

Changing HR Paradigm and Practices in Japan

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LIST OF FIRMS

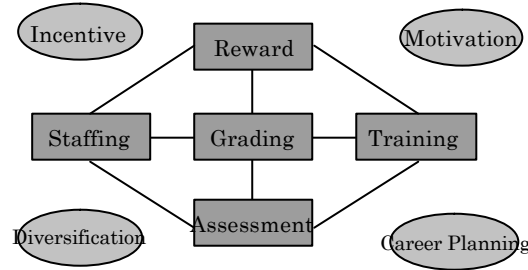
1896-1911

1923

- | | | | |
|-----------|-------|-----------|---------|
| • 1鐘淵紡績 | 3,284 | • 1鐘淵紡績 | 166,417 |
| • 2大阪紡績 | 2,413 | • 2富士瓦斯紡績 | 66,841 |
| • 3三重紡績 | 2,245 | • 3三菱造船 | 66,034 |
| • 4北海道製麻 | 1,506 | • 4内外綿 | 62,783 |
| • 5攝津紡績 | 1,436 | • 5富士製紙 | 60,421 |
| • 6岡山紡績 | 1,397 | • 6日本毛織 | 59,454 |
| • 7東京紡績 | 1,358 | • 7王子製紙 | 57,804 |
| • 8金巾製織 | 1,333 | • 8郡是製糸 | 50,600 |
| • 9大阪アルカリ | 1,309 | • 9浅野セメント | 47,226 |
| • 10尼崎紡績 | 1,204 | • 10東洋紡績 | 47,186 |

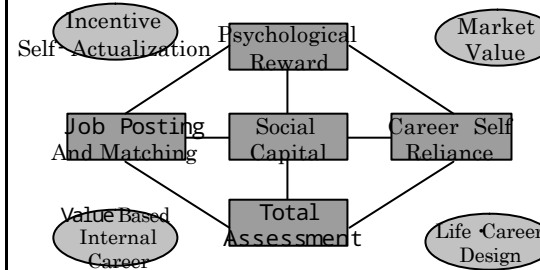
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Traditional HRM Model



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Autonomous HRM Model



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HRM and HRD

- | | |
|----------------------------------|--|
| 1. Labour Relation (1950 - 1965) | 1. Structured Training (定型的訓練) |
| 2. Personnel (1966 - 1972) | 2. Skills Development Training (能力開発) |
| 3. HRM (1973 - 1989) | 3. Human Resource Dev. Training (人材開発) |
| 4. HRD (1990 -) | 4. Career Development (Career開発) |

Overview of the Transition of Employee Development

| | Features | Context |
|--|---|---------------------------|
| Fixed Form Training (Yr:1950 - 1965) | <ul style="list-style-type: none"> Introduction of US Management Methods Establishment of the Original form of Supervisor/Management Training | Post WW2 |
| Skills Development (Yr:1966 - 1972) | <ul style="list-style-type: none"> The establishment of the unique Japanese employee development system Weight on management training | High Economic Growth Rate |
| Human Resources Development (Yr:1972 - 1989) | <ul style="list-style-type: none"> Employee Development based on the character and ability of the individual The increase of focused training and QC circles activities | Low Economic Growth Rate |
| Career Development | <ul style="list-style-type: none"> The increase of Self Development | Changing |

Fixed Form Training (1950 ~ 65)

- Context :Post World War 2, Korean War
- HR Style :Seniority based, Job function based system
- Employee Development Aim :The development of employees for the company's post war recovery
- Employee development style :Job training based on US rationalism ideas
- Methods :US Employee development methods
- Effects on E&T System :Methods such as MTP/TWI became the root of the Japanese Supervisor and Management training

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Skills Development (1966 ~ 72)

- Context :High economic growth rate. Labor Shortage. Seek for an individual Japanese method
- HR Style :Capability Based System
- Employee Development Aim :The development of employees with high ability to perform their Jobs efficiently.
- Job Enlargement & Enrichment at the Shop Level Jobs
- Employee Development Style :The improvement of each employees job performing capability based on the Japanese Job Qualification System. Weight on management training.
- Methods :Carefully planned OJT and Off-JT, Highly skilled laborer training, Job rotation etc.
- Effect on E&T System :The structure of the unique Japanese HR, and E&T system, which is still the mainstream nowadays, was established.

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Human Resources Development (1975 ~ 1989)

- Context :Oil Shock, Low Economic Growth Rate
- HR Style :Capability Based System
- Employee Development Aim :The development of employees with the ability to react to and manage change. The development of employees according to the corporate strategy.
- Employee Development Style :Strategic. Attempt to train and strengthen employees individually, based on the character and ability. Weight on change management and collaboration. Emphasis on the strategic aspect.
- Methods :Focused training, Japanese Type Project Management Systems (Quality Control circle activities)
- Effect on E&T System :Increase of focused training (Especially international training). And increase of new training styles (ex. Communication based OD, Management Skills for Change and Strategy, Mgt by Objectives)

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Career Development (1990 ~)

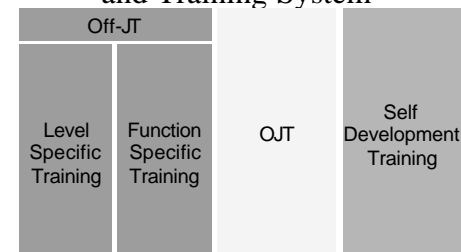
- Context :Bubble economy burst. Diversification. Changing Environment.
- HR Style :Shift to Performance based System.
- Employee Development Aim :The development of autonomous employees(Career Self Reliance)
- Employee Development Style :Self development training based on the idea of "Training for the individual". Starts by the employee's selfassessment.
- Methods :Self development training programs, optional training programs
- Effect on E&T System :The increase of Career Development programs and self development programs

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Structure of the Japanese Education and Training System



Education and Training

- OffJT (Off the Job Training)
 - Form Done in classrooms or training facilities.
 - Merit Enables very focused and advanced training and education in a short term.
 - Demerit Is not directly connected to the job and tends to be forgotten.
- OJT (On the Job Training)
 - Form Done by actually doing the job.
 - Merit Can be done according to the speed and degree of advancement in each learner.
 - Demerit Is highly influenced by the instructors capability.
- Self Development Training
 - Form Done based on the individual's will.
 - Merit Has great effect because the individual is highly motivated.
 - Demerit Needs assisting systems.

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Training Programs

- Level Specific Training
 - New Employee Training
 - Regular Employee Training (3rd Year/6th Year)
 - Supervisor Training
 - Management Training
 - Executive Training
- Function Specific Training
 - Job Based Training
 - Focused Training (Newly Emerging Business/ International)

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Current Issues

- In the first three era (Fixed Form Training, Skills Development, Human Resources Development) the Japanese Employee development was done basically under the company's lead. However in the Career Development era, it will be based on the individual's own autonomy.
 - Does the new career development systems function consistently with the old employee development systems?
 - Does the company really understand the value the Individual Career based system has on the company?
 - Are the career development systems functioning properly?
 - What is the real purpose? What is the intention?

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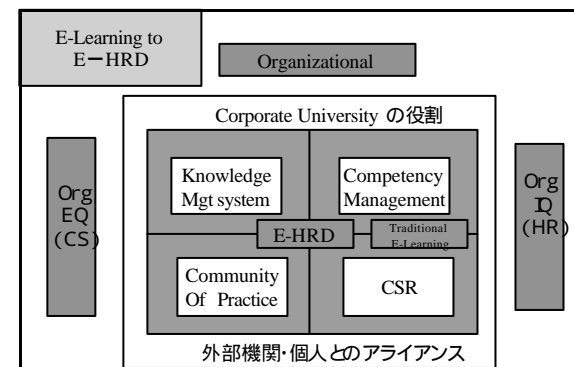
Training Center CorporateUniv.

- Level Specific Training
- Function Specific Training
- Activation of Shop and Efficiency lead Training
- OD,MBO, Communication
- First and Second Stage E-Learning
- Self Reliance and Responsibility
- Value Creation and Utilization of K.M.
- Social Capital, New Networking
- CS and CRM
- EHRM

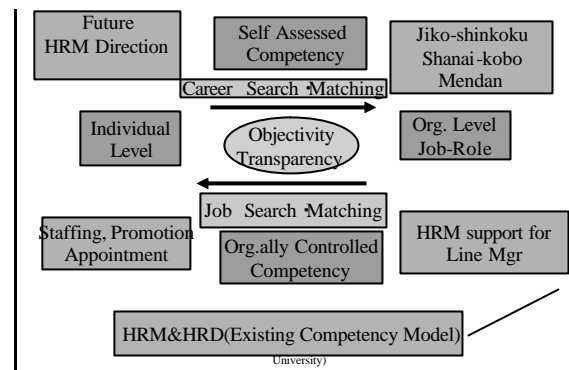
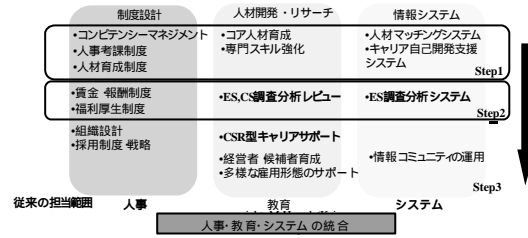
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Developmental Phase of E-Learning

- First : Digitalization of Document
- Second: Interactive Learning(Asynchronous)
- Third: Interactive Learning(Synchronous)
- Fourth: Leading Behavioral Change
- Fifth:E-Sharing(KM,Competency Management, EHRM)
- Sixth:E-Enlightment(Third+Fourth+Fifth)



- 制度設計、人材開発、リサーチ、情報システム構築まじ人材マネジメント革新に関連する一貫したトータルサービスを外部団体・個人との協業により提供
- 各種調査の実施によるデータベースの基礎の確立 (Step2)
- 情報コミュニティの活用などによる新教育制度の運用
- 新コア人材の育成サポートとコンピテンシーマネジメントの運用 (Step3)



E-CRM

- How to follow individual career progress based upon individual needs
 - I-card at Isetan
 - Monitoring pattern of Shopping and follows
 - Analyzing Individual preference and life style
 - Proposing new services for better life care

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Conclusion

- There has always been an aim in employee development and it has lead to the evolution of the Education and Training system.
- Historically, in Japan, the system was mainly completed in the Skills Development required by Corporations. Now Japan is facing a Career Development based on individual initiative that may make a fundamental change in employee development inevitable.
- In many cases in Japan the New Education and Training systems are reproduced from the systems aiming for other purposes.

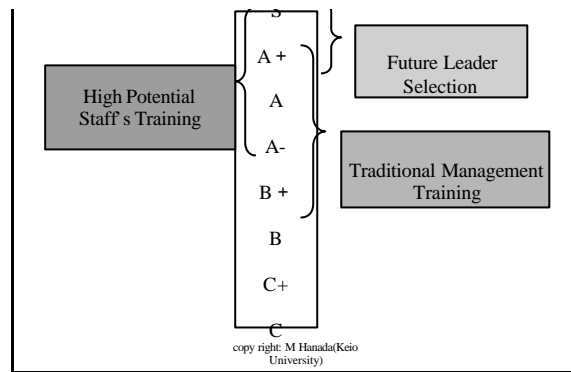
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What is coming to traditional Japanese Firms

- Balanced Score Card
- Competency Based HR Systems
- Employability and Market Value Becomes Key
- Psychological Incentives: CSR, Career Design, Ex. Coaching & Mentor, Future Leader Selection, Mind Set for those care for individual and for corporate innovation

New HR Issues in Japan

- Mobility and Turn Over
- Career Based rather than Promotion Based
- Structures of Training-Reward-Evaluation-Staffing Systems Would Be Changed
- Changing Role of Boss-Subordinates
- New Working Environment & Life Design
- Logic of Mgt. Process to Capital Logic



New HR Paradigm:A Group

- Early Selection and Succession Plan
- But Importance of Mentor and Executive Coaching rather than Succession Plan
- Importance of Incentive for Retention : But Psychological rather than Financial Incentive Become Keys
- Changes of Leader Role: Change Leader and Business Producer/ Integrity Leadership

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Needs of Executive Education

Past

- No Market
- Traditional Role of Execut. & Knowledge
- Selection Based on Past Winning Model
- Traditional Approach would fail

Present

- Strong Market Needs
- New Role of Execut. (Change Leader & Business Producer)
- Selection Based on Future Strategy
- **New Strategy Needed**

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Four Key points

Past

- Cost
- Early Selection
- Support Mechanism
- HR Decision

Present

- Fujitsu80K Xerox 40K Benesse40K(per head)
- mid-late 30s(Fast Career Track Group)
- New Position, Mentor, Coaching, (Succession Plan: failing)
- Recognition by Top Mgt. Committee, Execut. HR recognized

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New HR Paradigm:B Group

- Importance of Career Self Reliance
- Knowing oneself through Self-Assessment
- Job-Posting and Job Matching
- Mutual-Support Mechanism for Training in Utilizing Information Community Across Traditional Boundary
- Integration of Life Plan and CDP: New Paradigm of Life Design and Career

New HR Paradigm:B

- These Approaches change Traditional HR Structures(Pay-Promotion-Training-Staffing)
- They requires New HR Implementation: Immediate Supervisor's role for Career Support and Utilization of Career Counselor
- They also requires New Concept of Org.al

New HR Paradigm:C Group

- Negative Impact on Long Term Enclosure
- Feedback of Negative Information in Early Stage(Assessment and 360 degree)
- Repechage(Second Chance) for Career Anchor
- Support for Outplacement in Early Stage

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Implementation-Psychology

- New Modes and Devices
 - Career Counselor: Training and Implementation
 - Establishment of Career Center within Corporation
 - Data-Base, Job Search Application and Self Assessment for Job Posting and Matching
- New Rationalization and Rule
 - Developing and Utilizing Objective Tests

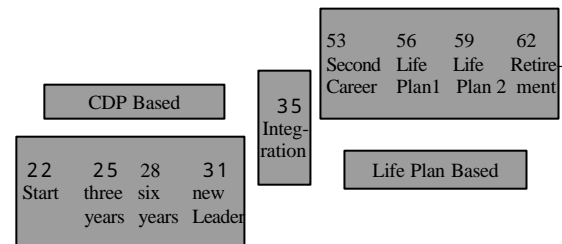
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New HR Paradigm: Structure-Implementation-Psychology

- New Grading System Necessary: Competency Based
- New Concept of Employability & Employmentability needed
- Information Sharing Rather than Information Enclosure:Digitalization & Feedback of Negative Information

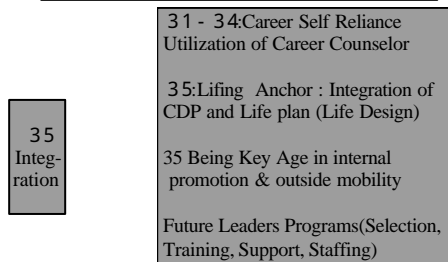
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CDP and Life Plan: Traditional Approach



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Integration and Life Design Concept



New Life Design Program: Promotion to Career

- 25 & 28:Importance of Self Awareness of Career Anchor
- Org led CDP and Self Aware CDP:Late 20s
- 30-34:Providing Opportunities for Career Design(Based on Self Awareness)
- 35:Lifing Anchor
- 50s: Continuous CDP Utilizing Mutually Supported Networks (Across Traditional

Motivation for Future Leaders

- Providing business opportunities
- Existance of informal mentor
- Followers are aggressively supporting activities of future leaders informally
- Given opportunities to overlook total corporate activities in early 30s
- Given upper management positions in subsidiaries

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