

CPJ Seminar on Japanese-style HRM/HRD for KNPC

1. Background and Objective

The new generation of young people in a resource-rich, affluent Gulf country like Kuwait is particularly hard pressed to find employment among the country's entire working population, as the upstream industries they seek offer limited job openings. However, given an environment in which projects for the construction of new oil refineries and chemical complexes and expansion of facility capacities are launched one after the other, measures need to be taken to secure employment for the national workforce by attracting young nationals to new downstream projects.

In the upstream sector of the oil and natural gas industries, the number of direct employment is limited in scale by the frequent use of contractors compared to general businesses, and management personnel and specially skilled engineers are preferentially employed. When taking this into consideration, future jobs for young nationals should be made available in energy device industries, in which full-time employees assume central roles in operations, as they do in Japan's oil refining and petrochemical industries.

In Kuwait as well, companies that contribute to increasing domestic employment are concentrated in the downstream sector, such as the oil refining and petrochemical industries. The country thus faces the major challenge of employing and training nationals, including not only conventional employees but also the

increasing numbers of new workers, and of employing them until their age of retirement under an employment style much like Japan's traditional personnel system represented by lifetime employment and seniority-based advancement, so that it may achieve the nationalization target in the energy industry.

Kuwait National Petroleum Company (KNPC) is taking this situation as a turning point in the personnel employment and education system in affluent Gulf countries, where cheap foreign labor is used to undertake operations and routine work and nationals are promised executive positions in state-run companies after acquiring an education, and is aiming to make improvements in its personnel system.

Based on the above understanding, a customized course was held on two occasions, from March 3 to 14 and from June 2 to 13, 2014, designed to help KNPC respond to the anticipated increase in national employees by formulating a human resource development program based on lifetime employment and lifelong training during employees' course of employment.

2. Seminar Content

The March seminar was attended by 17 participants and the June seminar by 13 participants. As they were all managerial personnel related to HRM and HRD, such as team leader and so on, at KNPC, consideration was given to introducing Japanese-style practices in comparison



Participants at the March seminar:
At Idemitsu Kosan Co., Ltd., Aichi Refinery



Participants at the June seminar:
At JCCP Headquarters

with KNPC's HRM/HRD systems. A general outline of the program is shown below.

- (1) Primary emphasis was placed on the understanding that there are no HRM rules and practices that are common to all companies and organizations, and that these entities in each country should develop appropriate HRM practices in light of their country's history, climate, culture, way of thinking and codes of conduct.
- (2) Japan's post-war economic growth achieved the world's second-highest GDP in 23 years after World War II, outranking Germany. Japan's HRM/HRD practices were given as examples that supported Japan's growth; however focus was also placed on the changes that took place thereafter. An improvement of Japanese-style HRM/HRD practices was first attempted by adopting the management-by-objective scheme and results-oriented approach in response to social changes, but extreme introduction of the results-oriented approach caused various problems in a large majority of companies and organizations in Japan. As a result, there is now a trend to correct the mistake of adopting the results-oriented approach and to restore the conventional HRM/HRD system.
- (3) In particular, to provide an understanding of the successful growth of the Japanese economy after the war, light was first shed on how the thought processes and codes of conduct of the Japanese people have developed within the country's 2,000-plus year history, and emphasis was placed on the importance of recognizing how they combined with the demands of the times to form the foundation of Japan's unique

HRM system (lifetime employment, seniority system, company unions) and ultimately contribute to postwar reconstruction and rapid growth.

- (4) The employment and development of national workers is a major issue in Kuwait, as it is in other affluent oil-producing countries, and "Kuwaitization" is also an important issue to KNPC. However, as the labor market in Kuwait is not characterized by high mobility as it is in the Western countries but is more similar to that in Japan, it was explained that HRM/HRD systems established by inviting Western consultants to the country would not function effectively, and that Japanese-style HRM/HRD would be more suitable.
- (5) Practical on-the-job training aimed to deepen participants' understanding of how to introduce new education/training systems and bring them to success, such as (1) by providing not only knowledge of HRM systems but also specific case studies of small-group activities and Kaizen activities related to HRD at Idemitsu Kosan Co., Ltd. and JX Nippon Oil & Energy Corporation, and (2) by discussing issues related to how to formulate and implement specific education/training programs on HRD at Meisei University.

3. Summary

The two seminars seemed to be highly well-received by the participants. Thus, JCCP wishes to extend continued assistance to KNPC and see through to the development of an HRM/HRD system that would place Kuwaiti workers in most job categories at KNPC.

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