

# UTILIZATION OF GLOBAL TALENT BY A JAPANESE COMPANY: A CASE STUDY ANALYSIS

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**Abstract** - In Japan, one of the current serious problems faced by organizations is the labor shortage due to a declining birthrate and an aging population. At the same time, the Japanese government has proposed establishing a next-generation smart society “Society5.0.” For this purpose, proactive recruitment of individuals with outstanding talent and having advanced knowledge and skills from not only Japan but all over the world is necessary. This study focuses on a Japanese company that effectively inducted highly skilled people, including non-Japanese individuals, embracing diversity and inclusion, which has accelerated the growth of the company. Through case study method, this paper clarifies how the Japanese company has utilized and thereby included global human resources in the organization.

**Keyword** - Diversity, Inclusion, Japanese Company, Global Talent

## I. BACKGROUND

Japan is known for its monoethnicity, with 97% of its population being Japanese. It is one of the least ethnically diverse countries. Traditional human resource management of Japanese companies has guaranteed long-term stable employment, as stability is based on the seniority of the Japanese employees. Companies achieved high productivity due to the factor of high belongingness that employees felt at their workplace, which led to the formation of monocultural organizations.

In recent years, however, Japanese companies have been facing a serious problem of labor shortage due to a declining birthrate and an aging population. As shown in Figure 1, Japan’s labor shortage is significantly large, in comparison to other countries.

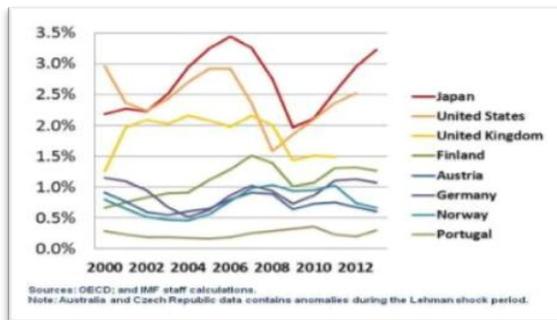


Figure 1. Job vacancies per labor force population.

The government of Japan, at the same time, has proposed a next-generation smart society—“Society5.0,” which is to succeed the hunting society (Society1.0), agricultural society (Society2.0), industrial society (Society3.0), and information society (Society4.0). “Society 5.0” is expected to provide products and services that closely meet various needs and that provide both economic development and solutions for social challenges, by

highly integrating cyberspace and physical space (see Figure 2).

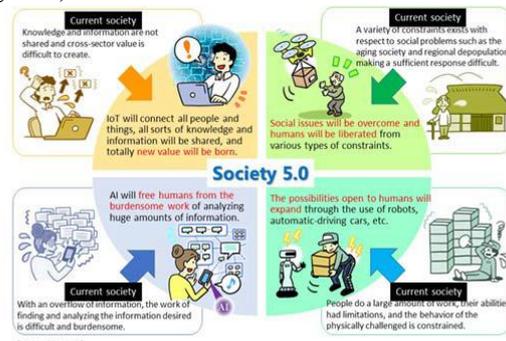


Figure 2. Illustration of the Society5.0.

In order for Society 5.0 to materialize and to build policy and create innovation to serve this goal, it is indispensable to utilize people who have highly advanced expert knowledge and relevant skills. For this purpose, proactive recruitment of individuals with outstanding talent and having advanced knowledge and skills from not only Japan but all over the world is necessary.

This study solely focuses on a Japanese company—referred to here as Company H—that has not only hired highly skilled people from overseas but also effectively utilized all employees, including non-Japanese individuals, embracing the diversity and inclusion, which has accelerated the growth of the company.

Using the case study method, this paper clarifies how the Japanese company has utilized and thereby included global human resources in the organization.

## II. CONCEPTUAL FRAMEWORK

Shore et al. (2011) define inclusion as “the degree to which an employee perceives that he or she is an

esteemed member of the work group through experiencing treatment that satisfies his or her needs for belongingness and uniqueness.”

They present a 2x2 framework of inclusion (Figure 3) in which uniqueness and belongingness work together to create feelings of inclusion.

	Low Belongingness	High Belongingness
Low Value in Uniqueness	<b>Exclusion</b> Individual is not treated as an organizational insider with unique value in the work group but there are other employees or groups who are insiders.	<b>Assimilation</b> Individual is treated as an insider in the work group when they conform to organization/dominant culture norms and downplay uniqueness.
High Value in Uniqueness	<b>Differentiation</b> Individual is not treated as an organizational insider in the work group but their unique characteristics are seen as valuable and required for group/organization success.	<b>Inclusion</b> Individual is treated as an insider and also allowed/encouraged to retain uniqueness within the work group.

**Figure 3. Inclusion Framework.**

Bases on the above “Inclusion Framework”, in the next section, this paper presents how Company H can create inclusive environments that provide opportunities for non-Japanese people who work together in the company.

### III. CASE STUDY

Company H—a cloud security solution company—develops and sells a complete suite of products pertaining to cloud data and storage. It is headquartered in Tokyo, a major commercial and business center in Japan. The company was established in 1996 by three Japanese college students. Shifted to the center of cloud services as a result of the 2011 Great East Japan Earthquake, the company has since then witnessed massive growth and has acquired the top market share in the cloud single sign-on service market, which marks it as the top share 7 years in a row since 2011.

Owing to the rapid growth of the company, there was need to hire engineers outside of Japan to catch up with the extent of development required. They began to hire engineers from overseas in the year 2014, after which they maintained a multicultural workforce. The in-house official language was changed from Japanese to English, to attract multinational workers apart from ensuring smooth information communication. Due to the company’s efforts to create and promote an inclusive workplace for multinational people, presently, they have employees from 18 countries and the non-Japanese employees account for 25% of the company’s strength.

#### **Inclusive leadership**

When the company consisted only of Japanese employees, the top management regarded employees

from a “perspective from the top” (i.e., with the knowledge that authority figures would be blindly followed due to hierarchy), given that the Japanese formed the majority. However, after the company changed its official language from Japanese to English, non-Japanese employees were found to be fluent in English and the top management realized that they were also a member of diversity. This prompted them to change their leadership style to an inclusive one. The three board members who had started this company as college students continue to work together and have ensured that initiatives to create a flat and fair environment are promoted, so that organizational members are treated as insiders. The distance between the board members and employees is kept very close, and employees communicate with the board members on a daily basis for work-related matters. The management encourages the employees to be brave, take up new challenges, and enjoy change. Initiatives for change and improvements are continuously undertaken across the board to create a better corporate environment. A fair environment is maintained for individuals to grow and they are supported to embrace any type of failure that might lead to the next step instead of condemning it right away. Every employee’s ideas and opinions are considered seriously, and this helps retain the uniqueness within the company.

#### **Inclusiveness climate**

In the past, the Japanese would spend time together outside of working hours by going out for drinks or group dinner. These activities strengthened the relationship among the Japanese and increased the trust they shared. On the other hand, people of other cultures could not build the same degree of trusting relationships without putting themselves in the same social circle as the Japanese, and sometimes felt a sense of alienation. In recent times, the company has established a system that enables employees to gather regularly and continue conversation, thus sharing information. Every day, you see organizational members bringing their country’s recommended coffee, establish their daily coffee time, and periodically invite chefs from outside to conduct free communication lunch service. The company has developed an open-minded and diverse culture. Members with multicultural background and international experience, assume the role of a multicultural mentor who helps bridge the culture gap among people within the organization, thus supporting deeper understandings among organizational members of different cultures in the company.

On the whole, through the above-mentioned processes, Company H has consistently taken initiatives to create an inclusive environment for its

employees, through which they not only see themselves as insiders but also retain the uniqueness within the organization.

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