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# A Comparative Analysis of Human Resource Management Between Japan and Malaysia in the Auto Manufacturing Companies

Hooi Lai Wan\*

## Abstract

This chapter addresses the question of whether there is in fact a single model of Japanese HRM practices in Malaysia. This is done by analysing survey-based data obtained from Japanese and locally owned firms in the same industry. To preview the main findings and conclusions of this research, it appears that there is not a single model of HRM practices operating in Malaysia. However, it does suggest the existence of some consistent sets of human resource management behaviour among the companies, though it cannot be said with much confidence that these patterns are indeed representative of Malaysian human resource management behaviour.

**Keywords:** hiring practices, pay system, annual increment system, promotion, training and education

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## 1. Introduction

In recent years the management of human resources in Japanese enterprises has attracted a great deal of attention abroad. Their system is considered to be one of the key factors accounting for the success they have achieved in improving productivity and the quality of the goods and services they produce. Japanese firms practice a form of “high-commitment-type” work-employment system featuring job stability, flexible job design, work teams, relatively flat pay structures, substantial variable compensation and on-the-job training, among other characteristics. However, to what extent has this “high-commitment” or “salaried worker” model been successfully transported across national boundaries, including to Malaysia?

This paper addresses the question of whether there is in fact a single (high-commitment/salaried-worker or other) model of Japanese HRM practices in Malaysia. This is done by analysing survey-based data sets recently obtained from samples of Japanese and locally-owned firms in the same sector or industry. In-depth interviews were held with key informants in the locally-owned companies. For the purpose of this paper, research on automanufacturing companies was carried out. To preview the main findings and conclusions of this research, it appears that there is not a single model of HRM practices operating in Malaysia, either among Japanese joint venture or locally-owned firms.

This paper is divided into two parts:

1. Analytical framework and research methodology
2. A comparison of HRM practices of Japanese companies with those of locally-owned firms in the automanufacturing industry.

A comparative analysis of human resource management in PROTON with that of other companies did not materialise as sufficient data was not available.

## 2. Analytical Framework and Research Methodology

The Japanese system of human resource management can be more fully understood by studying how it developed at home. A review of the literature reveals two schools of thought regarding its uniqueness: the culturist school and the structural (internal labour market) school. A number of writers<sup>1)</sup> have argued that the Japanese have combined up-to-date Western techniques with traditional Japanese attitudes and behaviour to create a flexible yet productive work environment. Their arguments all reflect the "culturist" view (i.e. since Japanese culture values harmony and order, Japanese management style favours harmonious and consensual employer-employee relations). Levine and Taira<sup>2)</sup> and Shirai and Shimada<sup>3)</sup>, however, present compelling criticisms of that view. Shirai and Shimada maintain that "the seemingly 'paternalistic' labour-management system in modern, large corporations is rooted in an economically rational response of employers to the severe shortage of desired types of labour". These writers hold that management strategies developed by large firms are more a pragmatic response to prevailing economic conditions than decisions based on cultural values.

As far as Japanese parent companies are concerned it can be argued that the cultural and structural schools of thought reinforce each other, i.e. the strategies and techniques developed by large firms are in fact designed to achieve both harmonious relations and economic efficiency. In the case of Japanese subsidiaries in Malaysia, however, it is hypothesised that they will follow the corporate philosophy of the parent company but will have to modify their personnel and labour relations policies to suit the local environment (laws and customs). Japanese-owned firms in Malaysia would be expected to provide greater opportunities for employee participation in decision-making and more benefits to their employees than their local counterparts.

For the study of this paper, particular attention was paid to areas of human resource

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- 1) Abegglen, J.C. 1958. *The Japanese factory*. Glencoe, Illinois, The Free Press; Dore, R. 1973. *British factory-Japanese factory*. London. George Allen and Unwin; Odaka, K. 1975. *Toward industrial democracy*. Cambridge, Massachusetts, Harvard University Press; Hanami, T. 1979. *Labor relations in Japan today*. Tokyo, Kondansha International.
  - 2) Levine, S.B.; Taira, K. 1980. "Interpreting industrial conflict: The case of Japan", in B. Martin and E.M. Kassalow (eds.): *Labour relations in advanced industrial societies: Issues and problems*. Washington, DC, Carnegie Endowment for International Peace.
  - 3) Shirai, T.; Shimada, H. 1978. "Japan", in J.T. Dunlop and W. Galenson (eds.): *Labor in the twentieth century*. New York, Academic Press.



management in which Japanese firms are said to have made a distinctive contribution, that is:

1. hiring practices
2. pay system
3. annual increment system
4. promotion

Data were collected in each on locally owned firms as well as Japanese firms engaged in the same line of business. The questionnaire was kept short and simple, a factor which restricted the amount and type of information that could be collected. To make good the deficiency, in-depth interviews were held with key informants in each of the locally owned firm.

### 3. A Comparison of HRM Practices of Japanese Companies with those of Locally-owned Firms (Malaysia) in the Automanufacturing Industry

A comparison of human resource management practices of the Japanese companies with those of locally-owned firms (Malaysia) in the automanufacturing industry reveals a number of similarities and differences. The data compiled here are based on results from a questionnaire sent to the various companies as well as an interview with one of their HRM personnel. Questionnaires were sent to most of the automanufacturing companies in Japan and Malaysia of which some companies responded. Of these, one major automanufacturing company in Japan and three locally-owned assembling companies are taken as examples - AJ Motor Corporation, BM Motor Corporation, CM Motor Corporation and DM Motor Corporation.

#### 3.1 Outline of Companies

##### AJ Motor Corporation

Established: about 60 years ago Main business: manufacture and sale of automobiles, industrial vehicles, ships, aircrafts, other transportation machinery, aerospace machinery, parts, and components; manufacture and sale of prefabricated housing unit and home-related equipment Net sales: 1990-10,000 billion yen 1994-10,000 billion yen Net

income: 1990-450 billion yen 1994-125 billion yen Net income per share: 1990-114 yen 1994-33 yen Capital: 1990-250,000 million yen 1994-270,000 million yen Total number of employees: 1990-68,000 1994-73,000

#### BM Motor Corporation

Established: 30 years ago Main business: assembling passenger cars and commercial vehicles Capital: Malaysia-100% Total number of employees: 750 (1994)

#### CM Motor Corporation

Established: 20 years ago Main business: assembling a diverse line of passenger cars and main trucks Capital: Japan-5.56% Malaysia-94.44% Total number of employees: 750 (1994)

#### DM Motor Corporation

Established: 15 years ago Main business: assembles Japanese as well as local models passenger cars Net Sales: RM 25 million (1994) Capital: Japan-32% Malaysia-68% Total number of employees: 600 (1990); 1,200 (1994)

### 3.2 Hiring

Japan's academic year begins in April and ends in March. Recruitment on college campuses begins in January and continues throughout the remainder of the academic year.

Normally recruitment is done locally especially for blue collar workers. For example, Toyota may recruit heavily from the Mikawa-Aichi area. When this practice does not yield enough people, recruitment may be extended nationwide, especially in the labour surplus regions of Hokkaido, Tohoku and Kyushu<sup>4)</sup>. When these new recruits come to work, they are placed in company dormitories, which incidentally provide an additional opportunity for employee education.

Whether a new recruit is a management-bound, salaried worker or a high school graduate wage earner, he needs a guarantor to become accepted in the company. In the case of the former, the guarantor may be his professor or some management person in the company. The latter may be his home town mayor or chamber of commerce director. These guarantors are personally known to the company and, if the new recruit violates the rules of the company, the guarantor will be asked to admonish him.

Candidates for regular employee status are subjected to a series of selection instruments to assess personality traits, such as the ability to associate and get along with others, learning potential, and ability to conform. Aptitude, skill and proficiency are

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4) David J. Lu, "Inside Corporate Japan: The Art of Fumble-Free Management," 1989, pp.37

not given much consideration. Desirable qualities are flexibility and a sense to preserve harmonious group relations. Typically, the large companies are interested primarily in candidates only from the best schools.

Graduation from one of the better known universities or high schools is taken as a sort of guarantee for the applicant's overall acceptability. The selection procedure starts with a written examination which tests mainly the ability to recall memorised facts and figures, and not insight, initiative or specialised knowledge. The important attribute for selection seems to be conformity rather than highly individualistic characteristics or outstanding abilities. The school report, interview and written examination form the procedure, apart from a physical examination depending on the size of the firm. The candidate is asked to fill a personal history form; his school reports are collected; police verification is made; family background is checked; and some declaration from the previous employer is obtained by the new employer. Occasionally psychological tests are administered. The applicant is carefully screened to ensure that he will endorse organisational values. Sensei, the teacher, is a crucial figure in the recruitment process. The *sensei* writes letters of recommendation, uses his influence to arrange for an offer, and even attempts to obtain a job for his student<sup>5)</sup>.

In the past, workers for the shop floor were hired from middle schools, and high schools provided the clerical help. With the vast majority of Japanese now attending either vocational school or high school and many more going on to the university, the education level on factory floors has changed. Today, the new hiree for a shop position is likely to be a high school graduate occasionally with some junior college training.

In Malaysia, recruitment is carried out whenever a vacancy arises. Normally vacancies are advertised in the newspapers especially for the big companies or by word of mouth. The applicants normally write in formally and then an interview will be conducted if he fulfils the requirements. Sometimes walk-in interviews are accepted. No guarantor is needed in most cases.

In Japan, hiring decisions are of strategic importance; companies earnestly try to persuade outstanding students to join them. For a person seeking employment, the selection of the company decides the future course of his life. During the employment examination season, it is customary for students to make so-called "company calls" that is, visit several companies and decide which company's test to take.

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5) A. V. Srinivasam, "Japanese Management: The Indian Context," 1990, pp. 24

A questionnaire sent to the companies under survey and an interview with some of the local companies executives reveals the following findings. The questionnaire sent is as given below. For the first part, the companies were asked if the hiring practices applied to their companies. The second part shows how the potential candidate is rated during the interview, thus the companies field of emphasis in recruitment.

Hiring practices of the companies were based on the following:

1. directly from schools and colleges/universities
2. local labour market
3. foreign labour market (hiring of foreigners)
4. preference given to relatives of employees
5. mixed hiring
6. recruiting the disabled and young people

Table 1 : Points Rated By Interviewers

	Above requird standard	Meets requird standerd	Below required standerd
Physical make-up			
Attainments : education training job experience			
Graduating School/University			
General intelligence			
Special aptitudes			
Interesrs/ Willingness			
Disposition : leadership self-reliance motivation initiative acceptability			
Results of medical			
Reference information			
Overall assessment			

7. direct discrimination (sex, marital status, colour, race, nationality)
8. indirect discrimination (qualifications or other requirements with which few people in a particular group will be able to comply, unless these are justified in relation to the job)

The interviewees were rated on each of the following points as shown in Table 1.

#### AJ Motor Corporation

##### Hiring practices:

As for AJ Motor Corporation, recruiting directly from schools and colleges/universities seems to be the main policy. Like other companies in Japan, job seekers in the local labour market are taken up first. Recruitment from the foreign labour market is usually through an agent and not directly. The company recruits the disabled and young people as well. If not practised, the company has to pay a certain sum of money to the government. There is no direct discrimination nor indirect discrimination.

Advertising for employment vacancy: advertise in schools, colleges and universities or through employment agency

Rating: attainments, graduating schools/universities general intelligence, interests/willingness and reference information is above required standard but job experience is below required standard. It is essential that the others meet required standard.

##### New Employees

The company has a mentor-mentee system (sempai-kohai). All successful recruits are given immediate training once he has been recruited by the firm. Normally induction training and on-the-job training is given. There is also the possibility of a newly recruited employee being assigned to another branch after completing preliminary job training. Newly recruits are normally not terminated.

#### BM Motor Corporation

##### Hiring practices:

A policy of recruiting directly from schools and colleges/universities is practised here. Though most of the new recruits are from the local labour market, the company has two foreign consultants who can stay for a maximum 3 years. During recruitment, preference is given to relatives of employees. Recruiting the disabled and the young is practised here and the company has one limping employee. There is no form of any discrimination - direct or indirect.

Advertising for employment vacancy: advertise internally and in newspapers

Rating: meets required standard

#### New Employees

The company does not have a mentor-mentee system (sempai-kohai). All successful employees are given a one day orientation and short training (4 days) and also on-the-job training. Induction training is given to all new employees. Trial period for new recruit is 9 months for managerial personnel, 3 months for production workers and 6 months for those above production levels. If the new recruit failed to meet the expectations of the firm during the trial period, he will either be terminated or given an extension of probation depending on which category he failed. If he failed in attendance and attitude, he will be terminated. If failed in work performance, he will be given an extension of the probation period. The rate of turnover for production workers is 4-9% monthly. Daily allowance is given to them to ensure regular attendance. There are no part-time workers.

#### CM Motor Corporation

##### Hiring practices:

Recruitment is carried out directly from schools and colleges/universities especially in the management level, for example, engineers. Though recruitment is mainly from the local labour market, CM Motor Corporation has the highest number of foreign labour among the companies surveyed. At present about 100 Bangladeshis are being employed by the company as production workers. In the Employee Gets Employee Scheme, preference is given to relatives of employees during recruitment. Recruiting of the disabled and young is also carried out with 35 having hearing disability. Like the other companies, no direct discrimination nor indirect discrimination exists here.

Advertising for employment vacancy: advertise internally and in newspapers, banners, walk-in interviews, recommendations

Rating: meets required standard for all except for job experience and general intelligence which have to be above required standard.

#### New Employees

The company does not have a mentor-mentee system but rather a "buddy-buddy system". Successful employees are given immediate training once they have been recruited by the firm. Production workers are normally given on-the job training whilst executives are given training in line with his work. Induction training is also carried out. Probation

period for new recruit varies from 3-6 months. Production workers are normally terminated if they failed to meet the expectations of the firm during the trial period but for management personnel there had been no cases of termination so far. The rate of labour turnover in relation to training is rather low for management personnel. As for production workers, there is a turnover rate of about 8% every month. Daily allowance is given to them to encourage regular attendance. There are no part-timers.

#### DM Motor Corporation

##### Hiring practices:

Recruitment from both the local and foreign labour market is carried out here with special preference given to relatives of employees. However, the company does not recruit the disabled and the young. There is no direct or indirect discrimination.

Advertising for employment vacancy: advertise internally and in newspapers, walk-in interviews, recommendations, radio

Rating: meets required standard for all except for disposition (above required standard) and reference information (below required standard)

##### New Employees

The company has a mentor-mentee system. Successful employees are given immediate training especially for production workers. It is the company's policy to provide orientation and induction training to newly hired employees. A trial period of 3 months is given to all new recruits. If the new recruit failed to meet the expectations of the firm during the trial period, the probation period will be extended for another 3 months. The rate of labour turnover in relation to training is low for management personnel but for production workers there is a turnover rate of about 10-20 workers per month.

### 3.3 Pay and Annual Increment System

Wages in Japan are composed of a monthly regular salary, which includes scheduled earnings and non-scheduled earnings. Besides the monthly wages, bonuses are paid two times a year (usually, summer and winter) to all full-time employees. The amount of bonus in one year is equivalent to about four to five months' pay. The rate of wage increase is set up during the Spring wage negotiations.

In addition to the job, ability, performance and schooling, wages especially depend upon age, length of service and family structure, which are related to seniority and livelihood. The proportion of job and ability elements to seniority and livelihood ele-

ments vary with the company.

Pay is increased periodically. If the company performance is not extremely poor, every year, usually in April, wages are raised. This is the basis of seniority wage scheme. However, in recent years the increment has been rather negligible due to a slowdown in the country's economy.

The seniority-based wage curves are found irrespective of industry, size of enterprises, level of educational background of the workers or sex, though the rate of increase according to seniority may be different. The example of the wage curve for standard male workers who enter a particular company immediately upon graduation from school and continue to work for the same company, shows the following features<sup>6)</sup>:

1. *By educational background*: At each level of educational background, wages tend to increase consistently with age until workers reach the first half of the 50s, and the peak gets higher in proportion to the educational attainment.
2. *By industry*: Wages reach the peak when workers attain the first half of the 50s in each industry, and the peak is higher in tertiary industries than in manufacturing industries.
3. *By size of enterprise*: The increase in the wage rate is bigger as the size of the enterprise becomes larger. Wages reach the peak for workers aged 50 to 54 in large enterprises, while, in small enterprises, they are highest at the age of 45 to 49.

The seniority wage system is also applied to female workers, but the rate of wage increase is smaller and the peak comes earlier than for male workers.

The same wage scheme is applied to all full time employees within a company: sales persons, factory workers, as well as managers, office workers and engineers.

Wages in Malaysia are composed of a monthly regular salary and a bonus (during good times), which is usually given in December. The amount of bonus in the year ranges from half month to three months pay. The rate of wage increase is usually determined at the end of the year based on a fixed rate for some companies and at the discretion of top management (based on their performance for the year) for others.

AJ Motor Corporation

Management personnel and production workers are monthly paid but part-time work-

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6) Nakamura Tadashi, "Labour In Japan," 1988, pp. 134



ers are paid on an hourly basis. A mixed annual increment system is used for both management personnel and production workers. Part-timers are entitled to automatic increment. Pay adjustment does not necessarily follow training. Company reward deserving employees who do not have much formal qualifications by means of a base-up and grade-up system. Both bonuses and share option schemes are available to all employees. As long term employment applies here, wage or salary does not have much effect on labour turnover rate. All workers are entitled to health and welfare benefits stipulated by law (health insurance, social security, unemployment insurance, etc.); other health and welfare benefits (lunch subsidies, commuting allowances, housing subsidies, etc.); and retirement allowance.

Long term employment, promotion based on seniority and consensus decision making will remain as the heart of the company's culture. Because of global business conditions, the company should modify and try to change the condition gradually, taking into consideration the external factors that can be adopted. The company has tried to eliminate ranks and has tried to introduce a promotion and pay system that depends somewhat more on performance. It sounds new and revolutionary by Japanese standards. Long term employment will disappear only to some extent.

#### BM Motor Corporation

Management personnel are monthly paid whereas production workers are paid on an hourly basis. All production workers received standard pay. There are no part-timers. Annual increment for both management personnel and production workers are same within a group, i.e. increment is automatic. Pay adjustment does not necessarily follow training. Deserving employees are rewarded in terms of medical benefits and insurance. If a worker contracts a certain disease, he is eligible for 6 months full pay and 6 months half pay. Loans are also available to deserving foreman. Share option schemes are available to executives and above. Production workers are not eligible for share option. All workers are entitled to annual leave, study leave, sick leave and compassionate leave (maximum 8 days). Union leaders are also entitled to leave to attend meetings, etc. Production workers are hourly paid and therefore they do practice flexible working hours. However, as for management personnel, this is not encouraged. Time off in a way does jeopardise an employee's chance for promotion or training opportunities.

#### CM Motor Corporation

Management personnel are paid monthly whilst production workers are hourly paid.

There are no part time workers. Annual increment for management personnel is based on merit rating with an annual increment of between 7-12%. As for production workers, annual increment is automatic based on collective agreement, normally at about 7%. Pay adjustment does not necessarily follow training but if promotion follows training, then there is a pay increment. Deserving employees who do not have much formal qualifications are given merit increment, loans and other staff benefits. Bonus of about 2 months is paid but no share option scheme is available. All workers are entitled to annual leave, medical leave, compassionate leave, etc. Production workers are hourly paid and therefore they do practice flexible working hours. However, as for management personnel, this is not encouraged. Time off in a way does jeopardise an employee's chance for promotion or training opportunities.

#### DM Motor Corporation

Management personnel are paid monthly whilst production workers are hourly paid. There are no part-time workers. Rate for the job is fixed based on a corporate guide-Motor Vehicle Assembly Association (MVAA). Pay adjustment (an increase) does not necessarily follow training. As for deserving employees who do not have much formal qualifications, the company rewards them in terms of staff benefits such as free medical facilities and day allowance. Bonus for the year is not less than one month but no share option scheme is available to all employees. All workers are entitled to annual leave, compassionate leave, sick leave, maternity leave, etc. Before confirmation, they are entitled to no pay leave. Production workers are hourly paid and therefore they do practice flexible working hours. However, as for management personnel, this is not encouraged. Time off in a way does jeopardise an employee's chance for promotion or training opportunities.

In both Japan and Malaysia, all management personnel are monthly paid. As for pro-

Table 2 : Pay System

	AJ	BM	CM	DM
Management Personnel :				
Top management	monthly paid	monthly paid	monthly paid	monthly paid
Middle management	"	"	"	"
Lower management	"	"	"	"
Production Workers	"	hourly paid	hourly paid	hourly paid
Part-time Workers	hourly paid	—	—	—

Table 3 : Annual Increment System

	AJ	BM	CM	DM
Management Personnel : Top management	mixed	automatic	merit	merit
Middle management	"	"	"	"
Lower management	"	"	"	"
Production Workers	"	"	automatic	automatic
Part-time Workers	automatic	—	—	—

duction workers, Malaysian employees are hourly paid whereas in Japan they are paid on a monthly basis. Part-time workers are paid hourly in Japan whilst in Malaysia there are no part-time workers. No fixed pattern could be observed in the annual increment system for all the companies surveyed. The pay and annual increment system can be summarised as in Table 2 and Table 3.

#### 3.4 Promotion

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

Most Japanese companies practise long-term appraisal and promotion is slow. Japanese companies hire new graduates just out of school and try to develop their capability mainly through their jobs. In the case of university graduates, there is not much difference in salary and bonus or speed of promotion usually for five to ten years after entering the company. It is about the time the employee becomes a *kacho* that differences in speed of promotion start. An individual's performance, capability, potentiality, and personality up to that point are all considered in deciding upon promotion. Some companies even conduct written tests so as to be impartial in making promotion decisions.

Promotions and worthwhile jobs are important incentives in Japanese companies. When the record of activities and performances are reviewed on a long-term basis, it is

possible to correctly evaluate the potential capabilities of a person without being misled by just one fortunate showing, or one unfortunate mistake. The long competition for promotion is severe.

#### AJ Motor Corporation

The promotion policy is as shown in Table 4.

Table 4 : Promotion System (AJ Motor Corporation)

	Internal Promotion	External Recruitment	Mixed Promotion
Management Personnel : Top management	*		
Middle management	*		
Lower management	*		
Production Workers	*		

The company practices promotion from within for both management personnel and production workers. Candidates eligible for promotion are selected firstly on company nomination followed by seniority-based system. There is the possibility of being transferred in the case of promotion. The company practices "training for promotion" i.e. one is trained first before being promoted and not vice versa. Normally an increase in pay follows promotion. Both male and female employees are not given equal opportunities for promotion. It is possible for production workers to rise to management level, for example, factory manager.

#### BM Motor Corporation

The promotion policy can be tabulated as in Table 5.

The company follows an internal promotion system. When there is a vacancy, candidates eligible for promotion are selected based on company nomination. There is a pos-

Table 5 : Promotion System (BM Motor Corporation)

	Internal Promotion	External Recruitment	Mixed Promotion
Management Personnel : Top management	*		
Middle management	*		
Lower management	*		
Production Workers	*		

sibility of being transferred in the case of promotion, either within the company or to the subsidiaries. Promotion does not necessarily follow training. Sometimes, it is just training for knowledge. One with more training is not necessarily given priority in promotion. Promotion is based on work performance, experience, education, etc. Promotion normally leads to an increase in pay based on a salary scale. Both male and female employees are given equal opportunities for promotion. Candidates for internal promotion are given 6 months probation before promotion with a temporary increment in salary. Production workers can rise to management level, i.e. to charge-hand (team leader).

#### CM Motor Corporation

The promotion policy is as in Table 6.

Table 6 : Promotion System (CM Motor Corporation)

	Internal Promotion	External Recruitment	Mixed Promotion
Management Personnel :			
Top management	*		
Middle management	*		
Lower management	*		
Production Workers	*		

The company practises internal promotion for both management personnel and production workers. External recruitment is also carried out when necessary. Candidates eligible for promotion are normally nominated by company, i.e. by company nomination. Promotion is normally carried out when the need arises or when there is a vacancy. Supervisors and production workers are usually given a probation period after promotion. In the case of promotion, there is a possibility of inter-departmental transfer.

Table 7 : Promotion System (DM Motor Corporation)

	Internal Promotion	External Recruitment	Mixed Promotion
Management Personnel :			
Top management	*		
Middle management	*		
Lower management	*		
Production Workers	*		

Training and promotion is inter-related and sometimes promotion follows training. One with more training is not necessary given priority in promotion as attitude, innovation and initiative of the employee are taken into consideration. There is no direct relation between promotion and pay increase. Both male and female employees are given equal opportunities for promotion. It is possible for production workers to rise to management

Table 8 : An international comparative analysis of HRM practices especially in the automanufacturing companies

JAPAN	MALAYSIA
1. Main business manufacture and sale of automobiles, industrial vehicles, ships, aircrafts, other transportation machinery, parts, and components manufacture and sale of prefabricated housing unit and home related equipment	* assembled a diverse line, of passenger cars and main trucks
2. Hiring practices directly from schools and colleges  mixed hiring practices, i.e. local labour market or fresh graduates	* directly from schools and colleges/universities (management personnel) * mixed hiring practices ; most give preference to fresh graduates ; depend on the position to be filled * preference given to relatives of employees (Employee Gets Employee Scheme) * no direct and indirect discrimination * practises hiring of disabled * candidates must meet required standard set by the company
3. Pay system management personnel : monthly paid production workers : monthly paid part-time workers : hourly paid	* management personnel : monthly paid * production workers : hourly paid * no part-time workers
4. Annual increment system management personnel : mixed (automatically + merit rating)  production workers : mixed (automatically + merit rating) part-time workers : automatically	* management personnel : (varies from to firm) merit rating only automatically only (same within a group) * production workers : automatically (collective agreement) * no part-time workers
5. Promotion management personnel : internal promotion  production workers : internal promotion	* promotion from within as far possible * promotion by company nomination

level, for example, to senior manager and deputy general manager.

DM Motor Corporation

The promotion policy can be tabulated as in Table 7.

The company follows an internal promotion policy for both its management personnel and production workers. Candidates eligible for promotion are selected based on company nomination and seniority-based system. There is also the possibility of being transferred in the case of promotion. Promotion sometimes follows training. One with more training is not necessary given priority in promotion. Promotion is based on merit. Both male and female employees are given equal opportunities for promotion. It is possible for production workers to rise to management level, i.e. up to middle management level.

The above study can be summarised as in Table 8.

#### 4. Conclusion

This paper outlines a comparative analysis of human resource management between Japan and Malaysia in the automanufacturing companies. A survey and interviews with some selected companies on hiring practices and pay system, annual increment system and promotion reveals some similarities and differences.

As for hiring practices, some similarities can be observed. For example, both countries carried out mixed hiring practices and recruiting directly from schools and colleges. Also, both give preference to fresh graduates, though in Malaysia preference is also given to relatives of employees. In Malaysia, there is no direct or indirect discrimination and practices hiring of the disabled.

Both Japanese and Malaysian employers pay their management personnel on a monthly basis. In Japan, production workers are paid monthly and part-time workers hourly whereas in Malaysia, production workers are paid hourly. There are no part-time workers in the Malaysian companies.

Japan practices a mixed annual increment system for its management personnel and production workers. Part-time workers, however, are given an automatic annual increment. In Malaysia, the annual increment system varies from company to company. Annual increment for management personnel in some companies are based on merit while others are automatic. However, for production workers, all the companies shared the

same annual increment system, that is, automatic.

Both the Japanese and Malaysian companies practice internal promotion for both its management personnel and production workers. Japanese managerial advancement and promotion procedures are derived from classical Asian assumptions about age and seniority. Promotion in Japan adheres closely to the seniority system though in recent years, merit rating is taken into consideration. Malaysia, on the other hand, carries out promotion when the need arises or when there is a vacancy and is usually based on merit. External recruitment is carried out when necessary. Both male and female employees are given equal opportunities for promotion. One with more training, however, is not necessary given priority in promotion as attitude, innovation and initiative of the employee are taken into consideration.

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