

The Organizations and Human Resource Management in the Global Operations of Japanese Companies (Summary)

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I. Introduction

The globalization of Japanese companies has been accelerated by the competition intensified by the development of the economic globalization and the rise of emerging countries, and by the maturation of the domestic economy with a rapidly falling birthrate, aging and decreasing population. As the ratio of the overseas sales and production at Japanese companies have grown, so have the numbers of foreign employees working for them. A major challenge these companies face as they proceed with globalization is recruiting and training personnel to conduct their global operations. We therefore made this study of the organizations and human resource management in the global operations of Japanese companies based on ten case studies.

II. Challenges for Accelerating Global Operations

The challenges for the organizations and human resource management strategies of Japanese companies to accelerate the globalization of their operations vary depending on the level and the phase of globalization in each company or industry. Particularly in the case of M&A of overseas businesses, there are unique challenges for organizations and human resources management. There are a number of different models in global operations and not necessarily only one correct way. The important thing is to link a company's operational strategy and vision based on its corporate philosophy to its organizations and human resource management strategy to increase its corporate value.

III. Guidelines of Organization and Human Resource Management for Successful Global Operations

1. Leadership of top managements

- Top managements should recognize that the globalization is the most important operational strategy, create a diversity of human resources and innovations.
- The top managements break up the existing structures and introduce reforms, as well as taking on the role of CLO (Chief Leadership Officer) with the responsibility to train the leaders and top managements of the next generation.

2. Spread of a corporate vision

- Establishing a global vision based on the company's philosophy with the involvement of excellent local human resources is a good way of spreading its corporate vision.
- Global leaders localize this vision, that is, they spread their corporate vision by demonstrating the philosophy through their actions.

3. Reform into a globally optimum organization

- Head offices handle global strategies, while local offices implement a strategy. Power is delegated to local offices, and head offices specialize in the role of governance.
- Head offices take on high quality human resources from around the world. They also create an environment where excellent human resources can exert their ability so that those personnel may consider the workplace is where they can develop themselves.

4. Characters required for global operations

- There are four types of characters: global leaders to manage diverse human resources and bring out innovation; global personnel who can make good results around the world; local leaders to conduct local operations with an understanding of global performance; and local personnel to be active in each local area.
- Global leaders should be recruited and nurtured from all over the world.

5. Creation of a global human resource portfolio

- To implement an operational strategy, a portfolio of the globally optimum human resources should be created. The operational strategy and human resource portfolio should be adjusted to accelerate global expansion.

6. Acquisition of diverse human resources

- High quality human resources should be internally or externally recruited or nurtured from inside and outside Japan for management positions.
- The delegation of power to local offices should be fulfilled with the full understanding of local culture, customs and human resource markets, and optimum human resource procurement.

7. Optimum global human resource assignment

- Global links are strengthened by assigning not only Japanese but also non Japanese to the most appropriate regions and departments (that is, the right people at the right time in the right place worldwide.)
- Good post merger integration is made quickly if good and fair care of the personnel of the acquired company is taken.

8. Evaluation and remuneration in global operations

- Evaluation should be made according to the ability and the performance, and the rules for evaluation and remuneration should be fair and completely transparent.
- Global leaders should be subject to rules of evaluation and remuneration to enhance their commitment to global performance. Global rules of common evaluation and remuneration should be created.

9. Global human resource development

- The top managements should commit to foster global leaders and are responsible for designing such programs. These programs should convey the philosophy and ideas of the top managements to the global leaders.
- Global human resource development program often combines on-the-job training and off-the-job training and is made under the cooperation between the head offices and local offices. In such programs, employees are often given the opportunity to communicate with foreign colleagues through their work soon after entering the company. Head offices often

design the framework but leave it for local offices to make local developments.

10. Reform of HR departments

- HR departments in global operations should deal with the management of human resource diversity, human resource development, performance management, and recreation of organization culture.
- Power should be delegated to the HR departments of local offices, and the HR departments of head offices should provide support for them. HR departments of head offices should accept diverse human resources to obtain the ability to respond to changes of business in advance.

IV. Conclusion

Japanese companies are proceeding with their own globalization using Japanese-style management, in which they take good care of their corporate philosophy and foster human resources from a mid- to long-term perspective. Other strengths in the globalization of Japanese companies are that they try to treat local employees well and to understand regional cultures and customs while at the same time creating a global vision together with them. The most important thing is the resolution of top managements in accelerating globalization and creating value through innovations utilizing diversity.