

The Comparative Industry Management of Hyogo Prefecture of Kanagawa and Bayan Lepas Free Trade Zone

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ABSTRACT

Industries are the “Nerve Centers” of a country providing economy revenues, national income, prosperity generation and many other benefits to humankind. Yet, all over the world, the industries are badly polluted, degraded, abused and mismanaged to the extent that many are termed “Polluted Industries” making management of industries a central issue in this 21st century. While government has always been traditionally entrusted with the responsibility of managing and facilitating industries, increasingly, the public, non-governmental organizations (NGOs), industrialists, suppliers and other stakeholders are playing a greater role. Sustainable management of industries involves cooperation between government and all stakeholders. Japan has a good history of effective industry management. Hyogo Prefecture was the concept of a green technology township to be inherited to the next generations. A loss of opportunity to link up with the concept of Hyogo Prefecture between the Bayan Lepas Industrial Zone and Kanagawa Hyogo Prefecture Industrial will make up both sides unable prospering industrial development. Hence, the industry always was related to the pollution and unhealthy lifestyles. Although civil society and NGOs are actively pushing for the green initiatives of this Bayan Lepas industry, there is poor cooperation between federal and state governments, little support from the private sector, lack of funds, public apathy, and most of all lack of stakeholders’ involvement. This is our motivation to see and enjoy a “Vibrant Bayan Lepas Industrial Zone”.

KEYWORDS: Hyogo Prefecture, Industry Management, Smart Partnership.

INTRODUCTION

The comparative industry management of Kanagawa and Bayan Lepas Free Trade Zone is focusing on the Hyogo Prefecture. Hyogo prefecture is a Japan tradition of the cultures, preservation district and mergers of tourism and industries. Bayan Lepas and Kanagawa have a similarity of the concrete jungle of heavy industries with a beautiful nature. The objective of this paper is to look at the both city how they are preserved and running their industry activities. Others of objective is to find out the most suitable model for Bayan Lepas Free Trade Zone to keep a line with the Kanagawa model of Hyogo Prefecture. In these findings Bayan Lepas Free Trade Zone has the “Dead Rivers”. Rivers are the “Live Veins” of a country providing water resources, power generation, fisheries and other food, navigation, tourism and many other benefits to humankind. Hence, the rivers are a part of the beautification of Hyogo Prefecture. Sustainable industry management in Malaysia involves cooperation between Japan and all stakeholders. Most research projects on industrial management in the world are heavily focused on the engineering aspects and not on the Hyogo prefecture. In Malaysia, Sogoshosha is playing the major role in industrial management. This research is mostly focused on the Hyogo Prefecture Structural Model. The smart partnership with Japan and Malaysia government towards the effective and sustainable management of Bayan Lepas Free Trade Zone will be replicated throughout the country in the Malaysia industries zone.

Problem Statement of the Study

This project is significant in improving industry management in the Bayan Lepas Industrial Zone in order to conserve, revive and restore the industry from a “Polluted Industry” to a “Vibrant Industry”. The Kanagawa Industry concept is an excellent example of a well-managed Hyogo prefecture in stakeholders’ participation, healthy lifestyles control, tourism and recreation, education and biodiversity conservation. The Bayan Lepas Industrial Zone would definitely be better managed when some, if not all of the Hyogo Prefecture’s strategies in industry management are followed. This project is significant as the results of the study will be disseminated to

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the Malaysian government, especially on effective strategies of industry management. A good industry management model such as the Hyogo Prefecture Model will save lives, protect the industrial estates and its environment, generate jobs and income through tourism and economic activities which leading to sustainable development. The Bayan Lepas Industrial Zone can follow the Kanagawa Industrial Hyogo Prefecture model and transform from being a “Polluted” industry back to a “Vibrant” industry.

Most research projects on industrial management in the world are heavily focused on the engineering aspects or structural model such as buildings, embankments, etc. While the policy and human (stakeholders) aspects of industrial management are well developed/practiced in developed countries, developing countries are lacking in this aspect. In Japan, industrial management research is mostly focused on the Structural Model where the Three Iron Triangle Industry Base (Kyoto-Osaka-Nagoya) is a good example. In Malaysia, the Penang State Investment Authority is a good example of holistic industry investment management which includes stakeholders. In Penang there is a possibility replicating The Three Iron Industry Base involving Kulim Hitech, Bayan Lepas Industrial Zone and Batu Kawan Industrial Zone. However, the major stakeholders are government bodies as there are few non-governmental organizations (NGOs) involved. Overall, there is little comparison between this research project and other domestic or foreign projects because there are few similar projects elsewhere that the proposer is aware of.

This research will learn from the Japanese experience in industrial management, specifically modelled after the Hyogo Prefecture Management Model and examines how all stakeholders can contribute by working together in smart-partnerships with government towards the effective and sustainable management of the Bayan Lepas Industrial Zone in Penang. If successful, the Bayan Lepas Industrial Zone experience can be replicated throughout the country in Malaysia.

LITERATURE REVIEW

The economic relations between Japan and Malaysia have grown since Meiji restoration in 1868. But, the economic relations only occurred in East Malaysia. After the World War Two, the recovery of Japanese manufacturing in 1950s was making the expansion of Japan economy to invest abroad [8]. Then a newly Malaya independent government implemented import substitution policies, Japanese firms soon sought to secure market share through joint ventures mainly with ethnic Chinese businessmen. In the 1970s, Japanese firms were moving to South East Asia due to strict legislation import quotas to the United States. A new global considerations was resulted the Japanese firms to invest in Malaysia with the encouraged of Look East Policy of Malaysia government in the late 1980s [14].

Malaysia has a geopolitical importance as it is a coastal country in the Straits of Malacca, a strategic position in international maritime transportation. It has a great economic importance as one of the main footholds for the advancement of Japanese industries into foreign markets (about 1,400 Japanese companies have been established) and as a major supplier of natural gas to Japan [3]. It promotes the “Look East Policy” which attaches great importance to the relationship with Japan and also reserves sizeable influence in the international arena as a stable moderate Islamic country [13]. The policy was aimed to look at the two leading Asian countries Japan and Korea that had recovered greatly after World War II. In [4] was told that Mahathir saw Japan and Korea as the best examples to follow to become an economic and technological advanced nation that would leave other South-East countries behind in development. Mahathir explained that the “Look East” policy meant “emulating the rapidly developing countries of the East in an effort to develop Malaysia [10].

In other hands, in [16] was said that Japanese firms was introduced the Sogo shosha or general trading that trade in a wide range of products and materials. In addition to acting as intermediaries, Sogo shosha also engage in logistics, plant development and other services as well as international resource exploration. According to [2], unlike trading companies in other countries which generally specialize in certain types of products, Sogo shosha have extremely diversified business lines in which respect the business model is unique to Japan. In addition to the [5], the Japanese firms almost were invested in the industry such as electronics and electrical equipment especially in Bayan Lepas, Penang.

RESEARCH METHODOLOGY

Knowing about the presence of theory and problems in industrial management systems is far away of success. The questioning of these patterns emerges a new issue of industrial management setting. This could be divided into two methods:

Industrial Based Method

Problems in industrial based method theory are related to the reform method applied by the community and industrial administrators. Therefore, very important to enrich the knowledge of the reform approach in the field of sustainability and profitability as an important element in the development of industrial management reform

to the industrial administrators in Malaysia. This aspect can help and improve the effectiveness of the reform of the research towards planning an activity. Industrial based method on the reform activities that can have a positive effect on the development of society and efforts to attract zero pollution in the vibrant industry. Thus, problems such studies can expand our understanding of the reform methodologies that can be applied according to the suitability of targets for achieving the vision and mission of zero pollution nowadays.

Hyogo Prefecture Based Method

Problems in practical terms are to understand the basic situation of the industrial reform methodology adopted by industrial organizations involved directly. When the basic situation is understood, the shortcomings and weaknesses in the process of delivering zero pollution to the vibrant industry can achieve effectiveness. Therefore, the Hyogo prefecture based method practiced could be improved and streamlined to better reach out to the target industrial group. Hyogo prefecture based Method is an exercise in the beautification of industry zone in worldwide. The position of a country that determines the level of Hyogo prefecture that occurred is Japan. Practical problems combating industrial pollution in Malaysia where there are always ups and downs, but was unable to achieve zero industrial pollution even though the country is a practicing sustainable development. Thus, the reform methodology can be used to improve the position of this country less than 30th ranking in sustainable industrial development [7].

FINDINGS AND DISCUSSION

Since the Look East Policy was implemented in Malaysia, Bayan Lepas industrial based was becoming the most important business center for Japanese firms [15]. Through the reformation of second wave of Look East Policy, Malaysian government had signed the Memorandum of Agreement on the Otagai project in 2011. The Otagai project was a partnership project to build in the Kanagawa Hyogo prefecture industry based concept [12]. Kanagawa township was used as a model city in the Bayan Lepas Industrial, Penang because has been identified as a success case among ASEAN countries for having made remarkable advances of economic growth with synergies gained from development assistance, trade and investment from Japan. According to [11] that is the utility model of portfolio investment was used by Japanese firms in Malaysia to create and enhance the wealth that define usefulness between the two countries. In [6] stresses the importance of Japan’s basic aid philosophy which Japanese Official Development Assistance (ODA) focuses to overcome the poverty and bring the social change through the Japan foreign direct investment in a particular country such as Malaysia. Virtually, all major Japanese consumer electronics firms (Sony, Fuji, Panasonic, Matsushita, Hitachi, etc.) have facilities in Malaysia especially Bayan Lepas, Penang. Japan was a second largest of FDI in Malaysia with USD 4.8 billion.

Meanwhile, Bank Negara Malaysia claims Japan was the second largest holder of investment stock with USD 19 billion [1]. Malaysian government was allowed the foreigners, especially Japanese firms purchase property worth over RM 1 million (approximately \$310,000) without restriction [9]. Although the Federal government no longer requires foreigners to get approval from the FICs (Foreign Investment Committee) for the purchase of residential property, the Penang State governments at times can be more encouraged the Japanese to purchase it. There is more than USD 1 billion of Japanese firm’s properties in Bayan Lepas, Penang since the 1990’s.

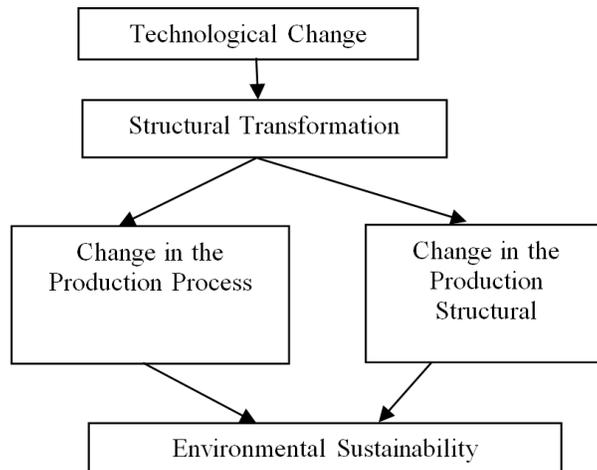


Figure 1: Technological change for environmental sustainability

The sustainable environment of industry management by using the Hyogo Prefecture concept is to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. The Heckscher-Ohlin (H-O) theorem had explained the production patterns based on free trade. The free trade with Japan through the implementation of the Asean Free Trade Zone (AFTA) will enhance the technological change. The technological change needed the Ricardian model by utilizing factor endowment to explain the change in the production patterns. The production change has two elements there are production process and production structural. This theory is based on the theory of comparative industry management advantage. The theory of comparative industry management advantage had the benefits of specialization in the production. This theory focuses on producing the goods where they are most efficient and devote the most resources to the development of a sustainable environment on the specialized industry zone, especially in Bayan Lepas Free Trade Zone. This concept has been widely used to encourage the change in production process and structure to achieve optimal production efficiency in the sustainable environment.

The Industrial Development Report 2016 addresses the main findings that technological change can achieve inclusive and sustainable industrial development, especially in Bayan Lepas Industrial Free Trade Zone. Rapid inclusive and sustainable industrialization by using Hyogo Prefecture based industry can be provided by policymakers to achieve the facilitating sustainable environment and steer the industrialization process. This process was required a good policy to avoid the mistakes made by other countries in the past. The implementation of AFTA at ASEAN level has facilitated the sophisticated manufacturing goods by using latest technological change. However, this diffusion of technology has lacked of technological capabilities, especially in executing the innovation systems in industrial based method. Innovation needs to be supported by policy makers to strengthen the process of technological invention to adoption by firms in industrial based method. New technologies can generate new markets such as the waste and recycling industry to make their environment sustainable and create the opportunities for new investments with higher levels of profitability.

CONCLUDING REMARKS

This research will learn from the Japanese experience in industrial management, specifically modelled after the Hyogo prefecture management model and examines how all stakeholders can contribute by working together in smart-partnerships with government towards the effective and sustainable management of the Bayan Lepas Industrial Zone in Penang. If successful, the Bayan Lepas Industrial Zone experience can be replicated throughout the country in Malaysia. The main outcome of this research is the understanding of the Japanese Hyogo prefecture management model which is then applied to the Bayan Lepas Industrial Zone. The experience of the highly successful Hyogo prefecture management model is applied to the Bayan Lepas Industrial Zone with the aim to improve industry management

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