

General Electric International Inc. Japan

I . Corporate profile

Business Category:	Controlling company of the GE Group
Workforce:	Approximately 400
Location:	No. 35 Kowa Building, 1-14-14 Akasaka, Minato-ku, Tokyo 107-8453
Founding Year:	1962
Capital:	500,000 dollars
Parent company:	100%
Foreign Capital Percentage:	General Electric Company
Business Areas:	Having been established as an operation base of business sections outside of the United States, its Japanese branch is divided by business section, product classification or service category and is engaged in marketing, purchasing, technical support and customer service.

II . Main Points in the Personnel Management Scheme

- The GE Group is a giant corporation that hires a total of 300,000 employees worldwide, and General Electric International Inc. Japan (hereinafter called GEII) is one of its branches, which are located in approximately 70 countries all around the world to function as operation bases of its business sections outside of the United States. The GE Group has positioned the "GE Values," its global sense of values, at the foundation of its management and carries on schemes and policies that are based on the "GE Values" in its personnel management as well.
- Under the policy of the "GE Values," the GE Group has introduced "Internal Staff Recruitment," which enables those employees who have worked in the same department for more than two years to be transferred across different group companies or national borders through an internal staff recruitment system that releases information on vacant or new positions.
- "Six Sigma Quality" means that "the occurrence of defective products is limited to less than 3.4 units per one million units handled in a certain operational process": at the GE Group, it is set as a

common goal, by implementing the idea of "Six Sigma," to grow out of the paradigm of "quality improvement through product repair" and to provide without fail perfect or near-perfect products and services through "process design and improvement."

- The idea of "Six Sigma" applies not only to production and product development sections but also to all the other sections of GE, including management and control, and it is pursued to make it a more fully complete system by way of company-wide institutionalization and commitment.
- In an attempt to develop top-notch personnel, the GE Group has developed a "Leadership Development Program" in the areas of finance, IT, personnel and global management and nurtures future leaders via the Program.

III . Basic Ideas Regarding the Personnel Management system

1) Basic Concept of Personnel Management

(1) GE Values

Having advanced into the 90's, the GE Group set the "GE Values" (Figure 1) as the common sense of values for its personnel. Their application has enabled each of its employees to improve his/her capacity by gaining an understanding of new cultures and values as well as implementing them, thus also helping GE augment its corporate vigor as a result.

Figure 1 : GE Values

GE Values: In pursuit of promoting the GE of the 21st Century

Unyielding Integrity, Commitment to Performance and Thirst for Change.

Passion for Our Customers:

Measuring our success by that of our customers... always driven by Six Sigma quality and a spirit of innovation.

Meritocracy:

Creating opportunities for the best people from around the world to grow and live their dreams.

Growth Driven, Globally Oriented:

Growing our people, markets and businesses around the world.

Every Person, Every Idea Counts:

Respecting the individual and valuing contributions of each employee.

Playing Offense:

Using the advantages of size to take risks and try new things, never allowing size to be a disadvantage.

Embracing Speed and Excellence:

Using the benefits of a digital age to accelerate our success and build a faster and smarter GE.

Living the Hallmarks of GE Leadership

Passion for learning and sharing ideas

Committed to delivering results in every environment

Ability to energize and inspire diverse global teams

Connected to workplace, customers and communities... in touch with the world.

(2) Six Sigma

"Six Sigma Quality" is defined as "the occurrence of defective products is limited to less than 3.4 units per one million units handled in a certain operational process," and the implementation of "Six Sigma" is aimed at growing out of the paradigm of "quality improvement through product repair" and providing without fail perfect or near-perfect products and services through design and improvement of the process.

The idea of "Six Sigma" applies not only to production and product development sections but also to all the other sections of GE, including management and control.

The details of the concept of this system are as described in Figure 2.

Figure 2 : Six Sigma

Strategy of Six Sigma

In order to materialize Six Sigma Quality, it is necessary to contain the occurrence of defects within 3.4 per one million times a certain single process is implemented. A defect is defined as "an occasion not to meet stipulated requirements." This means that very few defects should be allowed in

implementing a key process. Six Sigma is a vision that we are making serious efforts to have come true and is also the philosophy that forms a part of our corporate culture.

Key Concepts of Six Sigma

There are several key concepts in the core of Six Sigma.

C T Q (Critical to Quality):	The most important attribute on the part of customers
Defects	Inability to meet customers' demand
Process Capacity:	What a process realizes
Variation:	What customers see and recognize
Stable Operation:	Making a process consistent and predictable in order to improve what customers see and recognize
Design for Six Sigma (DFSS):	Design intended to satisfy customer needs and process capacity

What Customers Feel Is Not An Average But Variation

When viewing a business in an inside-out manner, we often refer to average factors measured recently. Customers, however, do not evaluate GE on the basis of average factors. What customers recognize is some variation of each single transaction or each single product delivered by GE. Six Sigma first focuses to reduce variation in processes and, as a next step, concentrates on the improvement of process capacity.

Customers highly value a process with consistency and predictability that can bring about world-class quality - and this is the very process that Six Sigma is intending to achieve.

GE's Commitment to Quality

The Six Sigma efforts of GE have gained great success that has exceeded even the most optimistic prediction we had made in the past. The philosophy of Six Sigma, such as regarding customer preference and emphasis on data, is embraced on every corner of GE and is applied to every activity as well. We are committed to making this success even sounder. The route to realize such a commitment rests with sharing best practices regardless of business area and, with what strength we can muster,

delivering to customers better and speedier solutions.

2) Recruitment / Employment / Retirement

Each of GE Group companies in Japan, of which there are more than 40, conducts recruitment under the scale and form in accordance with its own needs. Although GEII conducts no periodic recruitment, it has introduced the "Leadership Development Program," a program intended to develop future leaders in various fields, including finance, IT, personnel management and sales/marketing, and recruits recent school graduates as well as experienced workers.

In the course of this two-year program, participants go through six- to eight-month long OJT's in the applicable program field, such as finance and IT, in multiple business sections. In addition to the OJT's, they also receive classroom training to acquire more specialized knowledge.

Upon completion of the Program after two years, they are assigned to an applicable business section within the GE Group as professionals in that field.

As the "Leadership Development Program" is a system that supports the foundation of the GE Group, its details are described in Figure 3 below.

Figure 3 : Leadership Development Program

Financial Management Program (FMP)

Targeted for Recent School Graduates and Employees with One to Two Years of Work Experience

- The FMP is a 24-month long intensive program during which participants rotate through four different assignments.
- The contents of the assignments include financial planning, accounting, operation analysis, accounting audit, business forecasting, business development, commercial finance, operation improvement by means of Six Sigma etc.
- In order for participants to acquire technical, financial and business skills par excellence, its coursework consists of the combination of OJT based on actual duties and classroom training. Participants are required to make high achievements in the coursework.
- The FMP enjoys a high worldwide reputation as one of the best programs of its kind. In financial development processes at GE, the FMP mainly functions as the first gateway.
- The FMP is a program that is implemented in all parts of the world. Currently, approximately 700 employees are working as FMP trainees, engaging in the businesses of GE in 20 different countries. In Japan, over 10 businesses support approximately 30 FMP trainees.
- Well-experienced program managers provide you with advice and support, and work as a bridge between you and various resources as well as help you develop yourself.
- Participants are evaluated for their achievements on several occasions both in classroom and work fronts. In addition to official evaluations conducted every six months, non-official feedback that is given from time to time is also included in such evaluation occasions.
- Those with particularly high achievements may also be given an overseas assignment opportunity (normally in Asia or America).

Corporate Audit Staff (CAS)

Targeted for Employees with Four to Seven Years of Work Experience

Mission of CAS

1. To develop future business leaders of GE on a global scale
2. To ensure integrity of controllership, compliance and financial statements
3. To promote important strategies and management initiatives for the purpose of supporting development

During the two to five years of their term of office, CAS gain experience in auditing and consulting operations regarding various businesses of GE. They work in cooperation with diverse teams around the world by rotating through four-month long assignments. This means that, every time they are engaged in another assignment, they will work with a new team and a new manager in a new place and operation.

In the course of each four-month long assignment, CAS must learn how the business or the whole process functions. They assess risks and detect key problems, analyze them in detail and come up with solutions, as well as facilitate and implement changes, and review the results with the senior management. This way, CAS can not only experience all the aspects of the business but can also obtain sufficient understanding of industries, market trends and leadership styles in the world.

After completing the CAS training, they are posted in an important leadership position, such as in financial and accounting management, business development and executive management, in respective businesses of GE.

"The CAS is an organization for the development of the most excellent leaderships at GE. Through state-of-the-art training, continuous feedback, direct interactions with the management, incentive and awards programs, engaging assignments etc., the CAS program provides participants with a suitable environment for unlimited development as professionals.

Keith Sherin

Chief Financial Officer, General Electric Company

Information Management Leadership Program (IMLP)

Targeted for Recent School Graduates and Employees with One to Three Years of Work Experience

- The IMLP is a program intended to develop leaders of the next generation in the area of information management at GE.
- Participants go through four six-month long rotations in which they gain experience in technical management and project management in various businesses of GE. Through these rotations, they can accumulate experience in such areas as service, production and finance as well as find mentors and supporters in an array of businesses. The IMPL is extensively concerned with operational and technical issues as well.
- Participants can gain international experience through training and job in the course of rotations.
- Participants can receive OJT on businesses, career strategy, communication skills, problem solving, decision-making, project leadership etc.
- Coursework is given with respect to acquisition of knowledge on the latest IT applications and systems as well as their strategic application within GE.
- Those who complete the IMLP will have acquired a solid technical foundation and excellent project management skills, as well as business insight and the capacity to lead people around them.
- From the very first day of the Program, you are expected to make a significant contribution to the business.

Human Resource Leadership Program (HRLP)

Targeted for Those Who Wish to Improve Their Careers in the Area of Personnel Management, Preferably Master's Degree Holders

- The HRLP is a program in which participants can gain high-level techniques related to personnel management, receive training on basic business concepts and accumulate hands-on experience in work fronts.
- Participants rotate through three engaging and extensive assignments, each of which is eight-month

long.

- Participants can acquire broad basic skills through hands-on experience in two HR assignments, and the third assignment takes place in a business area different from that of HR, such as financial and accounting management, quality control and business development.
- For the most part, participants may be assigned to any office of the GE Group companies. They can be assured that, no matter which place they are assigned to, they will be able to concentrate on the acquisition of skills with peace of mind by virtue of generous support, which is always available to them, and active information exchange.
- Participants can receive classroom training on high-level techniques related to personnel management and basic business concepts.
- Participants can seek to build broad connections with their colleagues and top business leaders from all over the world.
- In program seminars, they are given an opportunity to familiarize themselves with the main initiatives of GE and mix with top business leaders from all over the world.
- Those who complete the HRLP will have developed the skills of planning and implementing a strategic initiative capable of forming and maintaining a global and diverse team.
- People you are expected to meet in this Program are sure to become part of your valuable network in the course of your careers at GE.

Global Leadership Development Program (GLDP)

Targeted for MBA Holders

- The GLDP is a program to have participants acquire the foundation of technical and strategic skills necessary to become global business leaders in the future.
- Participants go through 6- to 12-month long assignments, customized for each of them, and receive training.
- Participants can receive OJT on businesses, career strategy, communication skills, problem solving, decision-making, project leadership etc.
- In its coursework, participants learn operation improvement based on the method of Six Sigma, risk

management, credit management, M&A, business routines, teamwork construction etc.

- Opportunities are available for rotations in various businesses as well as overseas rotations.

- Participants are expected to make a significant contribution to the business from the very first day of the Program.

- Those who complete the GLDP are expected to have acquired excellent leadership skills and also to fulfill their role as leader in reality.

3) Wages

GE's basic principles concerning compensation are "Market Competitiveness" and "Pay For Performance." Under these principles, each group company sets wages on its own that are competitive in its respective market. In the meantime, the GE Group intends to move in the direction of eliminating differences between group companies as much as possible, especially with respect to common functions, in order to further facilitate communication between personnel of group companies in the future.

In the case of a company that joins the GE Group as a result of merger or acquisition, the possibility of change in its previous salary scheme and level will be considered as a part of the integration plan for that company.

At GE Japan, the Personnel Department sets salary review guidelines in consideration of work achievements of each employee and social conditions etc. but it is up to the direct supervisor of the employee, as opposed to the Personnel Department, to actually make a decision on his/her salary review on the basis of such guidelines. The employee will be informed of the review results by the supervisor.

4) Personnel Review and Evaluation

(1) EMS

Once a year, in the first half of January in principle, employees submit an EMS (Employment Management Summary) to their direct supervisor. An EMS is prepared by each employee himself/herself and consists of his/her personal records (educational background, awards granted, training received, work experience etc.), achievements made over the year under evaluation, his/her strengths and points to be improved, and requests for future job assignment. His/her supervisor later enters, in the capacity of manager, evaluations and comments concerning his/her achievements made,

strengths and points to be improved and requests for future job assignment, and uses it to feed them back to the employee. The EMS system is a global, Web-based system that employees can refer to at any time to see "How my supervisor evaluated me" or "What is expected of me this year," together with entries of the past years as well.

On top of that, EMS's are also important in that they are referred to as resumes and references at the time of internal transfer or application for internal staff recruitment.

(2) Goal & Objective

Apart from an EMS, a "Goal & Objective" is set once a year as well. This is the indication of objectives to be achieved over the year under evaluation in the form of specific figures etc. and, in conjunction with an EMS, is referred to for the purpose of personnel appraisal.

After documents describing the EMS and "Goal & Objective" of each employee are, upon completion of both, submitted to the supervisor who is one rank higher than his/her direct supervisor, both supervisors hold a meeting to determine evaluation results concerning the degree of objective achievement in the previous year and to set objectives for the following year.

(3) 360-Degree Survey

As a tool for employees to learn in an objective fashion "How people see me in the workplace" and improve and develop themselves, a "360-Degree Survey" is conducted once a year, although its results do not directly affect their evaluations etc.

In this Survey, an employee is given five-point evaluations by 8 to 15 people in three different relationship categories, i.e., supervisors, colleagues and customers, that the employee chooses himself/herself under the advice of his/her supervisor, who are asked to answer 5 to 60 questions on the Web. Customers as referred to here are not necessarily restricted to external people and may also be employees in other departments, for example, in the case of an employee working in a back-office section, employees in another department that provide service to the employee in the course of business.

The questions are intended to ask respondents about the competency of the targeted employee in terms of his/her behaviors based on the GE Values and include detailed and varied topics, such as "How well he/she understands customers in performing his/her tasks," "To what extent he/she could behave in accordance with the GE Values" and "How much leadership he/she exerts."

As the "360-Degree Survey" is first and foremost a tool designed for the purpose of giving feedback to employees themselves, no one else can access its results. Employees are encouraged to prepare an "Action Plan" in response to the results of the "360-Degree Survey" and submit it to the respondents of the Survey in return.

(4) Internal Staff Recruitment

One of the personnel systems that are applied on the basis of the GE Values" is its internal staff recruitment. This system allows employees to build up careers via their own will by contemplating and designing their role or position within the company on their own.

This system poses no barriers between group companies or no disadvantage due to age: it is a unique system of the GE Group in which employees can, if backed with ability and by efforts, advance their careers on their own responsibility, across different lines of work, business categories or even national borders.

5) Working Hours / Work Schedule

(1) Flexible Work Arrangement

The Flexible Work Arrangement is a new system implemented as of April 1, 2002, under which the following five options are set in place to accommodate, in response to the needs of various lifestyles of employees, a work environment where they are able to show the maximum performance in their respective duties.

For an employee to apply for the Flexible Work Arrangement, it is requisite that a desired arrangement should meet the needs of the business that he/she belongs to and, if any problem is expected to arise upon introduction of such arrangement, the employee himself/herself must suggest a solution for such problem at the time of application.

i) Flex Time

Three hours of minimum working hours are set per day but an employee may arrange the rest in such a fashion that it will meet the minimum monthly working hours set under the employment rules, which will be implemented upon approval of his/her supervisor.

ii) Telework

The arrangement that allows an employee to work in a place other than the office approved by the company several days (four days maximum) a week.

iii) Remote Work

The arrangement that allows an employee to work in a place other than the office approved by the company five days a week.

iv) Reduced Working Hours

The arrangement that allows, for a certain period of time (3 to 6 months), an employee to set his/her working hours shorter than the regular working hours. Although an adjustment will be made to the salary for the effective period, the benefits, retirement allowance calculation etc. will continue at the same level as his/her status as full-time employee remains unaffected.

v) Compressed Work

The arrangement that allows an employee to work the five days' worth of minimum working hours in four days so that he/she can take the remaining one day off.

6) *Employment Benefits*

Schemes for social insurance, employees' pension and retirement pension are all fully established.

7) *Education and Training / Skill Development*

GE's main skill training opportunities that any regular employee is entitled to receive include "Presentation," "Negotiation" and "Finance." This is a program developed by GE itself that generally lasts for two days (refer to Figure 4); an employee can receive the training if he/she makes a request and his/her supervisor approves it.

Figure 4 : Contents of Main Skill Training Programs

<p>Presentation: Develop presentation skills successfully Focus on presentation of results of Work-Out and Six Sigma</p>
<p>Negotiation: Develop actual strategy for negotiation Use actual negotiation challenge participants currently have</p>
<p>Finance for Non-finance Managers Level 1: Learn how to use finance and accounting principles for biz decision-making Understand financial impact of biz decisions and actions Understand basic GE financial strategy</p>
<p>Finance for Non-finance Managers Level 2: Learn financially strategic thinking through case studies Financial statement analysis Profitability restructuring by controlling sales volume and price</p>

IV . Issues in Personnel Management and Directions for Solving Them

As the system of Flexible Work Arrangement has just begun, the issue facing GE is how to have it penetrate and mature as an established system in the future.

By making use of this new system, GE wishes to create an efficient and agreeable work environment where the needs of individuals and the company (business needs) are harmonized with each other.

V . Difference Between Personnel Management in the U.S. and Japan

The basic philosophy on personnel management does not differ between the United States and Japan. As GE's systems are always designed in a very flexible fashion, they are implemented in Japan upon taking the Japanese legal system and customs into account.