

Securing Globally Playable Human Resources Vital

By Yoshiaki IWASA

Challenging the Dynamic World

There are a number of major economic and financial events that greatly shook the world. Now, take a look at events in 1970 and later as the world's industrial structure and social framework drastically changed after that period. Notable among them were the 1971 Nixon shock, the 1985 Plaza Accord, and the most recent one – the collapse of major US brokerage Lehman Brothers in September 2008 resulting from the subprime lending mess that began striking the US economy in 2007. Virtual wealth that does not represent the real economy swept through the world at that time. The latest financial crisis appears to be calming down thanks to globally adopted economic and financial policy measures. But it inflicted major injuries to the hearts of people that cannot be healed easily.

A detailed look into those major events shows that the human brain has achieved explosive progress in its potential that has never been seen before and human beings have formed a desire to figure out things unknown toward the future. This progress and formation of human desire have now spread to all the fields of natural science, the economy, finance and culture. In other words, the world has begun moving to search for the limit of human beings' capabilities.

Under these circumstances, people in each sector have more or less begun to secure human resources that can cope with these fresh challenges. The supply-demand balance of human resources that can play on a global scale has immediately turned into a sellers' market.

One recent example is Nomura Securities Co., which spent a huge amount of money in Britain to hire a large number of financial business experts from the failed Lehman Brothers. Nomura gave them key positions in Japan and Britain.

Meanwhile, aside from high-level "brainworkers" sought as globally playable human resources, the need for general workers is also recognized as human resources who, trained under well thought out

educational programs and thus equipped with skills and knowledge plus experience, can respond to shop-floor requirements. Businesses need to pay attention to those two aspects to acquire globally workable human resources.

Now take a look at Santoh Inc.'s global human resource management strategy.

Strategic Use of Human Resources of Global Caliber

Established in 1981, Santoh is an integrated international, multiple transport company that combines such distribution means as ships, aircraft, trucks and railways. Integrated service means door-to-door transport service for shippers and consignees. Santoh is a consultancy-type forwarder that uses every piece of know-how and expertise to provide door-to-door transport service. It also offers proposals to conduct safe and quick transport services.

Since its founding, Santoh has continued to operate with an eye to building its business infrastructure and expanding the business from a comprehensive viewpoint – putting in perspective what an ideal integrated global logistics company should look like in the future and keeping in sight the acquisition and training of human resources capable of achieving the goal.

Specifically, Santoh has worked out a global business strategy and put its financial resources, human resources and work energy mainly into the development of human capabilities, the formation of a strong organization and network, and the expansion of overseas bases – all are necessary for implementing the business strategy.

What is worth special mention is the establishment of key bases in China that started with one in Hong Kong in 1992. Currently, Santoh has 10 business footholds in China. It opted not to set up joint ventures with local partners but to establish wholly owned bases. In those days, many Japanese businesses moved into China through joint ventures. So, Santoh was forced to acquire "human resources of global caliber in strategic terms" at its early stage in China in order to quickly deepen knowledge about that country. In the inaugural period there, Santoh had only a few staffers. They became Santoh's vanguard in today's globalized human resources of the company.

Bilateral trade between Japan and China has expanded rapidly since China joined the World Trade Organization in 2001. In addition, China concluded a closer economic partnership arrangement with Hong Kong in 2003. Santoh wasted no time in seizing those chances to actively expand its business network in China. As a result, Santoh now has a total workforce of 210 at its key business

Photo: Santoh Inc.



Participants in a meeting of Santoh officials responsible for overseas networks, held in Hong Kong in January 2010; they are from company footholds in Japan, China and South Korea.



People at work in the office of Santoh's Shanghai subsidiary



Santoh President Yoshiaki Iwasa shakes hands with Taekyu Jin, named as chief representative of Santoh (Shanghai).

bases in China – 60 in Hong Kong, 100 in southern China, 20 in Shanghai, 10 combined in Tianjin and Dalian, and 20 in Qingdao. The Santoh group has a global workforce of 360 now, including 30 at Santoh Korea Inc., which spearheaded Santoh's globalization, and 120 at four domestic footholds – Santoh's Osaka headquarters, Tokyo office, Santoh Kobe Inc. and an affiliate, FP Shinyei Co., a forwarder of less-than-container load (LCL) cargo.

Human Resources Meeting Global Standards Needed

Santoh has made major investments to raise high-level general workers with front-line skills and expertise as well as excellent leaders with strategic ideas in an effort to achieve its international strategy in a functional manner. Under such circumstances, Santoh's staff has become inevitably multinational. Currently, nationalities vary from Japanese to Chinese (Beijing, Fujian Province, Xinjiang Uyghur Autonomous Region, Hainan Province, etc.), South Korean, Vietnamese and Malaysian. They differ in value, culture, identity, philosophy, living conditions, lifestyle, language, mentality and other various aspects. So, it is natural for the varied nationalities leading to differences in the management style, business operation, and recognition of information. The wide variety also reflects differences in techniques, processes and results.

But the business world is strict in discipline. And, results are evaluated strictly. This sometimes leads to a prolonged debate and negative results. In such a situation, capabilities of bridging these differences are required to adjust interests between Santoh's bases and to produce major results. Human resources with such bridging capabilities are therefore needed. Human resources that can perform such a major bridging mission spiritually and physically are urgently required now. I daresay these are precisely the qualities of globally playable human resources.

At the launch of Santoh's overseas business in Hong Kong in 1992, the company hired a few local people as business leaders. Those leaders have come to manage Santoh's overseas business bases. Santoh also employed Chinese nationals who have rich knowledge about Chinese law, tax affairs, commercial practices and culture as well as business experience because strict compliance with law is sought in international business operations. At the same time, Santoh acquired human resources that are well versed in the milk run distribution system – essential knowledge for staff at an integrated global logistics company.

Santoh also secured administrators who have full knowledge and expertise in management and production on the shop floor to equalize delivery time and remove any obstacle to the delivery of goods from producers who have adopted a vender-managed inventory business model. Santoh has regarded them as globally workable human resources. Santoh is now urgently required to secure human resources capable of conducting global and total management. In order to smooth business between Japan and China, Santoh needs to hire globally playable human resources capable of working out the company's global business strategy and of moving to Japan in the future.

These measures will help us cope with global challenges – deregulating international labor migration and flexing the flow of intellectual and general labor – and eventually meet the need to secure globally workable human resources and “send necessary people to necessary places.”

Making Efforts to Raise Human Resources

The company has also been making all-out efforts to tap human resources of potentially global caliber. It has been endeavoring to improve the working environment, establish a reasonable pay system, and maintain fair and just promotion of personnel to nurture human resources. In addition, Santoh is looking into the advisability to make globally workable human resources play educational guidance roles for general workers. It has been maximizing efforts to develop prominent human resources that can play on a global stage. This cannot be achieved in a short space of time. A well thought out and well planned comprehensive educational program is called for.

There are a number of problems that cannot be solved only from the Japanese social and ethical point of view in carrying out those measures. Full attention must be paid to a global way of thinking, corporate social responsibility, compliance, corporate governance, transfer of knowledge, technology and capital to developing countries, and various other issues. It is Japan's obligation as well.

What is important is that corporations need to have not a mere Japanese sense of value but a broader perspective based on a global way of thinking to secure and train human resources of global caliber. Corporations need to reexamine the past cases of success once again, recognize their presence in the changing world, expect possible fallacies, and act accurately and appropriately to avoid committing mistakes. **JS**

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