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Labor Practices  A Strategy for Growing Together with Our Global Human Capital

## A Strategy for Growing Together with Our Global Human Capital

### Hitachi's Approach

The globalization of the economy has led many companies to accelerate the shift toward multinational operations. Fostering global human capital has thus become indispensable to providing common global services while at the same time meeting the needs of each country and region. Impacting heavily on the employment and human resource strategies of companies over the medium- to long-term, though, are the falling birthrates and aging populations of industrial countries and the population explosion in developing nations.

The Hitachi Group, with a combined workforce of around 340,000 people engaged together in business activities in countries and regions around the world, is promoting a global human capital management strategy. We are fostering human capital through a diverse array of initiatives, such as hiring and promoting to management positions non-Japanese personnel, drafting measures to share values and promote mutual understanding, and formulating programs to develop human capital capable of meeting the needs of global operations.

### Global Human Capital Development

#### Advancing Global Human Capital

Our Group-wide global human capital management strategy optimizes both human resources and organizational performance in pursuit of Hitachi's goal of becoming a major global player.

One example of our initiatives is the Global Human Capital Database covering all Hitachi Group employees, excluding factory workers outside Japan. This database enables us to fully ascertain the status of worldwide Group human capital and to assess macro management data, such as the allocation of human resources. We have also built a global grading system that applies to all managers in the Hitachi Group worldwide, using it as a common platform for job evaluations throughout the entire Group and as a common standard for assessing the value of management duties.

In addition, we introduced a performance management system at Hitachi, Ltd. and at some Group companies worldwide to link the operational business goals and individual skills, with the aim of mutual sustained improvement and growth of both businesses and individuals. This system will be expanded to include more companies. With an eye to supporting the advancement of employees as our global operations expand, we are introducing common global hiring systems to secure talented personnel, boost efficiency, and reduce hiring costs.

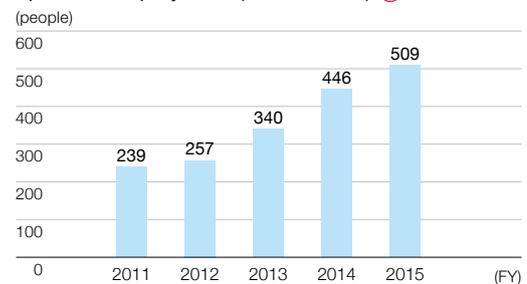
### Global Recruiting and Globalizing Human Capital

As a means of opening up global markets, we have been accelerating the globalization of human capital in Japan through three initiatives: (1) recruiting personnel in Japan who can promote global operations, (2) providing more young Japanese employees with experience outside Japan, and (3) comprehensively implementing globally unified management training.

With an eye on the globalization of our business, we are committed to hiring activities that secure the right personnel. In principle, we categorize all employees graduating from universities and technical colleges as global business personnel who can contribute to driving our global operations. Our priority for employing global business personnel is to attract people who are eager to build their foreign language skills and relish the challenge of working in different cultures, social settings, and work environments.

#### Key Indicators

- Non-Japanese Employees\*<sup>1</sup> (Hitachi, Ltd.) 



\*1 Figures include contract-based technical intern trainees with fixed terms.



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### Providing Young Employees with Overseas Experience

Hitachi maintains broad programs to systematically cultivate and secure people who can succeed in global business. To develop the careers of people who can understand and adapt to local cultures and lifestyles, we have offered a program for younger employees to live outside Japan. We have sent around 4,800 young Group employees over the five years beginning with fiscal 2011, allowing them to take part in more than 80 programs, including understanding other cultures, language studies, local field studies, and internships, as well as opportunities to work with local people to resolve social issues. In fiscal 2015, we shifted our focus to this practical, work-related model of overseas postings, instead of the former emphasis on language training and cross-cultural activities, to accelerate our fostering of employees ready to take on global tasks.

### Globalizing Management Training

Along with the rollout of global human capital management, we are also globalizing our human capital development programs.

Since fiscal 2012, we have been holding the Global Advanced Program for Leadership Development (GAP-L) every year in Singapore. The program mainly targets local human resources with potential to be active at our overseas subsidiaries, aiming to foster individuals who can play leading management-level roles at local subsidiaries. In fiscal 2015, 24 leaders from around the world took part in the program. In addition, since fiscal 2013 we have been implementing the Global Advanced Program for Key Positions (GAP-K), which targets management candidates. In fiscal 2015, 22 people selected from Japan and India participated in training under the program for three months.

These programs focus on global business expansion by creating customer value and the requisite leadership skills, moving us closer to our goal of becoming a major global player. In the GAP-K program in particular, time is set aside for participants to look at themselves objectively and gain a deeper understanding of the Hitachi Group Identity, in addition to learning and discussing strategies for global business expansion with a special emphasis on emerging markets.

Starting in fiscal 2014, we also initiated standard training courses for general managers and new managers, with around 4,300 people taking part across our global Group operations. As global human capital management evolves to realize Hitachi's management strategies, we will globalize our management development programs and continue to cultivate leaders to guide us toward further growth.

### Career Development Support

There are differences among individual employees with regard to what they find fulfilling in their lives and careers. Bearing this in mind, Hitachi has developed a broad range

of career development support that focuses on employees' "internal careers," namely, their individual values and views on the significance and meaning of their work. In addition to ensuring that these individuals can fulfill their potential and maximize their creativity, our aim is also to link that individual growth to the positive outcomes and growth of the organization, thereby enhancing our corporate value. Along with promoting self-understanding and fostering strong individuals with the independence and autonomy needed to think and act for themselves, we also are providing support to create a framework for the organization to benefit from the engagement and motivation of individual employees and to enhance mutual understanding as a way of fostering the teamwork needed to enhance organizational strength and performance.

### Future Initiatives for Career Development

In pursuit of becoming a major global player, we are prioritizing individual and organizational performance. We create value built on employees' individuality and personal aspirations by implementing Hitachi's Global Performance Management (GPM) grounded in diversity and the individual. We are also committed to supporting career development by fostering communication and mutual understanding between employees and their organizations based on programs encouraging individual employees to take greater control of developing their own careers. In these ways, we provide the resources and tools that enable a wide range of people to work together with enthusiasm.

### Conducting a Global Employee Survey

Since fiscal 2013, we have been conducting the annual global employee survey, Hitachi Insights, as a way of measuring employee engagement.\*1 In September 2015, the survey was administered for the third time. Around 210,000 employees worldwide were sent the survey in one of 13 different languages, and roughly 170,000 responses were received. For the second consecutive year, the results in all 13 categories improved compared to the previous fiscal year's results. The year-on-year improvements were the outcome of the in-house departments and organizations examining the results and implementing improvements, in line with the PDCA (plan, do, check, act) approach. We intend to continue making improvements.

Overall, among the 13 categories, Hitachi scored well as in previous surveys in "pride in your company" and "your supervisor's management," but less well for the category "resources and support." This suggests that employees are proud to be part of a company that is aiming to grow along with society through its Social Innovation Business, but that many employees felt that Hitachi can do better on the level of staffing as well as information and resource tools. In addition, in fiscal 2015 we expanded the range of an initiative begun in the previous fiscal year to directly send the survey results to section and department heads so that they



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can confirm the survey results and communicate with their team members, with the aim of promoting concrete initiatives. In fiscal 2016, in line with our Mid-term Management Plan, the content of the survey will be revised, along with providing support to in-house workplaces to continually implement the PDCA cycle, as a way to further enhance the level of engagement within Hitachi as a whole.

\*1 Hitachi uses the term “engagement” to refer to employees’ understanding of the company’s strategies and policies, as well as their job satisfaction and desire to take actions on their own initiative to bring about results.

### Career Development in the Workplace

For Hitachi, the center of career development is the daily work that employees perform in the workplace. Based on our Global Performance Management (GPM), we implement a cycle aimed at the growth of each employee through a process in which goals for daily tasks are set and then pursued, followed by the evaluation of the results to formulate the next objectives. Every fiscal year we also conduct “performance planning,” in which individual employees work with supervisor guidance and support, consulting with the supervisors to reach a consensus regarding short-term objectives. These consultations include discussions about past work and evaluations of the content of the work performed to date and the degree to which goals were met, followed by the setting of goals for the next fiscal year. Repeating the GPM cycle improves individual performance and further increases motivation and creativity. This in turn spurs individual growth and improves organizational results. Along with GPM, employees also take part in career consultations with their superiors to discuss their medium- and long-term career plans regarding such matters as requests for transfers or overseas postings.

In addition, Hitachi administers the Career Counseling Center as part of our career development support, in order to provide employees with professional counseling services to help them proactively address concerns related to such issues as their jobs, career plans, or personal relations.

### Promoting Career Development Workshops

Along with our workplace career development, we also provide direct support for individual career development through our career development programs. Our key program is the Hitachi Career Development Workshop (H-CDW), launched in fiscal 2002 as an initiative across Group companies in Japan. Around 8,600 people have participated in the program so far (as of March 31, 2016), with a focus on technicians, managers, and researchers in their 30s. Participants use self-analysis to deepen their self-understanding with an emphasis on their “internal careers,” affirming their career direction, goals, and paths so that they can direct the development of their own career and skills. H-CDW has gained recognition as a high-quality program for in-house career development that has built up research and improvements during a period of over 40 years.

In addition to those programs, Hitachi also offers programs targeting specific age groups, such as our career education for younger employees and our training for middle-aged or older employees to help them prepare for the changes ahead in their professional life.

### “Adventure Kids in the Company” Implemented

Hitachi’s Financial Systems Department is implementing a 10-day training program for all of its new employees called “Adventure Kids in the Company” that involves explaining the financial systems profession to sixth-year elementary school students. Under the training, the new employees formulate a plan for the program while receiving support from fourth-year employees acting as “team leaders.” They then create presentation materials based on interviews with mid-level managers recommended by each section head regarding “work they consider meaningful.” The department head also takes part in meetings where the first-year employees refine the content of their presentations before giving them to the students to convey the joy of work.

For the new employees, preparing a presentation geared to the understanding of elementary school students, within a limited timeframe, helps them to assimilate the key concepts of quality and deadlines—essential to the financial systems sector that supports social infrastructure. The process is also a way for the newcomers to learn about client relations while building rapport with colleagues who entered the company before them.

The team leaders, for their part, gain insight into the challenge of management through the team coordination experience. The program allows participating managers to look back on past experiences and gain new perceptions from them. Finally, for the section heads who choose participants from among the young employees and managers, the program is part of their ongoing responsibility to choose the most appropriate employees for a given task. In these ways, the program brings together various levels of the organization in an ongoing project.

The program was launched in 2009. To date, 338 new employees have participated, as well as 47 fourth-year employees and another 47 managers.