

## ***6. International human resource management and cross cultural management***

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### Resume

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### Key Words

Mental Productivity

Practical Productivity

Kaizen

5S Program

Integrated Productivity Improvement

Just in Time (JIT)

Total Productive Maintenance (TPM)

Total Quality Management (TQM)

Japan Productivity Movement

Japan Productivity Center

7 QC tools (Quality Control tools)

## **“WE MAKE PEOPLE FIRST THAN PRODUCTS OR SERVICES”. PRODUCTIVITY IMPROVEMENT THROUGH PARTICIPATION MANAGEMENT. A COSTA RICAN PRACTICAL EXPERIENCE**

Nowadays in a global influence, companies cannot continuously been complaisant conservatives, regardless of the industry they are in, believing that their only reason to exist are their products or services been offer to the customer. To be winners in the world globalization game of survival and competitiveness, the management must make a lot of efforts to change their way of thinking, executives who have been engaged in the same line of business for a long time, tend to be trapped in old ways of doing business, which prevents them from thinking of continuous improvement.

Every business must meet market demands by providing products and services that satisfy the costumers in the market, in order to do so, Productivity and Quality represents a key element that makes the difference. Only, through productivity improvement companies will reach for a competitive international level because it contributes in the socio-economical growth for a country. It is the key factor that determines a better standard of life for the people, the survival of the business and the prosperity of Nations.

### **BUT THEN, ¿WHAT IS PRODUCTIVITY?**

Productivity most be consider as a more integrated way, it means that it must consider the following aspects, those are:

- Socially/Mentally: to make thing tomorrow better than today and increase morale
- Economically: to generate more value added to products and services and fair distribution of profits,
- Technically: better quality of products and services, it is a relationship between outputs and inputs.

In summary, Productivity Integrated is to make human been HAPPY, through constant progress.

For a long time, productivity has been considered as a simple ratio of output and input. However, we must break away from the myth that productivity is only evaluating the manpower or just an index for indicating efficiency. According to the Japanese approach, it has two elements of seen it:

- Practical productivity: it refers to the relationship between output (products and services) and the inputs (all the resources required to produce them) mixed in harmony with the environment, such as manpower, machinery, raw materials, money and energy, mainly.

$$Pr oductivity = \frac{Outputs}{Inputs}$$

- Mental productivity: it refers to a behavioral change, based on the premise that the worker is a very important source of ideas for the cost reduction and improvement and not just only an element that brings physical force to use a machine or equipment. In order to do so the organization must guide them to a continuous improvement (Kaizen), it's vital to have their commitment, allowing the participation of all the people from all the levels of the company fostering the team work.

In this lecture will emphasize on the mental one, the Japanese experience shows that a company can get long term benefits from productivity such as improved product failures, reliable quality, increase the staff morale and enhance corporate image. The Japan Productivity Center (JPC) defines productivity as a concept of the mind, a march to perfection. This concept may be the most important factor that determines better living standards for the people, business survival and prosperity of nations.

That is why the mental approach allows us to remember that:

*“Productivity is, above all, **an attitude of the mind**. It seeks continually improve what already exists. It is based on the believe that one can **do things better than yesterday and tomorrow better than today**. Also, it requires a lot of efforts to adapt economical activities to changing conditions applying news theories and methods. It's a firmly believe on the **progress of the human been**”.*<sup>1</sup>

An effective organization satisfies the following factors: Quality (Q), Cost (C), Delivery (D), Safety (S) and environmental resources (E). It is a system that delivers products or services in harmony with the environment, with a required quality level for the customer, at the lower price possible, made in a safety ways, including the adjustments of the variation of the customer's demand.

According to the following equation:

$$\text{PROFIT} = \text{SELLING PRICE} - \text{COST}$$

It is stated that profit margin is the balance after subtracting cost from selling price. The selling price is determined generally by the marketplace. To obtain a profit, the only way left is to lower the cost as much as possible. That is why the workplace represents a new horizon of producing profit. It is the source of profit, the key factor is not to look at the human been as a cost issue but as the most important assets of the company, because of the worker's “know how” adds value to the product.

Nevertheless, this new way of seen things it is not enough, in order to get profits the managers must take the first step by fostering the participation because of the premise that the worker is the one who knows best the problems on the job site, they have to deal with it every day, and may be they knows how to solve them but their lack of technical knowledge is the wall against them to propose possible solutions; he needs the chance to work on it in cooperation with the middle and high management. Return to the basics and to train them with the basic management tools.

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<sup>1</sup> Source: European Productivity Agency, 1958.

## **JAPAN PRODUCTIVITY MOVEMENT**

“Productivity improvement is for everyone”, this sentence is commonly misunderstood with rationalization or increase efficiency. Both concepts are related with maximization of outputs (products or services), this can lead to increase of the unemployment, poor labor conditions or salaries reduction of the worker.

To avoid this myth, the Japan Productivity Center (JPC) developed the Productivity Movement. They became a competitive country at the international level based on the concept of mental productivity and developed “Three Guiding Principles”:

### ***1) In the long run, improve productivity will increase employment.***

A company will be more productive when they diversify their products or services. In other words, if we offer more quality options to the customer, it allows the growth of the company. Also, the research and development plays a key role to achieve this goal.

Meanwhile, it's necessary that the government, the academics, the unions and the companies work together to establish measures to decrease unemployment, minimizing critical situations that can affect the economy of a country.

### ***2) Labor and management must cooperate in developing measures to solve problems and to increase productivity.***

All innovation starts in the mind, that is why it's necessary begin with a behavioral change, but this is a long term vision, that is why the first thing to do is to work on people's minds instead of making technological changes. This is the foundation of management approaches such as Justo in Time, Lean Manufacturing, Six Sigma, Total Quality Management or Total Productive Maintenance.

### **The new role of the middle and high management.**

The first responsibility of the manager should be to obtain profits by supporting quality of products and services and to improve productivity. In order to do so, the managers must become a facilitator that promotes the participation of their subordinates; beginning with training the basic tools, fostering teambuilding and a correct suggestion system. And then, he will have time to spent it in Research and Development, not only on how to make new products or services but thinking on how to improve the process, quality, to reduce costs, etc.

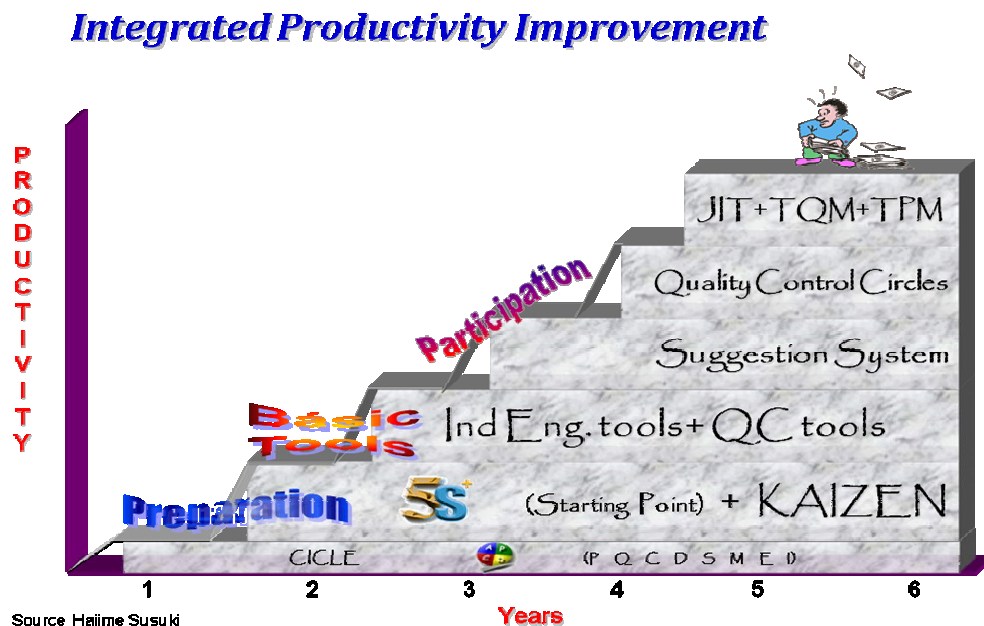
### ***3) The fruits of improved productivity must be distributed fairly among management, labor and the consumer.***

The gains obtain by increasing of productivity, produced by the joint efforts between managers and workers must be distributed fairly and to improve the welfare of the human been and to contribute with the socio-economical and environmental growth.

## FOUNDATION BUILDING TO IMPROVE PRODUCTIVITY

Once, the concept of Productivity has been explained, the Japanese developed a most basic and integrated strategy to a behavioral change that any organization should practice and it represents the foundation-building to improve productivity.

The Japanese expert, Hajime Susuki shows a graph that represents this situation as follows:



Foundation Building to Improve Productivity.

This strategy consists to look as an integrated group of basic techniques as a foundation building to improve productivity and to obtain the behavioral change inside the organization. It begins with the basics which are implementing Kaizen and 5S program simultaneously as the solid foundation in order to prepare the path to a company wide participation.

### KAIZEN

A Japanese concept, meaning continuous improvement based on a process-oriented approach; it develops skills and fosters creativity of the worker and to find the root cause of problems and to solve them.

There are 3 types:

1. Kaizen by ideas: it is based on the experience, capability and creativity of the worker to solve problems that we called “waste”.
2. By analysis: every improvement must be based on data, it recommends training people in the 7 Quality Control tools and Industrial Engineering basic tools.
3. By introducing of new technology: it is the relationship between innovation (technology, machines, process, etc.) and Kaizen.

## 5S Program

In Japan, they often say that improvement activities begin and end with 5S program, which means the company who do it knows that the workplace is the source of profits as well as the better quality of products and services. This activities is more than what many people think is a “Housekeeping”. From this program, the employee learns an improvement consciousness and also shows the need for people to get involved. In this way, it fosters a good team spirit also is the beginning of panting a good habit of practice in the workplace and you can remove the hotbeds of inefficiency.

5S concept is easy to understand and it can be applied in any type of company from manufacturing to commerce; also no matter the size of the organization, it could be implemented from international companies to small and medium enterprises.

The program focuses on four specific objectives:

- To develop a continuous improvement spirit among the people.
- To develop team work between employees, fostering companywide participation.
- To prepare middle and high managers to a practical leadership.
- To improve workplace environment.

5S are five Japanese's concepts, which begin with "S":

- Seiri: to sort out unnecessary items and unnecessary quantity in the workplace and to discard them.
- Seiton: Arrange necessary items in good order so that they can be easily picked up for use. A place for everything and everything in its place
- Seiso: Clean the workplace thoroughly to eliminate waste and dust on the workplace.
- Seiketsu: maintain high standards of the first three concepts and workplace order all the time.
- Shitsuke: Train people to follow good workplace environment discipline autonomously.

Once, following the third principle, the next step is to train employees with the basic problem solving techniques; those are the quality control tools such as: data recording tables, histograms, pareto diagram, dispersion diagram, cause-effect diagram, brainstorming, control graphs, among others. Also, to teach them some basic Industrial Engineering tools such as work study. This will allows decisions making based on data.

Finally, if the company adds a real suggestion system plus a quality control circles fostering team building activities.

## **COSTA RICAN EXPERIENCE**

In Costa Rica and Central America's case we found that the people are eager to learn and implement something that they have been learning and to make improvements in their workplace using the integrated productivity improvement, but they have to face some barriers with the management side because they do not have support from them.

Another important problem we have to deal with is related with the level of education of the workers; in our Central America region these level is very low and in some cases we face problems in the training of the people. That's the reason why, when this characteristics appear, we try to work with some leaders and supervisors and give them the knowledge and the in plant practice. Even thus this problem is common one important point to consider is that the Central American people are hard workers.

On the other hand, there were some companies which give the opportunity to the middle management and the worker's levels to work together trying to solve problems as teamwork for the productivity improvement. In this case, there was something in common which the 5S activities implementation previously is to do something else. It can be seen that management and labor side work jointly in a common tasks.

In summary, according with the Japanese approach, the essence of the productivity movement is to make human beings happier through constant progress (KAIZEN) and aims to enrich people's lives.

So the question is:

**¿What kinds of effort are you making to enrich people's lives in your organization?**

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