

PEO Business Embraced in Japan

An Interview With Dr. Ken Polcyn

Dr. Ken Polcyn has co-authored a new book *Employment Revolution with PEO: The New Employment Business in the USA* with Hiroshi Karibe of Japan. It is an adaptation of his current best seller, *Outsourcing: PEO to HRO Operational Issues*. FAPEO was able to catch up with Dr. Polcyn and discuss his new book.

FAPEO: Dr. Polcyn, how did it occur that you had a book about PEOs written in Japanese? Is this an earlier book of yours translated into the language?

Polcyn: The creation of "the USA and Japanese books" is an interesting story. Deva Industries Inc. had a booth at the Chicago NAPEO conference. We had a binder on the table with 45 essays I had written over the years about PEO operations. A Japanese gentleman, Hiroshi Karibe, stopped by, noticed the binder and started scanning the essays. He asked if he could borrow it to read during the afternoon, and I said yes, if he would return it by a certain time.

Agreeing, he walked over to a location in our view and sat down to read. A couple of hours later, much to our surprise, he returned, saying he wanted to publish several of the essays in Japanese. I asked about their application to the Japanese business community; he briefly explained the desire of some governmental and business organizations to help Japan's small/medium businesses change the business dynamics of the country and the possible potential of the PEO/HRO concept. We came to an agreement, shook hands, and he left with the essays. After the Japanese interest in the essays, I decided to publish all 45 essays in the USA and titled the book, *Outsourcing: PEO to HRO Operational Issues*.

What we ended up doing with the book for Japan was to select seven essays, changing and merging them to reflect a Japanese business understanding, plus writing applicable introductory and concluding essays.

The Japanese book was published November 2004 as *Employment Revolution with PEO: The New Employment Business in the USA*.

FAPEO: How did the Japanese become interested in the PEO/NAPEO business model?

Polcyn: The Japanese economy has been in the doldrums for more than a decade, driven by the government's large-business orientation to the detriment of small/medium-sized businesses. Banks lent money, backed by the government, to many high-risk companies that failed, which lead to bank failures. The Bank of Japan, the Japanese Business Federation, the Labor Ministry, members of academia and businessmen have been studying the U.S. economy for some time and have been impressed with the major contribution of small/medium businesses to our economic growth during the 80s and 90s. Individuals from these groups started visiting the U.S., talking with government officials, business owners and, eventually, NAPEO and PEO owners. They saw the potential of the PEO/HRO for supporting their small/medium-sized businesses and possibly making them drivers of the Japanese economy. Consequently, they decided to create a Japanese PEO/HRO model.

FAPEO: It's very interesting to have the value proposition and models created before creating the industry. How did that come about?

Polcyn: It came about because it is illegal to have a PEO business

in Japan. Therefore, the concept needed to be fleshed out and the government, as well as business organizations, lobbied for approval. Once the legislation is in place, which is expected this year, then enterprises will be created.

FAPEO: Are employers in Japan experiencing many of the challenges that our clients face?

Polcyn: The Japanese business culture is considerably different from that of the U.S. While they withhold taxes and have safety regulations, the employer/employee environment is different. Generally, employees are hired immediately after graduation. There is no unemployment system. It is very difficult to dismiss personnel. Many individuals spend their whole careers with a single employer, but retirement is mandatory at age 60. As far as operations go, each enterprise has a labor union. Interestingly, management and the unions make collective decisions on

all aspects of operations. If the government approves the PEO concept, I'm sure there will be some changes since I've been told some newer Japanese businesses are beginning to operate differently.

FAPEO: Are there opportunities for U.S. PEOs and PEO executives as the industry expands in Japan?

Polcyn: To introduce the PEO/HRO concept in Japan, the Japanese Association of PEO (JAPEO) was created, under the direction of Hiroshi Karibe, president. One of the objectives of the organization is to eventually enlist the support of U.S. PEOs/HROs. Partnerships and joint ventures are options. In fact there has been preliminary contact with a couple of them.

At the November 16, 2004, JAPEO conference introducing the PEO concept, 100 or so HR managers representing all size businesses from Japan attended. Speakers from JAPEO, the U.S., the Japanese government and

professional organizations discussed the merits of the PEO. Further, a copy of the Japanese book was distributed to attendees. As a result of the meeting, business models unique to the Japanese culture and business environment are being created. They will be in English and Japanese and aimed at bringing U.S. PEO/HRO businesses to Japan. Many Japanese companies and entrepreneurs continue to be interested. ◀

About the Author

Kenneth A. Polcyn, Ph.D., has 30-plus years' experience as an outsourcing service provider and consultant to government and industry, working in Asia, Central and South America and Europe. For 15 years he was the president, CEO of Communications Technology Applications Inc., focusing primarily on United States government services. After semiretirement in 1991, he became a consultant to Cape Coral, FL, Deva Industries Inc., which provides organizational development services to outsourcing providers throughout the United States and Japan. He has authored/co-authored 200-plus articles and presentations, and has written monthly columns for national magazines: The ProEmp Journal and HRO Today. Further, his 1973 book, An Educator's Guide to Communication Satellite Technology, translated into five languages, was a stepping stone to today's Distance Learning. Dr. Polcyn can be reached at 239/540-0388 or ken@devaindustries.com.

