

People management fiasco in honda motors essay sample

[Business](#), [Leadership](#)



1. There were a few different key factors that led to the breakdown of industrial relations at HMSI. Although it seemed that HMSI was very concerned and aware of the needs of its employees, things still went downhill. The first issue arose in November of 2004. Union leaders were not impressed with the amount each worker received in their annual Diwali gift. They felt “ belittled” that they received such a small gift when comparing it to the stature of the company in the global market. Workers were also upset they had to sign a “ movement sheet” when bathroom or water breaks were needed. The company hardly ever granted shift changes between workers and would constantly threaten the workers with termination. The workers also complained of favoritism by managers, and were not permitted to share their grievances with top management. Workers were also unhappy with the attitude of the vice-president of manufacturing, who was a disciplinarian. This guy kicked an employee, which led to unrest within the company.

The workers were not happy with the light punishment the VP received. In March 2005 the workers presented a list of 50 demands, which prompted management to create a compensation package for them, which they ultimately declined. The workers looked towards joining the union. The HMSI tried to stop the formation and delay it as much as possible, but on May 20, 2005, the union was formed. Key issues were debated and argued between management and union officials. Negotiations were held, but the conciliation ultimately failed. Soon after workers were fired and temporary workers hired to help the slowdown of production. HMSI looked to the police for protection against angry union workers, which led to the violence on July 25, 2005. The failure of the Union and HMSI to work together and make a better working

environment led to the breakdown. 2. There were many different mistakes the Japanese and Indian managers made that contributed to the failure of the HSMI and contributed to the present situation. By looking at Hofstede's model of power distance, some mistakes made by the managers may become clearer. I looked at the two biggest differences between the two the MAS and the UAI.

MAS- Masculinity/Femininity UAI- Uncertainty Avoidance

The MAS in Japan is one of the highest ranked in the world according to the model. In corporate Japan, you see that employees are most motivated when they are fighting in a winning team against their competitors. What you also see as an expression of masculinity in Japan is the drive for excellence and perfection in every aspect of daily life. Managers from HSMI need to understand the difference in culture; although India is also considered to be masculine, it is nowhere near Japan. The UAI in Japan is also among the highest in the world. In corporate Japan, a lot of time and effort is put into feasibility studies and all the risk factors must be worked out before any project can start. Managers ask for all the detailed facts and figures before taking any decision. This high need for uncertainty avoidance is one of the reasons why changes are so difficult to realize in Japan. The HSMI managers failed to recognize the urgency that was needed to implement change to avoid potential disaster.

The HSMI management approach was an Authoritarian style that may have translated well in Japan, but was not initially successful in India. The six-page newsletter the " Dream Team," addressed no concerns of the employees. It

seemed that the managers of HMSI lacked certain management skills that are essential in dealing with employee concerns. One example is that the management lacked negotiation skills needed to solve the problems the workers had. If proper changes were made, the unionization may have been avoided completely. Also in a statement by Honda, certain management issues were addressed, like the lack of direction of management, and the inability to overcome the July 25 situation.

Japanese managers were not prepared to deal with negotiations with Indian Union officials, they acted in a manner normal for interactions between Japanese Unions and management, but Japanese Unions are much more tolerant. The managers were also not trained properly and maintained a centralized management approach. An HMSI manager was quoted in the statement saying, “ The Japanese do not understand the workers’ language.” Management failed to understand the ideas brought to them by workers, “ could not understand the organizational working from the employees’ point of view.” It was said that the Japanese failed to give Indian managers enough power to solve problems. The Indian managers were production specialists, who had very little understanding of industrial relations issues.

3. The HRM strategy that was being pursued by the management was in alignment with the philosophies of its parent company HMCL. The HMCL considered itself a unique organization, having adopted some distinctive employment and production practices. There were two fundamental beliefs HMSI’s philosophy advocated: respect for individual differences, and the “ three Joys”. Respect for the individual stemmed from initiative, equality, and

trust. This translated into independence of spirit and freedom, equality and mutual trust of human beings who worked or came into contact with the company. The three joys; buying, selling, and manufacturing, even translated into the key mission: the company had imbibed the “ joy of creating” as an important value for itself.

I have already addressed some problems and issues that led to failure of the HRM strategy in the previous question, but I will list them all again. * There was insignificant compensation and remuneration paid to the workers. The Diwali gift was a slap in the face to the workers. * There were unacceptable labor relations between the HMSI management staff and the Union officials. Working life styles and goals are different for Japanese and Indian workers, so changes must be made accordingly. * There were obvious failures and shortcomings in the training and development of the HMSI management staff. The lack of understanding, language barrier, and centralized approach to management made it very hard to work as a team. * There was too much restriction by management on the workers. The movement sheet the workers were required to sign when a bathroom or water break were needed, conflicted with UAI and Indian cultures. HMSI management should have been aware that the procedures and operations in India, would require fine tuning and molding before it was a perfect fit for the Indian workers. They should have tried to adopt methods and strived to understand the culture in India before they brought in and implemented their Japanese management style.

4. There may have been certain provisions of Indian Industrial Relations Law that were violated by HMSI management in the proceedings with the workers. The first thing that stuck out to me was when the managers called workers into the office to threaten and exhort them from joining or creating a union. Management also sent letters to the homes of workers threatening them and claiming they were taking part in some undesirable activities. Worst of all, the managers allegedly hired some outside thugs to scare workers away from joining the union by threats of violence. HMSI lobbied to the government to stop the formation of the Union, which was not breaking any law, but when the workers began a "go-slow" work mentality, workers were suspended for insubordination.

Before the Union was formed there were still some questionable practices going on. Indian managers would stop and prohibited workers to bring their grievances to upper management. The issue between the VP kicking a worker and receiving no punishment was also a situation that may have broken the law.

Although the strict practices on granting leave and the sign out or "movement sheet," were not illegal for the company to incorporate into their system, firing and threatening employees who violate or complain about the practices does.

5. HMSI became aware there was a problem within its operations, but only after extreme circumstances came to pass. There are issues that HMSI chose to address to begin to repair the relationship with its workers: * The

company created the Tripartite agreement and stuck to the fine print * The company created a room for Union leaders, and granted them unofficial freedom to stroll the floor. * They addressed that worker-supervision relations were to be watched closely. Also absorption of the trainees into the company began * Medical coverage was improved for the workers, and their families were covered under their insurance policy * The Union was to be involved on all workers-related problems or issues: all 7 union officials were to be involved in the discussion. * Workers families were encouraged to join the company on founders day, paid for by the company.

* The Diwali gift was enhanced and benefits/ bonus money were derived from a new method * Managers were sent to attend management development programs: programs included inter-personal skills, negotiation skills, team building, and conflict management skills. I believe that the HMSI should adopt a polycentric management approach and implement it into their OD plan. The approach should include that individuals from the host country be selected for certain management positions. This will help break down the language barrier and also promote a sense of unity within the organization. The local culture must be examined and respected when the plan is implemented. The companies' human resources should be done on the local level, filtering down all the non-sense from headquarters that is not relevant in India. HMSI needs to recognize that different cultures have different needs. What strives in the business world in Japan, may never translate in India. Management must be open for communication at all levels. Proper feedback methods must be adopted and upper management

must work hand in hand with lower management to make sure the gaps in culture do not grow into conflicts like it did on July 25, 2005, at HMSI in India.