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Abstract

Recently, many companies have been making adjustment for increasing their competitiveness through getting smart performance. Human resource planning should be done by companies to determine the dynamic equilibrium between demand and supply human resources in order to anticipate the change of business environment. Firstly, this paper will discuss the characteristics of Japanese style of management, especially for dealing with human resource planning. Then provide a deep discussion on the practices of Japanese human resource planning. Finally it will evaluate the role of human resource planning practices for increasing industrial competitiveness.

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1. Introduction

1.1. Background

Agroindustrial development in Indonesia is influenced by the mainstream Asia business which includes Asian firms expanding overseas, internationalization of emerging-market firms (Peng et al, 2010). The success of a company now more than ever depends on the quality of its workforce.

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Workforce that means human resource must be planned from the beginning of their career until their retirement age. Human Resource Planning should be done to avoid redundant employees and lack of employment in the near future.

Managers work with three organizational resources: physical, financial and human resource. Of the three, human resource is the most important since it has a strategic place. The Carnegie Foundation says that 85% of the factors of success are due to the personal qualities and only 15% can be attributed to technical knowledge.

1.2. Previous Research

Hwang and Kogan (2003) described that human resource planning has always been a key issue to professional companies, explicitly considering its structure, cost of recruitment and hiring, workload, etc. Moreover Purwadi et al (1999) explained that the Japanese management style has given a good condition for planning the human resource itself. Lifetime employment system gives a good relationship between employers and employees. Rough behavior of cutting excess employees is unacceptable in Japan. Companies and their employees work together, and employees work for the same company throughout their entire life. They give all their effort for the company. Companies hire the inexperienced younger people, then educate and train them. Companies should avoid dismissing employees as much as possible by resorting to various employment adjustment mechanisms. Geelhaar et al (2003) explained that many new topics, interdisciplinary team work and the call for fast success in learning are challenges for advanced training. Nagaraj and Kamalanabhan (2005) concluded that there is a link between the business strategy pursued by the firm and its human resource policies and practices.

1.3. Purpose

The purposes of this paper are (1) elaborate the characteristics of Japanese style of management, especially for dealing with human resource planning; (2) provide a deep discussion on the practices of Japanese human resource planning; (3) evaluate the role of human resource planning practices for increasing industrial competitiveness.

2. Method

System approach is methodology research which is very important for compromising the different sub-system interests. Planning human resource faces some different sub-system interests, such as recruitment system, training and promotion system, retirement system, etc. There are also some actors which have different interest, such as workers, managers, employers, and may be government. After designing a system, it is important to analyze the external factors which influence to the system. This paper uses the secondary data and the result of previous research for building a deep descriptive-qualitative analysis.


Japanese style of management at least consists of 3 characteristics: lifetime employment system, seniority waged-based system, and company based labour union. Most of them are dealing to the human resource issues, especially for human resource planning. Design a Human Resource Planning is begun by need analysis. What kind of workers will be needed for near future? Recruitment strategy should be decided in order to increase company's effectiveness and efficiency. Training and promotion should be planned in order to decrease unproductive human resource. Redundancy which is caused by unbalanced condition between desired man-hours and potential man-hours becomes a serious problem particularly in
the recent tight competitiveness of industry. Retirement must be planned for generating the employee's spirit to work hard, because company will give a stable and safe condition of the employees in the future time, after they retire from this company.

Human Resource Planning should be suitable with the trend of technology. So far the span of control of supervisory job will become wider. With using new tools, supervisors can do their job easily and fast. Nowadays, Japanese Companies face difficulties to gather the employees for dangerous jobs, dirty jobs and hard jobs. In Japanese terminology, they are called 3K, means Kiken (dangerous), Kitanai (dirty), Kitsui (hard). Robots is one alternative for providing a solution. The demand for robots will continue to grow. Robots will replace human resource for 3K jobs. So the trend of Human Resource Planning should compromise with the possibility for using robots in production system.

Because of many external factors which have possibility to influence the human resource system, Human Resource Planning will become more important in the near future. The scope of Human Resource Planning will become wider. It means that the scope of Human Resource Planning is not only static but dynamically grows.

In Japan, within a very short time human resource surplus has shifted from a state of extreme undersupply to extreme oversupply. In the future, there will be more employment problems, because the numbers of the unemployed will increase.

Turnover rates in Japanese company is very low, employees work at their company from the beginning their career until their retirement age. This is one of the main characteristics of Japanese employment. Japanese companies do not recruit new employees from experienced candidate, but they recruit mostly the young and inexperienced candidates. As they are still young, they are capable of being socialized into a good employee.

4. Findings and Discussion

4.1. Human Resource adjustment for lack

When there is a lack of workers, recruitment sometimes is not the best solution. There are three alternative methods for human resource adjustment.

- Increasing over time work.

Overtime means time worked in excess of an agreed upon time for normal working hours by an employee. Working after 5 p.m., during holidays, or weekends is referred to as overtime work.

When numbers of normal potential man-hours is smaller than desired man-hours, firstly company increase the overtime work to overcome the man-hours gap. Too big in overtime work is not efficient because overtime work should be paid more than normal time work.

- Increasing part-time employment

As described above, Japanese companies use the lifetime employment system or permanent employment. There is a tendency for employees to continue being employed for a long time in one company. They are mostly full-time employees, but some of them are part-time employees.

Part-time employees are employees who have less than a full-time organizational commitment on the part of the employee. They usually do not receive the same health insurance, retirement, and other benefits full-time employees receive.

When company faces a lack of man-hours, part-time employment is increased to overcome man-hours shortage. Sometimes it is better than recruitment, because in some cases, part-time employment is cheaper
than full-time employment. Because there is no strong commitment to company, part-time employment is bad in the long run.

- Recruitment (full-time employment)

Recruitment is the last alternative which should be done if lack of man-hours cannot be overcome by increasing overtime work and increasing part-time employees. The consequence of recruitment is company has to keep employees who are recruited as members of company until their retirement age.

There are two factors that must be noticed during the recruitment process: the qualitative and quantitative factors of employees recruited. In order to maintain employees based on Japanese style of management, so in practice, Japanese companies usually recruit new employees no more that their needed, it is about 50-75% of needed. There are many procedures for measuring the qualitative factor. Psychology test, written test, detailed interview for gathering the information about their educational background, their family background, etc. can be used for selecting the employees. The quantitative factor, that is the numbers of employees who should be recruited, is calculated by lack of man-hours which is determined by comparing the desired man-hours, normal potential man-hours, and overtime.

4.2. Human Resource adjustment for redundancy

When the numbers of potential man-hours is bigger than desired man-hours, there is redundancy of manpower. It is not a good decision to discharge them directly because they already have good working skill. During the redundancy condition, company must keep all of its employees. On the other hand, employees have to understand that they must do something offered by the company such as join a training program, after which they will be reallocated in the other department within the company group, etc. Recently, the most common methods of employment adjustment are cutting overtime and transfer (Koike, 1988). Redundancy makes the productivity reduce. Company must pay them even though they don't contribute as big as their potential effort for company. It is not easy to solve this problem. To handle this problem, Japanese companies use some alternatives such as:

- Firing temporary workers

  First alternative for overcoming the redundancy is firing temporary workers. It is possible for the company to hire them again when the company's condition becomes better.

- Cutting overtime work

  When redundancy of manpower occurs, company will cut overtime work. Cutting overtime work will not cause any side effect at all, so cutting overtime work is the best way for adjusting manpower.

- Transfer to other company within company group

  In order to reduce the employees’ level, it is better for the company to transfer some employees to other companies within the company group. Transfer procedure in Japanese companies is done through supervisors. They hold discussions to decide which employee should be transferred.

- Lay off

  Lay off is to fire permanent employees temporary. It is not caused by poor performance or an infraction of employees rules. Lay off is one alternative to solve the problem of redundancy.
• Voluntary retirement

When the company condition is getting worse, company asks employees to be voluntary retirees. They retire before the retirement age.

• Mandatory retirement

In the worst condition, there is no way for company to keep all employees. Companies decide to compel some employees to retire.

Minimum standard of recruitment is important to maintain a good quality of manpower in long term planning. Manpower, unlike machine, cannot develop suddenly. It takes time to get a good manpower, because a good manpower usually needs mature experiences. Because of this reason, it is better for companies to recruit new employees every year, at least as many as minimum standard of recruitment. The other reason is a good relationship between company and universities. Company owes recruitment to university. Company should receive new universities graduate as new members of company through recruitment process.

4.3. Develop Training

Sometimes, company holds training in order to reallocate the redundant employees. There are two main goals of this training: first, it prepares employees to be transferred to other jobs within the company. Second, it trains employees for new technology which the company is adopting. The goals of training should include the creation or improvement of knowledge, skill and attitude to become better for facing the new technological innovations, the changing of industrial structure, the aging of labour force, etc. An effective employee is a skilled and knowledgeable one. Such employees are usually ready to be transferred if the company asked them.

Training is very important for developing manpower. A well-managed training strategy is a necessary function for companies. It is not only an optional company's function. Based on the method of training and its relation to employees' job, training can be divided into two categories that is on the job training and off the job training.

• On the job training

On the job training is a kind of training which is held while doing their job. In the other words, it is training by doing job. The purpose of on the job training is to experience a wider range of their job in the real world.

• Off the job training

Off the job training is confined to the initial and periodical training which are held according to the schedule for acquiring intellectual skills. Off the job training can provide a theoretical background to the employees with ranging experience.

4.4. Develop Promotion System

Promotion can be defined as moving into a different job with a higher wage rate attached which includes the movement of rank and file employees between jobs. Sometimes the meaning of promotion and the meaning of transfer has to be considered in more depth. Both of them is involving movements of labour within the company. A transfer implies moving into another career track. A promotion represents
progress in an employee's career. When an employee is promoted, he moves to upper position within the job (career track). If employee is transferred, he moves to another job.

In Japanese company, promotion is confined to moving into a supervisory position. Job and wage rates are not directly connected. There is a connection between job and wage rate in the long term, because a merit rating is carried out every year or half year. There are two categories of promotion:

- **Internal promotion.**

  Internal promotion is the process of promotion where the employee who moved to higher position comes from among the employees itself. So promoted employee already has knowledge about the environmental condition of workplace. Internal promotion encourages employees to remain for a long time in the company. The other benefit of internal promotion is it can burn employees' spirit because they have chance to be promoted to higher position. The average length of service and length of experience are both relatively long and it tends to be almost equal.

- **External promotion**

  To fill the job available, company recruits new employees from outside of employees itself. External promotion can give a good chance to adopt new ideas from outside. But, new employees must also be trained to fit into the current company condition. This method is rare in Japan.

4.5. **Retirement System**

Retirement program should be designed so that it can attract and motivate employees. Retirement programs are designed to meet the objectives: provide employees with adequate retirement income.

Retirement age in Japan and in United States is different. The retirement age in Japan is around 55 years old, but in United States is 65 years old. Japanese companies use wage system based on seniority, so it is difficult to keep old employees who should be paid a more expensive salary.

5. **Conclusion**

Planning human resource tends to become important role in the near future since many business environments are changing. The characteristics of Japanese style of management, especially for dealing with human resource planning are lifetime employment system, seniority waged based system and company based labour union. The practices of Japanese human resource planning for increasing industrial competitiveness includes adjustment for lack, adjustment for redundancy, training and promotion system. All of those practices can support to increase the Japanese companies competitiveness.

**References**


