

The Challenge of Globalization for Japanese HR Management

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What is the challenge?

**The success of
the traditional HR scheme
in the past**

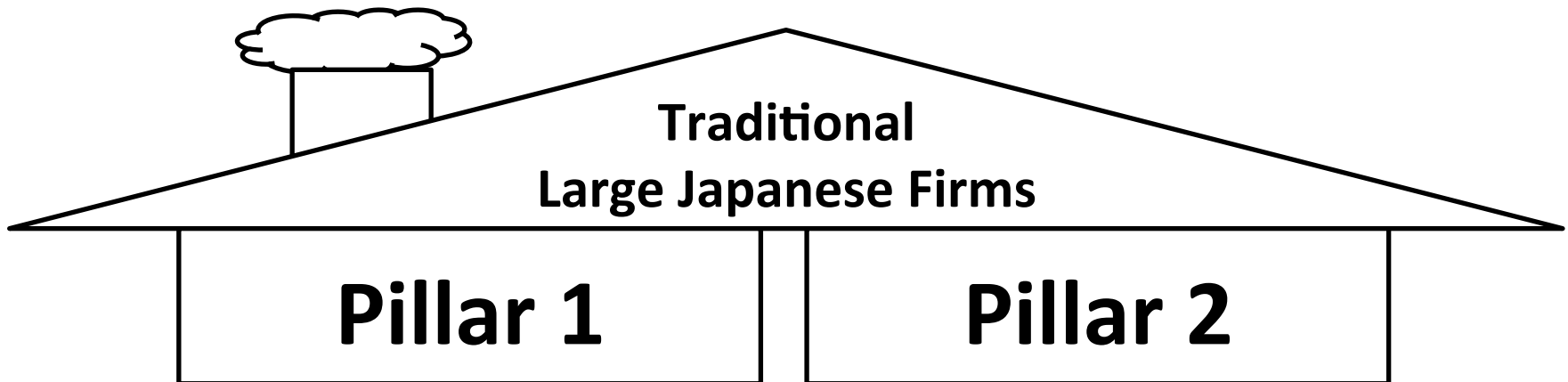
What is “the traditional HR scheme”?

1. Long-term employment contract

38 – 43 years

2. Ability based grade system

(Shokunou Shikaku Seido)



Why has this been successful?

Because it was well designed for employees.

1. Cash Flow



**Long term
employment**

**Stable
employment**

**Stable cash
flow**

2. Career Development



**Ability based
grade system**

**Less emphasis
on short term
performance**

**Long term
career
development**

Why has the success become a challenge?

1. Vitality of employees/organizations is lost.

2. Difficult to build “one team culture” across a global organization.

Flip side of the success (1)

The scheme does not encourage employees to take “risks”/“actions for change”.

1. Employees can enjoy stable cash flow for many years.

A white downward-pointing arrow with a black outline, indicating a flow from the first point to the second.

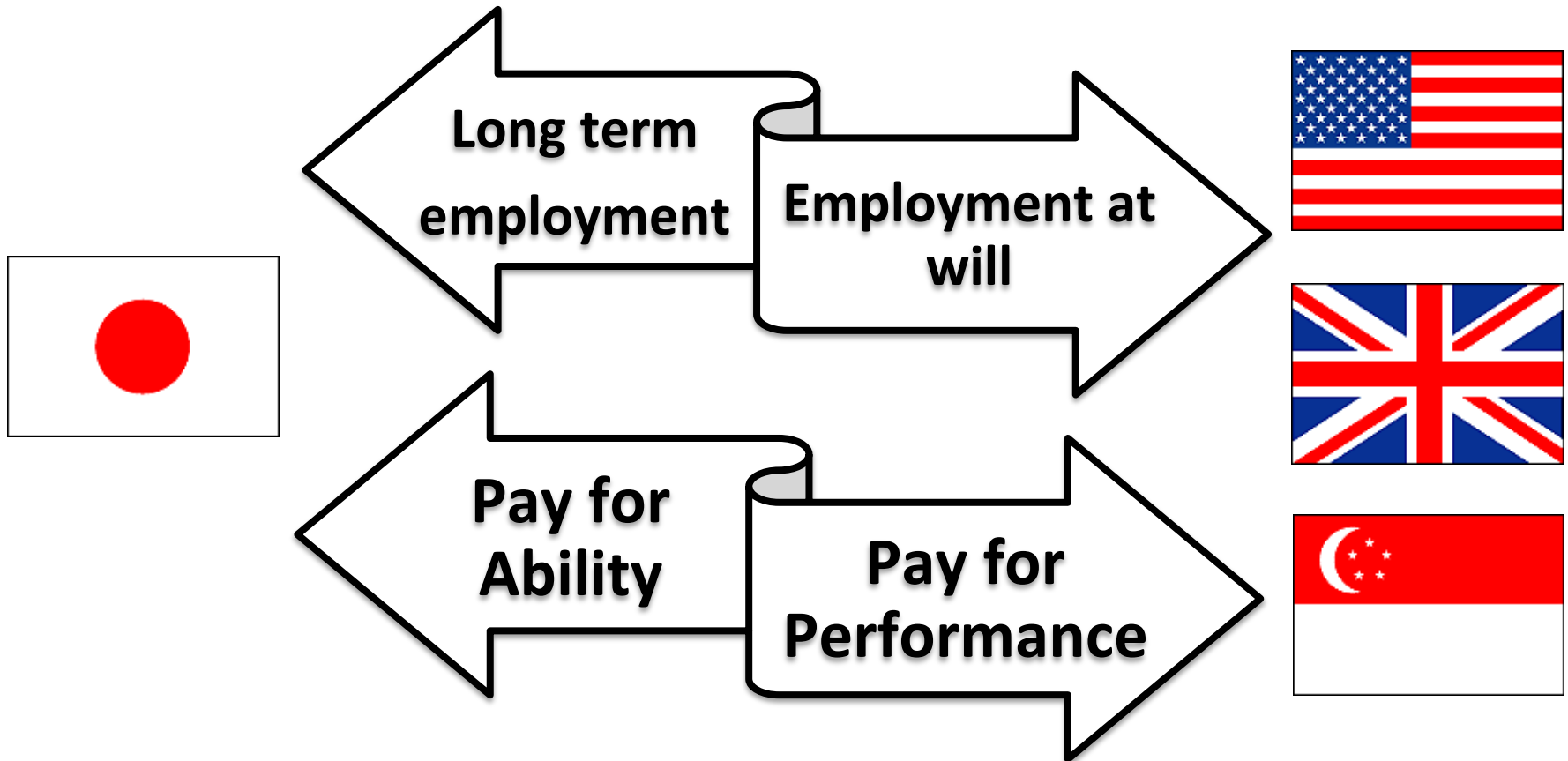
2. Employees are promoted based on ability, not on performance.

A white downward-pointing arrow with a black outline, indicating a flow from the second point to the third.

3. As an employee, why bother to take big risks?

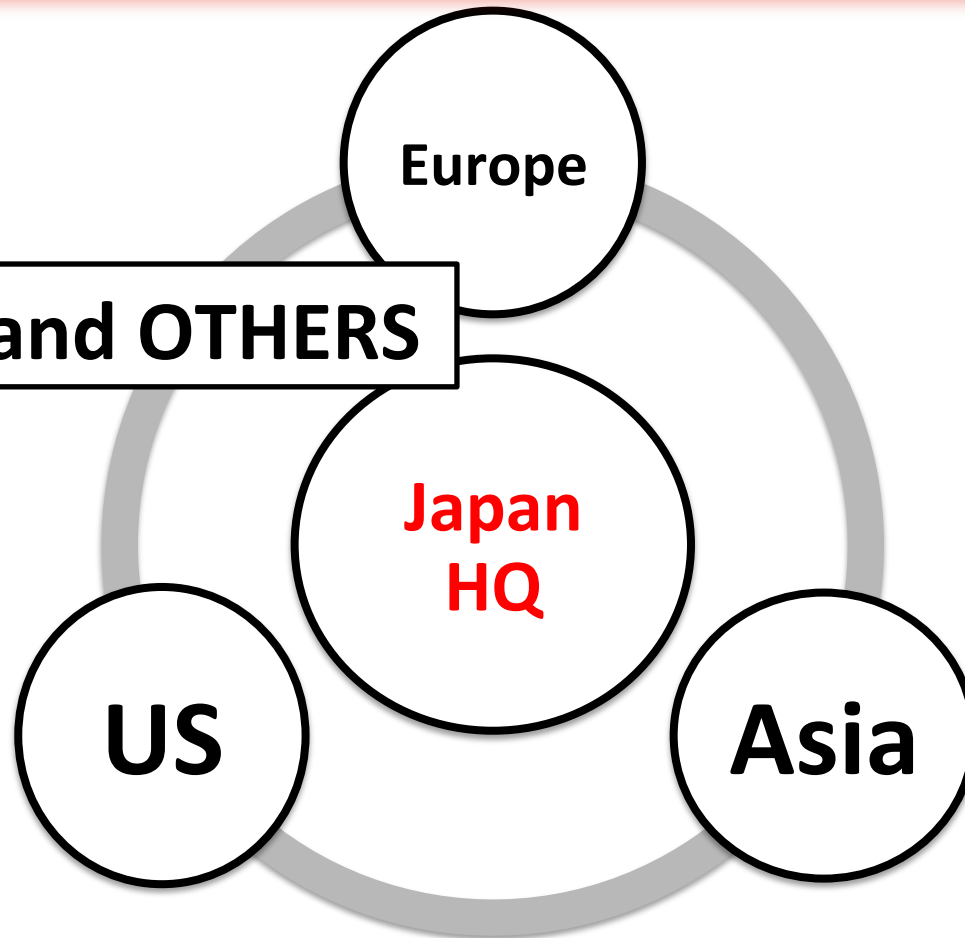
Flip side of the success (2)

The scheme is too unique in the world.



Japan centric HR model

It is difficult to deliver a single HR platform globally.



Three disadvantages of HQ under Japan centric HR Model

1. Information gathering

2. Decision makings

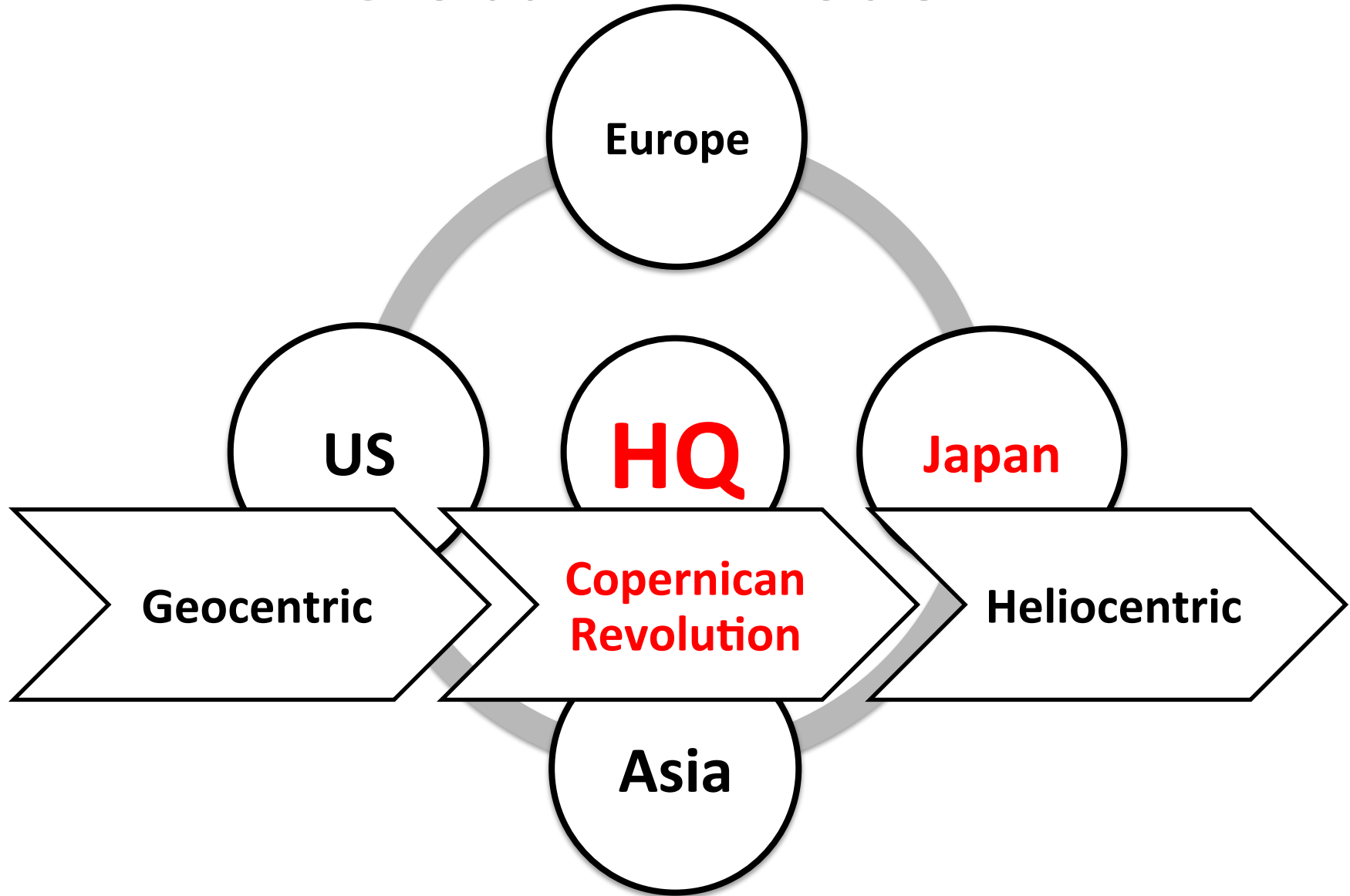
3. Global team work

What do we need instead?

1. A group of energetic employees focusing on client services/organizational effectiveness across the board.

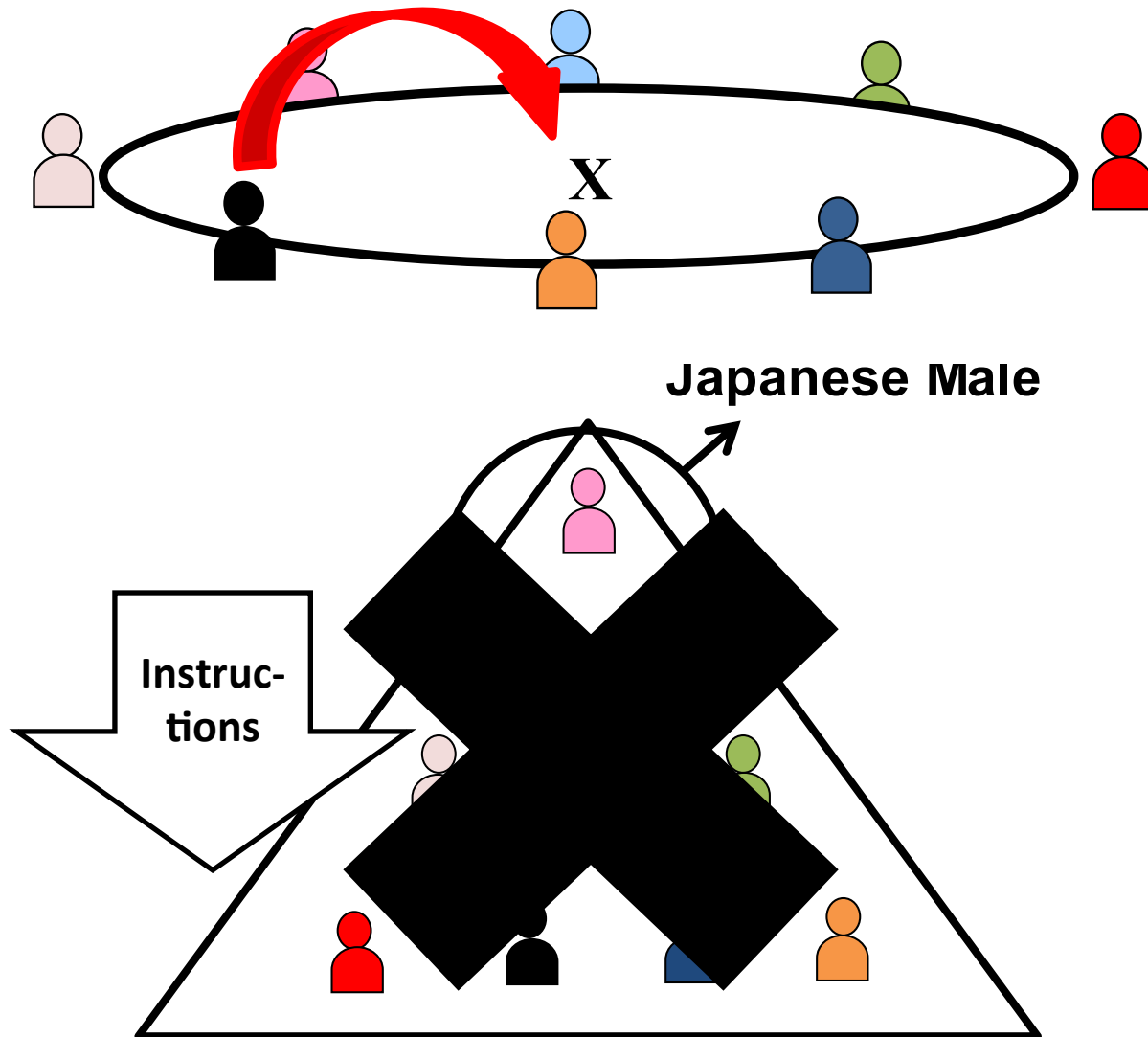
2. HR platform which enables above globally.

Global HR model



Global round table

Active and fair discussions regardless of nationality.



What should be changed?

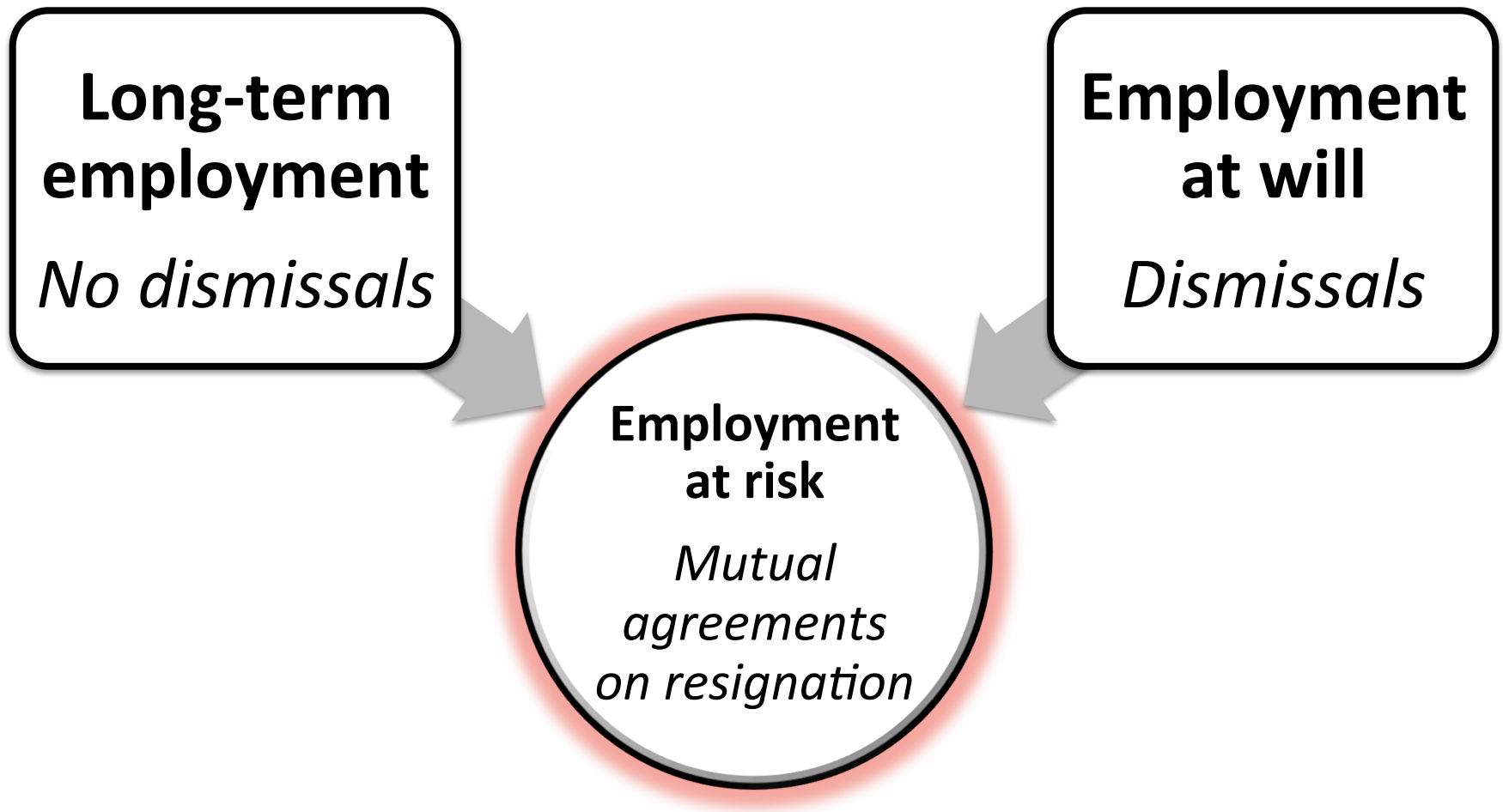


Japan HQ

What lies at the center of HR issues?

The long term employment

How can we change it? (1)



How can we change it? (2)

Cash flow needs to be redesigned.

1. In financial theory, higher risk needs to be rewarded with higher return.

A large, hollow, downward-pointing arrow indicating a logical flow from the first point to the second.

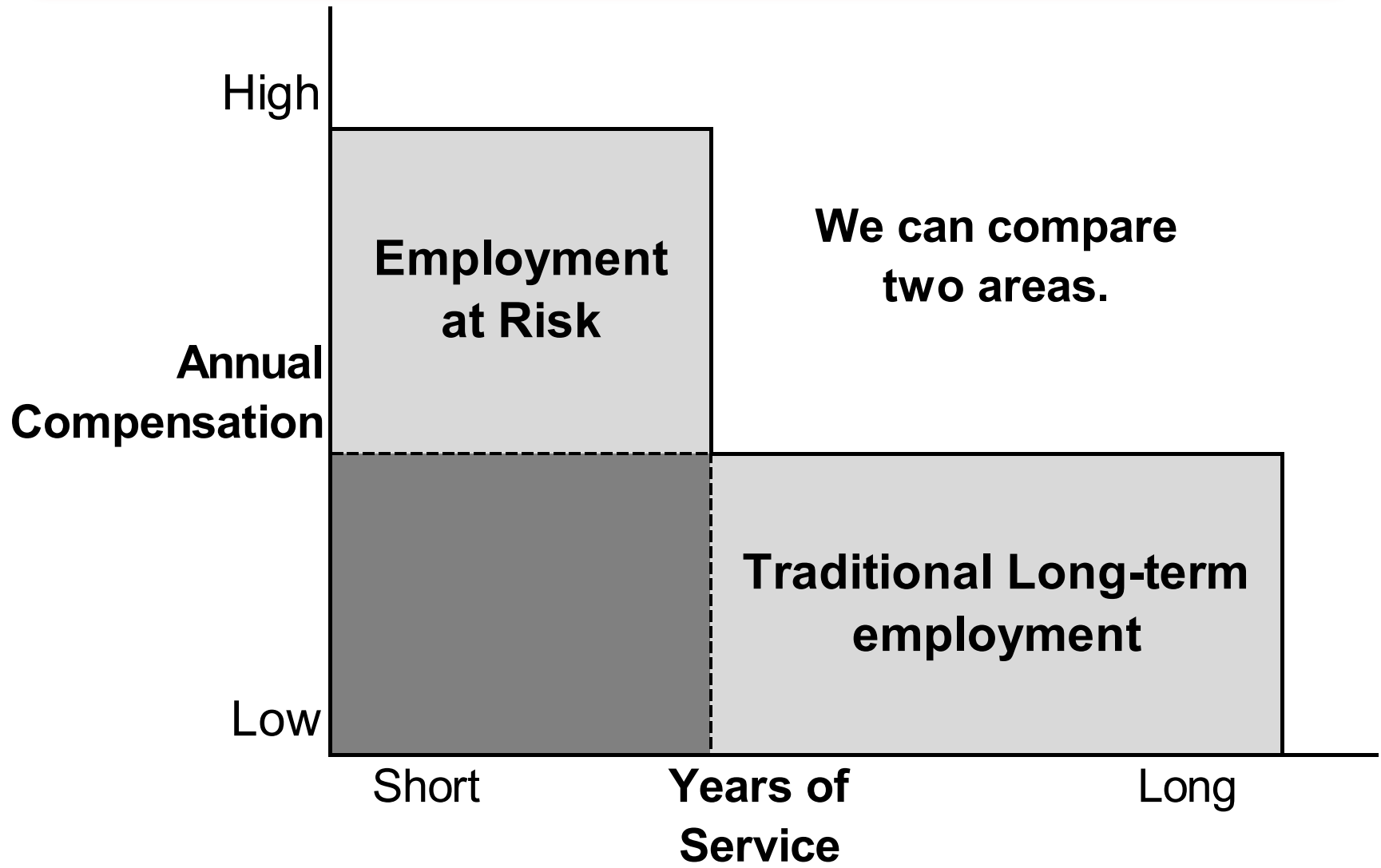
2. Employees' compensation should be raised.

A large, hollow, downward-pointing arrow indicating a logical flow from the second point to the third.

3. Employment at risk and salary hike should be introduced together.

Revision of Cash Flow

A perspective to revise cash flow



What should be incorporated into law?

Financial compensation for dismissal

1. The point of litigation is limited to whether employment contract is valid or not.



2. That means “Take it or leave it” only. This makes both parties unhappy.



3. A legal framework allowing reasonable monetary settlement is required.

Three concluding remarks

**Create a single global HR platform
including Japan HQ.**

Incorporate culture of global round table.

Think cash flow thoroughly.