Organizational Structures and Human-centric Approaches in Globalization: Case Study of a Japanese Cosmetics Firm
Organizational Structures and Human-centric Approaches in Globalization: Case Study of a Japanese Cosmetics Firm

In recent years, globalization has become an indispensable choice for further growth of Japanese firms, due not only to a shrinking domestic market because of declining birthrates and a rapidly aging population, but also due to the worldwide situation of accelerated globalization by competitors and new, expanding markets from the extraordinary growth of emerging countries. Under such circumstances, to continue a global business successfully, it is imperative to acquire the abilities of both efficiency by global integration and localization through national responsiveness. Many global enterprises are seeking to transform themselves into transnational companies, based on a matrix type organizational structure consisting of a vertical axis by product (or brand) and a horizontal axis by region (or country).

However, in a matrix organization that requires double reporting, conflicts occur as a matter of course due to the daily disparity of directions between the product and region sides, resulting in a great deal of expense to resolve these conflicts. Consequently, many firms abandon their matrix organizational structures to avoid these high costs.

Convinced that it is the success factor of global business that confronts and resolves these issues, I researched ways to resolve these issues that naturally occur in a global matrix organization. The research method used was based on literature of global business management and designing organizations, using examples of organizational issues and solutions occurring in Shiseido Co., Ltd., to which I belong, and carried out by reasoning cause and effect based on the congruence method.

As a result, I determined that the global matrix is not a structure but rather a mindset. In other words, to make a global matrix organization operate effectively, it is important to promote human-centric approaches for enhancing employee commitment, rather than designing a rigid organizational structure to control employees. In this study, I propose that it is essential to develop talented people willing to make compromises so that the overall organization can produce the most desirable solutions among the complex and conflicting situations that a matrix organization encompasses. Simultaneously, success factors for strengthening employee commitment are also discussed.

Finally, I hope that this study will provide a meaningful resource for resolving issues that Shiseido Co., Ltd. has not yet anticipated as well as for any enterprise aiming to maintain the success of their global business activities.