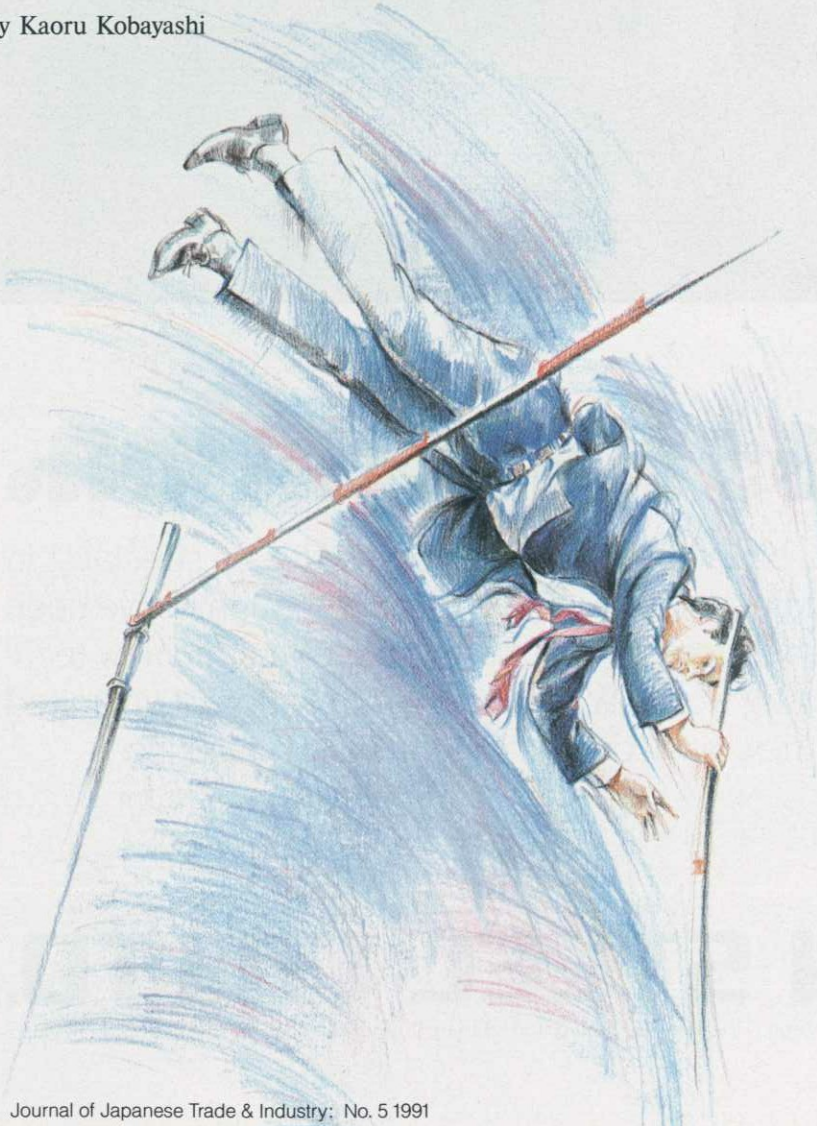


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By Kaoru Kobayashi



One of the major advances in corporate management strategy over the last few years has been the realization and confirmation worldwide that corporate international as well as domestic competitiveness is largely determined by the quantity and quality of human resources available to a company.

Harvard Business School Professor Michael Porter wrote in his impressive *The Competitive Advantages of Nations* that it is clear, from a decade-long examination of the performances of more than 200 corporations in 10 countries, that a company's competence and skill levels and human resources are critical factors in its international competitiveness.

International management consultant Bob Aubrey won this year's Dauphine Award for the best management book for his *Savoir Faire Savoir*, in which he argues eloquently and persuasively that it is the collective wisdom of the people making up the management organization that will fuel a corporation's survival and growth in the rest of this decade and the century to come.

Across the Straits of Dover, London School of Economics Professor and Chairman of the Royal Society of Arts Charles Handy has argued in his seminal *The Age of Unreason* that an organization's ability to learn is basic to its vitality and viability.

Every year, the American Society for Training and Development (ASTD) meets in May. At last year's convention in Orlando, then-Secretary of Labor Elizabeth Dole said that the nearly 40 million functional illiterates in the labor pool are American industry's Achilles' heel. The other keynote speaker, Xerox Chairman A.T. Kearns, echoed this theme in arguing that American industry can only make a comeback and be reinvigorated when the quality of American business education is upgraded and updated. Significantly, he cited the Japanese example in support of his thesis.



Thorough training is a must for such businesses as hotels and restaurants, where employees come into direct contact with customers.

Photo: We'll Co.

Japanese industrial education

As indicated by these many testimonials, industrial education and training is crucial to corporate world-class competitiveness. In effect, it is education and training that has enabled Japanese industry to compete so well worldwide, to display a yacht-like resilience as though sailing placidly on stormy seas, to benefit from outstanding teamwork, to creatively integrate environmental factors to get the best of all worlds, to develop the penetrating incisiveness typified by its world-acclaimed just-in-time production and delivery and other management innovations like benchmarking and target-costing, and to do so much else that has caused Japan to be both envied and feared around the globe.

Much of this education is provided by Japanese companies themselves, and it is therefore well worth looking at some of the fundamental features that characterize Japanese industry's in-house education and training.

1. The quality of the "raw material" to be processed

The first point that can be made, and this is a point that has also been made

with great intensity in the United States recently, is that Japanese students average more than 100 days more of school (elementary, junior-high and high school) per year than their counterparts in the United States. The Japanese drop-out rate is lower, Japanese perform better on average on standardized tests of mathematical ability, and the highly regimented nature of Japanese education means that the students are better disciplined and well-suited to group tasks by the time they graduate.

2. Generalist-oriented university education

Those Japanese who go to universities and colleges find that the system is somewhat akin to the traditional British system in that they receive generalist-oriented education rather than the specialist education that has long been given at so many American universities. While there are arguments to be made for both kinds of education, the generalist approach of Japanese universities does mean that their graduates have a broader, more malleable background.

3. Early emphasis on on-the-job training and MBWA

Long before Tom Peters sang the praises of "MBWA (management by wan-

dering around)" and "hands-on management" in his best-selling *In Search of Excellence*, Japanese companies were assigning their new employees—be they university graduates or even advanced degree holders—to the manufacturing and/or sales front lines for several years of training and education to familiarize themselves with "where the action is." This basic practice remains unchanged at Japan's largest companies even today.

4. A decade of job rotation

As is evidenced by much research, the larger Japanese companies build on this by rotating their new employees, especially the new college graduates, through a series of jobs for the first 10 years. During this first decade, wages are very much seniority-based, such that the entire "class" makes basically the same salary as it goes through this very demanding experience.

Typically, this will include, for instance, two years in sales, a year and a half in production, two years in personnel, two years in accounting, and whatever else the company thinks the new employee should be exposed to. This is not at all unusual in a Japanese company. In fact, it is more the rule than the exception.

There are five main reasons for this:

- 1) To thoroughly familiarize the new employees with the work of business by giving them experience on the front lines.
- 2) To gauge the individual's strengths and weaknesses—his potential to benefit or harm the operation—so that he can be placed most effectively and the company can maximize the return on its investment (given that a male college graduate ends up costing the company about ¥200 million over his working life). It is, in a way, a Japanese version of an American "Human Assessment" in the earliest stage of career development.
- 3) To inculcate employees with the company's culture, history, atmosphere, decision-making process, mission, philosophy and values as deeply as possible, in addition to familiarizing them with the information and organizations that impact on the company.
- 4) To develop the kind of multi-skilled and adaptable workers that the company



Photo: Nihon Keizai Shinbun

Video equipment is widely used for training new employees in business companies.

needs if it is to have the flexibility, responsiveness and versatility required for surviving in the ever-changing rough seas of business.

5) To imbue all employees with an *esprit de corps* and to get them to identify as members of the group, whether it be Mitsubishi, Toyota or whatever.

5. Regularized training and emphasis on the system

Another important aspect of Japanese in-house training is its obsession with systematization.

Employee education starts with very intensive training for the newly hired and then continues on through the classes for supervisors, section chiefs, department chiefs, division chiefs, and just about every other level. It is a highly structured and stratified continuing process with new practical material awaiting the employee on each step of the ladder. In most cases, and especially for middle management, this is more than an academic exercise, as there are qualifying tests preliminary to each promotion.

In addition, there is regular and systematic education in every functional specialization, whether it be sales, production management, accounting and finance, or the other main functions with-

in the corporation. In addition, supplementary education by correspondence courses is provided on the new technologies and techniques that the employee will need to know.

Engineers and other technical people are quite often afforded the opportunity to further their education and to do research at academic institutions in Japan and overseas, with all expenses paid by the company as part of its investment.

Graduates of technical vocational school are given scientific and technological educations at in-house junior colleges akin to the German system for two or three years in a blend of classroom work and actual experience.

This kind of carefully organized training scheme, scheduled for the entire first 20 years the person is with the company, is one of the unparalleled and often unnoticed features of Japanese industrial training, and the HRD (human resources development) directors at Japanese companies are virtually obsessed with structuring the best possible education for their people.

6. Faddism in training

Japanese human resources management (HRM) and HRD are just as prone to faddishness as are their American

counterparts. Thus they are incessant in their pursuit of new training methods, concepts, models and schooling techniques. Indeed, one would be quite hard-pressed to find any new Western or Oriental methodology over the past 40 years that has never been introduced and tried in Japan.

While a recent *Sloan Management Review* carried an article going to great lengths to demonstrate that *kaizen*, QC circles and the other aspects of CIP (continuous improvement programs) were actually invented in the United States, this parentage is something that the Japanese freely and openly acknowledge. In fact, Jiro Kawakita's KJ method is about the only methodology that I can think of that is purely Japanese in origin. It is widely accepted that *hoshin-kanri* is derived from management by objective (MBO) and QC circles from Deming's statistical quality control plus small group activities.

The challenge of globalization

Now it is worth looking at how Japanese corporate in-house education has evolved, sensitized its resiliency and responded to the very drastic and dramatic changes that are taking place in the business climate in Japan and overseas. There are a number of crucial trends and threats facing the Japanese company in the years ahead, each of which will impinge on in-house education and human resource development.

The first of these is the ground swell of globalization. There are now more than 3,400 Japanese business establishments in the United States employing approximately 420,000 locally hired Americans. At the same time, the number of Japanese who have been sent overseas to work in the United States now tops 260,000 (including their families). Japanese companies are clearly globalizing, especially in the form of direct overseas investment, thus the global presence is no longer driven solely by imports and exports.

Companies are, therefore, being pressed not only to strengthen practical foreign language training but also to pro-

vide cross-cultural training so that their employees of whatever cultural background can contribute effectively to corporate performance and behave as good corporate citizens.

Parallel to this effort, companies also have to work harder to forge a shared identity for all of their employees worldwide. Honda, Kato Spring and the other 15,000 Japanese companies with overseas operations are working hard to foster a sense of corporate identification in all lands. Inevitably, this has to go hand in hand with efforts to motivate local workers everywhere and to create the kind of personnel system that will encourage these people to aspire to the highest executive ranks whatever their nationality. This is not limited to Japanese expatriates and offshore locations but also involves non-Japanese workers in Japan, and it is the imperative of developing truly international HRM and HRD that is the first challenge facing Japanese business in the years ahead.

The second task facing Japanese corporate education is that of unleashing the full potential of its women workers.



Photo: Mainichi Shinbun

Owing to "internationalization" trends, even middle-aged workers are often pressured to take company-sponsored English-language classes.

Japanese industry is expected to encounter increasingly tight labor shortages in the years ahead, and the possible ways to cope with this will be, for example:

- 1) To make fuller use of their underutilized female labor.
- 2) To provide retraining and reemployment opportunities for older workers.
- 3) To make greater use of non-Japanese labor.
- 4) To effect labor savings with rationalization, streamlining, downsizing and other system improvements.
- 5) To shift labor-intensive work and processes offshore.
- 6) To further automate for labor savings.

Among these possibilities, it is especially important that companies find some ways to make better use of women—to stop thinking of these people as decorative fixtures and to start thinking of them as responsible workers.

While it is true that this is not an issue for education alone, education and development has a crucial role to play in bringing out these women's potential, in eradicating the residual gender-based discrimination, and in equalizing educational opportunities so that planned changes can be achieved in individual attitudes, group norms and the corporate culture. It is essential that HRD and organizational development efforts lead the way in freeing Japanese industry from the prejudicial shackles of the past.

Associated with this issue is the very serious question of how the corporation and its training programs can deal with family care needs (including both child care and care for the elderly). This is an area where Japan still lags far behind, but it cannot be left unattended in fully mobilizing female workers' potential.

Business ethics at stake

The third major issue confronting business education is that of social responsibility and corporate morality.

No company operates in a vacuum, and it is essential that the company strive to make the best use of social resources to meet society's needs, to be a good corporate citizen, and to continue meeting its important social responsibilities to

consumers, shareholders, employees, the community and other stakeholders.

Consequently, it is essential that Japanese companies inculcate in their people the imperatives of environmental protection, business ethics, and adherence to the expectations of the community in which they operate. Singing the company song, chanting the company slogan and listening to morning pep talks is not enough, and companies must work to ensure that such social responsibility and morality are perceived as core missions to be practiced throughout the business day and reflected in the company's decision-making process.

Today the whole world is watching to see if Japanese corporate education can produce people who pay more than lip service to these ideals.

Having made a major contribution to Japan's economic development over the last 45 years, Japanese corporate HRD now faces the daunting challenge of developing employees with the kind of global perspective and high sensitivity to the problems of each locality that companies will need if they are to succeed on the global stage in the first place.

At the same time, corporate in-house education needs to foster people able to see where their enlightened self-interest lies and to be good corporate citizens heeding the interests of various interest groups while adhering to the highest standards of social responsibility.

Thirdly, corporate education needs to develop creative people attuned to technological innovation who will be able to achieve the necessary breakthroughs in business and society. And fourth, corporate education will need to take account of the varied work force and to develop people able to make the necessary strategic responses worldwide.

None of this will be easy, but I am optimistic that HRM and HRD at highly resilient Japanese companies will be up to the challenge and will provide a global model for the years ahead. ■

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