

Toward a "Hybrid" Employment System

~ Realization of human resource management that enables an organization to demonstrate its performance through the growth and success of individuals ~

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Introduction

This report has been prepared for corporate executives and human resource managers who feel the need for change in the current employment system and human resources management.

1
VUCA is an acronym coined from Volatility, Uncertainty, Complexity, and Ambiguity. In this context, it refers to a socio-economy that is unpredictable and changing rapidly.

The environment surrounding companies has undergone major changes, including the acceleration of innovation with the arrival of the VUCA¹ era, the automation of routine tasks with the dissemination of AI and robots, the decline in the international competitiveness of Japanese companies, changes in the sense of values of workers, and the lengthening of the working period with advent of the era of the 100-year lifespan. The spread of COVID-19 infections has further accelerated these changes.

In order to respond to these changes in the business environment in an accurate and timely manner, companies are faced with the necessity of maximizing and utilizing the capabilities of their in-house human resources. In particular, reform of the employment system, which is the key to this, is an urgent issue. It is within this context that it can likely be understood that interest in “job-based employment” has increased in recent years.

Job-based employment is a concept where wages are paid based on the content of a job, and the scope and content of the job are unequivocally determined by the type of work. The roles, responsibilities, authority, and goals of each employee are clear, making it easy for individuals to demonstrate their expertise. On the other hand, due to priority being placed on specialization, each employee needs to work independently and autonomously to improve their skills. From the company's point of view, while it is easy to secure the skills necessary for its operations, the risk of losing talented people to other companies increases as a result of wages and other treatment and working conditions.

In contrast, under the “membership-based employment,” which is referred to as the Japanese style, employees are treated as members of the company rather than as employees. This brings a strong sense of unity to the organization, fosters a sense of awareness and culture of nurturing employees in the organization, and has the advantage of passing on skills from generation to generation.

2
The concept of talent management for all employees, which aims to enhance the abilities of each employee and encourage them to play an active role. See Chapter 1, Section 3.

However, due to the seniority-based treatment, it is difficult to link wages to performance, and for companies with a high percentage of middle-aged and older employees, this can lead to high total labor costs. In addition, it has been pointed out that the fact that employees are, in principle, “regular employees with no restrictions” and that transfers and job changes are made at the company's convenience makes it difficult for them to develop their careers autonomously.

As such, there are advantages and disadvantages to both types of employment systems, so it is difficult to find the best solution for one's own company if the choice is limited to two options: job-based or membership-based. Based on this perspective, this study examines the possibilities and methods of constructing a new employment system and human resource management using work stages, human resource types, and inclusive talent management².

We hope that this study will provide an opportunity to discuss the design of your company's employment system and personnel system.

“Japanese-Style” Employment System at a Turning Point

³ In the 1950s and 1960s, the government and business organizations advocated task-based pay and a system of equal pay for equal work against the backdrop of the need for vocational education (but later shifted to competency-based pay), and after the bursting of the bubble economy, they emphasized performance-based pay and goal management against the backdrop of economic stagnation and an aging workforce (followed by the dissemination of role-based pay). As such, a shift to a task-based or similar model has been pursued in the past.

⁴ The market where transactions involving the supply and demand of labor force as a commodity is called the “labor market.” Here, we refer to the adjustment of labor supply and demand within companies, organizations, etc. as “internal labor market” and the adjustment of labor supply and demand beyond individual companies, organizations, etc. as “external labor market.”

⁵ OJT (on-the-job training) refers to employee education conducted within a company, etc. through engagement in daily work.

⁶ There are examples of the introduction of Japanese versions of Western job-based systems, such as the “KDDI Version of the Job-Based Personnel System” (KDDI, from July 2020) and the “Job Grade System” (Shiseido, from January 2020).

⁷ Engagement here refers to “employee engagement,” which means the attachment and devotion of employees to a company.

⁸ Productivity here refers to the profitability of a company. For details, see Chapter 2, Section 3, p. 24.

1. Backdrop

Changing Relationship between the Individual and the Company

Wave of Transition to a “Job-Based Employment System”

Against a backdrop of various changes in the corporate environment, interest in job-based employment has been growing in recent years. With the recent global spread of COVID-19, Japanese companies are increasingly shifting to remote work, and the trend to switch from the existing “competency-based” personnel management system, which makes it difficult to clarify the results of individual employees, to a “task-based” system is also supporting this growing interest.

Membership-based employment, which is often referred to as the “Japanese type,” is characterized by “assigning tasks to people,” and the tasks and roles are divided among the team members present, so the scope of each employee’s duties is not unequivocally determined. Meanwhile, the job-based type is a concept where wages are paid based on the content of a job, and the scope and content of the job are unequivocally determined by the type of work.

The transition to a job-based system has been attempted several times in the past³, but due to the lack of maturity of the external labor market⁴, it did not catch on in Japan.

For this reason, Japanese companies have recently started seeking an employment system⁶ that combines the job-based system with the membership-based system, while taking advantage of such mechanisms as the human resource development function of on-the-job training⁵ (a system where a person gradually takes on more difficult jobs as an unrestricted full-time employee and works to improve his or her career).

Extremely Low Level of Japanese People’s “Engagement”⁷ Worldwide

According to an engagement survey (“State of the Global Workplace 2021”) conducted by Gallup, a major US research firm, Japanese companies have the lowest percentage of highly engaged “enthusiastic employees” among 143 countries, at 5%.

The results of various other surveys have also highlighted that the Japanese businesspeople’s engagement and desire to work is extremely low by global standards. A certain correlation has been found between engagement and productivity⁸, and there is a possibility that low engagement is one of the factors contributing to the low productivity of Japanese companies.

As Ota (2020) has pointed out, abilities and qualities such as creativity and sensitivity, which are highly valued in the post-industrial society⁹, depend mainly on individuals and are therefore difficult to manage institutionally.

Human Capital Reskilling – the Key to Corporate Growth

Manifestation of mismatch between supply and demand for internal human resources

Against the backdrop of social implementation of AI and other technologies, routine tasks such as clerical work are being automated, while the importance of non-routine tasks such as professional and technical work is increasing. These changes are expanding the mismatch between the supply and demand for human resources in terms of job content and type of work¹⁰, creating a situation where there is a simultaneous shortage and overstaffing within the company.

However, in Japan, where the mid-career hiring market is still immature, it is difficult to compensate for the lack of in-house capabilities by simply procuring external human resources. Therefore, the perspective of developing the necessary human resources within the company becomes important¹¹.

The post-industrial society is a society in which the tertiary industry, which deals with information, knowledge, and services, accounts for an increasing percentage of the industrial structure, as the industrialized society (industrial society) develops further.

Human Resource Strategies for Overcoming the Great Mismatch Era, 2nd Quantitative Estimates of Human Resource Supply and Demand: Era of Great Mismatch in Jobs Revealed by Technology Scenario Analysis
https://www.mri.co.jp/knowledge/insight/2_0180806.html

Our company refers to a series of steps that individuals take to learn about their aptitudes and occupational requirements (Find), learn the knowledge necessary to improve their skills (Learn), take action in the direction they want to go (Act), and play an active role on a new stage (Perform) as the "FLAP cycle." The smooth running of this cycle is expected to reduce the mismatch between supply and demand for human resources and optimize the labor market.

Human capital here refers to the knowledge, skills, and abilities acquired by workers.

Growth reward here refers to the psychological benefits of engaging in work with growth opportunities, such as having a sense of growth through the performance of work or actually increasing one's abilities.

Changes in the age structure and job characteristics of employees

Against the backdrop of the declining birthrate and aging population, the ratio of middle-aged and older employees is increasing in many companies. As a result, companies are faced with a variety of human resource management issues caused by the distortion in the age structure, such as controlling total labor costs, securing positions, creating opportunities for employees to play active roles, and maintaining their motivation to work. How can the engagement of middle-aged and older employees be increased and how can the performance of the entire organization be maintained and improved? Concrete and effective initiatives are sought.

In addition, every company has a certain number of employees, regardless of age, who want to complete their assigned tasks within their working hours without straining themselves. Amid the need for human resources who can work autonomously due to the automation of routine tasks, the willingness to take on new tasks and a positive mindset toward the acquisition of expertise and reskilling will likely become increasingly important in human resources development.

2. "Questions" That Should Be Clarified

What is the employment system for achieving simultaneous growth of the company and the individual?

How should the relationship between membership-based and job-based systems be organized?

As mentioned in the "Introduction," one of the advantages of membership-based employment is the ability to develop human resources from a long-term perspective, but at present, it is doubtful that this role is fully functioning. The system of nurturing people through OJT is effective in transferring internal "knowledge" from employees with long company histories to those with less experience. However, in recent years, in order to respond to discontinuous changes in the environment, there has emerged a need to acquire capabilities that go beyond the unique skills that have been handed down within the company. The human capital¹² formation function of OJT alone is no longer sufficient to address the changes in reality.

Even if a company tries to shift to a job-based system to resolve an issue, if it does not gain the understanding of employees, it will not only not go smoothly, but may even cause a loss of motivation.

Where does the psychological misalignment between the company and the individual come from?

There is a possibility that the gap between the development of skills desired by employees and the support provided by the company may be lowering engagement and motivation to work. In addition, the proximity of "company life" and "home life," or the blurring of the line between work and life, which is often the case in membership-based companies, is at odds with today's trends and may be widening the psychological distance from the company.

Alternatively, in an age where lifelong employment is not expected, the fact that individual careers are being shaped under the initiative of the personnel department may be causing anxiety. From the employee's point of view, it can also be said that it is only natural for them to want to maintain their independence and autonomy in terms of the department they are assigned to, the content of their work, and the way their work is performed, as well as to develop their own careers.

What should be done to transform the diversity of human resources into the strength of the company?

What are the problems created by the seniority-based system?

Even if they are capable, employees may not be able to take up high positions due to their short history with the company, or they may be removed from their positions when they reach a certain age, which in no small part affects their motivation. Although this system of treating employees based on length of service and age is being eliminated, it still remains to some extent in many companies. For the company, too, the length of service and age turn into barriers, becoming one of the reasons for not being able to fully utilize the abilities of its employees.

How should a company deal with a group of employees that the company has been unable to fully utilize their capabilities?

There are many cases where there is a mismatch between employees and their diverse career perspectives. While it is natural to provide opportunities for growth and performance to younger employees, there are also employees in the middle and older age groups who are highly motivated to grow and perform. If the company can increase employee engagement through a combination of monetary rewards and non-monetary rewards, including growth rewards¹³, those employees can become human resources who can contribute to the company's growth.

Meanwhile, there are employees in all age groups who lack the desire to grow and just do the job they are given. If the company tolerates that, it may increase job satisfaction in the short term, but in the long term, it will obviously have a negative impact on both the career development of the individual and the productivity of the company. It is necessary to encourage employees to increase their motivation.

3. Interpretation of "Talent Management" in This Study

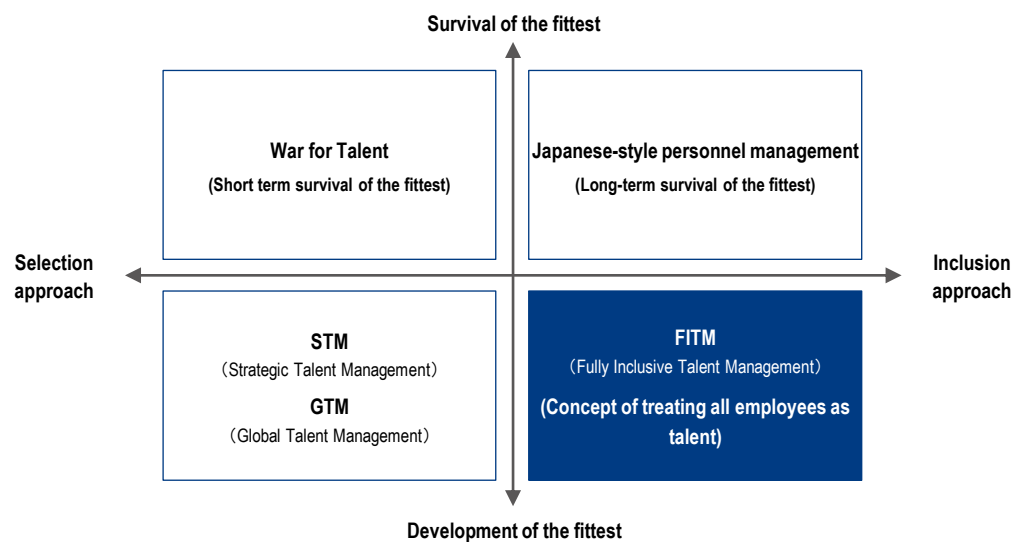
As such, in Japan, where the external labor market is not yet mature, companies need to make effective use of diverse internal human resources in order to respond to the fast-paced changes in the environment. In order to turn the diversity of human resources into "company strength," the perspective of "talent management" is considered to be effective.

One of the reasons that talent management has been attracting attention in recent years is that "talent" (employees or the talents possessed by employees) as human capital has become a source of competitive advantage for companies (Ishiyama, 2020). Although the definition of talent management has not yet been established, according to Kakinuma (2015), there are three trends: (1) "Talent" is the object of management; (2) the ultimate goal is to improve organizational performance; and (3) it is a concept that integrates many personnel management measures.

Therefore, we shall define talent management in this study as "a comprehensive initiative to optimize and maximize human capital in the short and long term by ensuring consistency with business goals from the perspective of creating a workplace culture, fostering a sense of unity in the organization, retaining and developing human resources, and reinforcing and strengthening human resources," as defined by the American Society for Training and Development (ASTD, now ATD (Association for Talent Development)).

The types of talent management can be broadly classified into four, as shown in the figure below. The "survival of the fittest" on the vertical axis indicates the concept that the winner of the race for promotion from batch hiring shall be the leader, while the "development of the fittest" indicates the concept that the organization shall develop talents in order to nurture them into leaders. The horizontal axis indicates whether the target is some employees or all employees. The current Japanese style of human resource management falls into the upper right part of the figure, which is the "long-term survival of the fittest" type.

Types of Talent Management



Source: Created by Mitsubishi Research Institute based on "Talent Management of Japanese Companies" by Nobutaka Ishiyama: (2020)

So which type of talent management should Japanese companies aim for in the future?

The War for Talent in the upper left-hand corner involves the repeated acquisition and departure of people with the skills necessary for tasks at the project unit level, and shifting them from their current location is not realistic. Strategic Talent Management (STM), shown in the bottom left corner, is a systematic approach to selection, training, and succession planning focused on a select group of elite employees, with the aim of developing human resources who will become key players in the business. Therefore, this concept is not well suited to Japanese companies, where equal opportunity for employees is a principle, and it carries the risk of hindering the sense of unity among employees and the organization.

On the other hand, Fully Inclusive Talent Management (FITM), shown on the bottom right, refers to inclusive talent management that enhances the abilities of each employee and encourages them to play an active role. In terms of equal opportunity, it is highly compatible with the existing employment system of Japanese companies, and from the viewpoint that the company actively commits to the capacity development of talent (employees) and their performance, it can be said that this is a realistic and ideal talent management for many Japanese companies.

Although it has been pointed out that the difference between HRM and Talent Management is unclear because talent is all the employees of a company, we shall position HRM as "uniform for all" and FITM as "individualized" management in this study.

While managing each employee as a different type of talent would allow for greater attention to detail, it would also impair efficiency. In order to resolve this issue, as will be explained later, we shall present an approach where employees are grouped into six major talent types and handled according to their groups.

The Search for a “New Employment System” in Companies

1. An analytical frame for examining the “future” of the employment system

There are growing calls for a shift from a membership-based to a job-based employment system, but how far has the shift to a job-based system progressed in Japanese companies? Also, are employees willing to change the employment system? In order to gain a quantitative understanding of the current situation, we shall set up two analytical frames.

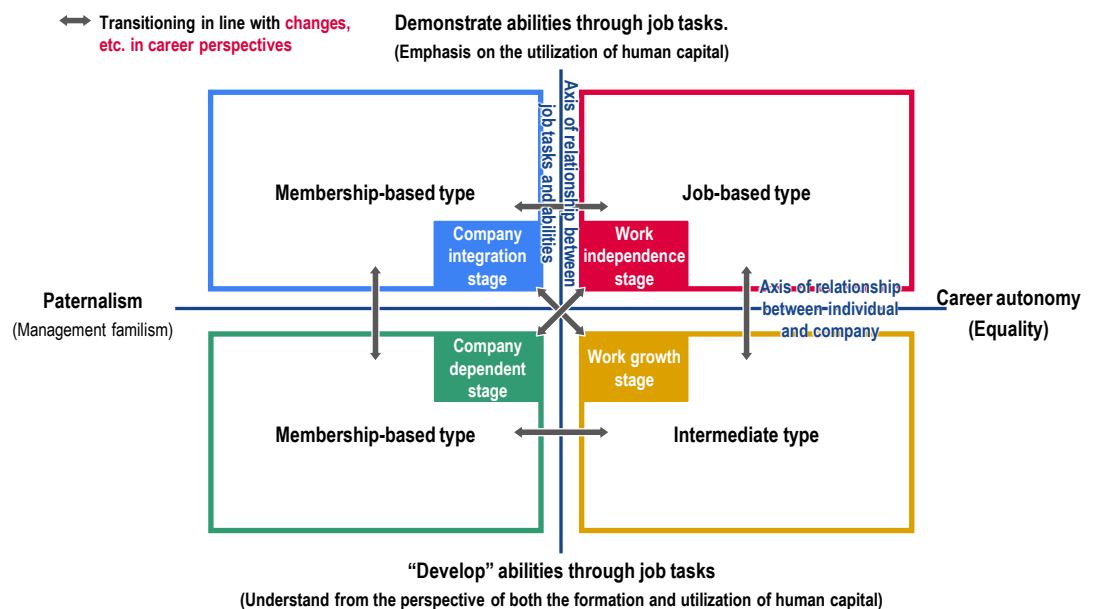
Analytical Frame 1

“Visualization” of the employment system through four work stages

We prepared the first frame, “Analytical Frame of the Employment System,” to provide a composite understanding of the following three factors: the characteristics of the membership-based and job-based systems, the positioning of tasks and capabilities in the company, and the relationship between the company and its employees.

In order to ensure that the implications of the frame are properly understood, the process of its creation and discussion are organized as follows.

Analytical Frame of the Employment System



Process of creating the analytical frame and related examinations

A. Setting up of work stages

First, under the assumption that there is an employment system that is appropriate for each work stage, the characteristics and differences between the job-based and membership-based systems will be examined.

Although there are diverse perspectives in the examinations, here we first focused on the “Existence of the Right to Transfer Personnel” by Ebihara and Ogino (2018).

In light of the points made by Yashiro (2002) and Kamibayashi and Hirano (2019), the essential characteristic of the Japanese employment system is the "strong authority over personnel affairs" that allows not only transfers but also changes in job types to be made without the consent of employees.

This strong authority over personnel affairs is deeply connected with the Japanese management style called "management familism," and they reinforce each other's characteristics. The company organization is seen as the "family" and the president as the "parent," creating social standards of conduct such as strong collectivity, high psychological cohesion, vertical society, and mutual exchange of obligations and responsibilities (Urabe, 1982). Just as parents have the obligation to provide for their children, companies have a degree of responsibility for the career development of their employees. If a description in a single word were to be sought regarding the relationship between the company and its employees in this situation, it would be "paternalism."

Meanwhile, the relationship between a company and its employees under the job-based system, which is common in Western countries, is much drier. In principle, the relationship between the two parties is one of equality, i.e., a contractual relationship in which both parties choose and are chosen by each other, and no one can change the job title or work location without the consent of the employee himself/herself. It is up to the individual to decide what kind of career he or she wants to pursue; in other words, the individual has the right to a career¹⁴.

If the company that a person works for does not offer the career path or the post he/she desires, the person can quit the company free of constraints. Conversely, there is no tacit understanding that the company will guarantee the employee's employment. Hence, employees may be laid off by the company without any hesitation.

As such, if the company has strong authority over personnel affairs, the relationship between the company and the individual becomes that of protector and protected party. On the other hand, when career autonomy¹⁵ is established, a strict but rational relationship is established between the two. Therefore, the horizontal axis of the analytical frame was set to "the relationship between the company and the individual," and the two poles were set to "paternalism" and "career autonomy."

Another characteristic of the membership-based system, which is brought about by the strong authority over personnel affairs, is the "zero-based training mechanism" and "slow promotion." It is said that companies with a membership-based employment system look at the "potential" of the people they hire. In this way, the practice of hiring new graduates en masse is possible because there is a practice of hiring people with potential for growth even if they do not have the skills at the time of hiring. This is supported by OJT, a system of nurturing human resources within the company through work, and a system of selecting executive personnel over a long period of time.

Meanwhile, companies with a job-based employment system, look at an applicant's "current expertise and skills" when hiring. The reason that the youth unemployment rate is several times higher in Europe and the United States than in Japan is because of the demand for employees who can work immediately.

In other words, the meaning of a job task is "a means to demonstrate abilities" for job-based type companies, whereas for the membership-based type companies (especially new graduates and young employees), it is not only "a means to demonstrate abilities" but also "an opportunity to develop abilities."

Therefore, the vertical axis of the analytical frame was set to "positioning of job tasks and abilities" and the two poles were set to "demonstrating abilities through job tasks" and "developing abilities through job tasks." However, this axis represents only the degree of development and demonstration, and the axis can shift up or down depending on whether human resource management is conducted with more emphasis on one or the other.

From this perspective, the types of human resource management that form the basis of employee activities can be grouped into four categories, based on the following two points: the relationship between job tasks and abilities, and the relationship between the company and employees. Since each type of human resource management is linked to employees' career perspectives and the stage in which they work (i.e., the stage), we have decided to name this category "work stage."¹⁶

Definition of Work Stage

- A classification of human resource management into types based on the "positioning of job tasks and abilities" and the "relationship between the company and employees"
- Four stages set up: "Company Integration Stage," "Company Dependence Stage," "Work Growth Stage," and "Work Independence Stage"
- The work stage to which each employee belongs is not fixed, but varies depending on career perspectives and other factors.

14

The legal concept that every person has the right to independently develop and form a career of his or her choice, and that companies and society should guarantee and support the career development of each individual; also, the rights of such workers

15

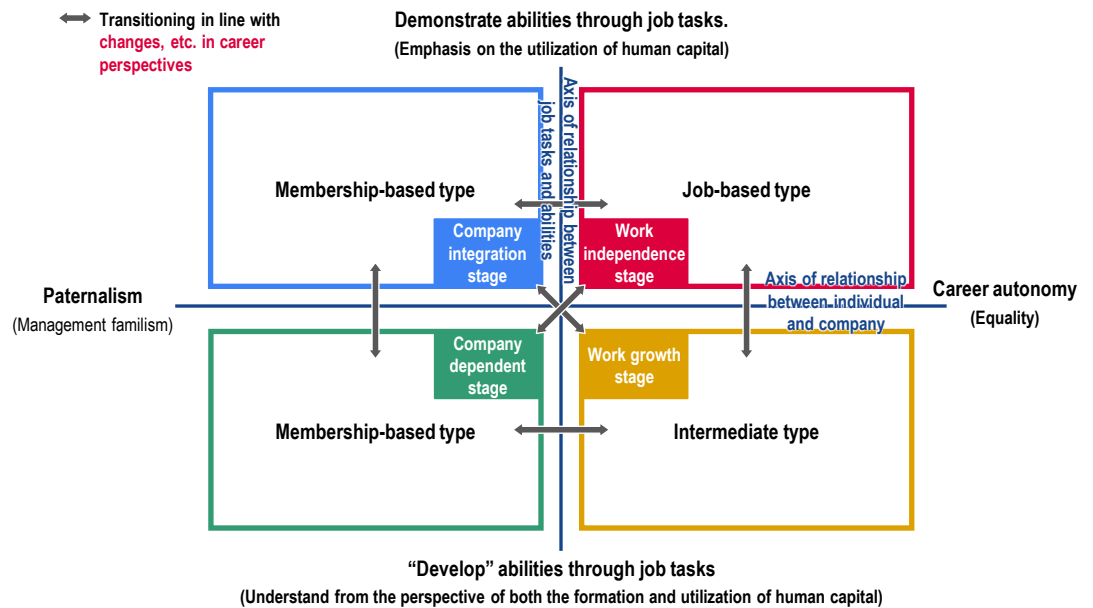
Kyaria jiritsu (career autonomy) refers to the ability to think independently about one's career, to take responsibility for one's career, to understand the current and future needs and changes in society, and to develop one's career through continuous learning while proactively utilizing resources such as those in one's surroundings. This is a Japanese term coined from Career Self Reliance.

16

Since the job type and membership type are "philosophical classifications," we think that it would be futile to argue which of the two types that an actual company fits into. Therefore, for example, this analytical frame will be used to clarify "to what extent the organization to which the said worker belongs has a strong job-based tendency." In addition, it is difficult to fully grasp the job-based and membership-based tendencies in the frame set here. As will be explained later, this analysis is organized by focusing on the two points of "the relationship between the individual and the organization" and "the positioning of job tasks and abilities," and this analytical frame has a limitation that it cannot clarify differences between the two from perspectives other than these.

B. Arrangement of Work Stages and Employment Styles

Analytical frame of the employment system (reiterated)



As shown in the figure above, four quadrants can be created by placing the vertical and horizontal axes. We arranged the work stages according to their characteristics and named the first quadrant the “Work Independence Stage,” the second the “Company Integration Stage,” the third the “Company Dependence Stage,” and the fourth the “Work Growth Stage.”

With regard to employment systems, “job-based” is positioned in the first quadrant, and “membership-based” in the second and third quadrants¹⁷. Meanwhile, with regard to the fourth quadrant, neither the job-based type nor the membership-based type matches the characteristics of the fourth quadrant perfectly, and under the current circumstances, there is no employment system that fits here. Since it has some elements of the job-based and membership-based systems, we named it the “intermediate type.”

This study will also clarify what characteristics exist in this intermediate type, whether there are employees who are oriented toward this new employment system, and if so, what characteristics they possess.

As noted in the “Definition of Work Stages” section (p. 11), we also assume that each employee will move through the four work stages as his or her career perspective and relationship with the company change. We believe that by moving to a work stage that matches the situation at the time, the employees will be able to smoothly develop and demonstrate their ability to perform their job tasks.

In other words, the company provides four work stages that take into account the current situation and intentions of the employees (but not equally, as will be described later), and uses a combination of employment systems (“membership-based type,” “job-based type,” and “hybrid type”) that correspond to each work stage. This is the gist of the proposal of this study. The details will be presented in Section 3.

Differences in the concept of job tasks (range)

Membership-based type	Job-based type	Intermediate type
<ul style="list-style-type: none"> Job tasks shall not be limited 	<ul style="list-style-type: none"> Break up and organize the roles and responsibilities of the organization required to execute its strategies Create job descriptions that are consistent with the external labor market 	<ul style="list-style-type: none"> Set up broadly grouped job families taking internal rotation and teamwork into consideration Set up job families as a framework for training, rather than as a range of roles and responsibilities

17

Community-based human resource management, characterized by “lump-sum hiring of new graduates, seniority-based hiring, and long-term employment,” has been the basis of organizational operations and human resource management in Japanese companies for many years, and Mercer Japan (2018) clarifies that it is still widespread, especially among major companies.

Source:
Mitsubishi Research Institution

Characteristics of each work stage

Note:

Showing images of such matters as the career perspectives held by human resources who expect to be active at each stage of their careers.

Source:

Mitsubishi Research Institute

18

A psychological contract is a tacit understanding between an individual working for a company and his or her employer that goes beyond what is explicitly stated in the contract and is based on mutual expectations.

19

Conducted in May 2021. Utilized Mitsubishi Research Institute's (MRI) 30,000-person panel data (Market Intelligence & Forecast (mif) system). A total of 3,000 samples were extracted in a total of 18 cells by gender, age group (15-34/35-54/55 and older), and employee size (less than 100 people, 100-499 people, and 500 people or more) so that the ratio would be close to the ratio of "regular staff/employees" in the 2020 Labor Force Survey. The questions used to extract factors for career perspectives were created by the MRI using information from the Study Group for Considering Careers in the 21st Century (2011) as a reference, and the questions used to extract factors for psychological contracts were also created by MRI by using works by Wakabayashi, Yamaoka, Matsuyama, and Homma (2006) as references.

20

Seven factors were used for clustering using the k-means clustering method.

21

WLB (Work-Life-Balance) Balance/harmony between family and work.

22

Since this is a monitoring survey, it should be noted that the percentages and characteristics of each type do not necessarily correspond to the situation within a single company.

23

This study aims to consider management according to human resource type (rather than based on employment classification or portfolio theory) by focusing on the stage to which employees belong or intend to belong.

	Company Integration Stage	Company Dependent Stage	Work Growth Stage	Work Independence Stage
Basic career perspective	Formed at the initiative of the company		Formed at the initiative of the individual	
Mindset toward work	As an organization member, it is natural to comply with the company	The company creates work for its employees.	Balance between one's growth stage and the preconditions in one's mind	Establish and demonstrate expertise.
Sense of belonging	Awareness as a member of the company	Strong sense of belonging (dependence) as a member of the company	Awareness of being a member of the organization	Perception that the company is a place to demonstrate one's expertise
Expectations regarding treatment	Expectations are high as much as employees accept the convenience of the company and the organization.	Desire to be treated stably until retirement	Expectation to achieve what one wants to do	Judgment as compensation for expertise
Human capital accumulation	As long as human capital accumulation is premised on the company's convenience, it is natural for the company to do so.	Leaving it to the company	In-house training is fundamental. Even investing one's own capital for what one wants to do	Company education requires at least some capital investment by oneself.
Job tasks	Mostly non-routine tasks Tendency to become generalists	Tendency to focus on routine tasks over the long term.	Tendency for the work to require a certain level of expertise, mainly in non-routine tasks	Tendency for tasks to be those that "can easily be brought up" or those that are highly specialized

Analytical Frame 2

Clarification of diverse employee images by six human resource types

As the second frame, we prepared the "analytical frame of human resource types" to clarify diverse images of employees. The term "human resource types" here refers to the tendency characteristics of career perspectives and psychological contracts.

Each person has a different view of career perspectives and psychological contracts (a tacit understanding of mutual expectations between a company and an individual)¹⁸. As a natural consequence, the work that each employee desires and the factors that enhance their engagement are also very different. For some employees, higher wages are directly related to motivation, while for others, working with like-minded people is more important than monetary rewards. For others, a sense of personal growth comes first.

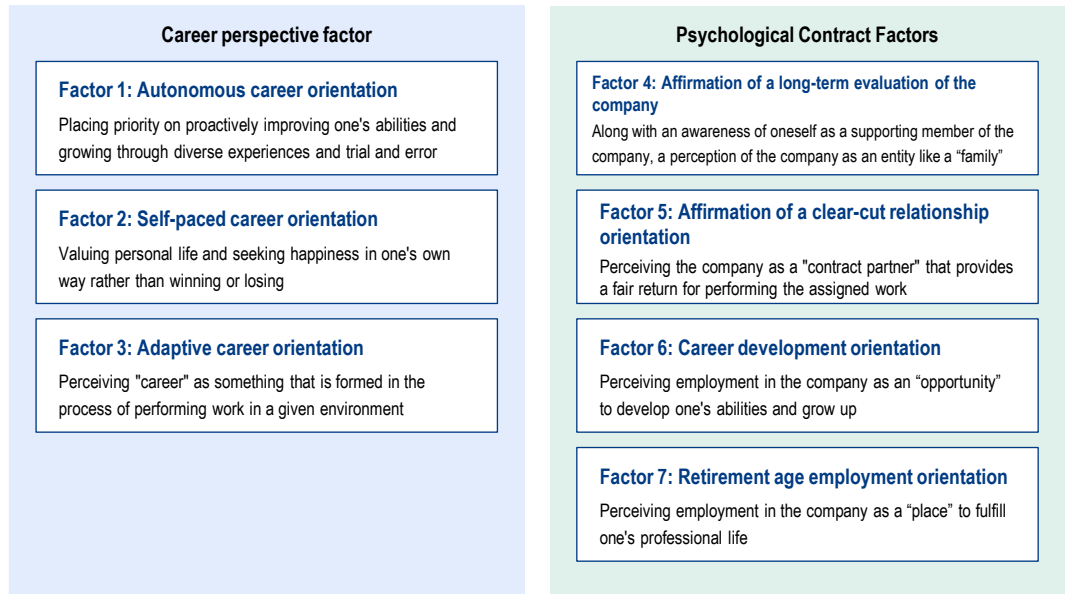
However, there are few companies that have introduced a system of human resource management that responds to the career perspectives and psychological contracts of each employee. It is undeniable that the same human resource management is applied to all employees, even though each employee has a different point at which they can demonstrate and develop their abilities, and this may be restraining the growth of the company.

In light of these considerations, it may be effective to classify employees into different human resource types to match their current situation with their intentions. It is important to be careful when more than one human resource type is included in a given work stage. Even if employees are in the same work stage, they will not be able to make full use of their abilities if the company does not take into account the differences in human resource types.

In this study, we conducted a clustering²⁰ based on the factors shown in the figure below, utilizing a questionnaire survey¹⁹ of 3,000 full-time employees conducted in May 2021. As a result, a total of six human resource types were extracted²²: "competition-oriented elite type," "job growth autonomous type," "job-oriented generalist type," "career autonomous type," "WLB²¹-oriented non-cooperative type," and "WLB-oriented passive adaptive type."

By clarifying the mechanisms and measures that are effective in increasing engagement and performance for each of these six human resource types, it is thought that human resource management that takes into account the diversity of employees' values²³ will become possible.

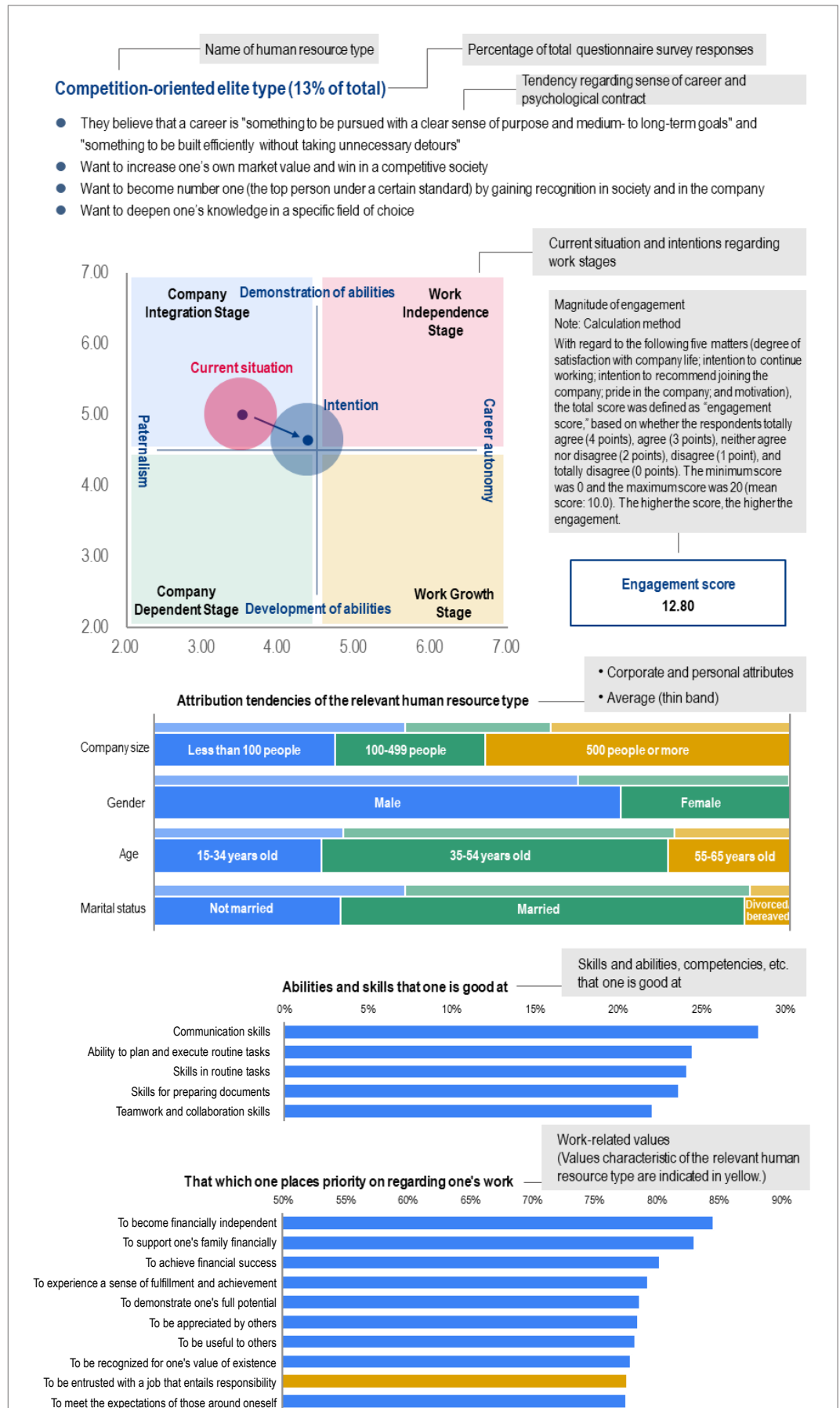
Composition of Factors Used to Identify Human Resource Types



Source:
Mitsubishi Research Institute

2. Characteristics and Tendencies by Human Resource Type

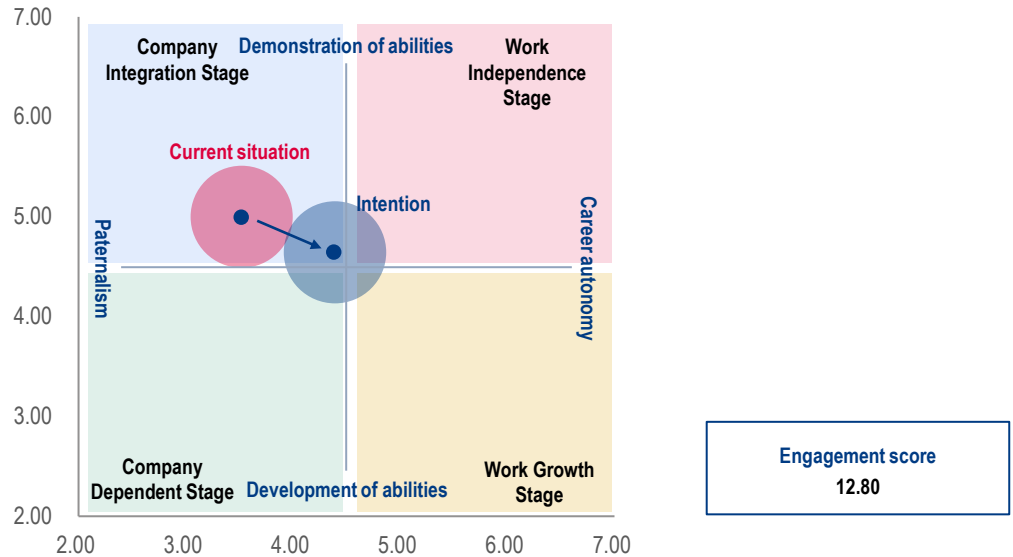
How to read the diagram



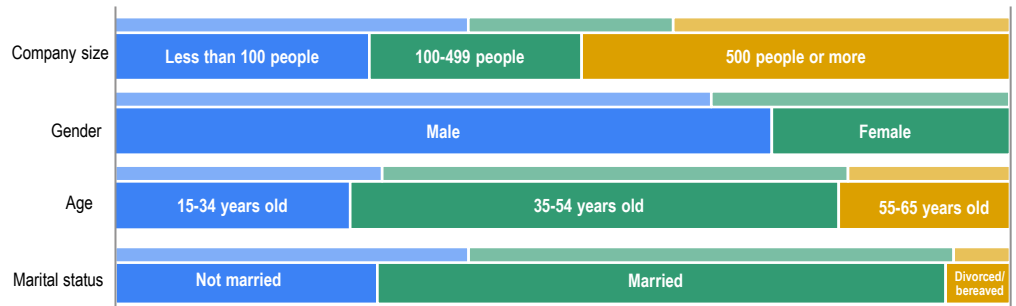
Characteristics by Type

Human resource type 1: Competition-oriented elite type (13% of total)

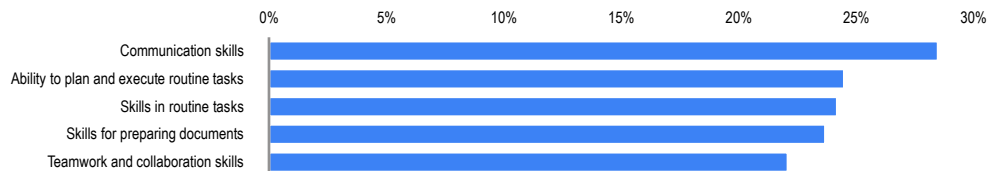
- A career is one that is “pursued with a clear sense of purpose and mid- to long-term goal setting,” and “one that is built efficiently without unnecessary detours”
- Wish to increase one's market value and survive in a competitive society
- Wish to gain recognition in society and in one's company and become number one (the top position based on a certain standard)
- Wish to deepen expertise in a specific field of one's choice



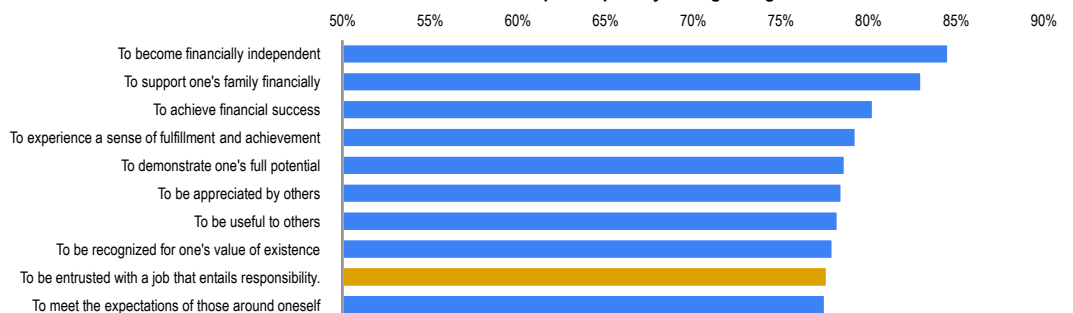
Attribution tendencies of the relevant human resource type



Abilities and skills that one is good at

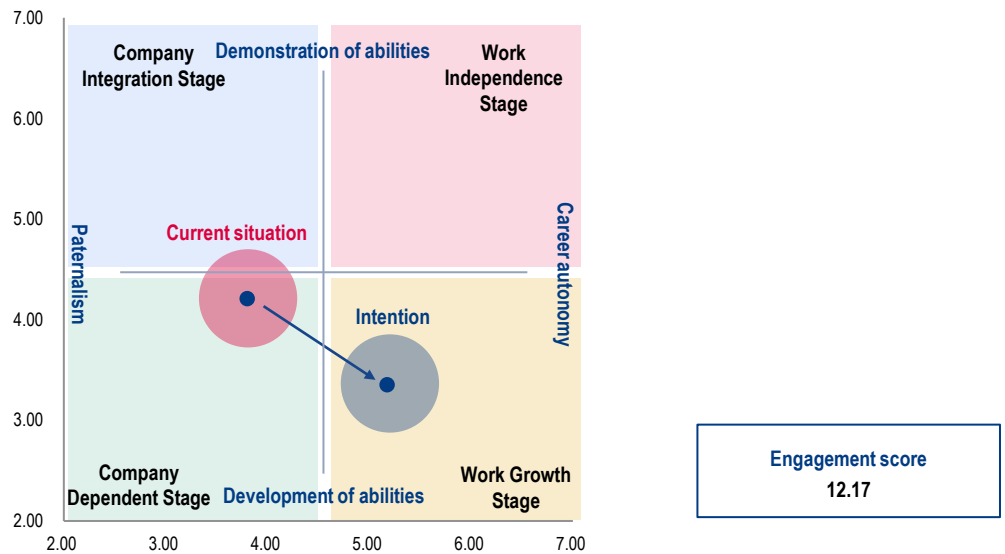


That which one places priority on regarding one's work

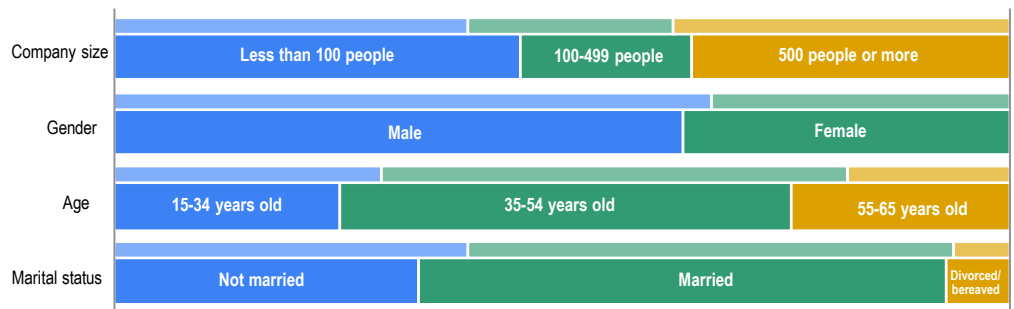


Human resource type 2: Work growth autonomous type (13% of the total)

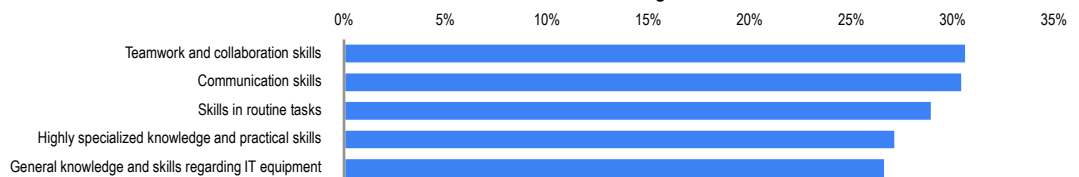
- “Work” is meaningful as it helps hone one’s abilities and grow.
- A career is “something one creates by oneself” and “something one builds through various experiences and trial and error.”
- Wish to make the most of one’s individuality to become an “only one” (incomparable existence).
- It is better to be able to do the work that one wants to do at the place where one wants to work, even if employment until retirement is not assured.
- Not satisfied with just having one’s work goals met; wish to aim higher.



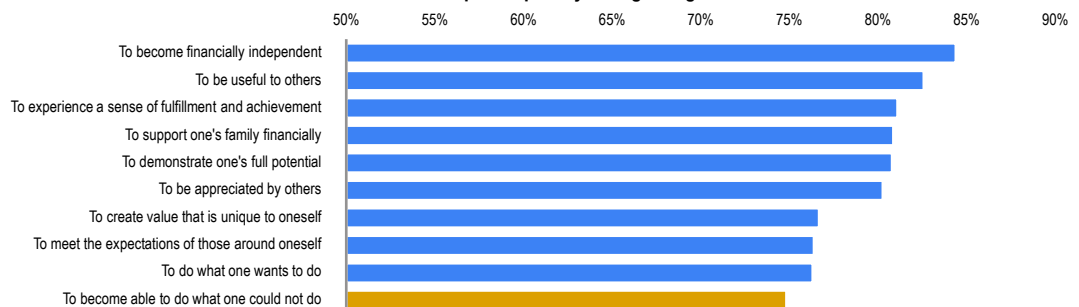
Attribution tendencies of the relevant human resource type



Abilities and skills that one is good at

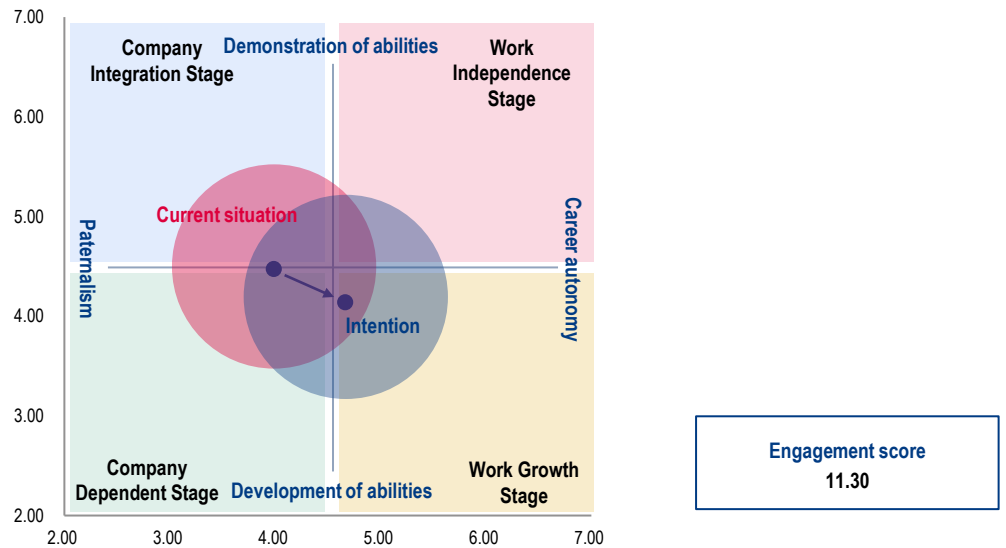


That which one places priority on regarding one’s work

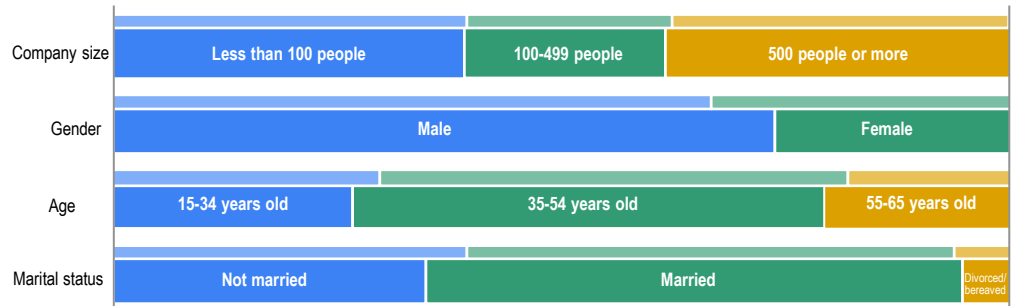


Human resource type 3: Work-oriented generalist type (32% of total)

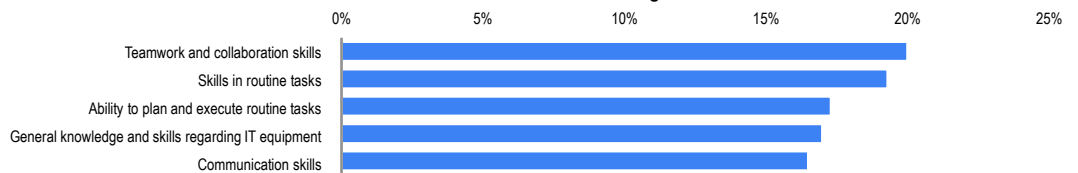
- "Private life exists for work and career fulfillment."
- Orientation toward a "generalist type human resource" who can deal with a variety of problems and issues
- Loyalty or attachment to the company is strong / the company is like a family
- Have a vision for one's future career at the company where one currently works



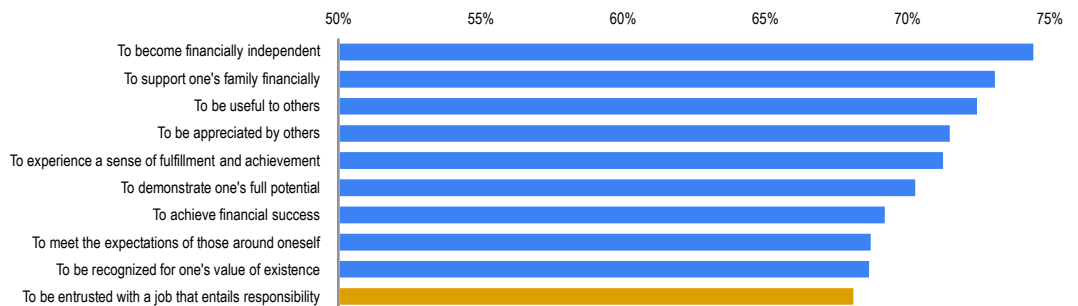
Attribution tendencies of the relevant human resource type



Abilities and skills that one is good at

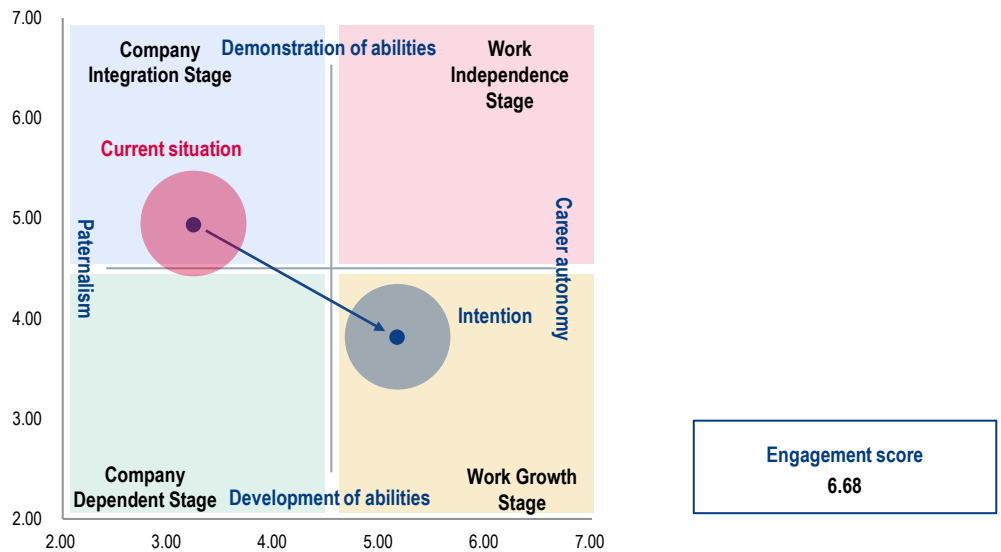


That which one places priority on regarding one's work

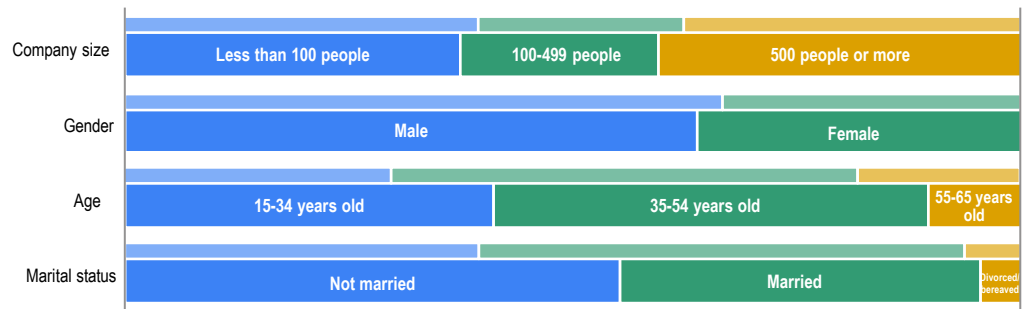


Human resource type 4: Career autonomy type (11% of total)

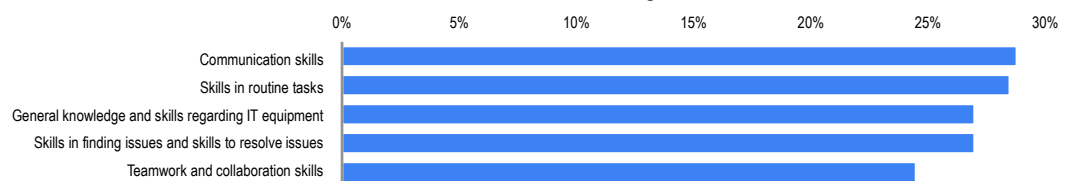
- Viewing one's work as a step in future career development
- One's future career at the company is still undecided.
- Not feeling that the company one works for properly rewards the efforts of its employees
- Not thinking about working for this company forever
- It is better to be able to do the work that one wants to do at the place where one wants to work, even if employment until retirement is not assured.



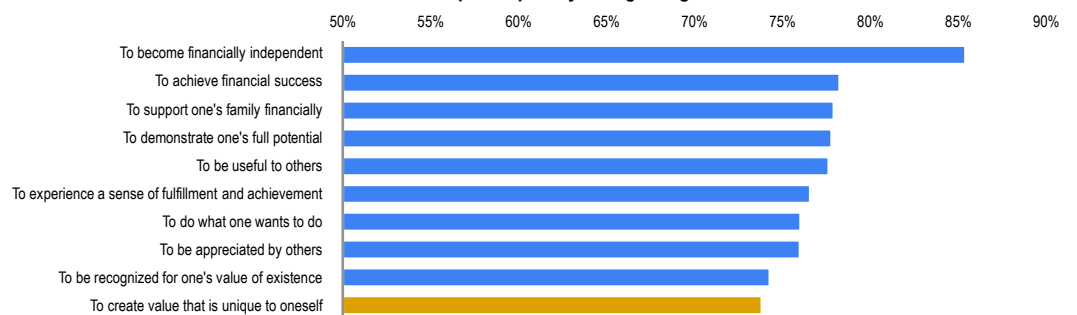
Attribution tendencies of the relevant human resource type



Abilities and skills that one is good at

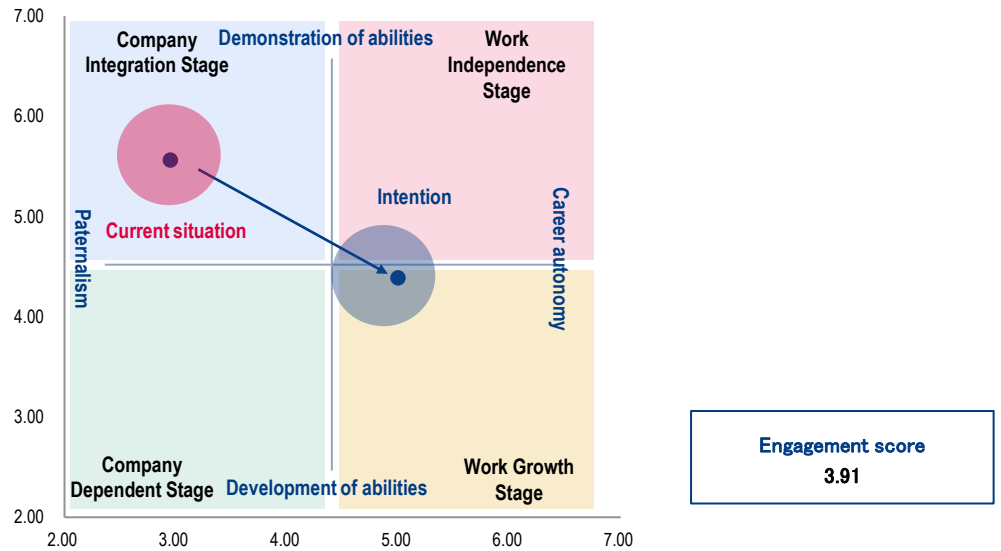


That which one places priority on regarding one's work

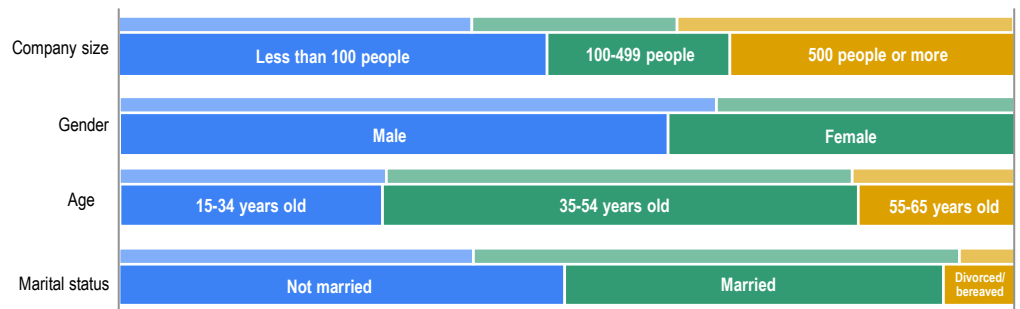


Human resource type 5: WLB-oriented single type (12% of total)

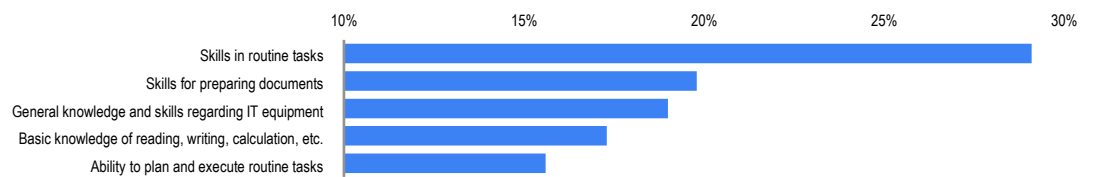
- "Private life exists for work and career fulfillment."
- Wish to retire as soon as possible and enjoy one's second life
- Trying to do only what's necessary to get the work done
- Doing one's own work mainly to make money
- It is better not to be too enthusiastic about working / Not very eager about helping colleagues with their work



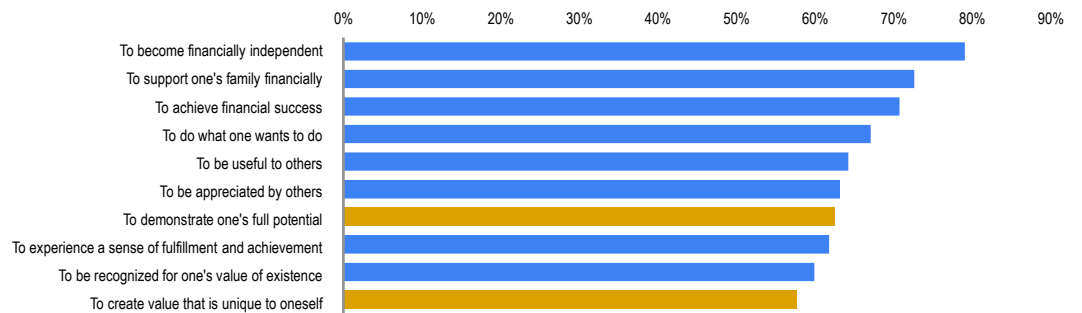
Attribution tendencies of the relevant human resource type



Abilities and skills that one is good at

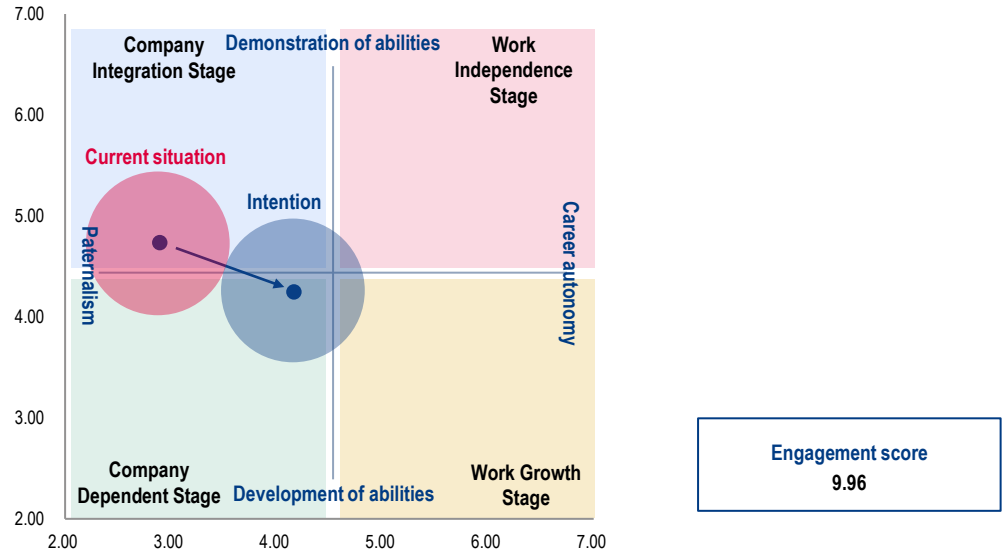


That which one places priority on regarding one's work

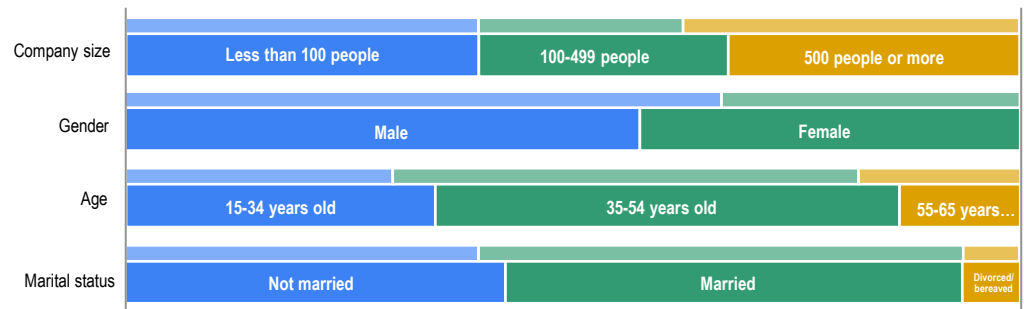


Human resource type 6: WLB-oriented passive adaptive type (19% of total)

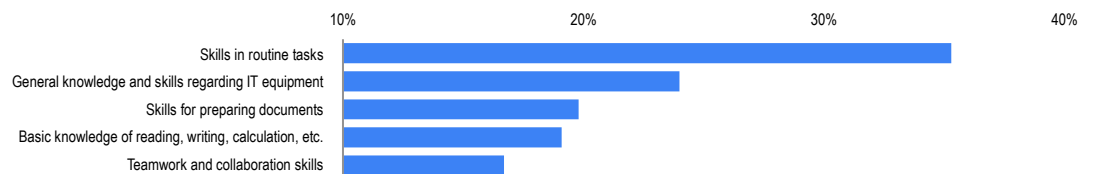
- Career is "something that is shaped by the environment offered to the employee."
- It's not about winning or losing, it's about realizing one's own happiness / One's future career at this company is largely determined.
- Basically, wish to work only within the time limits set by regulations / Wish to be paid for overtime as stipulated
- Prefer to work according to the set working hours



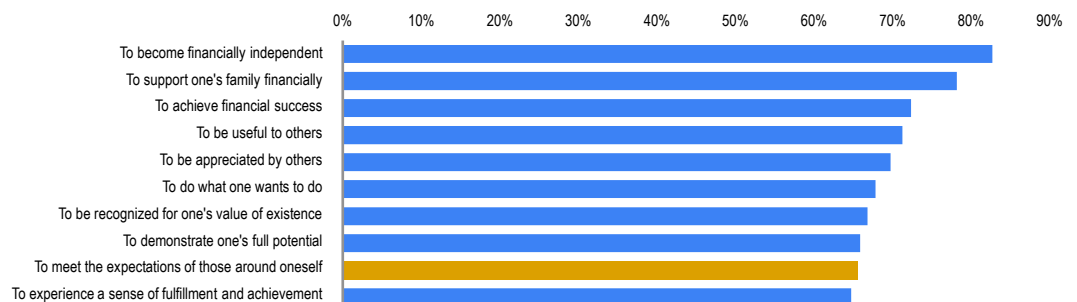
Attribution tendencies of the relevant human resource type



Abilities and skills that one is good at



That which one places priority on regarding one's work



Source:
Mitsubishi Research Institute

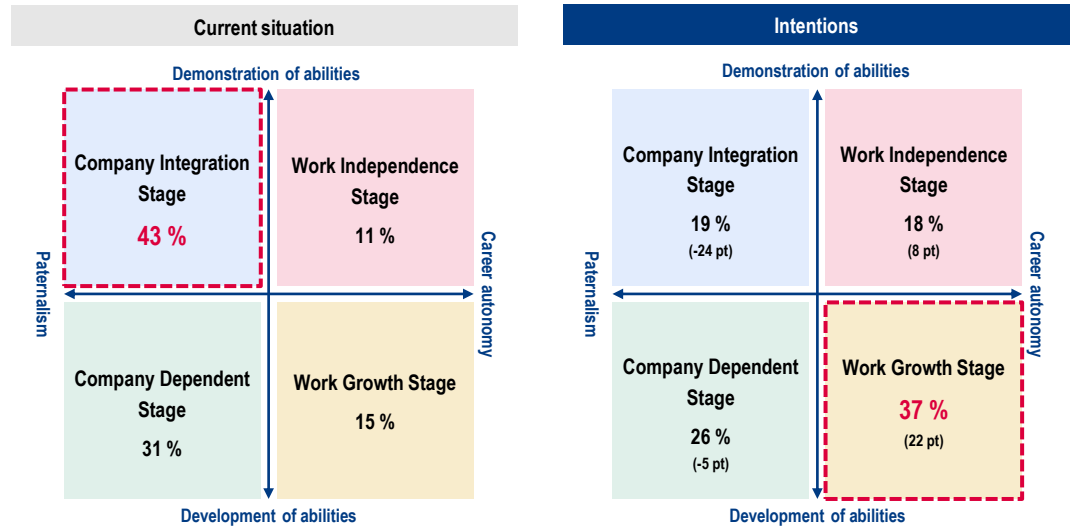
3. What the Empirical Analysis Revealed

Employees want the company to help them develop their abilities

As shown in the figure below, the "current situation" is on the left side (paternalism: company-led control and management of career development and demonstration of abilities), while the "intentions" is closer to the lower right side (career autonomy and development of abilities).

In other words, it can be inferred that employees are aware of the inadequacies of their company's human resource development (growth support) initiatives, and that there is a strong desire for support for "development of abilities" (human capital formation) and "career autonomy." Meanwhile, the number of employees who want to shift to a job-based type (work independence stage) was found to be small.

Current Situation and Intentions regarding "Work Stages" (Overall Trend)



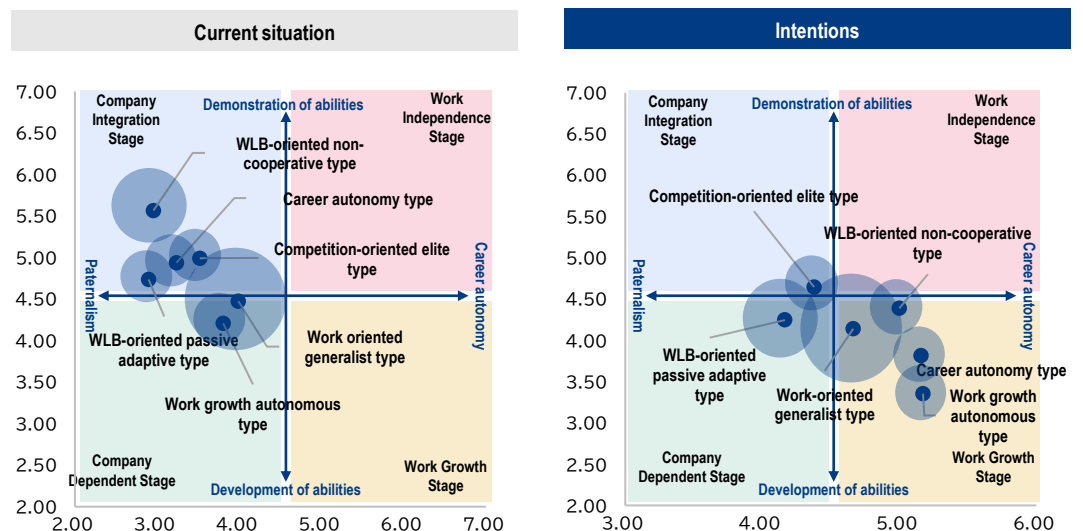
Note:
The figures in parentheses are the differences between the values for the current situation and intentions. They may not match due to fractional adjustments.

The "current situation" is such that there appears to be a tendency to use employees' human capital under the company's initiative and in a controlled manner.

With regard to "intentions," there appears to be a tendency to seek support for growth through the initiative of individuals.

Source:
Mitsubishi Research Institute

Current Situation and Intentions regarding "Work Stages" (by human resource type)

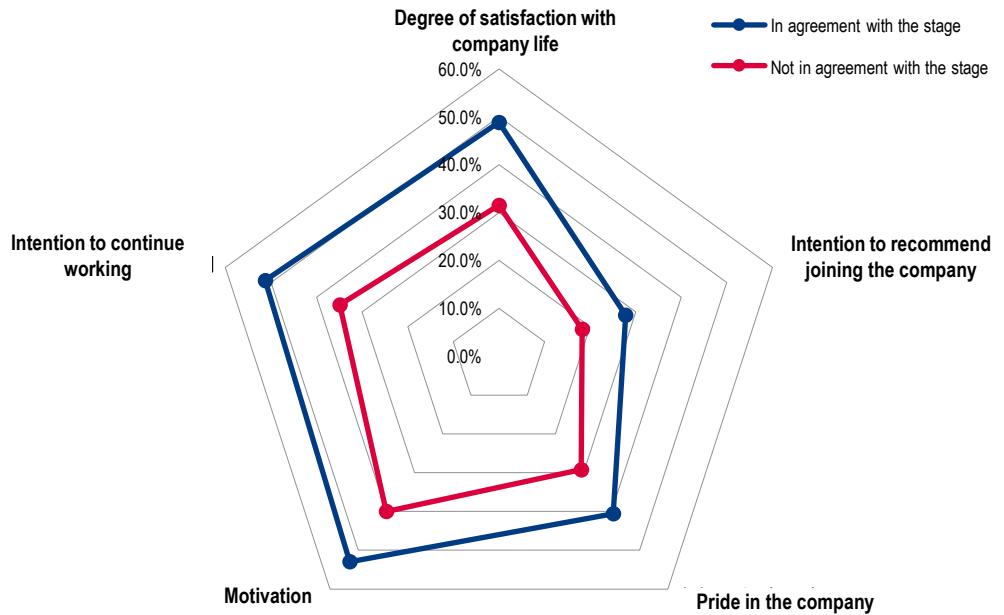


Source:
Mitsubishi Research Institute

The more that employees are in agreement with their work stages, the higher their engagement.

For all five components of engagement, those whose current situation in the work-stage is consistent with their intentions show higher values than those who are not.

Relationship between engagement and the degree of agreement with work stages



Note:
The percentage of respondents who answered "totally agree" or "agree" to the five items of "degree of satisfaction with company life," "intention to recommend joining the company," "pride in the company," "motivation," and "intention to continue working" was calculated by categorizing them into two groups: those in agreement with their stages and those not in agreement with their stages.

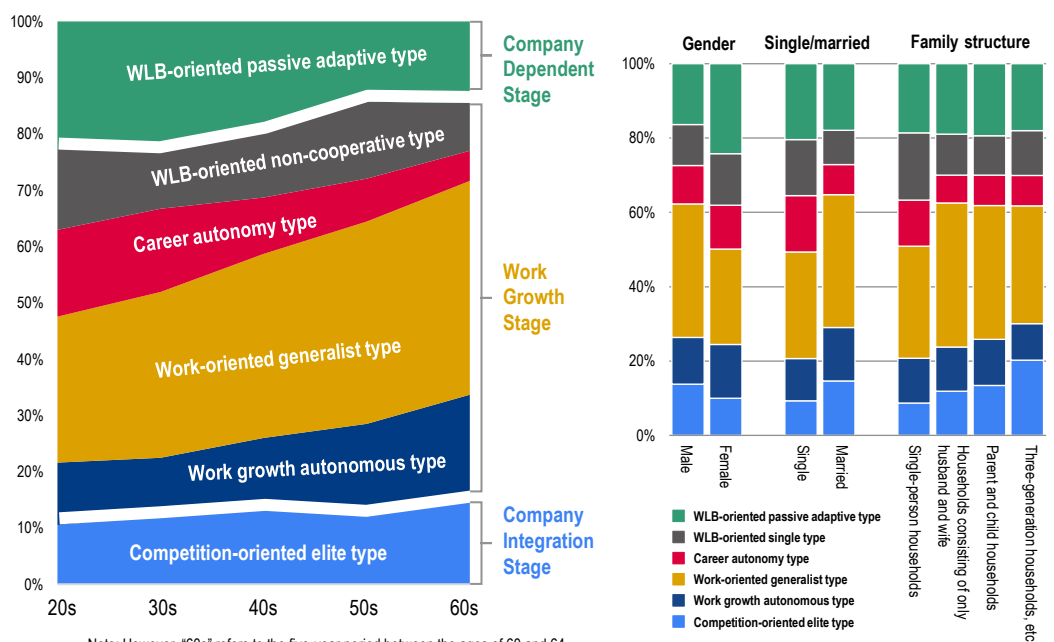
Source:
Mitsubishi Research Institute

The six human resource types can be found in every age group

It was found that all human resource types were present among employees of all age groups and personal attributes. On the other hand, there were some differences in tendencies by attribute, such as a higher percentage of the middle-aged and older age groups belonging to a work-growth autonomous type or a work-oriented generalist type compared to younger age groups.

On the other hand, there were some differences in tendencies by attribute, such as a higher percentage of middle-aged and older age groups belonging to a work-growth autonomous type or a work-oriented generalist type compared to younger age groups. However, since employees generally advance in rank with age, their positions and roles may have an impact on their career perspectives and the state of their psychological contracts.

Ratio of human resource types by employee attributes



Note:
Intention-based ratio

Source:
Mitsubishi Research Institute

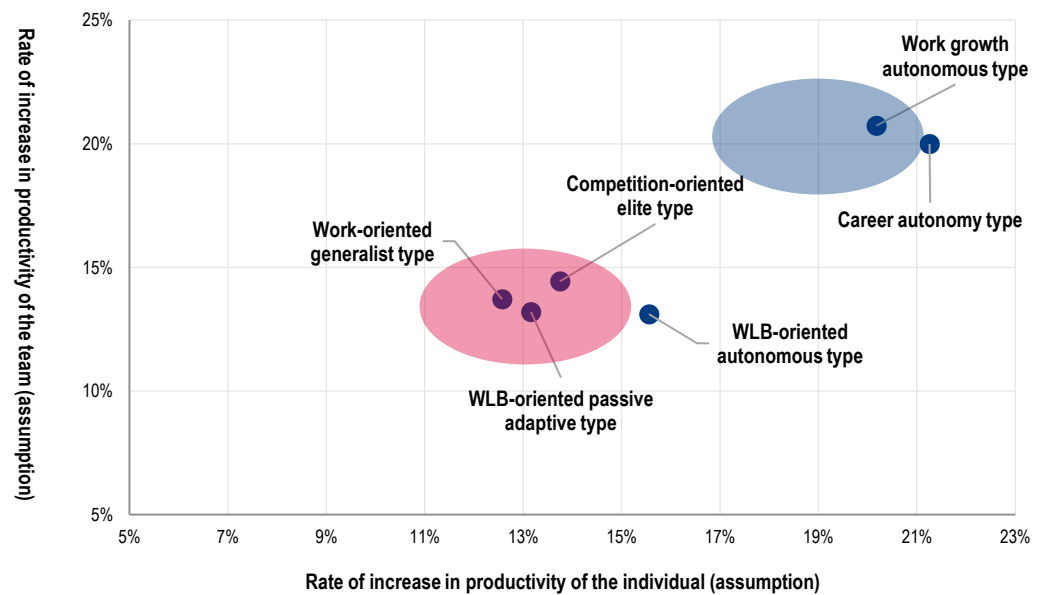
Note: However, "60s" refers to the five-year period between the ages of 60 and 64.

Human resource types who wish to be in the work growth stage more likely to improve productivity through environmental improvements

The results of several previous surveys have shown that increasing employee engagement is beneficial to the company. A typical example is Gallup's Engagement Survey (Gallup, 2017). The same survey shows that organizations (departments) in the top quartile of engagement scores are 21% more profitable than those in the bottom quartile.

In this survey, we asked to what extent "labor productivity of the individual" and "labor productivity of the team" would be improved if an environment was created in which employees could reflect and directly link their abilities to performance and results to the maximum extent possible. Although this is only a subjective response from the employees, it highlights the possibility that the effect of productivity improvement will be higher for the work growth autonomous type and career autonomous type, which are the types of human resources who want to work in an employment system that corresponds to their work growth stage, compared to other types of human resources.

Expected increase in productivity of the individual and the team (subjective evaluation)



Source:
Mitsubishi Research Institute

Many employees prefer a membership-based system

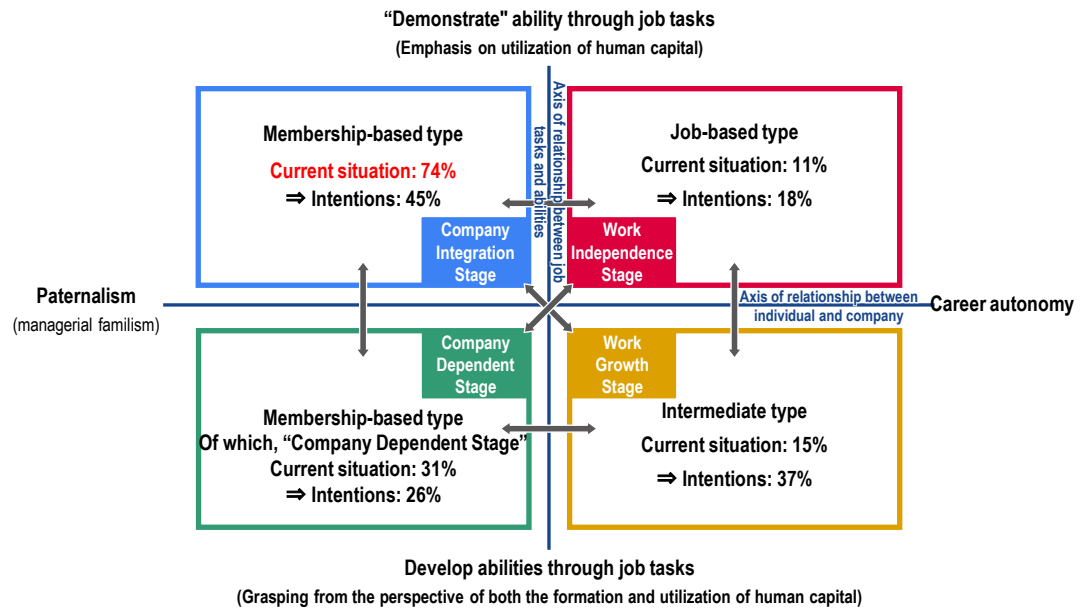
According to the results of this questionnaire survey, more than 70% of the respondents answered that their current situation falls into the membership-based type, which is the left side (2nd and 3rd quadrants) of the analytical frame of the employment system, and only about 10% are in the work independence stage, which is the upper right side (1st quadrant). This result suggests that very few employees are engaged in the job-based type work style.

However, the group of employees in the lower left (third quadrant) who wish to be in the Company Dependent Stage (WLB-oriented passive adaptive type) tends to be less autonomous and proactive (e.g., people who wait for instructions), and may include a group of employees who may hinder corporate growth, such as employees (members) who hang on to the company, rather than employees (members) who support the growth of the company.

In addition, what the WLB-oriented passive adaptive type is best at is routine administrative and business skills, and as automation of routine tasks and improvement of skills in non-routine tasks are required²⁴ in the future, it may become difficult to build a mid- to long-term career.

24
Human Resource Strategies for
Overcoming the Great Mismatch
Era #4: Japanese Human
Resources Biased toward
Routine Tasks: Trends and
Countermeasures Based on
International Comparisons
<https://www.mri.co.jp/knowledge/insight/20180906.html>

Percentage of current situation and intentions by employment system



4. Summary

From the above, the following points were clarified.

- Enhancing support for capacity development of employees in companies that are aware of career autonomy has the potential to increase employee engagement and performance.
- There are few employee intentions for the Work Independence Stage, which corresponds to the job-based type, so if we want to increase the number of employees who fall into this work stage, we need to implement some kind of mechanism or initiative.
- It is easier to effectively utilize employees' abilities when human resource management is based on different career perspectives rather than seniority-based treatment based on years of service.
- It is thought to be desirable for both the employee and the company if the employee who intends to be in the “Company Dependent Stage” voluntarily shifts to another work stage by fostering an awareness of mid- to long-term career development, rather than aiming for fitting in with the work stage in the short term through the employment system.

“Construction of a “Hybrid Employment” System

By creating a "hybrid" employment system with four work stages and six human resource types, it will be easier to connect employees' career perspectives and psychological contracts with the company's management and business strategies, and that is expected to improve employee engagement and the demonstration of their abilities.

What is a "hybrid" employment system?

Normally, a company's employment system (i.e., the system of human resource allocation, treatment, capacity development, organizational development, etc.) has a single structure, but this system is characterized by the coexistence of a membership-based type, job-based type, and an intermediate type (a type that combines both aspects). By conducting fully inclusive talent management (FITM) through group management by human resource type, human resource management can be realized based on the diversity of employees' career perspectives.

The following five points are key points for building an employment system that encourages change in the conventional type of human resource management.

Point 1

Support the acquisition of “employability”

This survey research has revealed that while employees perceive that the company they belong to has a "membership type" tendency, there are many employees who do not actually want this, again highlighting the gap between employees' intentions and the actual situation of the company.

Membership-based employment systems are generally structured in such a way that the company has strong authority over personnel matters and exercises a great deal of influence over the career development of its employees in exchange for the company's guarantee of long-term employment.

However, it has become clear that the majority of employees working for Japanese companies want to have "autonomous careers" and expect support from their companies for the development of their job performance abilities. While job security is important, it can be said that it is also desirable to create a cooperative attitude and environment to improve the “employability” of employees.

The term "employability" is a combination of the words "employ" and "ability," and is a concept that refers to "the ability to be employed." "Employability" does not mean the ability to continue to be employed by a single company, but the ability to be accepted in the labor market and to be active in one's own way.

As employees improve their ability to perform their jobs and acquire employability, the company can also expect to increase its productivity. Although the risk of an outflow of human resources will increase, an inflow is also expected. As the relationship between employees and the company becomes more equal, a review of the role of the company in employment security may also proceed.

Point 2

Establish an Environment for the Work Growth Stage and the Work Independence Stage

The optimal environment for enhancing employability is the “Work Growth Stage,” where the formation and utilization of human capital are balanced and where the initiative and autonomy of employees with respect to their work and careers are emphasized. However, the current situation is such that only about one out of every six or seven employees (15%) recognizes that he or she is in this work stage. Although the optimal ratio of the number of people in the four work stages will differ depending on such factors as the company's management strategy, business strategy, and business model, the alignment of employee awareness and company structure is extremely important in order to develop and utilize employees' abilities to the fullest. As a major trend, it is highly likely that companies will move in the direction of enhancing the Work Growth Stage.

Specifically, the company will establish a system to develop human resources who can flexibly change their own ability to perform their tasks according to the environment to which they are assigned, while enhancing the expertise of each employee. In addition, it will become important to proactively provide opportunities and venues that meet the intentions of employees, as well as to provide support for upgrading (enhancement of growth support measures) when there are skills that are lacking.

In addition, although the number of employees who fall into this category is still small, some companies may wish to create a "Work Independence Stage" as a place where employees who wish to have a pragmatic relationship with the company and highly specialized human resources can work autonomously. The figure below shows an image of the grading system for the Job Growth Stage, Job Independence Stage, and Company Integration Stage. The horizontal axis corresponds to the broadly grouped occupational groups (job family), while the vertical axis corresponds to the grade according to role.

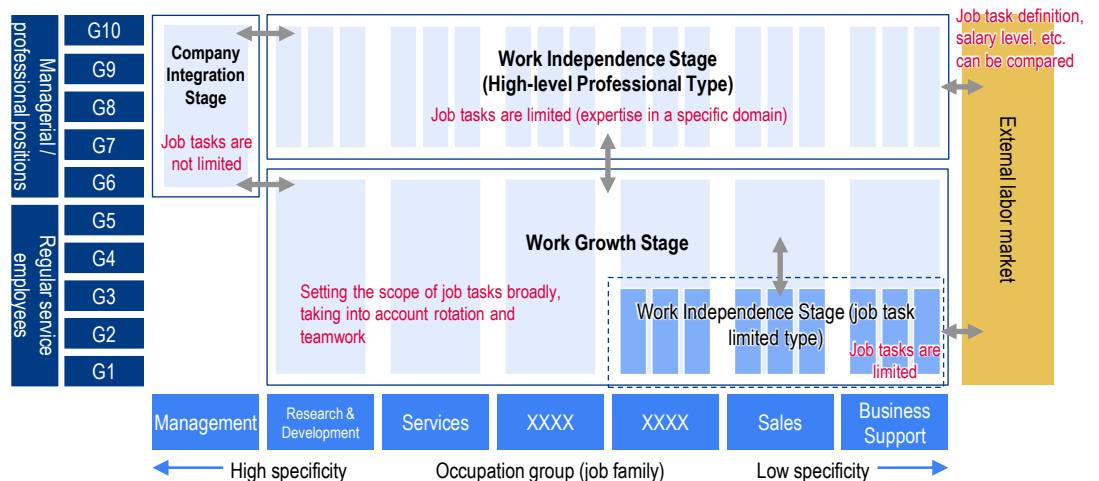
The occupational groups were set as a framework for fostering expertise taking into account internal rotation and teamwork. Some occupational groups have high company specificity (uniqueness) and some have low company specificity. However, for occupational groups with low specificity and grades that require a high level of expertise, it is easier to subdivide and clarify job tasks and make comparisons with the external labor market (job task definitions, salary levels, etc.) possible.

The Work Growth Stage includes a portion of management positions (G6 in the figure below), but assumes a transition to the Company Integration Stage in the process of aiming for a higher grade or the Work Independence Stage (high-level professional type) by further developing expertise in a specific area. In addition, some grades (G1-3, such as "Sales" and "Business Support" in the figure below) in occupational groups with low specificity are positioned as "Work Independence Stage (job task limited type)" because the relationship between results and workload and remuneration is clear, and it is easier to control work at one's own will.

In this way, it is not necessary to have multiple systems to deal with the Work Growth Stage, the Work Independence Stage, and the Company Integration Stage. By improving the environment of the Work Growth Stage, it is possible to deal with the Company Integration Stage and the Work Independence Stage (and even movement between the work stages).

In addition, since comparing the Work Independence Stage with the external labor market is easy, it is assumed that the mobility of human resources will increase through this work stage, as more people move out, become independent, or move in.

Relationship between the Work Growth Stage - Work Independence Stage - Company Integration Stage and the External Labor Market



Source: Mitsubishi Research Institute

Point 3 Designing a human resources portfolio by work stage²⁵ and visualizing employees' capabilities

Designing a human resource portfolio by work stage

Human resource portfolio design is extremely important in linking management and business strategies with human resource strategies. In this section, we present a design based on the "four work stages classification" with an awareness of the types of employment systems.

Since the balance of the volume of human resources required for each work stage varies depending on each company's business model, core competence²⁶, company size, management strategy and business strategy, etc., the required volume should be set based on these characteristics. As for the number of employees in the Company Dependent Stage (the 3rd quadrant of the employment system analytical frame), where employees tend to prefer routine tasks, many companies are expected to set their portfolios in the direction of reducing the percentage.

Next, we will identify the gap between the target portfolio (To be) and the current situation of employees (As is). If it is anticipated that conforming to the employee's intentions will not have a positive impact on the company's growth, the company will encourage the employee to move to a different work stage.

25
A human resource portfolio is an analysis that identifies the types of human resources that a company needs to realize its management and business strategies, and then predicts when and to what extent those types of human resources will be needed.

26
Core competence is the strength that is central and core to a company's activities.

If the new work stage is not in line with the employee's intentions, it will be necessary to provide detailed approach to encourage a change in his/her mind set. In addition, if the work stage transition of current employees alone is not sufficient to meet the target portfolio, the hiring of external human resources should be considered.

Concurrently, the company should define the system of expertise required to implement its strategy and the knowledge and skills required to perform the corresponding job tasks, so that the degree of fulfillment (sense of level) can be grasped. As a concrete example, this study analyzed the measures (mechanisms, approaches, climate, etc.) supported by all six human resource types based on the questionnaire survey introduced in Chapter 2, Section 2 (p. 15-), from the three perspectives of "enhancement of engagement," "development of abilities," and "demonstration of performance" (see Reference 1 at the end of this report for details).

As a result, we would like to recommend that the following figure be set as a common foundation for the concept of measures at the Company Integration Stage, Work Growth Stage, and Work Independence Stage, and that an environment be created that contributes to enhancing the engagement, developing the abilities, and demonstrating the performance of the human resource types corresponding to each work stage. Having a common foundation will eliminate the blurring of measures between work stages and ease the transition for employees.

The concept of policy measures as a common infrastructure for which development is desired

<p>Career development support</p>	<p>Provide opportunities to match career perspectives and career goals</p> <p><Example of policy measures></p> <ul style="list-style-type: none"> Using the career planning framework (Will, Can, Must, etc.), supervisors regularly assess subordinates' career intentions and communicate the overlap with their current work and the implications for their future work. 	<p>Treat employees by taking into account the professional skills required within the clearly defined scope of their job tasks</p> <p><Examples of policy measures></p> <ul style="list-style-type: none"> Enable employees to establish policies for capacity development and gaining work experience toward career development in the position they are aiming at by clarifying job task descriptions and requirements for each position in the organization. By defining the system of expertise required to realize the company's strategy and the specialized abilities, skills, and knowledge required to perform the corresponding job tasks, make it possible to grasp the degree of fulfillment (level).
<p>Evaluation Mechanism</p>	<p>Placing priority not only on results, but also on the "level of ability"</p> <p><Example of policy measures></p> <ul style="list-style-type: none"> Clarify what the organization requires of employees (results and abilities), set goals for capacity development in particular, and evaluate the development of abilities (growth and fulfillment of required standards) by placing weight on personnel evaluation 	
<p>Capacity Development Support</p>	<p>Provide support for voluntary capacity development and opportunities for cross-border learning</p> <p><Example of policy measures></p> <ul style="list-style-type: none"> Provide opportunities for challenge and study both inside and outside the company to encourage the acquisition of experience, knowledge and human networks that cannot be obtained within the workplace (or job group) 	

Creating an evaluation system

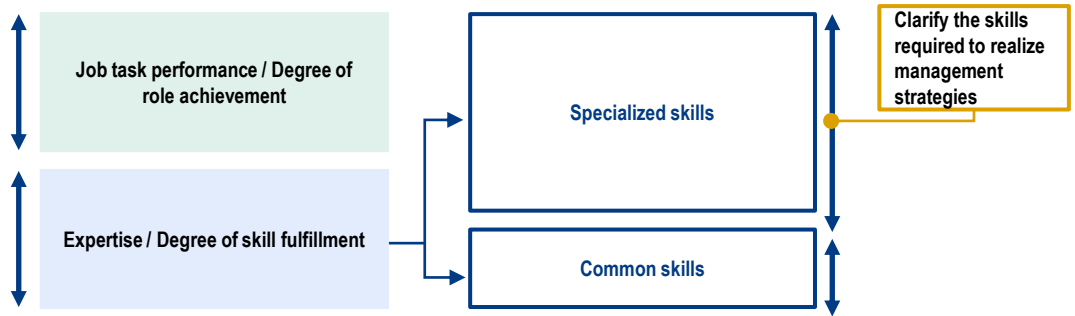
The figure below shows an image of the evaluation system necessary for the Work Growth Stage, which is thought to require a improving the environment in particular in the future.

Two evaluation points shall be assumed: "(1) Are they fulfilling their expected duties and roles?" and "(2) Do they have the expertise and skills necessary to carry out their duties and roles?" (2) is further divided into common skills and specialized skills. Specialized skills are high-level expertise and skills necessary for the realization of management and business strategies that have been clarified and substantiated.

In order to achieve sustainable growth in corporate value, it is essential to link management and business strategies with human resource strategies. One of the ways to do this is to clarify the level of skills and knowledge required to realize management and business strategies, and it will become important in the future to ensure that these are fulfilled.

As shown in "Reference 1" at the end of this report, it is essential to turn "(2) Does the employee have the expertise and skills necessary to carry out his/her duties and role?" into a system that is linked to evaluation, compensation, and even assignment and appointment, in order to improve employee engagement, develop their abilities, and realize the demonstration of their performance, centering on the Job Growth Stage.

Concept of skills evaluation (image)



Creating a system to support capacity building

The figure on the next page shows an image of a system for supporting capacity development that is also necessary for the Job Growth Stage.

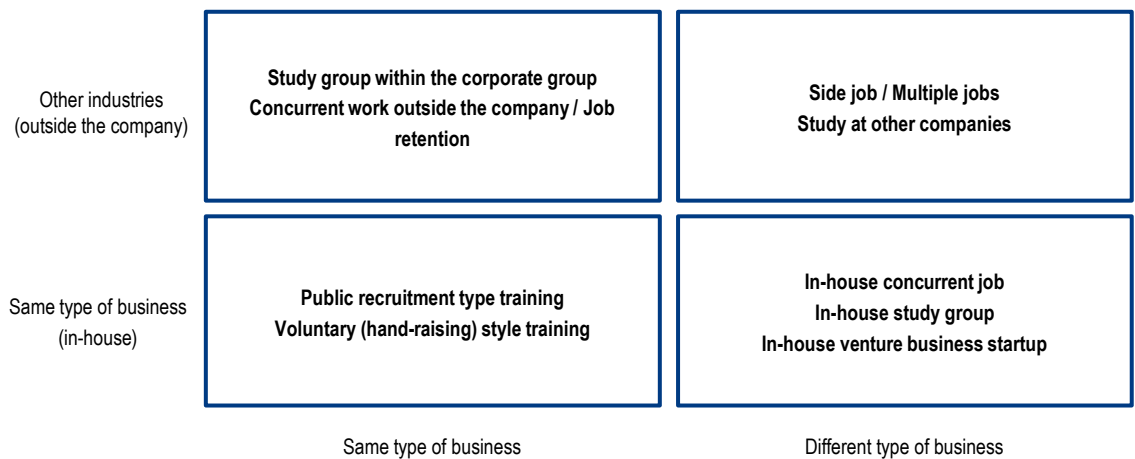
In addition to supporting voluntary capacity development, providing a wide range of growth opportunities in different industries and different occupations (cross-border learning) will lead to autonomous career development through changing the way of thinking and the acquisition of new knowledge and skills.

Cross-border learning patterns include combinations of the same industry (internal)/different industries (external) and the same occupation/different occupations. In the past, cross-border learning was a program in which some employees participated based on their own will and consent, but in the future, it is important to provide a wide range of opportunities under the company's initiative, regardless of job type or age, in order to encourage career autonomy for each employee.

Even among senior employees who have built up their careers over many years of membership-based employment, those who have experience working in unfamiliar environments are said to have more opportunities and possibilities for success both inside and outside the company²⁷. Therefore, providing opportunities from an early stage is considered to be effective.

However, in cross-border learning, the outcome of capacity development tends to be unclear, so it is important to clarify the purpose of the learning, whether it is to change one's mindset or to acquire new knowledge and skills, and to plan for one's work and career after returning to work.

A mechanism to support the development of skills necessary for the "Work Growth Stage" (image)



Source:
Mitsubishi Research Institute

Point 4

Utilize talent management as a "tool for supporting dialogue" with employees

Since both corporate strategies and employees' career perspectives are constantly changing, transition policies by work stage or human resource type are not fixed. It is necessary to regularly monitor the situation and review it on an ongoing basis.

In particular, human resource types are not fixed and may change. It is desirable to measure the human resource types of employees on a regular basis and take measures such as assigning roles, allocating human resources, and supporting capacity development that match the career perspective of each employee.

The career perspectives and psychological contracts that define each employee's human resource type are internal to each employee, and it is difficult to change them through external efforts. However, it is also true that the company has individual expectations for each employee, and sometimes it becomes necessary to encourage employees to change their human resource type. In such cases, continuous dialogue between the two parties is required, as it is necessary to respect the employee's intentions and reconcile them with those of the company.

We would like to propose the use of talent management as a "tool for supporting dialogue" between the company and employees in such cases. In general, talent management is often perceived as a method or tool for the managers and human resource departments to manage employees. However, if the information is made available to employees so that they can view it and have their own intentions reflected, and furthermore, if the information is used regularly in 1-on-1 meetings between supervisors and subordinates, it can become a tool that supports enhancement of engagement, employee growth, and autonomous career development.

Talent management as a "fully inclusive TM: FITM" described in Chapter 1, Section 3, p. 9, is based on the idea that if the growth of each person's talent is demonstrated in the organization and their sense of well-being is enhanced, the results will also be improved (Parsol Research Institute, 2019).

On the other hand, the so-called "human resource database" does not include important information that can affect engagement, such as the individual's career perspective and psychological contract, making it difficult to conduct individualized human resource management under the normal human resource management system.

In order to increase employee engagement and have them contribute to the company's growth, it is desirable to clarify which work stage the employee in question will be working in, and then manage them by coordinating the company's human resource strategy with the characteristics of each employee's career perspective and psychological contract.

The table below shows the key points in talent management for each work stage. For details, please refer to "Reference 1" at the end of this report.

Key Points of Talent Management in Each Work Stage

Company Integration Stage	Company Dependent Stage	Work Growth Stage	Work Independence Stage
<p>[Characteristics of the Work Stage]</p> <p>A type that is often seen mainly at the executive level. Career-track employees are often expected to continue in this stage. Those in this stage have a strong sense of belonging and contributing to the organization, making this stage a worthwhile investment for the company.</p> <p>However, with the diversification of life events and values, as well as the fact that companies are now not able to promise higher compensation to employees than in the past, it is becoming more difficult to maintain work motivation at this stage over the long term.</p> <p>This is a stage where a certain number of employees are needed in the company, and it is important to treat and manage them in a way that is distinct from other stages.</p>	<p>[Characteristics of the Work Stage]</p> <p>Regardless of the type of employment, a certain number of regular employees in traditional Japanese employment system are found in this stage. Due to changes in the external environment, it is difficult for Japanese companies today to continue to support employees in this stage for a long period of time. For employees, too, there is a high possibility of falling into a vicious cycle of lack of motivation and demonstration of ability, and it is necessary to encourage them to become independent and self-reliant and to exit from this stage.</p>	<p>[Characteristics of the Work Stage]</p> <p>The stage that was traditionally considered to be more common among so-called "regular" employees and employees in career-track positions who are raising children or caring for family members.</p> <p>However, due to the diversification of career perspectives in recent years, there are many people who prefer this stage regardless of their job group, age, or life events.</p> <p>In addition to being easy to shift from the Company Dependent Stage, it is also possible to shift from the Company Integration Stage on the occasion of personnel transfers or reassignment.</p>	<p>[Characteristics of the Work Stage]</p> <p>Employees who are not interested in production line management positions and want to hone their expertise, or employees who prefer routine tasks with clear job roles, are suitable for this work stage.</p> <p>Although the number of employees who intend to move to this stage is still small in this survey, which is based on traditional Japanese employment management such as the job qualification system and job group management, it is expected that the number of employees who place importance on demonstrating their abilities while keeping a certain distance from the company will increase in the future.</p>
<p>[Type of human resources who wish to move to this stage]</p> <p>→ "Competition-oriented elite type"</p>	<p>[Type of human resources who wish to move to this stage]</p> <p>→ WLB-oriented passive adaptive type</p>	<p>[Type of human resources who wish to move to this stage]</p> <p>→ Work growth autonomous type Work-oriented generalist type Career autonomy type WLB-oriented single type</p>	<p>[Type of human resources who wish to move to this stage]</p> <p>→ Some employees of all types</p> <ul style="list-style-type: none"> • Full compensation based on level of achievement of results/performance (high-profession type) • Full compensation based on workload (job task limited type)
<p>[Key Points of Management]</p> <p>As they tend to act with a clear sense of purpose and goals, it is effective to communicate the roles and tasks expected of them, as well as the skills and abilities they need to develop.</p>	<p>[Key Points of Management]</p> <p>Encourage the individual to set career goals and achieve career autonomy, while indicating the criteria and conditions for the type of career that will lead to promotion within the company, and encourage the individual to move on to the job growth stage or the job independence stage by providing enhanced support for capacity development that will contribute to the realization of the individual's career goals.</p>	<p>[Key Points of Management]</p> <p>Different approaches are required according to the characteristics of each type. It should be noted that there is room for consideration as to whether those who belong to the "WLB-oriented single type," who work only for money and have a low sense of supporting their colleagues, should be treated in the same way as those who belong in other types.</p>	<p>[Key Points of Management]</p> <p>It is necessary to encourage the transition by reaching out to the individual on his or her awareness and intentions and carefully matching them.</p>

Point 5

Expectations toward the National Government, etc.

The contents of this study, including the development of an environment for the Work Growth Stage and the transition to this work stage, is intended to link management and business strategies with human resource strategies, and will also contribute to the promotion of human capital management advocated by the national government. We hope that the national government will improve the environment in such ways as establishing laws, building momentum, and promoting various measures in order to provide various opportunities for capacity development, such as visualization of employees' abilities (expertise and skills) in the company, financial support for reskilling, and cross-border learning such as second jobs or job retention.

We also hope that industry and professional associations will provide various learning opportunities (cross-border learning, etc.), such as capacity development that contributes to the development of expertise beyond the boundaries of companies.

Construction Procedure and How to Proceed

The employment system in Japanese companies is at a turning point, but a drastic change from a membership-based system to a job-based system is expected to be met with great resistance. The sense of unity in the organization, which is one of the advantages of Japanese companies, may be lost.

One solution to this problem is the combined use of the "membership-based type," "job-based type," and "intermediate type" employment systems presented in this study. Through fully inclusive talent management, each employee is placed in one of the four work stages according to their human resource type, and an employment system appropriate for each work stage is applied. Then, the company will be able to realize its ideal portfolio of human resources by work stage.

Currently, membership-based companies can help employees gain employability and encourage them to reskill as they do in job-based companies, while enhancing their engagement. Not only will the productivity of the company increase, but the value of the employees themselves in the labor market will also increase, and the relationship between the company and the employees will change to one of equality.

So, what steps should be taken to actually realize a new employment system like the one described above? While we have provided a partial explanation so far, there are four steps that can be summarized as follows.

1. Understanding the actual situation of human resource portfolios by work stage
2. Establishing the ideal human resource portfolio and examining corresponding policies
3. Developing the environment necessary for work stage transitions and determining the destination of the transition
4. Implementing initiatives and periodically reviewing them to optimize human resource portfolios

We shall now take a look at them in order

1. Understanding the actual situation of human resource portfolios by work stage

Since each company has different proportions of employees in different work stages, the first step is to create two types of human resource portfolios for the company: "Current situation" and "intentions." In order to implement meticulous management for each of the six human resource types, it is important to understand the human resource type based on the current intentions of each employee.

2. Establishing the ideal human resource portfolio and examining corresponding policies

The next step is to establish an "ideal" human resource portfolio based on the company's management policy and the human resource vision based on it. Then, decide how to move employees from one work stage to the next in order to achieve this ideal portfolio.

The basic policy is to encourage employees to make the transition through the development of an environment that matches their intentions, but this alone is unlikely to help realize the ideal human resource portfolio. Especially in the Company Dependent Stage, where a gap between the company's ideals and employees' intentions is likely to emerge, it is necessary to make long-term efforts to encourage employees to change their intentions through dialogue.

In this way, within the scope of matching the company's ideals, consider a set of short-term approaches to meet employees' intentions and medium- to long-term approaches to eliminate gaps that cannot be filled by these approaches alone.

3. Developing the environment necessary for work stage transitions and determining the destination of the transition

In the short term, we will prioritize the development of an environment that matches the "Work Growth Stage," where the intentions of the employees are considered to be strong. We will develop a system to accommodate this work stage.

In the Work Growth Stage, career development with an awareness of specialization is a prerequisite. Therefore, at the time of transition to the work stage, specific transition destinations, such as job groups, are determined upon making adjustments in consideration of each employee's career and future intentions, while indicating the specialization and skills required in terms of human resource strategy based on management and business strategies.

Many employees are unaware of their own career perspectives and what kind of relationship they expect from the company. Even if they are aware of this, there is a possibility that this may change in the future. It is important to understand and share human resource types on a regular basis, not only at the time of work stage transition, and to adjust perceptions on career development.

Other Key Points on Environmental Improvement

Environmental improvement in the "Work Growth Stage"

The dissemination and penetration of the job-based work style may narrow the scope of each person's work, promote division of labor within the company, and increase the cost of communication within the company. In this context, the role of human resources in connecting people with other people within an organization becomes important. We call such people "multi-specialists." If a specialist who has extremely high expertise in a narrow field is a person with "depth" of expertise, a multi-specialist is a person who has expertise in multiple fields at a certain level, or in other words, a person with "breadth" of expertise.

People without deep expertise are often seen as a "jack of all trades (people without expertise)," but in this study, they are positioned as important human resources who can enhance teamwork by fostering a sense of unity among human resources within the company, support employees during childcare and nursing care (shortened hours, leaves of absence), and when collaborating with senior employees to enhance organizational resiliency,²⁸ or connect internal and external "knowledge" to bring about innovation.

Multi-specialists include some middle-level administrators and managers. Although there is a possibility that some of them may later move to the "Company Integration Stage" or the "Work Independence Stage" by further developing their expertise in specific areas due to changes in their career perspectives, we basically assume that they will be active in the "Work Growth Stage."

Meanwhile, there are a small number of senior employees who have the intention to play an active role, including those who belong to the "work growth autonomous type." Therefore, it is desirable to abolish age-based distinctions, such as mandatory retirement and reemployment, and provide opportunities for these employees to be active in the "Work Growth Stage."

Creation of the "Work Independence Stage"

The analysis in this study revealed that the number of employees who wish to demonstrate their abilities independently and autonomously in the future (i.e., those who wish to enter the "Work Independence Stage") is not very high, at 1 out of 5 or 6 (18%), but it is higher than those in the current situation (11%). It is thought that it is necessary to increase the number of available positions for such employees.

The core employees who are active in this work stage are those who are job-oriented and wish to demonstrate their own expertise while keeping a certain distance from the company. We assume that the company can provide opportunities for them to work outside the company, such as in a side job, a temporary position, or a long-term strategic transfer, or they can be used as a contact point with external parties, such as employees who are treated as sole proprietors or employees who have left the company and returned.

With regard to capacity development that is confined within the company, human resources who can respond quickly to business changes that transcend the boundaries of the industry are in some respects difficult to develop. The creation of this work stage is also important in terms of employees bringing new "knowledge" into the company by traveling back and forth between inside and outside the company.

This study also revealed that about one in four employees (26%) wish to be in the "Company Dependent Stage." This includes a small number of people who are not very motivated to work, and it is not necessarily a good idea to respond to the wishes of employees.

However, these employees are willing to contribute to the company by fulfilling their responsibilities within the stipulated working hours. Therefore, it will be important to promote the transition to the "Work Independence Stage" where the relationship of results and workload with remuneration is clear and easy to control by one's own will. At the same time, we would like to "visualize" the knowledge and skills that are lacking in the employee in question and promote support for enhancing his or her expertise.

4. Implementation of initiatives, and optimization of human resource portfolios through periodic verification

Regularly monitor human resources portfolios, as well as the engagement, abilities, and performance of each employee, and implement various initiatives to optimize and maximize human capital (such as creating a workplace culture, fostering a sense of unity in the organization, retaining and developing human resources, and reinforcing and strengthening human resources).

Accumulate company information (human resource strategy, human resource image, human resource supply and demand by work stage, etc.) and individual personal information (the individual's human resource type such as career perspectives, awareness of work stages, skills and abilities, etc.) in the talent management system, so that both the company and the individual can share the information.

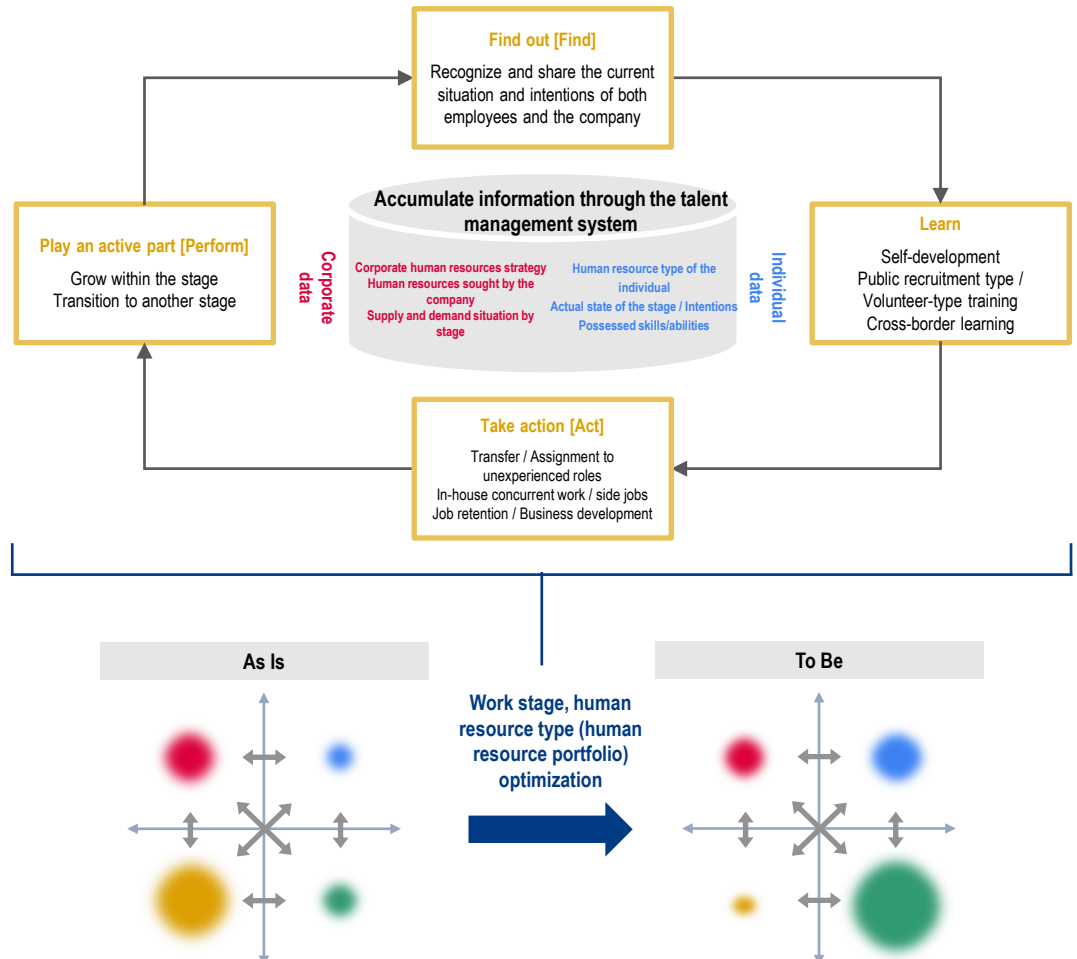
Based on this, we will search for a direction in which the company's growth and the individual's growth can be simultaneously realized, and based on the agreed talent management system, we will turn the cycle of learning, taking action, and being active.

Management strategies, human resource strategies, employees' career perspectives, and the state of their psychological contracts are constantly changing. It is important to periodically verify and flexibly review and optimize work-stage-specific human resource portfolios.

In summary, there are four key points to the utilization of the new employment system (combined type) based on work stages and fully inclusive talent management.

- Implementing talent management for all employees to attract diverse and capable human resources and achieve growth, which is essential for sustainable enhancement of corporate value
- Grasping the intentions of employees to maximize their various abilities, system and operation of capacity development, and data accumulation
- Through "1-on-1" sessions, etc., the company turns the FLAP cycle frequently (as shown in the diagram below), and promotes the development of each employee's abilities and career through coordination between the individual and the organization.
- Continue optimization of human resource portfolios (closing the gap between the ideal and actual situation) by promoting capacity development, assignments and appointments that are linked to management and sales strategies and human resources strategies

FLAP Cycle in Human Resource Portfolio Optimization



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