Japanese Management in the Philippines

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I Introduction

A corporation's industrial relations will largely be a product of conflicts and compromises between the vested interests of managers and managed. Though managers are in a stronger position as a rule, they will seek to explore such industrial relations practices as will somehow or other be acceptable to both managers and managed and will enhance the latter's motivation to maximize the achievement of business objectives. It seems reasonable to assume that interaction between internal and external factors, which will be implicated in interaction between managers and managed, will "determine the dynamics of the corporation's industrial relations at each location of its activities and through time" [Roberts 1972: 109].

The internal and external factors which I am concerned about are (1) corporate size and structure, (2) types of personnel needed for smoother corporate operation, (3) types of technology and know-how required for corporate operation, and (4) the social and cultural realities of the communities in which the corporation operates.

In this paper I try to discuss how Japa-

nese industrial practices are transferred and discuss the extent to which they are accepted by Filipino middle managers. Though it is difficult to specify and measure which factors are more important than others, the challenge seems to be to clarify how such factors are incorporated in the "hard" indicators obtained through our survey.

Before looking more closely at industrial relations of Japanese capital-affiliated business enterprises in the Philippines, it is necessary to note briefly the substantial features underlying Japanese industrial relations.

II Characteristics of Japanese Industrial Relations

If Japanese industrial relations have a unique feature, it will be found in the Japanese style of internalizing labor. It is not only associated with what has been discussed by Kerr *et al.*, i.e., in accordance with the process of industrialization the worker "is committed to a particular enterprise by virtue of work experience, specific training, seniority rules, welfare programs, pension rights, or personal obligation" [Kerr *et al.* 1962: 172], but also closely connected with what Dore terms "organization-oriented" forms, by which he means "that the terms and conditions of employ-

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ment are less and less influenced by considerations of the price a worker might get for his skill from another employer in the external market, more and more fitted into an internal structure of relative rankings peculiar to the enterprise..." [Dore 1973: 12]. It is important to note that the internalization of the labor market will not be supported by collectivism in its basic Western dichotomic sense of a group or body as opposed to the individual. But it is supported by individual's rationalization that individual satisfaction will be enhanced more by conforming to group standards than by acting as an individual. The condition which induces employees to follow group standards is greatly dependent on the degree of corporate need for making employees' qualities "non-transferable" or "non-compatible" with other organizations.

There is considerable variation in the degree and range of corporate need to rear "non-compatible" employees. Inter-firm "non-compatibility" of employees becomes requisite in firms where capital intensity in production is high and trading know-how is specific, and the way technology and know-how are employed is well established and routinized, and not followed effectively by new recruits from the external market. Such corporations are usually large and have strong foundations, hence their reputation is generally good. Consequently, employees tend to be proud of the company. This situation provides the corporation with a favorable climate for inducing employees to consider that they will do better by committing them-

selves to the company than otherwise, in terms of social status as well as material well-being.

Corporations which fall into this category are inclined to use so-called stereotype Japanese management. Important pillars of stereotypical Japanese management are, a manpower development strategy which consists of intrafirm training and promotion policies, human relations policies, notably harmonization and minimization of status differentials between managers and managed, and group decision-making which leads to "a community of information" among employees. These policies are reinforced by annual across-the-board recruiting,[1] stable employment, length-of-service-based rewards, the provision of welfare facilities and loans, and house or enterprise unionism.

In a firm using mostly semi-skilled or unskilled workers, the corporate requirement for cultivating "non-compatible" employees is limited to core personnel. The same is true in fields where continually progressing, highly specific "frontier"

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1) Around every October or November, a company selects graduating students who meet its requirements. Those who were chosen then join the company on April 1 of the following year, the date when the next school year begins. This system lays the foundation of so called Japanese management style by permitting the company (1) to hire such personnel as seem to have traits which can be easily associated with corporate culture, (2) to train the new employees simultaneously to encourage "closely knit" group consciousness of the firm, (3) to make it easier to stir up their feeling of emulation or friendly competition among them, and (4) to provide the basis for smooth implementation of length-of-service-based pay raises and promotion.

technology is of vital importance and limited in supply, and existing technology soon become obsolete. In such fields, stereotype Japanese management is not positively implemented.

The foregoing will suggest the reason why different types of industrial relations are observed in Japan, notwithstanding employees' homogeneity in terms of socio-cultural endowment. It will also suggest the reason why only a limited number of employees, mostly those "regular employees" of large scale enterprises, enjoy "stereotype" Japanese management, as many scholars and observers have asserted [Abegglen 1958; OECD 1977].

III Features of the Corporations Surveyed

Our surveys were conducted in the six month period from September 1981. The questionnaire survey was designed by Professor Kunio Yoshihara and carried out by Mr. Kunio Senga from late 1981 to early 1982, with the assistance of the Japanese Chamber of Commerce and Industry of the Philippines and the Japan Trade Center. Of 649 Japanese capital-affiliated corporations operating in the Philippines as of July 1981 [Japan Trade Center 1981], questionnaires were sent to 111 corporations which had more than 20% Japanese equity. Forty-eight Japanese top managers from 48 corporations and 173 local middle managers (96.4% of them university graduates) from 53 corporations completed the questionnaires. (There were an additional six corporations from which

only local employees replied, and one corporation from which only Japanese responded to the questionnaires.) Of these, I interviewed 28 Japanese top managers and 65 local middle managers in September 1981 and April 1982, with the assistance of the Japanese Chamber of Commerce and Industry.

Some features of the corporations surveyed were as follows.

1. The majority (72.9%) were in manufacturing, and most of them manufactured standardized commodities.

2. The aggregate Japanese equity investment of the 48 corporations (there were 46 valid observations) accounted for 74% of the Japanese cumulative direct investment of about 1.9 billion pesos, on the basis of the 1968–1981 Board of Investment's approved statistics.

3. Most corporations were incorporated fairly recently, mostly after 1974. The average year of inauguration was 1976.

4. Seventeen of the 48 corporations were ranked among the SEC-Business Day's 1,000 largest corporations in terms of gross revenue in 1980–1981 [SEC-Business Day 1981]. But a not inconsiderable number of corporations, including a few which were once ranked among the top 1,000 corporations, were reportedly in bad shape.

5. The number of Japanese equity participant(s), their business strength in Japan, and the proportion of Japanese equity participation varied to a considerable extent.

6. Many of the ventures, including those with Japanese minority equity participa-

tion,were allegedly dependent, in one way or another, on the head office of the Japanese partners in terms of (a) financing long-term credit loans, (b) using key technology and know-how, (c) procuring raw materials and parts essential to their operations, and (d) utilizing Japanese channels of distribution for the sales of their products.

IV　Japanese Management as Applied in the Philippines

Internal and external factors, and their interrelation, are assumed to be of importance in determining the style of management used. In this regard the following three points, among others, will be examined in connection with basic management policy, the framework of industrial relations, and manpower development strategies.

First, testing the explanatory value of the concept of "interfirm non-compatibility of employees." As described above, stereotype Japanese style industrial relations are more often observed in corporations where interfirm "non-compatibility" of employees is more necessary for corporate operations and employees tend to consider themselves "non-compatible" with other organizations. To clarify whether this situation is also applicable to the Japanese corporations in the Philippines is a challenge. In examining this problem, size of enterprise is selected as a critical factor in determining the degree of compatibility of employees. We assume that relative to smaller ones, capital intensity in larger corporations is higher and the technology

and know-how employed are more firmly established and routinized; hence their corporate performance is likely to be more dependent on the existence of employees who appreciate the corporate purpose and culture. We also assume that their corporate reputation is better and thus employees' pride in the corporation is stronger.

Second, examining to what extent Japanese style industrial relations will be affected by the ethnicity of top management who hold decision-making authority. The proportion of equity held by Japanese and Filipinos is selected as the criterion for this purpose, even though actual operations are significantly dependent on Japanese partner(s) as described above. Examination of this proposition has some implications for two of the three concepts of managerial attitudes and the organization of multinational corporation, "ethnocentric" and "polycentric," presented by Perlmutter [Perlmutter 1972: 21–50], and summarized by Roberts as follows: "ethnocentric" multinational corporations generally wholly own their overseas subsidiaries which are managed by nationals of the country in which the parent corporation is based. They are in effect a cultural, as well as an economic, extention of the parent corporation. "Polycentric" multinational corporations often have local participation in the capital ownership of their subsidiaries, which are managed by citizens of the countries in which they are located. The culture pattern of management is predominantly that of the country in which they are situated [Roberts 1972: 117].

Third, observing how the cultural and social environment of the Philippines will affect the style of Japanese management. This may help to clarify to some extent an approach to industry-community relations which is called the "community-influence hypothesis" and holds that "community norms and values exert influence on industrial structure and behavior" and "management has to adjust its practices to the social and cultural realities of communities in which it operates" [Parker 1967: 65].

Classification of Corporations Surveyed

The corporations surveyed were classified into two groups according to the nationality of majority equity ownership: Japanese majority corporations (JMCs) and Philippine majority corporations (PMCs). One company, in which equity was equally held by both nationalities, was put into the latter group. These two groups were further divided into two groups respectively, on the basis of their gross revenues: those

Table 1 Classification of Japanese Capital-affiliated Corporations by Size and Equity Holding

Majority Equity Participation	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Valid Observations	4	8	13	23	48
Japanese Share of Equity Holding (%)	89. 4	87. 9	36. 7	35. 5	49. 5
Number of Employees	860	232	896	227	454
Average Year of Inauguration	1977	1979	1972	1975	1976

(Note) S–M stands for small and medium scale enterprises. (Hereinafter, this abbreviation is used in the following tables.)

which were ranked among the SEC-Business Day's 1,000 largest corporations and those which were not. Our sample was thus divided into four groups, Japanese majority ownership large corporations (JMLCs), Japanese majority ownership small and medium scale corporations (JMSCs), Philippine majority ownership large corporations (PMLCs), and Philippine majority ownership small and medium scale corporations (PMSCs) as shown in Table 1.

Composition of Managerial Personnel

Managerial personnel is mainly assigned in accordance with the respective proportion of equity participation, but corporate size has practically no impact. This rule is more rigidly applied to the allocation of board members (Table 2). Assignment of Japanese personnel to other managerial positions is also proportional to equity holding. JMLCs seem to be inclined to control personnel management and to assign more personnel to key positions in other management fields (column (1)). A similar tendency is seen to a lesser degree in JMSCs (column (2)).

Basic Management Policy

Basic management policy will be examined by looking at the degree of emphasis placed on localization policy and on the Japanese management creed in corporate groups. The degree to which a localization policy is adopted varied significantly in accordance with the proportion of equity participation by both nationalities. The emphasis placed

Table 2 Proportion of Japanese and Filipinos in Management

unit: persons, % in ( )

Majority Ownership	Japanese		Filipino		Total
Size of Enterprise	Large (1)	S–M (2)	Large (3)	S–M (4)	
Composition of the Board (Full-time)					
Japanese	3. 8(68. 2)	1. 4(71. 4)	1. 6(39. 0)	1. 5(50. 0)	1. 7(48. 6)
Filipino	1. 8(31. 8)	0. 7(28. 6)	2. 5(61. 0)	1. 5(50. 0)	1. 8(51. 4)
(Part-time)					
Japanese	2. 0(61. 5)	3. 1(75. 6)	1. 8(44. 6)	1. 1(32. 4)	1. 8(42. 9)
Filipino	1. 3(38. 5)	1. 0(24. 4)	3. 4(65. 4)	2. 3(67. 6)	2. 4(57. 1)
Personnel Managers					
Japanese	1. 7(56. 7)	0. 8(40. 0)	0. 3(10. 0)	0. 2(12. 5)	0. 6(24. 0)
Filipino	1. 3(43. 3)	1. 2(60. 0)	2. 7(90. 0)	1. 4(87. 5)	1. 9(76. 0)
Other Managers					
Japanese	7. 0(28. 6)	1. 0(18. 9)	3. 1(6. 6)	1. 3(19. 4)	2. 8(14. 4)
Filipino	17. 5(71. 4)	4. 3(81. 1)	43. 6(93. 4)	5. 4(80. 6)	13. 1(85. 6)
Supervisors					
Japanese	3. 0(6. 9)	0. 5 (6. 1)	0 (0)	0. 5(14. 3)	0. 8(2. 5)
Filipino	40. 5(93. 1)	7. 7(93. 9)	81. 4(100. 0)	3. 0(85. 7)	31. 6(97. 5)

on it is large in PMCs: 89.2% for PMLCs and 78.2% for PMSCs. It is important to note, however, about 60% of JMCs adjust their policies to local practices: 62.5% for JMLCs and 58.3% for JMSCs. As far as these findings are concerned, while Perlmutter's hypothesis on the management pattern of "polycentric" corporations is presumably fairly well endorsed, his "ethnocentric" concept does not seem to be particularly applicable to Japanese capital in the Philippines. This may suggest that the attitude of Japanese businessmen in running overseas business ventures is not quite the same as those of their Western counterparts, on which his observations are supposedly based.

The Japanese management creed, which can be interpreted as a complex abstract to sustain Japanese style management, is largely carried over into Japanese capital-affiliated corporations in the Philippines:

100% for JMLCs, 71.4% for JMSCs and 72.7% for both PMLCs and PMSCs. This indicates that just as in Japan, large Japanese capital-affiliated enterprises in the Philippines are also quite concerned about rearing "non-compatible" employees, if they can take the initiative in management.

Implementation of Japanese Management Framework

Stable employment and seniority-based, or length-of-service-based, reward systems are considerably adjusted to the local environment, as illustrated in Table 3. Among the groups of corporations, they are transplanted to the largest extent in JMLCs followed by PMLCs on average. It seems that small/medium scale enterprises, irrespective of the nationality of the major equity participants, are not much concerned with promoting these practices relative to

Table 3 Institutional Framework of Japanese Management
unit: number of corporations, % in ( )

Majority Ownership	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Stable Employment	3(75)	4(57. 1)	5(45. 5)	11(50. 0)	23(52. 3)
Seniority-based Pay Raises	2(50)	2(28. 6)	5(45. 5)	6(27. 3)	15(34. 1)
Seniority-based Promotion	2(50)	2(28. 6)	4(36. 4)	5(22. 7)	13(29. 5)
Labor Union	2(50)	2(28. 6)	10(76. 9)	8(36. 4)	22(47. 8)
In-house Union (Included in Above)	1(50)	0(0)	5(50. 0)	3(37. 5)	9(40. 9)
Canteen	4(100)	4(57. 1)	10(83. 3)	15(68. 2)	33(73. 3)
Restaurant for Managers	0(0)	0(0)	5(41. 7)	3(13. 6)	8(17. 8)
Employees' Dormitory (Incl. Partially Provided)	2(50)	2(28. 6)	1(8. 3)	1(4. 5)	6(13. 3)
Commuting Bus (Incl. Partially Provided)	2(50)	1(14. 3)	6(50. 0)	2(9. 1)	11(24. 4)
Dispensary	4(100)	6(85. 7)	9(75. 0)	10(45. 5)	29(64. 4)
Sports Facilities	4(100)	2(28. 6)	6(50. 0)	7(31. 8)	19(42. 2)
Locker Room	4(100)	2(28. 6)	6(50. 0)	11(50. 0)	23(51. 1)
Provision of Working Uniform	4(100)	5(71. 4)	10(83. 3)	18(81. 8)	37(82. 2)

the larger ones.

A similar tendency can be observed in the availability of welfare facilities. But one feature, which is uncommon in ordinary Japanese corporations, is the provision of managers' restaurants in some of the PMCs.

Labor unions are more often found in the large corporations than in the small/medium ones. However, even if it is a "house" union, its functions as a framework reportedly differ greatly from those of the Japanese counterpart.

Manpower Development Strategies

Both human relations policies and policies related to development and optimal utilization of employees' expertise are deployed

most intensively in JMLCs, though the stress they place on each policy varies to a considerable extent. In corporate groups other than JMLCs, the use of these policies is more diverse. For example, in PMCs, while continuous training and in-house promotion policies are positively pursued, human relations policies are practiced moderately. In JMSCs, the policies of harmonization and small status differentials between managers and managed are adopted to a considerable extent but other human relations policies are not.

The nature of each policy and size of corporation may largely account for the diverse use of manpower development strategies in the corporate groups. The human relations policies shown in Table 4 may basically be subject to change according to the socio-cultural environment of the community in which the corporation is situated. Japanese managers may consider it rather difficult to transplant some of the human relations policies directly into the Philippine environment, especially into corporations in which major equity is held by Filipino partners whose concept of human relations must be different to that of Japanese. The way they implement group responsibility policy is a good example. It is totally non-existent in PMLCs. This is perhaps a reflection of the attitude pattern

of Filipino partners, who are inclined to consider that responsibility for the job must be taken by each individual and not by the group. On the contrary, the very limited employment of group decision-making, *ringi*,[2] and group responsibility policies by JMSCs, which are the smallest of the four groups, seems to be largely attributable to the decision-making practices of smaller firms in that they tend to be more centralized than in larger firms.

The amount of emphasis put on continuous training and in-house promotion seems to be closely related to the degree of corporate necessity for employee expertise. Table 4 suggests that in the Philippines a higher level of technology and skills is needed as corporations become larger, thus continuous training and in-house

Table 4 Manpower Development Policies

unit: numer of corporations, % in ( )

Majority of Equity Participation	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Valid Observations	4	8	13	23	48
Harmonization between Managers & Managed	4(100)	6(85.7)	7(58.3)	8(40.0)	25(58.1)
Small Status Differentials between Managers & Managed	2(50)	4(57.1)	4(36.4)	3(13.6)	13(29.5)
Difference in Remuneration: Managers/Managed (Times)	2.9	2.2	3.8	3.3	3.1
Group Decision-making	3(75)	2(28.6)	5(45.5)	10(45.5)	20(45.5)
Ringi[1]	3(75)	1(14.3)	4(36.4)	7(31.8)	15(34.1)
Group Responsibility	2(50)	1(14.3)	0	5(22.7)	8(18.2)
Continuous In-house Training	3(75)	4(57.1)	9(75.0)	12(60.0)	28(65.1)
In-house Promotion	3(75)	4(57.1)	8(66.7)	15(75.0)	30(69.8)

(Note) 1) For definition, see footnote 2.

2) *Ringi* is the system of circulating an intra-office memorandum (*ringi-sho*) to obtain the approval of all concerned for a proposed course of action which could range from, say, the purchase of a word processor to a merger. Corporate decisions and actions seldom take place without *ringi*. Depending on the nature of the proposal, the *ringi-sho* may circulate vertically from the bottom up or horizontally among managers and directors of related sections and divisions before coming up to the managing directors or the president, depending on the importance of the subject matter. Each person puts a seal (*hanko*) of approval on it, which is the Japanese equivalent of the signature in the Western world [Mitsubishi Corporation 1983: 142–143].

promotion turn out to be more emphasized in large corporations for maximum utilization of existing personnel.

Japanese Management as Applied in the Philippines

We can safely reiterate our findings as follows. The accepted style of Japanese industrial relations is transferred most into JMLCs, followed by PMLCs with considerable adjustment. Adjustment is particularly obvious in the area related to human relations policy which will be most influenced by top managers' attitudes towards management and employees' behavior patterns. Small/medium sized enterprises seem to be less concerned about instilling Japanese style labor relations. However, it is worth noting that JMSCs put great emphasis on harmonization and

narrowing differentials be-
tween management and la-
bor, which are generally
considered in Japan as ef-
fective means to motivate
employees in a non-pecuni-
ary way.

We can thus infer that,
while the concept of "inter-
firm non-compatibility"
seems to be assured to some
extent, management style is
basically constructed within
the range of interaction
between the required pro-
portion of "non-compati-
ble" employees, socio-cul-
tural values of local employ-
ees and, overlapping with
the latter, the proportion of
equity participation by both nationalities.

One measure of the effectiveness of
management-labor relations in each group
would be absenteeism and turnover ratio
as well as corporate profit ratio. As
illustrated in Table 5, JMCs enjoy higher
profits and lower absenteeism and turnover

Table 6 Channel of Recruitment   unit: %

Majority of Equity Participation	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Valid Observations	33	25	41	70	169
1. Relative in Management Position	0	4.0	2.4	2.9	2.4
2. Friend in Company	9.1	16.0	29.3	20.0	19.5
3. School Recommendation	3.0	0	0	0	0.6
4. Newspaper Advertisement	51.5	40.0	24.4	35.7	36.7
5. Public Employment Office	0	0	2.4	0	0.6
6. Applied Directly	3.0	8.0	12.2	4.3	6.5
7. Others[1]	33.4	32.0	29.3	37.1	33.7
1+2+7	42.5	52.0	61.0	60.0	55.6

(Note) 1) All who were hired through "other" channels were recom-
mended by someone who was related somehow or other
to existing corporations, e. g., recommendation by officials
of government institutions, clients, banks and/or SGV,
and/or by relatives or friends who had relatives or friends
in existing corporations.

Table 5 Corporate Performance, Absenteeism and
Labor Turnover   unit: %

Majority Ownership	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Valid Observations	4	7	13	22	46
Absenteeism (per month)	4.9	4.0	6.7	5.9	5.8
Turnover (per month)	0.7	0.9	1.3	1.8	1.5
Profit Ratio	9.85	n.a.	7.77[1]	7.54[2]	n.a.

(Notes) 1) Valid Observations were 12 corporations.
2) Valid Observations were 14 corporations.

than PMCs. As far as these indexes are
concerned, Japanese ownership and man-
agement style seems to be more effective,
compared to other groups. However, the
question to be addressed is how local middle
managers, key personnel who support
Japanese management, evaluate the man-
agement styles found in each group of
corporations.

V Philippine Responses to Japanese Style Industrial Relations

Recruitment

It is reported that employees are
recruited whenever it becomes necessary,
with less care than in Japan. As is
shown in Table 6, newspaper advertise-

ments are more heavily employed by JMCs than PMCs. Among the former, the large corporations are more dependent on newspaper advertisements than the smaller ones. This may imply that they want to recruit employees mainly on the basis of merit, as in Japan, and to avoid the possibility of nepotic human relations within the corporate working fabric. On the other hand, channels related to personal connections (channels 1, 2 and 7 in Table 6) play important roles in recruitment. This is particularly noticeable in PMCs which hired about 60% of the middle managers surveyed through these channels. School and public employment offices have virtually no function as recruitment channels in the Philippines. As is obvious from the above, recruitment practice is quite different from that in Japan, where schools play a substantial role as placement offices, and annual across-the-board recruitment is common for regular employees.

Attitude towards Workplace

Most of the Philippine middle managers, to the greatest extent, those who work for JMLCs, consider that changing workplace is either perfectly natural or justifiable (see Question 23 addressed to local middle managers in the Appendix; hereafter referred to as QL 23). They leave in the hope of getting promotion, training or higher salaries elsewhere (QL 10). In fact, our survey reveals that 88% have had previous job experience and have changed their workplace 2.6 times on average (QL 7) with the highest eight times. This attitude towards jobs implies that the market-oriented forms of work ethic are dominant and that people are inclined to seek the maximum material gain through changing job rather than through working with the same enterprise throughout their lives, a sharp contrast to the attitude of the average Japanese.

Feeling of Devotion to Work

As observed in Table 7, middle managers' pride in their corporation and their feeling of commitment, participation and responsibility are quite high on average. But quite surprisingly, responses by those with JMLCs are at the lowest or next to lowest point on the scale. This seems to indicate that in the Japanese capital-affiliated companies in the Philippines, there is at most a

Table 7　Feeling of Devotion　　unit: %

Majority of Equity Participation	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Valid Observations	33	25	43	71	172
	Very Much　No	Very Much　No	Very Much　No	Very Much　No	Very Much　No
Pride	72.7　0	68.0　0	86.0　0	88.7　0	82.0　0
Commitment[1]	50.0　5.9	80.0　0	81.4　2.3	77.2　1.4	73.3　2.3
Participation	61.8　8.8	58.3　12.5	83.7　0	83.1　2.8	75.6　4.6
Satisfaction with Job Responsibility	42.4　15.2	56.0　12.0	81.4　4.6	73.2　0	66.9　5.8

(Note) 1) Valid Observations for Japanese Large were 34 and for Filipino S–M 70.

very limited causal relationship between the degree of implementation of Japanese style labor relations and middle managers' feelings of devotion.

Manpower Development Strategies

Only a small portion of the Filipinos questioned gave bad human relations as the primary reason for their changing workplace (QL 10). But this does not necessarily mean that they do not care about maintaining good human relations in the community to which they belong. Rather, one of the most important Filipino social values is the maintenance of smooth social interactions as expressed by the Tagalog word *pakiki-*

Table 8   Responses to Manpower Development Strategies   unit: %

Majority of Equity Participation	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Valid Observations	34	25	43	71	173
(Human Relations Policies)					
Harmonization					
1. Relations with Chief[1]					
Satisfied Very Much	53. 1	72. 0	85. 0	78. 9	74. 4
No	3. 1	0	2. 5	2. 8	2. 4
2. Relations with Peer Group[2]					
Satisfied Very Much	63. 6	48. 0	69. 0	75. 4	67. 4
No	3. 1	4. 0	0	0	1. 2
Narrowing Status Differentials					
3. Managers' Restaurant Is Necessary	11. 8	0	16. 3	11. 3	11. 0
4. Private Office Is Necessary[3]	53. 0	44. 0	34. 9	52. 9	47. 1
Group Decision-making					
5. Voice to Decision-making[4]					
Very Much	27. 3	41. 7	51. 2	57. 7	47. 9
No	15. 1	4. 1	9. 3	7. 1	8. 8
6. Type of Management[5]					
Participative	53. 7	60. 0	68. 6	70. 6	65. 3
Authoritative	46. 3	40. 0	31. 4	29. 4	34. 7
(Training and Advancement)					
7. Japanese Willingness to Transfer Technology and Know-how[6]					
Very Much	55. 9	72. 0	68. 3	68. 6	66. 5
No	5. 9	0	4. 9	1. 5	3. 0
8. Prospect of Intrafirm Advancement[7]					
Very Much	18. 8	44. 0	50. 0	50. 7	43. 5
No	18. 8	8. 0	16. 7	2. 9	10. 1

(Notes) Valid Observations for 1 to 7 differ from what are shown in the table as follows.
    1) Japanese Large (JL) 32, Filipino Large (FL) 40 and Total (TL) 168.   2) JL 33, FL 42, Filipino Small (FS) 69 and TL 169.   3) FS 70.   4) JL 33, Japanese Small 24 and TL 171.   5) JL 32, FL 42, FS 69 and TL 167.   6) FL 41, FS 67 and TL 167.   7) JL 32 and FS 70.

sama [Lynch 1981: 10]. In this respect, it can be said that Japanese human relations policies, which aim at making a corporation a "we-group" are not incompatible with Philippine values. The fairly high satisfaction expressed by Filipino middle managers with harmonization policies (QL 47) can be understood in this context. However, a considerable difference is observed among different corporate groups in their evaluations of human relations policies (Table 8). Noticeable are the responses made by those who work for JMLCs. They expressed less satisfaction, particularly with aspects of harmonization and group decision-making practice, both of which are most emphasized by Japanese top managers of the same corporate group, as was illustrated in Table 4. Though most of them welcome consensus decision-making (QL 49), they do not think they have a strong enough voice in decision-making (Table 8). And they express fairly strong dissatisfaction with slow decisions and unclear individual responsibility, inevitable consequences of group decision-making (Table 9).

Table 9 Satisfactory Features and Weak Points of This Company

unit: %

Majority of Equity Participation	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Satisfactory Features (Valid Observations)	(34)	(25)	(43)	(69)	(171)
1. Even Top Managers Mix with Workers	50. 0	40. 0	55. 8	71. 0	58. 5
2. Good Human Relations between Japanese and Locals	23. 5	84. 0	58. 1	69. 6	59. 6
3. Good Team-work Spirit Prevails	35. 3	44. 0	67. 4	60. 9	55. 0
4. No Severe Punishment for Mistakes or Failure	17. 6	44. 0	16. 3	13. 0	19. 3
5. Very Small Status Difference between Management and Workers	29. 4	40. 0	30. 0	41. 7	36. 1
6. Good Chances for Learning Technology and Know-how	79. 4	72. 0	79. 1	73. 9	76. 0
7. Good Chance of Advancement in Career	44. 1	40. 0	69. 8	62. 3	57. 3
8. No Lay-offs	55. 9	12. 0	16. 3	14. 5	22. 8
Weak Points (Valid Observations)	(31)	(22)	(36)	(61)	(150)
9. Slow Decisions	61. 3	27. 3	36. 1	36. 1	40. 0
10. No Clear Responsibility for Individuals	61. 3	54. 5	22. 2	39. 3	42. 0
11. Poor Training Opportunities	25. 8	31. 8	19. 4	27. 9	26. 0
12. Poor Chance of Promotion	45. 2	22. 7	22. 2	14. 8	24. 0
13. Poor Management System	12. 9	18. 2	11. 1	13. 1	13. 3

It is noticeable that Filipino middle managers seem to sanction the existence of social stratification, which is reflected in their responses on status-related policies (QL 41, 45 and 47). This implies that they will be obedient and loyal to their superiors if they believe they will be rewarded for doing so. At the same time they expect their subordinates to be obedient and loyal to them.

About one third of the Filipino middle managers think that Japanese are not very willing to transfer technology. This may be attributable to the attitudi-

nal difference between the two peoples towards technology. While Filipinos tend to think that any technology is accessible, the basic Japanese attitude is to transfer technology within the range of the contract, or on the basis of their necessity for corporate operations. However, when it comes to actual chances to learn about new technology and know-how, about 70 to 80% of Filipinos express satisfaction, the highest figure among the various items of manpower development policies. Those who work for large enterprises express the greatest satisfaction on this point (Table 9). But Filipinos' appreciation of the prospect of intrafirm advancement, another paramount feature of Japanese management, is rather low relative to that for training opportunities, and varies considerably among the corporate groups. Those who work for JMCs express a dimmer outlook on this point and nearly half of those working with JMLCs give poor chances of promotion as a weak point of their company (Table 9).

Framework

As discussed earlier, a Japanese management framework is employed to reinforce the effective working of Japanese manpower development strategies. However, in the Philippines, where market-oriented forms of work ethic are dominant and the unlimited supply of labor hypothesis a la Lewis is not properly applicable to middle management and/or skilled workers, both lifetime employment and length-of-service-based reward practices are not strong (see item 8, Table 9 and QL 38). In spite of this climate, more than 50% of middle

managers who work with JMLCs welcome no lay-offs as a satisfactory feature of company management. Interpreting their appreciation of stable employment is intricate. Certainly, it helps to internalize the company labor force, but, judging from their responses to Japanese manpower development policies discussed above, whether or not it will directly exert a positive influence on strengthening each facet of Japanese style labor relations is at this moment uncertain.

Overall Evaluation and Detrimental Factors of Japanese Management

On the basis of the foregoing observations, we note the general tendency for Japanese style industrial relations to be more appreciated by the Filipino middle managers working with corporations which place less emphasis on implementing them. These features seem to suggest that at present there is an adverse causal relationship between the degree of implementation by the Japanese and appreciation by Filipinos: those who work with JMLCs seem to least appreciate Japanese style labor relations. On the other hand, only a small proportion of middle managers think that the Japanese management system is a poor system, as shown in item 13, Table 9. The larger the corporation, the smaller the proportion of middle managers who express dissatisfaction with a "poor management system": those who work with JMLCs seem to be least dissatisfied with the management system, after those of PMLCs. Why does the high evaluation of the "system" expressed by those in JMLCs not stimulate their

appreciation of Japanese management-labor practices and/or their feeling of devotion to the firm? What accounts for their almost diametric evaluations of the "style" and the "system"?

The first thought was that it might be partly attributable to the channel of recruitment. Since more than half of the middle managers in PMCs were recruited through personal connections, I have speculated that there would be some nepotic traits which affected them favorably, especially with regard to good human interactions and their perception of their prospects of advancement, but I found upon examination, although open to more scrutiny, that only slight correlations were observed between channels of recruitment and the responses made by those who worked with PMSCs and no distinctive correlations elsewhere.

The most probable reason seems to rest on personnel assignment in Japanese overseas operations. Japanese overseas business ventures do not usually readily open top executive posts and key middle management positions to nationals of host countries, especially in developing countries. In other words, they tend to place local nationals outside the mainstream of management in Japanese foreign ventures. This proclivity, which is more distinctive as the Japanese share of equity increases,

Table 10 Communication Barriers between Japanese and Filipino Staff

unit: %

Majority of Equity Participation	Japanese		Filipino		Total
Size of Enterprise	Large	S–M	Large	S–M	
Valid Observations	32	25	41	67	165
Barriers Acknowledged by	100	40	53. 7	43. 3	56. 4
1. Language Barrier	68. 8	32. 0	29. 3	34. 3	39. 4
2. Difference in Customs	50. 0	20. 0	29. 3	28. 4	31. 4
3. Value Differences	43. 8	12. 0	19. 5	20. 9	23. 6
4. Religious Differences	4. 0	0	0	3. 0	1. 8
5. Excessive Head Office Orientation of Japanese Management	46. 9	12. 0	29. 3	16. 4	24. 8
6. Japanese Tendency to Form a Closed and Exclusive Circle	15. 6	16. 0	17. 1	9. 0	13. 3
7. No Personal Relations outside the Workshop	15. 6	20. 0	14. 6	6. 0	12. 1
8. Japanese Staff's Short Stay	12. 5	0	19. 5	10. 4	11. 5
9. Others	6. 3	0	4. 9	4. 5	0

will inevitably tend to produce the following phenomena:

1. The posts given to the local employees are more often than not "ceremonial" [Manglapus 1976: 52], and hence their authority tends to be more nominal than that accords with their positions.

2. The local employees will feel increasingly frustrated by their "inability to gain promotion to really responsible positions," even though they appreciate the job security which is to an appreciable extent guaranteed by stable employment practices [Yoshino 1976: 174].

3. A more alien-based attitude pattern will likely be brought into the local organization as a result of the large number of Japanese assigned to the venture to support Japanese attitudes.

Admittedly, the interaction of these features

gives rise to degeneration of employees' feelings of responsibility, commitment and participation, as already noted in Table 7, on the one hand, and to amplification of cross-cultural mal-communication on the other. Table 10 clearly depicts the latter situation which is most likely to be imputed to the large number of Japanese staff in the Japanese capital-affiliated corporations in the Philippines.

Though more communication barriers between the two nationalities seem to exist in larger corporations which are more inclined to adopt Japanese style industrial relations, it is quite important to note that as many as 100% of the middle managers who work with JMLCs have expressed in one way or another the opinion that there are barriers between them and the Japanese. The language barrier, difference in customs, value differences, and Japanese staff's head office orientation account for the major barriers. The high language barrier observed in the large corporate group, dominantly controlled by Japanese capital and primarily run by Japanese personnel, whose language ability is by no means inferior to those with smaller firms, is then mostly explained by Japanese staff attitudes such as business activities can be properly conducted without using much of the local tongue or English. This attitude presumably induces them not to make much effort to accommodate themselves to local customs and values. If this is the case, the human relations policies used by Japanese managers are most likely to be constructed on a Japanese socio-cultural basis, which in turn presumably contributes negatively

to cross-cultural understanding. The modest satisfaction expressed on the items related to harmonization, including "no severe punishment," as shown in Table 9, must be largely associated with Japanese misconceptions of Philippine values and customs. The following should be mentioned in this context. Though lowland Filipinos have seemingly similar values to the Japanese, the socio-cultural context of their *hiya* (shame) and *amor-propio* (self-esteem or sensitivity to personal affront) seems to differ significantly from their Japanese counterpart, *haji*, which is also literally translated as shame [Benedict 1948; Lynch 1981]. For example, while Japanese do not care much about being scolded or "shouted at" in front of their colleagues, this should never be done in the Philippines, where "praising must be done in public, reprimanding must be done in private."

Another detrimental factor is the Japanese head office orientation. Local middle managers are puzzled by the complex web of relationships in Japanese organizations. Japanese staff in Japanese capital-affiliated corporations are clearly performing dual functions, namely, as employees of the Japanese parent company and, secondly, as the executives of the local company. Their dual functions are often contradictory. While they have to follow the established rules for decision-making and/or the hierarchical channel of command of the Japanese parent company, they are often required to obtain local managers' consensus if collectivity-oriented decision-making is adopted as part of a human relations policy.

For most of the Japanese managers in local organizations, the central concern is the position they will be assigned to after they return to their head office in, say, three to five years. In contrast with Western personnel practice, long-term assignment is quite rare for regular employees hired by the head office. Maintaining good human relations with their superiors at head office is, therefore, as indispensable as good business achievements in the local firm for their future career. Therefore, when the decision reached within a local firm and the command from their parent company differ significantly, they are apt to follow the instructions of the latter because, if they follow the locally made decision and reject head office's suggestion and the result is unsatisfactory, their responsibility is extremely great and their future career is most probably impeded to a great extent in the very competitive business climate in Japan. The opposite case is not, however, decisive. Consequently, most Japanese representatives in local firms do not dare take the risk of damaging face-to-face relationships with head office personnel. This situation is more pronounced in the large corporations which are controlled by Japanese capital, where Japanese managers are ultimately responsible for their operations. In such a business climate, even though Japanese staff advocate group-oriented decision-making, the ability of local managers to influence actual decision-making is restricted and subject to change. As a consequence their feeling of devotion will degenerate, causing them to criticise slow decisions and unclear individual responsibility, the associated features of a collectivity-oriented management style.

VI Concluding Remarks

This paper has identified some of the features of Japanese style industrial relations in Japanese capital-affiliated corporations in the Philippines. One tentative conclusion is that Japanese style industrial relations are most intensively implemented in the large corporations which are dominantly controlled by Japanese equity. In this context, the "interfirm non-compatibility of employees" hypothesis, which we have labored, is rather strongly upheld. But it turns out that many facets of Japanese style industrial relations are not very well evaluated by the local managers. Nonetheless, their evaluation of Japanese management as a system is significant. This implies that Japanese management itself has considerable economic rationality for them and that there will be areas into which Japanese style management labor relations practices can be well implanted.

The substantial reason which perhaps accounts for the discrepancy observed in their evaluations does not seem to lie in the style of labor relations itself, but on the way Japanese businessmen treat their local counterparts. Though this cannot be directly and solely imputed to Japanese staff, it seems to me that there will be misconceptions about customs and values, and possibly latent racism between the two nationalities on a significant level. What is required, therefore, is that localization

should be directed to the heart of the people rather than to the visible setting. "Community-influence" should be acutely acknowledged from the viewpoint of the host country with the respect the Filipinos deserve. Growing rapport between the two peoples will be the key to enhancing the acceptability of Japanese style management-labor relations practices in the Philippines.

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