JAPANESE HUMAN RESOURCE OF THE PARENT COMPANY, ABILITY OF
LOCAL MANAGERS, INTERNAL COMMUNICATION, AND EXPATRIATE
CONDITION AFFECTING THE SUCCESS OF LOCALIZATIONAL
MANAGEMENT OF THE SUBSIDIARY
A CASE STUDY OF JAPANESE SUBSIDIARY IN THAILAND AT EASTERN
SEBOARD INDUSTRIAL ESTATE IN RAYONG PROVINCE

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KEWWARIN SAE-HENG : JAPANESE HUMAN RESOURCE OF THE PARENT COMPANY, ABILITY OF LOCAL MANAGERS, INTERNAL COMMUNICATION, AND EXPATRIATE CONDITION AFFECTING THE SUCCESS OF LOCALIZATIONAL MANAGEMENT OF THE SUBSIDIARY : A CASE STUDY OF JAPANESE SUBSIDIARY IN THAILAND AT EASTERN SEBOARD INDUSTRIAL ESTATE, RAYONG. ADVISOR : ASST.PROF.DR.BOONYADA NASOMBOON, 128 PP.

The purpose of this research was to study the influence of Japanese Human Resource Management (HRM), Expatriates' condition, Local manager's skills and roles, and Internal communication affecting on success of Localization in a subsidiary through indication of Organizational performance. Organizational culture was additionally tested to investigate as moderating variable. The questionnaires were developed to collect data 167 samples in a Japanese Subsidiary in Thailand at Eastern Seaboard Industrial Estate in Rayong province. The collected data were statistically analyzed using frequency, percentage, mean, standard deviation, together with assessment of normality distribution, correlation analysis, multiple linear regression, and moderation analysis.

The results obviously showed that Japanese HRM for Consensual decision and Quality control circle, Expatriates' condition for Coach and Conductor, Local manager's skills and roles in term of Principle of management and organization and roles, and Internal communication in Downward, Upward, and Lateral communication positively correlated to Organizational performance at significant level of 0.01. Furthermore, the moderating analysis showed an appropriate interaction term of Organizational culture on Local manager's skills and roles and Organizational performance at significant level 0.05.

This study was concluded that the Local manager's skills and roles had a highlighted relation on success of localization in the organization. The moderating analysis indicated that the Organization culture interacted with Local manager's skills and roles which booth up the success of localization by increasing the effective management.

Graduate School	Student's Signature………………………
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Chapter 1
Introduction

Statements and Significance of the Problem

Japanese multinational enterprises greatly increased since dramatic rise of yen value after the Plaza Accord in 1985. During rapid growth period, localization management is the one of challenges and important strategy of Japanese parent company to expand the global subsidiaries as sustainable organization. Japanese companies face the challenge to integrate host country national (HCN) managers into the management process of their oversea subsidiaries including that of the parent companies themselves. Many policies and efforts were laid the foundation by parent country national (PCN) management to firm their organization with non-Japanese managers. The most common obstacles to implement localization in Japanese companies are lacking of performance of local managers and staff, inadequate communication ability of local staff, difficulty of replacing expatriates with local managers, Japanese working style influencing human resource management in organization. Generally, training and developing local staff are significant solution that Japanese companies realize and pay a big effort to extend the competency of local manager and staff (Keeley. 2006)

Nevertheless, exploratory root causes by PCN management and providing a great solution by PCN management, without understanding the essential differences in foreign environment, are insufficient concept to establish localization management of subsidiaries. Steps and processes to adapt those obstacles are important to be realized by HCN manager and PCN management. Necessary cultural exception and inadequate abilities should be recognized by both sides, in order to achieve one objective; that is successful localization management.

Japan External Trade Organization (Jetro. 2013) is government - related organization that play a role to promote mutual trade and Japanese's overseas investment through world tendency researches and developing country academic researches. One of the highlighted topics to reinforce the investment and enterprises is engagement of localization management to increase the strengthen of oversea business. In explored a survey of Japanese affiliated companies in Asia and Oceania that localization

management was considered as a serious issue for management and future business plan at that moment. The effort for localization of corporate management from HCN are the strengthen system to train and cultivate local human resource by focusing on localization of corporate management (68.1%) and assignment of local staff to a general manager and manager position (51.3%), as shown in Figure 1 (Jetro. 2013) On the other hand, problem in promoting localization management is lacking of employee performance and employee awareness among local staff is a highest ranking issue for promoting localization management (52.6%) in Figure 2 (Jetro. 2013)

Figure 1 Cooperation Survey of Japanese Affiliated Companies in Asia and Oceania on Effort for Localization Management in 2013

Source : Jetro. (2013). **Survey of Japanese-Affiliated Companies in Asia and Oceania (FY2013 Survey).** Online.

Problems in promoting management localization (multiple answer)

- Lack of employee performance/employee awareness among local staff — 52.6 / 51.2 / 55.3
- Difficulty in recruiting local candidates for executive positions — 41.5 / 41.9 / 40.7
- No progress in manpower training for local staff — 34.1 / 35.2 / 31.9
- A high turnover rate of local candidates for executive positions — 19.6 / 20.3 / 18.3
- Inadequate language skills of local staff (Japanese and English) — 18.7 / 17.0 / 21.8
- Insufficient capabilities for local planning and marketing — 17.7 / 17.4 / 18.2
- Difficulty in reducing the number of Japanese expatriate staff — 17.0 / 18.5 / 14.2
- No progress in delegation of authority to local level — 13.1 / 15.3 / 9.1
- Insufficient capabilities for local planning and marketing — 12.7 / 11.8 / 14.4
- Policy disagreements between local office and headquarters over recruitment — 4.7 / 4.4 / 5.1
- Others — 4.1 / 4.2 / 3.8

■Total (n=4,120) ✕Large (n=2,678) ∥SME (n=1,442)

Figure 2 Cooperation Survey of Japanese Affiliated Companies in Asia and Oceania on Problem in Promoting Localization Management in 2013

Source : Jetro. (2013). **Survey of Japanese-Affiliated Companies in Asia and Oceania (FY2013 Survey).** Online.

In addition, Jetro's survey on the international operations of Japanese Firms in 2015 illustrated Japanese companies, especially automotive industries and transportation machinery recognized the need of localization management in oversea bases such as transfer of power from head office, employment of local staff and so forth. The reasons for localization are shown in Figure 3. In which, high ranking reasons are incorporation of local needs into management further (51.0%) and employing excellent local staff (49.0%), respectively (Jetro. 2016).

Reasons for localization (higher-ranking items)

(Multiple answers, %)

[Note] Percentage to the total number of firms answering "necessary to localize the management of overseas bases further" or "unnecessary to localize it further because the management has been localized sufficiently"

Figure 3 Reasons of Localization in Oversea Bases, Surveyed on the International Operations of Japanese Firms in 2015

Source : Jetro. (2016). **FY2015 Survey on the International Operations of Japanese Firms.** Online.

Likewise, the efforts for localization were mainly indicated on employment of immediately useful local staff (54.7%), strengthening of training of local staff (51.1%) and promotional of local staff to high management position (41.1%), as shown in Figure 4. These high-ranking efforts were similarly reported on the Jetro's survey of Japanese affiliated companies in Asia and Oceania in 2013 (Jetro. 2013). Utilization of local by increasing competency of local manager and staff with reducing the ratio of Japanese executive management. Japanese companies must consider to initiate building interpersonal relationships that allow subsidiary employees to discuss their problems with

colleagues and superior. The training programs and center located in head office lead to develop professional knowledge and their working style that transcends nationality and business (Shiraki. 2002)

Figure 4 Efforts of Localization in Oversea Bases, Surveyed on the International Operations of Japanese Firms in 2015

Source : Jetro. (2016). **FY2015 Survey on the International Operations of Japanese Firms.** Online.

In particularly, Coronavirus-19 disease pandemic led Japanese multinational enterprises to attend on localization management. Since the restriction of travel to abroad precipitated those Japanese multinational enterprises to review the management strategy.

Figure 5 Details of Management System Review After Impacting of Coronavirus-19 Disease Pandemic

Source : Jetro. (2020). **Survey on Business Conditions of Japanese Companies Operating Overseas (Asia and Oceania).** Online.

Figure 5 indicated the details of the review on management system during Coronavirus-19 disease pandemic, reported in 2020 Jetro Survey on Business Conditions of Japanese Companies Operating Overseas (Asia and Oceania). The promotion of localization management (18.8%) is one of top five strategies that Japanese multinational enterprises considered during spread of Coronavirus-19, together with reduction of expatriates in subsidiaries (22.2%). These accelerated the establish localization in oversea subsidiaries (Jetro. 2020)

Japan has a long history in investing in Thailand. Since 1980 Japanese multinational enterprises have risen significantly in Thailand. Japan has remained Thailand's one of premier trading partner and Japanese investment in manufacturing in Thailand has grown during the past several years. Such activities investment yields a large number of Japanese companies in Thailand, which established the oversea subsidiaries of Japanese multinational enterprise. Nowadays, Japanese investment in Thailand gradually continues to be active onward. Petison; and Johri (2008) who initiated a few studies on the context of Japanese subsidiaries in Thailand, revealed that Japanese pioneer companies in Thailand implemented a wide range of localization strategies, which can be classified into nine areas of localization;

      1) Localization strategies decision making

      2) Building and exploiting the local knowledge source

      3) Deployment of local human resource

      4) Localization of R&D

      5) Localization of products

      6) Use of local supplier networks

      7) Adaptations to manufacturing processes

      8) Local deployment of subsidiary profits

      9) Localization of corporate image

The study was concluded that localization strategies were adopted by four drives: host country characteristics, industry characteristics, company characteristics and market characteristics. Although, the significant understanding theoretical and practical method of localization management is indiscernible (Petison; and Johri. 2008)

Wang found that the key reason of localization of Japanese subsidiaries in Thailand is Thai managers are more effective in building local business network than Japanese managers and enhance local talent through salary and remuneration packages, also chance for growth in career path in the companies. In order to put a localization strategy, a more comprehensive aspect of localization such as recruiting, retaining, and developing managers, as well as information such on strategies need to be put in place by Japanese parent companies for local subsidiaries (Wang; and Chompumin. 2015a)

Localization management is considered as a core concept of a multinational enterprises to promote the local staff in management level from general manager, assistant general manager, section manager, section assistant manager, leader and officers in organization. The strategies and efforts from the parent companies encourage to implement localization on subsidiaries, likes Japanese multinational companies. Although, countless Japanese companies have invested and enjoyed high market share all over the world in during five decades, the localization management could merely adopt to a few Japanese subsidiaries in some country. The obstacles on local management were reported through literatures on strategy and practice of Japanese multinational enterprise. This study will emphasize on the main problems often found in Japanese subsidiaries; those are traditional transfer of Human Resource Management (HRM) of Japanese companies, occupancy of expatriates on management positions, lacking of performance and low competency of local staff and inadequate internal communication on localization implement. However, these problems were inevitable barrier by organizational culture in local, which significantly govern the success of localization management.

Japanese companies have traditionally attempted to adhere the Japanese system, that is five practices of Japanese Human Resource Management (HRM); 1) life-time employment 2) seniority system 3) house unions 4) consensual decision-making and 5) quality circles at subsidiaries oversea. The Japanese HRM was considered to constructs organizational working style, which inducing Japanese companies to face with cultural conflict in subsidiaries. Existing of invisible arguments from local staff, especially seniority system and consensual decision-making, extremely reduce the transferability of localization Itagaki (2009), Onishi (2006), Shiraki (2002) Expatriates are general form of international business advancement and mobility for multinational companies to occupy top management position, which working cross border assignment. The selected expatriates such as executive management, managers, engineers and technicians are sent to set up facilities and look for expanding economic scale to develop distributed network in local. Bhanugopan; and Fish (2007) Consideration by product of expatriation is objective to train and transfer knowledge to local managers and production employees in order to increase their inadequate competencies and performance. Oppong (2015), Schaaper; et al. (2013). Meanwhile, Japanese companies strategize to maintain the developments, reducing number of expatriates is an important policy of headquarter.

Japanese companies must try to promote strengthen local managers, comparable to Japanese expatriates to establish localization management. Furthermore, lacking of communication from managers prevents to achieve localization. Trainees do not understand their talent target to expense the normal duties and responsibilities and do not appreciate higher profitable on promotion opportunities for their career path. Oppong (2015) These factors restrain the success of localization in Japanese companies because of national culture disagreement.

Organizational culture in multinational enterprises is unavoidably influenced by national culture since organizations between countries have to confront to interact with their national environment. Organizational cultures was measured by applying Hofstede's fifth dimension, studying through same index to determine the national culture. Wang; and Chompuming (2015b). The study was concluded that organization cultures are generally more complicated than national culture, embedding in multinational enterprises. Therefore, the presence of organizational cultural gap might moderate the success of localization.

Objectives

1) To evaluate the Japanese Human Resource Management affecting the success of localization management of a Japanese subsidiary in Thailand at Eastern Seaboard Industrial Estate in Rayong.

2) To evaluate the Expatriate's condition affecting the success of Localization management of a Japanese subsidiary in Thailand at Eastern Seaboard Industrial Estate in Rayong.

3) To evaluate the Local manager's skill and roles affecting the success of localization management of a Japanese subsidiary in Thailand at Eastern Seaboard Industrial Estate in Rayong.

4) To evaluate the Internal communication affecting the success of Localization management of a Japanese subsidiary in Thailand at Eastern Seaboard Industrial Estate in Rayong.

5) To evaluate the moderator of Organizational culture affecting the success of Localization management of a Japanese subsidiary in Thailand at Eastern Seaboard Industrial Estate in Rayong.

Hypotheses

H1) Influences of Japanese Human Resource Management (HRM) on success of localization management.

H2) Influences of Expatriate's condition on success of localization management.

H3) Influences of Local manager's skill and roles on success of localization management.

H4) Influences of Internal communication on success of localization management.

H5) Organizational culture moderates the relation between Japanese Human Resource Management (HRM) and success of localization management.

H6) Organizational culture moderates the relation between Expatriate's condition and success of localization management.

H7) Organizational culture moderates the relation between Local manager's skill and roles and success of localization management.

H8) Organizational culture moderates the relation between Internal communication and success of localization management.

Scope and Limitation of Study

1. Population Scope

Population of this study is 167 employees in a Japanese subsidiary in Thailand at Eastern Seaboard Industrial Estate (Rayong).

2) Study Scope

1.1) Japanese human resource management composes with 5 concepts: (1) Lifetime employment (2) Seniority systems (3) House unions (4) Consensual decision making and (5) Quality control circles

1.2) Expatriate's condition related to executive management or specialist with 4 conditions: (1) Commander (2) Conductor (3) Coach and (4) Connector

1.3) Local manager's skill and roles are 3 components: (1) Local manager's management and organization principles (2) Essential managerial skills and (3) Local manager's roles

1.4) Internal communication includes: (1) Downward communication (2) Upward communication and (3) Lateral communication

1.5) Moderating variable of Organizational culture

3) Timing Scope

Study prior is on September 2022 – February 2023

Conceptual Framework

Figure 6 Conceptual framework

Contribution to Knowledge

To understand attitude of employees in subsidiary on localization achievement and to explore these attitudes to top managements and parent company in view of academic.

Definitions

1. **Localization Management:** Operation and organize by local staff on assignment of parent company in oversea. The structuring, organizing, monitoring, transferring, and developing management and knowledges are strongly necessary to

achieve localization in a subsidiary. A lot of indirect advantages of localization are suggested such as improving morale of the locals, retaining their motivation and growing a product for different target markets (Bhanugopan; and Fish. 2007)

Localization management is defined as an organization of subsidiary in oversea is managed and operated by local employees governing from worker to top-management level. The organization is operated, controlled and monitored base on strategies created by the local employees.

2. **Japanese Human Resource Management (HRM):** refers to Ouchi (1979) the way in which Japanese companies manage their employees and human resource practices. Japanese HRM is known for its emphasis on long-term employment, strong company loyalty, and a focus on the well-being and development of employees. It is transitional developing system of Japanese enterprises including five practices;

2.1 **Lifetime Employment:** is something of a misnomer since, except for executives, Japanese workers are typically subject to mandatory retirement at about 60 years old.

2.2 **Seniority System:** is a practice root from the very ordinary of Japanese culture. Respect for older people and their wisdom is adhered in every aspect of life.

2.3 **House Unions:** act as an intermediary between the blue-collar and the white-collar staff. Senior staff regularly meets with the unions to understand lower-level staff's requirements, issues and salary expectations.

2.4 **Consensual Decision-Making:** is one of the most important elements in Japanese culture and has a long association with Japanese HRM model.

2.5 **Quality Circles Control:** is traditional Japanese model suggesting that the core of quality production systems, however, lays in the human resource quality management practice.

3. **Expatriate: Expatriates, or Expats**: are individuals who live in a country other than their own for work or personal reasons. They may be professionals or skilled workers sent abroad by their employer or individuals who have chosen to move for personal reasons such as retirement or to be with a loved one. Living abroad can be challenging as one adapts to a new culture, but it can also be rewarding, providing opportunities to learn, meet new people, and develop new skills (Gamble. 2000)

4. **Fayol's Principles of Management:** is concept to lead to organizational efficiency and effectiveness. The principles firmed the concept of continuous training of personnel. Training is important because not only improves employees' skills, knowledge, and competencies, but it also enhances organizational capacity and performance which are essential ingredients for organization effectiveness and are the foundation of an organization. Principles (14 items) of managements developed by Fayol was adhere to the foundation of his management theory and cautioned that "principles are flexible and capable of adaptation to every need". The principle of management was a firm believer that if organizational leaders used his theories, including the 14 principles of management, they would be able to achieve performance excellence (Pryor; and Taneja. 2010).

5. **Essential Managerial Skills:** are baseline skills of managers in three categories 1) technical skills, 2) human skills and 3) conceptual skills. (John; and Schermerhorn. 2011)

5.1 **Technical Skills:** refer to the specific knowledge and abilities related to a particular job or industry. In the context of managerial skills, technical skills are those skills that are specific to a manager's role and responsibilities within an organization.

5.2 **Human or Interpersonal Skills:** are essential for managers because they allow them to effectively lead and manage their teams, build positive relationships with stakeholders, and navigate complex social situations. These skills are often critical for building trust, resolving conflicts, and achieving success within an organization.

5.3 **Conceptual Skills:** are the abilities that managers have to understand complex ideas and systems, and to think critically and strategically. These skills are important for making sound, well-informed decisions, and for planning and executing strategies that lead to long-term success.

6. **Local Manager Roles:** are integration of Bartlett and Ghoshal's conceptual managerial roles on multinational companies (MNCs). The roles were classified based on local staff performance which was reflected to work attitude and behavior, an inability to supervise, an inability to meet work pressures, less work experience and not being available for after working hour.

6.1 **Bi-cultural Interpreter:** is the local manager having duty to interpret and explain the local environment to headquarters and ensure that local employees understand the MNC's goals, strategies and viewpoints.

6.2 **National Advocates and Defenders:** are responsible for local manager to defend and stand up for the subsidiary.

6.3 **Front-Line Implementer:** are responsible for local manager to implement corporate strategy in the subsidiary despite their potential disagreement with a particular strategy. Local manager must convince subsidiary employees of the merit of the strategy and attempt to foster commitment and enthusiasm about it.

7. **Middle Management Level:** refer to the management in the organization who are in position of sub-leader, leader, chief, foreman, supervisor, senior-supervisor, asst. Manager, Manager, asst. general manager, general manager, plant manager in local.

8. **Internal Communication:** is a communication occurs in the circle of an organization and do not cross the premises. Organizations communicate to ensure employees have the necessary information to do their jobs, feel engaged, and be productive. The information flows through both formal and informal structures, and it flows 1) downward communication, 2) upward communication and 3) laterally communication (John; and Schermerhorn. 2011)

8.1 **Downward Communication:** the information flow in downward direction from Top-management to employees withing the organization.

8.2 **Upward Communication:** the information flow in upward direction from employees to their supervisor or management.

8.3 **Lateral Communication:** the communication between two same level persons.

9. **Organizational Performance:** is influenced by a number of factors, including the effectiveness of the organization's leadership, the quality of its products or services, the efficiency of its processes, the skills and knowledge of its employees, and the effectiveness of its strategy and planning (Alsayyed; et al. 2020).

9.1 **Effective Leadership:** are able to inspire and motivate their teams, set clear goals and expectations, and provide guidance and support to help team members reach their potential (Alsayyed; et al. 2020).

9.2 **Effective Job Satisfaction:** is a measure of how content an employee is with their job. High levels of job satisfaction can have a positive impact on organizational performance in a number of ways.

9.3 **Effective Training:** is necessary for staff to accumulate, knowledge that assists in performing work tasks correctly and effectively.

10. **Organizational Culture:** is often referred to as the "personality" of an organization, as it reflects the collective attitudes and behaviors of the people who work there. Hofstede's framework is used to distinguish between different national cultures, the dimensions of culture, and assess their impact on a business setting. The five dimensions of national culture in his framework can be described as follows. (Hofstede. 2011).

10.1 **Power Distance:** is the willingness of a culture to accept status and power differences among its members

10.2 **Individualism–Collectivism:** is the tendency of a culture's members to emphasize individual self-interests or group relationships

10.3 **Masculinity–Femininity:** is the degree to which a society values assertiveness or relationships.

10.4 **Uncertainty Avoidance:** is the cultural tendency to be uncomfortable with uncertainty and risk in everyday life.

Chapter 2
Theory and Literature Review

Transferability of localization is theoretically described on this chapter. The foundation to support the research objectives focuses on the perception of ordinary international strategies and local management of Japanese overseas subsidiaries. Particular concepts and models are applied to establish a theoretical framework of this study. The structure of the literature review appears as follows:

1. Background of Localization in Subsidiaries
2. Japanese Human Resource Management (HRM) Practices
3. Expatriates Condition in Subsidiaries Oversea
4. Local Manager's Skills and Roles
5. Internal Communication
6. Organizational Performance
7. Organizational Culture

Background of Localization in Subsidiaries

1. Localization as a strategy of globalization

The initiation of globalization has led it imperative to comprehend strategic and tactical public relations choices from a global perspective. Global and multinational companies (MNCs) frequently strategized such as coordination, control, standardization and localization, to carry out benefit, public relation functions and practices around the globe. The globalization is built into the overall corporate strategies and infused into every managerial activity in the companies. The global corporate strategies allow those MNCs to increase their reach by skillfully guiding the process of taking a product, service, idea, system and project to expand business. In particular, the localization brings about the effectiveness of public relations to achieve a desired effect. The localization was considered to be dependent on the industry type and the location of impact the corporation company because it is about understanding and accepting unique local challenges (Molleda; and Kochhar. 2019).

The knowledge of how MNCs manage their subsidiaries is constrained also by the fact that, with limited exception. The managing across borders with new organizational responses was proposed to describe how companies have overcome this constraint by building a transnational organization. The company's ability to develop transnational organizational capability and management mentality was concluded to be the key factors that achieve the success in emerging international environment. Barlett; and Ghohal (1987), Gupta; and Govindarajan (1991) proposed a framework of knowledge flows within multinational corporations which was arrayed along the following two-dimensional space; (a) the extent to which the subsidiary engages in knowledge inflows from the rest of the corporation and (b) the extent to which the subsidiary engage in knowledge outflows to the rest of the corporation. Knowledge flow patterns of four generic subsidiary roles were defined as Global innovator, Integrated player, Implementor and Local innovator.

Global innovator is the subsidiary serves as the fountainhead of knowledge for other units. The technological strength, system development and marketing have been globally transferred from the center. Integrated player implies a responsibility for creating knowledge that can be utilized by other subsidiaries. However, it is not self-sufficient in the fulfillment of its own knowledge need. Implementor role is the subsidiary engages in little knowledge creation of its own and relies heavily on knowledge inflows from either the parent company. This role is early histories of most multinational corporations where the domestic unit served as the global innovator. Local innovator role implies that the subsidiary has almost complete local responsibility for the creation of relevant know-how in all key functional areas; however, this knowledge is seen as too individual to be of much adaptive use outside of the country in which the local innovator is located. These four roles of knowledge flow patterns can be depicted as shown in Figure 7.

Figure 7 Knowledge flow patterns within multinational corporation

Source : Gupta; and Govindarajan. (1991). Knowledge Flows and The Structure of Control Within Multinational Corporations. **Acedeny of Management Review** 16(4) : 768-792.

Localization is a practical necessity arising from within the enterprise to improve public relation with effectiveness by adapting to local environment. Molleda; and Kochhar (2019) considered localization as a polycentric perspective from parent company and assumed the public relations are practiced differently wherever a subsidiary has operations. Parent company transfers the managerial function in enterprise to subsidiary oversea. This provides in detail as the delegation of managerial function to local people by translating the parent company managerial concepts into local practices, regulations, customs and values Harukiyo; and Hook (2002). A suitable managerial operation, likes localization, allows subsidiaries to adapt corporate massages to address the self-interest, expectations and cultural sensitivities of local environment.

Localization management in an enterprise defined by Selmer (2004), is a process which local officers increase their competencies and consequently improve their performance. The main objective has been identified as training and developing local for the required competencies and efficiency to replace expatriates. The expatriate managers

have essential duties on maintaining control over finance, marketing and serving as intermediate with the parent company. Bhanugopan; and Fish (2007) emphasized competencies and efficiency more generally going beyond replacement with efforts to identify, train, develop and retain locals. The numerous expatriates continued to be employed and little consideration given to the development of local managerial talent, which defeated the country's attempt to address the lack of skilled management staff. Schaaper; underlined on the condition for implementation of localization management by focusing on number of expatriates. First, local employees must be trained before they can become potential candidates for key management positions, particularly in developing countries. Second, to increase employees' loyalty, the companies must design adequate compensation and motivation policies, which requires assessing their capabilities and efforts. The local staff in China demands the development and implementation of a comprehensive local human resource management. The implementation of localization management was proposed in Figure 8 to reduce expatriation.

2. Localization in Japanese multinational enterprises

Localization is a process of globalization and aims to create compatible production systems and develop managerial competency appropriate to local conditions under a global corporate strategy. An analysis of Japan External Trade Organization (JETRO) on localization was revealed that Japanese foreign direct investment (FDI) plays as an important part of the growing globalization of trade and industry. This role is taking account of the dynamic linkage between 'localization' and 'globalization'. Since Japan enterprise stepped into globalization through the product of a relative surplus of corporate capital resulting from the end of high economic growth and the appreciation of the yen. It led to occur the natural business logic for Japanese companies that is overseas investment and become multinational, thus showing pro-active globalization. Globalization of Japanese enterprise has generally positive expectations of the ongoing integration of the dynamic that local and regional markets occur. Japanese business people often describe this phenomenon as "act locally think globally" (Harukiyo; and Hook. 2002).

Figure 8 Condition for implementation of localization management

Source : Schaaper; et al. (2013). Human Resource Management in Asian Subsidiaries: Comparison of French and Japanese MNCs. **The International Journal of Human Resource Management.** 24(7) : 1,454-1,470.

Localization in term of management is simply explained as the delegation of managerial functions to local employees in subsidiary locating overseas. This is a regular process in which the management concepts of Japanese companies (Parent company) permeate with local staff. Japanese management possess the subsidiaries more likely to take positive steps to "Japanize" themselves in South East Asia than in Europe or the United States While, hybrid management through the compromise of both Japanese and local managers is created as well as worker.

Traditionally, Japanese multinational enterprises attempted to adhere as closely as possible to the system in parent company when operating in overseas subsidiaries. Such ground concepts of visions, missions, mottos and business strategies

are basically transferred, together with the five classics "Japanese Human Resource Management (HRM)" practices of life-time employment, seniority system, house unions, consensual decision and quality circles (Gill; and Wong. 1998, Ouchi. 1979). These Japanese HRM is unconsciously adapted to subsidiaries under the hidden conflict existing between Japanese parent company and subsidiaries because of cultural barrier. It is obviously pointed out that most of Japanese enterprises are mainly headed by Japanese expatriates at the very low level to managerial level position of their subsidiary oversea. Therefore, a potential integration of HRM system for Japanese parent company and that for local employees in the operation to keep on treatment and development is usually impeded by difficulties experienced in communication and dealing with cultural differences, resulting as failures such as high turnover, low morale, internal conflict and poor productivity (Keeley. 2006).

Expatriation is one of ordinary managements that Japanese enterprises strategizes when establishing an office or manufacture in oversea. Schaaper; et al. (2013) opened a few key reasons of Japanese expatriation occupying on general managers, chief financial officers of a subsidiary oversea, rather than to more locally oriented functions such as HRM and marketing. First, a high interactivity with parent company in Japan is required for those positions. Informal networks that expatriates have developed previously within subsidiary, and particularly at parent company provided a good foundation for effective functioning. Second, the precise knowledges of firm's process and the way to proceed the things are transferred by expatriates under those position. Especially, a subsidiary recently established, which only expatriates have such knowledges.

Nevertheless, presence of Japanese expatriates with short term assignments and adaptability of practical HRM through those expatriates make an unfeasible localization for many Japanese companies. A literature reported the impacts of success and failure of localization of Japanese enterprises. The fundamental reason for the failure to localize management is "home country effect". It was emphasized and perpetuated the distinction between Japanese and local-staff in the oversea subsidiaries' operations, with the former being the "in-group" for Japanese speaking and the latter being the "out-group" for non-Japanese speaking Wong (2010) In addition to that, national cultural factors and organizational cultural factors were considered to be the essential factors

appearing to obstruct the transferability of practical and conceptual localization in Japanese enterprises (Keeley. 2006).

Japanese Human Resource Management (HRM) Practices

Theory Z, developed by Ouchi in 1981, is a management approach that seeks to improve organizational productivity and success by adopting certain characteristics of Japanese organizations and management. It is not a purely Japanese approach, but rather a hybrid of Japanese and Western practices that are considered to be more suitable for adoption by Western organizations. Ouchi observed that most Western firms tend to have a management style characterized by mutual distrust between employees and management, formal relationships, decision making at the executive level, specialized training, narrow career paths, quick employee evaluations, and short-term employment. In contrast, the Theory Z style is characterized by mutual trust between employees and management, informal relationships, employee involvement in decision making, non-specialized careers, slow evaluation processes for employees, long-term employment, and flexibility and adaptability (Ouchi. 1979, Tierney. 1988)

The Japanese HRM impacting to transferability of localization will be investigated in this study through the local staff's attitude in a Japanese subsidiary in Thailand Itagaki (2009), Gill; and Wong (1998) and Onishi (2006) focused on five classical Japanese management is HRM practices of life-time employment, seniority system, house unions, consensual decision and quality circles to reveal transability of Japanese HRM.

1. Lifetime Employment:

Life-time employment or "Sushin Koyo" in Japanese, is described to provides workers with opportunities to participate in activities designed to enhance company performance and fosters long-term employment, which is a necessary condition for workers to take advantage of such opportunities. In fact, "Lifetime" is something of a misnomer since, except for executives, Japanese workers are typically subject to mandatory retirement at about 60 years old. This type of employment refers to not only core employees, but also leaving out temporary workers, subcontractors, seasonal workers, part-timers and dispatched employees. Long-term employment is a necessary

with insufficient condition. A more accurate definition of the practice of lifetime employment is, therefore, an implicit long term employment contract that ends at mandatory retirement age for standard employees. In addition, the practice of "life-time employment" does not necessarily mean that there are never lay-offs in Japanese firms.

Life-time employment is favorable concept in Thai subsidiary. This is due to the positive attitude toward working for one company with proper effective work. The life-time employment is transferable with condition of one-way commitment from employer to the employee.

2. Seniority System:

Seniority system or "Nenko" in Japanese, is a practice root from the very ordinary of Japanese culture. Respect for older people and their wisdom is adhered in every aspect of life. The institutional organizations follow the same philosophy. Senior staffs that have stayed with the company for long durations are grown up with constant pay increases and career development opportunities in lieu of their growing knowledge and expertise within the organization.

Seniority system in subsidiary is seldom suggested to be transferable to Thai local. Because it did not support performance evaluation based on seniority, and did not have any strong objection to higher wages for longer service or using position as a criterion for layoffs.

3. House Unions:

House unions or "Kigyo-nai kumiai" in Japanese, have a very common presence, long prevailing in Japanese corporations. These unions act as an intermediary between the blue-collar and the white-collar staff. Senior staff regularly meets with the unions to understand lower-level staff's requirements, issues and salary expectations. Unions also negotiate on behalf of the employees to resolve issues, reflecting a cordial and cooperative mannered approach to maintain harmony between management and the staff, thereby benefitting the enterprise itself.

Thais strongly agreed the company union by co-operating with management rather than Japanese. It reported that the Japanese-style house unions could be transferable to subsidiary in Thailand.

4. Consensual Decision:

Consensual decision or "Ringi System" in Japanese, is one of the most important elements in Japanese culture and has a long association with Japanese HRM model. Traditionally, HRM model was ingrained with the concept of 'ringi' wherein all conflicts are dealt with a cooperative discussion and mutual agreement between all parties regarding company's objectives and decisions. The discussions are structured in a rational, analytical and thoughtful flow to reach to a collective logical decision. Furthermore, long-term perspectives of such decisions are taken into consideration rather than having a short-term insight.

Thais average accepted Japanese consensual decision-making. They objected to takes too much time and consensual decision-making. They were neutral regarding that consensus should be achieved during or after meetings, rather than before meeting, which is typical in the Japanese way.

5. Consensual Decision:

Japan has always been reputed as one of the most quality centric economies of the world. Traditional model suggests that the core of quality production systems, however, lays in the human resource quality management practice. The most common of these practices is quality control circles. More or less all-Japanese companies establish these circles with six to twelve members ranging from low-level staff to senior managers, who participate it voluntarily. The circle meets regularly in respect with each production stage to discuss new innovations to improve the quality and competitiveness of the business.

Quality control circles are appropriate in Thailand because of a collective orientation. Japanese and Thais think that the quality circles could be successful in Thailand, if performed during that work day rather than after hours. It is agreeably that quality circles are agreeably transferable, but need to be adapted to Thai concerns.

Expatriates Condition in Subsidiaries Oversea

Multinational companies often integrate their operations, which can lead to conflicting messages for achievement-oriented managers who are working in different countries with different cultures and rewards. Expatriate executive assignments are a

common strategy for global enterprises, but Japanese multinational companies in particular have been criticized for not adapting quickly enough to local management styles and relying too heavily on expatriate managers.

Schaaper; et al. (2013) compared the European and Japanese multinational enterprises expanding their activities in Asia. It was pointed out that Japanese multinational enterprises are being more timorous than Western on localization of management positions, but they are in the process of doing so more systematically. Considering the high cost of expatriation, the challenges for expatriates and their families and the limited result, Japanese preferably response to send experts on short-term assignment for the needs of lack capabilities in the specific problems without sending additional expatriates. Furthermore, Japanese have a strongly developed systematic policy in this field to reduce the number of expatriates and justify their policy of intense short-term assignment.

Although short-term assignment was studied as an effect on transability. Expatriates, actually, are sent out for three reasons i.e., position filling, management development and organization development converting to hidden strategies;

1) Position filling: to transfer of technical knowledge, mainly to developing countries.

2) Management development: to provides the expatriate manager in question international experience and develops him for future roles in subsidiaries oversea or with the parent company.

3) Organization development: to change or maintain the structure and decision processes of the organization in term of international transfers.

The strategy consists of two elements, those are; socialization of both expatriate and local managers into the corporate culture and the creation of a verbal information network that provides links between managerial subsidiaries and headquarters Petison; and Johri (2008) studied type of expatriate roles according to the technical skills and managerial capabilities of local employees. Based on the two dimensions of task readiness and managerial capabilities, four types of expatriate role i.e., commander, conductor, coach, and connector in carrying out knowledge transfer to their subsidiary. According to whether the subordinates have a low or high level of task readiness and a

low or high level of managerial capabilities. The four types of expatriate roles are illustrated graphically in Figure 9.

		Coach	Connector
High			
Managerial capabilities of local employees			
Low		Commander	Conductor
		Low	High
		Task readiness of local employees	

Figure 9 Graphical function of expatriate roles in the managerial capabilities and task readiness

Source : Petison; and Johri. (2008). Managing Local Employees : Expatriate Roles an A Subsidiary. **Managing Local Employees.** 46(5) : 743-760.

1. Commander:

The expatriate adopts a highly directing way in working with local employees. Close monitoring and strict control of behavior is carried out in order to prevent and minimize risks that may occur in operation.

2. Conductor:

The expatriate is in charge of managing employees to run their assigned tasks effectively and ensure the collaboration among all involved parties in performing tasks.

3. Coach:

Expatriates mostly train and develop local employee's potential, ability and knowledge while giving less support and monitoring to employee in planning, organizing and working with their team. As a coach, the expatriate takes responsibility for creating positive environments and opportunities for local employees to learn.

4. Connector:

The expatriate takes a role in building relationships among involved parties in order to promote good understanding and to create and enhance commitment and a long-term relationship among the subsidiary, parent company, local suppliers and local community.

Furthermore, the willingness of expatriate to train local managers was considered as a link between local management and success at the subsidiary and company level reported by Selmer (2004) The scholar was firmed through studying of impact of staff localization on turnover reported by Lee Joonghak (2022).

Local Manager's Skills and Roles

1. Fayol's principle of management and organization

Fayol (1949) contributed management theory include elements based on work function of management, general principles of management and definitions of management with classifications of activities. Managerial activities in Fayol's management principles were considered as all of the activities that the manager has to perform in the organization, i.e. planning, organizing, coordination, command, and control, the actual work in the organization Pryor; and Taneja (2010). In 1949, Fayol developed 14 principles of managements as the foundation of his management theory and cautioned that "principles are flexible and capable of adaptation to every need". The principle of management was a firm believer that if organizational leaders used his theories, including the 14 principles of management, they would be able to achieve performance excellence. Fayol's 14 principles of management and organization are;

1. Division of work: Specialization exists. Cross-training is used so that employees and organizations have more capabilities.

2. Authority and responsibility: Both concepts are closely related. Empowerment and process ownership enable people at all levels to make decisions. Fayol's ideas are still very relevant (e.g. authority and responsibility must be co-equal) responsibility for its exercise.

3. Discipline: Self-discipline. Respect based on knowledge.

4. Unity of command: With matrix organizations and teams, people receive instructions from multiple people which can cause problems. Functionally employees may report to one boss who evaluates the employee.

5. Unity of direction: Strategic management involves bottom up, top down and cross functional input to integrated plans.

6. Subordination of individual interest to general interest: Team members align individual and team, personal, and work goals. Those goals still have to support the general interest/organization.

7. Remuneration: Pay for knowledge and core competencies. Team rewards and profit sharing.

8. Centralization or decentralization: Role of employee is increased. Local decisions. Process ownership. More decentralization.

9. Scalar chain: Lateral or cross functional authority and team structure.

10. Order: Chaos, creativity and innovation.

11. Equity: Equity is demanded by workers based on performance.

12. Stability of tenure: It is better to have best managers for a while than middle level managers for a longer time.

13. Initiative: Respect and caring for customers is an impetus for initiative. Managers who encourage initiative are valued. The principle of initiative is relevant to today's concepts of empowerment and process ownership.

14. Esprit de corps: Management fosters the moral of its employees. The concept of esprit de corps is still relevant in terms of strength of teams to accomplish objectives.

An organization's proper implementation of Fayol's 14 principles of management would lead to organizational efficiency and effectiveness. Especially, the concept of continuous training of personnel. Training is important because it not only improves employees' skills, knowledge, and competencies, but it also enhances

organizational capacity, capability and performance which are essential ingredients for organization effectiveness and are the foundation of an organization.

<u>2. Essential managerial skills</u>

A skill is the ability to translate knowledge into action that results in desired performance. Described the essential or baseline skills of managers in three categories: technical skills, human skills and conceptual skills. (John; and Schermerhorn. 2011)

• Technical skills: Technical skill is the ability to use a special proficiency or expertise to perform particular tasks. The manager gives knowledge and ability to use different techniques to achieve what they want to achieve. Technical skills are not related only for machines, production tools or other equipment but also, they are skills that will be required to increase sales, design different types of products and services, market the products and services.

Technical skills are most important for first-level managers. When it comes to the top managers, these skills are not something with high significance level.

• Human or interpersonal managerial skills: Human or interpersonal management skills present a manager's knowledge and ability to work with people. One of the most critical management tasks is to work with people. Without people, there will not be a need for the existence of management and managers. These skills enable managers to become leaders and motivate employees for better accomplishments.

• Conceptual skills: Present knowledge or ability of a manager for more abstract thinking. That means he can easily see the whole through analysis and diagnosis of different states. In such a way they can predict the future of the business or department as a whole.

Conceptual skills are vital for top managers, less critical for mid-level managers and not required for first-level managers. As we go from the bottom of the managerial hierarchy to the top, the importance of these skills will rise.

<u>3. Local manager role on MNC</u>

A key practical difficulty which prevents localization is the ongoing non-availability of qualified and skilled local managers. Bhanugopan; and Fish (2007) determined the obstacles to localization in a developing country. The study reported that

local staff performance was reflected to work attitude and behavior, an inability to supervise, an inability to meet work pressures, less work experience and not being available for after working hour. Scholars suggested the abroad organizations should not be hesitate to train local staff, who could prematurely replace their expatriate bosses (Gamble. 2000, Oppong. 2015, Shiraki. 2002).

Vora; et al. (2007) integrated the Bartlett and Ghoshal's conceptual managerial roles on MNCs to observe the effect of dual identification on subsidiary manager roles and role conflict. The study was figured out to bi-cultural interpreters, national advocates and defenders and front-line implementers, together with role conflict.

• Bi-cultural interpreter, or "sensor":

A subsidiary manager is responsible for interpreting and explaining the local environment to headquarters and ensuring that local employees understand the MNC's goals, strategies and viewpoints. Not only do subsidiary managers analyze the local situation and communicate this to the corporate office, but they also transfer the views of headquarters to the subsidiary. Thus, managers must understand and be sensitive toward the national culture, and also be familiar and comfortable with the corporate culture.

• National advocates and defenders, or "builder":

Managers are responsible for defending, or "standing up for" the subsidiary. They explain to headquarters why certain organizational structures may not be effective in the subsidiary and why certain strategies may not work in the host country. In addition, managers are advocates of the subsidiary, stating the ways in which it is an important asset and how it could contribute to the MNC as a whole. In this role, the manager defends local interests and attempts to ensure that the MNC accounts for the key assets and capabilities of the subsidiary.

• Front-Line Implementer, or "contributor":

Subsidiary managers are responsible for implementing corporate strategy in the subsidiary despite their potential disagreement with a particular strategy. They must convince subsidiary employees of the merit of the strategy and attempt to foster commitment and enthusiasm about it. Just like the role of bi-cultural interpreter, the front-line implementer role requires an understanding and acceptance of the MNC's viewpoint.

Indeed, it may be necessary for a manager to implement decisions that the subsidiary may oppose or that the manager believes are not in the subsidiary's best interest.

Internal Communication

Organizational communication is the specific process through which information moves and is exchanged throughout an organization. Information flows through both formal and informal structures, and it flows downward, upward, and laterally (Harris; and Nelson. 2008, John; and Schermerhorn. 2011). As shown in Figure 10, it serves several purposes.

In an organization, downward communication refers to the flow of information and messages from higher levels of management to lower levels of an organization, following the chain of command. One of the main functions of downward communication is to provide information and keep lower-level personnel informed about what is happening at higher levels of the organization. This can include sharing key policies, strategies, objectives, and technical developments, as well as providing feedback and information on performance results. Downward communication can help prevent the spread of rumors and inaccuracies and create a sense of security and involvement among employees by keeping them informed. However, a lack of adequate downward communication can be seen as a management failure, as it can lead to misunderstandings and confusion within the organization.

The flow of messages from lower to higher levels is upward commination. Upward communication keeps higher levels informed about what lower-level workers are doing, what their problems are, what suggestions they have for improvements, and how they feel about the organization and their jobs.

The importance of lateral communication in the new workplace has been a recurrent theme. Inside the organization, people must be willing and able to communicate across departmental or functional boundaries and to listen to one another's needs as "internal customers." New organization designs are emphasizing lateral communication in the form of cross-departmental committees, teams, or task forces and the matrix organization.

Figure 10 Information flows through downward, upward, and laterally

Source : John Schermerhorn; et al. (2002). **Organizational Behavior.** p. 46.

1. Downward communication

Downward communication reinforces the hierarchical nature of organizations. When superiors communicate with subordinates, they are exercising implicit or explicit control. This form of communication is vitally important and done well helps establish a positive climate. Katz and Kahn in 1978 identified five types of messages that usually are reflected in downward communication:

• Giving job instructions: employee tasks, as explained in directives, contracts, operating manuals, union contracts, and job descriptions, are all part of the job instructions. The goal of the oral and/or written communication is to let employees know what they are supposed to do and how they are supposed to do it.

• Providing job rationale: letting employees know how their job and tasks relate to other individuals, positions, tasks, and overall objectives is an important function

of downward communication. Providing the why or big picture for an organization's activities is the goal behind many orientations.

• Procedures, policies, and practice's function: to consist with localization achievement, the various policies, benefits, customs, processes, and rules explained and often reaffirmed later, with downward communication. Bulletin boards, memos, and meetings are often forums and employee handbooks tend to spell out the expected behaviors. Training manuals explain procedures, employee handbooks outline policies, and operating.

• Performance and Feedback: in many organizations, continued employment still having a job-is feedback (if you are not fired, you must be doing a satisfactory job). When feedback does occur, it is when a specific task is not being accomplished well or a specific job requirement, such as being on time, is not met. Unfortunately, many managers practice management by exception where the only recognition or feedback occurs when something is wrong or needs to be corrected.

• Information on the Organization's Missions and Goals: Becoming familiar with the organization's ideological perspective is important. Employees need to know why an organization does what it does and the excellent companies need to make certain every employee can identify the specific goals of the organization

2. Upward communication

Upward communication involves transmission of messages from lower to higher levels of the organization; namely, communication initiated by subordinates with their superiors. The role of upward communication in classical theories of organization was limited primarily to basic reporting functions concerning task-related matters. The human relations movement expanded the role of upward communication by emphasizing "two-way" communication between superiors and subordinates as a means of promoting morale. Later, human resource development theories emphasized the necessity of upward communication for integration of organization members and improved decision-making processes. Upward communication is a prerequisite for employee involvement in decision making, problem solving and development of policies and procedures. Katz and Kahn in 1978 pointed out that upward communication can provide superiors with information in the following areas:

• Providing feedback: Upward communication allows employees to provide feedback and suggestions to their supervisors and managers, which can help improve organizational policies, procedures, and practices.

• Facilitating problem-solving: Upward communication can help identify and resolve problems within the organization. Employees may bring issues to the attention of their supervisors or managers, who can then work to find solutions.

• Improving decision-making: Upward communication can provide management with valuable insights and perspectives from employees, which can help inform and improve decision-making within the organization.

• Enhancing communication and collaboration: Upward communication can help facilitate better communication and collaboration between different levels of the organization, improving teamwork and cooperation.

Overall, upward communication is important for maintaining open lines of communication and fostering a positive and productive work environment.

3. Lateral communication

Lateral communication refers to the flow of information and messages between individuals or groups at the same level of an organization, rather than between higher and lower levels of management. It is a key process that can help facilitate problem-solving, information sharing, and task coordination across different work groups or departments. In addition, lateral communication can improve morale and provide a means for resolving conflicts. According to human resource development theorists, lateral communication is an essential component of participative decision-making and organizational adaptability. While it may not be more efficient than simple downward communication from top management, lateral communication can be more effective in involving all stakeholders in decision-making and problem-solving processes. This approach is commonly used in Japanese organizations, where decisions and problem-solving typically occur through lateral communication at lower levels, with results being reviewed and approved by top management. In contrast, traditional Western organizations tend to rely on top-down communication, with decisions being made at the top and implemented through downward communication to lower levels of the organization.

Above communication principles are explained in the features of American management style. On the other hand, the general communication management system adapted in Japanese companies is Horenso Imai (2012) It is a Japanese corporate (communication) culture that is often applied to Japanese companies around the world, since Japanese corporate culture is able spread easier and be learned by various worker in subsidiary around the world. Horenso is an acronym based on three Japanese words which are the main points namely; Houkoku, Renraku, and Soudan. According to Cahyadi; and Ramadhani (2023), Houkoku is the process of reporting the process and results of the work that workers are presently doing to related parties, Renraku means providing information to coworkers or clients about the work done at the moment, and Soudan is interpreted literally to consultation or discussion with superiors regrading difficulties or problems faced when carrying out work.

Imai (2012) described that Horenso in Japanese management system is bottom-up, where each department generally performs. Nevertheless, horizontal development is more generally used while plans are developed sideways and smoothly approved on after another, likewise vertical development is a considering and approving of plans concerning among departments. The horizontal and vertical perspectives taken into account distinction on ordinary communication system, which they are limited only to actual business practice and idea itself.

Organizational Performance

Organizational performance is a critical concern for all organizations, regardless of whether they are for-profit or non-profit. It is important for managers to understand the factors that impact an organization's performance so that they can take appropriate action to address them. However, defining, conceptualizing, and measuring performance can be challenging. Researchers have different opinions and definitions of performance, which has led to ongoing debates among organizational researchers. The "3Es" (economy, efficiency and effectiveness) of a particular program or activity is defined as organizational performance similarly that is an organization's ability to achieve its goals (Alsayyed; et al. 2020, Butali; and Njoroge. 2017)

There has been much research on what factors determine organizational performance. There were two major streams of research on the determinants of organizational performance. One was based on economic tradition, emphasizing the importance of external market factors in determining organizational performance.

On the other hand, organizational model of firm performance emphasizes the role of internal factors such as human resource policies, organizational culture, and leadership style in determining performance. Another study by identified five major factors that impact organizational performance, including;

(1) Leadership styles and environment

(2) Organizational culture

(3) Job design

(4) Model of motive

(5) Human resource policies

Organizational performance represents an important indicator that can influence future outcomes. This means that organizational performance is an indicator to measure how well the organization attains its goals and objectives. Organizational performance relates to procedures, methods, physical environment, quality, innovation, job satisfaction, and customer satisfaction.

1. Effective leadership (Alsayyed; et al. 2020)

Effective leadership is a key factor that can impact organizational performance. Effective leaders are able to inspire and motivate their teams, set clear goals and expectations, and provide guidance and support to help team members reach their potential.

Leadership is the process of leading a group and influencing that group to achieve its goals. It is the role of leaders to engage in this process. Leaders who possess high levels of emotional intelligence are able to positively impact worker productivity through self-awareness, self-management, social awareness and relationship management. Leadership styles are the recurring patterns of behavior exhibited by leaders. Leaders typically interact with and involve team members, and must adapt to different personalities. can have a positive impact on organizational performance in a number of ways, for examples:

• Setting clear goals and direction: Effective leaders are able to set clear goals and provide direction for the organization, which can help to align team members and focus their efforts on achieving those goals.

• Providing support and guidance: Effective leaders are able to provide support and guidance to team members, which can help them to develop their skills and reach their full potential.

• Making effective decisions: Effective leaders are able to make sound decisions that align with the organization's goals and values, which can help to drive performance.

• Fostering collaboration and teamwork: Effective leaders are able to create a positive work environment that fosters collaboration and teamwork, which can lead to increased efficiency and productivity.

• Inspiring and motivating employees: Effective leaders are able to inspire and motivate their team members, which can lead to increased engagement and commitment to the organization.

Henri Fayol viewed management of leaders as the ability to generate forecasts, plan, organize, command, coordinate and ensure that maximum control is achieved in all of the above processes.

2. Effective job satisfaction (Noercahyo; et al. 2021)

Job satisfaction is a measure of how content an employee is with their job. High levels of job satisfaction can have a positive impact on organizational performance in a number of ways.

• Increased productivity: Satisfied employees are more likely to be motivated and engaged in their work, which can lead to higher levels of productivity.

• Improved customer service: Satisfied employees are more likely to provide high-quality customer service, which can lead to increased customer satisfaction and loyalty.

• Reduced absenteeism and turnover: Satisfied employees are less likely to take extended absences or leave the organization, which can help to reduce disruptions and lower the cost of recruiting and training new employees.

• Enhanced creativity and innovation: Satisfied employees may be more open to new ideas and more likely to contribute to problem-solving and innovation.

Job satisfaction, overall, can have a positive impact on organizational performance by contributing to a positive work environment, improving employee morale and engagement, and helping to attract and retain top talent.

3. Effective training (Cera; and Kusaku. 2020)

The effectiveness of training can also be determined based on the amount of training that an individual has achieved. Other important training elements to consider regarding the effectiveness of this practice are the advantages of training and the importance of participating in training. Key training and development objectives include gathering knowledge that is necessary for staff to accumulate, knowledge that assists in performing work tasks correctly and effectively. For their part, employers may not be sufficiently attentive to staff development needs as they tend to provide training only for those services or work processes that are most valuable to them.

• Identify the training needs: To ensure that training is effective, it is important to identify the specific skills and knowledge that employees need to improve their performance. This can be done through a needs assessment, which involves gathering feedback from employees, managers, and other stakeholders about what training is needed.

• Set clear goals and objectives: Once the training needs have been identified, it is important to set clear goals and objectives for the training program. These goals should be specific, measurable, achievable, relevant, and time-bound (SMART).

• Choose the right delivery method: There are a variety of ways to deliver training, including in-person workshops, online courses, and self-guided learning. It is important to choose the delivery method that best fits the needs of the learners and the organization.

• Use a variety of instructional methods: Using a variety of instructional methods can help keep learners engaged and make the training more effective. Some methods to consider include lectures, group discussions, hands-on activities, and case studies.

• Evaluate the training: To determine the effectiveness of the training program, it is important to evaluate it using both pre- and post-training assessments. This can help identify any areas that need improvement and ensure that the training is meeting its goals and objectives.

Organizational performance, therefore, was considered as an important factor for succeeding in the business forming a local management organization Byoung-Goo; and Gyu-Bae (2017). In this study, organizational performance was adapted to be an indicator factor between four independent variables i.e., Japanese Human Resource Management, Expatriate's condition, Local manager's skill and roles, and Internal communication on success of localization management.

Organizational Culture

A famous framework developed by Geert Hofstede offers one approach for understanding how value differences across national cultures can influence human behavior at work. Cultures vary in their underlying patterns of values and attitudes. The way people think about such matters as achievement, wealth and material gain, risk and change, may influence how they approach work and their relationships with organizations (Hofstede. 2011).

Therefore, an organization go into another country and make decisions based on how operation is in host country - the chances make some very bad decisions. The four dimensions of national culture in his framework can be described as follows.

• Power distance: that is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society and anybody with some international experience will be aware that 'all societies are unequal, but some are more unequal than others.

• Individualism-Collectivism: that is the degree to which individuals are integrated into groups. On the individualist side we find societies in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side, we find societies in which people from birth

onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) which continue protecting them in exchange for unquestioning loyalty. The word 'collectivism' in this sense has no political meaning: it refers to the group, not to the state. Again, the issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world.

• Masculinity- Femininity: refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found. The IBM studies revealed that (a) women's values differ less among societies than men's values; (b) men's values from one country to another contain a dimension from very assertive and competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'. The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values.

• Uncertainty avoidance: is not the same as risk avoidance; it deals with a society's tolerance for ambiguity. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict behavioral codes, laws and rules, disapproval of deviant opinions, and a belief in absolute Truth; 'there can only be one Truth and we have it.

Chapter 3
Research Methodology

This research studied the success of localization management of the subsidiary in a case study of a Japanese multinational enterprise at Eastern Seaboard Industrial Estate Rayong province. The questionnaire was utilized as a quantitative research instrument for gathering sample data in this study. It was translated and localized into Thai for purposes of this study. The questionnaire is composed of 8 parts, serving the study's purpose.

    1. Population and Sample
    2. Research Instrument
    3. Data Collection
    4. Data Analysis

Population and Sample

1. Population

The research population in this study focus on employees in leader position up to top management in a Japanese multinational enterprise at Eastern Seaboard industrial Estate Rayong province. The number of total populations on December 31, 2022 from all department in those position working in company is 167 persons.

2. Sample

Census of this study is 167, whereas 100% was population of employees in leader position up to top management.

Research Instrument

The data collection instrument used in this study as a basis for collecting, recording and measuring data which is required to provide answers to the open-ended questions was a questionnaire. The scale used in this study was a Likert scale which is appropriate to test how strongly respondents agree with the statements in the questionnaire.

The questionnaire is composed of 8 parts, including Part 1 is check list question and Part 2 - 8 is Likert scale question, together with 5 scale as follows;

Part 1 Survey questionnaire examines general information of respondent. The questionnaire is including 4 check list questions, those are; gender, age, position, and section.

Part 2 Survey questionnaire examines how Japanese Human Resource Management policies affecting the success of localization management of subsidiary. The questionnaire designed by Onishi (2006) was adapted and modified in this study based on Theory Z of Ouchi's proposal. The Likert scale used in this part has 5 choice categories for the 10 questions, those are; Life-time employment (2 questions), Seniority system (2 questions), House unions (2 questions), Consensual decisions (2 questions) and Quality control circles (2 questions), respectively.

Part 3 Survey questionnaire examines how expatriates condition affecting the success of localization management of subsidiary. The questionnaire was designed on the basis of definition on expatriates condition proposed by Petison; and Johri (2008). The Likert scale used in this part has 5 choice categories for the 8 questions; those are; Commander expatriate (2 questions), Conductor expatriate (2 questions), Coach expatriate (2 questions) and Connector expatriate (2 questions), respectively.

Part 4 Survey questionnaire examines how Local manager's skill affecting the success of localization management of subsidiary. The questionnaire was modified and adapted from Fayol (1949) for 14 principles of management and essential managerial skills, respectively. The Likert scale used in this part has 5 choice categories for the 21 questions; those are;

No. 1 - 14   Local management principles

No 15 - 21   Essential managerial skills

Part 4 Survey questionnaire examines how Local manager's skill affecting the success of localization management of subsidiary. The questionnaire was modified and adapted from Fayol (1949) for 14 principles of management and essential managerial skills, respectively. The Likert scale used in this part has 5 choice categories for the 21 questions; those are;

Part 5 Survey questionnaire examines the understanding of the Local manager role affecting the success of localization management of subsidiary. The questionnaire was adapted the definition on the basis of local manager role in multinational companies proposed by Vora; et al. (2007) The Likert scale used in this part has 5 choice categories for the 9 questions; those are; Bi-cultural interpreter role (3 questions), National advocate and defender role (3 questions), and Front-line implementer role (3 questions), respectively.

Part 6 Survey questionnaire examines the existing of the internal communication affecting the success of localization management of subsidiary. The questionnaire was adapted on basis of internal organizational communication flow proposed by Katz; and Kahn (1978). The Likert scale used in this part has 5 choice categories for the 9 questions; those are; Downward communication (3 questions), Upward communication (3 questions) and Lateral communication (3 questions), respectively.

Part 7 Survey questionnaire evaluates what is organizational performance implying the measurement of success of localization management in subsidiary. The questionnaire was developed on the basis of the important indicators influencing the organizational performance. This study selected 3 indicators i.e., Effective leadership (3 questions), Effective job satisfaction (3 questions) and Effective training (3 questions) to reflect the measurements. The Likert scale used in this part has 5 choice categories.

Part 8 Survey questionnaire evaluates what is organization culture moderating to the successes of localization management in subsidiary. The questionnaire is created based on the Hofstede's theory with focusing on four dimensions of national culture as follows; Power distance (3 questions), Individualism and collectivism (4 questions), Masculinity and femininity (3 questions) and Uncertainty avoidance (2 questions). The Likert scale used in this part has 5 choice categories for the 12 questions.

Interpreting Results

This study applied Likert scales question Edmondson (2005) to interpret the Closed - Ended questions for part 2 -8. The criteria to evaluate is indicated by number of 5-degree describing as follows;

Degree 5 means strongly agree

Degree 4 means agree

Degree 3 means neither agree / Nor disagree (Neutral)

Degree 2 means disagree

Degree 1 means strongly disagree

Validity

Content-related validity and construct validity applying in this study were assessed by advisor and experts to validate the questionnaire. In which, content-related validity is one of validity types to determine the areas or domains appropriately covering within the assessment in the research. Construct validity is concerned with the efficacy of a test to measure learner knowledge about the relevant topics of concern. The test must be relevant, appropriate and utilized correctly, with the focal point being the integration of evidence that produces inferences about assessment results. These inferences must be meaningful, trustworthy and serve the purpose of the assessment for construct validity to reach its goal.

The questionnaire in this study was determined by 3 specialists;

- Associate Professor. Sarunya Lertputtrak: lecturer in Graduate School of Commerce at Burapha University (Chonburi, Thailand).

- Associate Professor. Krit Jarinto: lecturer in Business School at King Mongkut's Institute of Technology Ladkrabang (Bangkok, Thailand).

- Mr. Pattarapong Khampanya: General Manager Human Resource and Administration at Kiriu (Thailand) Co., Ltd (Rayong, Thailand).

A method to quantitatively measure content experts' judgement of questionnaire items is the index of item - objective congruence (IOC) introduces by Rovinelli; and Hambletom (1977). This is due to evaluate the fit between questions and definition of specification and the match between questions and objectives, which are the most important assessment during the content validation stage. The process is rating individual questions on the degree to which experts agree or disagree with the specific objectives listed by the questions developer. The degree to evaluate is indicated by number of 3-rating describing as follows;

Rating 1 means clearly meaning objective.

Rating 0 means unclear objective.

Rating -1 means not clearly measuring.

After the experts rate the questions, the results are calculated to create the indices of IOC for each item on each objective through Rovinelli; and Hambletom (1977).formula as;

$$IOC = \frac{\sum R}{N}$$

By　IOC is index of item - objective congruence.

$\sum R$ is sum of rating evaluation.

N is number of experts

The indication of index IOC shows the calculation between 0.00 - 1.00. The criteria are considered with over or equal 0.5 is acceptable and less than 0.5 is unacceptable (need to be modified). In which, the evaluation from 3 experts obviously showed the IOC almost 1.00 along items in questionnaire. The results were tabulated in Appendix B and concluded that the items in questionnaire are acceptable for this study.

Data Collection

1. An introductory letter was sent to the selected company in WHA Eastern Seaboard Industrial Estate at Rayong (Thailand) to request their consent of participation. The letter described the goal, concept, target population and questionnaire survey of this research together with the assuring that the information gathered from them were kept confidential and used solely for personal company purposes.

2. A total of 167 questionnaires (Thai version 163 questionnaires and English version 4 questionnaires) were conducted to participants in sub-leader level to top-management level by their human resource admin department's cooperation. The questionnaire

was returned to the researched within 5 days (survey prior is January 31st to February 4th, 2023).

   3. The respondents in total of 167 returned questionnaires to the researcher. The response rate is determined as 100.0 % of total questionnaires.

Data Analysis

   1. The responded data in questionnaire were checked the accuracy and defined according to the specified code.

   2. Statistic Package for the Social Sciences (SPSS) program for windows was applied to statistical processed the data.

   3. Demographic characteristics for gender, age, position, and section were descriptive analyzed as frequency and percentage described in pie-chart and table.

   4. Descriptive statistics analysis of Japanese human resource management, Expatriate's condition, Localization manager's skill and roles, Internal communication, Organizational performance, and Organizational culture were examined through mean ($\bar{x}$), standard deviation (S.D.), and level interpretation.

   5. Normality of data distribution of mean ($\bar{x}$), median, mode, standard deviation (S.D.), were observed by adapting Skewness, and Kurtosis values to assessed.

   6. Multiple linear regression analysis of Japanese human resource management, Expatriate's condition, Localization manager's skill and roles, Internal communication relating to Organizational culture was investigated to determine coefficients for prediction variables and solve the hypotheses of this research. The predictor equations are proposed by applying unstandardized coefficients (B) values and Standardized coefficients (β) values.

   7. Moderating regression analysis was assessed to study the effect of moderating variable of Organizational culture on the relation between Localization manager's skill and roles, Internal communication relating to Organizational culture.

Chapter 4
Results

This research studied the success of localization management of the subsidiary in a case study of a Japanese multinational enterprise at Eastern Seaboard Industrial Estate Rayong province through Japanese human resource management, Expertise condition, Local manager's skills and roles, and internal communication as variable factors. The result and finding described in this chapter were analyzed by applying statistical methods in order to prove the hypotheses as following section:

    1. Descriptive Analysis of the Demographic

    2. Assessment of the Model Components Through Descriptive Analysis

    3. Normality of Data Distribution

    4. Correlation Analysis

    5. Multiple Linear Regression Analysis

    6. Moderation Analysis

Descriptive Analysis of the Demographic

The demographic characteristics of the respondents were described in this section. The questions in questionnaire inquired to determine the demographic profile in the subjects to gender, age, position and section of the respondents. The results were presented through following graphs;

Figure 11 Descriptive statistics of gender

Figure 11 shows the gender classification of respondents. A total of 148 (86.6%) indicated to male, while 19 (11.4%) indicated to females. The value and percentage of gender were tabulated in Table 1.

Figure 12 Descriptive statistics of age

Figure 12 shows the age classification of respondents. The age ranges consisted of 1 (0.6%) was for not over 25 years old, 13 (7.8%) was 26 - 32 years old, 90 (53.9%) was 33 - 40 years old and 63 (37.7%) was over 41 years old. The value and percentage of age range were tabulated in table 1.

Figure 13 Descriptive statistics of position

Figure 13 shows the position classification of respondents. The numbers of position were 63 (37.7%) for sub leader and leader, 66 (39.5%) for operation leader, 34 (20.4%) for middle management and 4 (2.4%) for top management. The value and percentage of position were tabulated in table 1.

Figure 14 Descriptive statistics of section

Figure 14 shows the section classification of respondents. A proportion of production & production support and official section were 139 (83.2%) and 28 (16.8%), respectively. The value and percentage of position were tabulated in table 1.

Table 1 Descriptive statistics of demographic profile of the respondents with respect to gender, age, position, and section

Characteristics	Frequency	Percent
Gender		
Males	148	88.6%
Females	19	11.4%
Age		
Not over 25	1	0.6%
26 - 32	13	7.8%
33 - 40	90	53.9%
41 over	63	37.7%

Table 1 Descriptive statistics of demographic profile of the respondents with respect
to gender, age, position, and section (Continued)

Characteristics	Frequency	Percent
Position		
Sub leader/Leader	63	37.7%
Operation leader	66	39.5%
Middle management	34	20.4%
Top management	4	2.4%
Section		
Official section	28	16.8%
Production and support	139	83.2%

Assessment of the Model Components Through Descriptive Analysis

The analysis from SPSS program was applied to measure the model
components in this research hypothesized model in order to assess the suitability of
observed variables as indicators of latent variable and to test the structural model
components that examines the relationships between latent factors. Six indicators in
hypothesized model included (a) Japanese Human Resource Management (JHR), (b)
Expatriates Condition (EXP), (c) Local Manager's Skill (LMG), (d) Internal Communication
(ICO), (e) Organizational Performance (OPF) and (f) Organization Culture (OGC). The
analyzed results were consequently described as below;

Descriptive analysis of variables

The determination of JHR variable adapted descriptive statistic to investigate
mean ($\bar{x}$) and standard deviation (S.D.). The results were described through $\bar{x}$ values
interpreted according to the a five- point Likert scale ranging from 1-5" (1 = Strongly
disagree, 5 = Strongly agree).

Table 2 Descriptive analysis of Japanese Human Resource Management (JHR)

Code	Items	$\bar{x}$	S.D.	Level
Japanese Human Resource (JHR)		3.41	0.584	High
Quality control circles (QCC)		3.84	0.762	High
JHR09	I understand quality control circle's objective.	3.86	0.798	High
JHR10	Quality circles is usually adapted in your company.	3.83	0.892	High
Consensual decision		3.54	0.853	High
JHR07	Consensual decision is generally practical performed in your company.	3.63	0.895	High
JHR08	In your organization, consensus should be reached before meetings.	3.44	1.010	High
Seniority system		3.39	0.891	Medium
JHR03	I think that employees should be evaluated on seniority.	3.03	1.179	Medium
JHR04	I believe that long service year results in higher wages.	3.75	0.986	High
House unions		3.28	1.114	Medium
JHR05	I think house union plays an important role on representative to negotiate deserved allowance with management.	3.36	1.223	Medium
JHR06	Your house union is a cordial and cooperative mannered approach to maintain harmony between management.	3.19	1.140	Medium
Life-time employment		3.02	1.217	Medium
JHR01	I understand the life-time employment culture.	3.14	1.207	Medium
JHR02	Your organization has life-time employment system.	2.90	1.341	Medium

Table 2 shows the average value of descriptive analysis for Japanese Human Resource Management (JHR) showed x̄ = 3.41 (S.D. 0.584) which can be interpreted to high level. The major items of JHR interpreted in high level were Quality Circle Control and Consensual Decision. In which, the overall mean score for each item including the two sub-questions were calculated by combining the score of items on scale and dividing the combination of number score. The calculated mean score with high level interpretation were x̄ = 3.84 (S.D. 0.762) and x̄ = 3.54 (S.D. 0.853) for Quality Circle Control and Consensual Decision, respectively.

Table 3 Descriptive analysis of Expatriates Condition (EXP)

Variable	Items	x̄	S.D.	Level
Expatriates condition (EXP)		3.77	0.677	High
Commander		3.93	0.781	High
EXP01	Your expatriates/You control the direction of organization working practice.	4.05	0.911	High
EXP02	Your expatriates/You closely monitor on work operation.	3.82	0.831	High
Conductor		3.80	0.767	High
EXP03	Your expatriates/You take in charge of managing their assigned tasks effectively.	3.78	0.830	High
EXP04	Your expatriates/You ensure the collaboration among all involved parties in performing tasks.	3.81	0.811	High
Connector		3.74	0.853	High
EXP07	Your expatriates/You take a role in building relationships among involved parties such as parent company.	3.67	0.941	High
EXP08	Your expatriates/You enhance commitment and long-term relationships with customers.	3.81	0.891	High

Table 3 Descriptive analysis of Expatriates Condition (EXP) (Continued)

Variable	Items	x̄	S.D.	Level
Coach		3.61	0.806	High
EXP05	Your expatriates/You provide working knowledge.	3.59	0.913	High
EXP06	Your expatriates/You support creating opportunities to learn.	3.63	0.934	High

Table 3 shows the average value of descriptive analysis for Expatriates condition (EXP) x̄ = 3.77 (S.D. 0.677) which can be interpreted to high level. The all items of EXP were interpreted in high level. In which, high interpretation level calculated in highest mean score was x̄ = 3.93 (S.D. 0.781) for Commander. Secondary, the mean score was calculated as x̄ = 3.80 (S.D. 0.767) and x̄ = 3.74 (S.D. 0.853) for Conductor and Connector, respectively. The lowest mean score interpreted to high level was x̄ = 3.61 (S.D. 0.806) for Coach.

Table 4 Descriptive analysis of Local Manager's Skill (LMG)

Variable	Items	x̄	S.D.	Level
Local Manager's Skill (LMG)		3.82	0.536	High
Fayol's principles of management and organization		4.13	0.552	High
FAY12	I'm severing this company for more than 1 year.	4.66	0.827	Highest
FAY03	I respect company rules and disciplines	4.54	0.742	Highest
FAY05	I give top priority to the interests of the company.	4.42	0.816	Highest
FAY04	I get orders from more than one boss.	4.36	0.900	Highest
FAY08	The major decisions taken only by the higher authorities.	4.24	0.946	Highest
FAY09	The boss of your boss directly communicates with you.	4.29	0.866	Highest

Table 4 Descriptive analysis of Local Manager's Skill (LMG) (Continued)

Variable	Items	x̄	S.D.	Level
FAY14	I promote a team spirit and harmony among employees.	4.23	0.857	Highest
FAY07	The daily decision made by the person concerned.	4.15	0.765	High
FAY10	I arrange man-power and material in suitable place for maximum efficiency.	4.10	0.754	High
FAY01	I divide work to subordinate according to their expertise.	3.93	0.922	High
FAY13	Your boss gives importance to your suggestion.	3.91	0.877	High
FAY02	I have all the authority connected with own work.	3.87	0.991	High
FAY06	I get reasonable remuneration.	3.68	0.920	High
FAY11	Your company gives equal remuneration to call the employees doing similar job.	3.40	0.932	Medium
Essential managerial skills		3.97	0.617	High
ESS02	I achieve the work assigned to me with great efficiency.	4.28	0.727	Highest
ESS01	I have the required skills to accomplish job objectives.	4.16	0.752	High
ESS05	I have the ability to recognize and implement the optimal solution to problems.	3.93	0.773	High
ESS06	I have the ability to understand and analyze cause effect relationship.	3.93	0.762	High
ESS03	I have the ability to identify new solutions to work problem.	3.90	0.746	High
ESS04	I ensure that changes in work methods occur from time to time.	3.86	0.823	High

Table 4 Descriptive analysis of Local Manager's Skill (LMG) (Continued)

Variable	Items	x̄	S.D.	Level
ESS07	I have the mental ability to analyze, diagnose and address complex situations.	3.70	0.832	High
Local manager's roles		3.37	0.774	Medium
ROL06	Local managers follow the final strategy made by headquarters with extreme care in the subsidiary.	3.67	0.953	High
ROL09	Local managers work towards convincing subsidiary employees of the merit pertaining to corporate strategies.	3.67	0.960	High
ROL04	Local managers try to ensure that corporate decision-making takes the subsidiaries' needs into consideration.	3.47	0.924	High
ROL07	Local managers accept and fully implement headquarters' final strategic decisions, even if they are not parallel with the strategic interests of my individual subsidiary unit.	3.43	0.934	High
ROL08	Local managers execute the strategic decisions of headquarters.	3.34	1.079	Medium
ROL03	Local managers explain the corporate objectives to subsidiary employees.	3.33	0.991	Medium
ROL02	Local managers interpret the situation on strategies accurately.	3.29	0.958	Medium
ROL05	Local managers defend the local perspective when local constituent interests may be violated by corporate decisions.	3.11	0.996	Medium
ROL01	Local managers communicate the local situation to headquarters.	3.02	1.044	Medium

Table 4 shows the average value of descriptive analysis for Local manager's skill (LMG) x̄ = 3.82 (S.D. 0.536) which can be interpreted to high level. The major items of LMG were interpreted in high level. In which, the high interpretation level calculated in highest mean score was x̄ = 4.13 (S.D. 0.552) for Fayol's management principles, likewise the mean score was calculated as x̄ = 3.97 (S.D. 0.617) with high interpretation level for Essential managerial skills. The lowest mean score interpreted to medium level was x̄ = 3.61 (S.D. 0.806) for Local manager's role.

Table 5 Descriptive analysis of Internal communication (ICO)

Variable	Items	x̄	S.D.	Level
Internal communication (ICO)		3.98	0.638	High
Downward communication		4.17	0.697	High
ICO01	Our organizations' policy generally is announced from top-management.	4.54	0.726	Highest
ICO02	I formally transmit the company policy to lower-level personnel.	4.10	0.848	High
ICO03	Lower-level personnel in our organization know what higher levels are doing and direction of key policies.	3.87	0.913	High
Lateral communication		3.92	0.778	High
ICO08	I think that communication in the same level can help facilitate problem-solving.	4.03	0.928	High
ICO09	Lateral communication is more effective in involving decision-making.	4.00	0.885	High
ICO07	Your organization has good flow of information between individuals at the same level.	3.72	0.936	High

Table 5 Descriptive analysis of Internal communication (ICO) (Continued)

Variable	Items	$\bar{x}$	S.D.	Level
Upward communication		3.84	0.726	High
ICO05	Lower-level personnel bring issues to the attention of their supervisors or managers to find the solution.	3.95	0.827	High
ICO06	Lower-level personnel provide management with valuable perspectives from employees to improve decision-making in the organization.	3.86	0.880	High
ICO04	Lower-level personnel provide feedback to their supervisors or managers to improve organization practices.	3.71	0.845	High

Table 5 shows the average value of descriptive analysis for Internal communication (ICO) $\bar{x}$ = 3.98 (S.D. 0.638) which can be interpreted to high level. The all items of ICO were interpreted in high level which mean score were $\bar{x}$ = 4.17 (S.D. 0.697) for Down communication, $\bar{x}$ = 3.92 (S.D. 0.778) for Lateral communication and $\bar{x}$ = 3.84 (S.D. 0.726) for Upward communication.

Table 6 Descriptive analysis of Organizational performance (OPF)

Variable	Items	$\bar{x}$	S.D.	Level
Organizational performance (OPF)		3.90	0.609	High
Job satisfaction		4.06	0.685	High
OPF05	Your organization provides quality customer service which leads to increased customer satisfaction.	4.17	0.768	High
OPF04	Your organization motivates employees in their work to lead to higher levels of productivity.	4.07	0.847	High

Table 6 Descriptive analysis of Organizational performance (OPF) (Continued)

Variable	Items	x̄	S.D.	Level
OPF06	Your organization is more likely to be opened for employees to contribute to problem-solving.	3.94	0.855	High
Leadership		3.87	0.691	High
OPF01	Your organization achieves its scheduled goals on the specified time.	4.01	0.780	High
OPF02	Your organizations' policies and regulations contribute overall to employee's retention.	3.90	0.939	High
OPF03	Your organization achieves its specific objectives with expenses less than what are specified in the budget.	3.70	0.861	High
Training		3.76	0.794	High
OPF09	Your organization trusts that training has positively affected employee's performance by demonstrating higher levels.	3.88	0.897	High
OPF07	Your organization provides the necessary training.	3.84	0.892	High
OPF08	Your organization considers that the training is important and provides employees with numerous benefits	3.56	0.967	High

Table 6 shows the average value of descriptive analysis for Organizational performance (OPF) x̄ = 3.90 (S.D. 0.609) which can be interpreted to high level. The all items of OPF were interpreted in high level. In which, the high interpretation level calculated in highest mean score was x̄ = 4.06 (S.D. 0.685) for Job satisfaction, likewise the mean score was calculated as x̄ = 3.87 (S.D. 0.691) with high interpretation level for Leadership. The lowest mean score interpreted to high level was x̄ = 3.76 (S.D. 0.794) for Training.

Table 7 Descriptive analysis of Organizational culture (OCT)

Variable	Items	x̄	S.D.	Level
Organizational culture (OCT)		3.94	0.638	High
Individualism and collectivism		4.01	0.686	High
OCT07	Your supervisor/You takes into consideration the needs of the customer (internal or external) when planning.	4.21	0.767	Highest
OCT05	Your supervisor/You encourages me to influence what goes on in my department.	4.14	0.905	High
OCT06	Your supervisor/You regularly recognizes and acknowledges the quality of my work.	4.07	0.830	High
OCT04	Your supervisor/You seeks other people's input to evaluate my work.	3.63	0.940	High
Masculinity and femininity		3.98	0.765	High
OCT10	Your supervisor's/Your management is an effective leader	4.04	0.849	High
OCT09	Your supervisor/You gives feedback honestly to me	3.96	0.846	High
OCT08	Your supervisor/You demonstrates a sense of urgency without creating undue stress.	3.94	0.903	High
Uncertainty avoidance		3.93	0.796	High
OCT11	Your supervisor/You encourages me to come forward with ideas and suggestions	4.10	0.852	High
OCT12	Your supervisor's/Your management creates an environment that supports empowerment and risk taking.	3.77	0.896	High

Table 7 Descriptive analysis of Organizational culture (OCT) (Continued)

Variable	Items	x̄	S.D.	Level
Power distance		3.82	0.744	High
OCT01	Your supervisor/You communicates effectively upwards, downwards, and by the most effective media	3.88	0.805	High
OCT02	Your supervisor/You helps us understand why things are changing.	3.88	0.827	High
OCT03	Your supervisor/You openly and effectively discusses employee career development.	3.69	0.942	High

Table 7 shows the average value of descriptive analysis for Organizational culture (OCT) x̄ = 3.94 (S.D. 0.638) which can be interpreted to high level. The all items of OCT were interpreted in high level. In which, the high interpretation level calculated in highest mean score was x̄ = 4.01 (S.D. 0.686) for Individualism and collectivism, likewise the mean score was calculated as x̄ = 3.98 (S.D. 0.765) and x̄ = 3.93 (S.D. 0.796) with high interpretation level for Masculinity and femininity and Uncertainty avoidance, respectively. The lowest mean score interpreted to high level was x̄ = 3.82 (S.D. 0.744) for Power distance.

Normality of Data Distribution

Table 8 Assessment of normality

Variable	Mean	Median	Mode	SD.	Skewness	Kurtosis
Japanese Human Resource Management	3.41	3.30	3.00	0.584	-0.120	0.888
Life-time employment	3.02	3.00	3.00	1.217	-0.105	-0.821
Seniority system	3.39	3.50	3.50	0.891	-0.294	-0.261
House unions	3.28	3.50	3.00	1.114	-0.553	-0.259
Consensual decision	3.54	3.50	4.00	0.853	-0.401	0.236
Quality control circles	3.84	4.00	4.00	0.762	-0.400	0.269

Table 8 Assessment of normality (Continued)

Variable	Mean	Median	Mode	SD.	Skewness	Kurtosis
Expatriates condition	3.77	3.75	3.75	0.677	-0.429	0.239
Commander	3.93	4.00	4.00	0.781	-0.594	-0.045
Conductor	3.80	4.00	4.00	0.767	-0.336	0.208
Coach	3.61	3.50	4.00	0.806	-0.385	0.281
Connector	3.74	4.00	4.00	0.853	-0.321	-0.203
Local manager's skill	3.82	3.84	4.31	0.536	-0.463	0.273
Fayol's principles	4.13	4.21	4.14	0.552	-0.700	-0.282
Essential skills	3.97	4.00	4.00	0.617	-0.547	0.259
Local manager's role	3.37	3.33	3.00	0.774	-0.625	1.014
Internal communication	3.98	4.00	3.89	0.638	-0.590	0.409
Downward	4.17	4.33	5.00	0.697	-0.634	-0.247
Upward	3.84	4.00	4.00	0.726	-0.606	1.130
Lateral	3.92	4.00	4.00	0.778	-0.800	1.377
Organizational performance	3.90	3.89	4.00	0.609	-0.156	-0.390
Leadership	3.87	4.00	4.33	0.691	-0.444	0.014
Job satisfaction	4.06	4.00	4.00	0.685	-0.434	-0.022
Training	3.76	4.00	4.00	0.794	-0.149	-0.586
Organizational culture	3.94	3.96	3.00	0.638	-0.333	-0.299
Power distance	3.82	4.00	4.00	0.744	-0.583	0.752
Individualism and collectivism	4.01	4.00	4.00[a]	0.686	-0.625	0.291
Masculinity and femininity	3.98	4.00	4.00	0.765	-0.521	0.121
Uncertainty avoidance	3.93	4.00	4.00	0.796	-0.642	0.835

Note : Multiple modes exist. The smallest value is shown.

The assessment of the normality of data is a prerequisite for a statistical test since the normal data is an underlying assumption in parametric testing. In this study, the normality was evaluated in order to measure a distribution of data. Lack of symmetry (Skewness) and pointiness (Kurtosis) are two main ways in which a distribution can deviate from normal. Skewness is applied to measure the symmetry, or more precisely, the lack of symmetry of the normal distribution. Kurtosis is a measure of the peakedness of a distribution. The original kurtosis value is sometimes called kurtosis (proper). A symmetric distribution of the data set looks the same to the left and right of the center point if mean, median, and mode of a distribution coincide,

that is a distribution is called approximate normal if Skewness or Kurtosis of the data are ± 3 and ± 10, respectively (Aminu; and Shariff. 2014).

Table 8 shows assessment of the normality of data distribution for Japanese Human Resource Management 5 dependent variables, Expatriates condition 4 dependent variables, Local manager's skill 3 dependent variables, Internal communication 3 dependent variables, Organizational performance 1 independent variable, and Organizational culture 1 moderating variables. The values of Skewness and Kurtosis were in the range ± 3 and ± 10, respectively. This implied that the collected data was normally distributed.

Correlation Analysis

Correlation analysis assists to observe the relationship among variables. It is required before a structural regression assessment because a too high correlation between variables could be problems for regression analysis. On basis of the theory, the analysis might face to discriminant validity where two measured variables might represent the same idea or construct. Likely, considering the technical point, the high correlations among variables might cause multicollinearity problems where regression might not be able to estimate the effects from too similar constructs correctly which results in incorrect estimates. This leads to obtain misleading results.

The correlation values were tabulated on Table 9. Pearson's Product Moment Correlation Coefficient (R-value) indicates the correlation, which are closer to 1 and -1 Samuels (2005). The meaning of 1 are highly positively correlated on each variable and the meaning of -1 are highly negatively correlated on each variable. The results can be noted that even the relationships between Local manager's skill and Internal communication correlation are the strongest, but R-value varies were between the ranges of 0.331 to 0.645. On the other hand, the correlation between Japanese human resource and other variables are significantly low, in particularly House Union (X13), where R-value varies were between the ranges of -0.099 to 0.078. These implied that no multicollinearity among the variables. Hence, it could be concluded that the research instrument has high level of internal validity at the significant 0.05 and 0.01 level (2-tailed).

Table 9 Correlation analysis of variables

	Japanese Human Resource Management (JHR)					Expatriates Condition (EXP)				Local Manager's Skill (lMG)			Internal Communication (ICO)			Org. Performance
	X11	**X12**	**X13**	**X14**	**X15**	**X21**	**X22**	**X23**	**X24**	**X31**	**X32**	**X33**	**X41**	**X42**	**X43**	**Y**
X11	1.000															
X12	0.105	1.000														
X13	0.036	0.114	1.000													
X14	0.314**	0.433**	0.134	1.000												
X15	0.236**	0.423**	-0.015	0.458**	1.000											
X21	0.135	0.083	0.056	0.083	0.334**	1.000										
X22	0.166*	0.265**	0.002	0.205**	0.387**	0.624**	1.000									
X23	0.288**	0.219**	-0.099	0.187*	0.299**	0.548**	0.649**	1.000								
X24	0.343**	0.251**	-0.090	0.284**	0.359**	0.555**	0.619**	0.698**	1.000							
X31	0.124	0.319**	0.070	0.270**	0.396**	0.428**	0.486**	0.465**	0.511**	1.000						
X32	0.094	0.250**	0.078	0.299**	0.355**	0.282**	0.275**	0.301**	0.324**	0.656**	1.000					
X33	0.320**	0.194*	0.005	0.363**	0.316**	0.173*	0.196*	0.290**	0.319**	0.421**	0.520**	1.000				
X41	0.128	0.193*	0.064	0.297**	0.413**	0.462**	0.401**	0.380**	0.406**	0.645**	0.539**	0.331**	1.000			
X42	0.113	0.146	-0.023	0.235**	0.196*	0.245**	0.333**	0.299**	0.337**	0.557**	0.494**	0.366**	0.600**	1.000		
X43	0.070	0.104	0.075	0.242**	0.349**	0.384**	0.413**	0.340**	0.318**	0.561**	0.530**	0.404**	0.629**	0.667**	1.000	
Y	0.117	0.319**	0.001	0.359**	0.384**	0.260**	0.448**	0.514**	0.417**	0.613**	0.533**	0.443**	0.524**	0.538**	0.590**	1.000

Note : * Correlation is significant at the 0.05 level (2-tailed).

** Correlation is significant at the 0.01 level (2-tailed).

Multiple Linear Regression Analysis

Regression analysis is a strong tool in explaining the selected predictor variables. In this study, a multiple linear regression was adopted in order to test the hypothesis of relation between independent variables i.e., Japanese Human Resource Management (X1), Expatriates Condition (X2), Local Manager's Skill and Roles (X3), and Internal Communication (X4) and dependent variables i.e., Organizational Performance (Y). In which, the Multiple linear regression equation was investigated by adapting of stepwise method which is a useful method to select the independent variables. The regression analysis results of the research main hypothesis were described as follows;

Hypothesis 1 Japanese Human Resource Management (JHR) affects to success of localization management

H_0 : Japanese Human Resource Management has no effect to success of localization management through Organizational Performance.

H_1 : Japanese Human Resource Management has effect to success of localization management through Organizational Performance.

Variables description: Independent variables of Japanese Human Resource Management (X1) consists of five sub-variables as follows;

X11: Lifetime employment

X12: Seniority system

X13: House unions

X14: Consensual decision

X15: Quality control circles (QCC)

Table 10 Analysis of variation of Japanese Human Resource Management variables

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X15	0.384	0.147	0.142	0.564	28.477	.000**
Model 2	X15, X14	0.436	0.190	0.180	0.552	19.217	.000**

Note : * Significant at the 0.01 level (2-tailed).

Table 10 shows the analysis of variation of Japanese Human Resource Management variables of model 2 (R = 0.436) indicates that there is a positive correlation between Japanese Human Resource Management in team of Quality control circles (X15) and Consensual decision (X14) and Organizational Performance. The (R) value is a gauge of how well the model predicts the selected variables. The value of (R^2 = 0.190) indicates that Quality control circles (X15) and Consensual decision (X14) can explain (19.0%) of the variation and change in Organizational performance.

Considering the analysis of variation leading to statistically test the main null hypothesis. It was found that the (F) value of Japanese Human Resource Management variable (model 2) in team of Quality control circles (X15) and Consensual decision (X14) is 19.217 which is significant at the level of ($\alpha < 0.01$) sig. = 0.000, the result implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by chance solely. It can be concluded that there is a statistically significant effect of Japanese Human Resource Management on Organizational Performance.

The multiple regression coefficients were observed to detect the results of the most influential independent variables to dependent variable. In this regards another part of multiple linear regression analysis will be revealed in following Multiple Regression coefficient tables, it is about testing the effect of each predictor variable included in the model if other predictors are held constant on the dependent variable. Unstandardized coefficients (B), Standardized coefficients (β) and significance (Sig.) levels were used to test the effect.

Table 11 Multiple Regression coefficient of Japanese Human Resource affecting to success of localization management through Organizational Performance

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	β			Tolerance	VIF
(Constant)	2.460	0.237		10.368	.000**		
X15	0.222	0.063	0.277	3.506	.001**	0.790	1.265
X14	0.166	0.056	0.232	2.939	.004**	0.790	1.265
$R = 0.436$, $R^2 = 0.190$, $SE_{est} = 0.552$, and $F = 19.217$							

Note : ** Significant at the 0.01 level (2-tailed).

Table 11 shows the Unstandardized coefficients (B) values (0.222 and 0.166) and Standardized coefficients (β) values (0.277 and 0.232) which indicated to the statistically significant impact of Quality control circles (X15) and Consensual decision (X14), respectively. The significant level of 0.001 and 0.004 for Quality control circles (X15) and Consensual decision (X14) were less than (0.05). Thus, the study on this variable rejects the first null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Therefore, the result implies that Quality control circles (X15) and Consensual decision (X14) have a statistically significant impact on the Organizational performance, which can be predicted the equation as follows;

Predicted equation from unstandardized coefficients (B):
$\hat{y} = 2.460 + 0.222 (X15) + 0.166 (X14)$

Predicted equation from Standardized coefficients (β):
$\hat{z} = 0.277 (X15) + 0.232 (X14)$

Hypothesis 2 Expatriate's condition affects to localization management.

H_0 : Expatriate's condition has no effect to success of localization management through Organizational Performance.

H_1 : Expatriate's condition has effect to success of localization management through Organizational Performance.

Variables description: Independent variables of Expatriate's condition (X2) consists of four sub-variables as follows;

X21: Commander

X22: Conductor

X23: Coach

X24: Connector

Table 12 Analysis of variation of Expatriate's condition variables

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X23	0.514	0.264	0.259	0.524	59.170	.000**
Model 2	X23, X22	0.536	0.287	0.278	0.518	32.969	.000**

Note : * Significant at the 0.05 level (2-tailed).

Table 12 shows the analysis of variation of Expatriate's condition variables of model 2 (R = 0.536) indicates that there is a positive correlation between Expatriate's condition in team of Coach (X23) and Conductor (X22) and Organizational Performance. The (R) value is a gauge of how well the model predicts the selected variables. The value of (R^2 = 0.287) indicates that Coach (X23) and Conductor (X22) can explain (28.7.0%) of the variation and change in Organizational performance.

Analysis of variation led to statistically test the main null hypothesis. It was found that the (F) value of Expatriate's condition variable (model 2) in team of Coach (X23) and Conductor (X22) is 32.969 which is significant at the level of ($\alpha < 0.01$) sig. = 0.000, the result implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by chance solely. It can be concluded that there is a statistically significant effect of Expatriate's condition on Organizational Performance.

Table 13 Multiple Regression coefficient of Expatriate's condition affecting to success of
localization management through Organizational Performance

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	β			Tolerance	VIF
(Constant)	2.247	0.214		10.508	.000**		
X23	0.291	0.066	0.385	4.440	.000**	0.579	1.728
X22	0.158	0.069	0.199	2.290	.023*	0.579	1.728
$R = 0.536$, $R^2 = 0.287$, $SE_{est} = 0.518$, and $F = 32.969$							

Note : Significant at the 0.01 level (2-tailed) and * Significant at the 0.05 level (2-tailed).

Table 13 shows the Unstandardized coefficients (B) values (0.291 and
0.158) and Standardized coefficients (β) values (0.385 and 0.199) which indicated to
the statistically significant impact of Coach (X23) and Conductor (X22), respectively.
The significant level of 0.000 and 0.023 for Coach (X23) and Conductor (X22) were
less than (0.05). Thus, the study on this variable rejects the first null hypothesis (H_0)
and accept the alternative hypothesis (H_1).

Therefore, the result implies that Coach (X23) and Conductor (X22) have a
statistically significant impact on the Organizational performance, which can be
predicted the equation as follows;

Predicted equation from unstandardized coefficients (B):
$\hat{y} = 2.247 + 0.291 (X23) + 0.158 (X22)$

Predicted equation from Standardized coefficients (β):
$\hat{z} = 0.385 (X23) + 0.199 (X22)$

Hypothesis 3 Local manager's skill and roles affect to localization management.

H$_0$: Local manager's skill and roles has no effect to success of localization management through Organizational Performance.

H$_1$: Local manager's skill and roles has effect to success of localization management through Organizational Performance.

Variables description: Independent variables of Local manager's skill and roles (X3) consists of three sub-variables as follows;

X31: Principle of management and organization

X32: Essential managerial skills

X33: Local manager's roles

Table 14 Analysis of variation of Local manager's skill and roles variables

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X31	0.613	0.376	0.372	0.483	99.358	.000**
Model 2	X31, X33	0.646	0.417	0.410	0.468	58.750	.000**

Note : * Significant at the 0.01 level (2-tailed).

Table 14 shows the analysis of variation of Local manager's skill variables of model 2 (R = 0.646) indicates that there is a positive correlation between Local manager's skill and roles in team of Principle of management and organization (X31) and Local manager's role (X33) and Organizational Performance. The (R) value is a gauge of how well the model predicts the selected variables. The value of (R^2 = 0.417) indicates that Principle of management and organization (X31) and Local manager's roles (X33) can explain (41.7%) of the variation and change in Organizational performance.

Analysis of variation led to statistically test the main null hypothesis. It was found that the (F) value of Local manager's skill and roles variable (model 2) in team of Principle of management and organization (X31) and Local manager's role (X33) is 58.750 which is significant at the level of (α < 0.01) sig. = 0.000, the result implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by

chance solely. It can be concluded that there is a statistically significant effect of Local manager's skill and roles Organizational Performance.

Table 15 Multiple Regression coefficient of Local manager's skill and roles affecting to success of localization management through Organizational Performance

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	β			Tolerance	VIF
(Constant)	0.941	0.278		3.384	.001*		
X31	0.572	0.073	0.518	7.888	.000**	0.823	1.216
X33	0.177	0.052	0.225	3.421	.001*	0.823	1.216
R = 0.646, R2 = 0.417, SEest = 0.468, and F = 58.750							

Note : ** Significant at the 0.01 level (2-tailed).

* Significant at the 0.05 level (2-tailed).

Table 15 shows the Unstandardized coefficients (B) values (0.572 and 0.177) and Standardized coefficients (β) values (0.518 and 0.225) which indicated to the statistically significant impact of Principle of management and organization (X31) and Local manager's role (X33), respectively. The significant level of 0.000 and 0.001 for Principle of management and organization (X31) and Local manager's role (X33) were less than (0.05). Thus, the study on this variable rejects the first null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Therefore, the result implies that Principle of management and organization (X31) and Local manager's roles (X33) have a statistically significant impact on the Organizational performance, which can be predicted the equation as follows;

Predicted equation from unstandardized coefficients (B):
$\hat{y} = 0.941 + 0.572 \, (X31) + 0.177 \, (X33)$

Predicted equation from Standardized coefficients (β):
$\hat{z} = 0.518 \, (X31) + 0.225 \, (X33)$

Hypothesis 4 Internal Communication affect to localization management.

H_0 : Internal Communication has no effect to success of localization management through Organizational Performance.

H_1 : Internal Communication has effect to success of localization management through Organizational Performance.

Variables description: Independent variables of Internal Communication (X4) consists of three sub-variables as follows;

X41: Downward Communication

X42: Upward Communication

X43: Lateral Communication

Table 16 Analysis of variation of Internal Communication variables

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X43	0.59	0.348	0.344	0.493	88.232	.000*
Model 2	X43, X41	0.622	0.387	0.380	0.480	51.781	.000*
Model 3	X43, X41, X42	0.638	0.407	0.396	0.474	37.215	.000*

Note : * Significant at the 0.01 level (2-tailed).

Table 16 shows the analysis of variation of Internal Communication model 3 (R = 0.638) indicates that there is a positive correlation between Internal Communication in team of Lateral Communication (X43), Downward Communication (X41), and Upward Communication (X42) and Organizational Performance. The (R) value is a gauge of how well the model predicts the selected variables. The value of ($R^2 = 0.407$) indicates that Lateral Communication (X43), Downward Communication (X41), and Upward Communication (X42) can explain (40.7%) of the variation and change in Organizational performance.

Analysis of variation led to statistically test the main null hypothesis. It was found that the (F) value of Internal Communication (model 3) in team of Lateral Communication (X43), Downward Communication (X41), and Upward Communication (X42) is 37.215 which is significant at the level of ($\alpha < 0.05$) sig. = 0.000, the result

implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by chance solely. It can be concluded that there is a statistically significant effect of Internal Communication on Organizational Performance.

Table 17 Multiple Regression coefficient of Internal Communication affecting to success of localization management through Organizational Performance

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	β			Tolerance	VIF
(Constant)	1.523	0.238		6.406	.000**		
X43	0.264	0.069	0.337	3.838	.000**	0.473	2.114
X41	0.170	0.071	0.194	2.376	.019*	0.545	1.834
X42	0.165	0.072	0.197	2.311	.022*	0.501	1.995
R = 0.638, R2 = 0.407, SEest = 0.474, and F = 37.215							

Note : ** Significant at the 0.01 level (2-tailed).

     * Significant at the 0.05 level (2-tailed).

Table 17 shows the Unstandardized coefficients (B) values (0.264, 0.170, and 0.165) and Standardized coefficients (β) values (0.337, 0.194, and 0.197) which indicated to the statistically significant impact of Lateral Communication (X43), Downward Communication (X41), and Upward Communication (X42), respectively. However, the significant level of 0.000, 0.019, and 0.022 for Lateral Communication (X43), Downward Communication (X41), and Upward Communication (X42) were less than (0.05). The Tolerance value (0.473) and VIF value (2.114) of Lateral Communication (X43) was interpreted that it showed the most collinearity to Downward Communication (X41) and Upward Communication (X42) were less than (0.05). Thus, the study on this variable rejects the first null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Therefore, the result implies that Lateral Communication (X43), Downward Communication (X41), and Upward Communication (X42) have a statistically significant impact on the Organizational performance, which can be predicted the equation as follows;

Predicted equation from <u>unstandardized coefficients (B):</u>

$\hat{y} = 1.523 + 0.264\,(X43) + 0.170\,(X41) + 0.165\,(X42)$

Predicted equation from <u>Standardized coefficients (β):</u>

$\hat{z} = 0.337\,(X43) + 0.194\,(X41) + 0.197\,(X42)$

Moderation Analysis

Moderator may govern the strength and form of a relation between independent variables (X) and dependent variables (Y). The value of Moderating valuables indicates the effect of moderators, so called interactions; because it is the third variable interacts with the relation between two other variables; independent variable and dependent variable. In a regression context, the dependency yields different bivariate regression lines predicting Y from X from different values of the moderator variable (Z) Fairchild; and McQuillin (2010). Enhance, moderator may reduce or directionally change the effect of outcome of dependent variable, in which the effect of one variable depends on levels of the other variable in analysis. The exist of moderation lead to understand the main effect, which are no longer additive and need to be interpreted with reference to the moderator variable.

The test integrated centering predictor variables in moderation analysis. Since the centered predictors about their mean values improves interpretation of lower order terms in the equation. This is due to the interaction of X and Z on the outcome interduces multicollinearity such as that X and Z and highly correlated with the XZ product team. The multicollinearity impacting to standard error of the regression coefficients becomes inflated resulting in unstable estimates. Therefore, the determination can be obtained by mean center continuous predictor variables and subtracting this value form each observe score in the data for that variable (Fairchild; and McQuillin. 2010).

In this study, the moderation of Organizational culture (Z) was hypothesized to interact the relationship between the mean of independent variables (X) for Japanese Human Resource Management (X1), Expatriate's condition (X2), Local manager's skill and roles (X3), and Internal communication (X4) and dependent variables of Organizational Performance (Y). The assessment of moderation in this study was described as below;

Hypothesis 5 Influences of moderation of Organizational culture on relationship between Japanese Human Resource Management and success of localization management.

H_0 : Moderation of Organizational culture has no influence the relationship between Japanese Human Resource Management and success of localization management through Organizational performance.

H_1 : Moderation of Organizational culture influences to relationship between Japanese Human Resource Management and success of localization management through Organizational performance.

Variables description:

X1 : Independent variables of Japanese Human Resource Management

Y : Dependent variable of Organizational performance

Z1 : Moderating variable of Organizational culture on relationship of X1 and Y.

Table 18 Analysis of variation of moderation of Organizational culture of Japanese Human Resource Management

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X1, Z1	0.757	0.573	0.568	0.401	110.057	.000**
Model 2	X1, Z1, X1Z1	0.761	0.580	0.572	0.399	74.908	.000**

Note : * Significant at the 0.01 level (2-tailed).

Table 18 shows the analysis of variation of moderation of Organizational culture (R = 0.761) in model 2 indicates that there is a highest positive interaction of Organizational culture (Z1) on the Japanese Human Resource Management (X1) to Organizational performance (Y). The (R) value described interaction team X1Z1 in the model predicts presence of a moderating variable effect. The value of ($R^2 = 0.580$) indicates that Organizational culture (Z1) can explain (58.0%) of the variation and change in relationship between Japanese Human Resource Management and Organizational performance.

The main null hypothesis was certainly proved by effect of organizational culture. Since it was found that the (F) value of model 2, consisting of the Japanese Human Resource (X1) and moderating variable of Organizational culture (Z1), and interaction of term (X1Z1) is 74.098 which is significant at the level of ($\alpha < 0.01$) sig. = 0.000, the result implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by chance solely. It can be concluded that there is a statistically significant effect of moderating variable of Organization culture, which increase the percentage of variation and directionally change on relation be predictor X and Y.

Table 19 Multiple regression coefficient of interaction term of Organizational culture and Japanese Human Resource Management affecting of moderation

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	β		
(Constant)	2.352	0.931		2.527	0.012
X1	-0.368	0.283	-0.353	-1.300	0.196
Z1	0.321	0.240	0.336	1.335	0.184
X1Z1	0.113	0.071	0.683	1.594	0.113
R = 0.795, R2 = 0.631, SEest = 0.373, and F = 93.004					

Note : * Significant at the 0.05 level (2-tailed).

Table 19 shows the Unstandardized coefficients (B) values (-0.368, 0.321, and 0.113) for X1, Z1, and X1Z1, respectively, and the Standardized coefficients (β) values (-0.353, 0.336, and -0.683) for X1, Z1, and X1Z1, respectively. Considering the significant of those variables, the significant at the level of ($\alpha < 0.05$) shows sig. = 0.196 and 0.184 for X1 and Z1, which interpreted that no significant. However, the little improved significant value of interaction team X1Z1 showed sig. = 0.113, which was higher than 0.05. Thus, the study on these variables accepted the first null hypothesis (H_0).

Therefore, the significant results imply that the Japanese Human Resource Management affected to Organizational performance with slight effect of interaction

of Organizational culture and Japanese Human Resource Management. The equation of this model can be predicted as follows;

Predicted equation from unstandardized coefficients (B):
$\hat{y} = 2.352 - 0.368\,(X1) + 0.321\,(Z1) + 0.113(X1Z1)$

Predicted equation from Standardized coefficients (β):
$\hat{Y} = -0.353\,(X1) + 0.336\,(Z1) + 0.683(X1Z1)$

Hypothesis 6 Influences of moderation of Organizational culture on relationship between Expatriate's condition and success of localization management.

H_0 : Moderation of Organizational culture has no influence the relationship between Expatriate's condition and success of localization management through Organizational performance.

H_1 : Moderation of Organizational culture influences to relationship between Expatriate's condition and success of localization management through Organizational performance.

Variables description:

X2 : Independent variables of Expatriate's condition.

Y : Dependent variable of Organizational performance

Z2 : Moderating variable of Organizational culture on relationship of X2 and Y.

Table 20 Analysis of variation of moderation of Organizational culture on Expatriate's condition

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X2, Z2	0.765	0.585	0.580	0.395	115.632	.000**
Model 2	X2, Z2, X2Z2	0.767	0.589	0.581	0.394	77.720	.000**

Note : * Significant at the 0.01 level (2-tailed).

Table 20 shows the analysis of variation of moderation of Organizational culture (R = 0.767) in model 2 indicates that there is a highest positive interaction of Organizational culture (Z2) on the Expatriate's condition (X2) to Organizational performance (Y). The (R) value described interaction team X2Z2 in the model predicts presence of a moderating variable effect. The value of ($R^2 = 0.589$) indicates that Organizational culture (Z2) can explain (58.9%) of the variation and change in relationship between Expatriate's condition and Organizational performance.

The main null hypothesis was certainly proved by effect of organizational culture. Since it was found that the (F) value of model 2, consisting of the Expatriate's condition (X2) and moderating variable of Organizational culture (Z2), and interaction of term (X2Z2) is 77.720 which is significant at the level of ($\alpha < 0.01$) sig. = 0.000, the result implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by chance solely. It can be concluded that there is a statistically significant effect of moderating variable of Organization culture, which increase the percentage of variation and directionally change on relation be predictor X and Y.

Table 21 Multiple regression coefficient of interaction term of Organizational culture and Expatriate's condition affecting of moderation

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	β		
(Constant)	1.838	0.880			
X2	-0.151	0.248	-0.168	-0.609	0.543
Z2	0.395	0.225	0.413	1.752	0.082
X2Z2	0.071	0.061	0.508	1.171	0.243
R = 0.767, R2 = 0.589, SEest = 0.394, and F = 77.720					

Note : * Significant at the 0.05 level (2-tailed).

Table 21 shows the Unstandardized coefficients (B) values (-0.151, 0.395, and 0.071) for X2, Z2, and X2Z2, respectively, and the Standardized coefficients (β) values (-0.168, 0.413, and 0.508) for X2, Z2, and X2Z2, respectively. Considering the significant

of those variables, the significant at the level of ($\alpha < 0.05$) shows sig. = 0.543 and 0.082 for X2 and Z2, which interpreted that no significant. However, the little improved significant value of interaction team X2Z2 showed sig. = 0.243, which was higher than 0.05. Thus, the study on these variables accepted the first null hypothesis (H_0)

Therefore, the significant results imply that the Expatriate's condition affected to Organizational performance with slight effect of interaction of Organizational culture and Expatriate's condition. The equation of this model can be predicted as follows;

Predicted equation from unstandardized coefficients (B):
$\hat{y} = 1.838 - 0.151 (X2) + 0.395 (Z2) + 0.071(X2Z2)$

Predicted equation from Standardized coefficients (β):
$\hat{Y} = -0.168 (X2) + 0.413 (Z2) + 0.508(X2Z2)$

Hypothesis 7 Influences of moderation of Organizational culture on relationship between Local manager's skill and roles and success of localization management.

H_0 : Moderation of Organizational culture has no influence the relationship between Local manager's skill and roles and success of localization management through Organizational performance.

H_1 : Moderation of Organizational culture influences to relationship between Local manager's skill and roles and success of localization management through Organizational performance.

Variables description:
X3 : Independent variables of Local manager's skill and roles.
Y : Dependent variable of Organizational performance
Z3 : Moderating variable of Organizational culture on relationship of X3 and Y.

Table 22 Analysis of variation of moderation of Organizational culture on Local manager's skill and roles

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X3, Z3	0.785	0.617	0.612	0.379	131.920	.000**
Model 2	X3, Z3, X3Z3	0.792	0.627	0.620	0.375	91.450	.000**

Note : * Significant at the 0.01 level (2-tailed).

Table 22 shows the analysis of variation of moderation of Organizational culture (R = 0.792) in model 2 indicates that there is a highest positive interaction of Organizational culture (Z3) on the Local manager's skill and roles (X3) to Organizational performance (Y). The (R) value described interaction team X3Z3 in the model predicts presence of a moderating variable effect. The value of (R^2 = 0.627) indicates that Organizational culture (Z3) can explain (62.7%) of the variation and change in relationship between Local manager's skill and roles and Organizational performance.

The main null hypothesis was certainly proved by effect of organizational culture. Since it was found that the (F) value of model 2, consisting of the Local manager's skill and roles (X3) and moderating variable of Organizational culture (Z3), and interaction of term (X3Z3) is 91.450 which is significant at the level of (α < 0.01) sig. = 0.000, the result implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by chance solely. It can be concluded that there is a statistically significant effect of moderating variable of Organization culture, which increase the percentage of variation and directionally change on relation be predictor X and Y.

Table 23 Multiple regression coefficient of interaction term of Organizational culture
and Local manager's skill and roles affecting of moderation

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	β		
(Constant)	3.049	1.207		2.527	0.012
X3	-0.372	0.324	-0.327	-1.148	0.253
Z3	-0.096	0.311	-0.100	-0.308	0.759
X3Z3	0.174	0.081	1.160	2.156	0.033*
R = 0.792, R2 = 0.627, SEest = 0.375, and F = 91.450					

Note : * Significant at the 0.05 level (2-tailed).

Table 23 shows the Unstandardized coefficients (B) values (-0.372, -0.096, and 0.174) for X3, Z3, and X3Z3, respectively, and the Standardized coefficients (β) values (-0.372, -0.100, and 1.160) for X3, Z3, and X3Z3, respectively. Considering the significant of those variables, the significant at the level of ($\alpha < 0.05$) shows sig. = 0.253 and 0.759 for X3 and Z3, which interpreted that no significant. However, the little improved significant value of interaction team X3Z3 showed sig. = 0.033, which was lower than 0.05. Thus, the study on this variable rejects the first null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Therefore, the significant results imply that the Local manager's skill and roles affected to Organizational performance with sufficient effect of interaction of Organizational culture and Local manager's skill and roles. The equation of this model can be predicted as follows;

Predicted equation from unstandardized coefficients (B):
$\hat{y}$ = 3.049 - 0.372 (X3) - 0.096(Z3) + 0.174(X3Z3)

Predicted equation from Standardized coefficients (β):
$\hat{Y}$ = -0.327 (X3) + 0.100 (Z3) + 1.160(X3Z3)

Hypothesis 8 Influences of moderation of Organizational culture on relationship between Internal Communication and success of localization management.

H₀ : Moderation of Organizational culture has no influence the relationship between Internal Communication and success of localization management through Organizational performance.

H₁ : Moderation of Organizational culture influences to relationship between Internal Communication and success of localization management through Organizational performance.

Variables description:

X4 : Independent variables of Internal Communication.

Y : Dependent variable of Organizational performance

Z4 : Moderating variable of Organizational culture on relationship of X4 and Y.

Table 24 Analysis of variation of moderation of Organizational culture on Internal Communication

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.
Model 1	X4, Z4	0.785	0.616	0.611	0.380	131.513	.000**
Model 2	X4, Z4, X4Z4	0.788	0.621	0.615	0.378	89.213	.000**

Note : * Significant at the 0.01 level (2-tailed).

Table 24 shows the analysis of variation of moderation of Organizational culture (R = 0.788) in model 2 indicates that there is a highest positive interaction of Organizational culture (Z4) on the Internal Communication (X4) to Organizational performance (Y). The (R) value described interaction team X4Z4 in the model predicts presence of a moderating variable effect. The value of ($R^2 = 0.621$) indicates that Organizational culture (Z4) can explain (62.1%) of the variation and change in relationship between Internal Communication and Organizational performance.

The main null hypothesis was certainly proved by effect of organizational culture. Since it was found that the (F) value of model 2, consisting of the Internal Communication (X4) and moderating variable of Organizational culture (Z4), and interaction of term (X4Z4) is 89.213 which is significant at the level of (α < 0.01) sig. = 0.000, the result implies that there is less than a (0.05%) chance that an (F) ratio of this value would happen by chance solely. It can be concluded that there is a statistically significant effect of moderating variable of Organization culture, which increase the percentage of variation and directionally change on relation be predictor X and Y. Thus, the study on this variable rejects the first null hypothesis (H_0) and accept the alternative hypothesis (H_1).

Table 25 Multiple regression coefficient of interaction term of Organizational culture and Internal Communication affecting of moderation

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	β		
(Constant)	2.240	1.047		2.139	0.034
X4	-0.145	0.270	-0.152	-0.536	0.593
Z4	0.145	0.274	0.152	0.530	0.597
X4Z4	0.105	0.068	0.776	1.545	0.124
R = 0.792, R2 = 0.627, SEest = 0.375, and F = 91.450					

Note : * Significant at the 0.05 level (2-tailed).

Table 25 shows the Unstandardized coefficients (B) values (-0.145, 0.145, and 0.105) for X4, Z4, and X4Z4, respectively, and the Standardized coefficients (β) values (-0.152, 0.152, and 0.776) for X4, Z4, and X4Z4, respectively. Considering the significant of those variables, the significant at the level of (α < 0.05) shows sig. = 0.593 and 0.597 for X4 and Z4, which interpreted that no significant. However, the little improved significant value of interaction team X4Z4 showed sig. = 0.124, which was higher than 0.05. Thus, the study on these variables accepted the first null hypothesis (H_0).

Therefore, the significant results imply that the Internal Communication affected to Organizational performance with slight effect of interaction of Organizational culture and Internal Communication. The equation of this model can be predicted as follows;

Predicted equation from unstandardized coefficients (B):
$$\hat{y} = 2.240 - 0.145 (X4) + 0.145 (Z4) + 0.105(X4Z4)$$

Predicted equation from Standardized coefficients (β):
$$\hat{Y} = -0.152 (X4) + 0.152 (Z4) + 0.776(X4Z4)$$

Chapter 5
Discussion and Implications

This purpose of this study was to investigate the influence of Japanese human resource management, Expertise condition, Local manager's skills and roles, and internal communication on success of localization management of the subsidiary in a case study of a Japanese multinational enterprise at Eastern Seaboard Industrial Estate Rayong province.

The study employed qualitative analysis tool to test the hypotheses and determine the effect. The measurement instrument was developed based on literatures. The population in this study focused on employees in sub-leader position up to top-management in a Japanese multinational enterprise at Eastern Seaboard Industrial Estate Rayong province. Data was collected by survey 167 questionnaires. The analyzes of data reveal the finding through the research as follows.

The hypothesized model was created based on theory and scholars as described in Chapter 2 and the hypotheses was ascertained from the statistical analysis described in Chapter 4, as shown in Figure 15.

Figure 15 Final structure of hypotheses model

1. Summary of finding

The finding in this study was investigated through assessment of path coefficients, which were proved for the research hypotheses. Figure 16 shows correlation R-value of the final hypotheses model with significant level. The hypotheses were accepted, except hypotheses H5, H6, and H8. Furthermore, the structural equation was predicted by using Standardized coefficients (β) values, in which the equation in each hypothesis is tabulated in Table 26.

Figure 16 Final hypotheses model with R-value and significant level

Note: Correlation R-value is listed first, and significant level is in parentheses.

Table 26 Structural equation of the hypothesis in this research

Hypotheses	Independent/ Moderating Variable		Dependent Variable	Structural Equation
H1	X14, X15	$\rightarrow$	Y	$\hat{z}$=0.277 (X15)+0.232 (X14)
H2	X22, X23	$\rightarrow$	Y	$\hat{z}$=0.385 (X23)+0.199 (X22)
H3	X31, X33	$\rightarrow$	Y	$\hat{z}$=0.518 (X31)+0.225 (X33)
H4	X41, X42, X43	$\rightarrow$	Y	$\hat{z}$=0.337 (X43)+0.194 (X41)+0.197(X42)
H5	X1, Z1, X1Z1	$\rightarrow$	Y	$\hat{z}$=-0.353 (X1)+0.336 (Z1)+0.683(X1Z1)

Table 26 Structural equation of the hypothesis in this research (Continued)

Hypotheses	Independent/ Moderating Variable		Dependent Variable	Structural Equation
H6	X2, Z2, X2Z2	$\rightarrow$	Y	$\hat{z}$=-0.168 (X2)+0.413 (Z2)+0.508(X2Z2)
H7	X3, Z3, X3Z3	$\rightarrow$	Y	$\hat{z}$=-0.327 (X3)+0.100 (Z3)+1.160(X3Z3)
H8	X4, Z4, X4Z4	$\rightarrow$	Y	$\hat{z}$=-0.152 (X4)+0.152 (Z4)+0.776(X4Z4)

Hypothesis 1

The hypothesis of Japanese Human Resource Management in term of Quality control circles (X15) and Consensual decision (X14) affects to Organizational Performance (H_1) was accepted, since the (R) value indicated high positive correlation R = 0.436 with significant at the level of 0.000.

However, the significant was not observed for Lifetime employment (X11), Seniority systems (X12), and House unions (X13).

Hypothesis 2

The hypothesis of Expatriate's condition in term of Coach (X23) and Conductor (X22) affects to Organizational Performance (H_1) was accepted, since the (R) value indicated high positive correlation with R = 0.536 with significant at the level of 0.000.

Nevertheless, the significant was not observed for Commander (X21) and Connector (X24).

Hypothesis 3

The hypothesis of Local manager's skills and roles in term of Principle of management and organization (X31) and Local manager's roles (X33) affects to Organizational Performance (H_1) was accepted, since the (R) value indicated high positive correlation with R = 0.646 with significant at the level of 0.000.

However, the Essential managerial skills (X32) was not shown the significance.

Hypothesis 4

The hypothesis of Internal Communication in all direction of Lateral Communication (X43), Downward Communication (X41), and Upward Communication (X42) affects to Organizational Performance (H_1) was accepted, since the (R) value showed high positive correlation with R = 0.638 with significant at the level of 0.000.

Hypothesis 5

Moderation of Organizational culture influences relationship between Japanese Human Resource Management and Organizational Performance was hypothesized. The interaction term of Japanese Human Resource Management and Organizational Performance (X1Z1) shows 0.683 with p-value = 0.113, which was higher than 0.05. It can be concluded that Organizational culture does not have significant as moderator, which (H_1) was not accepted.

Hypothesis 6

Moderation of Organizational culture influences relationship between Expatriate's condition and Organizational Performance was hypothesized. The interaction term of Expatriate's condition and Organizational Performance (X2Z2) shows 0.508 with p-value = 0.243, which was higher than 0.05. It can be concluded that Organizational culture does not have significant as moderator, which (H_1) was not accepted.

Hypothesis 7

Moderation of Organizational culture influences relationship between Local manager's skill and roles and Organizational Performance was hypothesized. The interaction term of Japanese Human Resource Management and Organizational Performance (X3Z3) shows 1.160 with p-value = 0.033, which was lower than 0.05. It can be concluded that Organizational culture has significant at the level as a moderator, which (H_1) was accepted.

Hypothesis 8

Moderation of Organizational culture influences relationship between Internal Communication and Organizational Performance was hypothesized. The interaction term of Japanese Human Resource Management and Organizational Performance (X3Z3) shows 0.776 with p-value = 0.124, which was higher than 0.05. It can be concluded that Organizational culture does not have significant as a moderator, which (H_1) was not accepted.

Discussion

1. Japanese Human Resource Management

In this study, the Quality control circles (QCC) and Consensual decision were found to be significant on success of localization in the Japanese multinational enterprise. This implies that they are particularly integrated in this organization. Since the QCC is basically operated in this organization, which is well knew by employees. QCC is specified as a regular activity for all section decided by headquarter. Also, consensual decision is preferable for getting a decision before a meeting. The result consistent with Alsayyed; et al. (2020), Human Resource Management was concluded to have an effect to Organizational performance in non-oil industrial in a Saudi Arabia organization.

Nevertheless, the other practices in Japanese Human Resource Management i.e. Life-time employment, Seniority system, and House unions are not apparently adapted. It can be explained that the Seniority system are not applicable in this organization because the age and service year was non-logical concern for young employees (main participants) to be considered about wages evaluation. House union's activities and success are not officially informed in general and Life-time employment is originated from Japanese culture, which is not understandable for Thai employees.

2. Expatriate's condition

Coach and Conductor were determined to play a significant role on success of localization in the Japan multinational enterprise. Since this study was carried out in a manufacturing plant of Japanese global organization, which their strategies on expatriates' tasks, job specialties, and specified skills were certainly decided. The

expatriate in this organization is working on holistic view of management and organization development. In fact, they give enormous attention to maintain the directing way of business, control outcomes, close monitoring, and transferring of technical knowledge through learning environment for local employees. Furthermore, they are managing their tasks to ensure the collaboration between parent company and subsidiary in Thailand, together with guiding how to handle the responsibility for creating positive relation with parent company and third parties.

This can be explained by Petison; and Johri (2008) who studied about the role of expatriated managers in the growth of subsidiaries located in Thailand. Expatriate takes responsibility for developing the full potential of the local employee, creates the right conditions for learning and finds ways of stimulating employees to talk the initiative in processes adaptation. These activates induce to have localization seen in Toyata Motor Thailand's localization process. Furthermore, the willingness of expatriate to train local managers was considered as a link between local management and success at the subsidiary and company level reported through studying of impact of staff localization on turnover.

However, the Commander and Connector type were not appropriately noted to be useful conditions on success localization. Basically, the success of local management is avoidance the controlling from expatriates as commander behavior. Expatriates who act as a connector does not take the responsibility on building relationships among involved parties such as among of subsidiary, local suppliers, and local community.

3. Local manager's skills and roles

The conclusion indicated that Principles of management and organization and Local manager's roles were the significant duty on success of localization. This is due to the principles of management and organization proposed by Fayol were practically performed in this organization based on the highest score in descriptive analysis. The significant of Local manager's roles shows managers complies to go along with company's strategies made by headquarters.

On the other hand, Essential managerial skills were not selected as a significant variable. This is due to the necessary skills which is one of powerful concepts to obtain the success of management. It is typically found in an organization in low-level

management, middle-level management, and top-level management. However, the result indicated that the Essential managerial skills is not effectively adapted because the concept is theoretically descripted, and it is difficult to reach for shop floor level management in this organization.

The study was obviously supported in the same direction with Bhanugopan; and Fish (2007) who investigated the obstacles to localization in developing country, namely Papua New Guinea. The scholar emphasized on competencies and efficiency which was more generally going beyond replacement with efforts to identify, train, develop and retain locals.

4. Internal communication

Downward, Upward and Lateral communication showed significant effect on success of localization. Downward and Upward communication was explained that the company policy is generally announced from top-management in this organization, and it is well transmitted to the lower-level personnel. On the other hand, lower-level personnel bring their issues to supervisors for discussion to find out the solution. The Lateral communication, particularly, showed high impact among the internal communication variables. It was recognized as one of the key practices to achieve any tasks in an organization. This is due to the communication in the same level can easily help facilitate problem solving, and it is more effective in involving decision making.

5. Organizational culture

In this study, Organizational culture was found to have an influence relationship between Local manager's skill and roles on Organizational Performance. Since the supervisor usually considers the need of the customer when holding a discussion, also the supervisor encourages subordinators not only understanding what goes on in the department, but also coming forward with ideas and suggestions. This result was supported by Alsayyed; et al. (2020). The organizational culture firmed the organizational performance.

Implication

1. Japanese Human Resource Management

In order to obtain the success of localization, researcher suggested the organization to practically integrate the five concepts of Japanese Human Resource Management. In particularly, the organization should emphasize the Quality control circle (QCC) activities that usually be carried out internally in department, in order to have more effective result by annual presentation to company. For House unions, it is one of the useful concepts because House unions should well maintain harmony between employees and management by cooperative mannered approach. Finally, Life-time employment is an ordinary system, governed by Japanese culture in past decades. The researcher also recommended to improve the employees' understanding on Life-time employment concept and adapt them to seniority system.

2. Expatriate's condition

The having expatriate in an organization was meaningfully suggested to consider not only accomplish a specific task within a time frame, but also most importantly train and develop the competencies of the local staff. Petison; and Johri. (2008). Based on the literature, Coach role was explained to be possible condition to reach effective organizational performance. A expatriate takes responsibility for developing the local employees to have managerial capabilities, technical skills, including solving technical problem skills to enhance full potential of the local employees. Therefore, the Expatriates and local manager in the organization should prioritize training, developing, encouraging ability of local employees as the most distinctive way to success in localization.

3. Local manager's skills and roles

Local manager's skills and roles was highlighted on relationship to achieve the success of localization in the organization. Efficiency of Organizational performance can be increased by emphasizing on practical application not only Fayol's principle of management and organization, but also the Essential manager skills. The organization should introduce the managerial attitude (based on those theories of management) from low-level management, middle-level management to top-level management.

Fayol's principle of management and organization is, in fact, applied in workplace in this organization. However, company should take into account to find the solution for unfair remuneration perspective that reflected in the result.

Researcher strongly suggested that the advantage of understanding on Essential manager skills which consisted of technical skills, interpersonal (or human) skills, and conceptual skills. Leaders must possess certain technical skills that assist them in optimizing managerial performance.

Moreover, Local manager should take the opportunities to demonstrate own outstanding performance of Thailand subsidiaries to parent company and other subsidiaries.

4. Internal communication

Internal communication is an important process to flow the information in an organization. On the basis of the results, the information in this organization has been flew downward, upward, and laterally to significantly firm the organization performance. A suggestion to create a plan to make a stronger on the current activities should be put by managers of each department by using media such as e-mail, announcement or social-media message. Furthermore, the internal communication is well known as a basic practical process, a strategy should be managed from top management in this organization.

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Appendixes

Appendix A.

Survey Questionnaire

Survey Questionnaire

Examining how localization management are successfully adapted within a Japanese subsidiary in Thailand; A case study of subsidiary of Japanese company at Eastern Seaboard Industrial Estate Rayong province, Thailand.

General Information : This questionnaire is to assist my master research at Thai-Nichi Institute of Technology, Thailand. The information collected will aid my analysis of the issues relating to transferability of location in a Japanese subsidiary in Thailand. Please response to the questions in each of the areas. There are no right or wrong answers and your responses will be treated anonymously.

Survey Questionnaire consists of 8 parts on 9 pages as follows;

Part 1 General information of respondent   4   questions

Part 2 Examining how Japanese Human Resource Management
affecting the success of localization   10   questions

Part 3 Examining how Expatriates condition affecting the success of
Localization   8   questions

Part 4 Examining how Local manager's skill affecting the success
of localization   21   questions

Part 5 Understanding what is the Local manager role affecting the
success of localization   9   questions

Part 6 Understanding what internal communication affecting the
success of localization   9   questions

Part 7 Evaluate the measurement what is organizational performance
Affecting the success of localization   9   questions

Part 8 Evaluate the measurement what is organizational performance
affecting the success of localization   12   questions

Part 1 Survey Questionnaire : General information of respondent

1. Sex

☐ 1.1) Male ☐ 1.2) Female

2. Age

☐ 2.1) Not over 25 years old ☐ 2.2) 26-32 years old

☐ 2.3) 33-40 years old ☐ 2.4) 41 over years old

3. Position

☐ 3.1) Sub Leader, Leader

☐ 3.2) Chief, Foreman, Supervisor and Senior-supervisor

☐ 3.3) Asst. Manager, Manager, Asst. General manager, General manager,

Plant manager

☐ 3.4) Top Management, Advisor

4. Section

☐ 4.1) Official section (Management)

☐ 4.2) Production and production support

Part 2 Survey Questionnaire : Examining how Japanese Human Resource Management policies affecting the success of localization management of subsidiary.

Rating Scale : Please select only one appropriate number from 5-degree indicator for your answer.

Degree 5 : Strongly agree

Degree 4 : Agree

Degree 3 : Neither agree/Nor disagree (Neutral)

Degree 2 : Disagree

Degree 1 : Strongly disagree

Japanese Human Resource Management	Rating				
	5	4	3	2	1
Life-time employment					
1 I understand the life-time employment culture.					
2 Your organization has life-time employment system.					
Seniority system					
3 I think that employees should be evaluated on seniority.					
4 I believe that long service year results in higher wages.					
House unions					
5 I think house union plays an important role on representative to negotiate deserved allowance with management.					
6 Your house union is a cordial and cooperative mannered approach to maintain harmony between management.					
Consensual decision					
7 Consensual decision is generally practical performed in your company.					
8 In your organization, consensus should be reached before meetings.					
Quality control circles (QCC)					
9 I understand quality control circle's objective.					
10 Quality circles is usually adapted in your company.					

Part 3 Survey Questionnaire : Examining how Expatriates condition affecting the success of localization management of subsidiary.

Rating Scale : Please select only one appropriate number from 5-degree indicator for your answer.

Degree 5 : Strongly agree

Degree 4 : Agree

Degree 3 : Neither agree/Nor disagree (Neutral)

Degree 2 : Disagree

Degree 1 : Strongly disagree

Expatriates Condition		Rating				
		5	4	3	2	1
Commander						
1	Your expatriates/You control the direction of organization working practice.					
2	Your expatriates/You closely monitor on work operation.					
Conductor						
3	Your expatriates/You take in charge of managing their assigned tasks effectively.					
4	Your expatriates/You ensure the collaboration among all involved parties in performing tasks.					
Coach						
5	Your expatriates/You provide working knowledge.					
6	Your expatriates/You support creating opportunities to learn.					
Connector						
7	Your expatriates/You take a role in building relationships among involved parties such as parent company.					
8	Your expatriates/You enhance commitment and long-term relationships with customers.					

Part 4 Survey Questionnaire : Examining how Local manager's skill affecting the success of localization management of subsidiary.

Rating Scale : Please select only one appropriate number from 5-degree indicator for your answer.

Degree 5 : Strongly agree

Degree 4 : Agree

Degree 3 : Neither agree/Nor disagree (Neutral)

Degree 2 : Disagree

Degree 1 : Strongly disagree

	Fayol's Management Principles	Rating				
		5	4	3	2	1
1	I divide work to subordinate according to their expertise.					
2	I have all the authority connected with own work.					
3	I respect company rules and disciplines					
4	I get orders from more than one boss.					
5	I give top priority to the interests of the company.					
6	I get reasonable remuneration.					
7	The daily decision made by the person concerned.					
8	The major decisions taken only by the higher authorities.					
9	The boss of your boss directly communicates with you.					
10	I arrange man-power and material in suitable place for maximum efficiency.					
11	Your company gives equal remuneration to call the employees doing similar job.					
12	I'm severing this company for more than 1 year.					
13	Your boss gives importance to your suggestion.					
14	I promote a team spirit and harmony among employees.					

Essential Managerial Skills		Rating				
		5	4	3	2	1
Technical skill						
1	I have the required skills to accomplish job objectives.					
2	I achieve the work assigned to me with great efficiency.					
Conceptual						
3	I have the ability to identify new solutions to work problem.					
4	I ensure that changes in work methods occur from time to time.					
5	I have the ability to recognize and implement the optimal solution to problems.					
Human resource skill						
6	I have the ability to understand and analyze cause effect relationship.					
7	I have the mental ability to analyze, diagnose and address complex situations.					

Part 5 Survey Questionnaire : Understanding what is the Local manager role affecting the success of localization management of subsidiary.

Rating Scale : Please select only one appropriate number from 5-degree indicator for the condition of local manager's role to headquarters in your opinion.

Degree 5 : Strongly true
Degree 4 : True
Degree 3 : Neither true (Neutral)
Degree 2 : Not true
Degree 1 : Strongly not true

	Local Manager's Role	Rating				
		5	4	3	2	1
	Bi-cultural interpreter					
1	Local managers communicate the local situation to headquarters.					
2	Local managers interpret the situation on strategies accurately.					
3	Local managers explain the corporate objectives to subsidiary employees.					
	National advocate and defender					
4	Local managers try to ensure that corporate decision-making takes the subsidiaries' needs into consideration.					
5	Local managers defend the local perspective when local constituent interests may be violated by corporate decisions.					
6	Local managers follow the final strategy made by headquarters with extreme care in the subsidiary.					
	Front-line implementer					
7	Local managers accept and fully implement headquarters' final strategic decisions, even if they are not parallel with the strategic interests of my individual subsidiary unit.					
8	Local managers execute the strategic decisions of headquarters.					
9	Local managers work towards convincing subsidiary employees of the merit pertaining to corporate strategies.					

Part 6 Survey Questionnaire : Understanding what internal communication affecting the success of localization management of subsidiary.

Rating Scale : Please select only one appropriate number from 5-degree indicator for the current situation in company regarding localization policy.

Degree 5 : Strongly true

Degree 4 : True

Degree 3 : Neither true (Neutral)

Degree 2 : Not true

Degree 1 : Strongly not true

Internal Communication	Rating				
	5	4	3	2	1
Downward communication					
1 Our organizations' policy generally is announced from top-management.					
2 I formally transmit the company policy to lower-level personnel.					
3 Lower-level personnel in our organization know what higher levels are doing and direction of key policies.					
Upward communication					
4 Lower-level personnel provide feedback to their supervisors or managers to improve organization practices.					
5 Lower-level personnel bring issues to the attention of their supervisors or managers to find the solution.					
6 Lower-level personnel provide management with valuable perspectives from employees to improve decision-making in the organization.					
Lateral communication					
7 Your organization has good flow of information between individuals at the same level.					
8 I think that communication in the same level can help facilitate problem-solving.					
9 Lateral communication is more effective in involving decision-making.					

Part 7 Survey Questionnaire : Evaluate the measurement what is organizational performance affecting the success of localization management of subsidiary.

Rating Scale : Please select only one appropriate number from 5-degree indicator for your answer.

> Degree 5 : Strongly agree
>
> Degree 4 : Agree
>
> Degree 3 : Neither agree/Nor disagree (Neutral)
>
> Degree 2 : Disagree
>
> Degree 1 : Strongly disagree

Organizational Performance		Rating				
		5	4	3	2	1
Leadership						
1	Your organization achieves its scheduled goals on the specified time.					
2	Your organizations' policies and regulations contribute overall to employee's retention.					
3	Your organization achieves its specific objectives with expenses less than what are specified in the budget.					
Job satisfaction						
4	Your organization motivates employees in their work to lead to higher levels of productivity.					
5	Your organization provides quality customer service which leads to increased customer satisfaction.					
6	Your organization is more likely to be opened for employees to contribute to problem-solving.					
Training						
7	Your organization provides the necessary training.					
8	Your organization considers that the training is important and provides employees with numerous benefits					
9	Your organization trusts that training has positively affected employee's performance by demonstrating higher levels.					

Part 8 Survey Questionnaire : Evaluate the measurement what is organizational performance affecting the success of localization management of subsidiary.

Organizational Culture		Rating				
		5	4	3	2	1
Power distance						
1	Your supervisor/You communicates effectively upwards, downwards, and by the most effective media					
2	Your supervisor/You helps us understand why things are changing.					
3	Your supervisor/You openly and effectively discusses employee career development.					
Individualism and collectivism						
4	Your supervisor/You seeks other people's input to evaluate my work.					
5	Your supervisor/You encourages me to influence what goes on in my department.					
6	Your supervisor/You regularly recognizes and acknowledges the quality of my work.					
7	Your supervisor/You takes into consideration the needs of the customer (internal or external) when planning.					
Masculinity and femininity						
8	Your supervisor/You demonstrates a sense of urgency without creating undue stress.					
9	Your supervisor/You gives feedback honestly to me					
10	Your supervisor's/Your management is an effective leader					
Uncertainty avoidance						
11	Your supervisor/You encourages me to come forward with ideas and suggestions					
12	Your supervisor's/Your management creates an environment that supports empowerment and risk taking.					

Appendix B.

Index of Item – Objective Congruence (IOC)

Quality Result of Research Instrument

Survey questionnaire consists of 8 parts on 9 pages. The questionnaire used in this study as a basis for collecting, recording, and measuring data which is required to provide answers to the open-ended questions. The scale used in this study was a Likert scale which is appropriate to test how strongly respondents agree with the statements in the questionnaire. The questionnaire is composed of 8 parts, including Part 1 is check list question and Part 2-8 is Likert scale question, together with 5 scale

Part 1 Questionnaire examines general information of respondent. The questionnaire is including 4 check list questions, those are; gender, age, position, and section. The response is expected to have check list question.

Part 2 Questionnaire examines how Japanese Human Resource Management policies affecting the success of localization management of subsidiary. The questionnaire designed by Onishi (2006) was adapted and modified in this study based on T heory Z of Ouchi's proposal. The Likert scale used in this part has 5 choice categories for the 10 questions, those are; Life-time employment, Seniority system, House unions, Consensual decisions and Quality control circles, respectively.

Part 3 Questionnaire examines how expatriates condition affecting the success of localization management of subsidiary. The questionnaire was designed on the basis of definition on expatriates condition proposed by Petison; and Johri (2008). The Likert scale used in this part has 5 choice categories for the 8 questions; those are; Commander expatriate, Conductor expatriate, Coach expatriate, and Connector expatriate, respectively.

Part 4 Questionnaire examines how Local manager's skill affecting the success of localization management of subsidiary. The questionnaire was modified and adapted from Fayol (1949) for 14 principles of management and essential managerial skills, respectively. The Likert scale used in this part has 5 choice categories for the 21 questions.

Part 5 Questionnaire examines the understanding of the Local manager role affecting the success of localization management of subsidiary. The questionnaire was adapted the definition on the basis of local manager role in multinational companies proposed by Vora; et al. (2007). The Likert scale used in this part has 5 choice categories

for the 9 questions; those are; Bi-cultural interpreter role, National advocate and defender role, and Front-line implementer role, respectively.

Part 6 Questionnaire examines the existing of the internal communication affecting the success of localization management of subsidiary. The questionnaire was adapted on basis of internal organizational communication flow proposed by Katz; and Kahn (1978). The Likert scale used in this part has 5 choice categories for the 9 questions; those are; Downward communication, Upward communication and Lateral communication, respectively.

Part 7 Questionnaire evaluates what is organizational performance implying the measurement of success of localization management in subsidiary. The questionnaire was developed on the basis of the important indicators influencing the organizational performance. This study selected 3 indicators i.e., Effective leadership, Effective job satisfaction and Effective training to reflect the measurements. The Likert scale used in this part has 5 choice categories.

Part 8 Questionnaire evaluates what is organization culture moderating to the successes of localization management in subsidiary. The questionnaire is created based on the Hofstede's theory with focusing on four dimensions of national culture as follows; Power distance, Individualism and collectivism, Masculinity and femininity and Uncertainty avoidance. The Likert scale used in this part has 5 choice categories for the 12 questions.

This study applied Likert scales question to interpret the Closed-Ended questions for part 2-8. The criteria to evaluate is indicated by number of 5-degree describing as follows;

Degree 5 means strongly agree (81 – 100%)

Degree 4 means agree (61 – 80 %)

Degree 3 means neither agree/Nor disagree (Neutral) (41 – 60%)

Degree 2 means disagree (21 – 40%)

Degree 1 means strongly disagree (0 – 20%)

Part 1 Survey Questionnaire : General information of respondent

Question		Specialist			Comment
		No. 1	No. 2	No. 3	
1	Gender 1.1) Male 1.2) Female	1	1	1	
2	Age 2.1) Not over 25 years old 2.2) 22-32 years old 2.3) 33-40 years old 2.4) Over 41 years old	1	1	1	
3	Position 3.1) Sub Leader, Leader 3.2) Chief, Foreman, Supervisor, Senior-supervisor 3.3) Asst. Manager, Manager, Asst. General manager, General manager, Plant manager 3.4) Top Management, Advisor	1	1	1	
4	Department 4.1) Human Resource Admin 4.2) Accounting 4.3) Purchase 4.4) Marketing 4.5) Casting 4.6) Machining 4.7) Quality Assurance / Quality Control 4.8) Production Control 4.9) Safety-Health-Environment	1	1	0	Comment from specialist No. 3 : To avoid the identification of responders, this question should be changed department to "production" / "support production"

Part 2 Questionnaire examines how is Japanese Human Resource Management

Definition : Life-time employment is described to provides workers with opportunities to participate in activities designed to enhance company performance and fosters long-term employment, which is a necessary condition for workers to take advantage of such opportunities.

Definition : Seniority system is a practice root from the very ordinary of Japanese culture. Respect for older people and their wisdom is adhered in every aspect of life. Senior staffs that have stayed with the company for long durations are grown up with constant pay increases and career development opportunities.

Definition : House unions have a very common presence, long prevailing in Japanese corporations. These unions act as an intermediary between the blue-collar and the white-collar staff. Senior staff regularly meets with the unions to understand lower-level staff's requirements, issues and salary expectations.

Definition : Consensual decision is one of the most important elements in Japanese culture and has a long association with Japanese HRM model. Traditionally, HRM model was ingrained with the concept of 'ringi' wherein all conflicts are dealt with a cooperative discussion and mutual agreement between all parties regarding company's objectives and decisions.

Definition : Quality Control Circle (QCC) is Japan reputed as one of the most quality centric economies of the world. The main concept is circle meeting regularly in respect with each production stage to discuss new innovations to improve the quality and competitiveness of the business.

Question	Specialist			Comment
	No. 1	No. 2	No. 3	
Life-time employment				
1 I understand the life-time employment culture.	1	1	1	
2 Your organization has life-time employment system.	1	1	1	
Seniority system				
3 I think that employees should be evaluated on seniority.	1	1	1	
4 I believe that long service year results in higher wages.	1	1	1	
House unions				
5 I think house union plays a role on representative to negotiate deserved allowance with management.	1	1	1	
6 Your house union is a cordial and cooperative mannered approach to maintain harmony between management.	1	1	1	
Consensual decision				
7 Consensual decision is generally practical performed in our company.	1	1	1	
8 Consensus should be reached before meetings in your organization	1	1	1	
Quality control circle (QCC)				
9 I understand quality control circle's objective.	1	1	1	
10 Quality circles is usually adapted in your company.	1	1	1	

Part 3 Questionnaire examines how is expatriates conditions

Definition : The expatriate adopts a highly directing way in working with local employees. Close monitoring and strict control of behavior is carried out in order to prevent and minimize risks that may occur in operation.

Definition : The expatriate is in charge of managing employees to run their assigned tasks effectively and ensure the collaboration among all involved parties in performing tasks.

Definition : Expatriates mostly train and develop local employee's potential, ability and knowledge while giving less support and monitoring to employee in planning, organizing and working with their team. As a coach, the expatriate takes responsibility for creating positive environments and opportunities for local employees to learn.

Definition : The expatriate takes a role in building relationships among involved parties in order to promote good understanding and to create and enhance commitment and a long-term relationship among the subsidiary, parent company, local suppliers and local community.

Question		Specialist			Comment
		No. 1	No. 2	No. 3	
Commander					
1	Your expatriates control the direction of working practice.	1	1	1	
2	Your expatriates closely monitor on work operation.	1	1	1	
Conductor					
3	Your expatriates take in charge of managing their assigned tasks effectively.	1	1	1	
4	Your expatriates ensure the collaboration among all involved parties in performing tasks.	1	1	1	

Question	Specialist			Comment
	No. 1	No. 2	No. 3	
Coach				
5 Your expatriates provide working knowledge.	1	1	1	
6 Your expatriates support creating opportunities to learn.	1	1	1	
Connector				
7 Your expatriates take a role in building relationships among involved parties such as parent company.	1	1	1	
8 Your expatriates enhance commitment and long-term relationships with customers.	1	1	1	

Part 4 Questionnaire examines how Local manager's skill

• Fayol's principle of management and organization

Definition : Fayol developed 14 principles of managements as the foundation of his management theory and cautioned that "principles are flexible and capable of adaptation to every need". The principle of management was a firm believer that if organizational leaders used his theories, including the 14 principles of management.

1. Division of work: Specialization exists. Cross-training is used so that employees and organizations have more capabilities.

2. Authority and responsibility: Both concepts are closely related. Empowerment and process ownership enable people at all levels to make decisions. Fayol's ideas are still very relevant (e.g. authority and responsibility must be co-equal) responsibility for its exercise.

3. Discipline: Self-discipline. Respect based on knowledge.

4. Unity of command: With matrix organizations and teams, people receive instructions from multiple people which can cause problems. Functionally employees may report to one boss who evaluates the employee.

5. Unity of direction: Strategic management involves bottom up, top down and cross functional input to integrated plans.

6. Subordination of individual interest to general interest: Team members align individual and team, personal, and work goals. Those goals still have to support the general interest/organization.

7. Remuneration: Pay for knowledge and core competencies. Team rewards and profit sharing.

8. Centralization or decentralization: Role of employee is increased. Local decisions. Process ownership. More decentralization.

9. Scalar chain: Lateral or cross functional authority and team structure.

10. Order: Chaos, creativity and innovation.

11. Equity: Equity is demanded by workers based on performance.

12. Stability of tenure: It is better to have best managers for a while than middle level managers for a longer time.

13. Initiative: Respect and caring for customers is an impetus for initiative. Managers who encourage initiative are valued. The principle of initiative is relevant to today's concepts of empowerment and process ownership.

14. Esprit de corps: Management fosters the moral of its employees. The concept of esprit de corps is still relevant in terms of strength of teams to accomplish objectives.

	Question	Specialist			Comment
		No. 1	No. 2	No. 3	
1	I divide work to subordinate according to their expertise.	1	1	1	
2	I have all the authority connected with own work.	1	1	1	Comment from specialist No. 2 : to have more clear by making examples
3	I respect company rules and disciplines	1	1	1	
4	I get orders from more than one boss.	1	1	1	
5	I give top priority to the interests of the company.	1	1	1	
6	I get reasonable remuneration.	1	1	1	

Question		Specialist			Comment
		No. 1	No. 2	No. 3	
7	The daily decision made by the person concerned.	1	0	1	Comment from specialist No. 2 : to adjust for more understanding
8	The major decisions taken only by the higher authorities.	1	1	1	
9	The boss of your boss directly communicates with you.	1	1	1	
10	I arrange man-power and material in suitable place for maximum efficiency.	1	1	1	
11	Your company gives equal remuneration to call the employees doing similar job.	1	1	1	
12	I'm severing this company for more than 1 year.	1	1	1	
13	Your boss gives importance to your suggestion.	1	1	1	
14	I promote a team spirit and harmony among employees.	1	1	1	

• Essential managerial skills

Definition : Technical skill is the ability to use a special proficiency or expertise to perform particular tasks. The manager gives knowledge and ability to use different techniques to achieve what they want to achieve.

Definition : Present knowledge or ability of a manager for more abstract thinking. That means he can easily see the whole through analysis and diagnosis of different states. In such a way they can predict the future of the business or department as a whole.

Definition : Human or interpersonal management skills present a manager's knowledge and ability to work with people. One of the most critical management tasks is to work with people. Without people, there will not be a need for the existence of management and managers. These skills enable managers to become leaders and motivate employees for better accomplishments.

Question	Specialist			Comment
	No. 1	No. 2	No. 3	
Technical Skill				
1 I have the required skills to accomplish job objectives.	1	1	1	
2 I achieve the work assigned to me with great efficiency.	1	1	1	
Conceptual				
3 I have the ability to identify new solutions to work problem.	1	1	1	
4 I ensure that changes in work methods occur from time to time.	1	1	1	
5 I have the ability to recognize and implement the optimal solution to problems.	1	1	1	
Human Resource Skill				
6 I have the ability to understand and analyze cause effect relationship.	1	1	1	
7 I have the mental ability to analyze, diagnose and address complex situations.	1	1	1	

Part 5 Questionnaire examines the understanding of the Local managers 's role

Definition : A subsidiary manager is responsible for interpreting and explaining the local environment to headquarters and ensuring that local employees understand the MNC's goals, strategies and viewpoints.

Definition : Managers are responsible for defending, or "standing up for" the subsidiary. They explain to headquarters why certain organizational structures may not be effective in the subsidiary and why certain strategies may not work in the host country.

Definition : Front-Line Implementer is Subsidiary managers being responsible for implementing corporate strategy in the subsidiary despite their potential disagreement with a particular strategy. They must convince subsidiary employees of the merit of the strategy and attempt to foster commitment and enthusiasm about it.

Question		Specialist			Comment
		No. 1	No. 2	No. 3	
Bi-Cultural Interpreter					
1	I communicate the local situation to headquarters.	1	1	1	
2	I interpret the situation on strategies accurately.	1	1	1	
3	I explain the corporate objectives to subsidiary employees.	1	1	1	
National Advocate and Defender					
4	I try to ensure that corporate decision-making takes the subsidiaries' needs into consideration.	1	1	1	
5	I defend the local perspective when local constituent interests may be violated by corporate decisions	1	1	1	
6	I follow the strategy made by headquarters with extreme care in the subsidiary.	1	1	1	
Front-Line Implementer					
7	I accept and fully implement headquarters' strategic decisions, even if they are not parallel with the strategic interests of my individual subsidiary unit.	1	1	1	
8	I execute the strategic decisions of headquarters.	1	1	1	
9	I work towards convincing subsidiary employees of the merit pertaining to corporate strategies.	1	1	1	

Part 6 Questionnaire examines the existing of the internal communication

      Definition : Downward communication refers to the flow of information and messages from higher levels of management to lower levels of an organization, following the chain of command.

      Definition : Upward communication keeps higher levels informed about what lower-level workers are doing, what their problems are, what suggestions they have for improvements, and how they feel about the organization and their jobs.

      Definition : Lateral communication in the organization, people must be willing and able to communicate across departmental or functional boundaries and to listen to one another's needs as "internal customers."

	Question	Specialist			Comment
		No. 1	No. 2	No. 3	
Downward Communication					
1	Your organizations' policy generally is announced from top-management.	1	1	1	
2	I formally transmit the company policy to lower-level personnel.	1	1	1	
3	Lower-level personnel in our organization know what higher levels are doing and direction of key policies.	1	1	1	
Upward Communication					
4	Lower-level personnel provide feedback to their supervisors or managers to improve organization practices.	1	1	1	
5	Lower-level personnel bring issues to the attention of their supervisors or managers to find the solution.	1	1	1	
6	Local managers follow the strategy made by headquarters with extreme care in the subsidiary.	1	1	1	

Question	Specialist			Comment
	No. 1	No. 2	No. 3	
Lateral Communication				
7 Our organization has good flow of information between individuals at the same level.	1	1	1	
8 I think that communication in the same level can help facilitate problem-solving.	1	1	1	
9 Lateral communication is more effective in involving decision-making.	1	1	1	

Part 7 Questionnaire evaluates what is organizational performance

Definition : Organizational performance is a critical concern for all organizations, regardless of whether they are for-profit or non-profit. It is important for managers to understand the factors that impact an organization's performance so that they can take appropriate action to address them.

Definition : Effective leadership is a key factor that can impact organizational performance. Effective leaders are able to inspire and motivate their teams, set clear goals and expectations, and provide guidance and support to help team members reach their potential.

Definition : Job satisfaction is a measure of how content an employee is with their job. High levels of job satisfaction can have a positive impact on organizational performance in a number of ways.

Definition : The effectiveness of training can also be determined based on the amount of training that an individual has achieved. Other important training elements to consider regarding the effectiveness of this practice are the advantages of training and the importance of participating in training.

Question	Specialist			Comment
	No. 1	No. 2	No. 3	
Leadership				
1 Your organization achieves its scheduled goals on the specified time.	1	1	1	
2 Your organizations' policies and regulations contribute overall to employee's retention.	1	1	1	
3 Your organization achieves its specific objectives with expenses less than what are specified in the budget.	1	1	1	
Job Satisfaction				
4 Your organization motivates employees in their work to lead to higher levels of productivity.	1	1	1	
5 Your organization provides quality customer service which leads to increased customer satisfaction.	1	1	1	
6 Your organization is more likely to be opened for employees to contribute to problem-solving.	1	1	1	
Training				
7 Your organization provides the necessary training.	1	1	1	
8 Your organization considers that the training is important and provides employees with numerous benefits.	1	1	1	
9 Your organization trusts that training has positively affected employee's performance by demonstrating higher levels.	1	1	1	

Part 8 Questionnaire evaluates what is organization culture moderating

Definition : Organizational Culture is famous framework developed by Geert Hofstede offers one approach for understanding how value differences across national cultures can influence human behavior at work. Cultures vary in their underlying patterns of values and attitudes. The way people think about such matters as achievement, wealth and material gain, risk and change, may influence how they approach work and their relationships with organizations

Definition : Power distance is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.

Definition : Individualism – Collectivism is the degree to which individuals are integrated into groups.

Definition : Masculinity- Femininity refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found.

Definition : Uncertainty avoidance is not the same as risk avoidance; it deals with a society's tolerance for ambiguity.

	Question	Specialist			Comment
		No. 1	No. 2	No. 3	
Power Distance					
1	Your supervisor communicates effectively upwards, downwards, and by the most effective media.	1	1	1	
2	Your supervisor helps lower-level personnel understand why things are changing.	1	1	1	
3	Your supervisor openly and effectively discusses employee career development.	1	1	1	

Question	Specialist			Comment
	No. 1	No. 2	No. 3	
Individualism and Collectivism				
4	Your supervisor seeks other people's input to evaluate your work.	1	1	1	
5	Your supervisor encourages me to influence what goes on in my department.	1	1	1	
6	Your supervisor regularly recognizes and acknowledges the quality of your work.	1	1	1	
7	Your supervisor takes into consideration the needs of the customer when planning.	1	1	1	
Masculinity and Femininity				
8	Your supervisor demonstrates a sense of urgency without creating undue stress.	1	1	1	
9	Your supervisor gives feedback honestly to you.	1	1	1	
10	Your supervisor manager is an effective leader.	1	1	1	
Uncertainty Avoidance				
11	Your supervisor encourages me to come forward with ideas and suggestions	1	1	1	
12	Your supervisor creates an environment that supports empowerment and risk taking.	1	1	1	