



## *Original Article*

# ***Education and Training in the Auto Manufacturing Industry: a Comparative Analysis between Japan and Malaysia***

**Hooi Lai Wan**

*Osaka School of International Public Policy (OSIPP), Osaka University, Japan*

## **Abstract**

This paper addresses the question of whether there is in fact a single model of Japanese education and training practices in Malaysia. This is done by analyzing survey-based data sets recently obtained from samples of Japanese and locally owned firms in the same industry. Research on auto manufacturing companies was carried out. Here a comparative study was made between a Japanese auto manufacturing company and three other local auto manufacturing companies - two with Japanese interests and one fully Malaysian-owned.

The objective of this research is to reveal to what extent Japanese education and training practices are introduced and practiced in Malaysian auto manufacturing companies, since the implementation of the Look East Policy. As it has been almost 20 years that the Look East Policy was in practice, emulation of the Japanese system of management in the local enterprises should be significant.

**Key words:** education and training, job rotation, on-the-job training, off-the-job training, mentor system, Human Resource Development Fund.

## **Introduction**

After the oil shock, the transferability of the various elements of the Japanese management system has become a subject of considerable interest. The Japanese management system is considered to be one of the key factors accounting for the success Japanese achieved in improving productivity and the quality of the goods and services they produce. In Malaysia, the Prime Minister enunciated "The Look East Policy" in late 1981 with Japan specifically in mind. "Learning from the Japanese" has been in vogue for some time in Malaysia.

After the Malaysian government developed the Look East Policy, information concerning Japanese management practices has been circulated by the mass media, through numerous articles in international journals and in books.

Japanese scholars and management consultants have also been invited to present papers at international conferences and to conduct seminars. Thus, an understanding of Japanese-style management developed among the local people. However, to what extent has the Japanese-style management model been successfully transported to Malaysia?

## **Objective**

Since the Look East Policy has been in practice for almost 20 years, local enterprises emulation of the Japanese system of management should remain significant. As human resource management is one of the key factors for the success of the auto manufacturing companies in Japan, human resource management practices should have been introduced to the local



auto manufacturing companies. However, for the purpose of this paper, only Japanese education and training are discussed. The objective of this research is to reveal to what extent Japanese education and training practices are introduced and practiced in Malaysian auto manufacturing companies since the implementation of the Look East Policy.

This is done by analyzing survey-based data sets recently obtained from samples of Japanese and locally owned auto manufacturing companies. The auto manufacturing industry in Malaysia is a growing industry and most of these companies have Japanese interests. Here a comparative study was made between a Japanese auto manufacturing company and three other local auto manufacturing companies - two with Japanese interests and one fully Malaysian-owned.

To preview the main findings and conclusions of this research, it appears that there is not a single model of education and training practices operating in Malaysia and that the Malaysian enterprises have not designed their education and training practices after those of their parent company - Japanese, American or otherwise. However, it does suggest the existence of some consistent sets of education and training behavior among the companies, though these patterns may not be representative of Malaysian education and training behavior.

This paper is divided into four parts: (1) a review of related literature (2) analytical framework and research methodology (3) research findings and (4) implication of these findings for Malaysia.

### ***A Review of Related Literature***

The major contributors to the literature on Japanese human resource management practices include both foreigners and the Japanese themselves. Foreign contributors include Abegglen<sup>(1)</sup>, Levine<sup>(2)</sup>, Whitehill<sup>(3)</sup> and others. One of the representative characteristics inherent in the Japanese style of human resource management is

training and education for all levels of employees with funding from the company. Worker productivity gains have been enhanced through the application of suggestion programs and such small group activities as quality control circles (QCCs).

Ouchi and Jaeger<sup>(4)</sup> states that the traditional philosophy of Japanese education and training emphasizes on-the-job training and others. On-the-job training plays a principal role and other forms of training are introduced only as a supplement. OJT is basic for skilled workers, while a specially designed off-JT education and training system internal to the firm is aimed mainly at the office and technical staff. Skill training based on on-the-job training techniques in Japan is related to job mobility and job rotation<sup>(5-7)</sup>. Training programs are regularly injected with sessions of off the job training to instill intellectual skills into employees.

In Malaysian organizations, the most popular OJT techniques are coaching which includes job rotation and self-learning. Off-JT is contracted to outside agencies to train managerial employees. Recently, correspondence courses have also come into use as an educational method. Most Malaysian employees are sponsored by their employers, and wage payment during the training period is guaranteed. Trainees are required to continue working in their firms on completion of training, but if they want to change firms to get a better job, management does not have any effective means by which to prevent them from moving.

### ***Analytical Framework and Research Methodology***

The approach is to target local enterprises as much as possible in the collection of primary data through a set of questionnaires as well as in-depth interviews with the human resource director and some employees of each company. Questionnaires written in English and structured with an answering scale for early response were mailed out to most of the auto manufacturing

companies in Japan and Malaysia.

The first step was to contact the Human Resource Department of each of the companies by telephone. A meeting with the Human Resource Department was arranged and a general outline of this research's aim and methodology was mailed to them in advance of the meeting. At the first meeting with the Human Resource Department, the theme, the purpose, general outline, method, and details of this study were explained. Three requests were made: (i) to complete the questionnaire (ii) permission to interview the human resource staff and (iii) permission to privately interview company employees in different positions within the company - managers, engineers and clerical staff. Interviews were carried out in a private room and lasted for an hour to an hour and a half. Tape recordings of each interview were made. Notes were also taken during the interview and after each interview, a summary of each interview was drafted.

The data collected were then analyzed. First, the taped interviews were transcribed into written form. This was done repeatedly in an effort to retain the essence of what the individual was trying to say. Then answers from the questionnaires were compiled and summarized. The summarized responses to each question were compiled and compared. The answers to questions relating to a similar topic were tabulated in a series of tables. Each table was analyzed to identify key trends. These key trends were then tabulated in a second chart. Overall emerging themes were then identified and these results were used for the writing of this paper. The research findings will be presented in greater detail in the following section.

## Research Findings

It has been hypothesized that since the Look East Policy has been in practice for almost two decades, the emulation of Japanese education and training practices in Malaysian companies should be significant. The extent of Japanese education and training practices introduced and practiced in Malaysian companies should be reflected in the management policies of Malaysian companies. However, though it cannot be denied that some elements of Japanese education and training behavior do exist among the companies, the transference of Japanese education and training practices into Malaysian companies would take longer than expected due to many factors among them cultural differences.

A comparison of education and training practices of the Japanese companies with those of locally owned firms in the auto manufacturing industry reveals a number of similarities and differences. The degree of similarity is high in the fields of on-the-job training and off the job training. It is low in such areas as self-development and intensity of training. The main difference here between the two countries is that Japanese employees are given constant and consistent training throughout their career. Malaysian enterprises, however, carried out little training for its employees, at least not until recently.

For the purpose of this comparison, one major auto manufacturing company in Japan and three locally owned assembling companies are taken as examples - J1 Motor Corporation, M1 Motor Corporation, MJ1 Motor Corporation and MJ2 Motor Corporation. Ownership of the above organizations is as summarized in Table 1.

**Table 1 Ownership**

Name of Organization	Ownership
J1 Motor Corporation	100% Japanese
M1 Motor Corporation	100% Malaysian
MJ1 Motor Corporation	5,56% Japanese, 94.44 Malaysian
MJ2 Motor Corporation	32% Japanese, 68% Malaysian

The discussion will first focus on the training and education system in Japanese auto manufacturing corporations.

J1 Motor Corporation believes that the greatest asset of a business enterprise is its human resource. As such, it offers a wide variety of educational and training programs, which include on-the-job training, as well as formal and informal educational programs. The aim is to develop *creativity, positive attitude, and a sense of responsibility*. Through these, workers can improve their respective skills and develop a sense of fulfillment as members of society.

All locations of corporate activities at J1 serve as settings for the development of employee capabilities. These activities which are divided into “*on-the-job training (OJT)*,” “*voluntary activities*” and “*collective education*” place maximum emphasis on encouraging trainees to attain the highest possible degree of motivation.

Of the three, on-the-job training plays the central role. Guidance and assistance to subordinates is provided by supervisors who try to instill in them a strong motivation to work. It is important both for the company and for the individual to have each employee participate in management and have a strong motivation to work. Employees gradually become aware of their shortcomings through the daily round of work activities at the work site, and attempt to overcome them. This process leads to self-improvement through voluntary activities.

Collective education, which includes education and training by level of purposes, such as quality control or health and safety, and education carried out independently at the individual work site supports and promotes both OJT and voluntary activities. These three activities are thus tied closely together and mutually reinforce each other in the promotion of employee development.

Concerning opportunities for developing capabilities, the elevation of capabilities becomes

possible only when the employees themselves are eager to study and grow. The capabilities of the individual employee are developed and performance results improved through the demonstration of this motivation equally among all three activities.

As far as Malaysian enterprises are concerned, in Japanese-owned assembly firms, training focuses on the development of job-related skills, delivered primarily through on-the-job training. Discussion with the managers of MJ1 Motor Corporation and MJ2 Motor Corporation reveals that after years of training efforts, only slight improvement can be seen in employee skills. Significant constraints to skill development resulted from language barriers between Japanese management and Malaysian workers, inadequate time devoted to training, and high absenteeism and turnover. High absenteeism and turnover of factory workers seems to be the major constraint even in non-Japanese firms.

Though the three methods of training are found in Malaysia, Malaysian employees prefer specialization of jobs and skills. Consequently, multiple skill training is difficult to conduct because employees do not touch jobs other than their own. Based on the interviews with some of the employees in the companies surveyed, the main reason is that there is a tendency to overload workers with multiple skills. Capable workers are usually given greater responsibilities and many do not want to expose their knowledge, as it will mean more work for them. Unlike Japan, workers with multiple skills are not given a higher pay. Neither is there an upgrading of skill rank. Furthermore, immediate superiors may feel intimidated if their subordinates are more qualified and competent. This may even jeopardized their chances of promotion. Others quoted that they do not have the skills to carry out a different task.

For all the Malaysian companies analyzed, important duties are assigned to employees as the need arises especially to senior and experienced personnel at both the management and

production levels. All employees receive guidance from their superiors. In some companies, top managers directly inspect the work sites and provide guidance, but in others this is done by the supervisor, team leader or charge hand. There is no active job rotation for administrative and technical personnel but active job rotation is carried out for production workers. The emphasis is on-the-job training, apprenticeship, classroom training and practical experience after classroom training. Though most of the training is on-the-job, there is no mentor system. New recruits come in and are placed under the supervisors for a short period. Basic skills are imparted to them gradually and after sometime, they are expected to carry on the job on their own. They eventually gain new skills as they move along in their job.

Though on-the-job training is widely used in Malaysia, Malaysian organizations also appear to have realized the importance of off-the-job training as well for both white and blue-collar workers. The most common form of off-the-job training is role-playing, case study, lectures, seminars, discussion groups, leadership training and slide presentations. In all the companies surveyed, leadership courses for managers are carried out normally once a year after which they provide in-house training for staff. In-house training is conducted directly by top managers and is usually trainee-centered. Education and training is designed and implemented primarily by company staff. Practical education and training is closely fitted to the work site. In-house training remains a continuous process and there is no fixed syllabus to be followed. Group in-house training includes integrated work system, daily management information system and side view review.

Training consultants are also called in to conduct courses including motivation-training programs. These include not only local trainers but also those from abroad, for example, from Japan, America and Australia. Though language may be a barrier to effective training in some

cases, training is still conducted with the help of interpreters.

Based on interviews with the Human Resource Director, all the Malaysian auto manufacturing companies contribute 1% of the payroll to the Human Resource Development Fund. These funds were fully utilized by the companies analyzed for their training courses. Though all employees are given equal opportunities to go for training, many take the initiative for self-development. All the companies do their best to support and accommodate employees willing to study. M1 Motor Corporation, for example, pays for part-time courses attended by employees. If the company sends employees for further education, the employee concerned gets full pay while on study leave.

In an effort to encourage self-learning, official certificates are issued by training institutions after attendance at a technical course. As long as there is a certificate to prove so, an employee is considered “skilled”. It motivates the workers and there is an increase in productivity, efficiency, diligence and ability to work as a team after training. However, respect for seniors, respect for juniors and ability to work with foreign personnel and loyalty to the company remained the same after training.

At the present moment, QC circles are not very popular and in all the companies surveyed, none has well-established QC circles. Incentive schemes resembling QC circles were set up at the company’s initiative and cash or other forms of rewards are awarded for their efforts. M1 Motor Corporation, for example, has a scheme known as the “*Work Improvement Suggestion Scheme*” which is carried out every month and each suggestion accepted is paid RM10. Every year between January and July, “*KAIZEN Competition*” is carried out, of which 3 winning teams are sent to Japan for presentation. Those teams not sent will be given holiday tours sponsored by the company. As for QC Circles, ten members in each team with their own team names and logos will lay out their objectives and one

theme is acted upon. As for MJ1 Motor Corporation, there are no QC Circles but it practices “KAIZEN” and “TEIAN”.

In summary, it can be concluded that Japanese auto manufacturing companies place more emphasis on training. Training and education in Japan is not only systematic and consistent but an on-going process throughout the entire career of the employee. Education and training in Malaysia, however, is limited and the number of training programs carried out annually is nothing compared to those carried out by Japanese corporations. There are many constraints to this limitation. Unlike Japan, there is no long-term employment policy in Malaysian corporations. Companies are not willing to invest heavily in training only to lose a trained worker to another enterprise. Besides, workers retire earlier and the returns from investment in training and education are very much affected by this. There is also a tendency for workers to go for self-development programs at their own expense, thus reducing the pressure on companies to train up its workers. Before the implementation of the Human Resource Development Fund, there was not much allocation for education and training and little effort was made to develop human resources.

Though Malaysian enterprises are very much behind Japan as far as training and education is concerned, much effort has been stimulated to narrow the gap. Prevailing opinion that Malaysian enterprises depend on off-the-job training systems does not apply to all the companies surveyed. On-the-job training is the dominant system though turnover is relatively high in some of the companies especially for production workers. Nevertheless, as the informal and invisible on-the-job training system is the key to skill formation, Malaysia’s emulation of Japan’s on-the-job training for a long-term basis is of prime importance. Supplemented by off-the-job training systems, education and training will play a more prominent role in the companies’ efforts to upgrade the existing valuable workforce.

### ***Implications of these Findings for Malaysia***

Research findings showed that there is not much emphasis on education and training in Malaysian auto manufacturing corporations. This is due to many factors, among them job-hopping and limited budget set aside for this purpose. However, the government has come to recognize the fact that for the economy to grow, Malaysia must produce a pool of skilled human resources. Malaysia has tried to emulate Japanese education and training policies, as it is believed that Japan’s human resources had a big role in shaping Japan into the economic power it is today.

One of the positive steps taken by the Malaysian government is the establishment of the Human Resource Development Fund in 1993. Contributing 1% of their payroll has made it necessary for many companies to draft staff development training programs. More institutions of higher learning have also been set up to cater for the increased demand by individuals as well as by corporations. With the advance of technology and the digital age, the government is also promoting EHR or electronic human resources where computers will play an important role in developing human resources. With better education and training opportunities, it is hoped that Malaysian workers would be able to attain higher standards of workmanship. Providing more education and training for Malaysian workers means more would be better equipped to independently organize activities and solve problems.

Though QC circles are not very popular in Malaysia, even in Japanese subsidiaries, expectations are high that Malaysian workers with a higher general level of education now may take innovative measures to improve the quality of products and to raise productivity. This is further enhanced by the fact that the National Labor Advisory Council has included a variable component (where wage increase for the year based on productivity profit sharing-formula) in

its wage reform system. Once implemented, QC circles set up at the workers' request would probably be a common feature in Malaysian enterprises.

Besides, with the passing of the Private Higher Education Institution Act in 1993, many courses are now available. Many foreign universities such as those from UK, U.S., Australia, Japan, Germany and France have collaborated with Malaysian institutions to offer expert training. In Malaysia, self-training has played an important role in human resource development. As companies do not provide many training opportunities (at least not until recently), many employees take the initiative to attend courses at their own expense. Most of these self-development courses are conducted in the evenings after office hours and during the weekends. The availability of such self-development courses now makes it possible for those without tertiary education to compete on equal grounds with those who have completed tertiary education.

In addition, the mentor system, which is visibly absent in Malaysian context, can be readily assimilated into the working environment of Malaysian companies. New employees in Malaysian companies are normally at a loss on their first day of work and productivity is rather low in the initial stages. As time progresses, they slowly discover the nature of their work. With the presence of the mentor system, a unique feature of Japanese human resource management, new recruits would be able to adapt themselves to the new environment sooner. Turnover rate of new employees could also be reduced as some new recruits leave because of the inability to adapt and assimilate in the new environment.

In conclusion, research findings showed that the education and training system of Malaysian corporations do have certain implications for Malaysia. Though there is a tendency to emulate Japanese education and training practices, there are still some constraints that need to be tackled. As long as these are not overcome, Malaysia's effort to "Look East" will not be able

to progress at a speedier rate. Twenty years have passed since Malaysia openly declared its intention to Look East and emulate Japanese education and training but its efforts did not yield significant results. However, all is not lost as there have been positive moves taken toward achieving this goal. In time to come, perhaps, the Japanese system of education and training could be applied to the Malaysian workplace.

### **Conclusion and Recommendations**

Education and training have played a prominent role in Japan's human resource development. Fresh graduates are taken in and various forms of training such as internalized on-the-job training and job rotation are provided to them throughout their career with the organization. Loyalty to the organization is ensured and it makes it worthwhile for the company to train its workers.

Unlike Japan, Malaysian companies prefer experienced personnel. As such, not much training is needed. However, it encourages job-hopping and most young recruits do not stay on for a long time. Japanese education and training should be encouraged in Malaysia, as it is beneficial to the nation as a whole in the long run. At present, training is carried out on a moderate scale and is not as intensive as in Japan. However, all companies should make an effort to put more emphasis on training to improve the skills of their employees and to retain good personnel.

For more commitment in education and training, routine hiring of new school graduates and long-term employment should be practiced. Hiring as when needed and on an ad hoc basis is one of the major causes of job-hopping. Besides, recruiting new school graduates and long-term employment makes it worthwhile to carry out training especially now that the Human Resource Development Fund has made it compulsory to set aside funds for training. There is also much talk about raising the retirement age and this further supports the education and training programs. Appropriate education and

training for long-term employment will lead to greater commitment on the part of the employees.

A main conclusion from the findings of this research was that Malaysian auto manufacturing enterprises have not designed their education and training practices after those of Japanese enterprises. All the organizations rely heavily on training techniques that emphasize mainly job rotation for on-the-job training and lecture and case study for off-the-job training. Though on-the-job training is widely used, to create a well-rounded employee who is equipped with better balance of practical and intellectual skills, all the organizations have realized the importance of off-the-job training as well.

Unlike Japan, there are no constant and long-term training programs for Malaysian enterprises. Though long-term training programs are needed to halt the problem of job-hopping, there was no incidence of long-term training in all of the companies surveyed. Self-learning seems to be a more popular method of self-improvement. The increasing demand for self-learning perhaps showed that there are insufficient training programs carried out in Malaysian corporations. Since education and training in Japan is an undeniable reason for its success, why then is there a lukewarm reception of Japanese education and training system in Malaysian corporations? This is even more surprising considering that Malaysia openly pledged to emulate the Japanese practices under the “*Look East Policy*”.

Is there really then a necessity for Malaysian enterprises to continue, “*looking east*” after a two-decade trial? If consideration is given to certain factors that counter the application of Japanese education and training practices in Malaysia, Japanese education and training techniques with minor modifications can be successfully introduced in Malaysia. The transference of Japanese education and training practices must be undertaken with patience and understanding, and in line with the mainstream of the basic cultural values of the local community.

### References

1. Abegglen JC. **The Japanese factory**. Illinois: The Free Press, Glencoe, 1958.
2. Levine SB, Kawada H. **Human resources in Japanese industrial development**. Princeton, NJ: Princeton University Press, 1980.
3. Whitehill AM. **Japanese management: tradition and transition**. London: Routledge, 1991.
4. Ouchi WG, Jaeger AM. Type Z organization: Stability in the midst of mobility. In: **Academy of management review**. Mississippi: Mississippi State University, 1978.
5. Koike K. **Understanding industrial relations in modern Japan**. London: Macmillan Press, 1988.
6. Tokoro M. **Human resource in Japanese corporations (Nihon kigyo no jinteki shigen)**. Tokyo: Hakuboshobo, 1992. (in Japanese).
7. Muta H. Survey report: Japan. In: **Asian dynamism through human resource development**. Tokyo: Asian Productivity Organization, 1993.