ADAPTABILITY OF JAPANESE MANAGEMENT SYSTEM IN HONG KONG

A CASE STUDY OF NIHON CREDIT SERVICE (ASIA) CO. LTD.

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ABSTRACT

Japan has emerged as one of the leading economies in the world since late 70's. This project attempts to use a case study on Nihon Credit Service (Asia) Co. Ltd. ("NCS"), a medium size Japanese based finance company, to study the adaptability of Japanese management system in Hong Kong.

Based on the literature review, national culture of Japan and some South East Asian countries, including Hong Kong, Taiwan and Singapore, has been depicted. Furthermore, Japanese and South East Asian Chinese organizations' corporate culture has also been denoted.

In addition, through interview with NCS Managing Director as well as survey with NCS staff, the causal relationships between the management culture, management effectiveness and corporate effectiveness have been discussed and analyzed. In short, the survey shows that NCS cannot be regarded as using the pure Japanese management style. Its top management also agree that it is hard, if not impossible, to follow all Japanese-style management features in Hong Kong. Apart from that, individual differences impede people's communication, particularly when people are of different culture.

To conclude, it is generalized that Japanese-style management system can bring successful operation of business in Hong Kong but adaptation of the system to local cultural setting is necessary.

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CHAPTER I

INTRODUCTION

Overview

Stepping into the late 70's, Japan has become one of the leading economies in the world. Study and research are made to analyze the key factors that lead to such success. Emphasis on harmony, consensus, seniority, loyalty, industriousness and quality of staff are reasons for the growth of Japanese business enterprises. Increasing number of Japanese companies has been set up and profitably run in Hong Kong, making Japan one of the major foreign investors in Hong Kong. Some Japanese companies, like the Yaohan International Limited, even moves its registered office to Hong Kong for future operation regardless of the 1997 issue that drives some foreign companies away from Hong Kong. Nevertheless, are these Japanese companies operating in Hong Kong without facing any management problem that is unique to this cultural setting? Is mere transplanting of the management system compatible with Hong Kong environment? This project attempts to use a case study on a medium size Japanese based finance company to study the adaptability of Japanese management system in Hong Kong.

Case

Nihon Credit Service (Asia) Co. Ltd. ("NCS") is a licenced money lender registered in Hong Kong since 1987. Its holding company comes from Nihon Credit Service Co. Ltd. Japan which is in turn under the control of Aoen Group of Companies. Under the flagship of Aoen Group,

NCS establishes its relationship with Jusco Stores, a supermarket chain shop with operation in both Japan and Hong Kong. Its principal activity is engaged in granting of credit facilities to individual endusers through personal loan and hire purchase of electrical appliances and vehicles. NCS undergoes rapid expansion since its establishment. It grew from a staff of seven in 1987 to a total of fifty-five in 1992 with four branches set up.

With its ultimate holding company from Japan, NCS's management style will be affected by the traditional Japanese management practices. Nevertheless, personnel are from local strata; it is also NCS headquarter's idea to have local staff placed in the management level. Out of the total headcount of fifty-five, four are from Japan while the rest are recruited in Hong Kong. The organisation structure consists of five level, namely, directors, assistant general managers, managers, officers and clerks.

Objective

The employment record in NCS shows a high turnover rate ever since its establishment, especially among the junior grade staff. Yet, the Company grows remarkably from a team of seven staff in 1987 to a total of fifty-five in 1992. Contrary to the low turnover rate which is a key success factor of Japanese business, NCS still enjoys rapid expansion. The objective of this paper is to study the adaptability of Japanese management system in Hong Kong. Corporate effectiveness of NCS will be assessed to reflect the probability of success of adopting Japanese management system in local environment. Through interviews and questionnaires with NCS staff, attempts are made to generalize factor other than usage of Japanese management system, if any, that is relevant to the growth of the Company. Findings that are critical to improve the Company's effectiveness

will be denoted.

Analytical Framework

Study of the adaptability of Japanese management system in Hong Kong means going into the issue of evaluating effectiveness of Japanese management system in Hong Kong which is in a different cultural setting. Comparative management model will be used as the skeleton of analytical framework.

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┌─────────────────┐
│ Values of       │
│ organizational  │
│ culture, as     │──────────┐                       ┌──────────────┐
│ expressed in    │          │        affect         │ Management   │
│ Corporate       │          │                       │ Effectiveness│
│ Ideologies      │          ▼                        │ (Behavior    │
└─────────────────┘    ┌──────────────┐    affect    │ Outcome)     │
   │        ▲          │ management   │──────────────▶│              │
enhance   affect       │ practice     │               └──────────────┘
   │        │          └──────────────┘                      │
   ▼        │                ▲          reinforce    affect  │
┌─────────────────┐          │          or resist at         ▼
│ Values of       │          │          times        ┌──────────────┐
│ national culture│──────────┘                        │ Enterprises  │
│ as expressed in │                                   │ Effectiveness│
│ Societal Beliefs│                                   │ (Corporate   │
│ and Attitudes   │                                   │ Performance) │
└─────────────────┘                                   └──────────────┘
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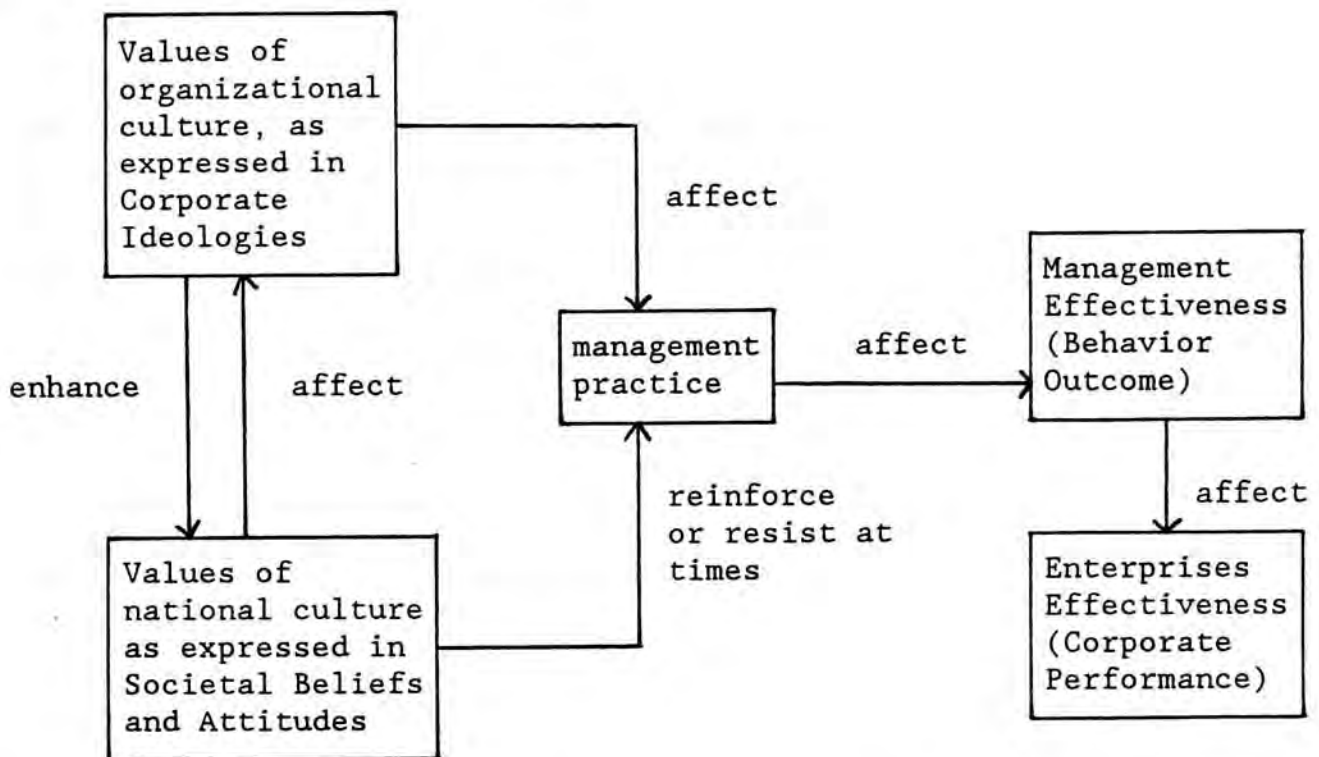
According to Comparative Management Model suggested by K. John Fukuda[1], management practices, which can be divided into technical core activities, social system and external relationships, are affected by both national culture and organizational culture. The performance of the management practice can be measured by management effectiveness and enterprises effectiveness.

Applying the case of NCS, its enterprises effectiveness involves both planning and controlling function under the technical core activities and interpersonal relationship under the social system.

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[1] K. John Fukuda. _Japanese-Style Management Transferred, The Experience of East Asia_. London & New York: Rontledge, 1990, p.36.

Operation of NCS in Hong Kong involves the adaptation of corporate ideologies inferred from Japan to national culture in Hong Kong. This undoubtedly affect management practices and hence the enterprises effectiveness which can be measured by many indicators such as turnover rate, growth rate, return to equity.

In this project, national culture, management style which represents corporate ideologies of Japan and other South East Asian countries (including Hong Kong) will be analyzed and compared.

The effectiveness of the management practice in NCS will be revealed by means of interviews with Managing Director of the Company and survey with NCS staff. The former provides some key elements on the Company's performance in terms of growth rate, turnover rate and profitability whereas the latter denotes the job satisfaction of the general grade staff in NCS.

Since human resources management is always regarded as a corestone in Japanese management system, it is worth placing emphasis on analyzing general grade staff's attitude towards both the Company and Japanese management style so as to reveal their satisfaction level.

Generally, employees in Japan are highly motivated and are satisfied with the company which is the key success factor of Japan business. Their counterparts in Hong Kong, however, feel somewhat differently. High turnover rate of NCS may be caused by the tight labour market in Hong Kong recently. However, it may also be a symptom of job dissatisfaction among NCS staff.

Academic researches and reports on motivation are used as the skeleton of the survey. NCS staff will be asked with questions that are related to theories and findings on culture and motivation. The survey findings can help to analyze the underlying reason for such a

high turnover rate. It helps to answer the question of whether NCS staff leave the Company because of adoption of Japanese management system or due to other factors that are unique in Hong Kong and not found elsewhere.

Theories used as corestone in the survey include Herzberg's Two-Factor Theory of hygiene factors and motivators, Maslow's Need Hierarchy, McGregor's Theory X and Theory Y and Hofstede's Four Dimensional Analysis. Such theories are usually well-tested with findings in different countries available. This makes possible the comparison of results obtained from NCS staff.

Methodology

According to the aforementioned research objective, this project attempts to use an exploratory approach to clarify relevant concepts and gain findings about the adaptability of Japanese management system in Hong Kong. Literature review concerning the theories of motivation, cultural values, cultural models, Asian Chinese-Style and Japanese-style management concepts is conducted. Relevant theories, models and concepts are applied into the case study of NCS. At the latter part of this research report, the writers compare their findings with those of other scholars. Regarding the case study of NCS, unstructured and informal interviews are arranged with the Managing Director and two ex-staff of NCS, namely Mr. K. Kamitani, Ms. Cara Cham Lai Fong and Ms. Cynthia Wong Ka Wai. Their comments about the management system and problems of NCS as well as the transferability of Japanese-style management are gathered.

Related on the findings gathered in the interviews, a small scale research survey is designed and implemented. Due to the research objective is not a sensitive one, the purpose of the study can be explicitly stated and disclosed to the respondents.

Furthermore, since the respondents' opinions, comments, reactions and demographic characteristics will be analyzed, communication method is selected. In addition, considering the level of respondents' willingness to answer, the advantages in coding and tabulation and the simplicity of administration, the structured- undisguised questionnaire method is selected to be used. In order to secure a high response rate, all questionnaires are delivered to respondents by hand.

With reference to the sample size, since the whole population of ex-staff of NCS does not exceed a total of thirty, questionnaires are done for the whole population. Nevertheless, in order to have more in-depth comments, ex-staff of NCS who left the Company during the probationary period are excluded in this study.

Existing staff of NCS of equal size are also selected, following the simple random sampling procedure, to fill the questionnaires. As a result, comments from the existing staff and ex-staff of NCS can be analyzed and compared.

Before sending the questionnaires to the respondents, three pre-tests are conducted so as to make sure that the questions asked are matching with the research objective. The covering letter, drafted questionnaire and the revised one (Chinese and English) are attached in Appendices (1), (2) and (3).

Subject to the research objective, a qualitative rather than quantitative approach is emphasized. Some of the analyzing tools, such as cross tabulation, semantic differential scale are used.

Literature Review

Before proceeding to next chapter, some relevant theories are depicted as follows:-

McGregor's Theory X and Theory Y [2]

It is one of the typical US theories. Douglas McGregor postulates that managers hold one of two different sets of assumptions about people. These sets of assumptions are called Theory X and Theory Y.

Theory X

- People dislike work and will avoid it if possible.

- People wish to avoid responsibility and want direction whenever possible.

- People must be coerced, controlled, directed or threatened with punishment to get them to work.

Theory Y

- The expenditure of physical and mental effort in work is as natural as play and rest.

- People who are committed to the organizational objectives will exercise self-direction and self-control.

- Commitment to objectives is a function of the rewards associated with the achievement.

- People learn to accept and even seek responsibility at work.

- Capacity to exercise imagination, ingenuity and creativity in the solution of organizational problems is widely distributed in the population.

- People's intellectual potentialities are partially utilized in modern industrial life.

Theory X and Theory Y are based on the following US assumptions:-

1. Work is good for people.

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[2] Geert Hofstede. "The Applicability of McGregor's Theories in South East Asia." _Journal of Management Development_ (UK) 6 (1987): 9-18.

2. People's potentialities should be maximally utilized.

3. People are separate from the "Organizational Objectives".

4. People in organizations behave as unattached individuals.

However, the above assumptions do not apply in South East Asian Culture. Common South East Asian assumptions are:-

1. Work is a necessity but not a goal in itself.

2. People should be in peace and harmony with the environment.

3. Objectives of persons in authority position should be followed.

4. People behave as members of a family and/or a group.

Since the assumptions are differed, people in South East Asian countries do not necessarily display the same characteristics under Theory X and Theory Y as to the US as suggested by McGregor.

Maslow's Need Hierarchy Theory [3]

Abraham Maslow, an American psychologist, suggested that people have a complex set of needs which can be arranged in a hierarchy in order of importance. The Hierarchy can be referred in Appendix 4. Maslow's theory contains five needs categories: Physiological, Security, Affiliation, Esteem and Self-actualization.

Physiological Needs

The needs for food, water, air and shelter. As the most basic human needs, they constitute the lowest level in the Hierarchy.

Security Needs

The needs for safety, stability, as well as absence of pain, threat or illness.

Affiliation Needs

The needs for friendship, love and belonging.

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[3] Hellriegel, Slocum and Woodman. Organizational Behavior. 5th ed. St. Paul: West Publishing Company, 1989, p.145-148.

Esteem Needs

The needs for self-respect, feeling of personal achievement and recognition from others.

Self-Actualization Needs

The needs for personal growth, self-fulfillment and realization of one's full potential. They occupy the highest level in the Hierarchy.

Assumptions underlie Maslow's Needs Hierarchy Theory.

1. A satisfied need does not motivate anymore.

2. The needs network is very complex, with a number of needs affecting one's behavior at any one time.

3. Before higher level needs are activated to stimulate behavior, .lower level needs must be satisfied.

4. There are many more ways to satisfy higher level needs than lower level needs.

It should be cautioned that Maslow's theory is based on the American, it may not hold for people outside the US. For instance, the Hierarchy of Needs for Hong Kong and that for the US may not be the same.

[4]

Herzberg's Two Factor Theory

Frederick Herzberg, a behavioral scientist, postulates that some job factors lead to satisfaction while others prevent dissatisfaction. Moreover, job satisfaction and dissatisfaction do not exist on a single continuum. Factors associated with positive feelings about the job are called Motivators and those associated with negative feelings about the job are named Hygiene Factors.

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[4] Hellriegel, Slocum and Woodman. Organizational Behavior. 5th ed. St. Paul: West Publishing Company, 1989, p.155-157.

Motivators

Factors intrinsic to the job, include the work itself, recognition, achievement, responsibility, enhancement and growth. They are related to the content of the job itself and their presence will create high levels of performance or job satisfaction.

Hygiene Factors

Factors extrinsic to the job, include company policies and administration, technical supervision, working conditions, interpersonal relations, salary and job security. They are related to the context or environment in which the job is performed. Their presence do not necessarily increase levels of performance or job satisfaction, but can prevent dissatisfaction.

It should be noted that the factors regarded as Motivators by Herzberg may be cited as Hygiene Factors in some other countries and vice versa. Therefore, the Theory should be used with caution.

Hofstede's Four-Dimensional Model of Cultural Difference[5]

From a series of IBM value studies to measure national cultural differences, a four-dimensional model of the national culture was derived by Geert Hofstede. The four dimensions are largely independent of each other:-

- Individualism versus Collectivism

- Large or Small Power Distance

- Strong or Weak Uncertainty Avoidance

- Masculinity versus Femininity

Individualism and collectivism reflect the relation between an individual and his/her fellow individuals. Power distance discusses

[5] Geert Hofstede. "The Cultural Relativity of Organizational Practices and Theories." Journal of International Business Studies 14 (Fall 1983): 75-89.

how society deals with the fact that people are unequal in physical and intellectual capacities. Uncertainty avoidance deals with the acceptability of uncertainty of future. Masculinity and femininity reflect division of roles between sex in society.

CHAPTER II

CULTURAL CHARACTERISTICS

National Culture

Culture includes behavioral norms, share values, the "rule of the game" of the society and ways of interacting with others. Geert Hofstede, Professor of Organizational Anthropology and International Management at the University of Limburg, has conducted various studies in culture. According to Hofstede, the basic cultural values are fundamental feelings concerning good and evil acquired in the early youth and the basic values are relatively fixed for rest of the life. National culture of individuals are more or less the same in the country.

According to Hofstede's cultural research [6], which was conducted between 1967 and 1978 and across about fifty countries, national culture can be discovered to differ along four value dimensions as mentioned in previous chapter:-

1.   Individualism versus Collectivism.

2.   Large or Small Power Distance.

3.   Strong or Weak Uncertainty Avoidance.

4.   Masculinity versus Femininity.

With reference to Hofstede's finding, various countries' national culture are depicted as follows:-

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[6] Geert Hofstede. "The Cultural Relativity of Organizational Practices and Theories." Journal of International Business Studies 14 (Fall 1983): 75-89.

Japan

As suggested, culture consists of pattern of behavioral norms, shared values and traditional ideas. In world history, culture usually spread over to foreign countries abruptly during wartime with the exception of Japan that remarkably immune to this largely due to the fact that a foreign culture has never been forced on them by foreign invaders. As a result, they always fell that they can choose to accept or reject a foreign culture as they please. It leads to the uniqueness of Japanese culture. The rare occasion of foreign culture invasion makes Japanese culture unchanged throughout years.

According to Hofstede's Four Dimensional Model, Japanese are of high collectivism which has a tight social framework in which group members (relatives, clans, companies, organizations) focus on the common welfare and feel loyalty toward one another. It is characterized by a strong collectively orientation and a high degree of emotional commitment of individual members to the group. This strong sense of belonging creates a tight linkage among group members (no matter members within a family or within a company) and result in a strong cohesive force.

In terms of Power Distance Dimension, Japan is ranked high in the measure. There is a socially determined unequal distribution of power among individuals and institutions. Japanese show respect to status and is rank oriented. Unequal distribution of power stems from the fact that people are first endowed with unequal physical and intellectual capacities which eventually grows over time into inequalities in power and wealth. In Japan, centralization and autocratic leadership are rooted in the "mental programming" of the members of a society. This unequal distribution of power can remain so because this situation satisfies the psychological need for

dependence of the people without power.

Japan scores a relatively high ranking in the uncertainty avoidance index. Japanese culture often try to make the future more predictable by establishing institutions that foster security. Rules and regulations are written down to serve as guideline for future happening. In general, Japanese try to beat the future and there will be a higher level of anxiety among them. Reflected in business organisation, this high uncertainty avoidance is associated with career stability (job security), intolerance of deviant ideas and behaviours, numerous rules of behaviour in Japan.

With reference to the Masculinity Dimension, Japan has a high rank in it. Masculinity reflects the division of labour in a society into roles for men and women. High masculine culture in Japan means that fewer women hold management jobs. The people in Japan place great value of money and possessions. Men still dominate most settings. An organizational right to influence the private lives of its employees is more widely accepted. Though increasing number of working women can be found in Japan in recent years, the Masculinity Dimension is quite high in Japan when compared with other countries in South-East Asia region.

South-East Asian Countries

Hong Kong

Concerning the dimension of Individualism versus Collectivism, it appears that the degree of individualism in a country is statistically related to that country's wealth. In 1970, the individualism index versus that year national wealth (per capita GNP) for Hong Kong is rather low, in other words, Hong Kong shows a collectivist culture. Even in March 1991, during an interview by HK staff, Hofstede still believes that:

"Hong Kong is a prime example of a collectivist culture, as are most Chinese societies. Maintaining a harmonious relationship is often considered to be more important than finishing a task.".7

Apart from the Individualism versus Collectivism Dimension, Hofstede suggests that power distance is also of particular reference to Hong Kong. Hong Kong has a large power distance and inequality is believed as normal.

Regarding the Dimension of Uncertainty Avoidance, Hong Kong fell in the clusters of weak uncertainty avoidance. It means that Hong Kong people will take risks rather easily, feel relatively secure and tend to be more tolerant of opinions differing from their own.

In addition, with reference to Masculinity versus Femininity Dimension, Hofstede finds out that Hong Kong is a relatively masculine culture. So Hong Kong society values the importance of showing off, of performing, of achieving, of making money or of "big is beautiful". In other words, success is treasured by the public.

Taiwan

With reference to the Dimension of Individualism versus Collectivism, Taiwan was given a very small individualism index. In other words, it is a very collectivist country. It fell into one end of the scale. People are born into ingroups and are supposed to look after the interest of their ingroups. In return, the ingroups will protect them if needed. In addition, its power distance index score is fairly high. Power tends to be distributed unequally but not as serious as that of Hong Kong.

On the contrary, regarding the Uncertainty Avoidance Dimension, Taiwan is in the middle of the scale. However, it slightly tends to create security and avoid risk.

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7 HK STAFF. "Cultures and Organizations." HK Staff, March 1991, p.1-4.

Apart from that, the index score on the Masculinity versus Femininity Dimension of Taiwan is at the middle of the road. However, it is proved to be a masculine society. Men still take the dominant role.

Singapore

Singapore's and Hong Kong's individualism index score, power distance index score, uncertainty avoidance index score and masculinity index score fell into same clusters. Relatively speaking, all the index scores of Singapore were lower than Hong Kong's index scores. In other words, Singapore is similar to Hong Kong according to Hofstede's Four Dimensional Model. However, its degrees of Collectivism and Femininity are higher, Power Distance is longer and Uncertainty Avoidance is moderately weaker than those of Hong Kong.

Appendices 5, 6, 7 and 8 depicted the position of 50 countries on the Individualism index versus their 1970 National Wealth, the Power Distance and Individualism scales, the Power Distance and Uncertainty Avoidance scales plus the Uncertainty Avoidance and Masculinity scales respectively.

Organizational Culture

Japanese Organization

Management style inevitably gets its shape from cultural setting in which the business is operating in. Management practices are affected by both management philosophy and environmental factors. Management philosophy includes, but not limited to, culture as one of the major ingredients. Hence, management style will be shaped under the umbrella of national culture. In short, Japanese organizations' management styles can be characterized by the following features:-

- Group orientation (emphasis on group harmony).

- Community orientation (total concern for people).

- Collective decision making by consensus.

- Group duties and responsibilities.

- Life time employment.

- Comprehensive welfare programs.

- Seniority based pay/promotion.

- On-the-job training.

- Job-rotation.

1. Group orientation (emphasis on group harmony). This ideology stems from the high collectivism character of Japanese national culture. There is a tight social framework and members within the group focus on the common welfare of the group and show loyalty to each other. The interests of the group are placed over that of the individual. Based on this ideology, group harmony is highly valued. Group members seek to achieve consensus. Efforts are made to avoid confrontation and internal conflict. The large cohesive force within the group makes every individual proud of being the group member. It is common to see an ordinary employee in Japanese business organization to show loyalty and commitment to the firm and look for its identity.

2. Community orientation (total concern for people). In return to the strong sense of belonging to the group, the company also concerns itself with the private life of its employees as well as their performance at work. The company is treated as a large family clan without much discrimination within members. Private life of employees are mixed together with the company. Social functions relating to the firm are often held. Communication among colleagues is not limited to office hours, but rather, extend after works.

These group orientation and community orientation are the

ideologies of Japanese management, and the ideologies affect the management practice as described below.

3.   Collective decision making by consensus. With group harmony in mind, Japanese make decision on collective basis. It is not uncommon for a junior grade staff in a Japanese firm to participate in decision making process. The company is also willing to share a large amount of information with all employees to allow them to join in decision making.

Unique to its culture, Japanese use the traditional decision making process which is known as "ringi" system. "Rin" means submitting a proposal to one's supervisor and receiving his approval. "Gi" means deliberation and decisions. "Ringi" system is a kind of bottom-up form of decision making system. Under this system, the staff at the lowest level of the organizational hierarchy has to prepare a proposal and his recommendations on this for circulation among various sections and departments. By complex and circuitous path, the proposal will work its way up to the top management for final approval. As harmony is stressed, compromise achieved through formal meetings and informal means with exchange of views or bargaining. In fact, the "ringi" process is almost always precedent by what the Japanese call "nemawashi" which is an informal discussion and consultation before the formal proposal is presented. The proposal is seldom rejected but may frequently amended for consensus during the proposal circulation process. This decentralized type of decision making process is time-consuming but the implementation of the decision after approval is very quick since all relevant parties are involved and committed to the decision. In short, this "ringi" system shows that decision making is made in collective basis by consensus.

4. Group duties and responsibilities. As collectivism is emphasized, the company work task is divided into and performed by group rather than individual. All individual's jobs are not clearly defined, nor duties spelt out in written form; and the responsibility is highly diffused. Organizational chart only shows the hierarchical structure of the organization and the major area or responsibility of department or workgroup. Work is assigned to group rather than individual. There is no rigid guideline to the area of responsibility of a particular position in the company. Recruitment of personnel is posted to specific department rather than to specific position.

5. Life-time employment. Employees are guaranteed a job until retirement. The company does not dismiss employees even when they become redundant. The majority of Japanese firmly consider that it is the very backbone of Japanese management. Nevertheless, in reality, a good number of employees leave their companies because of dissatisfaction, health or financial reason; or are dismissed because of poor business conditions. In light of this, life-time employment as practiced in Japan is no more than a general guiding principle. It is by no means a guarantee. Thus, the idea that everyone in Japan is assured a job for life is pure myth. But the turnover rate is kept extremely low in Japan since employees seldom change their jobs because of loyalty and job security offered.

6. Comprehensive welfare programs. In Japan, the company provides to all employees total welfare program, including recreational/ medical facilities, housing, company loan in a whole package. This in fact is a practice of the ideology of community orientation. Employees are treated as members of the group and their private life is also of concern to the company, thus it is the company policy to

provide comprehensive welfare program to employees for securing substantial welfare standard to the staff.

7. Seniority based pay/promotion. Japan is a country of high power-distance index. People show respect to status and are rank-oriented. The status and position in the company is determined by the years of service in the firm. The length of an employee's service at the company, rather than his ability or performance, is an important criterion in determining pay and promotion. Wage differential among staff of different grading is not so remarkable in Japan. Staff performance is not rewarded by means of pay/promotion but rather by opportunity for training or other benefits.

8. On-the-job training. Human resources management is the essence of Japanese management. Staff training and development are highly valued in Japan. It is hoped that the staff, after training, can contribute to the company. Thus, in Japan, the company provides training programs that continue late into career to all employees for the development of skills useful to the company. The provision of training can also be regarded as reward to excellent staff or merit to them.

9. Job-rotation. In line with staff development, the company in Japan rotates employees to perform different jobs within the company in order to develop the generalist rather than the specialist. Such rotation may occur across departments or across branches. This indicates that Japanese approach is an organic one which focus on the nature of worker rather than nature of the job in terms of worker-job fit, that is, a worker is assigned to a suitable job.

All the abovementioned are generalization of Japanese management style features. It is worth noting that such features in practice are of different weight and importance, depending on the

environmental constraints such as corporate culture and industry norms.

South East Asian Chinese Organizations

As mentioned above, the national culture of Hong Kong, Taiwan and Singapore is very similar. The reason behind this may be that these countries share the common Confucius value. The thought of Confucius emphasizes the importance of perseverance, ordering relationships by status, thrift and sense of shame. Apart from that, since Hong Kong, Taiwan and Singapore are entirely or predominantly Chinese societies, they have the same language system. Although there are many different spoken Chinese dialects, only one common written language is being used. The written Chinese language helps preserving the unique Chinese management style.

With reference to the influence of Western Culture, particularly as Hong Kong and Singapore have been under the British Colonial rule for years, some of the traditional Chinese values are modified, changed or forgotten by the people in Hong Kong, Singapore and Taiwan. In Singapore, English is now being used as the official language for business, Mandarin is just becoming its second language. In Hong Kong, the standard of Chinese language is deteriorating and now becomes a social concerned issue. Though the influence of Western culture is enormous, the following Chinese management features are still shared by the South East Asian Chinese organizations:

- Hierarchical relationship.
- Functionality.
- Growth oriented.
- Collectivity-orientation.
- Low level of formalization.

- Rational leadership.

- Top-Down decision making approach.

- Formal communication.

1. Hierarchical relationship. This concept stems from the Confucianism. According to the thought of Confucius, man is bound up with his family, clan and sovereign. People can only define themselves by relations to others. There are "Five Relations" under the Confucianism, they are the relations between ruler and subject, father and son, husband and wife, elder brother and younger brother and friend and friend. Everyone is required to respect these hierarchical relationships and behave properly and accordingly. This concept enforces the power of the leader and enhances the obedience of the employees. It may explain why there are not so many cases of industrial actions being taken in Hong Kong when comparing with other Western countries.

2. Functionality. The Chinese bear a pragmatic and materialistic value system; they usually analyze and evaluate a matter on the basis of immediate practical application. That is why all the famous inventions of Chinese in the past are application-oriented. In Chinese thinking, every action is functional and must have a purpose. In other words, action is just a means to an ends. This thinking is different than that of the Japanese, since the Japanese believe action is both a means and an ends. In Hong Kong, the pragmatic view-point is prevailing in business sectors.

3. Growth oriented. Regarding the planning implementation, Chinese planning system tends to be less active, structured and systematic than those of Western countries. Generally speaking, Hong Kong companies seldom use well-formulated long-range plan. Objectives of long-range plan are always vague. The main goal of most companies in

Hong Kong is growth-oriented, not like the goal of financial-oriented as its Western counterparts held.

4. Collectivity. Like the Japanese, the Chinese also stress collective authority. However, some differences exist between the Japanese and Chinese organizations in this context. The Chinese orientation is a clan-type collectivity. For the Chinese, only the members of the clan can be trusted. The collectivity-orientation only prevails within the clan and not at the outside workplace. On the other hand, Japanese is social-oriented, individual attaches himself to a group and establishes himself within that group. In Chinese society, there are many small scale family business, and it is common to find that many of these companies are controlled by the clan members of the founders. Moreover, even the promotion within these companies are based on the relationship with the clan members.

5. Low level of formalization. The level of formalization in Chinese organizations is lower than that of Japanese companies. In Hong Kong, a lot of companies is in lack of written policies, operating instructions, job descriptions, manuals of procedure, conference reports, work assessment records or welfare documents. The Confucius disciplines which reinforce hierarchical relationship and the clan-type collectivity which prevails in business sectors all lead to the low level of formalization in Hong Kong companies.

6. Rational leadership. Chinese pattern of leadership emphasizes rational commitment to the leader. Considerable distance is maintained between the leader and subordinates. In addition, Chinese leaders tend to foster the competition among subordinates, play down the contribution of subordinates and employ the divide-and-rule tactics within the organization. This kind of practice, which is rarely employed by Japanese firms, can be easily found in Hong Kong

companies. In short, tight personal control, low degree of delegation and autocracy can be regarded as the common characteristics of Chinese leadership.

7. Top-Down decision making approach. Unlike the Japanese "ringi" system, Chinese seldom let the junior grade staff to take part in decision making. In general, the Chinese leaders will act as the real decision makers. They will assume the responsibility for all decisions, even the minor one, and will also set the guidances and will determine the course of action for the subordinates. The only job for subordinates to do is following and implementing the leader's decisions. This practice can shorten the time required for decision making; however, it will suppress the initiatives and contribution of the subordinates. Under this kind of decision making system, the calibre, quality and openness of leader seriously influence the growth, even survival, of a company.

8. Formal communication. Regarding the communication network, as mentioned above, the Japanese rely both on the formal channels as well as the informal channels. In Japan, it is common to find "nemawashi" at the office and free flow of information during off-office hours drinking. On the contrary, in Hong Kong, companies are more heavily relied on the formal channels of communication for the exchange of information. It is not as usual as its Japanese counterparts for the managers in Hong Kong to go out with their subordinates for casual drink and meals after the office hour. In addition, even having this kind of chance, personal matters will not likely be talked on such occasion. People are not willing to share their personal matters with their colleagues, especially their superiors. In short, informal communication tends to be neglected.

CHAPTER III

CASE STUDY

Management Practices of NCS

Based on the analytical framework described in preceding chapter, the writers will use NCS as a case study to illustrate the influence of national culture and corporate ideologies on its operation and subsequently its successfulness. Before going in depth into the management practices of NCS, it is worth taking note on the Company's product/market profile and its organizational structure.

As mentioned, NCS is engaged in the granting of credit facilities to clients through personal loan, hire purchase and leasing of equipments. Core business consists of the following, namely, personal loan, hire purchase of household appliances, and lastly, hire purchase of vehicles. These varying business, nevertheless, have different market segments and have different strategies.

Personal loan has been very competitive in Hong Kong with banks, finance companies and money lenders offering personal loan facilities. Since NCS is still in its infant stage with low reputation, it can only strive to enter the low end market. Therefore, branches are opened in residential areas such as Taikoo Shing, Tsuen Wan and Lok Fu with prolong business hours from 10:00am to 10:00pm. Advertising gimmicks are concentrated on this long hour service and fast approval with flexible guideline.

NCS, however, takes a very innovative step in the hire purchase

market for household appliances. It is the first company to introduce the No-interest Instalment Program in which customers are not required to pay any interest for hire purchase instalment. This program immediately gains wide support from customers and retail shops, and contribute to a very high percentage share in the business turnover of NCS. Being a subsidiary of Jusco Group of companies, NCS has the Company's goal of providing credit facilities to customers to enhance customers' loyalty to Jusco Group. Hence, though NCS also offers facilities to customers through vendor account of other Japanese department stores like Yaohan, UNY, and Seiyu; most favourable term is always given to Jusco.

Vehicle hire purchase constitutes the major business of NCS and is the profit earner of NCS. The Japan based background of NCS enables it to acquire the exclusive financial dealership of Daihatsu Motor (HK) Ltd. in offering hire purchase service. Strong cooperation between these two companies started in 1987 and continues ever since. Both parties look for long term harmonious relationship, this is why NCS maintains with one car vendor account only without trying to work for other vehicle dealers.

Product and market characteristic of NCS undoubtedly shape the organizational structure of the Company (Appendix 9). It can be divided into five levels including the director grade, assistant general manager grade, manager grade, officer grade and clerical grade. All activities of NCS are grouped together by common function. It consists of four sections and are subdivided into nine departments.

1. Accounting, personnel & administration, insurance and licence departments providing supportive back up function for the whole Company.

2. EDP, credit and marketing departments providing statistic and system back up as well as implementing the credit and marketing strategies for the Company.

3. Collection department concentrating on collecting payment from clients.

4. Branches and personal loan department allowing market penetration.

In line with the comparative management model of K. John Fukuda, management practices of NCS can be divided into three distinctive layers of managing technical core activities, managing the social system in the organization and managing external relationships. Technical core activities of NCS including planning, decision making, controlling, organizing and coordinating. These activities are in turn influenced by factors such as size of the company, market condition and company policy.

NCS does not have a concrete long term strategy with specific target. Company policy and mission is related to foster customers loyalty to the Group which can be regarded as the Group's long term goal. The Company's plan is limited to one to three years time frame and is more financially oriented which focus on budget planning. Departments are requested to submit their own budget/forecast and the Management will consolidate these into a master plan. This plan, however, serves more for indicative purpose rather than a rigid one. Hence, it is often possible to see actual result deviates greatly from the plan.

Decision making process in NCS in general follows the doctrine of collective decision making by consensus. Weekly meeting is held with directors and assistant general managers participated to discuss problems encountered and formulate relevant remedies. These meetings

are participative in nature rather than dictatorial. Lengthy discussions are made to find out solutions. Department heads can thus have a better understanding on the policy implemented. Controlling on this policy implementation is thus a easy task.

Organizing and controlling in NCS is in group rather than individual. Work is divided into and performed by group. Duties and responsibilities of each section and department are clearly spelt out but duty list of each individual is seldom found. This kind of group duties and responsibilities marks the importance of group work and requires frequent communication among groups. The Management assigns job to team rather than a specific person. Merits are in turn given to group for excellent performance, for instance, collection department may get special bonus for high collection rate.)

Managing the social system in NCS means incorporating social and cultural factors together. Interpersonal relationship plays a vital part in this system as people are the key elements affecting the social system. Emphasis of group work in the technical core activities calls for frequent communication and contact among staff. Interaction among local staff and between local staff and Japanese counterparts are relevant to the shaping of the social system. Gatherings and off-office hours functions are organized to foster relationships between them. Welcome party for Japanese staff is held to ease the transitional period during their first arrival to Hong Kong. Luncheon meeting between Japanese is frequent but not among local staff.

Human resources practice is also reflected in the social system. It is common to find job-rotation in NCS. Staff are frequently posted to different departments when Management thinks desirable. Staff are regarded to be generalists rather than specialists. Hence,

it is not uncommon to find a staff transferred from collection department to credit department. If deemed necessary, training program will be provided to potential candidate as a non-monetary reward. Monetary reward, in terms of salary adjustment, is more likely to be based on seniority. Contrary to the traditional Japanese practice, promotion in NCS, however, is not tied to seniority but rather to performance. Example exists in which a senior clerk was promoted to assistant manager within eighteen months.

As NCS is operating in a competitive environment with numerous rivals, it has to manage its external relationship tactfully. With its Japanese relationship, NCS is able to have business with Japanese companies such as the Jusco Stores, Yaohan Department Store and Daihatsu Motor. Pressure also exists for NCS to compete for local vendor. Thus, it is necessary for NCS to approach, discuss and negotiate in an absolutely local style for capturing the business. The external problem is actually an endless list especially as NCS is operating in such a versatile business environment. Therefore, NCS has to allow flexibility in its operation and contingency approach to tackle problem is more appropriate.

Management Effectiveness of NCS

Questionnaire

Analytical framework in Chapter I indicates a causal relationship between management practices, management effectiveness and enterprises effectiveness. Management effectiveness can be measured by some indicators such as motivation and satisfaction level. To assess the performance of NCS's management practice, motivation and satisfaction level of NCS staff are chosen as the yardsticks for measuring NCS's management effectiveness. As

suggested in the methodology of this research project, a small scale survey is designed and implemented for this purpose. Information from NCS's personnel department revealed that a total of twenty-five staff resigned from NCS ever since its establishment and only twenty of them had completed the probationary period. As such, questionnaires were given to this target population. Nevertheless, only eighteen completed questionnaires were returned. Since the eighteen questionnaires from ex-staff covered the total population, no statistical testing is needed to assess its level of significance. To allow comparison between ex-staff and existing staff, simple random sampling procedure was employed to select another eighteen completed questionnaires from existing staff with the response rate shown in Table 1.

TABLE 1

RESPONSE RATE OF QUESTIONNAIRE

Response	Existing Staff	Ex-Staff	Total
Completed	18	18	36
Incomplete	2	1	3
Refused to answer	0	1	1
Total:	20	20	40

The questionnaire is so designed to have discriminating questions (questions 1 and 2) to screen out the unqualified respondents. It is the survey's objective to gather information on the respondent's satisfaction level and his comments on NCS's management features. Supplementary information on respondent's motivation drive is also denoted. Based on this objective, a simple questionnaire which includes general questions over motivation theory is used. It is the writers' intention not to use sophisticated

questions to assess the respondent's preference on different motivation theories.

Demographic

Frequency distribution of the respondents' particulars classified according to gender, age group, education level and latest job position in NCS are denoted in Tables 2-5.

TABLE 2

FREQUENCY DISTRIBUTION OF THE RESPONDENTS' GENDER CLASSIFICATION

Classification	Existing Staff	Ex-Staff	Total
Male	10	11	21
Female	8	7	15
Total:	18	18	36

TABLE 3

FREQUENCY DISTRIBUTION OF THE RESPONDENTS' AGE GROUP

Group	Existing Staff	Ex-Staff	Total
Below 20	2	0	2
21-25	7	9	16
26-30	7	9	16
31-35	1	0	1
Over 36	1	0	1
Total:	18	18	36

TABLE 4

FREQUENCY DISTRIBUTION OF THE RESPONDENTS' EDUCATION LEVEL

Level	Existing Staff	Ex-Staff	Total
Some secondary	1	0	1
Secondary completed	5	3	8
Post-secondary	9	3	12
University	3	12	15
Total:	18	18	36

TABLE 5

FREQUENCY DISTRIBUTION OF THE RESPONDENTS' LATEST TITLE IN NCS

Title	Existing Staff	Ex-Staff	Total
Assistant General Manager or above	0	0	0
Manager/Assistant Manager	6	3	9
Senior Loan Officer/ Loan Officer/Assistant Loan Officer	7	10	17
Senior Clerk/Clerk	5	5	10
Total:	18	18	36

Out of the total thirty-six responses, twenty-one are male staff. This reinforces the high masculinity feature of Japanese companies in which male employee in NCS dominates. The age group of the respondents also shows that employees in NCS are relatively young and falls within the age group of twenty-one to thirty. This may be attributed to the short history of NCS. Table 4 shows that twenty-seven respondents received post-secondary education or above. This high percentage indicates that NCS emphasises on qualification

on staff recruitment. A point worth noting is that twelve ex-staff are university graduates, which represented over sixty percent of the ex-staff respondents. In selecting the existing staff sample for comparison, the simple random sampling fails to include a senior grade staff in the sample and this may affect the representativeness of the sample in reflecting the top management's ideas. Nevertheless, this limitation is rectified by obtaining information through interview with the Managing Director.

Life Time Employment

Management effectiveness depicts behavioral outcome in the organization. Staff turnover rate and the length of service in the Company show how the staff accept the management practice. As indicated in Table 6, no staff in NCS has worked for over two years though the Company has been in operation for over five years. This shows that a great number of employees leave NCS. It may be caused by dissatisfaction, health or financial reason, or dismissal by the Company. In short, it contradicts with the Japanese management style of life time employment.

TABLE 6

LENGTH OF EMPLOYMENT WITH NCS

Length	Existing Staff	Ex-Staff	Total
Less than 3 months	0	0	0
4-6 months	2	5	7
7-12 months	3	8	11
13-24 months	13	5	18
Over 2 years	0	0	0
Total:	18	18	36

Job Satisfaction Level

Job satisfaction level can be evaluated in terms of motivators and hygiene factors. The former are factors intrinsic to the job, including the work itself, recognition, promotion, achievement and responsibility. The latter are factors extrinsic to the job, including company policy and administration, salary, working conditions, job security, relation with co-workers and quality of supervision. Job satisfaction level of NCS ex-staff and existing staff in terms of these values are noted in Figure 1. Score within the interval also assume bearing statistical meaning. The mean value of scores are shown in Table 7.

TABLE 7

MEAN VALUE OF THE SATISFACTION LEVEL OF NCS STAFF

			Existing Staff	Ex-Staff
1.	Pay	(H)	2.666*	2.444*
2.	Company Policy & Administration	(H)	2.555	2.000
3.	Working Condition	(H)	3.055	2.555
4.	Job Security	(H)	2.833	3.166
5.	Relations with Co-workers	(H)	3.444	3.833
6.	Quality of Supervision	(H)	2.888	2.944
7.	Challenging Work	(M)	3.000	2.000
8.	Job Responsibility	(M)	3.166	2.777
9.	Recognition	(M)	3.000	2.777
10.	Promotion	(M)	2.944	2.777
11.	Achievement	(M)	2.777	2.333
		Total Average:	2.939	2.691

*   5 = Very satisfied
    4 = Satisfied   H = Hygiene factor
    3 = Neither satisfied nor satisfied   M = Motivator
    2 = Dissatisfied
    1 = Very dissatisfied

FIGURE 1

SATISFACTION LEVEL OF NCS STAFF

		Very Dis- satisfied	Dis- satisfied	Neither Dis- satisfied Nor Satisfied	Satisfied	Very Satisfied
		1	2	3	4	5
Pay	(H)					
Company Policy & Administration	(H)					
Working Condition	(H)					
Job Security	(H)					
Relations with Co-workers	(H)					
Quality of Supervision	(H)					
Challenging work	(M)					
Job responsibility	(M)					
Recognition	(M)					
Promotion	(M)					
Achievement	(M)					

————— Existing staff   H = Hygiene factor
------ Ex-staff   M = Motivator
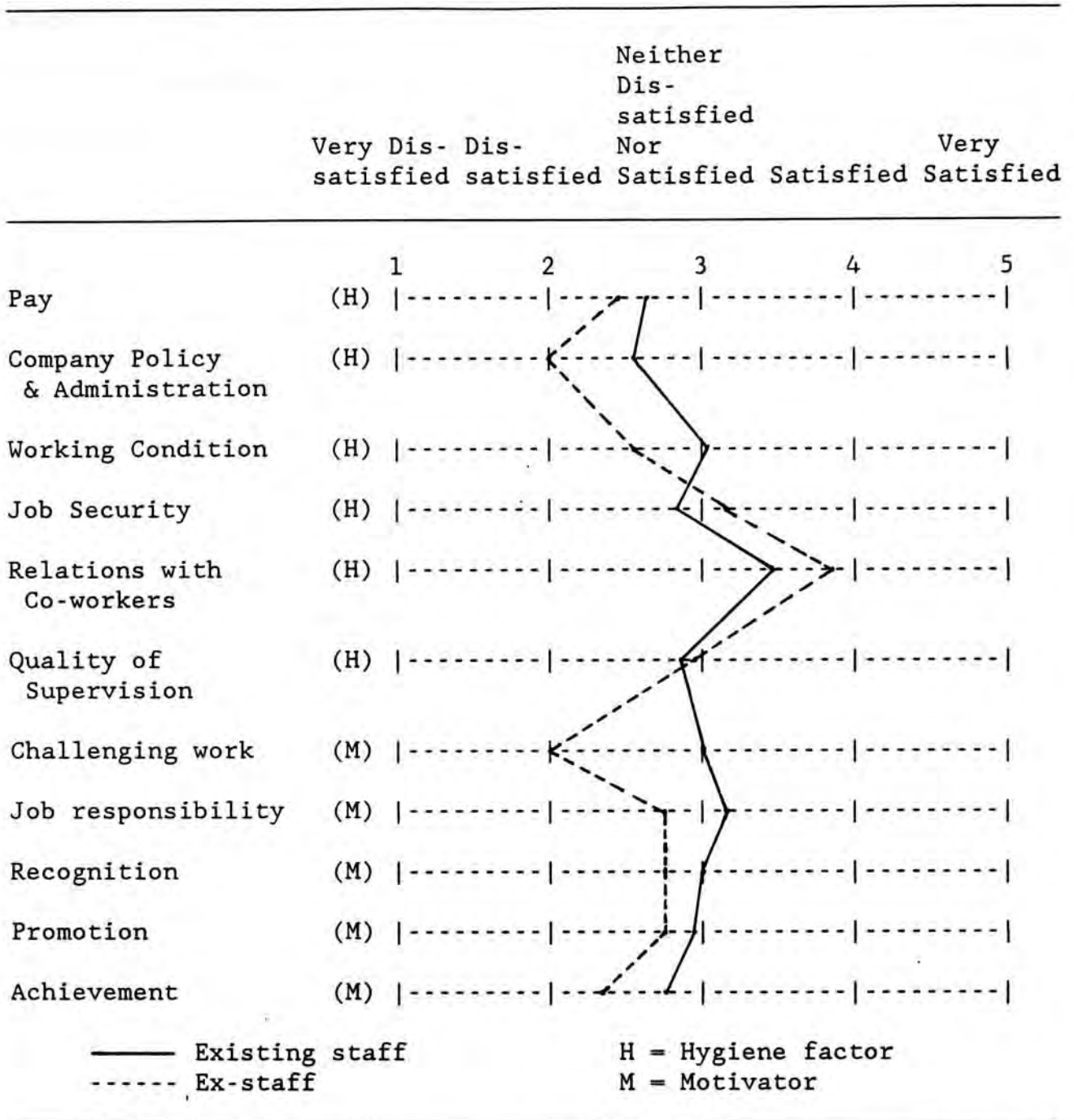
Overall mean score for ex-staff is 2.691 whereas that of existing staff is 2.939, meaning existing staff generally acquire a higher satisfaction level than the ex-staff do. Figure 1 reveals that ex-staff are not satisfied with all the motivators at all when compared with the existing staff. On the contrary, it shows a wide dispersion of satisfaction level over hygiene factors for the ex-staff. They rank relations with co-workers, job security and quality of supervision favourably over that of existing staff. This

may be due to the fact that NCS was a small firm in the past and hence the small workforce was more easy to create a friendly atmosphere and close relationship among colleagues than it does now. Generally speaking, existing staff shows a central tendency towards mean score of 3.0, that is, neither dissatisfied nor satisfied while the ex-staff had a diversified idea over hygiene factors and motivators in which they were satisfied with the interpersonal relationship but were dissatisfied to company policy and administration and the work itself.

McGregor's Theory X and Theory Y

When asked the extent to which the respondents agree/disagree the generalization of Theory X and Theory Y, the total scores of the respondents are added up to derive the index as indicated in Table 8. A negative index shows that respondents inclined to agree Theory Y relatively when compared with agreeing Theory X. Both ex-staff and existing staff show index with magnitude of -7.

TABLE 8

TOTAL SCORE ON AGREEING WITH THEORY X/THEORY Y

	Total Score on Agreeing with Theory X (A)	Total Score on Agreement with Theory Y (B)	Index (C) = (A) - (B)
Existing staff	45*	52*	-7
Ex-staff	47	54	-7

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*    5 = Strongly agree
     4 = Agree
     3 = Neither disagree nor agree
     2 = Disagree.
     1 = Strongly disagree
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Maslow's Need Hierarchy Theory

Ranking order of Maslow's five needs categories of the ex-staff and existing staff are shown in Table 9. These orderings are derived from ranking the total score of each group on these five needs in descending order. Ranking of same under Maslow's Theory is illustrated therein for reference. Simply by comparison, ex-staff's hierarchy of needs resembles more to that of Maslow's Theory than existing staff does. After all, both groups show the highest ranking in self-actualization.

TABLE 9

RANKING ORDER OF HUMAN NEEDS UNDER MASLOW'S NEED HIERARCHY THEORY

Category	Maslow	Existing Staff	Ex-Staff
Security	2*	1*	2*
Social	3	4	2
Physiological	1	2	1
Self-actualization	5	5	5
Esteem	4	3	4

*   5 indicates most important whereas 1 indicates least important

Herzberg's Two-Factor Theory

By ranking the total scores of both the existing staff's and ex-staff's ordering on the six attributes of Herzberg's Theory in descending order, the overall ranking of each group is derived in Table 10. The attributes of promotion and job itself fall into the category of motivators while the rest are hygiene factors according to Herzberg's classification. Motivators, together with the attribute of pay, are ranked high in terms of importance by both ex-staff and existing staff. Other hygiene factors are low in

importance. This finding is crucial in generalizing that Hong Kong employees consider pay as an important factor in choosing career, and can be regarded as a motivator. This conforms the findings obtained from the survey of Graham, R.G. and K. Leung[8] which conducted in Hong Kong among middle-level managers.

TABLE 10

RANKING ORDER OF PERCEIVED IMPORTANCE OF
JOB SATISFACTION ATTRIBUTES UNDER HERZBERG'S TWO-FACTOR THEORY

Attributes	Existing Staff	Ex-Staff
Promotion	5*	4*
Supervision	1	1
Job itself	4	5
Pay	6	6
Company policy and working conditions	2	3
Relations with co-workers	3	2

* 6 indicates most important whereas 1 indicates least important

Corporate Effectiveness

Corporate effectiveness of a company indicates how successful it is running in the competitive environment and how the national culture and corporate ideologies adapt to the external environment and lead to appropriate management practices. Since corporate effectiveness can be expressed in terms of various indicators, such as growth rate, profitability, return to equity and asset, and turnover rate, it is useful to employ these as yardsticks for evaluating NCS's corporate effectiveness. These ratio, however, can

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[8] Graham, R.G. and K. Leung. "Management Motivation in Hong Kong." The Hong Kong Manager, February/March 1987, p.17-24.

only be obtained from top management of the Company and as it is sensitive in nature to ask for such information, questionnaire is not an appropriate means to achieve this. Rather, interview with Mr. Kamitani, Managing Director of NCS, was arranged in an attempt to collect data and his comments on the Company's performance.

As suggested by Mr. Kamitani, NCS is operating in a competitive market with keen competition from local and foreign financial institutions offering same kind of services. Hitachi Credit, also a Japan based finance company, gives the greatest pressure to NCS since it is engaged in similar business but with longer history. Nevertheless, Mr. Kamitani claimed that NCS has outperformed this market rival in the past two years in terms of growth rate and business turnover. NCS grew from a seven-staff company in 1987 to one which employs fifty-five staff in 1992. Four branches are set up within the territory whereas Hitachi Credit maintains one office in Hong Kong ever since its establishment and now employs thirty-two staff only. NCS also dominates the household appliance hire purchase market with major department stores such as Jusco Stores, Yaohan Department, Seiyu Department joined with NCS as member stores.

In terms of business volume, it is revealed that NCS monthly turnover averaged at HK$30 million in 1991, against HK$4.5 million in 1988. Total outstanding balance stood at HK$300 million as at January 1992. The Company first recorded its profit in 1990, three years after it commenced business in Hong Kong, and it managed to get HK$2.3 million net profit in the financial year 1991. The Managing Director regarded NCS's growth as a truly outstanding one and the same idea comes from NCS, Head Office in Japan, especially when taking into consideration that NCS (HK) only has a paid up capital of

HK$5 million and the loan portfolio is financed by external borrowing.

When asked about the key element to the success, Mr. Kamitani stated:

> "NCS is operating in a highly competitive environment and we face severe competition. But our Company is flexible and can change the policy to suit the business partners, both member stores and clients. We also have good staff and able to achieve a high business turnover per staff ratio".

Admitting that changing Company's policy and administration can adapt to the external environment, Mr. Kamitani also pinpoints that some changes may not be accepted by NCS staff.

> "Our head office emphasizes on long term goal and we try to tailormake ourself to the memberstores. However, the change in policy and administration are not understood by some staff. It is our intention to survive in the competition, but some staff think I change the policy for personal interest."

One of the ex-staff expressed her opinion that: "[I] do not know what my boss will want me to do tomorrow. NCS is like a company without any formal policy."

This coincides with the Managing Director's opinion that NCS staff did not understand the Company's policy. Mr. Kamitani attributed this to deteriorating staff quality, "In 1987, NCS staff were very hardworking and they were excellent staff. Now, the staff leave office sharp at 6:00pm and they do not want to work overtime and has no [sense of] responsibility". He agreed that NCS is now facing a high turnover rate which is mainly due to the tight labour market. In his idea, NCS's salary is above market average and this compensates the adverse working condition, long working hour and minimal annual holiday package.

All in all, the Company's performance in terms of growth, profit and return is up to acceptable standard, judged by both statistical data and by Management's opinion. However, the performance of the

Company in terms of factors intrinsic to the company, such as internal administration, satisfaction level and turnover rate, is not satisfied at all, from the viewpoint of both top management and general grade staff.

CHAPTER IV

CONCLUSION

Adoption of Japanese Management Style in NCS

Through literature review in the context of this research project, the national culture and corporate culture of both Japan and South East Asian countries are denoted. NCS signifies a case in which Japan based companies are operated in different cultural settings. The Management can decide to run the business in a continuum from using traditional Japanese management style to purely using local management style. It is useful to position NCS in this continuum for further analysis. The questionnaire with NCS staff raises the issue of how significant NCS is in terms of Japanese-style management features. Table 11 and Figure 2 shows the result obtained. Total mean scores of existing staff and ex-staff are 2.524 and 2.401 respectively, meaning that the Company is not regarded as using Japanese management style significantly.

TABLE 11

MEAN VALUE OF THE SIGNIFICANCE OF JAPANESE-STYLE
MANAGEMENT FEATURES IN NCS

		Existing Staff	Ex-Staff
1.	Emphasis on group harmony	2.500*	2.111*
2.	Total concern for people	2.166	2.500
3.	Collective decision making by consensus	2.500	1.888
4.	Group duties and responsibility	3.333	2.666

5.	Life time employment	2.388	2.500
6.	Comprehensive welfare program	1.777	2.000
7.	Seniority based pay/promotion	2.666	3.388
8.	On the job training	1.833	1.777
9.	Job rotation	3.535	2.777
	Total Average:	2.524	2.401

*   5 = Very significant
     4 = Significant
     3 = Neither insignificant nor significant
     2 = Insignificant
     1 = Very insignificant

FIGURE 2

SIGNIFICANCE OF JAPANESE-STYLE MANAGEMENT FEATURES IN NCS

	Very Insig- nificant	Insig- nificant	Neither Insig- nificant nor Sig- nificant	Sig- nificant	Very Sig- nificant
	1	2	3	4	5
Emphasis on group harmony					
Total concern for people					
Collective decision making by consensus					
Group duties and responsibilities					
Life time employment					
Comprehensive welfare program					
Seniority based pay/ promotion					
On the job training					
Job rotation					

——— Existing staff
------ Ex-staff
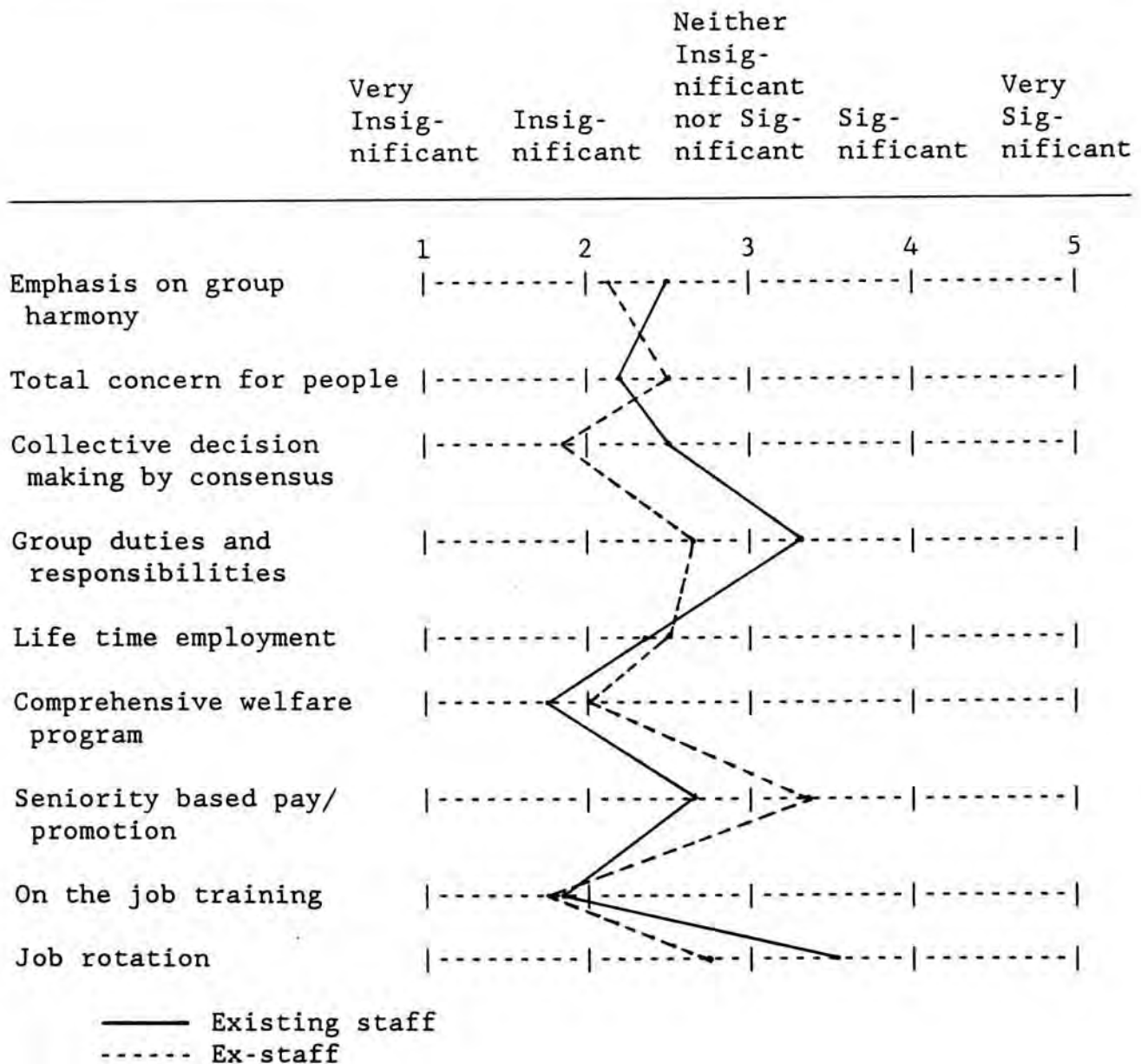
Existing staff find the features of group duties and responsibilities, and job rotation remarkable in NCS. On the contrary, they feel that NCS is not showing comprehensive welfare program, job training and seniority based pay/promotion characteristics. It means that they are dissatisfied with these. In general, ex-staff display the same idea for the significance of Japanese-style management feature in NCS as the existing staff do but in varying magnitude except for the issue of total concern for people.

It is noted that the questionnaire does not cover the top management level in its sample. To tackle this limitation, interview with the Managing Director serves to provide supplementary information. Mr. Kamitani agreed that it is difficult, if not impossible, to follow all Japanese-style management features in Hong Kong. To allow flexibility and adapt to the environment, it is not NCS position to promote staff on seniority basis and on the job training is less used in view of high turnover rate and deteriorating staff quality. However, the Managing Director places great weight on emphasis on group harmony, total concern for people and collective decision making by consensus; which are regarded by NCS staff as insignificantly adapted in the Company. It is suggested that such discrepancy arises because of inadequate communication between the top management and the general grade staff and between Japanese and local staff. People may also interpret the concept differently when they are of different culture. Anyhow, it seems more appropriate to state the NCS management style as a hybrid one between Japanese and Hong Kong Chinese management style.

Limitation

Though attempts were made to make the study a complete one, this case study approach in analyzing the adaptability of Japanese management system in Hong Kong was not without restrictions. Before going into the implication and recommendations, limitations of the research project are presented to avoid bias in interpreting the results.

The topic in the project involved the study of adaptability of Japanese management system in Hong Kong. As mentioned in preceding chapter, large number of Japanese firms are set up in Hong Kong. Usage of only one firm in the case study greatly limits the representativeness of all Japanese firms in Hong Kong. The reliance of single firm analysis not only influences the coverage but also may affect the result obtained especially when the firm chosen is not resembling the general situation. NCS is in its infant stage and engaged in financial services; whereas other Japanese firms in Hong Kong may have long years history and engaged also in manufacturing and servicing industry. This may lead to conclusion that only applied to firms that are similar to NCS.

The analysis of the study relied on the response on the questionnaire. The population of the ex-staff in NCS that are eligible for the survey only amounted to twenty. Existing staff of NCS also recorded fifty-five. This small population size again may limit the validity of conclusion drawn. Besides, interviews with only two ex-staff and the Managing Director of NCS may not reveal all the critical issue that are related to the topic. Personal bias from the interviewees may impose subjective value to the research. The analysis, by all means, is a qualitative rather than a quantitative one which may restrict the objectiveness of results obtained.

Subject to limited time and resources, the study can only be conducted on one-firm case analysis but not across all Japanese firms. The project was carried out from September 1991 till April 1992. The short time frame prohibits lengthy interviews and surveys in gathering information.

Management Implication

The Management of NCS brings satisfactory corporate effectiveness in terms of financial results whereas management effectiveness is not unbeatable in terms of turnover rate. In this latter issue, it is worth pointing out that some well tested US based motivation theories may only partially apply to the case of NCS. Staff in NCS show great concern on the pay factor which would be categorized as motivator but not as hygiene factor as suggested by Herzberg. Further pay review of NCS can take this into consideration and may retain the staff more effectively than using other factors.

Through questionnaire with ex-staff, it was found out that they were dissatisfied with company policy and the work itself when compared with existing staff. Better design and implementation of company policy should be studied to tackle the deteriorating job satisfaction level of NCS staff.

Different culture of the Chinese and the Japanese impairs the communication between working colleagues in NCS. Communication barrier such as language problem exists and there is communication breakdown in which message from the top is not transmitted to the lower level. Some junior staff even criticize that they do not know what they are doing. To avoid communication failure, effort should be made to improve the communication process.

Whether the Japanese management system can be succeeded in Hong Kong is a critical issue in this research project. By means of

asking NCS staff's ideas on the probability of using Japanese management system successfully in Hong Kong, their comments are gathered and summarised in Table 12. Over sixty percent of the respondents gives the answer "Not Known" while around thirty percent of them indicates "Probable". This indicates that transfer of Japanese-style management in Hong Kong is not impossible. This goes in line with K. John Fukuda's survey[9] on views of management transferability in which over sixty-six percent of HK companies in the survey shows neither positive nor negative view toward the question.

TABLE 12

VIEWS ON THE TRANSFERABILITY OF JAPANESE-STYLE MANAGEMENT

Probability	Existing Staff	Ex-Staff	Total
Highly probable	0	0	0
Probable	5	5	10
Not known	11	12	23
Improbable	2	0	2
Highly improbable	0	1	1
Total:	18	18	36

Recommendation

The preceding section reveals that the analysis brings up some management implication on NCS staff and environment for rectification and/or improvement. (Since local employees rank pay as an important motivator, it is suggested to NCS Management that subsequent pay review should be made to reflect an acceptable or attractive monetary

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[9] K. John Fukuda. Japanese-Style Management Transferred. The Experience of East Asia. London & New York: Rontledge, 1990, p.178-179.

reward standard. Concrete company policy should be made known to the general staff. More participation in the job design is desirable to be used as a motivation means. Language training should be provided to the staff in order to improve the communication process.

The NCS case indicates that effectiveness can be achieved via a hybrid usage of management style. It is generalized that Japanese-style management system can bring successful operation of business in Hong Kong but adaptation of the system to local cultural setting is necessary. Nevertheless, it should be noted that success of a company may be contributed by numerous factors that are contingent to the surroundings. Besides adaptation of Japanese management system, other factors attributing to the success may also exist.

After all, mere transplanting of Japanese management style in Hong Kong may or may not work but adapting it to Hong Kong environment and/or merging it with local Chinese management style can in fact help to increase the probability of its successfulness.

APPENDICES

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工商管理學院碩士課程
MBA Programmes
Faculty of Business Administration

Tel. 695 2783
722 5808 (Town centre)

學生專題研究用箋
Student Research Projects

15th February 92

Dear Sir/Madam,

We are students of the Three-year MBA Programme of the Chinese University of Hong Kong. As partial fulfilment of the requirements for the Degree of Master of Business Administration, we are going to conduct a research project on the adaptability of Japanese Management System in Hong Kong. Nihon Credit Service (Asia) Co Ltd is utilized as case study and its corporate effectiveness will be analyzed.

Your valuable assistance in helping us to complete the attached questionnaire is extremely important. All data collected will be treated in anonymity and strict confidentiality. After the research is finished, all questionnaires will be destroyed.

Thnak you very much for your time and kind assistance in this matter.

Yours faithfully,

Harmon W C Lo

Gerald C L Fong

QUESTIONAIRE

Job Number :
Date:

1. Are you still working in NCS?

   a. Yes
   b. No

2. How long have you worked/been working in NCS?

   a. Less than 3 months   (go to question 9)
   b. 4 - 6 months
   c. 7 - 12 months
   d. more than one year

3. How satisfied are you with the following items in NCS?

	Very Unsatisfied	Unsatisfied	Neither unsatisified nor satisfied	Satisfied	Very Satisfied
a. Pay					
b. Company Policy & Administration					
c. Working condition					
d. Job security					
e. Relations with co-workers					
f. Quality of supervision					
g. Challenging work					
h. Job responsibility					
i. Recognition					
j. Promotion					
k. Achievement					

4. How do you agree with following statements?

   a. In general, pepole are evil, lazy and irresponsible

Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree

   b. In general, people are good, industrious and responsible

Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree

1

5. How do you rank the following human needs in order of importance? (5 indicates most important whereas 1 indicates least important)

                                              Ranking Order
    a. Security needs such as shelter   (   )
    b. Social needs such as friendship   (   )
    c. Physicological needs such as food   (   )
    d. Self-actualization needs such as
       achieveing the potential within oneself   (   )
    e. Esteem needs such as respect of others   (   )

6. How do you rank the following items in order of importance? (6 indicates most important whereas 1 indicates least important)

                                              Ranking Order

    a. Promotion   (   )
    b. Supervision   (   )
    c. Job itself   (   )
    d. Pay   (   )
    e. Company policy and working condition   (   )
    f. Relations with co-workers   (   )

7. How significant do you find the following features in NCS?

	Very Insignificant	Insignificant	Neither Insignificant nor significant	Significant	Very Signif
a. Emphasis on group harmony					
b. Total concern for people					
c. Collective decision making by consensus					
d. Group duties and Responsibilities					
e. Life time employment					
f. Comprehensive welfare program					
g. Seniority based pay/promotion					
h. On the Job training					
i. Job rotation					

8. How do you rate the probability of success for a company having the above features in Hong Kong?

Highly Improbable	Improbable	Not Known	Probable	Highly Probable

9. Gender

    a. Male
    b. Female

10. **Age**

    a. below 20
    b. 21 - 25
    c. 26 - 30
    d. 31 - 35
    e. over 35

11. What is your highest level of education attained?

    a. Some secondary
    b. Secondary completed
    c. Post-secondary
    d. University

12. What is your latest title in NCS?

    a. Assistant General Manager or above
    b. Manager / Assistant Manager
    c. Senior Loan Officer / Loan Officer / Assistant Loan Officer
    d. Senior Clerk / Clerk

QUESTIONNAIRE

Job Number :_____ (001-002)
Date:_____

1. Are you still working in NCS?

(003)

    a. Yes
    b. No

2. How long have you worked/been working in NCS?

    a. Less than 3 months   (go to question 9)   (004)
    b. 4 - 6 months
    c. 7 - 12 months
    d. 13 - 24 months
    e. over 2 years

3. How satisfied are you with the following items in NCS?

	Very Dissatisfied	Dissatisfied	Neither Dissatisfied Nor Satisfied	Satisfied	Very Satisfied	
	1	2	3	4	5	
a. Pay						(005)
b. Company Policy & Administration						(006)
c. Working condition						(007)
d. Job security						(008)
e. Relations with co-workers						(009)
f. Quality of supervision						(010)
g. Challenging work						(011)
h. Job responsibility						(012)
i. Recognition						(013)
j. Promotion						(014)
k. Achievement						(015)

1

4. How do you agree with following statements?

a. In general, pepole are basically evil, lazy, irresponsible, and dumb. The average person has an inherent dislike of work and will avoid it, if possible. (016)

Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1	2	3	4	5
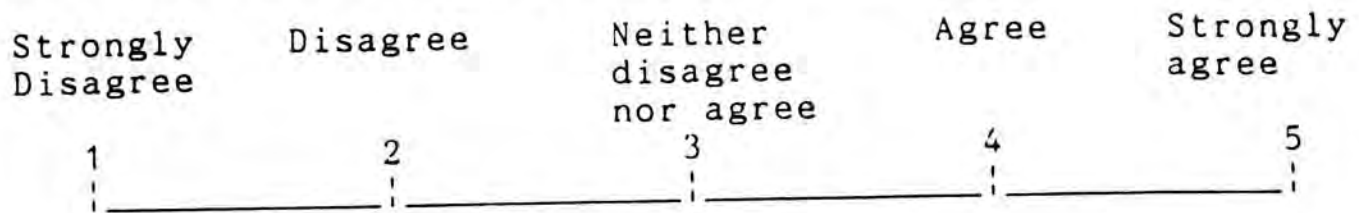
b. In general, people are basically good, industrious, responsible, and smart. For the average person, the expenditure of physical and mental effort in work is as natural as play.(017)
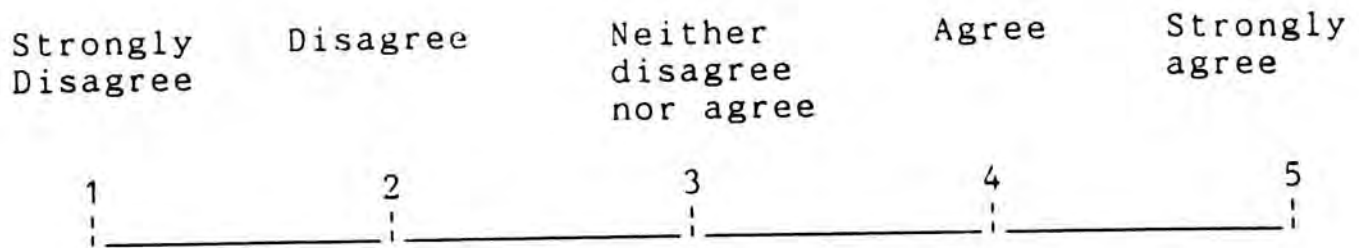
Strongly Disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
1	2	3	4	5

5. How do you rank the following human needs in order of importance? (5 indicates most important whereas 1 indicates least important)

	Ranking Order	
a. Security needs such as shelter	( )	(018)
b. Social needs such as friendship	( )	(019)
c. Physicological needs such as food	( )	(020)
d. Self-actualization needs such as achieveing the potential within oneself	( )	(021)
e. Esteem needs such as respect of others	( )	(022)

6. How do you rank the following items in order of importance? (6 indicates most important whereas 1 indicates least important)

	Ranking Order	
a. Promotion	( )	(023)
b. Supervision	( )	(024)
c. Job itself	( )	(025)
d. Pay	( )	(026)
e. Company policy and working condition	( )	(027)
f. Relations with co-workers	( )	(028)

7. How significant do you find the following features in NCS?

	Very Insignificant	Insignificant	Neither Insignificant Nor Significant	Significant	Very Significant	
	1	2	3	4	5	
a. Emphasis on group harmony						(029)
b. Total concern for people						(030)
c. Collective decision making by consensus						(031)
d. Group duties and Responsibilities						(032)
e. Life time employment						(033)
f. Comprehensive welfare program						(034)
g. Seniority based pay/promotion						(035)
h. On the Job training						(036)
i. Job rotation						(037)

8. How do you rate the probability of success for a company having all the above features in Hong Kong?   (038)

Highly Improbable	Improbable	Not Known	Probable	Highly Probable
1	2	3	4	5

9. Gender

    a. Male   (039)
    b. Female

10. Age

    a. below 20   (040)
    b. 21 - 25
    c. 26 - 30
    d. 31 - 35
    e. over 36

11. What is your highest level of education attained?

      a. Some secondary   (041)
      b. Secondary completed
      c. Post-secondary
      d. University

12. What is your latest title in NCS?

      a. Assistant General Manager or above   (042)
      b. Manager / Assistant Manager
      c. Senior Loan Officer / Loan Officer / Assistant Loan
         Officer
      d. Senior Clerk / Clerk

END OF QUESTIONNAIRE

4

問　　　卷

1. 你目前是否在 NCS 工作？

    a. 是
    b. 否

2. 你在 NCS 工作了多久？

    a. 少於 3 個月（請跳答第 9 題）
    b. 4-6 個月
    c. 7-12 個月
    d. 超於 1 年

3. 你對 NCS 以下項目之滿意程度是：

	很不滿意	不滿意	一般	滿意	很滿意
a. 薪酬					
b. 公司政策及行政					
c. 工作環境					
d. 工作安穩性					
e. 同事間關係					
f. 督導					
g. 工作挑戰性					
h. 工作內容、責任					
i. 受重視程度					
j. 晉升					
k. 成就					

4. 你是否同意下列句子：

    a. 普遍而言，人是好逸惡勞、逃避責任、沒有野心、一般均不喜愛工作或予以躲避。

很不同意	不同意	無意見	同意	很同意

    b. 普遍而言，人是善良、勤力、負責任、而工作中體力和精神的消耗，與遊戲或休息一般自然。

很不同意	不同意	無意見	同意	很同意

5. 試就你認為的重要性排列下列需求 ("5" 代表最重要; 而 "1" 代表最不重要)
：

排列次序

a. 安全的需求, 例如：保護屏障。　　　　　　　　　　　　　（　）

b. 歸屬的需求, 例如：友誼。　　　　　　　　　　　　　　　（　）

c. 生理的需求, 例如：食物。　　　　　　　　　　　　　　　（　）

d. 自我實現的需求, 例如：達成個人之抱負。　　　　　　　　（　）

e. 地位的需求, 例如：受到別人之尊敬。　　　　　　　　　　（　）

6. 試就你認為的重要性排列下列項目 ("6" 代表最重要; 而 "1" 代表最不重要)
：

排列次序

a. 晉升　　　　　　　　　　　　　　　　　　　　　　　　　（　）

b. 督導　　　　　　　　　　　　　　　　　　　　　　　　　（　）

c. 工作本身　　　　　　　　　　　　　　　　　　　　　　　（　）

d. 薪酬　　　　　　　　　　　　　　　　　　　　　　　　　（　）

e. 公司政策及工作環境　　　　　　　　　　　　　　　　　　（　）

f. 同事間關係　　　　　　　　　　　　　　　　　　　　　　（　）

7. 你認為在 NCS 中, 以下項目之顯著程度是：

	很不顯著	不顯著	一般	顯著	很顯著
a. 強調人際間和諧共存					
b. 以人為本					
c. 集體式決策					
d. 小組承擔工作及責任					
e. 終身聘用					
f. 全面福利制度					
g. 以年資為基礎之薪酬、晉升制度					
h. 在職訓練					
i. 工作輪調					

8. 你認為若一公司在香港具備所有上述特點, 其成功之機會為何？

	很小機會	小機會	未可預知	大機會	很大機會

9. 你的性別是：

a. 男

b. 女

10. 你年齡是：
   a. 20 以下
   b. 21 - 25
   c. 26 - 30
   d. 31 - 35
   e. 36 以上

11. 你的教育程度是：
   a. 中學 (未 畢 業)
   b. 中學 (畢　業)
   c. 預 科 / 專 上 學 院
   d. 大 學

12. 你在 NCS 目前 / 離 職 前 之 職 級 是：
   a. 助 理 總 經 理 或 以 上
   b. 經 理 / 助 理 經 理
   c. 高 級 主 任 / 主 任 / 助 理 主 任
   d. 高 級 文 員 / 文 員

一 多 謝 合 作 一

Appendix 4

MASLOW'S HIERARCHY OF NEEDS
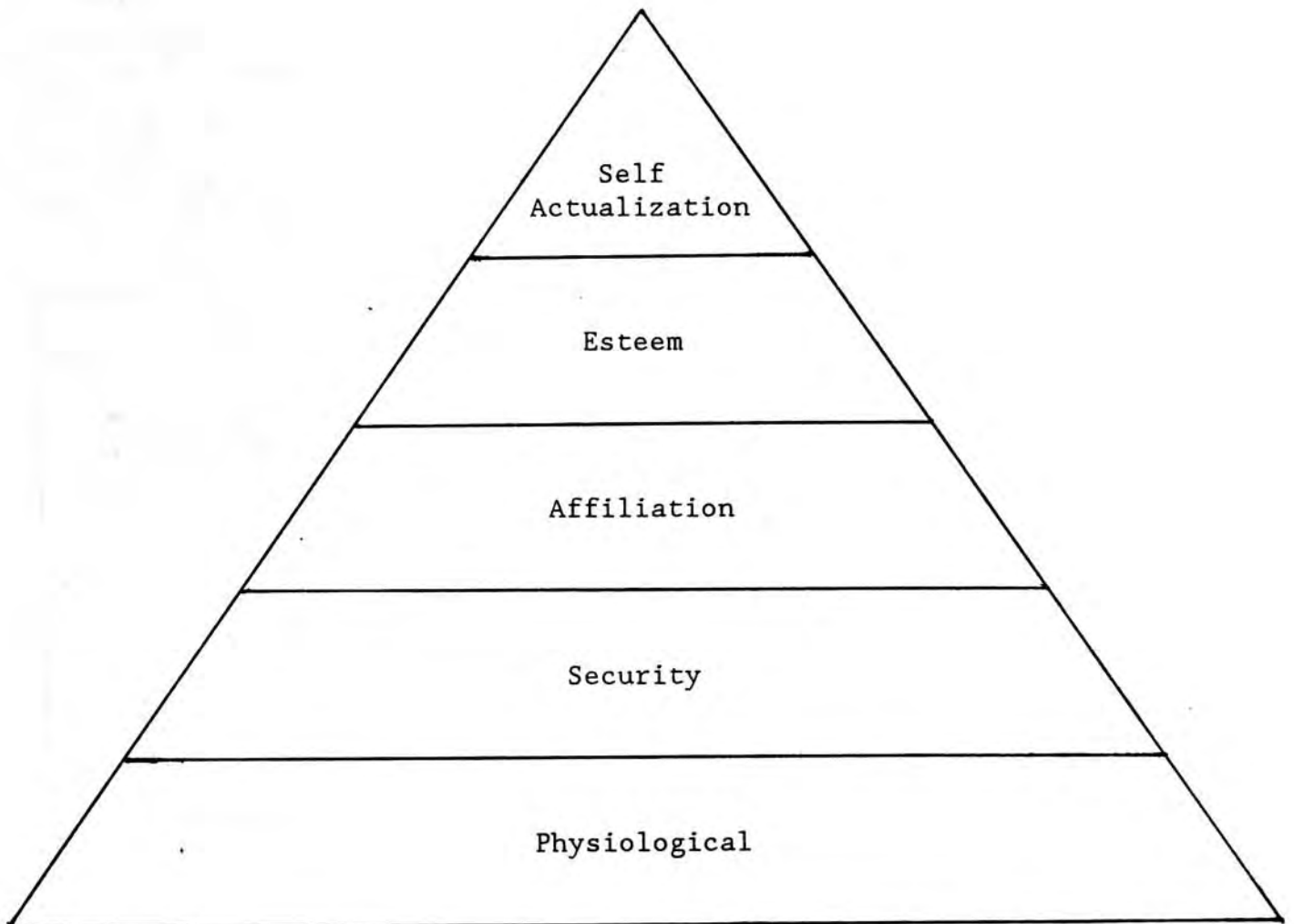
Source: Hellriegel, Slocum and Woodman. Organizational Behavior.
           5th ed. St. Paul: West Publishing Company, 1989, p.146.

Appendix 5

The Position of the 50 countries on Their Individualism Index (IDV) versus Their 1970 National Wealth:
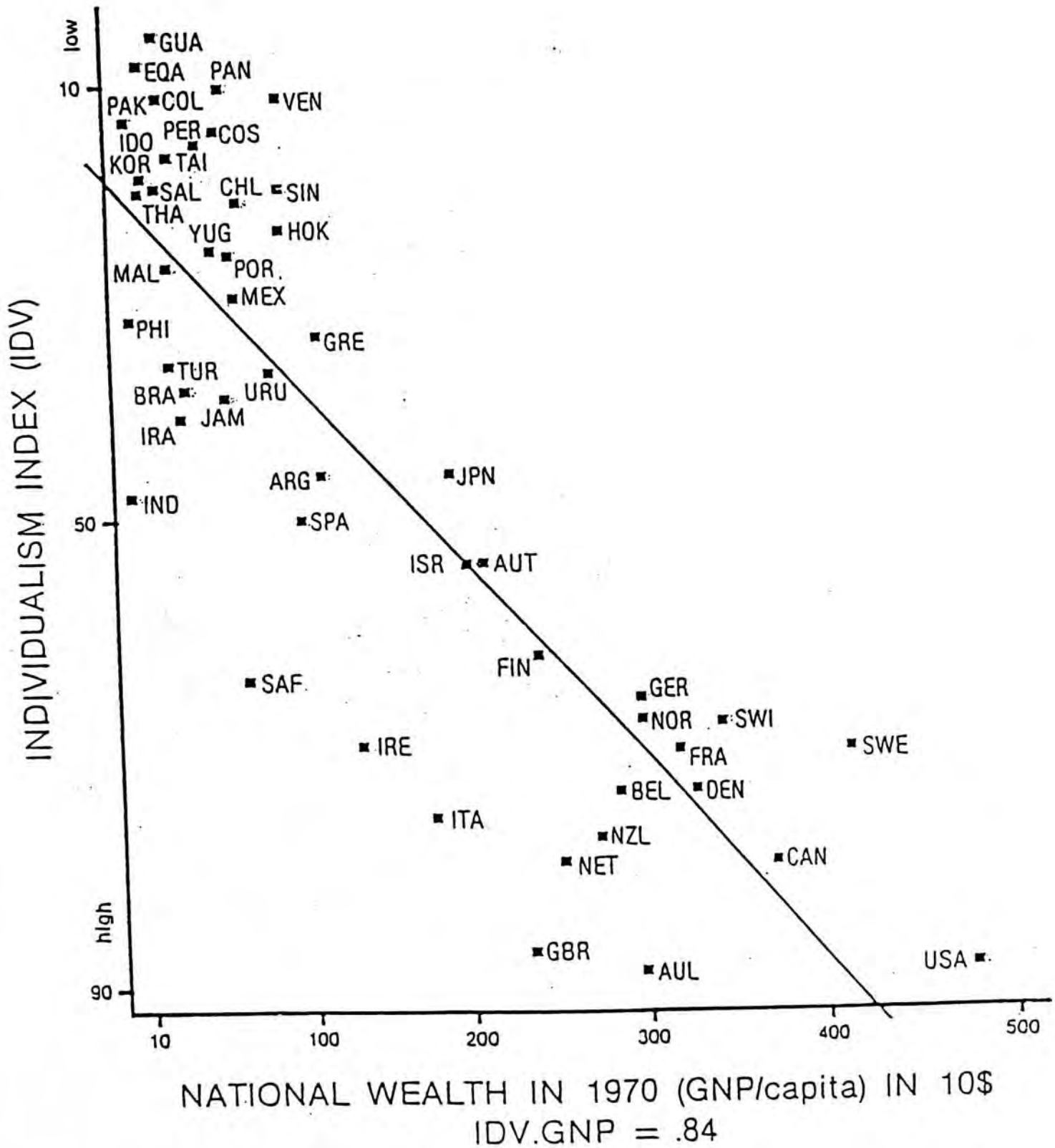
NATIONAL WEALTH IN 1970 (GNP/capita) IN 10$

IDV.GNP = .84

Source: Geert Hofstede. "The Cultural Relativity of Organizational Practices
          and Theories." Journal of International Business Studies 14 (Fall
          1983): 80.

The Position of the 50 Countries on the Power Distance and Individualism Scales:
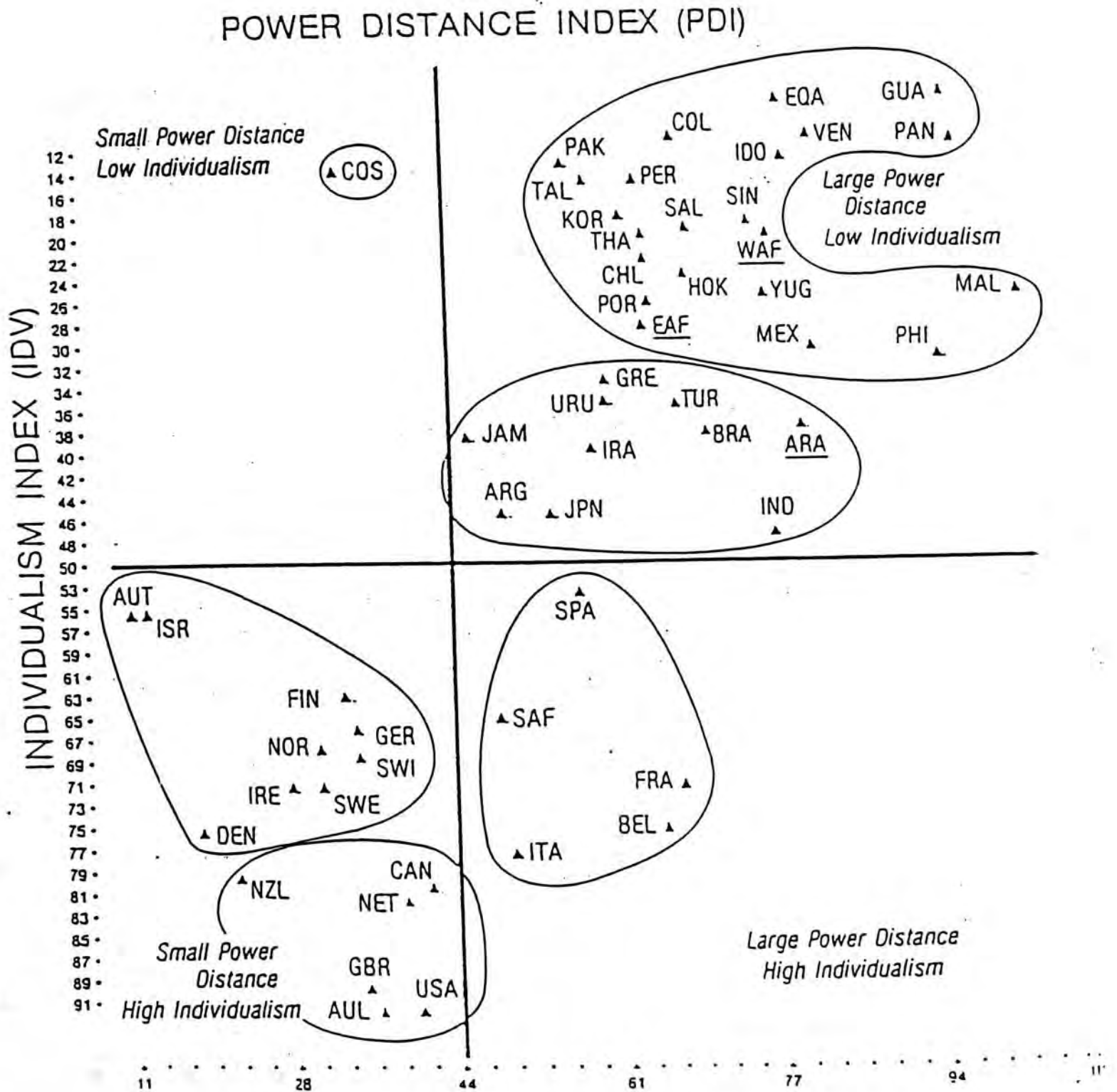
POWER DISTANCE INDEX (PDI)

INDIVIDUALISM INDEX (IDV)

Small Power Distance
Low Individualism

▲ COS

▲ EQA   GUA ▲
COL   ▲ VEN   PAN ▲
PAK   IDO ▲
Large Power
Distance
Low Individualism
TAL ▲   ▲ PER   SIN
KOR ▲   SAL   ▲
THA ▲   WAF
CHL   ▲ HOK   ▲ YUG   MAL ▲
POR ▲
▲ EAF   MEX ▲   PHI ▲

▲ GRE
URU ▲   ▲ TUR
▲ JAM   ▲ BRA   ARA
▲ IRA
ARG   IND
▲   ▲ JPN

AUT
▲ ▲ ISR   SPA ▲

FIN ▲
▲ SAF

NOR ▲   ▲ GER
▲ SWI   FRA ▲
IRE ▲   ▲ SWE   BEL ▲
▲ DEN   ▲ ITA

CAN
▲ NZL   NET ▲

Small Power
Distance   GBR   USA
High Individualism   AUL ▲   ▲

Large Power Distance
High Individualism

11   28   44   61   77   94

Source: Geert Hofstede. "The Cultural Relativity of Organizational Practices
and Theories." Journal of International Business Studies 14 (Fall
1983): 82.

Appendix 7

The Position of the 50 Countries on the Power Distance and
Uncertainty Avoidance Scales:

POWER DISTANCE INDEX

Source: Geert Hofstede. "The Cultural Relativity of Organizational Practices
and Theories." Journal of International Business Studies 14 (Fall
(1983): 84.

The Position of the 50 countries on the Uncertainty Avoidance
and Masculinity Scales:

MASCULINITY INDEX (MAS)

Weak Uncertainty Avoidance
Feminine

Weak Uncertainty Avoidance
Masculine

UNCERTAINTY AVOIDANCE INDEX (UAI)

SIN   JAM

DEN   HOK
SWE

MAL   GBR   IRE
IND
USA   PHI
NOR   IDO   SAF
NET   EAF   WAF   CANNZL   AUL

IRA   SWI
FIN   GER
THA   TAI   ARA   AUT
PAK   EQA
BRA   ITA   VEN
FRA   ISR
COS   CHL   SPA   TUR   COL   MEX
YUG   KOR   PAN   ARG
PER
SAL   BEL   JPN
URU
Strong Uncertainty   GUA   *Strong Uncertainty*
Avoidance   POR   *Avoidance*
Feminine   GRE   *Masculine*

5   23   41   59   77   95

Source: Geert Hofstede. "The Cultural Relativity of Organizational Practices
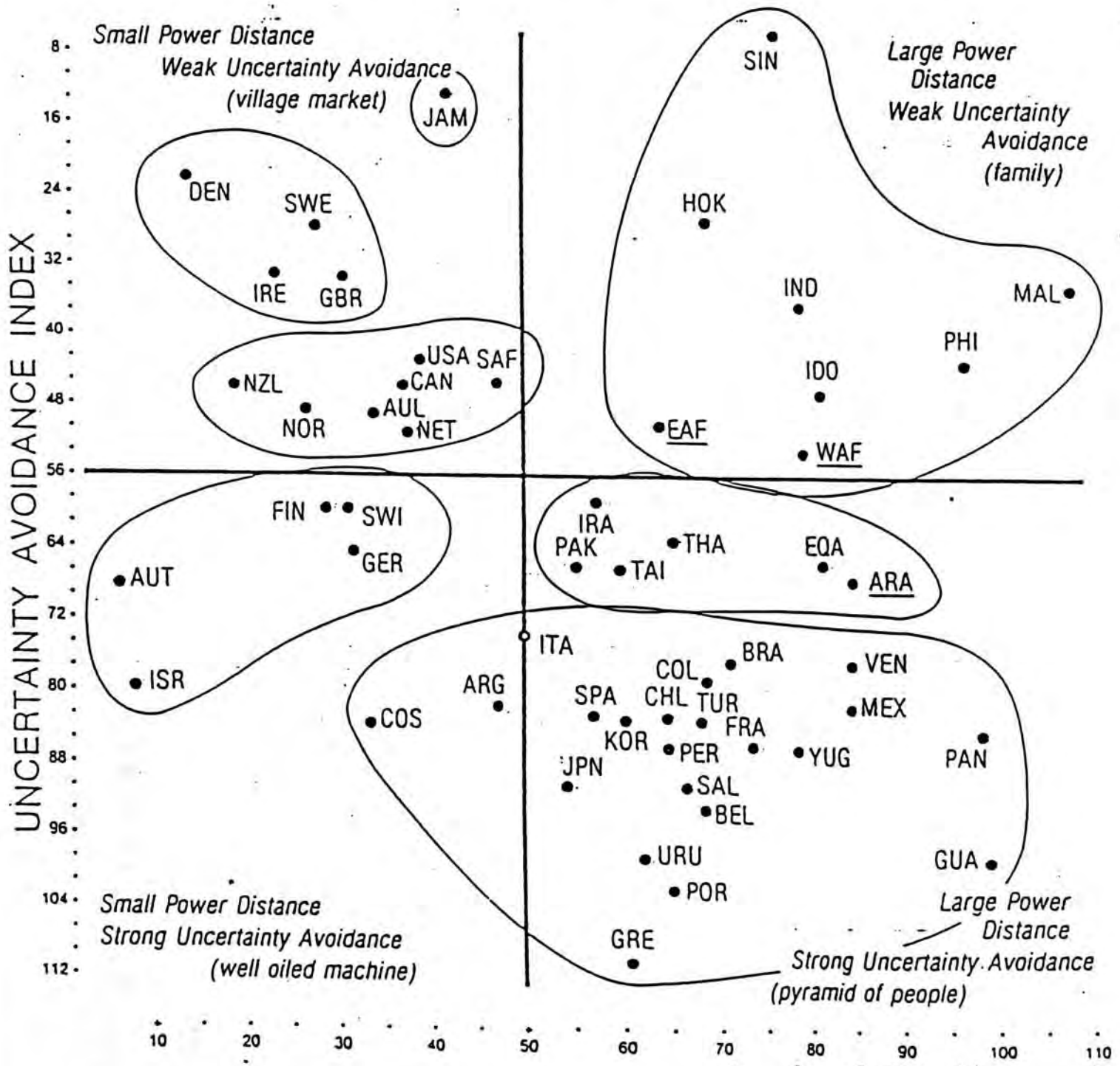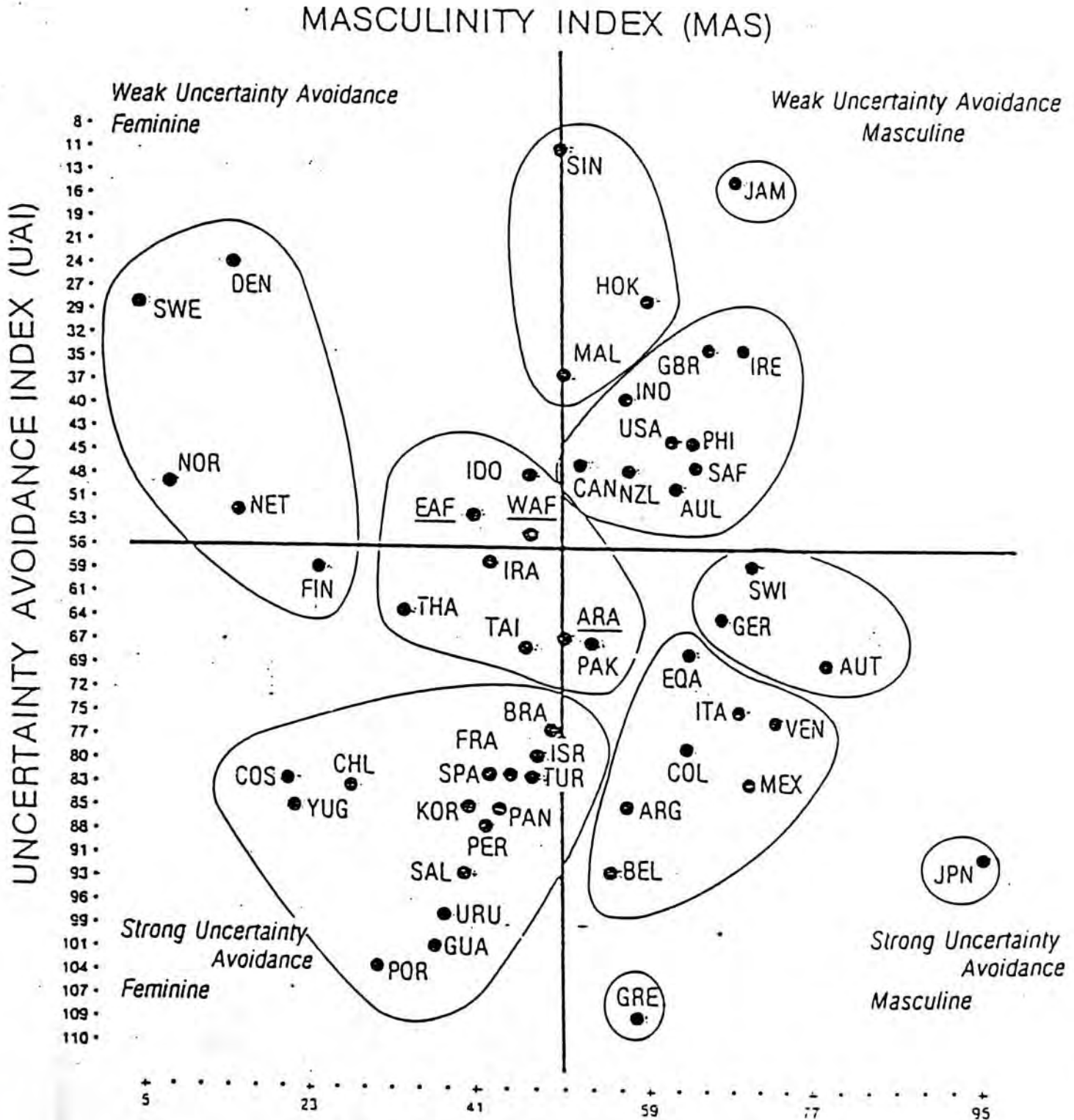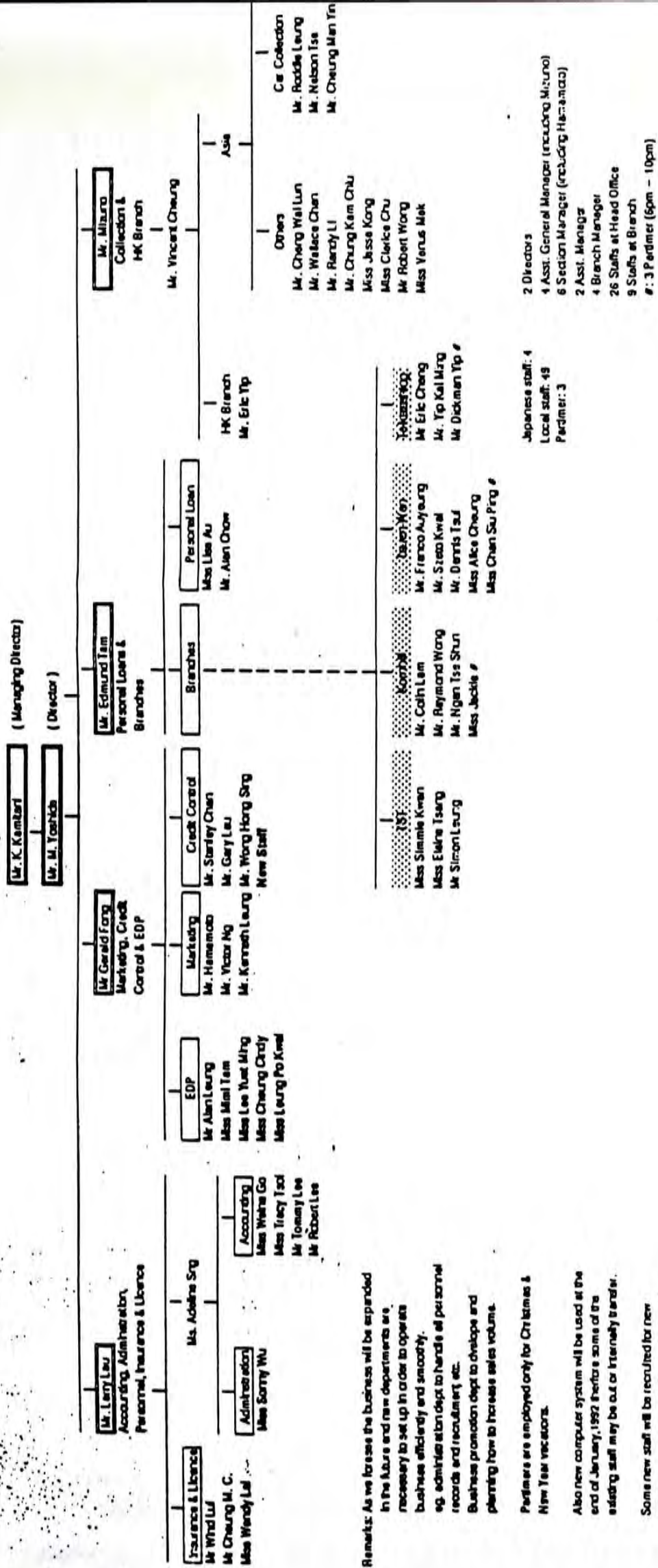and Theories." <u>Journal of International Business Studies</u> 14 (Fall
1983): 86.

Appendix 9
Organizational Chart of NCS

NIHON CREDIT SERVICE (ASIA) COMPANY LIMITED

DATE: JANUARY 13, 1992

| Mr. K. Kamitani | (Managing Director) |
| Mr. M. Toshida | (Director) |

Mr. Larry Lau
Accounting, Administration,
Personnel, Insurance & Licence

Ms. Adeline Sng

Mr. Gerald Fong
Marketing, Credit
Control & EDP

Mr. Edmund Tam
Personal Loans &
Branches

Mr. Mizuno
Collection &
HK Branch

Mr. Vincent Cheung

Insurance & Licence
Mr. Wind Liu
Mr. Cheung M. C.
Miss Wendy Lei

Administration
Miss Sunny Wu

Accounting
Miss Weina Go
Miss Tracy Tsoi
Mr. Tommy Lee
Mr. Robert Lee

EDP
Mr. Allen Leung
Miss Mell Tam
Miss Lee Yuet Ming
Miss Cheung Cindy
Miss Leung Po Kwai

Marketing
Mr. Hamamoto
Mr. Victor Ng
Mr. Kenneth Leung

Credit Control
Mr. Stanley Chan
Mr. Gary Leu
Mr. Wong Hong Sing
New Staff

Branches

Personal Loan
Miss Lisa Au
Mr. Alan Chow

Car Collection
Mr. Roddie Leung
Mr. Nelson Tse
Mr. Cheung Man Yin

HK Branch
Mr. Eric Yip

Asia

Others
Mr. Cheng Wai Lun
Mr. Wallace Chan
Mr. Randy Li
Mr. Chung Kam Chu
Miss Jesse Kong
Miss Clarice Chu
Mr. Robert Wong
Miss Venus Mak

TST:
Miss Stennie Kwan
Miss Elaine Tseng
Mr. Simon Leung

Kowloon:
Mr. Colin Lam
Mr. Raymond Wong
Mr. Ngan Tse Shun
Miss Jackie #

Quarry Bay:
Mr. Franco Au Yeung
Mr. Steda Kwai
Mr. Dennis Tsui
Miss Alice Cheung
Miss Chan Sui Ping #

Yau Ma Tei:
Mr. Eric Cheng
Mr. Yip Kai Ming
Mr. Dickman Yip #

Remarks: As we foresee the business will be expanded
in the future and new departments are
necessary to set up in order to operate
business efficiently and smoothly.
eg. administration dept. to handle all personnel
records and recruitment, etc.
Business promotion dept. to develope and
planning how to increase sales volume.

Part-timers are employed only for Christmas &
New Year vacations.

Also new computer system will be used at the
end of January, 1992 therefore some of the
existing staff may be out or internally transfer.

Some new staff will be recruited for new
Lok Fu counter set up in Mar or April, 1992.

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2 Directors
4 Asst. General Manager (including Mizuno)
6 Section Manager (including Hamamoto)
2 Asst. Manager
4 Branch Manager
26 Staffs at Head Office
9 Staffs at Branch
: 3 Part-timer (6pm – 10pm)

Japanese staff : 4
Local staff: 43
Part-timer: 3

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