

This five-year series systematically outlines the basis of labor situations and analysis in Japan, covering five field topics.

Corporate In-house Education and Training and Career Formation in Japan (Part II)

Japanese Companies' Commitment to Employees' Career Formation

▶▶ Human Resource Management

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Many of Japanese companies are exploring various different measures focusing their employees' career formation. They find it difficult to expand their corporate organizations amid a changing social environment including a low-growth economy, declining birthrate, and aging population. They also see the need to further advance the internationalization of corporate management. Also propelling this endeavor are society-wide demands for continued employment for the elderly and increase of women's career formation opportunities.

This article describes these companies' commitments, based on the results of the "Survey on human resources development and career management in companies" conducted by the Japan Institute for Labour Policy and Training (JILPT) to more than 300 large companies between January and March 2016.¹

I. Recent activities of Japanese companies

What matters for current Japanese companies regarding human resources development and career management of their regular employees? Among the 531 companies, the most common response, given by about 70%, was "Boosting the overall competency of employees" (Figure 1). Following this, the second most was "Clarification of values we want to share across the entire company," cited by more than 50%.

It is notable that the majority of respondents cited efforts that encompass their entire organizations, whether they are boosting the overall competency of employees or clarifying the values they want to share throughout the company. Despite, or perhaps because of, the recent widespread emphasis

for "individualization" of personnel management and labor relations—such as systems for evaluating and correspondingly treating employees based on performance, and the principle of "self-reliant

career formation"—in many large companies, a trend toward increasing the functionality and value of the organization as a whole has been observed. The third most frequent response, given by nearly half of companies, was "Strengthening of ties between management plans/policies and human resources development." Like the two responses cited above, this is also an approach to human resources development for the entire organization's current direction.

Naturally, the areas of focus vary from company to company. When viewed by industry, "Cultivation of personnel that can work effectively overseas," a response largely given by only single-digit percentages in other industries, reaches 24.8% in the manufacturing sector. This seems to reflect the current status of manufacturing, in which significant overseas business development is occurring.

Differences among industries are also noticeable with regard to "Cultivation of personnel with advanced expertise." This was emphasized by about 60% of respondents in the construction industry, and about 50% in medical, health care and welfare and the service industry respectively, but only about 20% in wholesale and retail trade as well as education, learning support. In medical, health care





Source: The author, based on JILPT, 2017.

Figure 1. What Japanese companies are currently emphasizing with regard to human resources development and career management of regular employees (multiple responses)

and welfare, operations are largely carried out by professionals, such as medical doctors, nurses, care workers, while in construction, the structures built and the specialties of construction are becoming increasingly compartmentalized and sophisticated, making these industries place a relatively strong emphasis on the training of highly specialized human resources compared with other industries. Meanwhile, the relatively high response rate from the service industry appears to reflect the fact that Japan's service-industry enterprises (in particular large companies) are focusing on advanced and specialized service fields in order to generate sufficient revenue to maintain and develop their organizations.

II. Trend toward increasing interest in fostering next-generation executives

Looking ahead, what sort of human resources development and career management efforts do major Japanese companies intend to pursue? Figure 2 shows a comparison of responses regarding future intentions and initiatives already underway.

The top five responses regarding initiatives to pursue in the future were “Cultivation and appointment of female managers” (43.3%), “Fostering self-awareness among next-generation section chief and director candidates” (39.9%), “Boosting the overall competency of employees” (38.0%), “Promotion of work-life balance” (37.5%), and “Strengthening of ties between management plans/policies and human resources development” (36.0%), all of which had response rates of around 40%. Perception of the importance of cultivating and appointing female managers appears to be growing among major companies following the August 2015 enactment of the Act on Promotion of Women's Participation and Advancement in the Workplace (APWPAW), which from April 2016 newly obliges large companies with 301 or more workers to formulate action plans for promoting women's career advancement. We may infer that those companies promoting work-life balance also have a common emphasis on planning to pursue efforts to support female regular employees and encourage female advancement to managerial



Source: The author, based on JILPT, 2017.

Figure 2. Efforts pertaining to human resources development and career management of regular employees that companies intend to pursue in the future (multiple responses): Comparison with currently pursued initiatives

positions. Meanwhile, it seems that the approach to fostering next-generation section chief and director candidates reflects the concern with cultivating and securing middle management-level personnel, which is increasing mainly at large companies in recent years.²

When the percentages of companies intending to pursue initiatives in the future and currently doing so are compared, the former is 10 or more percentage points higher than the latter with regard to “Cultivation and appointment of female managers” (43.3%–27.1% = 16.2 percentage points, the same calculation applies to the following percentage points), “Cultivation of top management (executives, general managers, etc.)” (14.3 points), “Offering business opportunities beyond the boundaries of departments” (13.2 points), “Distinction between managerial and professional career tracks” (11.3 points), and “Diversity management efforts” (10.4 points). To advance these efforts, various systems in corporate management will be further upgraded.

It is also predicted that changes in organizations, workplaces and individual work approaches accompanying the progress of these efforts will expand in Japan’s major corporate sector.³

III. Links between management policy and human resources development

Since human resources development and career formation management are crucial means of securing human resources, it is logical that there would be some relationship between these and individual companies’ corporate management. We thus conducted a survey on each company’s policies about management-related matters as well as efforts in human resource management of regular employees. Utilizing the results of this survey, we examined differences in the contents of career formation management among companies with contrasting views on various matters (Table 1).

The difference in management policy related to the target market most influences efforts to

Table 1. Corporate management policies and currently emphasized efforts regarding human resources development and career management of regular employees

Item / Content of policy	n	Clarification of values we want to share across the entire company	Strengthening of ties between management plans / policies and human resources development	Cultivation of personnel with advanced expertise	Cultivation of top management (executives, general managers, etc.)	Boosting the overall competency of employees	Selective training for some employees	Distinction between managerial and professional career tracks
① High quality vs. low cost								
Boosting competitiveness through high added value	419	54.2	48.7	37.5	19.6	70.2	29.8	8.4
Boosting competitiveness by cutting costs	78	50.0	41.0	33.3	17.9	66.7	25.6	9.0
② High quality vs. stronger sales and marketing								
Emphasis on heightening quality of products and services	379	54.4	47.8	39.6	19.5	71.0	27.7	7.9
Emphasis on strengthening sales and marketing	116	50.0	45.7	28.4	19.0	67.2	34.5	10.3
③ Scale of enterprise								
Emphasis on maintaining current size	286	52.4	44.8	38.5	17.8	70.3	24.5	8.4
Emphasis on expansion of the size	209	55.0	51.2	34.4	21.5	69.4	35.9	8.1
④ Self-sufficiency vs. specialization								
All steps from development to manufacturing and sales carried out in-house	254	52.8	48.4	33.9	20.1	67.3	31.1	8.3
Focus on areas at which company excels	216	52.8	44.0	38.9	19.4	72.7	28.7	9.3
⑤ Relationship between business strategy and human resources								
Business strategy tailored to current personnel	188	50.0	44.7	36.2	16.0	70.7	21.8	8.0
Personnel hired to fit business strategy	313	55.3	48.6	37.4	21.1	69.0	33.5	8.6
⑥ Broadening or deepening market								
Emphasis on expansion of new business units	161	55.3	52.8	35.4	21.1	73.3	34.2	9.9
Emphasis on maintaining and reinforcing existing business units	335	51.9	44.2	37.3	18.2	68.4	26.9	7.8
⑦ Domestic vs. overseas								
Emphasis on domestic market	432	53.7	46.5	35.4	18.5	70.1	27.8	7.4
Emphasis on overseas market	57	54.4	49.1	45.6	26.3	70.2	43.9	17.5
⑧ Speed of business development								
Emphasis on speed of business development	237	58.6	53.6	36.7	23.6	73.8	33.3	9.3
Business development carried out cautiously	263	48.7	41.4	36.9	15.2	66.9	25.5	8.0
⑨ Decision-making procedures								
Emphasis on top-down decision-making	430	54.7	49.3	37.0	19.5	69.5	29.1	8.6
Emphasis on bottom-up decision-making	76	46.1	35.5	35.5	15.8	69.7	27.6	7.9

Source: The author, based on JILPT, 2017.

Note: Among companies with different policies for each item concerning corporate management, areas with a response rate differential of 10 percentage points or more are in bold letters and shaded areas.

(%)

Reduction of department- and division-manager level posts	Promotion of self-awareness among next-generation section chief and director candidates	Offering business opportunities beyond the boundaries of departments	Placement of employees that reflects their own wishes	Promotion of employees' self-reliant career formation	Promotion of work-life balance	Cultivation of personnel that can work effectively overseas	Cultivation and appointment of female managers	Diversity management efforts
3.1	41.5	15.0	15.5	28.9	39.9	11.2	28.4	12.6
1.3	37.2	9.0	10.3	17.9	29.5	12.8	24.4	14.1
3.2	39.8	14.2	14.8	28.0	39.6	12.4	29.0	12.7
1.7	43.1	13.8	14.7	26.7	33.6	8.6	23.3	12.9
3.8	39.5	12.6	13.6	30.1	39.2	12.2	25.5	10.8
1.4	41.6	15.8	16.3	25.8	37.3	10.0	30.1	15.3
3.9	42.5	13.4	15.4	28.0	37.4	15.4	26.8	11.4
1.4	40.7	14.4	13.9	26.4	36.6	7.9	26.9	15.3
2.1	41.5	12.2	10.6	28.2	39.4	10.6	23.9	11.2
3.2	40.3	15.0	17.6	27.8	37.4	12.1	29.7	13.7
1.2	42.2	13.7	16.8	31.1	43.5	11.8	32.3	18.6
3.6	40.0	14.0	13.7	25.4	35.2	11.3	25.4	9.9
3.0	40.0	14.1	14.4	25.9	38.4	7.2	28.0	11.6
1.8	49.1	15.8	19.3	33.3	40.4	43.9	24.6	22.8
3.0	46.0	15.6	19.0	31.6	37.6	13.5	32.9	18.1
2.7	35.4	12.2	11.4	23.6	38.4	9.9	23.6	8.0
2.8	41.2	15.3	15.6	29.1	39.8	10.7	29.3	13.5
2.6	34.2	5.3	11.8	19.7	32.9	15.8	21.1	7.9

enhance human resources development and career management. Companies focused on overseas markets more frequently emphasized the following areas than their counterparts focused on domestic markets: “Selective training for some employees,” “Cultivation of personnel that can work effectively overseas,” “Cultivation of personnel with advanced expertise,” “Distinction between managerial and professional career tracks,” and “Diversity management efforts.” We can infer that selective training for some employees is increasingly necessary for developing human resources responsible for the management of business units and organizations that are growing more and more complex with overseas expansion, and to train highly specialized human resources is so for predominating an edge in international competition. Meanwhile, the distinction between managerial and professional career tracks appears to be emerging as an issue, as companies that emphasize overseas markets seek to effectively train and manage human resources while sophisticating both managerial and specialized professional personnel.

Differences in mentality toward the speed of business development seem to have a significant influence on competency development and career management initiatives. Companies that emphasize speed in business development tend to focus on “strengthening the ties between management plans and policies and human resources development” more strongly than companies that conduct business development more cautiously. Companies focused on speed in business development evidently take into account how smoothly management plans and policies can be realized as businesses, and human resources development of their regular employees is carried out so as not to disrupt effective and efficient flow from management plan and policy to execution.

In addition, compared to companies pursuing business development cautiously, a higher percentage of companies focused on swift business development emphasize “Fostering self-awareness

among next-generation section chief and director candidates.” Here we can recognize the importance of middle managers who hold the key to business development, and can see how actively these companies are working to build managers’ skills and capacities.

Notes

1. This survey was conducted to 9,854 private enterprises and corporations with 300 or more employees in Japan excluding enterprises in the agriculture, forestry and fisheries, compound services, political, economic and religious sectors, etc., with responses from 531 organizations (valid response rate: 5.4%). For details of the survey and its results, see JILPT 2017.
2. See Japan Business Federation (2012) and others for data on the extent of this concern.
3. For example, predicted measures include (i) promotion and advancement strongly characterized by positive action, taking the training and promotion of female managers into account, (ii) further improvement and entrenchment of a fast track for managerial executive training, (iii) development of multi-track human resources management, and corresponding differentiation of regular full-time career tracks, and (iv) revision of the custom of “slow promotion” in the context of an increasing number of foreign employees, etc. Positive action mentioned in (i) above refers to a set of measures targeting women, for the purpose of enabling or encouraging them to overcome or minimize disadvantage in employment, or measures for companies to give women opportunities for advancement in the treatment.

References

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