

# What Global HR Means for Japan

## Leaders gather at marcus evans HR Japan Summit 2014 to discuss the challenges of managing a talent pool spread around the world

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Globalization is the keyword for companies hoping to stake a claim in today's highly interconnected world. While its implications for sales and strategy are clear, the meaning of globalization for HR – and in particular, HR in Japan – remains a question.

The marcus evans HR Japan Summit brought together 15 speakers and 41 delegates to examine how business in Japan is stepping up to meet HR globalization head on. marcus evans is a global media, corporate marketing and information company. The event was chaired by Professor Nobutaka Ishiyama, head of the Graduate School of Regional Policy Design at Hosei University.

HR leaders from global business leaders such as DHL International, Hitachi, Johnson & Johnson, Terumo Corporation and Mitsubishi Fuso Truck and Bus Corporation met for presentations, panel discussions and roundtable talks, broken up by closed-door one-on-one meetings between delegates and HR service providers.

The group discussed the three tiers of Japan's global HR development:

1. Mid-sized companies (less than 10,000 employees) struggling to understand what their first international forays will mean for HR.
2. Large Japanese corporations (10,000-100,000 employees) on the verge of outgrowing domestic HR methodologies.
3. Multinationals (over 100,000 employees) in the final stages of unifying comprehensive systems on a global scale.

Of these, the middle group faces the most danger: large Japanese companies that are slow to adapt to the global HR marketplace are ripe to be swallowed by multinationals.

Such was the case with Mitsubishi Fuso, which was wholly ceded by Mitsubishi Motors Corporation to Daimler AG (then DaimlerChrysler). Despite having no experience in foreign language or traveling abroad,

Shigeki Egami, head of HR at Mitsubishi Fuso, was transferred to Daimler's offices in Germany in 2005.

It took two years to integrate Mitsubishi Fuso's HR policies and processes into the Daimler Group, converting from people-based to position-based HR, according to Egami. The greatest losers were the *honbucho*本部長, or division general managers. Reduced from management to staff, they became "specialists," "experts" or "project leaders," and as of 2014, not a single *honbucho*本部長 position remains.

Leaders were no longer allowed to leave tasks to subordinates, but were expected to engage in "deep dive" management, with all department heads required to be able to function in an international environment. Job descriptions went from abstract to precise, becoming the singular basis for evaluation. Even the bonus system was globalized for management-level employees, eliminating Japan's generous twice-annual gratuities. "There was lots of resistance on every point," Egami said.

But Egami added that globalized companies should continue to promote the traditional Japanese teamwork mindset, which he saw as key to ensuring that the working environment does not become too alienating.

"If you do only what's on your job description, you get boxed in," he said. "You need to work to fill in the gaps in your job description."

### Leadership Lag

A consistent concern among multinationals was a lack of strong leadership in Japanese corporate structures. "There are no good leaders in Japan," said Takeo

Yamaguchi of Hitachi, who spent 2003 to 2009 in the corporation's U.S. interests. He found that Japanese managers would consistently fail when they took control of a U.S. operation – they often arrived overseas with the expectation that their priorities would be set by their superiors, while Western leaders would more likely take the initiative and immediately lay down operational goals and benchmarks.

Keiko Tsuchiya, vice president of HR for Johnson & Johnson Medical Company, discussed obstacles she faces as she works to create a single finance, IT and HR group for the entirety of the global pharmaceutical giant. "Senior management had been in place for ages," she said. "They weren't charismatic leaders, but had had the baton passed to them. Many didn't have a sense of what they were."

How then can leaders be nurtured? "Leaders develop leaders," said Jin Ushijima, Organization Development Manager of DHL. To illustrate the point, he outlined the details of DHL's Talent Panel concept, in which small groups of managers and executives regularly evaluate staff on the lower strata, identifying potential leaders and laying out plans for their individual development, thereby ensuring both engagement and succession planning for business-critical positions.

### Internationalize Whom?

While multinationals are in the process of finalizing comprehensive global HR systems, large Japanese companies are still struggling to get the right staff in place overseas. Companies want to know how to develop on-site leaders in international holdings, and are often uncertain whether this is best done by developing local capabilities or by exporting Japanese talent. And if exportation is the answer, how do they select the rights ones for the role?

Many delegates and presenters focused on metrics such as linguistic ability and overseas experience, but Terumo Corporation Director and Honorary Chairman Takashi Wachi laid out a pragmatic guideline for sending Japanese staff abroad:

1. Don't worry about English ability or international experience – send people who want to go.
2. Let them develop independence – send them alone so they don't rely on a group.
3. Send young people to acquired foreign companies.
4. Don't send anyone who can't talk about something other than work for at least two hours.
5. Ensure that they have some kind of cultural exchange – music, art, sports, etc. – while they are abroad.

Yamaguchi does not believe in exporting leadership, however. "You can't just send people overseas and expect them to manage," he said. Rather, many of Hitachi's local managers and subsidiary CEOs are locals who understand the lay of the land. Yet even he still questions whether his own company is ready to effectively manage international employees brought to Japan.


### Shared Values

In closing the two-day event, DHL's Ushijima observed that Japanese HR faces three kinds of change:

1. Globalization: As Japanese companies grow out into the world, what systems should they adopt?

2. The changing role of HR: Is HR in the business of management? A business partner? A center for employee development? Or something else?
3. Social change: Aging population and population decline, the influx of foreign employees and the need to more successfully integrate female staff will all have their effect on HR.

"Do we lose our Japanese-ness and become like Americans?" Ushijima asked, noting a running theme of the importance of shared values. "When you take over companies, you need to think about culture – both international culture and corporate culture."

He acknowledged that even DHL's Talent Panels are implemented with a slight difference in each local culture. And there he may have illuminated the true key to global HR: the development of standards sufficiently comprehensive to function on a global scale, yet flexible enough to allow adaptation to a local culture. 



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