

Japanese-Style Human Resource Management in Sri Lanka

— The Case study of Noritake Lanka (Pvt.) Ltd.

J.A.T.D.Nishantha

Introduction

The first Export Processing Zone (EPZ) in Sri Lanka commenced its operations in 1978. It was at this time that a new government was elected. It changed policies, which prevailed until then and started to invite foreign investors in a positive manner taking examples from the NICs. As a result of the attractive incentives that the Sri Lankan government offered to foreign investors, the flow of Foreign Direct Investment (FDI) increased gradually from this period onward. Japanese FDI also increased after 1977. Until then, most of the Japanese companies in Sri Lanka were basically trading companies. Japanese companies where production activities were taking place were rare. This paper examines the function of The Japanese company that has the longest history of production in Sri Lanka and has more than 30 years of history. The company was started in 1973 in collaboration with a Sri Lankan public enterprise in ceramics production. This company is strongly attached to the local society located in an area which is neither very rural nor very urban. It is located in the Matale region, 170 Km away from the capital city of Colombo. The question of whether Japanese Style of Management (JSM) could be transferred to Sri Lanka and whether JSM could be implemented effectively could be examined through such a case study. This case study was conducted in year 2001¹.

Company Profile and Labor Structure

The mother plant of Noritake is located in Nagoya in the central part of Japan. Nagoya and the surrounding area have a long history of producing tableware and other type of ceramic ware. It is interesting to know that certain industrialists and politicians had put their heads together and decided to give birth to this large industry in Sri Lanka. In 1970 the Sri Lanka Freedom Party (SLFP) took over the reigns of government of Sri Lanka in coalition with left wing political parties. It was the policy of the government under its Five Year Plan to start many industries in the country using local raw materials which are abundant in various regions. With this intention in mind, they formed Divisional Development Councils attached to each Government Agent's division consisting of the Members of Parliament in the area Government Agents, Assistant Government Agents, Divisional Development Officers etc.,

Matale Divisional Development Council through its researches identified the feldspar, quartz, and dolomite deposits located areas called Rattota and Kaikawala. It was found that these raw materials could be used for production of porcelain wares. Members of the Ministry of Industries visited Japan and met the representatives of Noritake Japan to discuss the feasibility of establishing a ceramic industry in Sri Lanka. After the first round of talks, they were engaged in finding a location to put up a factory. The Member of Parliament for Matale at that time was keen to locate this factory in his electorate, at Rattota,

¹ In this paper the explanation of "now" or "present" mean this particular stage, year 2001.

based on the availability of necessary raw materials in the area. A team visited the location on invitation of the government and subsequently found that there was ample space for a factory in the Warakamura Division.

Table 1. Twenty-Five years of Noritake Lanka at a glance

1972	Lay of foundation stone.
1973	Fixing of machinery at the factory, First recruitment of factory workers, firing of gloss kiln and birth of first production item and opening the factory.
1974	First shipment to U.S.A, U.K, Singapore, Canada and Australia.
1975	First shipment to South Africa and Germany. Confirmation of the first batch of factory workers.
1976	Increase of cup production to 95%.
1979	Commandment of production of packing material, which is a vital requirement for packing export ware.
1990	Commissioning of 1st expansion to increase the production capacity
1992	Commencement of new production line for airline wares manufacture.
1994	Pioneering fine casual chinaware (FCC) production in the world., which is a special body mix free of lead and cadmium
1998	Commissioning the expansion to the FCC production line

The feasibility report was prepared by Noritake Japan, with assistance from the state owned enterprise, Ceylon Ceramics Corporation, in 1972, for setting up the porcelain tableware factory in Sri Lanka, as a joint venture. Based on this feasibility study, a Cabinet Memorandum was submitted by the Ministry of Industries & Scientific affairs in 1972. Subsequently, due to the increase in capital cost, a revised Memorandum was submitted in 1973, which was approved, and the factory became a reality within a short period of time. On 31st May 1972 the agreement was signed between Noritake Japan and Ceylon Ceramic Cooperation (later Lanka Ceramic Limited). Major events in the development of Noritake are summarized in Table 1.

However many changes have occurred at Noritake during its 30 year of history. The company has expanded in productions and Noritake Lanka and increased its capacity of production gradually and steadily. The initial equity distribution was 75 per cent and 25 per cent by Ceylon Ceramic Corporation and Noritake Japan respectively. In the past, the composition of share holding has changed from time to time, and as of 2002 Noritake Co, Limited of Japan holds 100 percent of the equity. Table 2 indicates how share holding of Noritake changed over the years.

Table 2. Changes in share holdings

Year	No of shares		Total	Share holding (%)	
	LCL	NTK		LCL	NTK
1971	22,770	7,590	30,360	75%	25%
1988	18,216	12,144	30,360	60%	40%
1992	18,216	18,960	37,176	49%	51%
1998	8,916	28,260	37,176	24%	76%
2000	0	37,176	37,176	0%	100%

Noritake Japan succeeded in acquiring 100 percent equity in the year 2000 by participating in every expansion of the company. Noritake Lanka only became as large a company as it is with the support of the Noritake Japan. Noritake Japan at the beginning signed four agreements and contracts ;(1) Machinery and equipment supply contract, (2) Engineering contract, (3) Technical assistance agreement and (4) Sales agreement. At the stage of this research, among the factories that the Noritake group has in the whole world, including Japan, the Sri Lankan factory is considered biggest. Even the factory in Nagoya Japan has less than 100 employees when compared to the 1,278 in the Noritake Lanka.

Noritake Lanka was started in 1973 with 20 employees. After nearly 30 years from the beginning, until 2001, Noritake has had a labor force of 1278 people, out of whom approximately half are male and half female. Table 3 indicates the present structure of the workforce according to job categories. Although the total is equally divided by gender, there is no gender balance in job categories. There are only a few female employees in the senior management category, which is highly male biased. Considerable numbers of female employees are in the middle management and clerical categories. The insignificant number of female employees in management categories is a characteristic that makes the Sri Lankan companies different from Japanese companies. Currently there is a strong feminist movement in Japan, this has led to the consideration of female employees without any gender bias. Production workers in the factory are primarily female. Table 4 indicates the department-wise distribution of manpower.

There are seven Japanese from Noritake Japan employed in Noritake Sri Lanka. Four of them work

Table 3. Brake down of Workforce

Job category	Male	Female
Senior management	47	2
Middle management	42	14
Production workers	439	557
Clerical & Allied	22	24
Others (maintenance, Transport, welfare, and minor employees etc.)	130	1
Total	680	598
	1278	

as sectional managers while two work as engineers. At present (year 2001) Japanese occupy the top management positions in every important section and also the engineer posts are attached to the newly starting production sections. The numbers of Japanese nationalities were increased, in proportion to the increment in equity participation. Of the Japanese representatives, only the Chairman has had overseas experience, having worked in a sales company in the USA. The others are directly from Nagoya Head office with no experience abroad. The Japanese staff is responsible for the technical and financial matters. The local managers are responsible for labor management matters.

Table 4. Department-wise distribution of manpower at the end of 2000

Department		Non Department	
Preparation	46	Electrical	11
Forming	147	Workshop	26
Casting	144	Pump House	1
Moulding	26	Transport	37
Gloss Bake Kiln	23	Stores Labor	4
Loading	54	Peons	4
Glazing	71	Lodging	7
White Wear Inspection	73	Other Labors	5
Decoration/Design	172	Administration	43
Decoration Inspection	41	Technical/Supervisors	80
Decoration Kiln	32	Clerical & allied	44
Printing	37	Sub Total	262
Packing	47	Grand Total	1243
Sager	29	Casual	15
F.C.C.	39	Matale Packaging (Pvt.) Ltd.,	25
Sub Total	981		

Source : Noritake Lanka, Human recourse section.

Recruitment and the Job Retention

At Noritake, the primary method of recruiting employees is Newspaper advertisements. Due to the fact that the company is located outside EPZ, there is no obligation of recruiting employees through the Job Bank run by the BOI. No one is recruited due to internal recommendation from the company. Applicants having very close blood relationships with employees already employed in the company are ignored. The important reason for this is the ease of controlling labor problems. The management believes that if the company employees have blood relatives among themselves, it would be easier for the employees to get together. The management has found it difficult to control labor in such situations. The high unemployment rate in Sri Lanka is another reason. The management considers it better to give equal chances for members of different families than to recruit from selected families. There are many families living around the factory with unemployed members therefore having financial difficulties. The management also believes that recruiting the blood relatives can be a problem on occasions like marriages or funerals. Also it is a common practice to take leave from work for as much as a week on such occasions. The tendency to take leave for marriages / funerals of neighbors is also quite common. They also take leave for few days for their neighbours sake. The concept of group prevails strongly in the rural areas such as the one where the factory is located. All the employees are recruited from the area where the factory is located. Noritake at present does not have any problem in finding employees. Management expresses that when they advertise in the paper for 5 people they get applications from 100 to 200 candidates. It is because Noritake has become famous in Sri Lanka and it will probably be hard to find someone who does not know about the name "Noritake". But in the beginning Noritake found it difficult to recruit the needed employees. There was a cast system in place in Sri Lanka when they began

operations. Pottery work was as an occupation among the low caste people in the past. The management says that now it is easier to find even high school graduates with very good examination results for employment. Often young persons who needed only a few more marks in the Advanced Level to get into university are willing to join the company. This was something that did not happen when Noritake Japan opened its factory.

Table 5. No of Employees recruited within the last 3 years

	1998	1999	2000
Production workers	71	29	67
Office staff	2	4	5
Middle management	3	-	1
Senior management	9	4	2

Ninty percent of production workers are recruited through newspaper advertisements. Papers published in Sinhala language are used for advertising. In Sri Lanka prospective production workers are normally able to read papers in Sinhala language. The other 10 percent is recruited at the recommendation of politicians even though there is no compulsory to do so. The reason for recruiting people according to recommendations of politicians is to maintain good relations with them. On many matters the management needs their support in order to run the company smoothly. The relationship with the police department in the area is also considered to be quite valuable. The management remembers that there will be no Noritake at Matale without the politicians in the area. These kind of links between the politicians in the area and the police force is considered common in Asian countries. (Hayashi, 1997).

For a supervisory post applicants must have passed the GCE A. Level examination² in science subjects. However until now there has been no recruitment of supervisors from the external labor market. The Management says that if recruitment of supervisors has to be done from the external labor market then they will do so through newspaper advertisements in English language newspapers. The educational qualifications required for this case are higher than those for production workers, however the qualifications required in the recruitment of workers has become higher over the years.

Table 6. Methods used in Employee Recruitment

Methods	Factory workers		Office Staff	Management
	Production workers	Supervisory		
News paper Ads	90%	—	100%	100%
Recommendations of politicians and others	10%	—	—	—

Recruitment for management posts is made initially from management trainees. From the external labor market, Noritake recruits university graduates with bachelor degrees, in science, for management trainee positions. The management considers that it will be difficult for new employees to carryout the job if they do not have a degree because they have to handle chemicals and scientific equipment. If there

² This national examination is taken normally after 13 years of schooling.

are people who are suitable for a management post already working in Noritake are also able to sit and take the same test. But the management has avoided internal recruitment for the vacant posts because they might lose 2 good employees at the same time. So to get a promotion internally some times is a disadvantage for the applicant. If they have two people applying for the same post, one from the external market and one from the internal market some times the management will give preference to the applicant from the external market. For instance let us assume that the management wants to fill a vacancy of an assistant production manager's management post and decides that the present charge-hand (the post just below supervisor) is suitable for the assistant production management post and recruits him. Afterwards he may turn out to be not suitable for that particular post. In this case the management loses a good charge hand as well as a new talented applicant from the external labor market. The management finds that some supervisors, when promoted to the management grade do not change the way of thinking and attitude as a manager. Sometimes such a promotee cannot give orders because of the close relationships they have developed with other workers until then. The management at Noritake thinks that the only practicable management system is top down management. They have no trust in the employees and that they will work voluntarily without orders from the top. This kind of mentality also shows the strong status gap between different grades of employees in the company.

Table 7. Kind of tests conducted to select employees

	Factory workers		Office staff	Management
	Production workers	Supervisory		
Written test	*	*		
Practical test			*	
Interview	*	*	*	*

A written test is conducted for the supervisory and the production workers. For office staff, there is no written test, but applicants have to sometimes go through a practical test, like typing. Most of the applicants for office staff have some kind of certificate or work experience. Of course, there are some job categories, like telephone operators or peons who do not have to satisfy such conditions for recruitment. Elements that the management gives priority to in selecting employees are indicated in Table 8. In a paper test conducted to select employees, it is possible to evaluate only a few of these elements. For instance it is impossible to check ones willingness to work or personality through such tests. Therefore what Noritake does is to recruit employees on a temporary basis as trainees for about six months and examine their performance and behaviour during the training period. Normally Noritake employs about 15 trainees for 10 vacancies, so that suitable staff can be selected out of these trainees. It is common in Sri Lanka to recruit employees as initially as trainees. An employee can be easily discontinued according to labor law, during trainee period.

Table 8. Elements considered important in selecting employees.

	Factory workers			Office staff
	Production workers		Supervisory	
Technical educational qualification	0	2	2	2
Work experience	0	2	2	2
Educational background	0	1	2	3
Willingness to work	3	3	3	3
Personality	3	3	3	3
Ability of English	0	2	2	3
Ability of Japanese	0	0	0	0
Connection (internal)	0	2	0	2
Connections to politicians	0	0	0	0
Age	2	2	2	3
Gender	0	0	0	2
Residential Area	3	2	2	0

Notes ; Most important=3, important=2, somewhat important=1, not important at all=0

Permanency in employment is not the next step from the position of trainee. In between they are in the probationary position, which continue for about six months for factory workers and about one year for office staff. Before the trainee is made a probationer after six months, the person in charge of the section, the supervisor, is asked to evaluate the trainee. The mark sheet used on this particular occasion is given in Table 9 and Table 10. The former is used for factory workers and the latter for office staff and junior and senior executives. (These two assembly sheets are very important for Noritake's personnel managers because this chart is used not only in the probationary period of employee but also on occasions of approving incentives or promotions)

Table 9. Mark sheet used in placing factory workers on probation after a period of temporary service

1. Attendance & punctuality	15	12	10	05	2. Accuracy & quickness	10	07	05	04
3. Cleanliness	10	07	05	04	4. Job knowledge, skill & experience	20	18	15	04
5. Responsibility & leadership	15	12	10	05	6. Co-operation	10	07	05	04
7. Ideas for improvement	10	09	08	07	8. Discipline & behavior	10	08	07	05
Loyalty	yes/no				Total encircled points aggregate				
Physical fitness	yes/no								

Notes : the supervisor has to give marks selecting out of the sheet. For instance the marks for attendance and punctuality have to be chosen from among the four scores, 15 marks, 12 marks, 10 marks or 5 marks.

Table 10. Mark sheet used to evaluate office staff and executives (junior and senior) on probation after a period of temporary service

		Last year	This year
1. Knowledge	Consider whether the employee has necessary technical knowledge, understand his/her duties and how to perform these (15 marks)		
2. Initiative	Consider ability and willingness to make suggestions, meet challenging situations and find new techniques (10 marks)		
3. Quality of work	Consider how well he/she does what he/she does, accuracy, completeness and neatness. (10 marks)		
4. Ability to deliver	Consider the ability to perform his job and deliver the output, which is required from him. Also whether the employee has the ability to meet deadlines and work under pressure (5 marks)		
5. Co-operation	Consider willingness to maintain effective working relationships with others. (05 marks)		
6. Communication	Whether the employee has the ability to communicate effectively with his peers, subordinates and superiors (10 marks)		
7. Leadership	Consider ability to lead and inspire a team (10 marks)		
8. leadership qualities	Consider ease in grasping new ideas, methods and instructions (10 marks)		
9. Attitude	Consider loyalty, willingness to accept change, acceptance of authority and responsibility. (15 marks)		
10. Dependability	Consider performance in meeting deadlines, fulfilling responsibilities without prodding. (10 marks)		

In either case the evaluation made out of a total score of 100. Four groups of performance rating are identified in Table 11. To avoid being biased or prejudiced against individuals, judging him/ her on performance pertaining to the appraisal period the appraiser is expected to indicate his judgment by giving the most appropriate number of points to the employee being appraised.

Table 11. Barometer of performance rating

Total marks	Position
81-100	Outstanding- Exceptional ability, in excess of job requirement.
66-80	Above average-Better than average, but not outstanding.
50-65	Average- Meets normal job requirements, fair performance.
Under 50	Below average-Does not meet normal job requirements.

The recruitment and retention system in Noritake Lanka is totally different to the systems used in Japanese companies in Japan. Even if there is a trainee period for new recruits, this particular period is not set up to test the employees suitability to continue working for the category. At the point of choosing as a trainee, he or she is accepted as a member of the company in Japan. This is made possible only because the company maintains relationships to the school etc. The two parties have reliance on one

another. Whereas in Sri Lanka there is no way to understand the employee from a source outside of the company such as schools, there is also no possibility to check the employee's suitability to the company without a testing period such the one as used in Noritake Lanka.

Next let us consider the duration of work of employees. At Noritake the duration of service of employees in the company is comparatively high. Table 12 indicates the number of employees who left the company within the last 3 years. It is clear that there is only a few that left the company during this period. There are only limited numbers of alternative places of work for Noritake employees in and around Matale. Leaving the company basically could be due to several reasons. The biggest reason reported is family obligations. This is the reason given for leaving the job by about 50 percent of females. This is particularly so among the comparatively elder group i.e. 35 years and above. The reason is to look after their parents or those of their husbands. Another reason for leaving the job due to family obligations among the younger female workers is marriage and to look after their children. There are few females leaving the job because of change of the husband's work place or immigration of family to different areas. The reason for leaving the job among the male workers is, 100 per cent, job-hopping. This is common to every job category.

Table 12. Employees who left within the last 3 years

	1998	1999	2000
Production workers	43	98	59
Supervisory	2	8	1
Office workers	1	2	2

There is a strong relationship among family members in the Sri Lankan culture. Looking after parents or children has been extensively cited as a reason for leaving jobs at Noritake. In the Sri Lankan culture children are expected to look after their parents in return for what they got from their parents when were young. Buddhist ethics have a strong bearing here.

Extensive Job-hopping remains a serious problem for the management. The lack of promotional prospects is one major reason for frequent changes of jobs and it is significant between junior management and the office staff. As per executive classes, the job-hopping is not limited to the domestic market, as many go for jobs abroad for higher salaries. Salaries abroad, particularly in developed countries can be 3 times or 4 times higher for comparable positions.

Table 13. Employees' Duration of service at Noritake

		Total	Over 20	10-19 years	5-9 years	2-4 years	Under 2 years
Production workers	Male	591	94 (16%)	126 (21%)	196 (33%)	56 (9%)	119 (20%)
	Female	582	148 (24%)	81 (13%)	190 (32%)	41 (7%)	122 (21%)
Supervisory	Male	13	7 (54%)	6 (46%)	0	0	0
	Female	4	3 (75%)	1 (25%)	0	0	0
Office staff	Male	42	10 (24%)	13 (31%)	12 (29%)	4 (10%)	3 (7%)
	Female	14	5 (36%)	3 (21%)	2 (14%)	2 (14%)	2 (14%)
Management	Male	47	10 (21%)	9 (21%)	5 (11%)	14 (30%)	9 (19%)
	Female	2	0	0	1 (50%)	1 (50%)	0

As discussed above, at Noritake Lanka, in terms of recruitment practices, there are a number of characteristics, which are different from the original JSM. There are no direct linkages between the company and schools or Universities as sources of employment for the company. Noritake has started a scholarship program for the schools in the area. But the management does not consider graduates, from those schools as employees. The *Shiteikou* system does not work at Noritake even though the company has a history of a quarter century in Sri Lanka. The Sri Lankan management argues that this is because there never has been such a system among Sri Lankan management practices. It is difficult to think of such a system developing within Noritake in the future. The management does not consider it advisable to develop a practice of recruiting from the same set of schools because then, the control of employees will be problematic. In Japan where there are no strong antagonistic labor unions, the management considers employees from the same school in a positive manner. Graduates from the same school JSM argues, will find it easier to work together, to communicate and also help to keep workers attached to the company.

Recruitment separately for different job categories work against the principle of equality among the employees. It contributes further to the strong status gap among employees. On one hand, Noritake can retain employees for long periods because there are no other companies around this area to compete with it. But because of strong social customs such as taking care of parents, Noritake has faced difficulties in retaining the employees for a long period of time.

Human Resource Development

The employees of Noritake Lanka are provided with a constant formal session as soon as they are recruited. This session continues for about a day, after which they are sent to the production line. There the new recruits get used to the new jobs under the supervisor or the asst. production manager of the section. In respect to production workers, as well as office staff, human resource development is carried out under such OJT methods. The employees are not normally transferred from the section they were originally assigned to other sections.

Responses received for questions about training programs available for them are analysed in Table 6-14. It is difficult to find any differences in Japan, but through discussions with local personnel and management, I found some practices different to JSM. No constant internal training is provided as in large companies in Japan. There is no support from the company for self-learning for employees like giving them opportunity to acquire a degree or some other qualification. The use of company money for such purposes is normal in Japanese companies. I found that most of the employees in their twenties and thirties attend training classes and schools in order to get qualifications in accountancy or computer programming in the weekends or after work. They are spending their own money for these purposes. Since there is no system of supporting self-learning for employees, the employees must invest in their own advancement. Hence it is hard to expect them to be attached to the company.

Table 14. Kinds of training programs conducted for employees.

	Factory workers		Office Staff	Management
	Production workers	Supervisory		
Provide a constant formal session as soon as recruited.	*	*	*	*
Provide training at a constant interval.	*	*	*	*
Training Basically through OJT.	*	*	*	*
Give opportunity studies and training abroad.	*	*	*	*
Give opportunity to study and train in Japan (except head office.)	*	*	*	*
Give opportunity to study and train in Sri Lanka.	*	*	*	*
Support in self-learning	*	*	*	*

Although Noritake provides a formal training session as soon as the recruit is hired, it is quite short when compared to typical practice of large Japanese companies. The latter have well-established systematic training systems. For instance at Cannon, the famous camera-maker, the newly recruited school graduates are trained for 3-61 days (24-488 hours) once a year, March to June. At Noritake the work of the new employee is determined as soon as they are recruited. A worker once placed in a given section at the start of his or her career is there for their entire career. This can be viewed as a reason as to why the management is not interested in providing regular formal training to employees. If there is no change in one's career, there is no need or at least very little need for a new recruit to know the whole production process or the whole system in a factory.

Noritake at first had the employees trained in Japan. The first batch was sent to Japan in 1975, after three years from the start of Noritake Lanka. The total number sent to Japan until 1989 was about 150. Ninety percent of these were production workers. Because of an incident where a Sri Lankan trainee being an illegal imigratnt in Japan, during the training period (1995), for a while the management suspended its program of sending production workers to Japan for training. The practice was recommenced after two years. Noritake did not suffer from the problem of job-hopping due to the training employees obtained in Japan. This is largely because there were no big companies in the same field as Noritake where the employees could sell their services at higher wages until recently. Conditions have changed in recent years. Now there are a few rival companies operating in the same field. At present Noritake has become more careful in how they handle trainees. Management has started to ask the trainees to sign a bond, this causes the employee who leaves the job, to pay the full amount that the company paid for their training in case of him or her changing jobs within 5 years after receiving training in Japan. This would appear to be a smart move on the part of the management to reduce the tendency of workers to leave the company and join other companies at higher salaries or with better working conditions after gaining the precious technology of the company. It is important to understand that job-hopping is low not because the individualistic tendency of the employees are brought into check but because the management was able to control their urge to leave by exercising their power in a top-down fashion. Table 15 indicates the number of employees that were sent for training to Japan for the last three

years. Among the members who were trained in Japan within the past 3 years there is job-hopping. However the management admits that it is difficult to stop those who leave the company for a better job as soon as the 5-year bond period is over.

Table 15. Number of employees trained in Japan in the last 3 years

	1998	1990	2000
Production workers	-	-	2
Supervisory	2	3	3
Office staff	0	0	0
Management	9	8	2

Noritake trains employees also within Sri Lanka. Around 50 employees annually are sent to these kinds of external training programs. For instance, in 2000, 48 employees including 14 senior managers and 21 junior managers participated in various outdoor workshops and seminars in Sri Lanka conducted by Sri Lanka Standards Institution, Sri Lanka Association for Advancement of Quality and Productivity, NIBM, Employees Federation of Ceylon and Textile Training Institute. The training in Japan is considered an important tool for transferring latest technological knowledge to the employees concerned and management has plans to continue with this kind of training. However the employees have taken the training period in Japan in a different way. There are many employees who continue to work looking for a chance to go for training to Japan. Actually they are not interested so much in following the training program as having the chance to visit Japan. There are few chances for a Sri Lankan citizen to go aboard. The opportunity to go to Japan for training, works as a big incentive to the employees.

The QC (Quality Control) Circles work was introduced to Noritake Lanka in 1986. QC activities are promoted in a very successful manner at Noritake. Every section has one to three QC Circles and in total there are 30 circles in operation. QC Circle meetings are conducted usually during lunch hour or in the morning before work. Each meeting takes 10 to 15 minutes once or twice a day. However, there are differences in now QC Circle work in Japan and in Noritake Lanka. In Japan, these circles meet after work, taking at least one or two hours once, or twice a week and the employees gather voluntarily. JSM thinks that the small dissection making that rise up from the QC Circles, works as training for the production employees, when he or she get promoted to position of more responsibility. Employee attitudes are taken into consideration in regard to promotions in Japan. On the other hand, at Noritake Lanka the motivation for employees in conducting QC Circles is not linked directly to promotions. At the beginning, when the management introduced QC work in Japan, the labor unions did not agree to practice in such activities after work on a voluntary basis. The union demanded overtime payment if management wanted the workers to work after normal working hours. The background, the Sri Lankan management operates today is similar. Poor labor management relationships and the absence of bottom up decision making render QC Circle work different in Sri Lanka. Also as discussed in chapter 5, the continuance of QC Circle work depends on the dedication of workers. The ideas of Kaizen should come from the bottom up and voluntarily. In Noritake Sri Lanka, the management decided to organize contests among QC Circles internally, annually rewarding the achievements of the better QC Circles. The best QC Circle of the year was taken on a 2-day trip within the country to places of members' preference. The QC Circles from second to 5th places were also awarded cash prizes. The winning teams would also get the privilege of

participating in national and International conventions. Annually at least two circles take part in National Quality Circle convention, the biggest National convention held in Sri Lanka. For instance in 1998 and 2000 Noritake was able to win first and second places in the national QC contest.

The 5 S concepts in Sri Lanka are considered not a method of training employees in Sri Lanka. There is no such practice in Japanese Companies at least in recent years. In Japan, the 5 S concepts exist as a foundation. Some employees might not know what is 5 S is about. At Noritake, as mentioned above, soon after the employees are recruited they are given lectures about 5 S concepts. The experts see that the most basic problem in adopting JSM in foreign countries is that concepts like 5 S do not exist in countries like Sri Lanka. Like the QC Circles, management uses the employees to promote 5S concept in each section. Professional management staff provides the back up support to all the groups who conduct QC and 5 S activities. However it is significant that the strength of the management is seen in the posters put up everywhere in the factory as well as in the office.

Table 16. Capability chart Mold Department (January 2001)

Name of employee & No	Activities												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
E1	*	*	*	*									4
E2		*		*									2
E3				*									1
E4		*		*									2
E5	*	*	*						*				4
E6		*		*		*				*			4
E7		*		*									2
E8		*	*				*						3
E9	*	*		*	*								4
E10				*								*	2
E11		*		*				*					3
E12											*		1
E13	*			*									2
E14	*	*		*					*				4
E15	*												1
E16	*	*		*									3
E17					*								1
E18	*	*				*		*					4
E19	*	*											2
E20	*												1
E21	*			*									2
E22		*		*					*				3
E23	*			*									2
E24	*			*		*							3
E25								*					1
E26	*			*									2
E27		*			*								2
E28											*		1
E29				*								*	2
E30										*			1
Total	18	18	3	18	3	3	1	3	3	2	2	2	

Activity number

1.	Juggling mould making	7.	Hand molding
2.	Casting mould making	8.	Wheel molding
3.	Handle / sport mould making	9.	Wheel cutting
4.	Solid casting mould making	10.	Dryer controlling
5.	Master case making	11.	Grinding
6.	Working case making		

It was surprising to see job rotation carried out at Noritake. This has been considered a very important JSM characteristic as Koike argued and also discussed (Koike 1994) in the first chapter of this thesis. However job rotation is carried out only within a narrow range and it could be a shift from one job to another in the same section. In Japan, however it is normal to rotate the work of the employee to a new section once every 3 years. This is common to office employees as well as to factory employees.

At Noritake in every section there is a chart about the abilities of each and every employee of that particular section, e.g. how many parts of the production process in that particular section can each employees carry out. Table 15 indicates the chart that was available in the moulding Department with 30 employees.

The rotation of employees was started as a method to improve performance in order to get the ISO 9002 standards. Even though the rotation system is internally within each department, management as well as the employees appear to enjoy this fresh experience. The Japanese management hopes that this will finally become part of Noritake's culture and would spread as a new work type of culture throughout Sri Lanka where the western system of division of labor or specializations exists as a labor practice.

Personal Emoluments

At Noritake, the permanent employees are on different salary scales depending on their grade or tasks they perform. Such salary scales consist of the basic salary and various other allowances granted from time to time. Employees at Noritake can be divided into four categories according to salary. The categories are permanent employees, the trainees, casual employees and those on fixed terms contracts. Permanent employees are on salary scales with annual increments. Salaries are paid monthly. The salary scales in Noritake were revised on several occasions. The revisions in 1988 and 1997 are important. Prior to 1988, there were several scales for the same grade of employees.

Table 17. The present salary scales for permanent employees at Noritake

Jobs included	Salary scale
1. Laborers, lorry cleaners, gardeners, domestic minor employees & similar grades	Rs. 1450/- + 20 X Rs. 40 + 20 X Rs. 50 = Rs. 3250/-
2. Factory production worker, pump operators, maintenance helpers, cooks, electrical help, and similar grades.	Rs. 1550/- + 20 X Rs. 40 + 20 X Rs. 50 = Rs. 3350/-
3. Junior clerks, kiln operators (SK/BK/DK) drivers, assistant, molders, ASK trainees, asst. artists, typists, charge hands, electricians and similar grades	Rs. 1700/- + 15 X Rs. 40 + 15 X Rs. 50/- + 10 X Rs. 60 = Rs. 3650/-
4. Senior electricians, molders, design artists, G/K operators, stenographers, clerical grade II, A/ store keepers, printing machine operators & similar grades.	Rs. 1800/- + 15 X Rs. 50 + 15 X Rs. 60/- + 10 X Rs. 75 = Rs. 4200/-
5. Senior clerks and qualified stenographers	Rs. 2200/- + 15 X Rs. 60 + 10 X Rs. 75/- + 10 X Rs.100 = Rs. 4850/-

The revision in 1988 introduced one common scale for the same grade of employees, for purpose of easy administration and to avoid anomalies³.

Table 18. Structure of total earnings of employees in each category

<u>Manual/clerical/ technical categories :</u>	
Basic salary	Welfare allowance
Special allowance of Rs.100/-	Production incentive
Cost of living allowance	Shift allowances
Merit allowance	Over time
Special allowance	Annual bonus
Attending allowance	Leave pay
<u>Junior executive categories :</u>	
Basic salary	Attending allowance
Special allowance of Rs.100	Welfare allowance
Cost of living allowance	Production incentive
Special allowance	Annual bonus
8% on-call allowance	Leave pay
<u>Senior executive categories :</u>	
Basic salary	Welfare allowance
Special allowance of Rs.100	Production incentives
Cost of living allowance	Leave pay
8% on-call allowance	Annual bonus
Attendance allowance	

The present salary scales for permanent employees are indicated in Table 16. Including this basic salary the structure the total earnings of employees in each category could be summarized as Table 18.

The salary package of a permanent employee of Noritake also includes annual increments. The same sheet that was used to determine whether a probationary employee could be made permanent is used in this respect too (See Table 9 and Table 10).

In regard to production employees, elements like attendance & punctuality, cleanliness, discipline & behavior, ideas for improvement, accuracy & quickness, job knowledge, skill & experience, co-operation, discipline & behavior are considered. In regard to office employees, elements like knowledge, initiative, quality of work, ability to deliver, co-operation, communications, leadership qualities, attitude and dependability are considered for increments. It is very clear that there is a difference in the elements that management expects from each group respectively⁴. Table 18 indicates the elements given priority in determining salary increments.

³ As per revision of 1997, each employee was given a salary increase ranging from Rs. 300/- to 850/- depending on his or her seniority.

⁴ The increment to monthly salary is between Rs.35/- and Rs.50/-for production workers and non-managerial office workers and Rs.100/-for supervisory grades.

It is clear that there are several allowances paid for employees⁵. The special allowance of Rs/- 100 is paid to permanent employees in all categories on completion of 18th month from the date of joining and shown separately in the pay record. This attaches the EPF (Employees Provident Fund) and ETF (Employees Trust Fund; see chapter 4 for details). Cost of living allowance is paid to permanent employees in all categories effective from 1989 at the rate of Rs. 1/- per each point of Colombo Consumers' price index. This allowance is shown separately in the individual's pay record attached to the EPF/ETF. The merit allowance was approved by the Board of Directors in 1992, the company grants a 30% increase of the basic salary to all employees who were in the service in 1993 and the increase was effective from 1993 on. This increase was based on the salary payable in 1993 and would be shown separately in the pay record of each individual. This allowance was attractive to EPF/ETF and not payable to Junior and senior executive categories. Employees working on shift basis are entitled to a shift allowance⁶.

Table 19. Elements that given priority in salary increments.

Element	Factory workers		Office staff	Management
	Production workers	Supervisory		
1. Technical educational qualification	0	0	0	0
2. Work ability	3	3	3	3
3. Results and achievements	1	2	2	2
4. Working manner	2	2	2	2
5. Mobilization percentage	2	2	2	2
6. Commitment and effort	2	2	2	2
7. Educational qualifications	0	0	0	0
8. Age	0	0	0	0
9. Seniority	0	0	0	0
10. Gender	0	0	0	0

Note: Most important=3, important=2, some what important=1, not important at all=0

Attendance allowance of Rs. 500/- is paid to all employees in the permanent cadre including trainees, factory employees, office employees and executives. In Japan daily attendance is seen as an essential responsibility employees. In Sri Lanka this is not the case. As I explained before, cultural factors have been mentioned by the employees as the main reason for being absent from work. However as a company which is linked to the world market, Noritake has to keep its target production rate. As a system of keeping employees attached to work without absenteeism the company does pay this kind of attendance

⁵ The trainees are paid allowances monthly. Casual employees are daily rated and paid monthly and the employees contracted for fixed terms are on an agreed salary/ allowance and paid monthly. The all inclusive allowance payable to trainees in the quality control and planning assistants in the first year is Rs.2000/- per month plus cost of living allowance and it increase to Rs.2050/- per month plus cost of living allowance in the second year. Allowance payable to clerical trainees is Rs.150/- per day and the allowance payable for factory trainees in Rs.150/-per day. The above allowances are subject to EPF and ETF and also they are entitled to annual bonus /attendance allowance/welfare allowance production incentive and leave pay as per rules applicable such payments. Casual employees are paid Rs.100/- per day subject to EPF and ETF.

⁶ Shift between 14:00-22:00 paid Rs.10/- and 22:00-6:00 is paid Rs.15/- per shift.

allowance. To gain the payments the employees have to meet some conditions. He/She should not have gone on any no pay leave in the qualifying month to be entitled for the payment. If 1.5 days casual/ sick leave is taken, only 75% of the above payment will be made and if 2 days casual/ sick leave is taken only 50% of the above payments will be made. If more than 2 days casual/ sick leave is taken no payments are due. However the leave taken in whatever categories in the qualifying month for the funeral of the husband/ wife/ child or the dependents as defined under the rules of the company's Death Donation Society up to the 7th day alms giving, will not be taken into account when considering eligibility for above payment.

It's not only the Attendance allowance that the employee lose being absent from work, it's also the other incentives like the production incentives Rs. 1600/-(minimum) and welfare allowance Rs. 300/- (maximum). They are all given under the same conditions as indicated for the attendance allowance. There is a structure at Noritake that that allows the employees to gain high income with good attendance. However this strategy has worked effectively only to a certain level. It is nearly impossible to live in Sri Lanka with only the basic salary that is given at Noritake without those incentives. Even if Noritake could overcome attendance problem, it is clear that it is not because of the loyalty of the employees to the company but because of the strategy that management uses.

At Noritake there are also fringe benefits provided to employees. Apartments are available inside the factory complex as well as in the upper lodge premises. The apartments in the factory complex and on the land in front of the factory are solely for top senior executive category employees. There are 4 separate houses in the best location compared to other apartments. The senior executives do not pay for renting those houses. The apartments in the upper lodge premises are allocated to the senior executives / junior executives / clerical/ supervisors and charge hands. They are not as large as those given to the top senior executives. In this case the rent varies depending on the category of employees. Here allocation of apartments depends on the Job category and is a very clear visual example of the status gaps at Noritake.

There are also annual excursions organized by employees, department wise as well as employment category-wise. The Company bus is given free of charge for each department only once a year and for single day trips. Also a bonus is paid to every employee twice a year ; at the end of the year and before the New Year celebrations in April. In this respect, the practice of Noritake Lanka is no different from JSM.

It is a requirement under company rules and regulations that all employees should wear uniforms while at work. The company provides these uniforms. Factory female employees are given two white gowns and two pairs of shoes per annum. The female office staff, including senior/ junior executives, are provided two sarees /skirts and blouses and two pairs of shoes, factory male employees and office staff male including senior/ Junior Executives are given two white shirts and one pair of shoes per annum. Prior to 1995, 40% of the cost of these items was recovered by the employees. However consequently on negotiation between the Noritake and the Internal Union (*Nidahas Sevake Sangamaya*) in 1994, uniforms have become provided free of charge from 1995. Many other steps have been taken to improve welfare facilities and the working conditions of employees. The Following welfare facilities are being provided.

1. Transport facilities between and workplace in Matale and Kandy.
2. Canteen facilities for tea and meals.
3. Filtered water to drink.
4. Free medical facilities.

5. Free tea twice a day.
6. Safety equipment such as shoes, gloves, goggles gum boots etc.
7. Various incentive schemes.
8. Milk food for postnatal mothers for 6 months.
9. Annual excursions, annual get-together at company expense.
10. Hostels for unmarried workers & residential family apartments for officers and staff.
11. A medical insurance scheme through external Insurance Company (Ceylinco).
12. Loan facilities for purchase of houses, construction of houses, to purchase of household electronic equipment etc.
13. Distress loan facilities to meet unforeseen circumstances like floods, droughts, to redeem mortgages etc.
14. Vehicle loans to Senior Executives.

Some of the employee benefits above are not restricted to Noritake Lanka. BOI companies are mandated by BOI or Labor Department to provide some of these facilities. However, Noritake is rated in Sri Lanka as a company with an excellent system of personal emoluments and employee benefits. Noritake also has excellent systems to handle matters like leave entitlement, gratuity and assistance in times of death of an employee or family member (See appendix for details). Most of the companies in the EPZ do not have such a system of personal emolument. However there are some similarities and

Table 20. Salary difference in each job category at Noritake Lanka (1998)

Job category		No of employees in each category	Lowest salary	Highest salary	Salary Gap
Management		43	10,000	30,000	20,000
Office Staff		44	1,700 (5,000)	4,850 (10,000)	1,950 (5,000)
Factory	Supervisory	56	1,700 (6,000)	3,650 (12,000)	1,950 (6,000)
Workers	Production workers	1127	1,550 (5,000)	3,350 (10,000)	1,800 (5,000)

Note : The approximate income of an employee in each category when other incentives payments and allowances are added to the basic salary is indicated within brackets.

differences between JSM and Noritake management and Sri Lanka.

The salary gap between the job categories is very large in private companies in Sri Lanka. Noritake, though a private company at present it has been influenced by the government since inception. Noritake has a salary scheme very similar to that of the public sector ; where the salary differences between job categories is low. For instance, the salary difference between the office staff and the production workers is very low. The gap between salaries of the office staff and production workers and those of management executives however, is very large. As Koike Kazuo (1994) explains, “white collarisation of blue collar workers” is an important characteristic of JSM. However the gap between the management and other employees still remains high. This is unlikely to change in the near future. The management receives approximately five to twenty times the salary of a production worker or a non-managerial office

staff. In Japan no such large salary gaps exist in any typical company.

The salaries of the management are decided through an interview between the local management and the top Japanese representatives which takes place every year. As already indicated in Noritake the local management carries out the personnel management. Most local managers have a long experience of working for Noritake. The Japanese representatives, working for Noritake Lanka are changed every 3 years or so. In contrast there are some local managers who have been in place since the inception of Noritake Lanka. The Japanese short-stay managers have to depend on local management. In this situation, at the present time, the Japanese management does not want to take risks by reducing local managers salaries. The latter also infers that the Japanese Management does not have the ability to control this company without their help. Specially, after the public disturbances created by *Janatha Vimukthi Peramuna* in 1988, the Japanese management has developed a fear of handling the personal management, I will describe this event in more detail later.

Another difference pertains to the increment salary system of Noritake. Under JSM in each company an automatic increase (*teiki shokyu*) of basic salary takes place. Every year all regular employees are promoted one rank higher with the exception of those undergoing disciplinary action and those having long absences (more than three months for personal reasons including non occupational sickness). Of course, as indicated above, there is an incremental salary system that functions at Noritake Lanka. But the difference is that the salary does not increase automatically. There is a strong checkup and evaluation before increments are given and this process is much stronger than under JSM. Approximately 20 per cent of employees are excluded from increments. The purpose of having the annual increments is to motivate employees to remain in the company longer. When obtaining this increment is subject to a difficult hurdle, the original objectives of the increment system of may not be achieved. In Sri Lanka, incremental salaries are the norm in government and large private companies, there is always an evaluation before enthrusing an increment.

The other difference in JSM is to be seen in the allowance system of Noritake. As shown in the previous chapter, the allowances are paid for the purpose of keeping the employees attached to the company for a long period of time. Noritake has a very well prepared system of incentive allowances. One can easily understand why the Noritake system is superior when compared with newly started Japanese companies. But the incentives and the allowances they have are basically concentrated on things such as the attendance of the employees. This shows that attendance is a big problem in companies located in rural areas like Noritake. But however there are no allowances such as family allowances or housing allowances at Noritake. Although there are loans given to executives, it is only to that particular Job, and the loan is not actually given by Noritake, but by the Bank branch located on the company premises. The reason for mentioning this on the salary sheet is because a certain amount of money is deducted form the salary to pay back any loans.

The Labor regulations of Noritake are based on the labor regulations as indicated by the BOI. The latter are based on the Labor Laws and Shop and Office Acts in Sri Lanka. With these labor regulations, Noritake has become a very hierarchical organization. Even though the employees work in the factory and non-managerial office employees receive similar amount of salaries, the structure is favored towards the white collar workers and in this respect Noritake could be listed as a typical Sri Lankan company. For instance this situation is reflected in holidays given to employees. At Noritake, for blue-collar employees Sunday is a holiday and it is an unpaid holiday where as on the other hand, white-collar employees are granted a half holiday on Saturday afternoon and Sunday a whole holiday with full

remuneration. If a statutory holiday falls on such a day, an alternative half-holiday or full holiday is granted for white-collar employees either in the same week or in the following week, where nothing is granted to blue-collar employees. At Noritake, there are differences between the blue-collar and the white-collar employees, in respect to maternity leave. The female factory employees (blue-collar) are allowed 12 weeks (84 days) leave, with pay, if the confinement results in the birth of a child and the employee has already no child or has one child at the date of such confinement. In case she has two or more children or where confinement does not result in the birth of a child, she may be allowed 6 weeks (42 days) leave with pay. On the other hand, even though the female office employee (white-collar) are granted maternity leave with pay for 84 days, this counts only the working days and the week ends are not counted. As a result, the office employees enjoy a longer leave. So far there are no signs of changing Laws and regulations in this respect. As long as Laws or Acts remain, it is hard to expect changes in the status gaps favoring the white-collar employees in the recent future.

Promotions

Table 18 indicates the elements given priority in promoting employees. It is clear that the elements expected for promotions from each category are not the same. The elements expected from the factory workers: production workers and supervisors and the non-managerial office workers are the same. There are only two differences. One is the fluency of Japanese expected from the supervisors. As a supervisor the chances are increased by having contacts with the Japanese representatives completely in Japanese. The other element is the fluency of the English language and is not required for the production workers. Even these elements differ from management to non-management classes, such as office or factory. The elements such as results and achievements, ability in English, personality, and working

Table 18. Elements that give are priority in promotions at Noritake Lanka

	Factory workers		Office Staff	Management
	Production workers	Supervisory		
1. Technical educational qualifications	0	0	0	0
2. Results and achievements	0	2	2	3
3. Ability in English	0	2	2	3
4. Ability in Japanese	0	1	0	0
5. Age	2	2	2	2
6. Educational qualifications	2	2	2	2
7. Gender	0	0	0	0
8. Seniority	2	2	2	2
9. Personality	2	2	2	3
10. Willingness to work	2	2	2	2
11. Working manner	2	2	2	3
12. Results and effort	3	3	3	3
13. Marks of promotion test	0	0	0	0

Note: Most important=3, important=2, some what important=1, not important at all=0

Table 19. Job category wise situation of internal promotions at a glance at Noritake Lanka

	No. of employees in each post	External labor market	Director General manager	Asst. General Manager	Asst. Factory manager	Production Manager	Asst. Production manager	Supervisor	Charge Hand	Production workers
Director / general manager	1					1*				
Asst. General Manager	1		-					1		
Asst. Factory manager	1			-			1			
Production Manager (1, 2)	2				-		1	1		
Deputy Production Manager (1, 2)	2									
Asst. Production manager	12	6				-				6
Production Executives	8									8
Senior Supervisor	4									4
Supervisor	3	2					-			1
Charge Hand	28							-		28
Production workers	953	953							-	-

Notes* = the director/general manager was promoted from the office staff who started as a cost accountant. Supplying Accountant is in the same level to the Production manager.

Table 20. Education qualifications and work experiences of employees in each Job category at Noritake

	Number of employees in each post	Years of work until now	The educational and work experience (Number of years)
Director/general manager	1	17	A/L graduate > Worked for a Government Office as an accountant (got the qualification in the Chartered Accountant examination while work) (15) > Supplying Accountant (3.5) > Chief Accountant (3.5) > Deputy General Manager (2) > general manager (3) > Director / General Manager (5)
Asst. General Manager	1	26	University graduate (Science) > Management Trainee (2) > Asst. Production Manager (5) > Asst. Factory manager (8) > Factory Manager (3) > Factory Manager / Asst. General Manager (8)
Asst. Factory manager	1	13	University graduate > Management Trainee (2) > Asst. production Manager (5) > Production Manager (5) > Asst. Factory Manager (1)
Production Manager (1, 2)	2	25	A. A/L (science) graduate > kiln operator (2) > Supervisor (10) > Asst. Production Manager (11) > Production manager (2) B. A/L (science) graduate > Production worker (1) > Charge Hand (5) > Supervisor (8) > Asst. Production manager (10) > Production Manager (1)
Deputy Production Manager (1, 2)	2	26	A. A/L (science) graduate > Planning Asst. (6) > Senior Planning Asst. (7) > Asst. Production Manager (8) > Deputy Production manager (5) B. A/L (science) graduate > Trainee Quality controller (2) > Supervisor (8) > Senior Supervisor (5) > Asst. Production Manager (10) > Deputy Production Manager (1)
Asst. Production manager	15	15-20 Avg: 6	A. A/L (science) graduate > Production worker (5) > charge hand (5) > supervisor (5) (50%) B. University graduate (science) > Trainee Asst. Production manager (2) > Trainee Asst. Production manager (50%)
Production Executives	8	Avg. 20	A. A/L (science) graduate > Production worker (5) > charge hand (5) > supervisor B. O/L graduates > > Production worker (5) > charge hand (5) > supervisor
Senior Supervisor	4	3	A. A/L (science) graduate → Production worker (5) > charge hand (5) > supervisor (5) B. O/L graduates > Production worker (5) > charge hand (5) > supervisor (5)
Supervisor	3	2	A. A/L (science) graduate → Production worker (5) > charge hand (5) > supervisor (5) B. O/L graduates > Production worker (5) > charge hand (5) > supervisor (5)
Charge Hand	28	15 13	A. A/L (science) graduate → Production worker (5) > charge hand B. O/L graduates and below > Production worker (5) > charge hand
Production workers	953	0 years to 28 years	A. A/L (science) graduate → Production worker B. O/L graduates and below > Production worker

manner are required to receive promotions for managerial classes. There has to be a difference of ability between different statuses even in the JSM, i.e. there are differences in abilities between managers and the supervisors or production workers. The difference here is in the level of their abilities not in their competency of the same abilities. For instance English is required from every employee including a production employee for promotions and this ability can be strongly required for a promotion. At Noritake, however, the employees' skill in English is used as a barometer in the evaluation of the job category and the one that marks the typical British influence in Sri Lankan management where there is a strong status gap. At Noritake basically the same criteria indicated in the Table 18 is used for probationary employees, as the measurement for giving promotions. (Refer Table 9 and Table 10.) These two tables indicate the different elements required from the factory employees and the office employees. When compared with nearly 20 elements which are considered for giving promotions, the small number of elements considered at Noritake could be highlighted as a difference.

The unlimited opportunity for granting internal promotions is a characteristic of JSM, i.e. an employee who started working as a production worker has the chance to become a manager without the education qualifications. In Japan there is a system that allows for an employee who only graduated from high school getting chance to compete for the same post earmarked for a person with a university degree. Here the experience of the high school graduate employee is evaluated as equal with the graduate that has higher qualifications. Table 19 indicates the Job category-wise situation of internal promotions at Noritake Lanka. It is a fact that — Director / General manager, Assistant Factory manager, Production manager and the Deputy Production manager — promotions are done internally. Also half of the Assistant Production managers are promoted internally. This makes it clear that internal promotions do exist at Noritake. This became the practice, since there were few that had the high educational qualification when the company was founded. As mentioned earlier at the beginning there were difficulties in recruiting employees and this was mainly because pottery was known as a job suitable only for people of the lowest class. The few highly educated employees of Noritake have come to these positions later in the companies history. It is hard to imagine that this is happening even now, because as mentioned earlier, Noritake recently began recruiting university graduates as management trainees and trains them for nearly 2 years to start work as asst. production managers. Asst. production managers are those who are going to be trained to work in the managerial posts, also means that a limit on the promotion of a production employees set at the level of a supervisor post. Noritake management makes a distinction between managerial and non-managerial positions at the point of hiring. This is a common feature typical to Sri Lankan companies. If this is the case, there is no chance for a high school graduate to catch up with a person recruited as a university graduate through internal promotions.

There is a difference between the professed intention and real intention of Noritake with regards to promotions. As already mentioned, according to the recruitment practice of Noritake, an announcement will be made of any vacant post. At that time employees already with Noritake and who have qualifications have the chance to take a test for that post. But the personnel management expresses that for the most part they are not interested in promoting internally, when it comes to managerial posts. The personnel management indicates two reasons for not granting internal promotions from non-managerial posts to managerial posts. First, through experience, the management has found out that some who had been upgrader from a non-managerial to a managerial posts could not change the way they work or thought about. Their attitudes in order to become an effective manager. Such persons were found

incapable of giving orders to the people below, then due to the close relationships they had developed earlier on. Management at Noritake thinks the work could only be done under a top down management system and does not trust that employees will work voluntarily without orders from above. This also means that the non-managerial employees have to have an attitude of just obeying orders. Managers are expected to keep a distance so that they can give orders when necessary. This manifests in the form that managers and non-managers are two separate parties. The strong status gap copied by the Sri Lankans from Europe is still maintained even in a Japanese company having a 25 years of history in Sri Lanka.

The second reason the personal department indicates is the poor English skill of internally promoted employees. The employees in the managerial posts are expected to be fluent in English. The main reason is that it is physically difficult to work without English knowledge internally as well as externally. For instance, the managers' meetings normal conversations between each other are conducted in English. The external reasons are that the business talks and even training is done in English in Sri Lanka as well as abroad. All the printed matter is also prepared in English. Top management is hesitant to send someone as a manager of Noritake, if he does not have competence in English. This indicates how deeply rooted the status gap problem in Sri Lanka is and how this has affected the internal promotion system.

VII Promotion of Communication and Labor Management Relationship

Noritake has two trade unions. The union offices are located on the company premises attached to each other. The most striking difference when compared to JSM, both trade unions at Noritake are not enterprise unions. They are organizations with the backing of a strong political party and are just branches of these political parties. Each of these at Noritake is linked to the two biggest political parties in Sri Lanka. One, the *Jatika Sewaka Sangamaya* has approximately 700 members and is controlled by the United National Party (UNP). The other union, *Nidahas Sewaka Sangamaya*, has approximately 300 members and is under the control of the Peoples Alliance (PA) Party (former SLFP). Most of the time, politicians to achieve their political goals use these trade unions and in return, the unions attached to companies like Noritake can get help in achieving their union goals through the management. As explained in the previous chapter, a company like Noritake, located outside the EPZ does not have any restrictions from BOI. As a company having thousands of employees, it is hard to believe that political parties do not pay attention to Noritake. It is interesting to note that whenever there is a change in ruling political party, there is a shift in union membership to the the union controlled by the party that controls the government. One reason for this movement is because employees believe that it is easier to represent win their demands from the company if their union is on the side of the government. There is also the fear of being connected to the opposing party. Noritake presents a typical example of the power of politics over the private sector in Sri Lanka. As stated above, when it comes to recruitment, connections with politician's and also with the management, are often seen as important qualifications. A certain percentage of workers are recruited through the recommendations of politicians.

Another characteristic of trade unions at Noritake is that only the production workers are involved in these trade unions. No one in management has such afflictions. In Japan, the whole group of employees, without any distinction whether office employees or factory employees, work together in the union of their own companies. In this sense there is no status gap between them in union activities. Both blue collar and white-collar employees work together. The degree of communication between the two groups in Japan is high. In JSM there is no communication promoted between the non-managerial groups.

In Japanese companies, the union leaders are those who get promotions. In Japan, the leaders of the enterprise trade unions are basically elites of that particular company and are expected to become leaders of the whole company someday. The trade union activities are considered a kind of training among young employees, who are expected to lead the company to success during their lives. This can only happen when there is an internal promotion system. Because of the above system, the trade unions in Japan have fewer conflicts with management. Of course internal demands have their demands presented to the management at least once a year every May. But even when the unions are not successful in winning their demands, they try to understand the managers' point of view and the company situation. Because the unions have the mentality that the company they work for is their own company, harassing the management too much is considered to be breaking their own neck. Long-term employment is a normal thing in Japan and they do not wish to lose their jobs. Wherever there is an internal promotion system in which even a leader can become a manager in the future, relationships between the managers and workers can turn out to be very cordial.

On the other hand, the above situation affects the labor management. The labourers are under the opinion that the management requisitions them. This no-trust relationship could be identified in the labors' work attitudes. For instance, there cannot be workers continuing work even a short time after working hours without remuneration. For Japanese employees' working after normal working hours is a normal thing. But in this research at Noritake Lanka it was found that the employees were getting ready to go home, cleaning them, about 15 to 30 minutes before the end of the workday. Actually the company buses depart the gate at 5:05 p.m. and it is 5 minutes from the bell at end of work. By this departure time, all the employees are seen in the bus at the main entrance, which is about 1000 meters away from the factory building. In addition, Noritake has suffered from labor strikes. Apart from many small work stoppages, there were two big strikes conducted in Noritake's history. The biggest one was in 1994 and had a strong political backing.

In 1988, the *Janatha Vimukthi Peramuna* a militant group of youth started a violent campaign with the intention of overthrowing the elected government of Sri Lanka. This subversive movement affected many aspects of life in the country. The industries had to be closed down and commercial activities were restricted. This torrent of violence affected Noritake in 1989. There were several work stoppages that resulted in closure of the factory. Around 13 hard-core insurgents among the company workforce were taken into custody by government forces. They never returned to work.

Insurgents in 1994 robbed the bank unit attached to Noritake. The assistant General Manager / Factory Manager was shot at. He escaped without injury but the chair he was sitting in had bullet holes in it. Immediately after the general elections, the SLFP union was agitating for the removal of army personas from the premises. There was a work stoppage in August 1994 for about one month. Even after returning to work the aggressive mood of workers prevailed. It developed into a violent scenario in December 1994. About 250 workers surrounded the office and took the Managing Director, Assistant General Manager / Factory Manager and Asst Personnel Manager who were in conference with trade unions as hostages. The drama lasted few hours. The factory was shut down on 08th December and reopened on 28th December 1994, 38 workers lost their jobs consequently. Events of this nature have become rather common around the times of elections.

Normally in Japan, the employees do go on strike when management does not meet their requirements. But in Sri Lanka, often the employees first say that they are on strike and only afterwards present their grievances. This happens because the union branches do not decide by themselves but work

according to the orders of the political head office. The management says that it is therefore not possible for them to act to prevent strikes beforehand. At Noritake, strikes were aimed some times at the JSM practised there. Some time ago there were morning exercises where every employee participated for 15 minutes before work started. But as the result of a strike, morning exercises were stopped. Workers argued that they get enough exercise through their normal life. The employees have said that their life is not a convenient one and most of the time depends on manual labour. For instance, they have to chop firewood or carry water for cooking every day and even it is not easy to come to work early to participate in these morning exercises. Coming to work, some walk several kilometers and have to take 2 or 3 over loaded buses. Some are work tired, and they would get even more tired because of the exercises. Even the QC circles were conducted after work but that practice also was stopped through a strike. The

Table 21. Things done to Promote smooth Communication at Noritake Lanka

	Factory workers		Office Staff	Management
	Production workers	Supervisory		
(a) Convey management ideology and the business culture	*	*	*	*
(b) Convey management policies and company strategy	*	*	*	*
(c) Holding internal meetings periodically	*	*	*	*
(d) Introduction of big office room with no partition.			*	*
(e) Publication of papers, etc. periodically	*	*	*	*
(f) Implementation of recreational activities such as parties and sports meets.	*	*	*	*
(g) Association with the people even out side the office			*	*
(h) Encourage learning Japanese	*	*	*	*
(i) Give local staff training, organize business trips to the Japanese head office	*	*		*

employees have no trust in the management, and therefore whatever the management asks employees to do, employees believe it is an act of requisition of their labour. In Japan these activities are meant to promote communication between employees and the management, and to strengthen the group consciousness. If this cannot be implemented in Noritake Sri Lanka it can negatively affect the achievement of the goals.

The status gap is very strong at the Noritake Lanka and this has effected the process of smooth communication among employees. As indicated elsewhere, there are differences in the treatment depending on the job category. For instance, the managers are given vehicles and bungalows. Also things like the number of holidays for maternity varies according to the job category by law. However at Noritake, there are no separations or discriminations in the use of facilities, through signboards like “office employees only” or “factory employees only.” There are however, segregated toilets and dining halls. Even though there are no written instructions preventing some groups from using some facilities, it is not

possible to find a production worker using toilets for office staff. There is a tacit agreement regarding who should use the which of the facilities such as toilets.

Even regarding the use of the dining hall it is the same. The top management goes to their bungalows to have lunch and the office staff and the others at the managerial level gather to a dining room meant for the office staff. When the same place was visited in January of 2001 there was a new construction going on and according to the managers it was a new dining room to be separated according to job categories. During tea at 10:00 a.m. and 3:00 p.m. the production employees go to the canteen for tea, for the office workers tea is brought to their working places. If the employees could move together, during the times of relaxation and lunch and tea times, it would definitely be helpful for smoother communication.

At Noritake, the uniform of employees is the same and there is no difference according to the job category. However, a dress like the sari, allowed to the female office workers, acts as a symbol of status. Few female office employees lament that they are asked to wear skirts. The status gap appears as a kind of motivation to their white color employees. It is found hard to think of employees without considering their job categories. It is important to keep in mind that wherever the status gap exists, there is a barrier to communication among the different job categories.

However, there are some methods used in promoting communication among employees as shown in Table 21. Some customs are from the Sri Lankan management culture and some are newly introduced from Japan. The management ideology, the business culture, management policies and company strategies are conveyed to employees at the stage of the recruitment through materials like posters put on the walls of the company. There is also holding of internal meetings periodically at Noritake. The meeting of the top management class held on every Monday starts at 8:00 a.m. where the Japanese management also joins in. All the discussions are held in English. On the other hand, during the days of the week, depending on the section, there is a meeting held at least in every section led by the sectional managers. However, the information about decisions etc. taken at the top management level is not conveyed in any regular manner to non-participants. The management does not think that there is any need to do so. There is a kind of information monopoly at Noritake like in other typical Sri Lankan company. On the other hand, management does not show any interest in getting employee' consensus in the decision making process. The participation in decision-making is restricted (Ringi style) to employees above the assistant factory manager level. The documents are written solely in English and they show the objectives of the company. There is an introduction about the big office room with no separations that could be highly evaluated in the sense of preparing the environment for smooth communication especially beyond job categories. In the factory, the sectional managers have their desks in a corner of the premises of that section. The office staff has been given separate spaces divided by glass-paneled walls, which have a style of reducing the barriers among different categories. Regarding the Japanese representatives, excluding the chief representative and the top of the sections, others share the same room and this facilities good communication among employees. The publication of a newsletter could be considered as the only Japanese company, which does so. This paper is published annually and presents movements and articles such as the what QC circles are. The articles are 100 percent written in Sinhalese targeting production employees. Implementation of recreation activities like parties and sports meets are very common in Sri Lankan companies and are also held Noritake. The sports-meets are held annually, around April and social parties in December. The company bears all the expenses and even the families of employees are invited to participate. The employees enjoy these activities greatly and these activities can be beneficial

because they encourage communications to some extent between different job categories. Basically the employees associate and move separately with members of their own job category. When the annual trip is organized for employees they move with persons from the same section where they work. This basically improves internal communication. Also there is nearly no one who associates with other employees outside the office on a daily base. Basically the employees return home as soon as the work is over. As a country with a religious background it is known that drinking liquor is a bad practice in Sri Lanka and the poor transport system has most likely made the employees return home early. The company's encourage employees learn Japanese. It gives local staff training, business trips to the Japanese head office are done and explained in the section on human resource development. This has worked as a motivation for employees to get a chance to visit Japan and this can be the shortest way in transferring JSM values if the management agrees.

There is no "proposal system" available at Noritake. Earlier there were boxes called "proposal boxes" located in places like canteens. However, these boxes were removed later. The management did not receive any useful proposal through this system. The messages placed in these boxes were almost totally to speak ill to other employees. The management has therefore decided to listen to the employees' proposals only through QC Circles.

Except a few Muslims, the rest of the employees who work for Noritake are Sinhalese. This is natural because nearly 100 percent of the people in the area where Noritake is located are Sinhalese. There is a Sinhalese language class once a week for the Japanese representatives. This is to improve the communication between the Japanese representatives and the local staff. But actually there are no signs of Japanese staff using this language in communicating for work purposes. The business talks of the Japanese representatives with the local management are done in English and generally there is little to no chance for them to talk with the ordinary employees. The Japanese representatives move separately and have no relationship with the locals except during working hours. The Japanese representatives live together in a bungalow, come to work after break-fast have lunch at home and after work return home for dinner. There is a cook who prepares Japanese food and the Japanese normally have Japanese food, especially soy-bean paste (*Miso*) since most of the representatives have come from the central province of Japan where the mother plant of Noritake is located. Based on warnings received from local managers, the Japanese representatives have been careful in their links with locals. Local management had informed them that it gets difficult to control the workers when the Japanese representatives are in close contact with them. At least the local management feels that there is a tendency, among the non-managerial employees, to try to get advantage from a close association with a Japanese representatives. When this happens it becomes difficult for the local management to control them. This problem is very similar to most of the Japanese companies operating in Sri Lanka. To summarize, there is a very poor communication relationship among the local staff this is particularly so between the non-managerial personnel and the Japanese representatives. Most of latter have had too short a stay (about 2 years) in Sri Lanka. This another reason for poor communication relationships.

Conclusions

Noritake Lanka as a Japanese manufacturing plant has the longest history in Sri Lanka. It is closely attached to the local area and is a very good case for study of the adaptability of JSM in Sri Lanka. Through the research, it was found that there are elements of JSM practiced at Noritake, which cannot

be identified in other Japanese companies. If JSM is a total system activated as a chain starting from recruitment, it is important to inquire as to whether or not that kind of system exists in the company. In that respect, Noritake is quite distant from JSM. Some JSM elements in practice are too are fragmented. At least at Noritake it is hard to notice the employees having equal chances in human resource development, in promotions, salary, welfare or participating in decision-making and in feeling that this is their own company irrespective of their job category. The human resource management done by the local management that does not have the JSM knowledge could be cited as the reason for this kind of situation. Some are unavoidable, but as a company, it has to obey the laws of the country that effectively encourages a status gap. The management of Noritake Lanka, both the Japanese and the local, has had to work hard in making the Noritake a giant company, a company loved by outsiders as well as their employees. As a matter of fact Noritake has shown how difficult it is to import culture from Japan to Sri Lanka. Through this case study, Noritake shows the complex problems that could occur, despite prospects in transferring JSM effectively to Sri Lanka.

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Japanese-Style Human Resource Management in Sri Lanka— The Case study of Noritake Lanka (Pvt.) Ltd.

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ノリタケチャイナの作られ方

How
Noritake China is made

