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International Human Resources Management of  
Japanese, American, and European Firms in Asia: The  
Roles of Headquarters and Subsidiaries

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**International Human Resources Management of Japanese, American, and European  
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**Abstract**

The main role of the headquarters international human resources departments/business units of seven Japanese firms we researched is to manage the Japanese expatriates at their subsidiaries in Asia; they have little involvement with the management of local employees. The headquarters international human resources departments/business units at five researched American firms tend to maintain strong company value/mission that drives use of their performance appraisal/promotion systems for employees worldwide. In addition, the headquarters human resources departments/business units of the American firms tend to supervise senior-level managers regardless of their nationalities. Although two researched European firms manage senior-level managers worldwide, their international human resources management systems are not as rigid as those of American firms.

The principle objective of this paper is to examine the relationships between the headquarters/business units of Japanese firms and their subsidiaries in Asia, in terms of international human resources (HR) management, and those of American and European firms.

The transfer overseas of management systems can be viewed typically in three forms: cultural (Hofstede, 1980; Trompenaars, 1993), institutional (Edwards and Kuruvilla, 2005; Ferner and Quintanilla, 2002) and strategic choice analyses (Bloom and Milkovich, 1999). The transfer of Japanese management systems has inspired many researchers, including Abo (ed.) (1994), Itagaki (ed.) (1997), and Boyer et al. (eds) (1998). Much of the research indicates that Japanese human resources management systems, characterized by concepts like long-time employment systems, cooperative industrial relations, and skill formation systems, have not been completely transferred outside of Japan, especially in North America (Doeringer, Evans-Klock, and Terkla, 1998; Kenny and Florida, 1993 and 1995; Kenny and Tanaka, 2003; Milkman, 1991). Adler (1995) and Adler, Glodoftas, and Levine (1998) stress that transplants of Toyota in the United States have firmly introduced its lean production system. Yet, human resources management systems and industrial relations at the transplants are hybrid of the Japanese and American systems. Japanese human resources management systems have also failed to be transferred fully to their operations in the Philippines (Amante, 1995), Malaysia (Wilkinson et al., 2001), and China (Taylor, 2001). According to Bae, Chen, and Lawler (1998), because Japanese firms are highly sensitive to local practices in Korea and Taiwan, it is difficult for the Japanese firms to fully transfer their Japanese human resources management systems to these countries. Skill formation systems, especially those of integrated skills with troubleshooting, have

not been implemented in the United States and Asia (Koike and Inoki, 1987; Shibata, 2001 and 2006).

Regarding the roles of headquarters human resources departments, Aoki (1988) compared the power “centralization” of human resources management departments in Japanese firms with the power “decentralization” in human resources management departments in Western firms. Jacoby (2004) theorizes that the headquarters human resources management departments in Japanese firms maintain strong and broad power. In contrast, he believes that the headquarters human resources management departments of American firms play weak roles; that daily decision-making responsibility shifts from headquarters to business units and their line managers. Jacoby (2004) concludes that much more diversity in the approach to human resources management is found in American firms than in Japanese firms. Human resources management systems of Japanese firms are partially moving from organization-oriented to market-oriented systems, while human resources management systems of American firms are more transforming to market-oriented systems. The gap between the Japanese and American systems has been widening. Yet, in terms of international human resources management systems, previous research did not clarify relationships between headquarters/business units of Japanese and American firms and their subsidiaries.

In this paper, we examine international human resources management systems, i.e. relationships between the headquarters and business units of Japanese, American, and European firms and their subsidiaries in Asia. What are roles of headquarters international human resources departments/business units of the firms? How do the headquarters human resources departments of the firms

manage their employees worldwide? What are the strong and weak points of the international human resources management systems of Japanese firms? How are the systems of Japanese firms changing? One of the main focuses of our research is performance appraisal systems, which play a crucial role in human resources management system.

### **Overview of Researched Firms and Subsidiaries**

We researched seven Japanese firms (six manufacturing firms and one non-manufacturing firm) and their six subsidiaries (three manufacturing subsidiaries, two non-manufacturing subsidiaries, and one regional headquarter) in Asia, five American firms (two manufacturing firms, two non-manufacturing firms, and one conglomerate firm) and their five subsidiaries (two manufacturing subsidiaries, two non-manufacturing subsidiaries, and one regional headquarter) in Japan, and two European manufacturing firms and their two non-manufacturing subsidiaries in Japan.<sup>1</sup> All of the firms we researched are large and leading firms of their particular industry. The Japanese subsidiaries that were researched are located in the Philippines, Thailand, Taiwan, and Hong Kong. Capital ownership by the headquarters company varied from forty-nine percent to one hundred percent for the Japanese subsidiaries. The headquarters of the American and European firms typically owned nearly one hundred percent of the capital of their subsidiaries in Japan (Table 1).

**Table 1 Researched Firms and Their Subsidiaries**

Japanese Firms

Firm	<u>J1</u>	<u>J2</u>	<u>J3</u>	<u>J4</u>	<u>J5</u>	<u>J6</u>	<u>J7</u>
Manu./Non-M. <sup>a</sup>	M	M	M	M	M	M	N
Subsidiary	<u>JS1</u>	<u>JS2</u>	<u>JS3</u>	<u>JS4</u>	—	<u>JS6</u>	<u>JS7</u>
Location	Philippines	Thailand	Taiwan	Hong Kong	—	Philippines	Taiwan
Manu./Non-M. <sup>a</sup>	M	M	N	RH	—	M	N
Capital by Headquarters	49%	51	100	100	—	100	100

American Firms

Firm	<u>A1</u>	<u>A2</u>	<u>A3</u>	<u>A4</u>	<u>A5</u>
Manu./Non-M. <sup>a</sup>	M	M	N	N	M/N
Subsidiary	<u>AS1</u>	<u>AS2</u>	<u>AS3</u>	<u>AS4</u>	<u>AS5</u>
Manu./Non-M. <sup>a</sup>	M	M	N	N	RH
Location	Japan	Japan	Japan	Japan	Japan
Capital by Headquarters	100%	86	100	100	100

European Firms

Firm	<u>E1</u>	<u>E2</u>
Manu./Non-M. <sup>a</sup>	M	M
Subsidiary	<u>ES1</u>	<u>ES2</u>
Manu./Non-M. <sup>a</sup>	N	N
Location	Japan	Japan
Capital by Headquarters	100%	100

<sup>a</sup> Manu. (M) : Manufacturing      Non-M. (N): Non-Manufacturing  
 RH : Regional Headquarter

## **Methodology**

We researched the Japanese, American, and European firms during January of 2001 and March of 2006. The bases of our research methods were qualitative interviews and the gathering of hard, unpublished data. We interviewed general managers or managers at the headquarters human resources departments of six Japanese firms, and the presidents, human resources general managers, or managers at six Japanese subsidiaries in Asia; human resources general managers at the headquarters human resources departments of two American firms, and human resources general managers at five American subsidiaries in Japan; and a president and a human resources general manager at two European subsidiaries in Japan.

### **Relationships between Headquarters Human Resources Departments/Business**

#### **Units and Subsidiaries**

Concerning the relationship between headquarters human resources departments/business units and subsidiaries in Asia, there is some diversity among researched Japanese firms and among researched American firms. However, distinct differences are found among the Japanese, American, and European firms.

#### **Japanese Firms**

According to human resources managers of the J1 firm, “localization” of its subsidiaries means that higher management positions, except finance/accounting positions, are occupied by local employees. Yet, almost all presidents at the researched Japanese subsidiaries in Asia are Japanese expatriates. At the JS4 subsidiary in Hong Kong, all positions higher than (and including) general managers are filled with Japanese expatriates. In contrast, a president and a

senior vice president are staffed with local employees at the JS3 subsidiary in Taiwan. In terms of the incomplete localization, a Japanese human resources manager at the JS4 subsidiary in Hong Kong stressed that Japanese expatriates can communicate easier with managers of Japanese headquarters/business units than local employees. Another Japanese human resources general manager at the J2 firm stated that the skill level of local employees is generally lower than the Japanese expatriates would ideally like to see. However, a general human resources manager at the J5 firm predicts that president positions of Japanese subsidiaries in Asia will be occupied by local employees in the near future, like Japanese subsidiaries in America and Europe.

Under the supervision of the presidents at Japanese subsidiaries, vice presidents or general managers are responsible for human resources management. Almost all of the vice presidents or human resources general managers are Japanese expatriates, some of whom have no work experience at human resources departments of the Japanese headquarters. At the JS6 subsidiary in the Philippines, a local employee is a human resources general manager, a position that was once held by a Japanese expatriate. Other lower-level human resources managers at the Japanese subsidiaries are all local employees.

Concerning relationships between headquarters and the their subsidiaries, the main tasks of headquarters human resources departments of Japanese firms we studied are to manage Japanese expatriates and to help their subsidiaries work through major issues and/or changes. The headquarters human resources departments make performance appraisal systems for Japanese expatriates, which are not affected by company vision/mission. Performance appraisal systems for Japanese expatriates at the J4 firms are more merit-oriented than performance

appraisal systems for Japanese employees in Japan. In terms of actual evaluations, business units of the Japanese firms are often involved with the appraisals for the Japanese expatriates. (When Japanese expatriates are sent from headquarters departments, the departments often evaluate the expatriates.) At the JS3 subsidiary in Taiwan, the president first evaluates Japanese expatriates. And then, business units in Japan, which the Japanese expatriates belong to, appraise them. At the JS7 subsidiary in Taiwan, the Japanese vice president first evaluates the Japanese expatriates, followed by the president. Concerning job transfers of Japanese expatriates within the firms, a headquarters human resources department of the J7 firm decides transfers of the Japanese expatriates of the JS7 subsidiary in Taiwan, while accepting suggestions from the Japanese president of the subsidiary. Job transfers of Japanese expatriates of the JS3 subsidiary in Taiwan are decided by business units in Japan.

An example of support from a headquarters human resources department to its subsidiary can be seen with the way in which the JS1 subsidiary in the Philippines introduced a new wage system for local employees. The headquarters human resources department of the J1 firm first offered the J1 firm's wage system to the subsidiary. After reviewing with the JS1 subsidiary, the wage system was modified to local contexts, creating a new wage system. When strikes occurred in the subsidiaries, the headquarters human resources departments of the J2 and J4 firms sent their experts to the subsidiaries to support the local management. Because the J4 firm had many Japanese employees back at headquarters who used to work at the subsidiaries overseas, it had a fairly good understanding of the issue and how to respond to the problem. At the J3 firm, human resources managers and union executives periodically visited the subsidiaries and received requests on

housing, family, and other benefits from the Japanese expatriates.

Concerning other relationships between headquarters human resources departments and their subsidiaries, the directions from the headquarters human resources departments in Japan to the subsidiaries in Asia are fairly few and limited. For example, the J4 firm only requests headcount reports on the number of all employees and managers' names from the JS4 subsidiary in Hong Kong. Many subsidiaries send only monthly human resource report to their parent firms. Many of the subsidiaries do not have periodical human resources meetings among subsidiaries in Asia. Although the J3 and J6 firms have meetings among subsidiaries in Asia periodically, the actual information sharing on human resources management is limited.

Many of the researched Japanese firms established international human resources departments in the 1980s. The primary tasks of the human resources departments at this time were to make legal or other documents for Japanese expatriates. For example, the J3 firm made an international human resources department in the late 1980s. Six employees were in charge of the arrangement of visa and air tickets for the Japanese expatriates. Those tasks are now outsourced to a joint-subsiidiary travel firm in Japan. At the J4 firm, work on pay calculation and the human resources database for Japanese expatriates were transferred to a subsidiary human resources firm in Japan.

Headquarters human resources departments of the Japanese firms are generally not involved with the management of local employees at the subsidiaries. The Japanese vice president or human resources general managers, and local human resources managers at the subsidiaries manage the local employees. In terms of local employees' promotions, Japanese expatriates at the JS2 subsidiary in

Thailand determine the promotions of employees at the level of managers and higher. Local managers determine the promotions of other local employees at the JS2 subsidiary. The promotion rule at the JS2 subsidiary is more rigid and more academic-based than the promotion rules at the parent firm. At the JS7 subsidiary in Taiwan, local managers first propose candidates and then the Japanese vice president decides the final promotions for the local employees.

The performance of local employees is evaluated by local managers and then by Japanese vice presidents or presidents at the Japanese subsidiaries. Although some of the Japanese firms we researched tried to introduce performance appraisal systems common to all employees worldwide, all of the seven researched Japanese firms at this time do not have the common worldwide performance appraisal system. Each subsidiary makes its own performance appraisal system, loosely based on the performance appraisal system of their parent firms.

For example, a manager of the headquarters human resources department of the J2 firm researched performance appraisal systems at their subsidiaries in Asia in 2001. Although the headquarters human resources department proposed a worldwide common performance appraisal system in 2003, the system was not adopted. At the JS2 subsidiary in Thailand, performance appraisal items for local workers are similar to those for Japanese workers of the J2 firm in Japan. Yet, the performance appraisals at the subsidiary include specific and basic items; such as items on attendance, safety, 5S (five disciplines in the workplace), QCC (quality control circles), and TPM (total productive maintenance). Local managers at the JS2 subsidiary had complained in the past, because Japanese expatriates had not evaluated them carefully. In 2001, based on the guide by a Japanese human resources general manager at the subsidiary, local human resources managers and

outside human resources consultants created a new performance appraisal system for local white-collar employees. The appraisal system consisted of management-by-objectives and competency-based appraisals. The competency-based appraisals at the subsidiary included more specific appraisal items (such as problem solving and planning/organizing ability) than the competency-based appraisals at the parent firm. At the JS4 subsidiary in Hong Kong, performance appraisal systems used to be copied from performance appraisal systems of the parent firm in Japan. In 2000, after the skill level and experience of the local human resources managers increased, the managers implemented a new performance appraisal system under the guide of the Japanese human resources expatriate. The new performance appraisal system is more performance-oriented than the performance appraisal system of the parent firm.

### **American Firms**

The American firms researched show a wide disparity in the approach to human resources management. For example, the human resources management system of the A5 firm has very rigid structures and rules. While promoting very few higher-potential employees faster, the A5 firm fires lower performers. The power delegation from the A5 firm to its subsidiaries is very limited. Other American firms that we researched do not utilize such rigid systems. However, all of the researched American firms emphasize managing their employees on a worldwide basis. Compensation philosophies of the American firms are commonly applied for all employees on a worldwide basis. Business units, rather than headquarters human resources departments, play important roles in international human resources management.

The presidents of the AS1 and AS3 subsidiaries in Japan are Japanese, while the presidents of the AS2 and AS4 subsidiaries in Japan are non-Japanese expatriates. Ninety percent of the presidents of the A5 subsidiaries in Japan (including the AS5 subsidiary) are Japanese. Almost all of the human resources directors or general managers of the researched subsidiaries are Japanese — the exception was the A3 firm, where the head of human resources was an American who used to work at a Japanese firm in Japan.

In terms of the relationships between headquarters and their subsidiaries, headquarters human resources departments of the researched American firms make performance appraisal/promotion systems that are strongly reflected by their company's vision/mission statements. The same performance appraisal/promotion systems are basically applied for all employees worldwide. Some Japanese human resources directors or general managers of the subsidiaries point out that the appraisal systems can be utilized worldwide because the appraisal systems of the American firms are much simpler than the appraisal systems of typical Japanese firms. At the A5 firm, which executes rigid human resources management, the same performance appraisal/promotion systems are applied for all of the employees worldwide. The A3 firm employs the exact same performance management system worldwide, only making difference in language based on the location of the subsidiary. All appraisals are summarized and then translated back into English. The performance appraisal systems of the A4 firm consist of management-by-objectives and competency appraisal systems. The competency-based appraisal systems are sufficiently affected by the A4 firm's vision/principle. While the performance appraisal/promotion systems are partially modified by each business unit, the performance appraisal/promotion systems are

applied for all employees within the business unit. The headquarters human resources department of the A4 firm invites all human resources directors of the subsidiaries and offers the directors training programs for the use of the appraisal systems. At the A2 firm, a performance appraisal system is applied for all senior-level managers than (including) general managers worldwide. One hundred and fifty higher managers among 3,000 Japanese employees at the AS2 subsidiary are evaluated by the performance appraisal system.

Using worldwide performance appraisal/promotion systems, business units and headquarters human resources departments in the American firms manage all of the senior-level managers worldwide, regardless of their nationalities. The senior-level managers are actually first evaluated at the subsidiaries in Japan, and then are appraised by business units in the United States. At the A5 firm, 4,000 to 5000 higher-level managers among 300,000 employees in the world are managed by business units, and several hundred senior-level managers among them are supervised by the headquarters human resources department.

For other local Japanese employees, the subsidiaries in Japan manage the Japanese employees. Except the AS3 and AS5 subsidiaries, other subsidiaries partially changed performance appraisal systems that are made by headquarters human resource departments of their parent firms. At the AS2 subsidiary, Japanese blue- and white-collar employees are evaluated by using the same performance appraisal system, in contrast to the parent firm in the United States where both of the employees are treated separately.

Concerning other relationships among headquarters human resources departments and subsidiaries, American firms that we studied hold periodically TV conferences between headquarters human resources departments and subsidiaries

worldwide, such as every Tuesday' evening (A5) or every other week (A2), which are not found in researched Japanese firms.

Interestingly, because the headquarters human resources departments/business units of the American firms maintained strong centrally-run systems and managed subsidiaries on tight reins from headquarters, some of the Japanese human resources general managers complained about the centralized organizational structures in their firms. A general manager of the AS5 subsidiary stated that the headquarters human resources department demanded to use a human resources database system that does not fit human resources management systems in Japan. The A1 firm forces the AS1 subsidiary in Japan to use American human resources management systems which separate blue-collar workers from white-collar employees. A few human resource "general" managers of the researched subsidiaries grumbled that their jobs are similar to the jobs of human resources managers in Japanese firms, because their power in the subsidiaries is limited. According to some Japanese human resources general managers, since the collapse of the bubble economy in Japan and the recovery of American economy in the early 1990s, global standard systems led by American firms have strongly penetrated into Japan.

### **European Firms**

The two European firms that we researched have emphasized maintaining their company value and image. International human resources management systems of the firms are not as rigid as international human resources management systems of American firms that we researched. The headquarters human resources departments of the European firms send more power to their subsidiaries

in Japan than the American firms.

The presidents of the two European subsidiaries in Japan are Japanese. The human resources general managers and other human resources managers of the subsidiaries are Japanese. Headquarters human resources departments of the firms manage the limited number of senior-level managers worldwide. For example, the headquarters human resources department of the E1 firm supervises 300 senior-level managers, regardless of their nationalities. A Japanese president, a Japanese director, and a European director are targets for the management at the subsidiary. International human resources management systems of the European firms are not systematic. When the E1 firm looked for candidates for a management position, the headquarters human resources department called to ask some human resources general managers in its subsidiaries, not using job-bid systems.

Unlike American firms that we researched, the European firms and their subsidiaries do not have performance appraisal systems that are applied for all employees worldwide. At the ES2 subsidiary, two Japanese general managers are evaluated by a Japanese president, and then by the top management and the headquarters human resources department of the E2 firm. Top management and headquarters human resources/finance departments of the E1 firm evaluate three top managers (a Japanese president, a Japanese director, and a European director) and a European finance general manager at the ES1 subsidiary, partially using evaluation by the subsidiary president. The ES1 and ES2 subsidiaries manage the local Japanese employees. The headquarters human resources departments are not involved with the management for them. Largely changing performance appraisal systems of the parent firm, the ES1 subsidiary introduced its own

performance appraisal system. The ES2 subsidiary made its performance evaluation system for local employees, not referring to performance appraisal systems of the E2 firm.

Headquarters human resources departments of the E1 and E2 firms do not send detailed and strict instructions to their subsidiaries in Japan. The headquarters human resources department of the E2 firm seldom summoned the Japanese human resource general manager of the ES2 subsidiary. The human resources general manager of the ES2 subsidiary voluntarily communicates with human resources general managers of other subsidiaries in Asia.

### **Differences based on Industries, Stock Structures, and Market Sizes**

Relationships between headquarters human resources departments/business units and their subsidiaries are different based on divisional organizations of the firms, not on industries. Because the J7 firm does not have distinct divisional organizations, a headquarters human resources department of the firm has more power. At the J1, J2, J3, and J6 firms that maintain strong divisional organizations, business units play more crucial roles on evaluations and job transfers of employees than headquarters human resources departments. At the J4 firm that has many subsidiaries and several businesses, seven regional headquarters in the world supervise their subsidiaries.

Stock structures of subsidiaries that we researched do not affect the relationships between headquarters human resources departments/business units and subsidiaries. Many Japanese human resources general managers of the American and European subsidiaries pointed out that the parent firms offer more power to the Japanese subsidiaries than subsidiaries in other countries, because

Japan has larger markets.

### **Conclusion**

Aoki (1988) and Jacoby (2004) stress the concentration of power in terms of human resources lies with the headquarters human resources departments at Japanese firms. Our research found that headquarters human resources departments/business units of Japanese firms that we researched play weaker roles on international human resources management than those of American firms that we studied. Headquarters human resources departments/business units of the Japanese firms tend to manage only Japanese expatriates at their subsidiaries in Asia. The departments/business units are not involved with the management of local employees, whom are managed by the subsidiaries. In addition, when strikes occurred or new human resources management systems were introduced in the subsidiaries, the headquarters human resources departments of the Japanese firms provided some support to the subsidiaries.

At the researched American firms, headquarters human resources departments/business units manage all senior-level managers worldwide, regardless of their nationality. Performance appraisal/promotion systems of the American firms are basically applied for all managers and employees in the world. Compared to the Japanese firms, the power of international human resources management is more centralized to the headquarters human resources departments/business units of the American firms. The American subsidiaries in Japan have very limited power in terms of their discretion over human resources management. European firms that we researched roughly manage the limited number of senior-level managers in the world than the American firms. The power

of the human resources management at the European firms tends to delegate to their subsidiaries than that at the American firms.

Human resources management systems consist of peripheral and core areas. In terms of peripheral areas, researched Japanese, American, and European firms keep local laws and are eager to adapt to local customs. Concerning core areas, the American firms firmly affect their company value/mission on their human resources management systems and supervise senior-level managers worldwide. Although the Japanese firms are enacting their vision/mission, the vision/mission has not yet given sufficient impacts on their human resources management systems.

Why do Japanese firms not utilize worldwide common performance appraisal systems and not supervise senior-level managers regardless of their nationalities? Our research found three reasons for this. First, as Bae, Chen, and Lawler (1998) found, Japanese firms are very sensitive to local contexts and respect management decision by each subsidiary. The Japanese subsidiaries manage on a policy of “when in Rome do as the Romans do”. The Japanese firms do not intend to change those management systems. Japanese management might be characterized by being pragmatic and inductive, in contrast to American management that is strategic and deductive. Second, Japanese human resources general managers of the subsidiaries do not want that headquarters human resources departments/business units of Japanese firms control in detail the subsidiaries, like American firms. Finally, according to some human resources managers of the Japanese firms, headquarters human resources departments do not maintain many human resources managers who execute international human resources management. Part of the reason stems from the fact that Japanese headquarters

have been rationalized and shrunk in size.

It has been noted and often criticized that Japanese expatriates, not local employees, occupy many higher positions of Japanese subsidiaries. Two reasons are found for this. First, because Japanese management, including human resources management, tends to depend on “people”, Japanese firms often want to fulfill higher management positions of their subsidiaries with Japanese expatriates. In contrast, American management tends to depend on “(global) systems”. Because American firms utilize worldwide common management systems, including performance appraisal systems, managers at the subsidiaries, regardless of their nationalities, can relatively easily supervise, using the global system. The second reason concerns languages. Many Japanese managers of researched Japanese, American, and European firms stress that mother languages, which are spoken at their headquarters, are utilized, when crucial management issues are discussed. The mother language at American and European firms is English. Almost all senior-level managers of their subsidiaries can speak English. The mother language at Japanese firms is Japanese. Many local employees and managers of the Japanese subsidiaries do not speak Japanese. Therefore, Japanese expatriates occupy many higher management positions at the Japanese subsidiaries.

International human resources management systems of Japanese firms are changing in three points. First, in order to combine all of the employees and increase the management efficiency worldwide, Japanese firms emphasize management value/mission. The J1, J2, J3, and J5 firms made their management value/mission to gradually penetrate them in their subsidiaries. (So far, their value/mission of the Japanese firms do not affect their human resources management systems, unlike American firms. Interestingly, an American

subsidiary of the J3 firm made its performance appraisal system that is affected by the value/mission of the parent's firm.) Second, Japanese firms invite managers in the world to their headquarters and provide them with special training programs. The J1 firm holds six-month training programs for high-potential assistant general managers in the world. The J3 firm asks their subsidiaries to recommend high-potential managers to the global training program. The recommended 20 managers are got together twice a year and are provided with off-the-job training, including training programs on management value/mission, brand strategies, and leadership. A sales department of the J2 firm started to train Asian local managers of sales, who become key persons of the sales departments at the subsidiaries. Finally, at some Japanese firms including the J4 firm, manufacturing subsidiaries are behind of sales subsidiaries concerning human resources management. A human resources department of the JS4 subsidiary (regional headquarter) in Hong Kong is strongly helping human resources management functions at the manufacturing subsidiaries in Asia.

Japanese firms have three problems on international human resources management. First, like American firms, Japanese firms might manage their employees on a worldwide basis and supervise senior-level managers, regardless of their nationalities. Second, information sharing among Japanese subsidiaries within the same country/area might be advanced. The subsidiaries overseas of Japanese firms have maintained close relationships with their business units in Japan. Yet, even within the same country or area, the subsidiaries which belong to different business units do not thoroughly communicate each other. The final problem concerns roles of business schools in Japan. American firms employ many senior-level managers who have various nationalities and studied at business

schools in the United States. Business schools in Japan might train non-Japanese students with programs on Japanese management systems. The training programs might contribute to internationalization of Japanese firms.

This research did not explore deeply the headquarters of American and European firms and their subsidiaries in Asia. It is noted that many firms are setting up subsidiaries in China, and these were not covered in this paper. These are our future research topic concerning international human resources management.

## Notes

- 1 The classification of “Japanese”, “American”, and “European” firms is determined by the actual location of headquarters, not the official registered location of the headquarters.

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