

International Symposium

The Science of Japanese Personnel Management

– Rethinking employment systems in the era of globalization

Handout



Alec R. LEVENSON

Senior Research Scientist, Center of Effective Organization,
University of Southern California

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Research Institute of Economy, Trade and Industry (RIETI)
<http://www.rieti.go.jp/en/index.html>

Institute of Social Sciences, The University of Tokyo
<http://www.iss.u-tokyo.ac.jp/>

Global Talent Management for Japanese Companies in Developed and Emerging Markets

**Japanese Personnel Management Symposium
July 12, 2013**

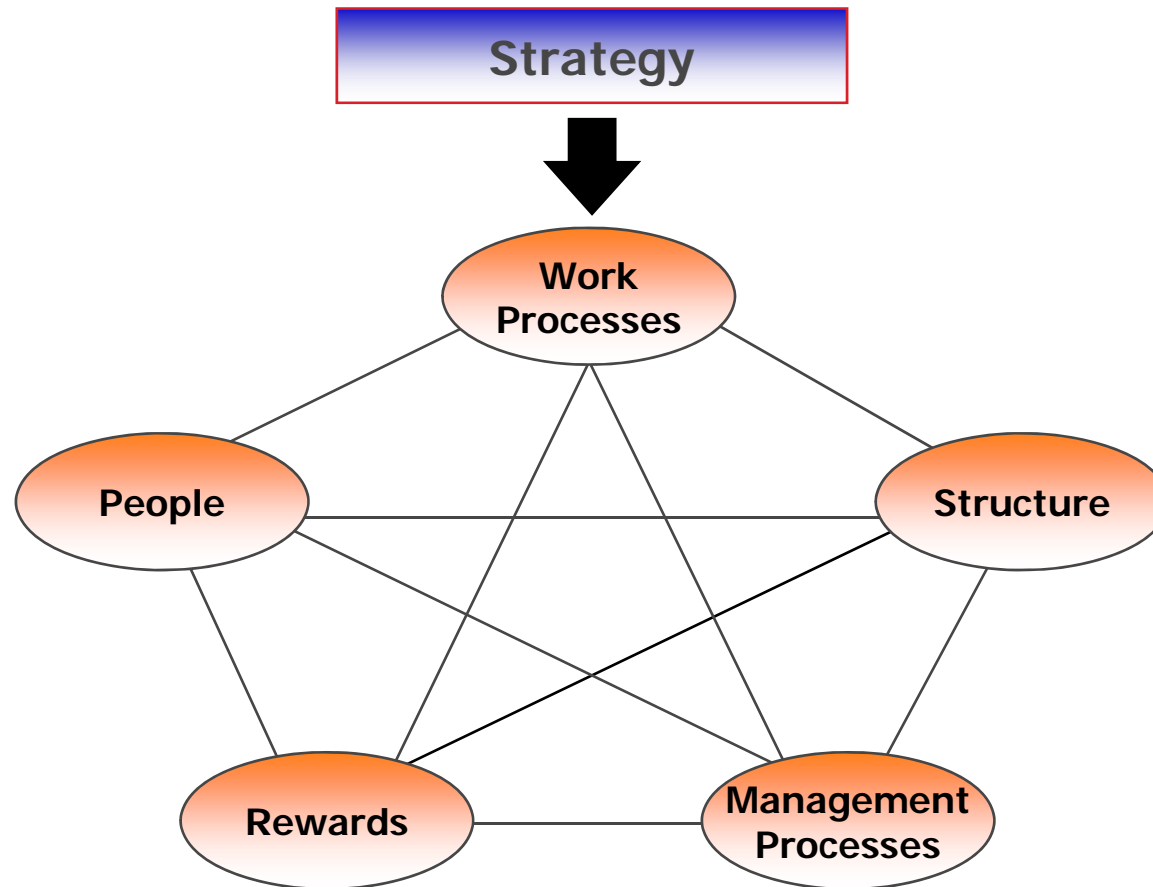
**Alec Levenson
Center for Effective Organizations (CEO)
Marshall School of Business
University of Southern California**

Overview

- 1. Importance of organizational architecture and heritage**
- 2. Global organizational / Japanese model strengths and weaknesses**
- 3. Benefits of moving toward more of a multinational / transnational model**
- 4. Potential changes to improve global talent management for Japanese companies**

The systems approach to solving organization design and talent challenges ...

Org Design Model: Galbraith Star (1970s)



Importance of organizational architecture and heritage:

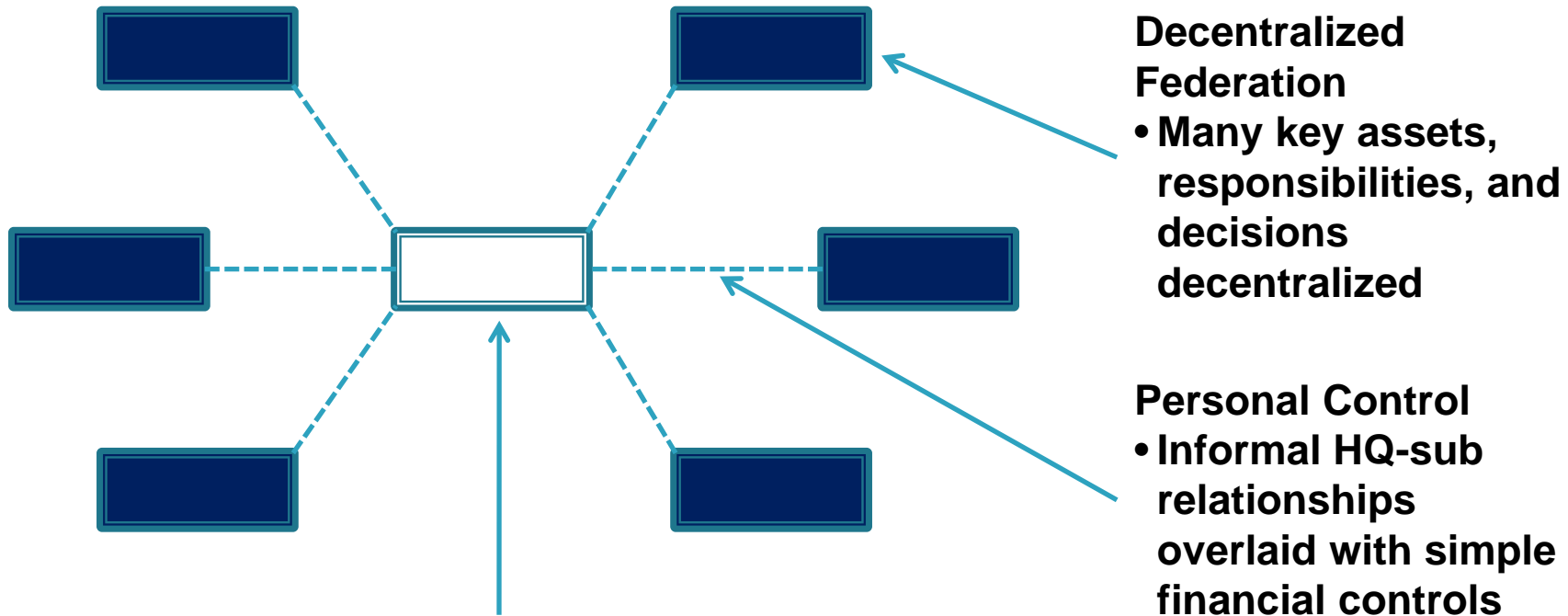
Bartlett and Ghoshal's transnational organization

Global market factors & issues

- ▶ **Success in international markets**
 - Depends a lot on societal architecture of business & commerce
- ▶ **Cultural differences in consumer preferences**
- ▶ **Stages of development** and demand for higher value added products (growing middle class)
- ▶ **Historical legacy**: local supply chain & retail / distribution networks differences across markets

Administrative heritage and organizational types

Multinational Organization Model



Decentralized Federation

- Many key assets, responsibilities, and decisions decentralized

Personal Control

- Informal HQ-sub relationships overlaid with simple financial controls

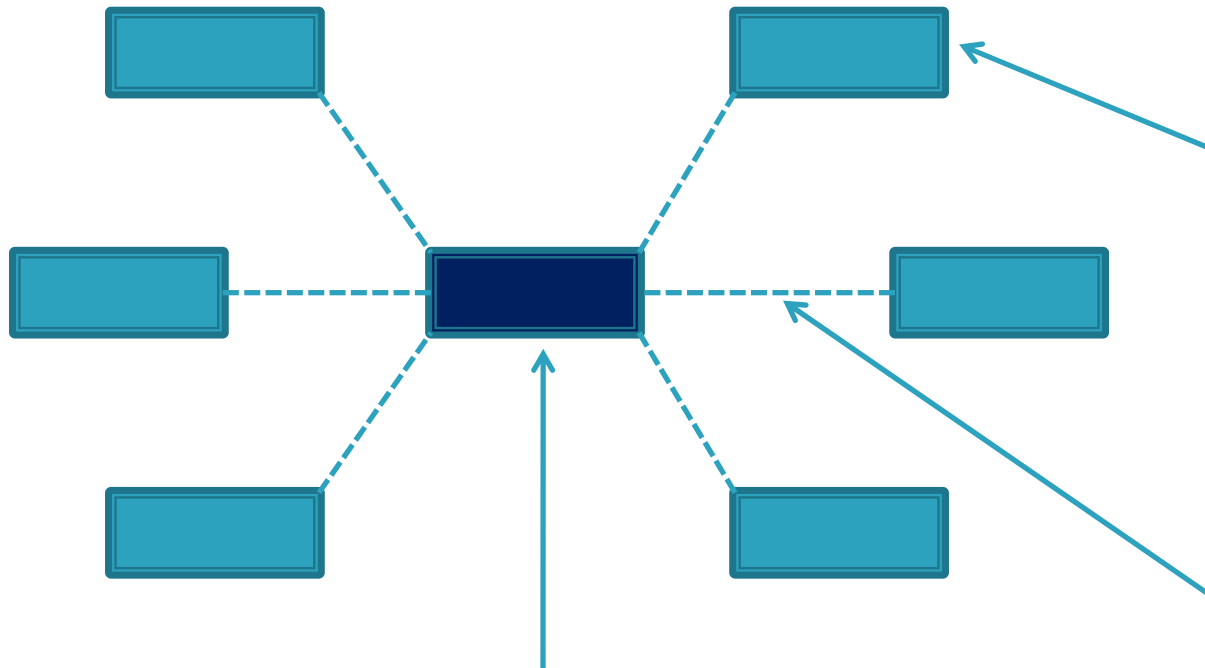
Multinational Mentality

- Management regards overseas operations as a portfolio of independent businesses

Administrative heritage/org types:

- European companies that expanded abroad before World War II
- Decentralized federation

International Organization Model



Coordinated Federation

- Many assets, resources, responsibilities, and decisions still decentralized, but controlled from HQ

Administrative Control

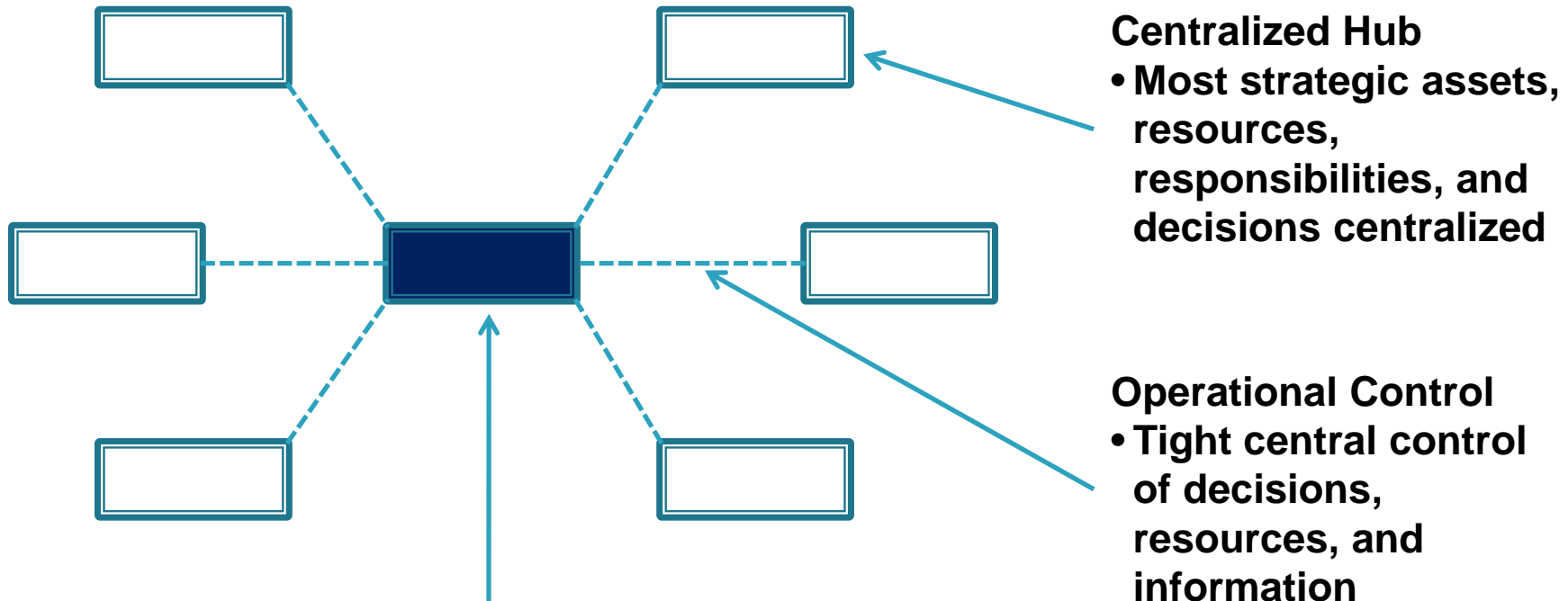
- Formal management planning and control systems allow tighter HQ-sub linkage

International Mentality
• Management regards overseas operations as appendages to a central domestic corporation

Administrative heritage/org types:

- Form that emerged post-World War II
- Coordinated federation

Global Organization Model



Centralized Hub
• Most strategic assets, resources, responsibilities, and decisions centralized

Operational Control
• Tight central control of decisions, resources, and information

Global Mentality
• Management treats overseas operations as delivery pipelines to a unified global market

Administrative heritage/org types:

- Classic model: Ford; Rockefeller; Japanese model
- Centralized hub

Transnational Organization Model

Organizational characteristics	Multinational	Global	International	Transnational
Configuration of assets and capabilities	Decentralized and nationally self-sufficient	Centralized and globally scaled	Sources of core competencies centralized, others decentralized	Dispersed, interdependent, and specialized
Role of overseas operations	Sensing and exploiting local opportunities	Implementing parent company strategies	Adapting and leveraging parent company competencies	Differentiated contributions by national units to integrated worldwide operations
Development and diffusion of knowledge	Knowledge developed and retained within each unit	Knowledge developed and retained at the center	Knowledge developed at the center and transferred to overseas units	Knowledge developed jointly and shared worldwide

Global model strengths and weaknesses

- ▶ **Global model has been used by Japanese companies to great success**
 - **Benefits includes rigorous processes enforced globally**
- ▶ **But big weakness in responsiveness to local market conditions and characteristics**
 - **Too heavy reliance on ex pat Japanese managers**
 - **Not enough development and promotion of local talent**
 - **This creates issue of managing local workforce**
 - **Even bigger potential threat in not understanding key market signals if the right talent local talent cannot be hired & retained**

Counter examples: Multinational model

▶ **Unilever: Consumer products**

- **Heritage of independent operations in different countries**
 - Partly a historical “accident” due to WWII
- **Dominant player in many emerging markets because have been there for a century and use virtually all local talent**

▶ **PwC: Professional services**

- **Almost all talent is local: critical for service offerings**
- **Relatively heavy use of global mobility assignments**
 - Local talent with global mindset to work with global clients
- **Global Millennial study: Center for Effective Organizations**
 - Perceptions that the new generation is fundamentally different than previous generations, but mostly not true
 - What matters most is good talent management practices

Leveraging diversity to increase strategic advantage in mature markets

- ▶ **How can Japanese and similar MNCs make talent strategies and processes robust for foreign mature markets?**
 - **Expanded competency models for lower level jobs to include global strategy & foreign market insights**
 - **Evaluate ex pat managers on their ability to develop local talent that gets promoted and retained**
 - **Explicit career pathing / development planning for high potential locals that includes coming to Japan**
 - Include both cross-functional and cross-BU experience

Leveraging diversity to increase strategic advantage in emerging markets

- ▶ **How can Japanese and similar MNCs make talent strategies and processes robust for emerging market success?**
 - Do everything recommended for mature markets AND ...
 - **Build local pipelines with redundancy to account for high(er) turnover in those markets**

For additional information

Dr. Alec Levenson

Senior Research Scientist

Center for Effective Organizations

Marshall School of Business

University of Southern California

+1-213-740-9814 main line

+1-213-821-1095 voice mail

+1-310-991-7215 cell

alevenson@marshall.usc.edu

<http://ceo.usc.edu>

