

## Overview

# Hitachi's Global HR Resource Strategy

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## 1. Introduction

To attain the objectives of the 2018 Mid-term Management Plan, Hitachi is seeking to position itself as an innovation partner for the Internet of Things (IoT) era by promoting its Social Innovation Business worldwide. To achieve this management strategy, Hitachi needs to identify the requirements demanded of its organization and its workforce. Human resource (HR) management strategies always need to be created in accordance with management and business strategies. This article presents Hitachi's work on creating a global HR strategy designed to harness the individual strengths of a diverse workforce and to grow the organization. This work includes initiatives such as creating a global common platform for HR management that will be needed to enable Hitachi Group employees to provide solutions spanning multiple countries and business departments in line with the One Hitachi concept.

## 2. Hitachi's Management Strategy and HR Management

### 2.1

#### Requirements for the Organization and Workforce

Hitachi's Social Innovation Business calls for collaborative creation of unprecedented new solutions in partnership with clients. These solutions are made

possible by identifying client issues or issues of public concern, and using the Hitachi IoT platform, Lumada, as a central hub for combining operational technology (OT), IT, and products. The growth of Society 5.0, Industrie 4.0, Digital India, and other digital markets throughout the world has inspired Hitachi to promote its Social Innovation Business worldwide. The Company is seeking to rapidly shift toward a more global identity. The overseas sales target for FY2018 is 55% of total sales, and the overseas workforce grew to 44% of the total workforce in FY2016 (up from 20% in FY1999).

Hitachi is also moving away from a business model centered around providing products, toward a model that is more deeply involved with individual clients and markets. A key requirement for this transition will be a workforce with better knowledge of local markets throughout the world. To create new solutions by combining Hitachi technologies with its knowledge and resources will require a system for executing business operations across multiple countries, regions, and business departments in line with the One Hitachi concept. Similarly, to accurately identify and find solutions for societal and client challenges will require a mindset and corporate culture that encourage employees to actively share their personal thoughts and ideas.

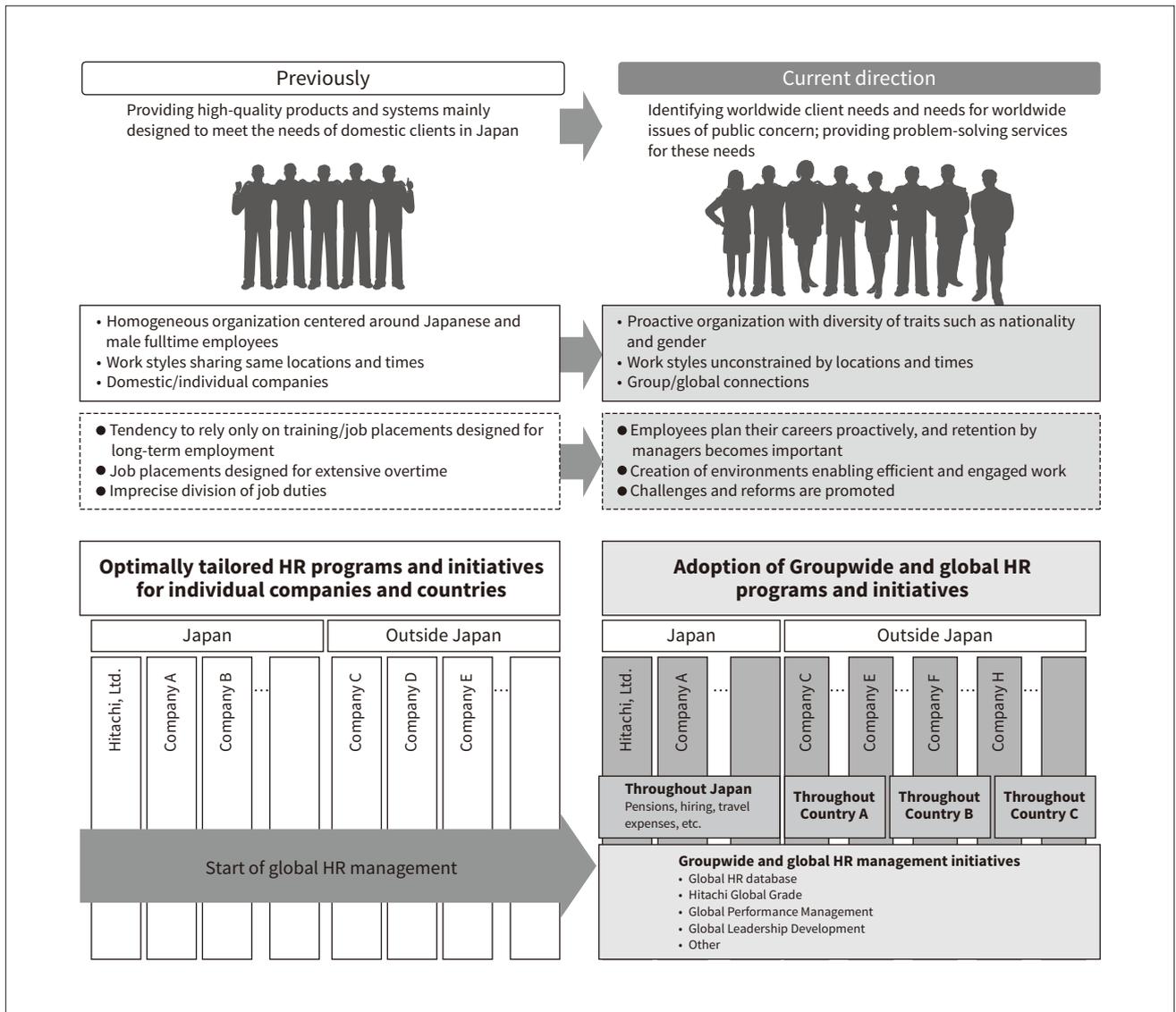
### 2.2

#### HR Management Reform

HR management is another area that requires reform to accommodate the organizational and workforce changes demanded of it. A key requirement for this

**Figure 1 — Background of Shifts in HR Management**

Groupwide and global HR programs and initiatives have been adopted as a way to enable a diverse and thriving workforce regardless of nationality.



area will be finding, placing, and training the best employee for each position worldwide, regardless of traits such as nationality, gender, or age. Working on projects spanning multiple countries, regions, or business departments in line with the One Hitachi concept will require teamwork and collaboration among a wide range of different employees backed by a worldwide system. It will be possible to create global business structures more rapidly by using a worldwide approach to define the roles, responsibilities, and reporting lines of each position more clearly and to promote a common awareness. It will also be necessary to work on creating a corporate culture that recognizes and maximizes the potential of individuals in a diverse and proactive workforce (see **Figure 1**).

### 3. Global HR Management Initiatives

#### 3.1

#### Creating a Global Common Platform for HR Management

Since FY2012, Hitachi has been adopting a variety of initiatives to create a global common platform for HR management. Hitachi business units have traditionally each used their own optimally tailored HR initiatives and programs when expanding overseas. These initiatives and programs have now been organized into worldwide, regionwide, and company-specific categories. Worldwide initiatives are implemented by

the Group headquarters, and regionwide initiatives by the applicable regional headquarters within Hitachi's five-region structure. The next section describes these initiatives in more detail.

### 3.2

#### Global HR Initiatives

Hitachi has started creating a global HR database to identify HR information worldwide. The database is a global resource for the entire Hitachi Group. It holds data for about 250,000<sup>\*1</sup> people, and is used for a number of applications related to HR initiatives.

One of these initiatives is Hitachi Insights, a worldwide employee survey started in FY2013. Hitachi Insights is available in 14 languages on a public cloud platform provided by US technology developer, Perceptyx, Inc. The FY2017 edition received responses from about 164,000 employees worldwide. These responses can help identify strengths and weaknesses in each division, and are used to provide feedback to managers and to improve employee engagement.

Implementing business strategies with a diverse workforce requires role/job-based HR management. Hitachi Global Grade and Global Performance Management are two means being used to achieve this aim. Role/job-based HR management is an approach that forms the organization around the

business strategies required for competing effectively, instead of forming the business strategies around the organization and human resources on hand. The roles and responsibilities of the required job positions are designed, and then the positions are filled with human resources suited to them.

Since defining the roles and responsibilities of individual positions requires a global standard, Hitachi adopted the Hitachi Global Grade system for job positions in FY2013. This grading system uses methodology created by US consulting firm Mercer LLC to evaluate the size of each position's roles and responsibilities on a 9-step scale. It has now been used to evaluate 50,000 managerial-level positions<sup>\*2</sup> worldwide.

The Global Performance Management program was started in FY2014 to define reporting lines, and to keep personal and organizational targets in alignment. It is designed to enable managers to improve the performance of subordinates through coaching and feedback, helping each member make steady progress on achieving organizational targets.

Hitachi has also created a Global Compensation Philosophy that recognizes the principle of pay-for-performance. It ensures compensation transparency and market competitiveness, bringing performance and rewards into closer step with one another.

\*1 March 2017 data

\*2 March 2018 data

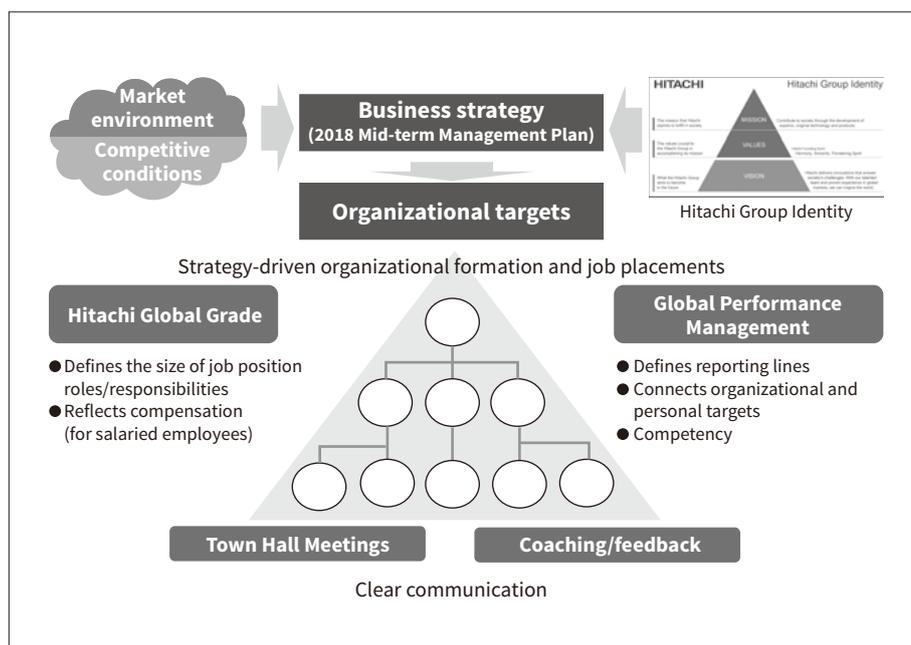


Figure 2 — Hitachi's Vision for HR Management (1)

Hitachi has adopted a role/job-based approach to HR management that uses the business strategy as the starting point for forming the organization and filling job positions.

Employee training programs are vital for global business growth. Since FY2015, Hitachi has been providing a learning management system called Hitachi University that runs on the public cloud platform created by US solutions provider Cornerstone OnDemand, Inc. Used by 300,000<sup>2</sup> employees worldwide, Hitachi University can be used to apply for leadership training and other programs provided around the world, and to take eLearning courses for training in areas such as business skills and compliance.

3.3

**Creating a Thriving and Diverse Workforce**

Along with global HR programs and initiatives, Hitachi has been working on reform efforts designed to create a corporate culture with a thriving and diverse workforce (see **Figure 2** and **Figure 3**).

Hitachi has made a public commitment to ensuring that diversity thrives among its workforce, announcing a goal of raising the proportion of female and foreign officers at the Hitachi Group’s parent company in November 2017. The Company is working to ensure that each of these demographics represents at least 10% of the officers by FY2020, with at least 800 managerial-level female employees.

People born outside Japan serve in leadership roles at a number of Hitachi business units, helping shape its global business activities. Examples include Alistair Dormer of Hitachi’s Railway Systems Business Unit, Brice Koch of Hitachi Automotive Systems, Ltd., and Hicham Abdessamad of Hitachi Global Digital Holdings Corporation.

Hitachi Work Life Innovation is a campaign currently underway to promote work styles that eliminate time and location constraints. It is described in the article “Hitachi Work Life Innovation” on p. 44 of this issue.

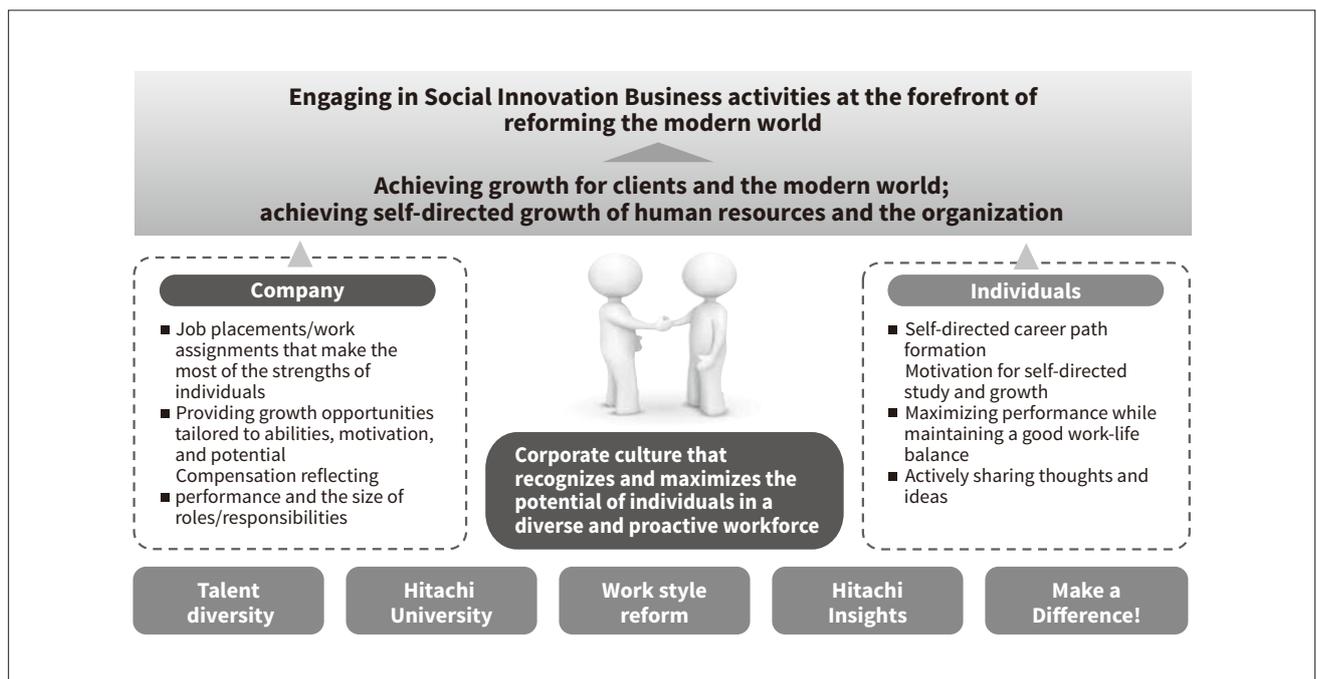
The Make a Difference! project was started in FY2015 to raise employee proactivity and promote an “I will” mindset. The project is described on p. 30 of this issue in the “Activities 2” feature in the “Cover Story” section.

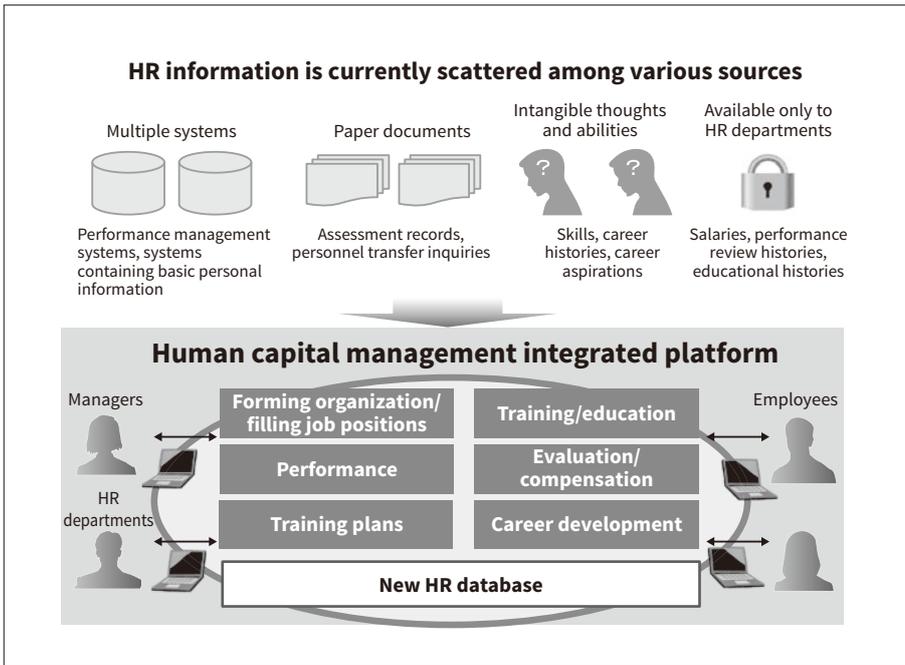
**4. Future Outlook**

Hitachi has created a cloud-based data management system called the human capital management integrated platform. It provides a way to integrate all the global HR management initiatives Hitachi has so

**Figure 3 — Hitachi’s Vision for HR Management (2)**

Hitachi is helping each employee to take charge of his/her own career path and to achieve a good work-life balance by creating a corporate culture that recognizes and maximizes the potential of individuals in a diverse and proactive workforce.





**Figure 4 — Global Integration of HR Management Information and Processes**

Hitachi has created a platform for integrating HR information and processes, and is using it for business management, HR management, and employee career development.

far adopted. Running on the public cloud provided by US software vendor Workday, Inc., the platform serves as Hitachi’s core HR database and provides a unified global space for HR-related information and processes in areas such as performance management, organizational structure, job placement, career development, and training. The platform is helping to increase organizational and HR visibility, and contains a wide range of previously unrecorded HR information on employee skills and career aspirations. It enables use of talent data to meet the needs of executives, managers, and employees.

For executives, the platform is a vital source of data for filling job positions with the best candidate worldwide, for finding and training potential future management leaders, and for making data-driven management decisions.

The platform helps augment individually tailored career development/training and other areas of HR management by facilitating communication between managers and subordinates.

Employees can use the platform to share global HR information, boosting teamwork and collaboration among different countries, regions, or departments. The platform increases employee motivation for personal study and growth by giving employees a better awareness of their own strengths, expertise, and career aspirations.

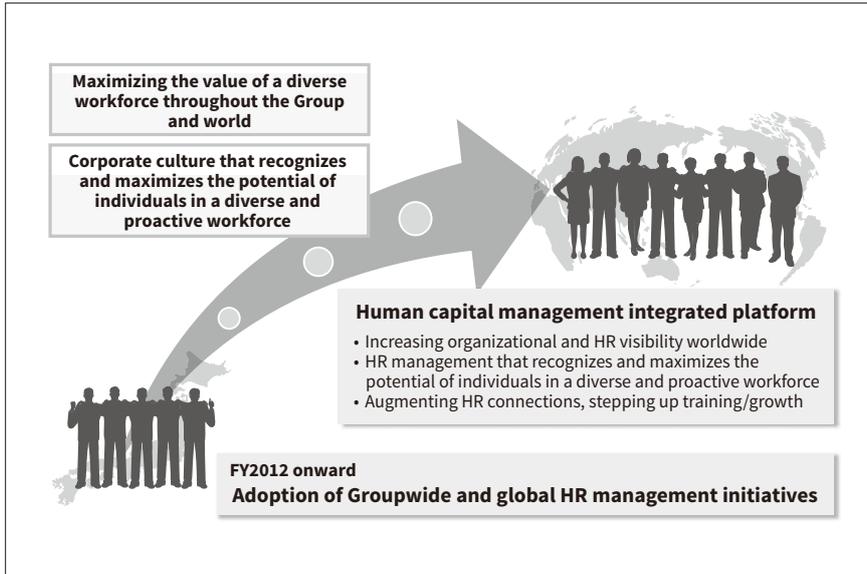
The human capital management integrated platform went into operation in January 2018, enabling use by about 50,000 employees from the Hitachi Group’s parent company and local overseas Group companies. Hitachi, Ltd. is working on progressively providing the platform to 250,000 Group and global employees.

Recognizing human capital as a driving force for growth, Hitachi is promoting human capital management that leverages and maximizes the strengths, diversity, and individuality of each individual employee (see **Figure 4** and **Figure 5**).

## 5. Conclusions

Hitachi has developed and applied a wide range of technologies to the area of HR management, stepping up the use of talent data. The Company believes that the use of technology and data for HR applications is an area with large growth potential. The other articles in this issue present some examples of solutions for assisting motivation and engagement management. These examples include an IT solution designed to improve productivity by enabling smoother communication, and an application that measures and analyzes happiness levels.

Hitachi is working on creating global HR management programs, and developing and using HR



**Figure 5 — Promoting the Social Innovation Business Worldwide at the Forefront of Reforming the Modern World**

Hitachi is seeking to maximize the value of a diverse workforce through corporate culture and HR management programs/tools.

technology. These activities are designed to increase its own corporate value and to enable collaborative creation with clients. They also make everyday life better and help create a world in which every individual can reach their full potential.

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