

# **Deconstruction of Management to Revitalize Human Resources**

**— “Aspirationism Management” as a Means of  
Encouraging Autonomous Employee Behavior —**

**Katsunori TAKAHASHI**

**Nomura Research Institute**

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- I The Changing Relationship Between Individuals and Firms
- II Human Resources Have Begun to Atrophy and Become More Conservative
  - 1 Who Decides the Work You Want to Do?
  - 2 A Declining Inclination to Seek Challenges
  - 3 What Accounts for the Increase in the Number of More Conservative Individuals?
- III Companies that Are Harshly Evaluated by Their Employees
  - 1 Tackling Management Reforms that Are Not Positively Evaluated
  - 2 Lack of Progress Towards Information Sharing and Greater Autonomy
- IV Firms that Create “Autonomously Acting Human Resources”
  - 1 The Need for Deconstruction and the Creation of a New Management Model
  - 2 The Posture of Firms where Employees Act Autonomously
  - 3 Management that Creates Autonomously Acting Employees
- V Towards the Rejuvenation of Employee Vitality
  - 1 Why is the Vitality of Human Resources Declining?
  - 2 The Transition to “Aspirationism Management”

In 1993 and 2000 Nomura Research Institute (NRI) surveyed company employees in their 20s and 30s concerning their views on work and their companies. The results of these surveys revealed a conservative tendency among employees whose desire for challenge is declining despite the fact that they feel their present jobs to be worthwhile and have a sense of personal growth. Various factors lie behind these findings. These include (1) a decline in trust in companies as long-term employment has for all intents and purposes collapsed and (2) inadequate efforts by companies to communicate the intentions behind various management systems designed to clarify employee roles and performance.

To enter a new phase of business activity formation and management creativity and to regain their vitality, Japanese firms must voluntarily deconstruct their existing management frameworks and replace them with “autonomously acting human resources.” Promoting a transformation from system- and contract-oriented management to action- and dialogue-oriented management and the revitalization of a sense of autonomous commitment based on the aspirations of the entire firm and each individual are indispensable for this purpose.

## I The Changing Relationship Between Individuals and Firms

The last stages of Japan's growth economy had a strong effect on the relationship between individuals and firms. Traditional-type personnel policies that pushed employees to strive for improvements in the entire organization's performance—and which elicited a sense of unity and loyalty to the organization in return for guaranteed long-term employment in a seniority-based system—have ceased to function.

As stable growth can no longer be guaranteed, firms had no choice but to restructure surplus human resources. To bring personnel costs in line with corporate performance and make expenses less fixed and more variable, companies have had to introduce schemes such as merit-based evaluations and remuneration systems that are linked to operating performance. Firms have also been rapidly accelerating efforts to reform retirement pay and welfare pension systems. During the past several years, companies have followed one another in abolishing employee benefit programs that were modeled on providing family and housing allowances designed to assist the lives of their employees.

Viewed from the employee's standpoint, these changes mean that firms can no longer guarantee the lives of their employees over the long term. Workers cannot help thinking of their company as merely one of a number of organizations that affect their lives. There is a question here, however, that must be considered.

Under these circumstances, has the shift to employee reward systems based on performance evaluations and the move to rational, objective-oriented employment systems not premised on long-term employment actually increased individual motivation? Have these changes stimulated behavior tied to stronger company performance? We may also ask whether eliminating the tacit bias towards a dependency between firms and individuals has actually weakened the firm's cohesive strength and sense of unity as an organization.

This paper examines how an individual's awareness and manner of interaction with the company have changed. The discussion is based on the results of the Survey on Work<sup>1</sup> carried out by NRI in November 1993 and the Survey on Work and Companies<sup>2</sup> that NRI conducted in November 2000. These assessments focused on evaluating the opinions of young employees in their 20s and 30s who held important positions at firms in the Tokyo metropolitan area and who may become the individuals responsible for creating activities or management planning systems and development systems at the companies concerned. Following this I intend to outline the organizations and conditions required by business creation-type individuals and the autonomously acting human resources who can form a core group for rejuvenating a company, and will finally propose an approach to

company management for deconstructing and recreating the relationship between individuals and firms.

## II Human Resources Have Begun to Atrophy and Become More Conservative

In the following section we will look at the changes in attitudes concerning companies and work based on the results derived from an analysis of the questionnaires. I will use the expression affirmative group to refer to the responses of those who completely agree and/or generally agree to the survey questions. What I will call the strongly affirmative group indicates individuals who answered only that they completely agree. On the contrary, those individuals whose responses indicated complete or general disagreement are labeled the negative group.

### 1 Who Decides the Work You Want to Do?

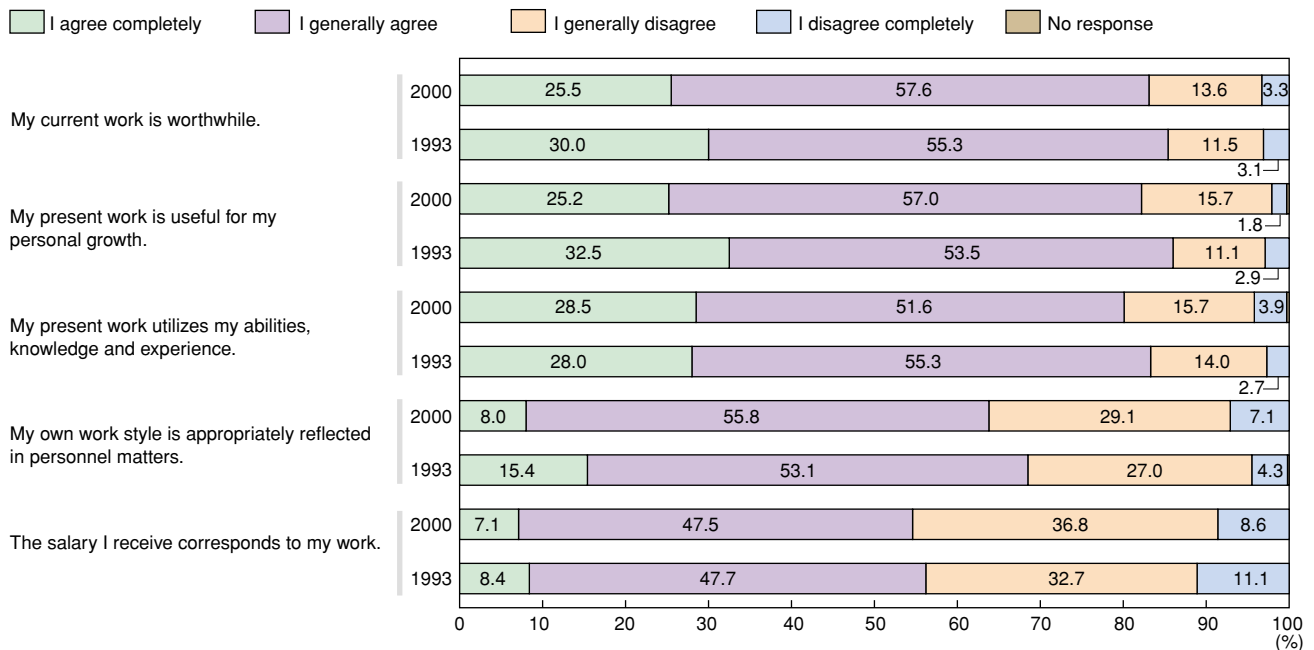
Let us begin by looking at the question of whether young employees working in important positions feel a sense of fulfillment and personal growth with regard to their present work and firm. According to Figure 1, more than 80 percent of the respondents gave an affirmative opinion in response to the statements "My current work is worthwhile" and "My present work is useful for my personal growth." It is worth noting that the percentage in the strongly affirmative group declined by about 5 to 7 percentage points, compared to the results of the 1993 survey. With regard to work itself, however, we can see that there are many working individuals who maintain a positive attitude towards their work.

On the other hand, the statement "My own work style is appropriately reflected in personnel matters" earns an affirmative response from a little over 60 percent. Similarly, the affirmative response is a little more than 50 percent to the statement "The salary I receive corresponds to my work." Compared with the 1993 survey, a slightly declining tendency is evident. Although progress has been made towards performance-based personnel systems during the latter half of the 1990s, we cannot necessarily say a consensus on personnel matters and wages has emerged.

Under these circumstances, how have an employee's basic values in terms of working at a company changed? (Figure 2.)

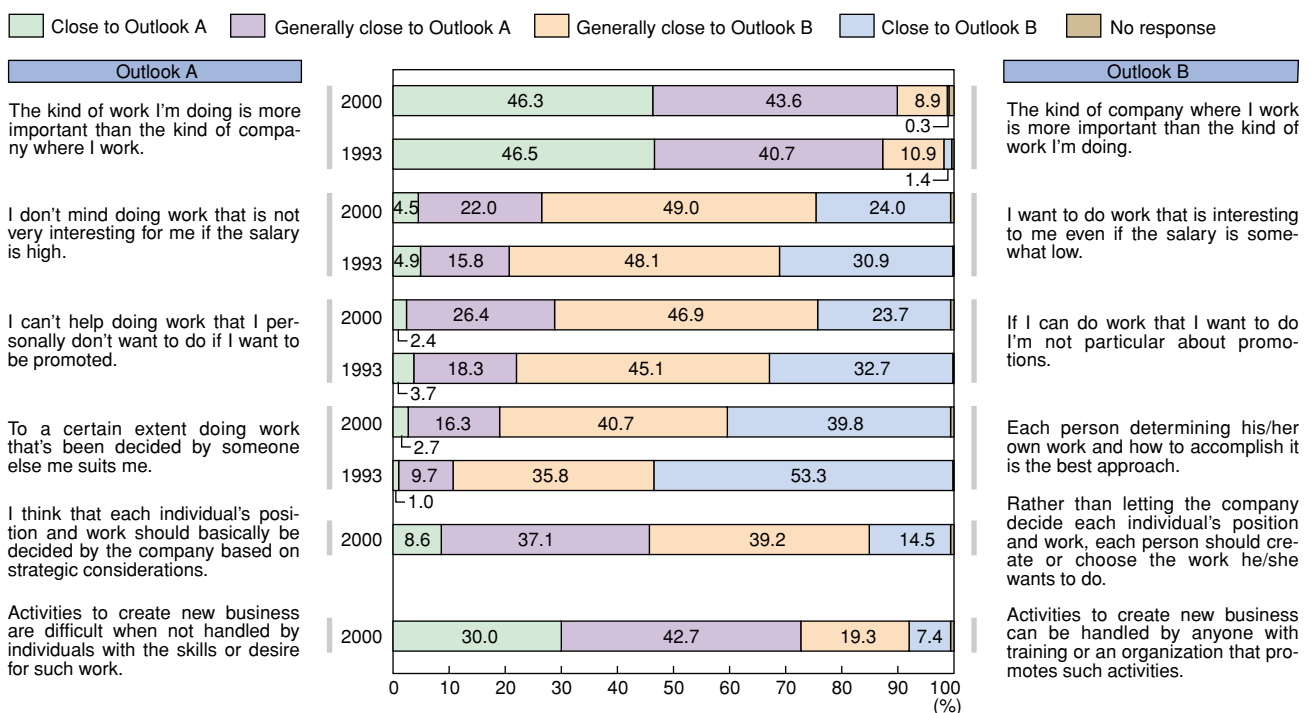
First, in the latest survey the response to the statement "The kind of work I'm doing is more important than the kind of company where I work" was extremely high at approximately 90 percent, identical to the results of the 1993 survey. In terms of the social value system, this would suggest that the concept of "work content" is more firmly rooted and more deeply valued than the concept of the "company" where one happens to be employed.

**Figure 1. Attitudes Concerning Current Work and Benefits**



Sources: Nomura Research Institute, Survey on Work, November 1993 (N=486), Survey on Work and Companies, November 2000 (N=337). All data cited below is taken from these source surveys.

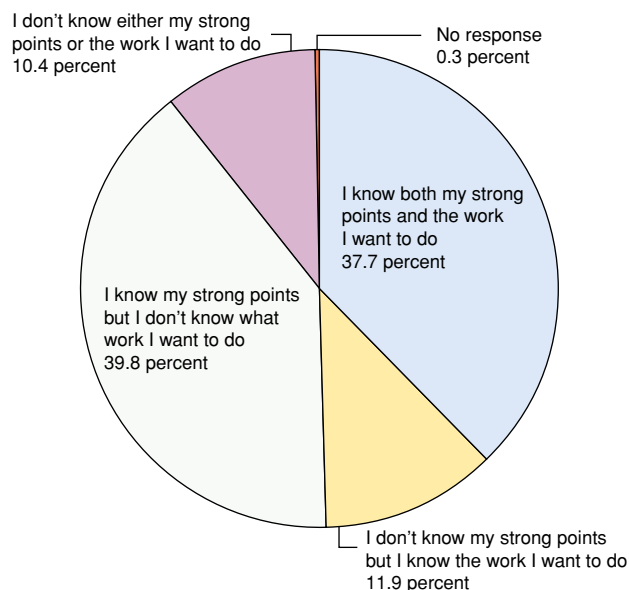
**Figure 2. Basic Value Systems Concerning Work and Companies**



Furthermore, the response of the group emphasizing work content to the statements “I want to do work that is interesting to me even if the salary is somewhat low” and “If I can do work that I want to do I’m not particular about promotions” accounted for more than 70 percent. Readers should note, however, that the attitude expressed in the opposite statements “I don’t mind doing work that is not very interesting for me if the salary is high” and “I can’t help doing work that I personally don’t want to do if I want to be promoted” has increased since the 1993 survey.

As this shows, the overall inclination to aspire to work of one’s own choosing, rather than to any particular company, and to be particular about the work content are strong. With regard to the question of who should decide the work (an item that was added to the 2000 survey), 45.7 percent of the respondents answered, “I think that each individual’s position and work should basically be decided by the company based on strategic considerations.” But 53.7 percent agreed with the statement “Rather than letting the company decide each individual’s

**Figure 3. Do You Know Your Own Strong Points or the Work You Want to Do? (2000 Survey)**



position and work, each person should create or choose the work he/she wants to do.” We can see that while employees place an emphasis on being able to do the work they desire to do, opinions are divided with regard to who should determine that work.

Moreover, consider the fact that rather than expressing any intent to create their own jobs, the inclination of respondents to agree with the statement “To a certain extent doing work that’s been decided by someone else suits me” rose slightly. Consider also that more than 70 percent of the respondents agreed with the statement “Activities to create new business are difficult when not handled by individuals with the skills or desire for such work.” These responses point to the possibility that individual aspirations towards independent action have decreased.

Furthermore, when we look at the question of whether individuals have a clear idea of the work they themselves actually want to do, 39.8 percent indicated that “I know my strong points but I don’t know what work I want to do,” while 10.4 percent said that “I don’t know either my strong points or the work I want to do.” In other words, fully half of the personnel at companies lack a clear idea of the work they want to do (Figure 3).

## 2 A Declining Inclination to Seek Challenges

Next let us turn to the company selection criteria that individuals use to determine the kind of company where they want to work. The decline in the attitude of employees to challenge themselves voluntarily and create their work autonomously becomes even more distinct.

When we examine the results in Figure 4, the responses ranked in first and second place as the conditions for choosing a company are firms where “My own abilities will be properly evaluated” and firms where “I can make the best use of my expertise, capabilities and experience.”

Both of these are skills-related categories. The next most frequent responses were “A company that has a pleasant workplace atmosphere” (third place) and “A company that has excellent employees and many stimulating individuals” (fourth place).

In addition, individuals also emphasize as selection criteria categories related to the desire to seek challenges (“There are many opportunities to learn new things and challenge myself” and “I can decide for myself on the work I do and have plenty of autonomy”) and categories related to the company’s own capabilities (“Excellent company thinking, concepts and vision” and “Unique capabilities not found in other companies”).

In contrast, mechanisms to provide high levels of compensation that have been strengthened at some firms over the past few years, such as advantages in changing jobs or promotion to top management at an early age, performance-linked salaries and stock options, are not receiving as much emphasis as company selection criteria.

Figure 5 compares the results of the latest survey with those from the survey in 1993. The change in “The salary level is higher than that at other companies” in particular is remarkable, with the group that emphasized this item dropping sharply by more than 20 percentage points. I believe this reflects an awareness of the reality that it has become more difficult for employees to request a specific salary level.

A problem rather is to be found in the point that the group emphasizing an aspiration for challenges has declined, as shown by the responses “There are many opportunities to learn new things and challenge myself” and “I can decide for myself on the work I do and have plenty of autonomy.” In particular the group emphasizing the latter declined by 11.3 percentage points from the survey in 1993.

In addition, let us turn our attention to the question concerning the career paths of individuals that is shown in Figure 6. What is remarkable is that the statement “I want to work for my present company for a long time and achieve a position of ‘manager’ or higher” increased sharply to 30.3 percent in the 2000 survey from 19.3 percent in the survey in 1993.

The responses to the statements “I want to move to a better company in order to improve my expertise” and “I want to move to a company with better conditions regardless of whether it is in my area of expertise” increased by about 5 percentage points respectively, with both reaching about 30 percent of total responses. In contrast, the number of individuals expressing a desire for an autonomous, freer style of work as in the statements “I want to work freely with people outside the company while remaining with my current employer” and “I want to work by becoming a free-lancer and being contracted for each job or project” has decreased.

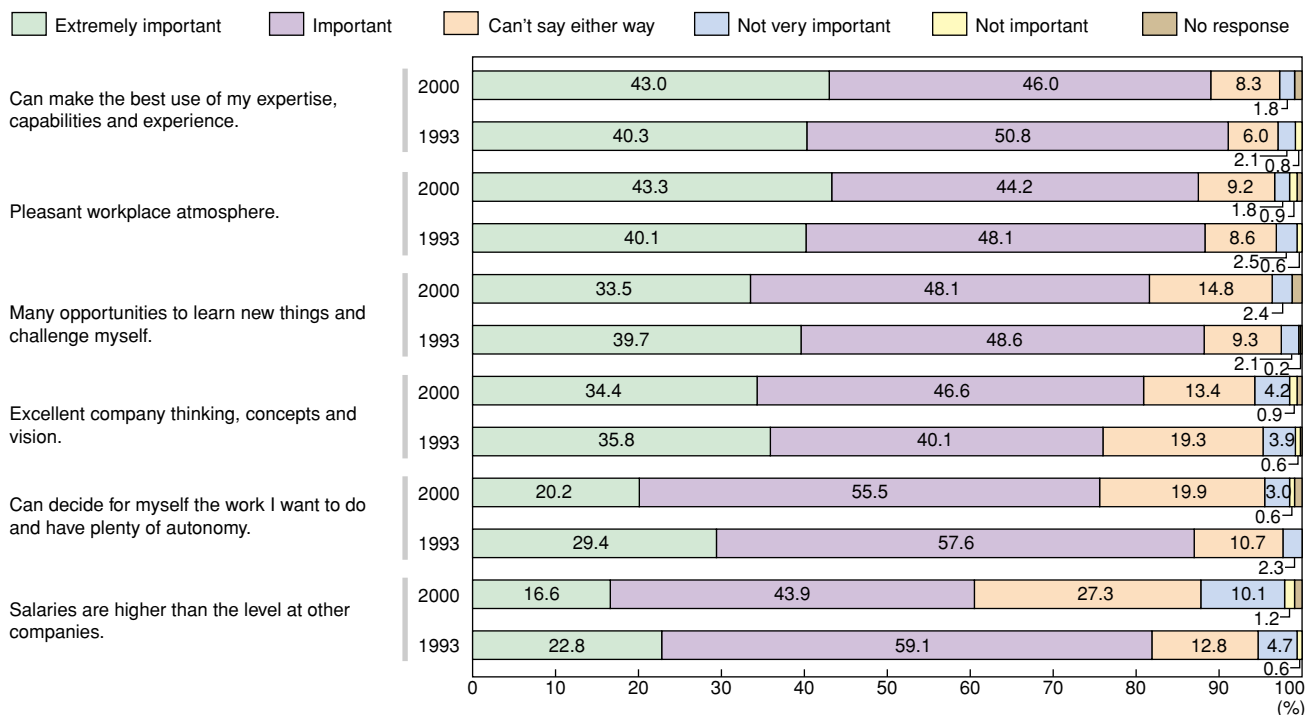
Given the consideration that guarantees of long-term employment are in essence no longer provided, the corresponding phenomenon is that the awareness of using one’s job as a means to move between companies has to

**Figure 4. Points Emphasized for Selecting and Working at a Company (2000 Survey)**

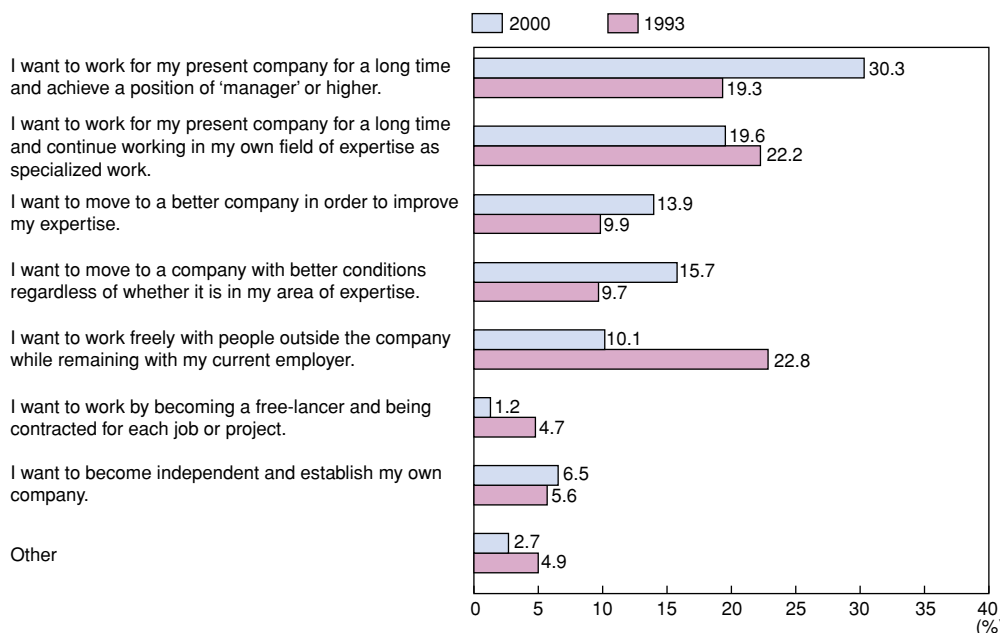


Note: Arranged in order of the highest number of combined responses indicating "extremely important" and "important."

**Figure 5. Points Emphasized for Selecting and Working at a Company**



**Figure 6. Current Thinking Regarding One's Own Career Path (single response)**



some extent increased. Because Japan's employment situation is severe, however, there is a possibility that the number of individuals who want some stability also rose and this has increased the dedication to remaining in the firm and becoming a manager.

### 3 What Accounts for the Increase in the Number of More Conservative Individuals?

From these results we can understand that although many individuals stress the value of their present work and have a sense of growth, the number of respondents who know clearly what work they want to do remains at roughly half of all respondents. We can see as well that with regard to the issue of who should decide an employee's work, the number of individuals who have a strong intention to decide independently for themselves is small. Among these responses the aspiration to seek challenges showed a declining trend, while the conservative intention to work within the same company for a long time and rise to the level of manager or higher is becoming stronger.

The point that needs to be emphasized here is in the fact that the individuals exhibiting this tendency are the young employees in important positions who should be at the center of a firm's planning and business creation activities. Although it's likely that a stronger aspiration to accept challenges and pursue an independent orientation is expected of these individuals than in the past, a more conservative tendency has emerged. What are the reasons for this development?

The first cause is the decline in trust in the firm itself. Amidst restructuring and the essential collapse of long-term employment, considerations of loyalty to the firm and intentions to remain within the confines of any one firm have certainly decreased. In particular, people have witnessed the mergers and/or bankruptcies of large com-

panies and are keenly aware of the fact that employment is not guaranteed regardless of the firm. One might say employees have finally realized that blind reliance on the firm does not lead to stability.

The second cause is the inadequacy of the message from firms to employees and the employee's failure to understand that message. As part of the major upheavals in the ability- and performance-based systems, employees have been compelled to adopt an orientation that measures their own value by their ability and work, whether they wish to or not. Particularly with the continual creation of mechanisms to make employees responsible for their own roles and aware of the results, such as management by objectives, result-oriented evaluations and remuneration systems linked to business operating results, employment ambiguities are being swept away and the tasks of each employee are being clarified. Moreover, structural reforms involving roles and responsibilities within companies have been pursued from various angles such as flattening organizations, abolishing the division manager system, evaluation of division operating results with the goal of increasing shareholder value, and reforms in corporate governance.

With the introduction of such systems, however, how many companies have actually described clearly what kind of firm they will become? How should each employee change individual actions to achieve the new form of organization?

Systems like those mentioned above are tools for management innovation, not the goal itself. If a company adopts a performance-linked remuneration system, it will only end up creating a cost reduction program unless management can clearly explain to employees what the company aims to achieve through this system reform. The inadequacy of the message on the management side and the lack of understanding on the employees' side are diluting the effectiveness of these systems. There is a pos-

sibility they are hampering such reforms at the level of individual awareness.

The third cause is the question of whether it has become impossible for an individual to actually do what he or she wants to do. Particularly at companies that have halted reforms at the phase of winnowing down the tasks that ought to be done and rationalizing operations, companies cannot avoid giving priority to “what we should do as a company” rather than “what employees want to do as individuals.” Therefore many companies have not yet turned their attention to creating the mechanisms that will enable employees to actually do the work they themselves want to do.

Under such circumstances, isn’t the real problem the fact that employees are seeing a restriction in their ability as individuals to consider what they want to do and how to do it, along with the diminishment of their opportunities to conceptualize? It’s quite possible that employees who are expected to establish a company role autonomously and create their own work themselves are being buffeted by the most immediate tasks of the company and are neglecting the task of creating work.

The changes in company management that accompanied the structural reforms in the latter half of the 1990s were unavoidable. There is a possibility, however, that rather than generating any positive, forward-looking feelings, these management reforms gradually increased the conservative mood among employees. To move as a company from the structural reorganization and rationalization phase to the new business creation phase, the most urgent need is to rejuvenate the desire and ability of employees to think autonomously about the work they want to do and how to accomplish it. Companies will undoubtedly have to provide the mechanisms for this purpose.

### III Companies that Are Harshly Evaluated by Their Employees

How do these important human resources view the firm and management mechanisms of the company where they

presently work? In the following section we will clarify the current image of firms as seen from the employees’ vantage point.

#### 1 Tackling Management Reforms that Are Not Positively Evaluated

Figure 7 shows the results when we asked employees what they think of the company where they currently work. In response to questions about whether it is a company where growth and profitability (profit margin) are high, respectively, fewer than 20 percent of the opinions were affirmative and over half of the opinions were negative. We can understand from this response that many individuals feel that the situation at their company is severe.

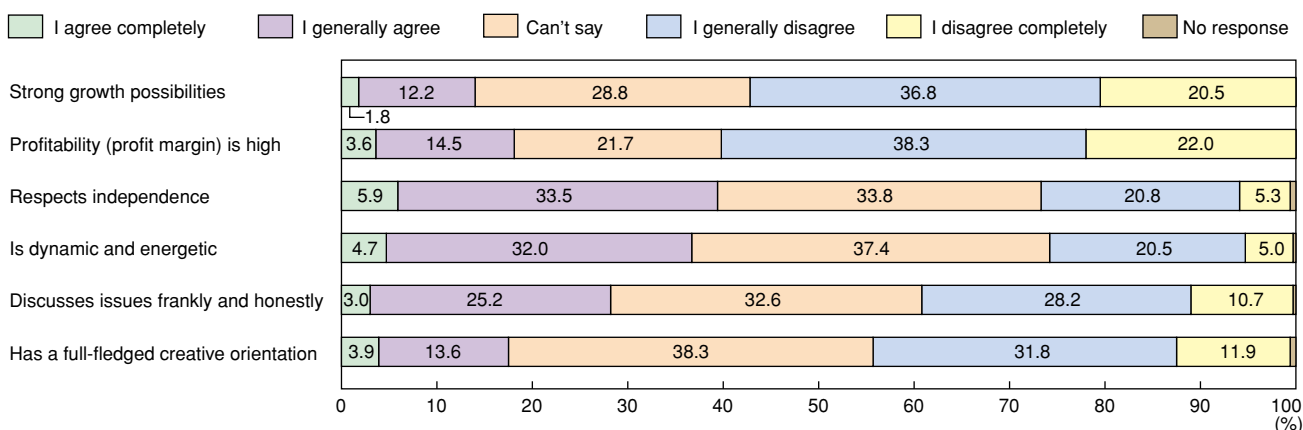
Slightly less than 40 percent of the respondents were individuals who feel their company “respects independence” and “is dynamic and energetic.” We can assume that even under the harshest of operating conditions firms that have not lost their vitality do exist to some extent. Those individuals who felt that their company “discusses issues frankly and honestly,” however, were less than 30 percent of the respondents, a percentage below that of the negative group. This leads us to speculate whether there are too few opportunities within companies to honestly and openly discuss current problems and future prospects .

Moreover, only 17.5 percent of the individuals felt their company “has a full-fledged creative orientation.” This suggests the possibility that not only has the desire of employees to seek challenges weakened, the creative orientation of firms overall has decreased as well.

In addition, let us examine how individuals evaluate the approach and results of management reforms at the company where they are currently working, from standpoints such as management vision, authority and responsibility, decision-making, the organizational system and the personnel system (Figure 8).

In nearly all categories the affirmative opinions total roughly 30 percent, while the negative group responses are higher for almost every item. As mentioned above,

Figure 7. Image of the Company where Employees Currently Work (2000 Survey)



there is a possibility that either many of the management reform efforts carried out in the latter half of the 1990s have not succeeded, or that the intention, approach and results of these reforms have not been clearly communicated to employees.

The fact that the negative group is larger than the affirmative group for the statements “The vision and strategy as a company are clear,” “The policies, strategies and objectives of each division are clear” and “The role and results expected of each individual are clear” can be said to corroborate the fact that what companies will do and what is expected of each position and each employee are not being adequately communicated.

Moreover, although management concepts that should improve management decision-making and speed such as agile management, speed management and organization IQ<sup>3</sup> have been aggressively introduced, the affirmative group that agrees with the statement “The speed of decision-making is fast” is extremely small at only 17.3 percent of all respondents.

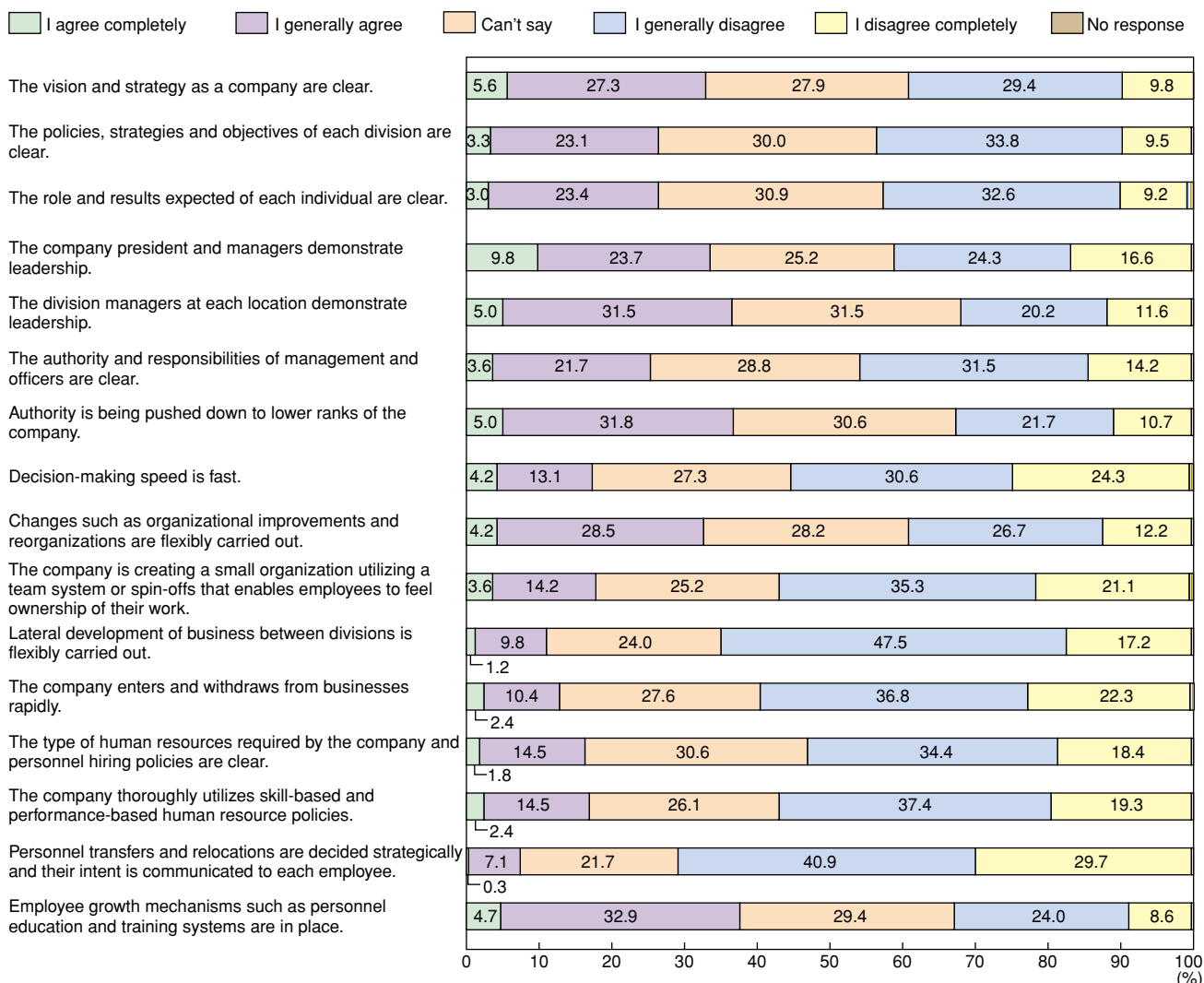
We can also see there are many issues with regard to organization management as well. As shown by the re-

sponse to the statements “Lateral development of business between divisions is flexibly carried out” and “The company enters and withdraws from businesses rapidly,” flexible organization mechanisms are still immature at the present stage.

Finally, there are numerous critical opinions concerning personnel systems. The majority of the responses for the items “The type of human resources required by the company and personnel hiring policies are clear” and “The company thoroughly utilizes skill-based and performance-based human resource policies” were negative, with the affirmative group accounting for less than 20 percent of the responses. Moreover, for the item “Personnel transfers and relocations are decided strategically and their intent is communicated to each employee,” the negative responses exceeded 70 percent.

Regardless of whether you believe it’s because the systems that have been introduced are flawed, the intent of the systems is not being adequately communicated or that there are problems in application of the systems, the fact is that vast numbers of employees harbor dissatisfaction towards the present personnel systems.

**Figure 8. Evaluation of the Company where Employees Currently Work (2000 Survey)**



## 2 Lack of Progress Towards Information Sharing and Greater Autonomy

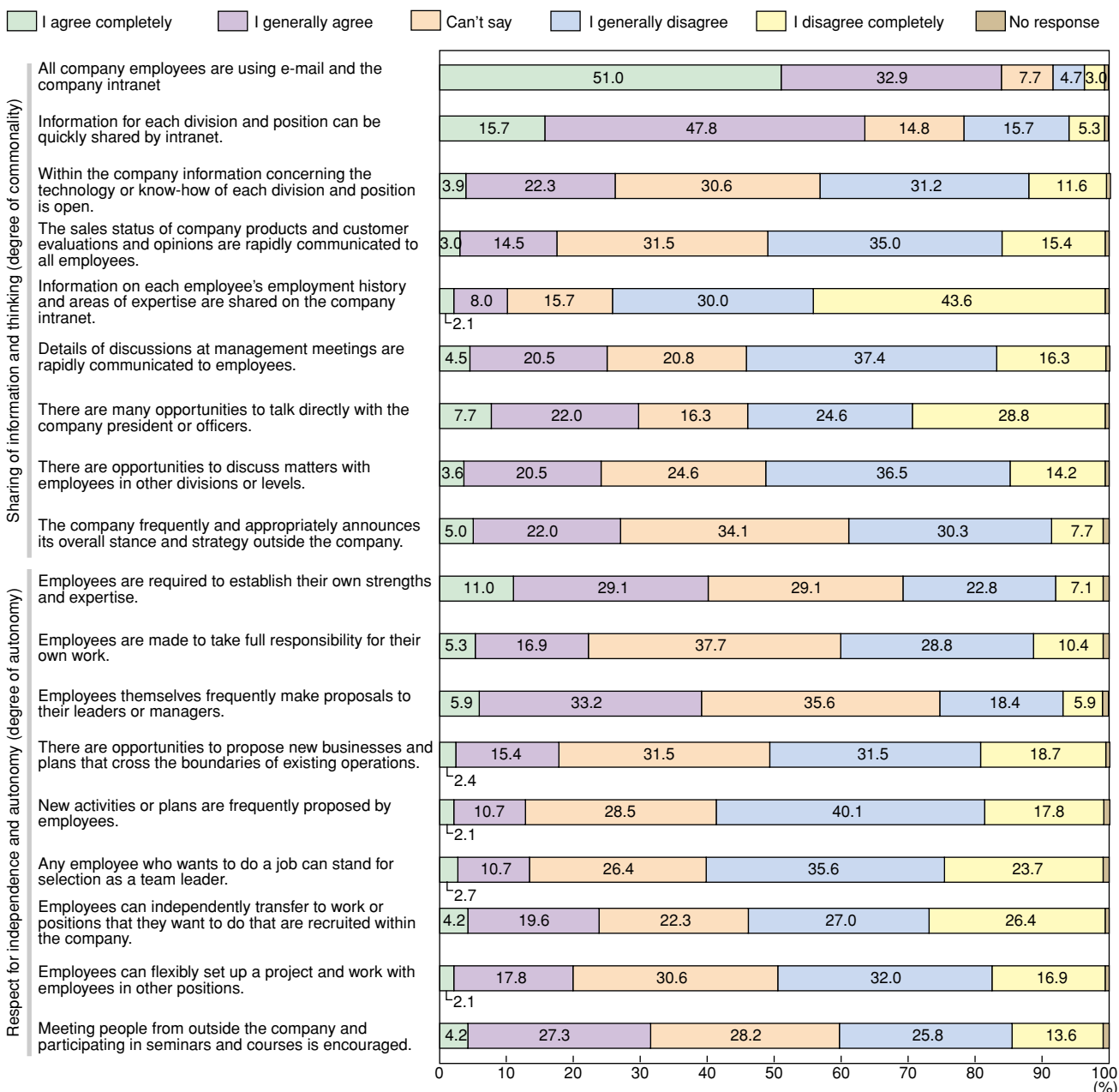
Next let us turn our attention to the extent to which the introduction of mechanisms for sharing information and aspirations (degree of commonality) and the introduction of mechanisms to expedite independence and autonomy (degree of autonomy) have progressed at companies where employees currently work (Figure 9).

When we look at the degree of commonality, we find respondents reporting that “All company employees are using email and the company intranet” at more than 80 percent of all firms. In particular the introduction of mechanisms that enable “information for each division and position to be quickly shared by intranet” is advanced. Little progress has been made to share information linked

directly with business activity creation, however, such as “The status of sales of company products and customer evaluations and opinions are rapidly communicated to all employees” and “Information on each employee’s employment history and areas of expertise are shared on the company intranet.”

Additionally, with regard to the questions of whether “Details of discussions at management meetings are rapidly communicated to employees,” “There are many opportunities to talk directly with the company president or officers” and “There are opportunities to discuss matters with employees in other divisions or levels,” the affirmative group accounts for about 30 percent of all respondents. The system for employees to think about, discuss and debate, and undertake new actions is far from sufficient.

**Figure 9. Mechanisms to Share Information and Thinking and Respect Employee Independence at the Company where You Currently Work (2000 Survey)**



With respect to examining the degree of autonomy, the affirmative group is slightly less than 40 percent for the items “Employees are required to establish their own strengths and expertise” and “Employees themselves frequently make proposals to their leaders or managers.” In terms of other specific mechanisms to promote autonomy, however, many firms have still not completed the task.

In the end these responses look only at mean values. When we examine the companies through actual consulting, we can state there is a substantial difference in approach depending upon the firm. The management concepts and systems discussed in the latter half of the 1990s, however, such as mission management, agile management, team-type organizations, flexible rearrangement of business activities, performance-based personnel matters and knowledge management, are believed to still be functioning inadequately for employees.

In order to create mechanisms that are linked to the reform of actions that employees will recognize as being worthwhile, the mere introduction of systems is not enough. Conscious efforts by companies to convey the meaning of concepts and systems as a management message, plus efforts by employees to link these to changes in behavior, are also necessary.

## IV Firms that Create “Autonomously Acting Human Resources”

### 1 The Need for Deconstruction and the Creation of a New Management Model

In the February 2001 edition of NRI Papers, Wataru Nakajima and I presented an essay entitled “A Dialogue-Type Management Model,” which dealt with transforming a company into an autonomy-creating firm through dialogues with the company’s customers.

That paper presented the idea that (1) at firms that quickly rationalized their business and management and moved forward with structural reforms, actions aimed at new business creation are already beginning to accelerate; (2) as customers’ basic demands have reached a state of saturation and markets have been subdivided, it has become difficult to obtain large profits by just systematically pursuing “minute differences” (slight differentiation)” as in the past; and (3) in order for customers to discern, under such circumstances, high added value that is obviously different from the customary one, a “dialogue-type approach” that leads to “revealing differences for specific customers” through dialogue with customers is necessary. We then presented a management model to achieve this.

That management model presupposes a company that grows and develops by focusing on the creation of busi-

ness activity, and cannot be applied to all firms. In order that Japanese firms may build new competitive capabilities, however, revolutionizing the organization so it can autonomously create even greater added value is essential. This means that firms must construct a management scheme that simultaneously pushes employees to combine independent, autonomous action at the point of contact with customers and promotes continual efforts to create new business and improve operating results.

The surveys for the discussion presented here are focused on the young employees in important positions who will plan, create and practice the first struggles over the ideal way to achieve this kind of business activity or company management. As we have seen up until now, however, it is possible that the approaches aimed at the rationalization of management and structural reform in the latter half of the 1990s have made employees more conservative rather than promoting independent behavior.

What should be done to create employees who can independently conceive ideas and shape them in a manner that takes the business environment into consideration, and to develop a chain of creativity within and outside the company? To provide the answer to this question is also to lay out a plan to revolutionize human resources that are becoming more conservative into individuals who will think and act autonomously.

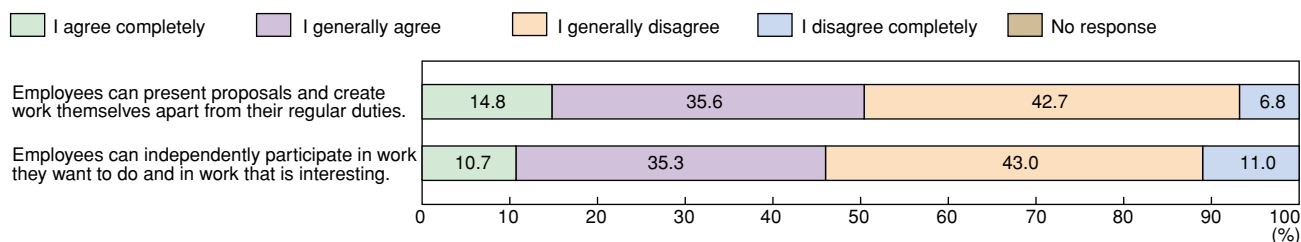
### 2 The Posture of Firms where Employees Act Autonomously

If we look at Figure 10, we see that the affirmative group included 50.4 percent of the respondents for the statement “Employees can present proposals and create work themselves apart from their regular duties,” and 46.0 percent of the respondents concerning the statement “Employees can independently participate in work they want to do and in work that is interesting.” When we look at only these responses, roughly half of all employees believe it is possible for them to take action autonomously.

With regard to the statement “Employees can present proposals and create work themselves apart from their regular duties” in particular, however, the percentage of employees who answered strongly in the affirmative is low at 14.8 percent. When we examine this strongly affirmative group’s response (such employees are referred to below as “autonomously acting employees”), the characteristics of the firms where such autonomously acting employees work become clearer. We can take these to be prerequisites for firms that create autonomously acting employees.

First, among autonomously acting employees, 50.0 percent are individuals who feel strongly that their work is meaningful, which far exceeds the mean value of 25.5 percent (refer to Figure 1 on page 3). When we combine this with the responses of the weakly affirmative group who expressed only general agreement, 94.0 per-

**Figure 10. Can You Independently Create Work or Participate in Work Creation? (2000 Survey)**



cent are working with a sense that their work is meaningful.

When we examine the statements concerning the management and mechanisms at the firms where the respondents are currently working as we saw in Figure 8, the percentage of autonomously acting employees who feel “The company’s vision and strategy are clear” was 48.0 percent. This is far above the mean value of 32.9 percent. Moreover, the percentage who felt “The company president and managers demonstrate leadership” is also high at 52.0 percent, which greatly exceeds the mean value of 33.5 percent.

With regard to the items “The division managers at each location demonstrate leadership,” “The authority and responsibilities of management and officers are clear” and “Authority is being pushed down to lower ranks of the company,” however, overall the responses were at a low level and there are no large differences with the mean values.

Among the personnel-related items, 32.0 percent of the autonomously acting employees answered affirmatively regarding the statement “The company thoroughly utilizes skill-based and performance-based human resource policies.” This was higher than the mean value of 16.9 percent. From these figures we cannot necessarily say, however, that the introduction of such policies is being thoroughly carried out.

What is immensely interesting are the items concerning the degree of commonality and degree of autonomy that are shown in Figure 9. Among autonomously acting employees, 58.0 percent responded affirmatively to “There are many opportunities to talk directly with the company president or officers,” far above the mean value of 29.7 percent. Similarly the response to the statement “There are opportunities to discuss matters with employees in other divisions or levels” was 40.0 percent, again higher than the mean value of 24.1 percent. On the other hand no significant difference can be seen in the item concerning the sharing of information via an intranet.

Furthermore, with regard to the mechanisms of the degree of autonomy, 30.0 percent of the respondents were in the affirmative group of autonomously acting employees who agreed with the statement “Any employee who wants to do a job can stand for selection as a team leader.” Again this was greater than the mean value of 13.4 percent. Other instances where obvious distinctions can be noted include the 46.0 percent positive response for the

affirmative group concerning “Employees can flexibly set up a project and work with employees in other positions” compared to a mean value of 19.9 percent, the 66.0 percent positive response concerning “Employees themselves frequently make proposals to their leaders or managers” where the mean value was 39.1 percent, and the affirmative group response of 52.0 percent regarding the statement “Meeting people from outside the company and participating in seminars and courses is encouraged” compared to a mean value 31.5 percent.

### 3 Management that Creates Autonomously Acting Employees

In the same manner, when we look at autonomously acting employees who “can present proposals and create work on one’s own outside one’s existing job,” a company image emerges that is quite distinct from what companies have been demanding over the past several years.

Such companies do not have an organization where everyone’s role and responsibility is clarified, where general managers in the field hold the authority and leadership, where various kinds of systems are introduced and where the company provides structured, efficient organizational operations. Instead what we see is a picture where top management provides a broad vision of what the company should do and strives to achieve that vision. These are companies that represent a group of autonomously acting employees, who think voluntarily and make the best use of company mechanisms to independently establish their work through direct dialogue with human resources reaching across top management and divisions or through stimulus from outside the division.

The principal distinction between the former and the latter is that in contrast to the former, which conducts business through an organization and contract-oriented structure and management of employees, the latter approaches business with a structure and employee management that is action- and dialogue-oriented.

In the paper on the dialogue-type management model mentioned above, the authors developed the argument of a management infrastructure to promote independent action. In order to create a “revealing difference for the customer” continually, companies must make it possible for each employee to engage in discussions with customers, think voluntarily and act to create new value. For this purpose companies must construct three management infrastructures.

The first is a platform that induces conversation. This is a mechanism to produce creative communication, and through dialogue arouse the ability to think spontaneously. The second infrastructure is a platform that stimulates action. This is a mechanism to enhance the habit of participating and acting autonomously. The third infrastructure is a platform leading to perception. This is an awareness mechanism so employees will acknowledge their own actions and results and take steps to correct and improve their activities.

This model is not aimed at traditional organizations and human resource management. That is, it is not functional concept management or system concept management, which designs and links aspects such as organizational design, qualifications systems, evaluation systems and reward systems to increase employee motivation. Rather it proposes the deconstruction of existing management and the creation of a new model based on the concepts of action and relationships, where each individual thinks and acts independently and where modification and reform of behavior are autonomous.

What we must again consider here is the question of whether the various systems introduced so far form a consistent mechanism from the standpoint of innovation of employee behavior. Likewise there is the question of whether the various systems introduced until now have promoted a revolution in employee behavior and dialogue. To stimulate autonomous employee behavior, it is necessary both to provide the structure and requirements and for employees to internalize the mechanisms to create dynamic relationships. In such a context, not only is management based on dialogue with customers necessary, management based on dialogue with employees is also required.

## V Towards the Rejuvenation of Employee Vitality

### 1 Why is the Vitality of Human Resources Declining?

The growth of Japanese companies until the 1980s depended in large part on the dedicated efforts and drive of company employees. The ability of individuals to focus on and work for the growth of the entire firm was extremely high and provided the mainspring for rapidly catching up with European and American technology and product quality and achieving the highest growth potential in the world.

Behind this phenomenon was a form of Japanese management where employees were expected to demonstrate a high degree of loyalty to the firm and show devoted effort and energy in return for a tacit guarantee of stability through long-term employment and assistance in supporting employees' lives. By linking the growth of the

entire firm directly with the richness and fulfillment of one's own life, and consequently to one's contribution to the common goal of abundance for society, this system gave impetus to the effort and energy needed for each individual's expected role.

Now that stable growth can no longer be guaranteed, however, it is assumed that this kind energy-stimulating mechanism is also about to collapse. Heightening adaptability to environmental change and introducing objective, rational US-style management principles—even if only partially—has become unavoidable. By introducing mechanisms in the same way for employees to clarify what should be done and determining compensation based upon efforts and results, the relationship between individuals and companies will also continue to strengthen from a contractual perspective.

After clarifying each individual's role and responsibilities, however, it is indispensable for these mechanisms to mesh with the company's objectives and growth strategy, which stand as the goal. What is important is for each individual to change his or her behavior while thinking about what he or she should do for the growth of the entire firm.

In that case, when a company mistakenly conveys the meaning of role and responsibilities, the idea that "It's OK as long as I accomplish my own responsibilities" is reinforced. Furthermore, when employees accumulate experience to the effect that they will not be evaluated and compensated for undertaking tasks unrelated to their expected role or performance, they will cease acting independently when doing so means they will exceed the bounds of their agreement with the company. Thus firms that err in conveying their message concerning the objectives of management innovations and form a negative feedback loop are particularly likely to have seen a remarkable decline in energy directed at creating new attitudes and behavior.

### 2 The Transition to "Aspirationism Management"

To the extent that we have examined the results of the most recent survey, the core employees who should lead a company's creative activities using management deconstruction and human resource management reforms are not showing a heightened drive to act autonomously. Indeed, the awareness to independently contribute one's own effort for the successful results of the firm seems to be fading. If that is the case, then what should companies do to "re-energize" employee drive and vitality in order to promote new creative activities?

The first step is to clarify the purpose and meaning of demonstrating greater energy and effort. To accomplish this it is necessary that the entire company understands the significance of each individual employee acting autonomously and making an even greater contribution to the firm and society as a whole.

This provides the management vision, but merely telling employees to be aware of the significance of this vision is insufficient. Companies must provide opportunities for employees to discuss the significance of that vision and convert it into their own words. It is necessary at the level of each office and each individual to convert that vision into a concrete action slogan and action agenda. Through activities and dialogues, each employee is asked to make opportunities to think about what the employee will voluntarily undertake. Having employees talk directly with the people at the top management level to communicate their ideas is a particularly effective means to stimulate the ability of employees to think independently and to rouse their power to act.

The second activity is to construct the mechanisms that will specifically draw out the energies of employees. It is particularly important to provide the means for employees to independently create their own jobs and enable them to voluntarily participate in the work they want to pursue.

Until now Japanese firms have basically provided work at the company's convenience and in return have assumed the results also belong to the entire firm. The result was a mechanism of placing priority on growth of the entire firm above all else, and even if individuals were doing work that conflicted with their own wishes that was an unfortunate but unavoidable consequence. Accordingly companies did not strictly ask employees to shoulder responsibility, and individuals did not strongly assert their own intentions to the firm. This arrangement can be said to have a certain rationale.

Although arrangements that call upon individual responsibility have been introduced over the past several years, there has been no revolution in the mechanisms by which companies determine the work duties of their employees. It is not an exaggeration to say that when the company decides what will be done and individuals have the responsibility to carry out tasks, a master and servant relationship is at work.

For individuals to behave autonomously as independently acting human resources companies must build the means for individuals to independently determine their own work to the greatest extent possible. When open labor markets are created within companies and company groups that enable employees to independently think about and realize their own work and career, it will be possible to stimulate employee autonomy through arrangements such as in-house open staff recruitment systems, in-house free agent systems and independent plan-type project organizations.

The reader may be thinking that if all employees are doing what they want to do, the company might cease to exist. But making it possible for core employees to act independently and create their own work so they feel an even greater sense of worth and growth is an indispensable requisite for re-energizing the vitality of a company's human resources.

The working population of young people in Japan will surely decline in the future. The number of permanent part-time human resources who do not want to be deeply involved with an organization such as one company is also growing. In addition, the advance of information networks is giving birth to new alternatives for working such as SOHO and contract workers. For top human resources, moreover, the barriers to changing jobs are crumbling and mobility is increasing.

When considered in this manner, rather than the firm's controlling the employee and extracting the individual's energy, it is necessary to think of ways to deconstruct and recreate companies as platforms where individuals can demonstrate their vitality to the maximum extent. It is through companies evolving into places for individuals, rather than through individuals becoming employees of the firm, that companies will be able to attract excellent human resources and develop into engines of growth.

At such times the most important consideration to heighten the awareness of autonomous commitment and draw out the maximum human resource energy will not be the blind commitment of the past but "aspiration." When each person discovers aspiration within the management vision, and each individual is attuned to that aspiration and cooperates to build a vision, companies become places that can create new value. It is aspiration that gives birth to work. A dynamic in-house market where individuals who share this aspiration can gather together will promote dynamic, creative activity.

Such a transition to "aspirationism management" builds a new relationship between companies and individuals. This change is certain to become a powerful driving force for the regeneration of human resource vitality.

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- 1 The November 1993 Survey on Work was conducted by mail. Questionnaires were distributed to 1,000 individuals, with an effective response sample of 486. For details refer to "Building the Foundations for a New Japanese-Style Employment System" in *Mechanism Innovations — Strategies for Building a Livable Japanese Society*, Nomura Research Institute, 1994.
  - 2 The November 2000 Survey on Work and Companies was conducted by mail. Questionnaires were distributed to 1,200 individuals, with an effective response sample of 337. When selecting individuals for the survey, we tried to create a sampling composition that closely paralleled the characteristics of the 1993 survey.
  - 3 A technique to diagnose management improvements by performing a comparative analysis with firms in Silicon Valley and centered on five principles of organization efficiency. For details refer to Kanichiro Suzuki, *Organizational IQ Strategies to Accelerate Management Speed*, Nomura Research Institute, 2001.
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**Katsunori TAKAHASHI** is a consultant in NRI's Management Consulting Department II. His areas of expertise are organizational innovation and reforms in human resources management.

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Inquiries to: Corporate Communications Department  
Nomura Research Institute, Ltd.  
E-mail: [nri-papers@nri.co.jp](mailto:nri-papers@nri.co.jp)  
FAX: +81-3-5255-9312