

The career paths of directors and organizational capability in Hitachi, 1950–1999

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Abstract

This paper explores the career path of the directors of Hitachi during the period 1950–1999, relating to the accumulation and use of organizational capability. The top management is not only the core human resource responsible for organizational capability, but it also decides the method of accumulation and use of organizational capability. Hence, their career path demonstrates important aspects of the accumulation process of organizational capability.

As most Hitachi directors gained significant experience in a factory, organizational capability concentrated in factories with regard to technologies provided Hitachi a competitive edge. Nevertheless, there was an imbalance in the accumulation of organizational capability between organizations and the diversity of the member pool of the top management was limited.

Regardless of one's experience as a head of an organization, the length of service required to be promoted to the position of director was same for all. Therefore, the middle management in Hitachi felt there was fairness. In addition, the equality in terms of office among individuals who have held the position of a director may have increased the feeling of fairness, which, in turn, has had a positive impact on ensuring organizational capability. On the other hand, owing to the same characteristics, Hitachi may possess the risk of the management being bureaucratized and poor in creativity. In addition, as office terms of directors tended to be shorter, the sense of responsibility by a director toward the company may become weaker, which, in turn, may have a negative influence on organizational capability. The research result of this paper provides useful insights on the relationship between the career path of directors and organizational capability of international electronics companies as well as those of other Japanese companies.