Current Status of Talent Management in Japan
Based on Insights into Procurement and Development of Next-Generation Executive Human Resources at Japanese Manufacturers

Itaru Nishimura

The objective of this article is to clarify the current situation of Talent Management in Japan. Despite the lack of a common definition of Talent Management, it is developing into an area that draws much attention in the personnel management field from both researchers and practitioners. This article focuses on (i) how talent pools are formed within organizations, (ii) actual status of growth opportunities made available for human resources after talent selection, and (iii) relationship between introducing Talent Management systems and Japanese-style human-resource development practices.According to the qualitative research we conducted, this article is to reveal that (i) two methods are used to create pools, i.e. position-based and people-based, (ii) companies make attempts to develop long-term plans, at least for human resources seen as having potential, (iii) initiatives based on people rather than on positions seem intended to change companies' existing promotion practices, and (iv) in implementing talent management, the utilization of diverse human resources (greater flexibility regarding their attributes) is advancing, and some companies intend to develop human resources that have the company "color" to some extent but are not all exactly the same shade.

I. Introduction

The objective of this article is to clarify the current situation of Talent Management in Japan. Despite the lack of a common definition of Talent Management, it is developing into an area that draws much attention in the personnel management field from both researchers and practitioners. Under current circumstances, there is hardly what could be called a consensus on the scope of "talent," and it remains at the conceptual stage. In addition, there is less interest among researchers in Japan compared to their Western counterparts.

In Japan, discussions of Talent Management tend to revolve around employees at certain levels within organizations. In particular, there is often an emphasis on efficient placement and development of executive

human resources at companies that operate globally (Recruit Works 2012).

Challenges relating to fostering of talent among these executives appear to be of high concern in business. According to a *Rōsei Jiho* (labor administration bulletin) (2014) based on a survey by Recruit Management Solutions, 85.2% of the 171 responding companies cited as among their companies' problems that "the next generation of management-level personnel has not been developing." The current personnel management problem most often cited (by 84.2%) was "developing and promoting next-generation management-level human resources." In addition, comparing current issues with projected challenges five years from now, "strengthening of overseas staff recruitment" is the area showing the greatest growth in importance.[1] From these findings, it is evident that there are many companies facing problems in fostering executives, and global human resources issues will be of growing concern in the future. To be sure, research on internal human-resource development in Japan has been more focused on skill development among rank-and-file employees, with the main area of concern being the development of multiple skills through transferring in related fields and the resulting contribution to organizations' management.[2] It seems valid to say that Japanese companies do not necessarily excel at fostering human resources at all levels of the organization.

Nonetheless, according to *Rōsei Jiho* (2017) that briefly summarizes a survey conducted by the Japan Management Association, while the "degree of quantitative and qualitative sufficiency of human resources required for future business development" is low, with close to 50% (46.3%) insufficient in terms of quantity and over 60% (65.8%) insufficient in terms of quality even looking only at major corporations.[3] With regard to the status of developing next-generation management-level human resources, a total of 65.5% of companies that say they are "actively working to develop next-generation management human resources" (N=171) responded that such human resources are indeed developing (combined figure for "developing satisfactorily" [3.5%] and "developing to some extent" [62.0%]). Conversely, at companies that are "not actively working to develop next-generation management personnel" (N=34), a total of 85.3% responded that such human resources are not developing (combined figure for "scarcely developing" [20.6%] and "not developing very much" [64.7%]). These findings indicate that at companies which are taking active steps to develop these human resources, such human resources are developing to some extent, though it cannot be called sufficient.

The Survey on Personnel Management (2014) conducted by the Japan Institute for Labour Policy and Training (referred to below as "JILPT") found that approximately one in six companies (15.4%) were implementing "early selection" aimed at developing future management and executive personnel, while 22.1% were "considering implementing early selection," meaning a total of nearly 40% are moving in this direction. The issue is coming to be recognized as a practical challenge and steps have begun being taken.

In the above-described context, JILPT carried out the "Research Project on Securing and Developing Next-Generation Executive Candidates"[4] from April 2015 through March 2017, and published JILPT Research Report no.194 entitled "Research on Identification and Development of Next-Generation Executive Candidates" in March 2017. This article is based on facts and insights gained from the project and report.

II. Prior research and research question

II. 1. Talent Management

In recent years, interest in Talent Management theory has been increasing amid discussions on the identification and placement of human resources. The field is still in the exploratory stages, and a clear definition of Talent Management exists neither in Japan nor overseas (Kakinuma 2015).

The concept of Talent Management is said to have grown out of the phrase "War for Talent" used by global management consulting firm McKinsey & Company in the 1990s (Collings and Mellahi 2009). Overseas texts on topics such as personnel management indicate that interpretations of "talent" can be

roughly divided into two categories. According to Kramar and Syed (2012), there are cases where all the diverse human resources in an organization are defined as "talent," and others where only those with an especially high degree of commitment are thus defined. In other words, "talent" sometimes refers to all human resources in a company and at other times refers only to specific human resources.

At the same time, even within specific human resources, opinions seem to be divided as to how talented human resources should be defined. Scullion and Collings (2011) observe that there are two approaches: defining talents around key positions within the organization, and defining them around specific people. A "key position" is an important position with significance for the company's competitiveness, and in the first approach, pools of human resources are formed on the basis of that position.

On the other hand, in the second approach where talents are formed around people, this is done by assembling high performers within the organization. The definition of a "high performer" is also inconsistent. Meyers and Woerkom (2013) assert that there are four types of definitions, either exclusive or inclusive (whether or not a large proportion of the organization's members are deemed high performers) and stable or developable (whether a person's status as a high performer is determined before they enter the organization, or they can grow into a high performer after entering it).

So, there are two major ways of interpreting talents, revolving around position or around person. While Scullion and Collings (2011) claim that the "key position" approach is of primary importance, under current circumstances there is no consensus as to which approach is preferable.[5] What methods do actual companies use to group talented human resources, that is, to form talent pools?

II. 2. Japanese-style employment practices

The internal development of human resources can be cited as a characteristic Japanese practice surrounding procurement and development of human resources. First, with regard to recruitment, (1) there is a tendency to hire a fixed number of new graduates with little or no work experience at a fixed time every year, and with regard to human resource development, (2) the tendency to hire human resources with little or no professional experience and train them internally (the so-called "white cloth" analogy, i.e. "dye" new hires the distinctive "color" of the company) has been noted (Nagano 2012). Also, it has been pointed out that (3) in this process, rather than grading human resources as high or low performers soon after they join the company, human resources are graded in this manner at a relatively late stage, 10 or more years after joining a company (Koike and Inoki ed., 2002). In addition, a noted feature of skill formation within companies is that (4) employees acquire professional skills by gradually building experience with related tasks through internal job rotation (Koike and Inoki ed. 2002). Another cited tendency is (5) seeking to have human resources gradually obtain necessary skills for each level through a series of promotions through the ranks: assistant manager, manager, general manager, and so forth (Sato 2016).

It has also been noted that Japanese companies tend not to emphasize differences in occupational category but rather to emphasize attributes such as gender and nationality. For example, Hisamoto (2008) states that the often cited characteristics of "Japanese-style personnel management" primarily apply to male regular employees and that separate personnel management practices are applied to female employees. Meanwhile, with regard to global personnel management, it has been pointed out that even at overseas subsidiaries, at the management level nearly all human resources are Japanese, and there is little progress toward localization (Shiraki 2006). Imano (2012) asserts that companies actually have two separate personnel management systems in parallel, one applied mainly to Japanese male regular employees and the other to everyone else.

If we interpret the above points in terms of discussions of Talent Management, the results can be summarized as follows: one aspect is the formation of large talent pools based around people rather than positions. This arises from the practice of taking a relatively long time to distinguish high and low performers after hiring large numbers of new graduates at one time. A second aspect is that companies

attempt to impart the necessary skills for each rank within the organizational hierarchy little by little, rather than to develop human resources with the skills necessary for managerial positions within the company soon after they hire employees. This arises from the characteristics of internal skill developing within companies.

II. 3. Research questions

Based on the above-described features identified in prior research, the discussion in this article will focus on the following three points:
(i) How talent pools are formed within organizations?
(ii) Actual status of opportunities made available to human resources after talent selection.
(iii) Relationship between introducing Talent Management systems and Japanese-style human-resource development practices.

Collings and Mellahi (2009) cite three key aspects of personnel management: employees' ability, motivation, and opportunity. When considering the selection and development of next-generation executive candidates on which this article focuses, what is crucial for corporate personnel management is to correctly select candidates with the current and future levels of ability and motivation the company requires, and to provide the selected employees with opportunities for growth on that basis. It is evident that providing such growth opportunities leads to the growth of employees' ability and motivation. Thus, this article focuses first of all on how talent pools are formed within companies, and on how talented (high-performing) employees are selected. It goes on to discuss the actual circumstances surround that the opportunities they are offered.

Another question is whether there is a possibility of matters relating to the identification of companies' next-generation executives exerting some sort of influence on the noted features of existing Japanese employment practices. This relates significantly to the question of whether we are seeing diversification in attributes of talent pools, in other words, whether women and non-Japanese human resources are included, and to other questions regarding human-resource development policy, more specifically policies for training and promotion policies of talented human resources.

As is evident from questions (i) to (iii) above, rather than clarifying causal relationships, our principle concern in this article is to grasp what is occurring in actual personnel management as pertains to the general tendencies pointed out only in abstract form in previous research.

III. Survey method and scope

The survey method used for this article was the in-person interview, for two main reasons. One is that interviews are more suitable than other methods for free-form exploration of what is not yet clarified, and the second is that while interviews inevitably result in a smaller sample size, they are thought more capable than quantitative surveys of clarifying the facts regarding corporate systems: the background behind implementation of initiatives at specific corporations, the actual operations, and the actual power balance among the parties. For that reason, during the first survey each interviewee was given a similar set of questions, but during subsequent surveys different sets of question items were prepared based on the circumstances of specific companies. In that sense, the survey was very loosely structured, i.e. it was what could perhaps be called a semi-structured survey. Also, its scope was restricted to manufacturers that are doing business globally, with the aim of accumulating facts on a limited subject.

Regarding personnel systems that major companies doing global business have constructed for smooth internal procurement of executive personnel, the interview questions primarily focused on three areas: (1) overview of the system, (2) its aims and background, and (3) how it actually operates. As for (1) overview of the system, the interview focused on the number of posts that companies defined as core posts and the

scope of their duties, method of grouping executive candidates, and initiatives implemented for candidates. Regarding (3) how the system actually operates, the survey focused on human resources identification and the role of various parties in the organization in developing the human resources that are identified. Based on the findings, the survey sought to organize similarities and differences derived from the case studies. Note that this article mainly deals with internal procurement of human resources and not with external procurement, which remains a topic for further study.

IV. Overview of facts

First, let us briefly review the content and characteristics of initiatives implemented in each case study. These case studies are all of manufacturers with 5,000 or more employees on non-consolidated basis, i.e. major secondary-industry companies.

IV. 1. Company A: Initiative aimed at securing a stable supply of executive human resources as the organization expands[6]

Company A needed to build a mechanism for supplying human resources to meet the needs of the rapidly expanding business. Specifically, they needed to procure top management human resources for each business unit and organization. This meant developing or securing human resources with not only managerial but also executive capabilities. Company A's situation created a heightened need, in Japan, for identification and training of human resources with potential to meet such needs. At the same time, in order to maintain a supply of human resources to support global business development, it was necessary to utilize not only Japanese human resources, but those of the entire corporate group. A summary of Company A's initiatives is as follows.

(i) In Japan, the company is promoting early identification and development of human resources. "The School for Executives (selective training program for future executive candidates)"[7] held since 2004, is aimed at identifying and developing future executive candidates, including employees of both genders who are in their mid-thirties or over forties, or both in managerial and non-managerial positions. As an example, Table 1 shows the participants in the 9th School for Executives, selective training program for future executive candidates.

(ii) Table 2 shows the subsequent placement of participants from the 1st School for Executive to the 9th, revealing that a significant percentage of participants of the 1st and 2nd have actually been appointed to executive positions, while the others have also been reassigned. This indicates that training participants go on to undergo not only off-the-job training but also on-the-job training through reassignments. These include bold shifts such as "placement in positions that have a bird's-eye view of the entire business" and "taking on different fields (including overseas)."

(iii) The identification of personnel with the potential for such development is being carried out company-wide, i.e. by the company's top management, business groups, business divisions, and human resources division. In this process, personnel selection is conducted with input from people with a broad outlook on entire organization of the Company A and each of its business groups, such as vice-presidents. Every attempt is made to maximize use of internal opinions in order to select appealing and promising human resources whose evaluations scores have not been necessarily always highly positive since entering Company A, i.e. his accumulated evaluation scores are uneven.

(iv) Identification and development of future executive candidates is carried out at overseas subsidiaries as well. The first step is to gain a picture of the talented human resources by narrowing down the local human resources assigned to several hundred posts at overseas subsidiaries to a few dozen people. These people are divided into three groups: (a) those targeted for further acceleration of growth beyond current role, (b) those considered suitable for expansion of area of responsibility in their current country or region, and (c) young personnel to keep an eye on.

(v) In addition to identification, selective training program is also being implemented. The goal of this program is to teach the ways of business operation that are taken for granted among Japanese employees, e.g. budgetary allocations and the reasons behind them. This constitutes an initiative towards more ambitious and inclusive homogenization of foreign human resources by not only sharing understanding of management philosophy but also sharing Company A's style of business operations.

Table 1. "School for Executives" participants (example)

	Age	Position	Office
A (Male)	43	Chief manager	Business Unit A, Sales Division
B (Female)	33	Staff member	Business Unit A, Production Headquarters
C (Male)	44	Department Manager	Procurement Headquarters
D (Male)	43	Senior Researcher	Laboratory
E (Male)	45	Research group leader Senior Researcher	Research and Development Center
F (Male)	39	Chief manager	Business Unit B, Engineering Department
G (Male)	40	Manager	Overseas subsidiary A
H (Male)	42	Manager	Overseas subsidiary B
I (Male)	51	Executive vice-president	Company A European affiliate
J (Male)	40	Director	Company A, Devices Division, Country X
K (Male)	43	Representative director	Company A, Product Y Division, Country Z
L (Male)	36	Dispatched overseas	Overseas subsidiary C
M (Male)	43	Manager	Company A China affiliate
N (Female)	33	Staff member	Corporate
O (Male)	32	Dispatched overseas	Company A, Thailand affiliate
P (Male)	33	Staff member	Corporate Planning

Source: JILPT, 2017.
Notes: 1. The names of workplaces are not official ones, but are appended for convenience based on their features.
2. The blue-shaded personnel are those of non-managerial grade.

Table 2. Subsequent placement of "School for Executives" participants from 1st through 9th sessions (%)

	(1) Appointed to executive position	(2) Assigned as division manager (including top executive of group company)	(3) Reassignment to positions that have a bird's-eye view of the entire business	(4) Taking on different fields (including overseas)	Total
1st	52	38	5	5	100
2nd	35	25	20	20	100
3rd	10	19	29	24	81
4th	5	21	16	42	84
5th	—	26	32	21	79
6th	—	14	29	38	81
7th	—	13	20	20	53
8th	—	—	6	13	19
9th	—	—	6	6	13

Notes: 1. The 1st School for Executives was held in 2004, and it was held every year thereafter until 2009. After that, it was restarted with the 7th School for Executives in 2013, and was held every year until 2016 when this survey was conducted.
2. Of the School for Executives participants, the percentages are listed who (1) are appointed to executive positions, (2) are appointed as division managers (including the top executives of Group companies), (3) are reassigned to positions that have a bird's-eye view of the entire business, and (4) are assigned to take on different fields (including overseas). As an example, 52% of the participants in the 1st School for Executives in 2004 have been appointed to executive positions.

To summarize, Company A's scope of business is expanding in terms of both content and geography. The company is seeking to maximize business expansion by effectively utilizing both employees in Japan and locally-hired human resources overseas. In Japan this entails the development of human resources, not with managerial but executive management capabilities, and overseas it entails development of non-Japanese managers who fully comprehend the company's mentality and business operations.

IV. 2. Company B: Two-pronged initiative based around people and positions

Company B has been doing business globally for many years. Although Company B has been allocating human resources on a local basis, it has done so from the relatively short-term viewpoint of responding to job needs as they arose. Under such circumstances, when the company reviewed its current circumstances, it could not say that sufficient quality or quantity were being maintained either in Japan and overseas, and the system was not set up to grow the business further in the future by delivering the necessary human resources to the necessary positions in a timely fashion.

This posed the risk of becoming an obstacle to future business development. In addition, a weakening of relationships with foreign alliance partners heightened the need for Company B itself to secure and develop outstanding human resources that could be appointed to top executive overseas positions. To resolve this issue, Company B is implementing various initiatives to build a planned, systematic process of their own for securing human resources. A key point here is that in addition to initiatives centered on positions (posts) which were already being carried out, the company also launched an initiative based around people in its effort to build a stable system for procurement of executive candidates. The following are the key findings revealed in the interview.

(i) Company B has established a committee to deal with the development and utilization of human resources, known as the HDC[8] (Human-Resource Development Committee).[9] Through the HDC, the company aims to establish internal human resource procurement mechanisms by identifying the current occupants of certain positions (positions of manager and higher) and their successors.[10] A key characteristic was that this initiative was aimed at maintaining the right personnel for each position in the organizational hierarchy by promoting an appropriate individual from the position immediately below it, i.e. "manager → department manager → general manager." Basically, the principle is that promotion candidates are selected from the rank immediately below.

(ii) This is the existing position-based system, into which elements of people-based management have been incorporated over the past several years.[11] "The CC (Candidate as Core-person) Human Resources" initiative[12] is intended to identify human resources with the future potential to fill positions of general manager or higher at an early stage, and to actively build their experience and accelerate the speed of their professional growth.

(iii) The goal of "CC Human Resources" initiative is to select personnel with the potential to reach general manager or executive class positions in the future, regardless of their age. This distinguishes the initiative from previous mechanisms for tracking executive human resource candidates, in which the focus is on specific posts within the organization, and talent pools are formed around current occupants of these positions and their successors.

(iv) "CC Human Resources" initiative emphasizes the standpoint of "whether or not a particular person is likely to have potential to promote to the post of general manager in the future," rather than "whether he or she is capable of assuming a position and level of responsibility one higher than the current one." In this respect, it differs somewhat from the conventional concept of personnel promotion under the HDC. Because long-term career is also taken into consideration, CC targets personnel from their mid-30s through their mid-40s who are highly likely to advance their careers in the future. In addition to job skills, human resource qualities such as sense of scale are taken into account.

(v) In terms of the benefits derived from the HDC and CC Human Resources, "rendering visible"

the human resources on which high future expectations are placed gives Company B's management an accurate grasp of the identities of the company's next-generation executive candidates. This "rendering visible" made it possible to track human resources earlier on a company-wide basis, whereas without these initiatives they could only be tracked within specific business unit headquarters.[13] This heightens the possibility of incorporating a company-wide perspective on the careers of eligible human resources at an earlier stage. In fact, albeit gradually, exchange of information and opinions on human resources is being promoted across the organization, company-wide or among different business unit headquarters.

(vi) One of the challenges currently faced is the implementation of personnel transfers, to provide opportunities for further growth of personnel identified through the "CC Human Resources" initiative.

As described above, at Company B, perspectives on human-resource development are evolving by incorporating the idea of looking further than 10 years down the road into the conventional system by which appropriate candidates for promotion are selected from the rank immediately below. It can be said that the short- to medium-term approach to internal human resources procurement is progressively being expanded to include a medium- to long-term perspective.

IV. 3. Company C: Initiative relating to next-generation global executive human resource development

Company C's strategy to develop and secure next-generation global executive human resources is based around a "succession plan." Human resource development at Company C, which does business globally, has been pursued successfully based on what could be called the quintessentially Japanese implicit perception that "developing one's subordinates is the responsibility of a manager," and that "managers that do not develop their subordinates have failed as managers." As globalization progresses, however, it has become increasingly apparent that overseas subsidiaries have difficulty applying the human resource development methods used in Japan, and there is also a growing need for cultivation of human resources that can meet rapid global expansion.

This leads to a need for "clear establishment of objectives and targets for next-generation human resources development," and for "consensus among supervisors on the development of personnel that will uphold the company five or ten years down the road," on the basis of which a succession plan was developed. Taking overseas subsidiaries into account, it was necessary to carry this out overtly rather than implicitly. A summary of Company C's initiatives is as follows.

(i) Company C's traditional mentality has been one of "the entire company working together to develop next-generation human resources starting from a blank slate." The company believes that its growth depends on the next generation of human resources acting on the basis of the company's philosophy and mentality (the values and beliefs cultivated since its establishment, and clear verbal expressions thereof), and that for such human resources to play active roles at the global level, it is more secure and effective to build human resources that will be responsible for Company C's future from the ground up than to acquire already competent human resources through head hunting and so forth. This necessitates looking further than three to five years down the road, and for this reason, "development of next-generation global executive human resources that will truly uphold Company C" necessitates looking 10 years ahead (next-generation development) or 15 years ahead (post-next generation development).

(ii) The posts covered by the "succession plan" are those at overseas subsidiaries corresponding to global grades A1 and A2. Specifically, this means department managers and executives at overseas subsidiaries. The number of these posts changes year by year because of organizational consolidation, but it is at least in the hundreds. For each post, three generations of successors are considered: immediate, next-generation, and post-next generation. This last would be a candidate for a given position 15 years in the future. The number of successors considered for each generation would be one or two for the immediate successor and three per generation for the two ensuing generations.

(iii) Selection of successors does not depend on what year the candidate joined the company, but rather on who is the most appropriate person for the job. This means that potential successors of the post-next generation, for example, sometimes consist of those who entered the company in different years. With regard to these potential successors, factors to be taken into account include the number of years since entering the company until promotion to a certain post, but as a basic rule the successor will be selected based on an overall evaluation of the individual. This means that evaluation scores of candidates selected as successors have not been necessarily highly positive, whose accumulated evaluation scores since entering Company C are uneven. While the majority of selected successors are those whose personnel evaluations have been highly positive, these personnel evaluations are not necessarily given the highest priority as criteria.

(iv) With regard to "succession plans" at Company C, because global human resource development needs to be carried out with consideration for the interests of the entire company, successors are selected based on consensus among all executive-level personnel. Sharing successor information throughout the company through this consensus formation allows the head of the successor's current department to think five or ten years ahead when cultivating the successor, while job rotation through ordinary personnel transfers continues to take place every few years and successor's immediate superior may change at every ordinary personnel transfer.

(v) Successors include both Japanese and local (overseas) human resources, and both are regarded as candidates for future executive positions at overseas subsidiaries.

(vi) One important aspect of the "succession plan" is the mission statement. This is a list of development targets that clearly states what skills, etc. should be mastered by designated successors. Features of this system are that it reflects the mid- to long-term business plan and the human resource development plan, while taking care that its contents are not merely a job description, and that it contains specific targets required for future positions as well as the content of work duties to be carried out toward achieving these targets. The mission statement is created by the person currently occupying a given post, and this constitutes training for this person as well, as it elicits reexamination of his or her own duties.

(vii) It must be noted that the "succession plan" only applies to posts at overseas subsidiaries, and not to those in Japan, where the conventional system continues to be applied.

From the above, we may infer that Company C's "succession plan" is indispensable not only for the development of successor but also for the success of the company's global expansion and its future prosperity. Important points here are (1) not relying solely on the individual competence of supervisors, but also using the "succession plan" to develop next-generation executive human resources as an organization, and (2) the incorporation of position-based executive human resource development into the company's existing system.

IV. 4. Company D: Initiative relating to personnel transfers of executive candidates

At Company D, no successor development plan such as the "succession plan" has been implemented systematically. A characteristic of Company D is that it seeks a mechanism for personnel transfers that promote employees' professional growth, while clarifying the group of future executive candidates by subdividing employment categories. In this sense, this can be called the case study that most prominently forms pools of executive candidates in a "people-based" manner.

The challenges that Company D faced involved development of human resources with the viewpoints and abilities required of future executives, i.e. a company-wide perspective and the ability to select the best solution from several alternatives under varying circumstances. The company had an urgent need to develop human resources that could specialize in management rather than being "player-managers" who carry out his own work duties by himself but not supervising his subordinates. To that end, the company believed candidates needed to cultivate (a) a wide range of knowledge on the commercial customs and

practices of different regions and characteristics of commercial materials unique to each region, and (b) the ability to find optimal solutions from information gathered in a new environment. Company D repeatedly carried out trial and error with regard to means of providing opportunities for skill development to future executive candidates, i.e. human resources with potential. From these initiatives the following points became clear.

(i) Company D launched the "Working Styles Transformation Project"[14] in 2014, and at that time restructured their employee categories. Previously, employees had been grouped into two categories; "G" employees are eligible for global transfers and "L" employees are only eligible for transfers within a specific region.[15] The company sought to cultivate future executives from among the "G" group.[16] After reforms, employees of these groups were subdivided into five groups: the X course and Y course for those on a leadership track and the α course, β course, and γ course for on-site personnel, with each course extending from the rank-and-file employee to the management level.[17] The definitions of each course are as shown in Table 3. The difference between the X and Y courses is that those in the X course are in posts eligible for "role pay" as determined by Company D.[18] Those in posts or positions ineligible for "role pay," or not assigned to posts, are in the Y course. New graduates of university or higher-level education employed at the company's head office are usually placed in the Y course, and then may be transferred to the X course later if they are promoted to an eligible post. Meanwhile, regular employees employed at business locations other than the head office are usually placed in the β course, and then may be transferred to the α course if they are assigned to a leadership role at that business location. The γ course is specifically for workers at manufacturing sites, and those judged to have special skills may be transferred from the β to the γ course. The current breakdown of course assignations is: X course (4%), Y course (30% [of which 1.5% are managers]), α course (6%), β course (59%), γ course (1%). As these figures indicate, only a small fraction of personnel can be assigned to the X course.

(ii) As for the means of forming pools of executive human resource candidates, regarding future management / executive candidates (human resources expected to assume positions of division manager or above at Company D itself), first, the range of candidates is largely defined by the employee category system. If we look back on changes in employee categories over the years, the scope of the targets has

Table 3. Outline of five courses

	Course	Definition	Company's expectations
Leadership track	X course	Job performance and professional growth across regions, occupations and areas of specialization, so as to play a core role in management	Has the responsibility and authority essential for organization operations, and contributes to the company by generating strong results through organization management (organizational target setting, budget management, resource allocation, personnel management, human-resource development, risk management, etc.)
	Y course		Has professional knowledge and skills and demonstrate them in leadership roles, generates strong results, and contributes to the company or shows potential to make a contribution
On-site track	α course	Job performance and professional growth within specific regions, occupations and areas of specialization, so as to play a core role on-site in the future	Has professional knowledge and skills in a specific business field or area, and demonstrates them as a core member of on-site personnel, generates strong results, and contributes to the company or shows potential to make a contribution
	β course		Heightens on-the-job proficiency through experience, while contributing to achievement of organizational objectives by cooperating with co-workers on site to more accurately, promptly and efficiently execute assigned tasks in charge
	γ course		Has (or developing) a high level of proficiency with a specific skill and demonstrating that skill, generates strong results and contributes to the company or shows potential to make a contribution

Source: JILPT, 2017.

been narrowed. The group of candidates is formed of personnel having a certain minimum qualification grade within their own category. Currently, the total number of employees of X2 or X3 grades is about 250 people, and the candidate pool numbers something close to this.[19]

(iii) Another feature of Company D is that it is carrying out initiatives primarily at Japanese business locations rather than worldwide, meaning that development of human resources hired in Japan is the main target. In terms of personnel transfers, primary emphasis is placed on wide-area transfers within Japan. The company is also working to promote increased overseas transfers, but the initiative is initially being carried out mainly in Japan.

(iv) As described above, Company D aims to activate human resources exchange with wide-area transfers. This is considered to be an initiative necessary for developing managers who truly specialize in management rather than being "player-managers."

(v) In order to accelerate exchange of human resources, meetings dealing with personnel transfers have been convened, and human resources with potential have actually been transferred. Based on the principle of equivalent exchange, at these meetings there were lively or sometimes heated discussions between the presidents of regional branches, with the aim of vitalizing personnel interactions. It is worth noting that transfers were actually implemented rather than merely holding a meeting to consider transfers. Presidents of regional branches created detailed requests for human resources and tried to get desirable staffs from other branches.

(vi) When human resources are selected via these meetings, this selection is mainly carried out by regional branches' presidents, vice-presidents, sales division management, and personnel division. The criteria is "vibrant human resources," or in more specific terms, primarily human resources with (1) good sales results and (2) experience with managing local branch with at least 30-40 employees, or have experience in positions equivalent to deputy local branch manager or above. Among these, a list is made of human resources that the regional branch's president or sales division management have taken notice of at regular meetings.[20] In addition, personnel are selected taking into account their personnel evaluations and information[21] verified by the human resources division. This personnel selection is usually carried out over two or three weeks in or after December when the organization chart for the following year is decided.

(vii) However, this series of meetings was suspended. On the one hand, the meetings were able to compare specifications exactly based on detailed orders and improve the quality of development functions via personnel transfers, and boost satisfaction levels at branch offices that exchange personnel. On the other hand, they entailed increases in time and effort including time taken for discussions. Company D felt that when the positive outcomes of the meetings and the transaction costs due to negotiations among members in the process of holding the meetings were weighed against one another, the latter were greater. Making positive outcomes correspond to costs generated is one of the major challenges facing revitalization of personnel rotations aimed at developing the necessary competencies among executive human resources.

(viii) Currently, in order to activate human resources exchange, a predetermined format is prepared (Table 4). When the company wants to transfer some personnel, they fill in the format with the name(s) of the personnel and the place(s) — branch offices or divisions, etc. — which they want to transfer them to.

(ix) Because the format shows posts for which the company wants to transfer human resources, the format itself is like a list of successor candidates for posts. And because the format is centrally managed by the sales division at the head office, it is possible for the sales division to identify successor candidates for each post of whole company D. It is not clear how this will be used in the future, but in any case, it can be said that personnel management based around positions is beginning to emerge.

As described above, Company D groups future executive candidates based on employee categories, and among these, those at or above specific category's qualification grades. It can be said that this approach is close to the traditional Japanese style. At the same time, the scope is narrowed, as is evident from the changes in employee categories. The interesting point about Company D is its repeated trial and error in terms of providing

Table 4. Format for human resource exchange activation

Key personnel

Head office / Division / Subsidiary	FY2017 position	Role grade	Renewed / New assignee	Internal transfer / External procurement	Name	Remarks
Regional branch X	Local Branch Manager XX	Grade R x	Renewed	—	zzz	
	Local Branch Manager YY	Grade R x	New	Internal transfer	yyy	
	Local Branch Manager ZZ	Grade R x	New	External procurement	Not written	
			~abridged~			

Personnel transfers to other divisions / regions for the purpose of career development   (Current primary organization manager)

Head office / Division / Regional branch	Name	FY2016 position	FY2015 evaluation	FY2014 evaluation	FY2017 position (proposed)	Remarks
Regional branch X	xxx	Local Branch Manager XX	B・B	B・B		
		~abridged~				

Source: JILPT, 2017.

opportunities that encourage growth of executive candidate human resources. The challenge lies in the difficulty in finding an optimal balance between the outcomes of development that promotes growth and transaction costs, in other words the complexity of negotiations between regional branch offices.

IV. 5. Company E: Initiative for management / executive human resource development and selection

Company E is also involved in the development and selection of executive human resources, and has launched a new initiative. Company E has significantly revised the contents of its "*kōkeisha plan* (unique name of succession plan at Company E)" since FY 2013. Changes include (1) increase in the number of core posts, (2) wider age range of target candidates (future generations added), (3) more detailed management of posts and candidates, etc.

Underlying these systemic revisions is, first of all, the evolution of group management. Ratio of consolidated net profits to parent company's profit has more than doubled on a sales basis (FY 2016), and while there are variations among headquarters and sectors, in general, affiliates are playing an increased role. Also, since overseas subsidiaries have increased, it was difficult to manage successors without proceeding more systematically. Second, it was noted that the traditional "*kōkeisha plan*" was not linked with personnel development, it was just a series of names. For this reason, the company aimed for an effect on human-resource development by directly linking monitoring and assessment of successor candidates to personnel development strategy. The main findings with regard to "*kōkeisha plan*" reform are as follows.

(i) A new "*kōkeisha plan*" system was launched in FY2013. This system seems to have contributed to more effective management of the company's human resources information. One aspect of the system is that it clarifies things that divisions' management personnel had carried out on an individual basis or in their heads thus far, giving advantages such as, for example, allowing human resources information on overseas affiliates to be transferred to the personnel department of head office, and even if there are personnel transfers of departmental managers, it is easier for new managers to inherit accurate information on their subordinates and to focus on young personnel development.

(ii) Through reforms, the number of core posts is increasing. A core post is "a post that is very

important from the viewpoint of Group management, for which a *kōkeisha plan* should be prepared." Core posts are as shown in Table 5, and the posts enclosed in boxes have been added successively since FY2013. Up until FY2012, only 36 posts were managed as core posts, but since FY2013, these posts have been expanded to include all major department managers at the head office and business divisions (an increase of about 110 positions), while at affiliated companies they have been expanded to include the presidents of the consolidated Group companies and other officials of key companies (an increase of about 250 positions). The expansion at affiliated companies is noticeable. In FY2016, however, there was another major system revision, and core posts were narrowed down. Apart from these major systemic reforms, core posts have been revised and subject to change due to organizational restructuring in line with the medium-term management plan.

(iii) Successor candidates for core posts span three generations, next-generation (now to three years from now), post-next generation (four to six years from now), and future generations (seven to ten years from now). For each generation, three candidates are listed with order of priority determined. For each of the three candidates, forms in specific formats are to be filled concerning (1) when the candidate is projected to assume the post, (2) the additional qualities, knowledge, and experience they need in order to do so, and (3) career development plan. The first change implemented in FY2013 was the addition of candidates for future generations (7 to 10 years later). The second was the addition of (3) career development plan.

(iv) As a rule, the successor candidate list is created by the current occupant of the post, but in some cases it is created by their supervisor. When creating successor candidate lists for affiliated company posts, the main related sectors of Company E often participate in some way. The specifics of involvement vary widely, and while there are cases of direct control such as the headquarters or sectors making the candidate list, there are other cases where they only advise the president of the affiliated company on the matter. The

Table 5. Core post classifications

Organization monitored / assessed	Main company				Affiliates	
	Headquarters, sectors	Main headquarters	Company head office	Company department	In Japan	Overseas
Corporate HR committee	General manager, sector chief	General manager (main headquarters)	General manager (head office)	Senior manager	Executives of key companies	Regional head manager
HR committees at headquarters / sectors, etc.	Business unit / sector chief	Senior regional manager	President of subsidiary		Executives of key companies	
	Factory manager Heads of key divisions	Heads of key divisions	Business unit / sector chief Heads of key divisions		President of affiliate	President of affiliate
HR committees in financial / HR divisions					Executives of finance / HR at key companies	Executives of finance / HR at regional headquarters
HR committees in supervising divisions and affiliates					Affiliates' executives other than those above	

Approx. 110 posts   Over 250 posts
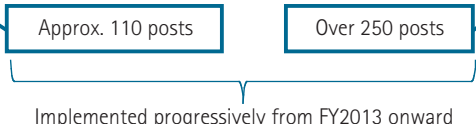
Implemented progressively from FY2013 onward

company's lowest "core posts" are at the department manager level, and people in posts as low as assistant section manager may be named as candidates for these posts.

(v) Final selection for transfers and promotions is decided by the management via its personnel management authority, after hearing the opinions of the related divisions. The decisions do not always follow the "*kōkeisha plan*," and sometimes personnel assignments deviate from it.

(vi) The "*kōkeisha plan*" system has become a systemic basis for effectively pursuing the PDCA cycle of human resource development. In the company's human resources division, different sections are in charge of personnel assignment, personnel development, evaluations and so on, but by creating opportunities to discuss these and a consistent format for operations, coordination and cooperation within the human resources division has advanced and it has become possible to create personnel development plans from a comprehensive standpoint. Since these plans are clearly stated in writing, departments are more strongly required to implement them. In the past, human-resource development from a medium- to long-term perspective was sometimes postponed in order to handle tasks at hand, but this system is expected to help avoid this issue.

(vii) Thanks to the "*kōkeisha plan*," post requirements and human resource information are clearer and more accessible, and it appears that the extent to make decisions on objective grounds has increased.

To summarize, Company E's "*kōkeisha plan*" appears to contribute to more rational personnel development and selection of managerial and executive human resources, but it is also necessary to take into account certain costs incurred in implementing the system. It takes time and effort to select up to nine candidates for each core post, and for the human resources committee to consider their validity and prepare to respond to inquiries from supervisors. This was one of the reasons the number of core posts was reduced in 2016. In that sense, one could say Company E's "*kōkeisha plan*" is still seeking the right balance of costs and benefits.

V. Current situation of Talent Management at case-study companies

First let us briefly summarize the characteristics of these five case studies. All of the case study companies are working to build more effective internal personnel procurement mechanisms. However, as shown in Table 6, there are some differences among the areas of focus. Three types can be identified: Type 1 (Company A, Company B), which emphasizes both domestic and overseas reform, Type 2 (Company

Table 6. Targets of systemic reforms at case-study companies and methods of forming executive candidate groups (methods of monitoring human resources)

	Company A	Company B	Company C	Company D	Company E
Main target areas for systemic reform	Domestic / overseas business locations	Domestic / overseas business locations	Primarily overseas business locations	Primarily domestic business locations	Primarily domestic business locations (but also implemented at overseas locations)
Main target people for systemic reform	Those hired in Japan (especially young employees) / Those hired locally overseas	Those hired in Japan (plan to focus especially on young employees) / Those hired locally overseas	Those hired locally overseas	Those hired in Japan	Those hired in Japan
Method of forming executive candidate group	People-based / Position-based (primarily people-based)	People-based / Position-based (incorporating people-based into position-based)	Position-based (succession plan)	People-based (employee category and qualification grade)	Position-based (succession plan)

Source: JILPT, 2017.

D, Company E), which emphasizes domestic over systemic reform, and Type 3 (Company C), which emphasizes overseas reform.

Regarding the content of systemic reforms, all the case-study companies are similar in that they form something like a future executive candidate group, which they are seeking to develop in preparation for a potential future post. However, there were some differences in the methods used to form the candidate groups: (1) People-based, i.e. identifying human resources within the company that are thought to have the requisite abilities, or are of particular interest and identifying them as a pool of human resources with potential, (2) Position (post)-based, i.e. identifying positions to be filled and then searching for human resources that might be capable of filling them as successors, and (3) Employee categories and qualification grade-based, i.e. forming a pool of potential candidates based on these criteria. Some of the companies employ some combination of these approaches. Companies A and B use both (1) and (2) but with an emphasis on (1), whereas Company C (overseas) and Company E primarily employ (2), while Company C (domestic) and Company D use method (3). Of the three methods, (3) is more conventional while (1) and (2) are newer approaches.

From the above, it is evident that while all the companies share the formation of a pool of human resources with potential and the development of these human resources, there are variations in the approaches to monitoring them and the scope of people to whom the system is applied. Is there a possibility of these systemic reforms having an influence on hiring and employment practices that have been noted as characteristically Japanese? Let us summarize points related to this question, in light of the three areas of interest outlined in II-3. (Research questions) of this article.

V. 1. Methods of forming corporate talent pool (systemic reforms' target regions, target employees, and methods of forming executive candidate groups)

While there are differences in approach and degree of effort being made, all of the case-study companies formed talent pools, i.e. groups of future executive-candidate human resources. Two methods are used to create pools. One is position-based and entails identifying successors for positions. The other is people-based and entails assembling human resources that appear to have the potential to uphold the company in the future, regardless of their current position. Some companies implement some combination of these approaches. A common trend is for companies to form a cluster by narrowing down the target personnel, and to offer development opportunities preferentially to the cluster. This is true for both the position-based and people-based approaches.

Of course, there are also differences. One relates to two different ways of managing the total number of talents. With the position-based approach, the total number of people in the pool is the number of positions being tracked multiplied by the number of successors per position. This means that if the structure of the organization is constant, the total number of talents remains constant as well, i.e. for example, if there are three positions being monitored and three successors for each position, the pool consists of a total of nine people. If a new successor is added, then one of the existing successors will have to be removed from the group. Of the case study companies, Company C (at its overseas subsidiaries) and Company E primarily identify executive candidate human resources through position-based pool formation.

Meanwhile, with people-based pool formation, the total number of talents is ambiguous compared to the position-based approach. Human resources are assembled through selective training or other programs, and each year new human resources are added to the pool. For example, the human resources pool may currently contain 40 people, but if 10 new people are added, there will be 50. People only leave the group if they are appointed to one of the higher-level posts or duties, or it is evident that there is an extremely low possibility of their being appointed. Also, a person leaving the pool does not necessarily mean a new person will be added. This amounts to a fundamental difference between two approaches in how human resource pools are managed overall. Company A, Company B, and Company D were the ones that

identify future executive-candidate human resources primarily via people-based. Among them, Company D creates significantly larger human resources groups, based on an employee category and qualification grade system. As mentioned earlier, this seems to be in line with the traditional Japanese way. By contrast, Company A aims to form pools through specialized tracking of personnel via selective training program that is not related to qualification grade, while Company B specially tracks people as "CC Personnel."

In this sense, the methods of pool formation at Companies A and B can be regarded as a new development. However, there are cases like at Company D where the pool of human resources with potential is large, but gets narrowed down as the years go by, putting it in line with the overall trend of narrowing down the target group.

V. 2. Actual situations of growth opportunities offered after talent selection

One thing common to all case-study companies is that they make attempts to develop long-term plans, at least for human resources seen as having potential. With the people-based approach, as at Companies A and B, employees seen as capable of reaching the upper levels of the organizational hierarchy (future executive class) are identified, and personnel development is (or is planned to be) carried out so that they actually reach these levels. Meanwhile, with the position-based approach as in Company E, efforts are being made to develop human resources by extending the target to the post-next generation, ten years ahead. Among all the case study companies an evident commonality is the formulation of plans and development of human resources over the long term. Another shared trend is the strategy of utilizing human resources across the entire corporate group rather than only the non-consolidated.

In general, we can say that the underlying aim of these initiatives is to construct mechanisms for cultivation of outstanding human resources, without being influenced by personnel changes within the organization, so as to generate future managerial and executive personnel consistently. These initiatives seem to share the common goal of steadily securing human resources to minimize the impact of changes of top management and supervisors and ensure there are personnel in place to take charge of future management.

However, in some cases there are problems in practice. Particularly at Company B and Company D, there were problems with offering growth opportunities. As a whole, while all companies can agree on the importance of providing opportunities, that is, giving talented human resources tough assignments via wide-area transfers across different business area or geographical region, it seems that personnel development does not go according to plan when these are actually implemented.

In order to carry out personnel development through reassignments, it appears important for the entire company to take part in initiatives. As a matter of fact, Company A, which has been able to reassign human resources seen as executive candidates effectively, the president is directly involved in creating and operating the system. At Company C also, when "succession plan" is decided, the top tier of the company makes the final decision. Regardless of whether the system targets the company as a whole or a specific department, it seems vital that initiatives involve the top tier of the company.

VI. Discussions

VI. 1. Relationship between introducing Talent Management systems and Japanese-style human resource development practices

VI. 1. 1. Non-step-by-step internal personnel development and transfers

Examination of Companies A and B, which have introduced people-based approach, reveals that while both internally procure human resources, there are various points of conceptual disparity from what has been indicated in previous studies. First of all, there is a new concept of defining the highest attainable position in advance and then formulating an internal career path toward this position. This

differs somewhat from traditional internal procurement of human resources, where employees rise from the bottom toward the top of the hierarchy, step by step, with the appropriate personnel selected for promotion out of groups that joined the company at or around the same time. It seems that Company A's message of developing *human resources with executive management ability* rather than just *people in managerial positions*, is aimed at personnel development that differs from the conventional internal-promotion development approach.

Also, there is the practice (currently implemented or implemented on a trial basis) of putting employees through "tough experiences" so that they can acquire the skills required of future management and executives, which include transfers to different business units and regions. This concept can be said to differ from the typical white-collar human resource development policy of gradually building experience with similar or highly relative work as noted by Koike and Inoki ed. (2002).

With regard to the next-generation executive candidate pool, these features may arise from the objective of development, which is to cultivate qualities such as willingness to take on challenges and make judgments and decisions, which will be required to carry out tasks like launching new business units or withdrawing deteriorated business in order to keep the company viable. The skills to carry out work such as manufacturing and sales can be acquired through accumulation of similar, related work experience via regular personnel rotation, but the company appears to see the unconventional, more broad-based transfers as a way of acquiring managerial and executive qualities.

VI. 1. 2. The challenge of altering existing promotion practices

The above-described approaches to personnel development may entail changes to existing promotion structures. In particular, initiatives based on people rather than on positions, which do not depend on employee category or qualification grade, seem intended to change companies' existing promotion practices. For example, Companies A and B group younger employees into talent pools, and there appears to be an intention to place selected personnel on a separate "express track." We can interpret this strategy as an attempt to change the existing promotion speed.

This is easily recognizable in Company B, which incorporates a people-based approach into its position-based. When management is position-based, candidates always come from the tier immediately below the position in question, so it is difficult to vary the established promotion speed. Personnel in the immediately lower tier have all risen through the ranks step by step in the conventional manner, but it is hoped that formation of talent pools via people-based ("CC Personnel") will change the existing structure. We could say that the people-based formation of future executive-candidate groups, in a manner that differ from conventional employee category and qualification grade systems for gradual, internal acquisition of abilities within the company's organizational structure, has the power to weaken the existing step-by-step internal promotion structure to some extent. In the future this may lead to a change in the structure of seniority-based promotions through gradual competency building.

Conversely, when talent pools are formed using a position-based approach, people are only promoted step by step to the rank immediately above, so it seems difficult to generate sufficient momentum to change the existing promotion structure. In these cases, companies seem to aim at improving the stability of personnel procurement functions while maintaining existing practices.

VI. 1. 3. Utilization of various attributes (homogenization of heterogeneous tiers within organizations)

Another aspect to point out is the difference from traditional Japanese-style personnel management. That is, seeing personnel with a range of attributes as executive-candidate human resources, and aiming to develop and utilize their potential.

Several of the case-study companies are making serious attempts to utilize non-Japanese personnel locally hired overseas as executive candidates for their overseas subsidiaries. This trend is in line with

broader initiatives for the utilization of human resources not only at the non-consolidated company but also of group companies, as well as actively seeking executive human resources that were not hired as new graduates. This trend is characterized by attempts to homogenize employees of the company. For example, in selective training program for local human resources working at Company A's overseas business locations, in addition to the management philosophy, attempts are being made for to foreign executives to gain an understanding of budgeting mechanisms (i.e., target setting) and the reasoning behind them. For employees in Japan, this is taught immediately after joining the company and is taken for granted. Here, an attempt is being made to share things that are considered a matter of course by employees in Japan with local personnel at overseas business locations as well. In sharing specific methods and way of thinking about business operations with local human resources at overseas business locations, this initiative marks a step forward.

At Company C, in implementing the "succession plan," clarifying the roles the company requires for specific posts in the form of a mission statement not only deepens local employee's understandings on roles of specific posts, but also makes it clear what local employees need in order to be promoted to higher level posts. In doing so, the companies try to avoid mere "job descriptions" and stick to explanations of the company mission. In this way, implementation of the "succession plan" entails coordination of the local people's way of thinking and the employee image sought by Company C.

By creating opportunities to explain not only the company's vision but also the specifics of business management and the roles employees are expected to play, the company shows that it is not merely asking local human resources to "fill positions," but to play active roles in the group management of entire company. This can be called a qualitative change that cannot be assessed simply with numerical localization indicators (increase in percentage of local employees). This kind of movement can be interpreted as bringing local human resources closer in line with Japanese human resources, that is, an initiative toward homogenization of locally staffed organizations. Caution is required before judging whether this homogenization will promote a homogenizing tendency in human resources throughout the company, but at least the initiative is moving the future executive-candidate group of local human resources closer to their Japanese counterparts.

Meanwhile, there are cases such as Company A where (a) attempts are made not merely to select and manage younger personnel, but to develop them into human resources that can take over management in the future, (b) human resources with potential as future executive candidates are selected even if they have had uneven personnel evaluations, and (c) there are initiatives that can be regarded as attempts to incorporate diverse groups into the core of conventional full-time employees, including female employees in Japan. Here in Japan, the trend is toward development of more varied core employees who are future executive candidates rather than insisting that all employees fit the company's conventional mold. This is an interesting point in that we are seeing moves toward increasing heterogeneity in Japan, while toward increasing homogeneity overseas.

In light of the above points, it seems that the utilization of diverse human resources (greater flexibility regarding their attributes) is advancing, and some companies intend to develop human resources that have the company "color" to some extent but are not all exactly the same shade.

VI. 2. Issues and future direction

There are issues that still remain with this article. First of all, a sufficient sample size was not secured. Moving forward, a lot more case-study companies need to be secured. In addition, for the case studies that were obtained, it has not been confirmed whether the initiatives in question actually boost the motivation of talented human resources. Also, it was not possible to address the relationship between internal and external human resource procurement.

While the above issues are significant, I believe this article's contribution is one of conveying what is

occurring in the real world with regard to Talent Management. It is necessary to investigate and analyze further in the future in order to clarify the actual status of Talent Management in Japan, and to examine the deeper theme of the influence of Talent Management on Japanese-style hiring and employment practices.

* This paper is based on *Research on identifying and training next-generation executives: Focusing on manufacturing companies with global expansion strategies*, JILPT Research Report no.194 (March 2017) with additions and amendments in line with the gist of this journal.

Notes
1. 17.0% of firms cite "strengthening recruitment of talented overseas personnel" as a current challenge, while 37.4% cited it as a challenge to address five years from now.
2. Shown in Koike, Inoki ed. (2002)
3. Sample size 73, interviews were with managers.
4. Participants in the research study were Haruo Takagi (Professor, Hosei Business School of Innovation Management), Hideki Tanaka (Junior Associate Professor Aomori Public University), Hiroyuki Aoki (Professor, Kagawa University), Itaru Nishimura (Researcher, JILPT), Norio Hisamoto (Professor, Graduate School of Economics and Faculty of Economics, Kyoto University) and Takashi Nishimura (Associate Professor Tokyo Metropolitan University Graduate School of Social Science.) (names in alphabetical order).
5. Based on the discussion by Collings and Mellahi, Sato (2016) notes that when the approach is position-centered, "talent" refers not only to internal human resources but also to external ones, and as a result the talent pool is organized to accept both internal and external talent. This article does not deal with the perspective of optimally combining internal and external personnel in this fashion, and it remains an issue to address in future studies.
6. The descriptions of Company A and Company D are mostly based on the sections by Nishimura in the Japan Institute for Labour Policy and Training (2017), Chapter 1 (Company A) and Chapter 4 (Company D). Companies B and C are described in Chapters 2 and 3 of the same report by Nishimura and Tanaka. The description of Company E is largely based on Chapter 5 of this report, by Aoki.
7. "School for Executives" is a name the author uses for convenience and is not the official name used by Company A. The "School for Executives" is a selective training program launched in 2004, and had been carried out eleven times prior to the 2016 survey in order to identify personnel with potential to become future executive officers. More than a dozen people are selected each time.
8. This name was created for convenience by the author and it is not the official name given by Company B. HDC is a system that was launched over ten years ago, and considering that the survey was conducted in 2016, it is deemed to have been introduced at the beginning of 2000.
9. Convened and implemented in three tiers, from HDC 1 to HDC 3. The top tier, HDC 1, corresponds to management positions (division manager and above), HDC 2 to managerial positions, and HDC 3 to rank-and-file employees. The committee aims to assign optimal personnel, offer opportunities for employees to show their full potential, and examine employees' professional growth.
10. HDC 1 is a deliberating body that manages and appoints personnel to general manager and manager posts, with board of directors (executive director class positions up to president) as its members. As such it is convened on a broad, Group-wide basis. There are about 150 managerial posts in Japan at the general manager / division manager level, and about 50 top-executive-level posts at subsidiaries including overseas. Within HDC 1 the perspective of utilizing human resources is growing stronger, and the discussion generally revolves around "Who should be assigned to this position?" The HDC 2 committee is composed of four functional units and manages about 400 posts. In the case of HDC 2, general managers often demonstrate leadership and select personnel. Transfers among different business unit headquarters are often discussed by general managers of these business unit headquarters in the course of day-to-day work. There is an HDC 3 at each business unit headquarter which is lower branch of functional units, where they discuss and deliberate on the human-resource development and utilization of rank-and-file employees at that headquarters. This means that beyond simply deliberating on posts, the committee discusses how to develop rank-and-file employees in general. Human-resource development in this HDC 3 is largely left to the each general manager, because it varies widely depending on the business environment where it is located.
11. The survey was conducted in 2016.
12. This name is appended for convenience by the author, and is not the official name given by Company B.
13. Company B has established a headquarters system, with headquarters covering four major functions (engineering, sales/marketing, planning/finance, general staff [administration and human resources]). There are about 30 business unit headquarters.
14. This project name is appended for convenience by the author, and is not the official name given by Company D.
15. This name is appended for convenience by the author, and is not the official name given by Company D.
16. In terms of the number of human resources in each group, as of 2012, there were about 4,000 G employees and about 7,500 L employees.
17. The name of the course classification is provisional, not the official name used by company D.

18. One of the requirements for certification in the X course is "playing the role of head of the department." Not all managerial positions entail the "role of head of the department." For example, the manager of a staff (administrative/HR) section at a subsidiary is not a "head of the organization," which means such managers are in the Y course. However, the head of a branch office, although subordinate office of a subsidiary, plays the role of head of the organization, and thus is in the X course.

19. The Y course has two grades for rank-and-file employees and six grades from Y1 to Y6 for the managerial level. The X course is only for the managerial level, and when personnel are appointed to posts that have a role grade, they are assigned to the X course, which also has six grades from X1 to X6. The names of qualification grades are appended for convenience by the author, and are not the official names given by Company D.

20. For example, younger employees who are working hard are introduced during monthly meetings of local branch office managers. This means that president and sales division manager of regional branch remember these employees and use the information for candidate selection.

21. For example, whether there have been harassment issues, etc.

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AUTHOR

Itaru Nishimura Vice Senior Researcher, The Japan Institute for Labour Policy and Training (JILPT), Research interest: Industrial Relations/ Human Resources Management. Profile: http://www.jil.go.jp/english/profile /i.nishimura.html