers have chosen to investigate vary among each study. In any case, putting together findings from previous research helps the author to gain a deeper insight into the problems and degree of transfer.

Table 1 is clear evidence that the patterns of localization vary from country to country and there is more than a single model of Japanese HRM abroad. Adaptation is taking place but its degree varies among practices, organizations and countries. Among other factors, national culture differences between Japan and the host-country are considered to hinder the transfer of Japanese-style HRM practices overseas.

Table 1

Transferability and Adaptation of Japanese HRM and Work Related Practices Overseas

Japanese HRM practices overseas	Long-term employment	Seniority*	Consensus decision-making	House union	Quality circles	Training**	Group-oriented behavior***	Concern for employee
SEA, USA, WGR**** Ishida (1986)	X	X	O				X	O
India Jain (1987)	O		X	X		O	X	O
US**** Beechler & Yang (1994)	X(S) O(M)	X(S)			O (M)	X(S) O(M)		
UK Tayeb (1994)				O	X			
UK Faulkner et al. (2002)	O	X	O			O		
Philippines Amante (1995)		X						
Singapore Gill & Wong (1998)	X	X	O	O	O			
Australia Dedoussis & Littler (1994)		X	X		X	O		X

Note. O = Japanese overseas use the same practices as home; X = Japanese overseas use different practices from home

* Comparing to seniority wage, promotion from within is still evident in the operation of some Japanese firms overseas.

** Training refers to on-the-job training method.

*** Group-oriented-behavior refers to Japanese work ethic of loyalty and identification with the company.

**** SEA – South East Asia; WGR – Western Germany

***** Beechler and Yang provide separate data for the service and manufacturing sector (S = service and M = manufacturing sector).

2.3 Cultural Fit Between Japan and China

Under the label of “collective” cultures, it is expected that to some extent the Japanese and Chinese will think and behave in similar ways. Existing literature suggests that this expectation is not correct and researchers should be very careful when analyzing the cultural fit between the two countries (Kim, Kondo, & Kim, 2007; Ngo et al., 1998; Warner, 2000). For this study, cultural fit refers to the level of congruence between the cultural values and norms in two diverse countries.

“National culture is a central organizing principle of employees’ understanding of work, their approach to it, and the way in which they expect to be treated” (Newman & Nollen, 1996, p. 755). As a consequence, when the management practices of the subsidiary are incompatible with the values and norms of the local culture, employees might feel uncomfortable and unclear, and conflict will arise. The conflict is defined as the “expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce rewards, and interference from the other party in achieving their goals” (Hocker & Vilmot, 1985, p. 23). Adaptation to the new work and management style will reduce the conflict, and as a result, this will contribute to higher performance of the overseas subsidiary. The recognition and understanding of national culture differences is significant for the enhancement of this process.

In order to anticipate what type of problems Japanese managers and Chinese subordinates in the workplace might face, and to trace the path of connection between the national culture and HRM, the author conducted a preliminary evaluation of cultural fit between two countries using Hofstede’s framework. The framework was developed based on a large database of IBM employees from over 50 countries. Each country received a score based on their values. The scores were intended to

range between 0-100, but in some cases, countries scored over 100. They represent the relative positions of countries and help to measure the differences among them. (Hofstede & Hofstede, 2005). Hofstede's framework demonstrates that national cultures are important determinants of work-related values and attitudes. Hofstede (1980) defined four value dimensions across which cultures vary. They are power distance, individualism vs. collectivism, masculinity vs. femininity, and uncertainty avoidance. After further examination, Hofstede and Bond (1988) added a fifth dimension, short-term vs. long-term orientation (See Table 2).

Hofstede's framework has been the object of some debate concerning the generalization of results and validity of the dimensions (Chiang, 2005; Gerhard & Fang, 2005; Jaeger, 1986; Yeh, 1988). Yet, despite these limitations, Hofstede's work has been widely used in international management research. It is a sound theory for explaining the cultural differences among countries (Redding, 1994) and is a useful tool for connecting culture to management (Jaeger, 1986).

Table 2

Differences Between Japanese and Chinese National Cultures Based on Hofstede

Cultural dimensions	Japan	China	World average	Difference
Power distance (higher = more hierarchy)	54	80	55	China +26
Individualism (higher = more individualistic)	46	20	43	Japan +26
Masculinity (higher = more masculine)	95	66	50	Japan +29
Uncertainty avoidance (higher = more uncertainty avoidance)	92	30	64	Japan +62
Long-term orientation (higher = a more long term orientation)	80	118	45	China +38

Source: <http://www.geert-hofstede.com>

Note. The numbers represent the score of each dimension

Power distance is “the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally” (Hofstede & Hofstede, 2005, p. 46). This implies that in higher power distance countries there is a higher tolerance for inequalities among people, and formal hierarchy and centralization are more evident. Both countries rank high in power distance, but China scores higher. This suggests that Chinese subordinates agree with a clear hierarchy, which differs from Japanese-style management in which the differences between white and blue collar workers tend to be low; Chinese workers prefer the manager to keep distance from them. Nevertheless, Chinese workers expect to be treated with respect from their supervisors. This result might explain why the presence of Japanese managers on the shop floor and their efforts to promote informal communication and participation tend to be confused with lack of competence and lack of trust from the Japanese side toward Chinese subordinates.

Individualism vs. collectivism refers to the way in which people define themselves and their relationships with others. In collective societies “people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetimes continue to protect them in exchange for unquestioning loyalty” (Hofstede & Hofstede, 2005, p. 76). Both Japan and China rank low in individualism, which explains their collective orientation, but China scores lower. In contrast with the results in table 2, from a firm’s perspective, the Chinese seem to be more individualistic than the Japanese. The explanation is that both countries’ orientation versus collectivism is very different. As pointed out by Worm (1998), Chinese score high on collectivism and in its subdivision - “particularism,” too. This indicates that, “the Chinese put more emphasis on personalized, trust-based relations, face and have a different interpretation of honesty and loyalty” (Worm, 1998, p. 185).

This is consistent with Yeh (1988), who argues that Chinese will show loyalty only to their families. Instead, Japanese will show loyalty to their organization. In order to protect their reputation by avoiding public embarrassment, when a problem occurs, Chinese employees tend to resolve the problem by themselves. For the same reason, they express agreement about a particular issue, but afterward they do something else. This suggests that Chinese are not supportive of teamwork as they are not comfortable to freely express their opinion while interacting face-to-face in a group.

Masculinity vs. femininity refers to the distinction between what men and women are expected to do. In feminine societies “emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life” (Hofstede & Hofstede, 2005, p. 120). Both countries rank high in masculinity, but Japan scores higher. In the workplace, low masculinity countries value more the quality of life over work which is less important in people’s lives. This result might explain the differences concerning work ethics between the Japanese and Chinese. The Chinese don’t understand the strong connection many Japanese have with their company. In the same way, the Chinese way of thinking, which emphasizes free time and comfort, is not well understood by the Japanese.

Uncertainty avoidance indicates the “extent to which the members of a culture feel threatened by ambiguous or unknown situations” (Hofstede & Hofstede, 2005, p. 167). High uncertainty avoidance countries are characterized by an avoidance of ambiguity, clear procedures and well understood rules. Japan has one of the highest uncertainty avoidance scores. This result might explain why Japanese prefer to share the responsibility and participate in collective decision-making after a careful examination of the environment inside and outside the organization. On the contrary, China scores much lower in this dimension. This indicates that the Chinese are expected to be less

careful during decision-making and less likely to follow the strict rules of the company compared to their Japanese counterparts.

Long-term vs. short-term orientation indicates the country's orientation to time--past, present, and future. Values associated with long-term orientation are persistence, ordering relations by status and thrift, and having a sense of shame. On the contrary, values associated with short-term orientation are stability, avoiding the public embarrassment, respect for tradition, and reciprocations for favors and gifts (Hofstede & Bond, 1988). Both countries rank high in this dimension, but China scores higher than Japan.

From the above evaluations, it becomes clear that the cultures of the two countries are different. The Japanese and Chinese share different values. They have different attitudes toward work and their company, and different perceptions about their role and responsibility in the organization. Cultural differences that are not well understood are a potential source of conflict in the workplace.

In order to explore the relationship between Chinese culture and specific Japanese HRM practices, and its impact on the conflict between Japanese managers and Chinese subordinates, the next section explores the case study of six Japanese subsidiaries located in the Shenzhen region of southern China.

3. Case Study of Technocentre (TNC)

3.1 Selected Companies

The case study units are six Japanese companies operating inside TNC, an industrial park established to support the activities of Japanese subsidiaries in China. TNC was established in July of 1992 and is located in the Shenzhen region, Guangdong province in southern China. As of August 2007, when the fieldwork was conducted, 51 Japanese companies (tenants) were operating within TNC. Permission

to visit and carry out interviews was received from six companies. The background information for each of the companies is shown in Table 3.

Table 3
Subsidiaries Background Information

Company Characteristics	A	B	C	D	E	F
Year established in TNC	2002	2001	2002	2000	2002	2006
Major products	Electric parts	Clothing	Optic components	Electronic parts	Auto parts	
No. of employees	41	88	Not known	410	280	40
No. of Japanese expatriates	4	3	Not known	5	4	2
Reason for investing in China	-Cost reduction -Customer request-	-Cost reduction -Expand the market	-Cost reduction	-Expand the market -Customer request	-Cost reduction -Customer request	-Cost reduction -Expand the market
Prospect for expansion of production site in China	No	Yes	No	Yes	Yes	No

The length of operation in TNC for the six companies varies from 1.5 years to 7 years. They are companies with a long manufacturing history in Japan and five of them have other subsidiaries in the USA, Europe or other countries in East Asia. The names of the companies will be kept confidential, so the details provided are deliberately vague. The range of products varied from screws to women's apparel. The number of employees in each company ranged from 40 to 410. The management team was comprised of Japanese staff in the positions of general manager, plant manager or supervisor. The highest position of Chinese staff was limited to the level of group leader (hanchou). Only in one company were two Chinese employees promoted to the level of

supervisor (bucha). As it later transpired, this was related to the fact that the following year the company was planning to open another factory nearby.

3.2 Research Design

The primary tool of data collection was semi-structured face-to-face interviews. Seven characteristic elements of Japanese HRM were considered and ten Japanese managers and twenty-six Chinese subordinates were asked about each element. The background information of respondents is shown in Table 4 and Table 5. The questions were aimed at exposing the perception and attitude of the interviewed employees toward such practices, comparing the differences, investigating the conflict generated and evaluating the degree of adaptation. The behavior and interrelationship between Japanese managers and Chinese subordinates in the workplace was also observed. The fieldwork was conducted over two weeks in 2007.

The questions were concerned with the following characteristic elements of Japanese HRM: long-term employment, seniority, enterprise unions, collective decision-making, small group activities, training and group-oriented behavior. The above HRM practices and work-related values were selected as they are the most frequently identified in literature and analyzed in empirical research. In order to avoid miscommunication due to language differences and to triangulate the data, an interview questionnaire was prepared in English and after was translated into Japanese and Chinese. A reverse translation from Chinese to Japanese and English was also provided. The English version of the interview questionnaire for Japanese managers can be found in Appendix A and questions for Chinese subordinates are shown in Appendix B. The interviews were conducted in English, Japanese and/or Chinese. It is important to emphasize that two internship

Table 4*Profile of Japanese Expatriates*

Characteristics	Japanese expatriates (%)
25-40 years old	20
41~ years old	80
Male	100
Executive level	50
Middle managers	50
1-2 years in the company	40
3-5 years in the company	60
Previous overseas work experience	40
Can speak Chinese	20
Can speak English	50

Table 5*Profile of Chinese Subordinates*

Characteristics	Chinese subordinates (%)
18-20 years old	54
21-25 years old	35
26~ years old	11
Male	25
Line workers	88
Line leaders	8
Office worker	4
High school diploma	77
University graduates	23
1-12 months in the company	81
13~ months in the company	19
Previous job experience	42
Can speak Japanese	0
Can speak English	0

students from Hong Kong University fluent in Mandarin and English supported the interviews. One of them was fluent in Japanese, too. The time for one interview varied from 45 minutes to 90 minutes. The interviews with Japanese managers were conducted inside the business premises, whereas the interviews with the Chinese subordinates were conducted outside their working environment. Voice recorders were not used as they were deemed to inhibit the communication. However, detailed field notes were taken for each interview.

4. Analysis

4.1 From the Chinese Point of View – Perception of Japanese HRM

The results of the interview questionnaire for the Chinese subordinates are shown in Table 1 of Appendix C. The first question was concerned with training. Twenty interviewees (77%) answered that they received training but almost all of them expressed dissatisfaction as the training was inadequate. The only training occurred on the day they were hired, for one hour, and was related only to safety issues. On the other hand, twelve interviewees (46%) answered that since working at the company, they have experienced job rotation. Yet, the change was for a very short time and was inside the same section. It can be argued that the Japanese practice of on-the-job training (OJT) was not perceived as a form of training by the Chinese employees and was an area of high concern for all of them.

Regarding issues of seniority, more than half of the interviewees (54%) considered age as the most important factor to decide the level of salary. Nine of them (34%) considered performance as the most important and only three of them (12%) gave a higher weight to qualifications. Chinese employees believed that the experience accumulated by the older employees is valuable. Yet, this experience is not necessarily learned by working in the same company. In fact, the

salary in the companies the author visited was decided by the market forces and in few cases was based on employees' performance. When asked about what is more important for them when starting work and staying with a company, only two interviewees (8%) answered in favor of job security. More than half (54%) answered in favor of a good salary and other types of cash-rewards. Ten of them (38%) answered in favor of promotion opportunities. Seniority was considered as an obstacle for getting higher rewards and making more money. Furthermore, they preferred a faster career path and fourteen of them (61%) perceived that although there are opportunities for promotion at their present company, they are very limited. As one of the respondents commented, "You can get promoted if you work very hard but the salary is low and doesn't correspond with the quantity of jobs the Japanese want us to do" (male, line leader). Furthermore, another commented, "In TNC you have the opportunity to be promoted until the level of group-leader, and that is all" (male, line leader).

Regarding the involvement of Chinese subordinates in the process of decision-making, fourteen interviewees (56%) answered that the supervisor never asked for their opinion. Among those who answered positively (including the two group leaders), there are some who think that even when they are asked for their opinion it is not taken into consideration during the decision-making process. As one of the respondents commented, "Japanese managers listen to our complaints but in the end nothing changes" (female, line worker). In addition, one of the line leaders commented, "My job title has changed, but I'm doing the same job as before" (male, line leader). Chinese employees in TNC perceived that titles are not accompanied by authority and responsibility.

Another question was related to small group activities and teamwork. All the companies the author visited have introduced quality circles

(QC) and in one case, the company was using the “speed meeting”, which refers to the practice of short and frequent meeting that allows teams and colleagues within organization to meet casually and more often. Twenty interviewees (77%) understood the concept of the quality circles but the approach toward QC was not very positive. One of the Chinese workers commented, “QC is tiresome” (male, line worker). One reason could be that most of the employees have little experience with the company and they have not yet accumulated enough knowledge to contribute to the discussion. In addition, as avoiding public embarrassment is very important for Chinese, they may not feel comfortable with the practice of quality circles. In comparison, seventeen respondents (65%) had positive feelings toward working in a group. One reason could be that Chinese culture stresses the importance of *guanxi*, translated as “social networks”, in this case, among coworkers who tend to have close relationships. The Chinese preference to work in teams is consistent with Japanese values and furthermore is preferred to a much higher degree than what Japanese managers perceived.

Twenty-two interviewees (85%) answered that they have a clear separation between their private life and work life, and they do not work overtime, “When I finish my work and I go back home, I don’t like to think about what’s happened during the day” (female, line worker), “I wish not to work overtime” (male, line worker). As it can be seen, the Chinese think that the Japanese work too much. In this respect, the Chinese attitude towards work differs greatly from that of the Japanese.

The next question was related to the Chinese perception of Japanese managers’ knowledge and respect toward the Chinese culture. Of the twenty-two subordinates who answered this question, nineteen of them (86%) answered positively. However, the biggest concern for almost all of the interviewees was poor communication with the Japanese

managers. One of the respondents who answered negatively commented, “I don’t know if my supervisor knows about Chinese culture; I never had an opportunity to exchange views with him” (male, line worker). Some other comments were, “Japanese managers are too severe” (female, line worker), “I’m stressed when I talk to them” (female, line worker) or “I want to learn Japanese” (female, line worker).

The answers show that there appears to be a large gap in communication between Japanese managers and their subordinates, which precludes the possibility of an atmosphere of shared responsibilities in the workplace. The main reason behind the gap in communication seemed to be language. Of the ten Japanese managers interviewed, only two of them could speak Chinese and none of the Chinese subordinates interviewed (including the two line leaders) could speak Japanese.

4.2 From the Japanese Point of View – Concerns and Expectations

The first question was concerned with training. All the plant managers answered that their company offers OJT for one to four weeks. Job rotation is not planned. It takes place only in a case of absenteeism or an immediate gap caused by the very high labor turnover. Other forms of training were almost absent. In only one company, have group leaders visited Japan for training. They explained that this was related to the difficulties encountered when Chinese employees apply to get a passport. Furthermore, people who work in the factory come from all over in China, including remote areas, they are very young, and in many cases have no previous work experience. According to a very experienced Japanese manager in TNC:

The content of training in TNC is very basic. We start with explaining to them the meaning of work, and later on teach them how to make good products: 5S (sort, set in order, shine, standardize, and sustain), kaizen, etc (male, executive director).

Because of high labor turnover, the opportunities for promotion and training were only offered for a limited number of local employees who were considered to be a key person within the company. Another manager with a lot of experience in China commented:

There are two tiers of employees in China: One is the category of line workers who are paid 700 RMB/month. The company doesn't offer to them any training because they will leave anyway. The other is the category of technicians and engineers. They are considered important and the company offers to them a salary three or four times greater than the base salary, training, and opportunities for promotion (male, executive director).

Another problem pointed out by the Japanese managers was the short-term view of Chinese employees in the Shenzhen area. Many of the workers were migrant workers and their desire to return home signified that they did not care about the future of the company. This is against the Japanese value of long-term employment. One of the interviewees commented, "Chinese employees consider TNC as a trampoline to gain some experience and to make some money in order to move to another place or go back home" (male, plant manager). Japanese managers perceived that the most important factors for Chinese employees to stay within the same company were the salary and other types of cash rewards. The Japanese HRM practice of seniority wage was absent in TNC. Furthermore, some welfare benefits like housing or bonuses for people who get married were in place in some of the companies. However, the preference of Japanese managers for a long view orientation on one side and the claim of Chinese employees for more training and promotion opportunities on the other has established a vicious cycle.

Another question was related to the involvement of local staff in decision-making. The interviewees accepted that it is the Japanese staff

who make all decisions. One of the respondents commented, “My subordinates do not understand the problems well. They don’t understand management issues and they lack communication skills” (male, plant manager). Another comment was, “Chinese think fast but they know less” (male, plant manager). The Japanese dominated the decision-making and communication was deemed one-way.

Low “quality consciousness” was an issue of high concern for Japanese managers. They perceived that Chinese employees were careless in following the rules and were superficial. As one of the respondents commented:

The Chinese don’t think at all when they act. In Japan, we are strict to the use of the manuals. In China, they are careless. We Japanese care for the process; the Chinese care only for the result. They don’t check all the processes step by step (male, plant manager).

Some other comments were:

The Chinese think that when something is produced it should be used; it doesn’t matter if it’s not according to the specification of the customer (male, executive director).

We gave the specifications to our Chinese supplier but when we received the order the material used was different. I asked them why and they answered that the material they used is compatible as well (male, plant manager).

Small group activities, as previously mentioned, were widely applied in the six companies the author visited. Fifty active groups of QC that used to gather for one hour per week, were active in TNC. Japanese managers put much emphasis on the use of QC. They were seen not only as a tool to enhance quality but also as a tool to increase employees’ involvement in the company and group orientation, which they perceived to be low.

One of the biggest concerns for Japanese managers was the low commitment from their Chinese subordinates. This is influenced by the impact of state-ownership and family-centered culture. Japanese managers perceived that their subordinates lacked initiative and resisted changing their work attitudes and behaviors to the new working style of the subsidiary. One of the Japanese managers commented:

It is difficult to change their mind. You explain something today, but tomorrow it is as if you never talked about that problem. They will make the same mistake again (male, department manager).

The lack of knowledge about modern management, the resistance to change and the avoidance of decisions and responsibilities were considered some of the main obstacles for the cultivation and development of “management talent” in China. Enterprise unions were absent. A common form of “non-union” settings was the morning meeting (*chorei*). The purpose of this meeting was to voice any problems and to ask for opinions from Chinese employees. In reality, the Chinese employees barely participated.

Regarding overtime, as one manager commented, “When the work time is over, the Chinese staff will go back home even if there is still work to do. They don’t like to work overtime” (male, department manager). The Japanese managers perceived that the loyalty and identification with the company were low. Another manager commented, “After finishing their work, Chinese employees switch their brain [off] and forget completely what they did and what happened during the day” (male, plant manager). To deal with the situation of low commitment, everybody was wearing uniforms and managers and subordinates used the same office space. One of the companies was organizing sports activities and in four of the six companies the author visited, once or twice a year Japanese managers and their subordinates

would have drinking parties together.

5. Discussion and limitations

5.1 Sources of Conflict

From the above analysis it can be argued that there are significant differences in the perception of Japanese management practices and work behavior between Japanese managers and Chinese subordinates. Japanese managers expect more commitment and would like Chinese subordinates to work overtime and be more group oriented. Furthermore, they emphasize the use of quality circles and prefer a long-term orientation from their Chinese subordinates. On the other hand, Chinese subordinates claim there is a lack of training opportunities. They prefer a clear separation between working and private time. Chinese employees expect directions from their supervisor but at the same time, they expect more respect from them. They expect promotions to be accompanied by authority and responsibility. Furthermore, Chinese employees expect better communication and relationships with their Japanese managers. These differences are a clear source of conflict in Japanese subsidiaries in the TNC. The results of the data analysis are summarized in Figure 1.

National culture is an important factor that influences the differences above. Japanese culture, which is characterized by collectivism, high masculinity and high uncertainty avoidance, is reflected in the Japanese management practices and influence the mentality and leadership style of Japanese managers. In the same way, the Chinese concern to protect their standing position in the eyes of others, high power distance and low uncertainty avoidance influence the organizational and work behavior, as well as the expectations of Chinese employees from their Japanese managers.

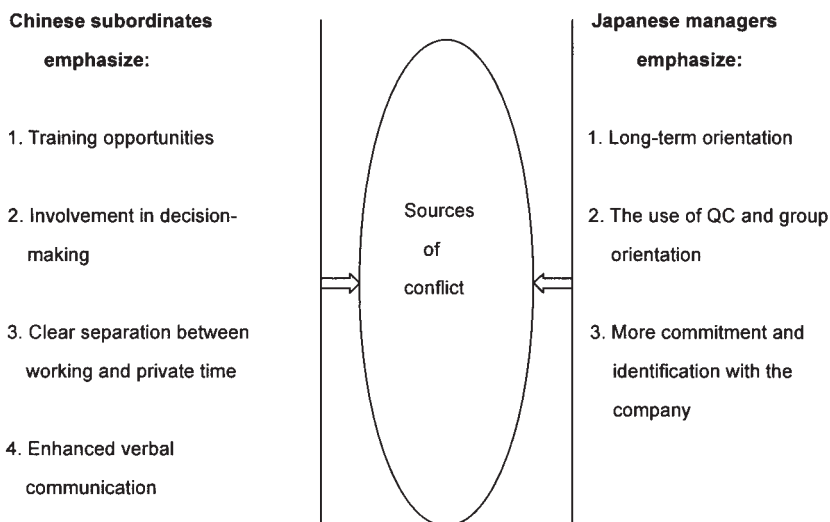


Figure 1. Sources of conflict between Japanese managers and Chinese subordinates in TNC

5.2 Evaluation of Transfer and Adaptation of Japanese-style Management Practices

In accordance with previous studies concerning the transfer of Japanese-style management, this research also found only a limited amount transfer of elements such as the seniority system, long-term orientation, unionization, consensus decision-making, and company loyalty to the cultural context of China. The practice of seniority wages was absent in the TNC. Japanese managers agreed that payment and opportunities for promotion should depend on ability. Even though Japanese managers tended to emphasize long-term orientation, this was still much lower compared to Japan. Enterprise unions were absent. The responsibility for decision-making was in the hands of Japanese managers. All companies under investigation had introduced QC but

they were still facing some difficulties because of high employee turnover and lack of commitment. As in Japan, OJT was the most popular method of training. However, Chinese employees seemed not to accept company group-oriented behaviors as their family-orientated collectivism made it difficult for them to place the company's interests first.

One issue, which comes through clearly in the case study of the TNC, is that more consideration needs to be given to the way knowledge about Chinese culture, as a significant factor outside the formal boundary of an organization, is turned to practical use by HRM within the organization. While more than half of the Chinese subordinates perceived that the Japanese managers had knowledge about Chinese culture, Japanese managers did not seem to know how to address the relationship between Chinese national culture and specific Japanese HRM practices. Japanese HRM practices that did not fit with Chinese culture showed a low level of transfer. While there was awareness of cultural differences from the side of Japanese managers, they seemed to lack the ability to adapt Japanese practices to accommodate these differences. Knowing and doing are two different things. The reason may be that Japanese managers in TNC often did not interpret the Chinese characteristics and local practices effectively.

5.3 Limitations

The specific characteristics of respondents and companies included in this study require the author to be particularly careful when analyzing the above findings. First, the majority of Chinese employees were migrant workers from rural areas. Thus, their orientation toward money and their small involvement in decision-making is not surprising. Second, because of the young age of the subsidiaries under investigation, parent country managers are expected to play a greater

role in implementing management and production processes in the Chinese subsidiaries. Third, depending on the size, some Japanese companies located in TNC may not want to transfer the “costly” Japanese-style HRM practices. Beechler and Yang (1994), in a study of Japanese subsidiaries in the US identified three sets of factors that influence whether or not a MNC wishes to and can transfer the home-country management practices to its subsidiaries. Factors related to the home-country of the MNC (i.e. national culture and its influence on the company’s administrative heritage), factors related to the host-country of the MNC (i.e. cultural distance from the parent company, labor market and industrial relations), and factors related to the company itself (i.e. dependence of the parent company on the local resources and the degree of the subsidiary’s integration on the overall MNC strategy). Although it is beyond the scope of this study, the strategic importance of the subsidiary at TNC and the employment period stipulated in the labor contract are other important factors that should be considered when discussing the efforts of the parent company to transfer the technology and more authentic management practices to China.

5.4 Practical Solutions to Reduce the Conflict

5.4.1 Utilization and growth of Chinese management talent

First, Japanese companies should focus on the identification and recruitment of promising Chinese management staff. Chinese students who are studying in Japanese Universities could be a very good target for the Japanese companies based in TNC. They have not only a high level of language proficiency but they know well and appreciate the Japanese cultural values. Internship programs for Chinese students in Japan would be an effective strategy to attract this contingent. Second, Japanese companies should offer training programs related to technical and management issues to Chinese line leaders and office workers.

Providing training materials in Chinese and promoting study groups are proper ways to enable Chinese employees to feel they are learning. Third, Japanese companies should offer clear opportunities for promotion and real participation of local staff in decision-making. It would be advisable to give the Chinese staff opportunities to visit Japan and work with their Japanese counterparts. Additionally, greater involvement of Chinese line leaders and office workers in drafting the manual of procedures is also advisable. The above suggestions will give Chinese staff the opportunity to enhance their capabilities and feel less excluded from the decision process.

5.4.2 Motivation

The appraisal system should be clear and fair and be based on performance. It is suggested that an increase in job categories and different payments for each of these categories will increase the motivation to work harder and stay longer with the company. Furthermore, providing a bonus system could help to increase the Chinese employees' loyalty and identification within the company.

In order to better deal with the difficult process of transfer, it is imperative for Japanese companies based in TNC to send their most outstanding staff to China. As often recognized but not always implemented by the Japanese MNCs, the tendency of sending good technicians or engineers but not well-experienced managers is wrong and negatively affects the process of transfer and adaptation.

6. Conclusion

This study adds to an emerging body of literature on the transferability of HRM practices in MNCs. More distinctively, it investigates a common topic in an under researched context. The case study of TNC found that there are significant differences in the perception of Japanese

management practices and work behavior between Japanese managers and Chinese subordinates. Within the Chinese context, a large number of the problems concerning the transfer and adaptation of Japanese management practices can be attributed to national cultural differences.

Japanese HRM practices that did not fit with Chinese culture showed a low level of transfer. The findings support the hypothesis that some adaptation of Japanese-style management practices was undertaken to fit the Chinese socio-cultural context. To a very limited extent, an adaptation from the Chinese side toward Japanese-style management practices was also observed. The preference of Chinese subordinates to work on a team was higher than what Japanese actually managers perceive. Also, when a problem occurred, they talked about it with their direct supervisor.

One issue, which comes through clearly in the case study of the TNC, is that more consideration needs to be given to the way knowledge about Chinese culture is turned to practical use by HRM within the organization. While there was awareness of cultural differences from the side of Japanese managers, they seemed to lack the ability to adapt Japanese practices to accommodate these differences. This study indicates that in order for Japanese MNCs to enhance their operations in China, a more proactive and careful attention to cultural differences and adaptation is required.

Despite the limitations of this study, the results could still be particularly helpful to Japanese MNCs when they design HRM practices for the specific socio-cultural configuration of China. The case study of TNC is only one example to illustrate the complex issue of transfer and adaptation of home country management practices overseas. Complementary research in other regions of China is required. The findings from existing literature suggest that results could be relatively similar. Rapidly changing environments call for

continuous research that evaluates specific socio-cultural contexts and appropriate management practices.

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*Appendix C***Table 1***Perception of Japanese HRM Practices from the Chinese Emplo-yees' Point of View*

Questionnaire items	Number of respondents	%
Does your company offer training opportunities?	26	
Yes		77
No		23
Did you ever change job profiles?	26	
Yes		46
No		54
What is a more important factor to be considered by the company when deciding the level of the salary for its employees?	26	
Performance		34
Age		54
Qualifications		12
What is more important for you to start working for and stay with the same company?	26	
Salary and other cash type of rewards		54
Promotion opportunities		38
Job security		8
Does your company offer promotion opportunities?	23	
Yes		61
No		39
Does your supervisor ask for your opinion?	25	
Yes		36
No		56
It depends		8
Do you like working in groups?	26	
Yes		65
No		35
Do you work over time?	26	
Yes		85
No		15
Does your supervisor understand and respect Chinese culture?	22	
Yes		86
No		14

異文化環境における日本的経営慣行の移転と適応： 中国、深圳地区のテクノセンター（TNC）における事例研究

Zhaka Pranvera

本稿の主な目的は民族固有の文化が人的資源管理（HRM）に与える影響を中国の日系企業の事例研究を通じ考察することである。研究対象として、中国沿海地方、深圳市郊外に位置するテクノセンター（TNC）と呼ばれる工業団地内で生産活動を行っている日系企業6社を選択し、そこに働く日本人マネジャーと中国人従業員に対し聞き取り調査を行った。調査では、主に日本人と中国人間の日本型経営に関する認識の相違とそこから生ずる対立について英語、日本語、中国語の3ヶ国語で質問を行った。聞き取り調査は、事前に準備した質問項目に基づき行われたが、必要に応じ質問項目の追加を行った。本調査研究は、日本型経営慣行の移転と適応に関わる問題の多くは民族固有の文化的相違に起因することを明らかにした。また、本研究は若干の日本型経営慣行は中国の社会・文化環境に適合していることを明らかにした。また、日本人マネジャーは中国についての知見があるにも関わらず、中国文化と日本の経営慣行との関係を的確に伝達する方法を習得していないようだった。日本型経営の移転についての研究は米国、欧州やアジア諸国で広く行われてきているが、中国にある日系企業についての研究はそれほど行われていない。それ故、本研究は日本の多国籍企業が中国で事業展開を行い、現地の人的資源管理を立案する際に有益となると確信する。

キーワード：日本的経営、人的資源管理、民族固有の文化、日系企業、中国