

Message from the General Manager of Human Resources & General Administration Division

We promote organizational and cultural reforms to restore the Hitachi Metals' strength and make it "the best enterprise."

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A company that helps motivate diverse human resources to work

The Human Resources & General Administration Division is responsible for spearheading the "organizational and cultural reforms" that represent the foundation of the Hitachi Metals Group's management transformation project. We emphasize the "employee engagement figure" as one of our human capital strategy KPIs. However, this figure declined in fiscal 2019, reflecting the Group's deteriorating performance. Engagement means ensuring that individual employees understand the Company's strategies, have a positive outlook for the future, and work autonomously to produce results, allowing them to feel a sense of satisfaction and accomplishment in their work. For this reason, I believe that making employees more engaged through organizational and cultural reforms and making people feel motivated to work at Hitachi Metals will lead to a turnaround in our business results and help realize our Corporate Creed of being "the best enterprise."

Using communication to change the quality of thoughts and actions

The "Organization's Core Theory of Success," proposed by Dr. Daniel Kim of the Massachusetts Institute of Technology, shows that improvement in the quality of relationships between people leads to improvement in the quality of their thoughts and actions, resulting in a "good cycle" that allows for continued positive outcomes. On the other hand, companies that pursue only improved financial results tend to enter a "bad cycle" of

organizational exhaustion and deteriorating interpersonal relationships, leading instead to poorer financial results. I feel that Hitachi Metals had fallen into such a bad cycle. To return to a "good cycle," we need to improve the quality of relationships between top management, executives, and employees, as well as between workers and supervisors on the front lines. The first step in achieving organizational and cultural reforms is to work on improving the "quality of these relationships."

Town hall meetings for young employees held at all offices

In the first two quarters of fiscal 2019, the Group posted a significant year-on-year decline in adjusted operating income due to decreases in demand, an impairment loss, and other factors. As a result, we reported a ¥41.0 billion net loss attributable to shareholders of the parent company, an extremely unfortunate result. In response, we began holding town hall meetings in December 2019 for young employees in their 20s to 30s at all Hitachi Metals Group companies and worksites to further improve the "quality of relationships." Prior to that, we had held town hall meetings whereby top management visited managers of departments and sections at each business site, but we concluded that neither the quantity nor the quality of such communication was sufficient to overcome our crisis. With this in mind, we asked all executive officers to separately visit sites for town hall meetings, enabling us to cover all the sites more quickly. We also expanded the target audience to include younger employees. Each town hall meeting lasted about 90 minutes and included

presentations and Q&A sessions on the Group's current situation and management transformation project. Feedback from surveys of participants revealed that they gained a good understanding of what the Company was trying to achieve and appreciated that management was serious about explaining things to them. We also received good responses from the executive officers. At its meeting in January 2020, the Executive Committee decided to create "visual representations" of the measures and progress of our management transformation project. It also decided to continue dialogue by having every executive officer interact directly with employees to help them better understand the project.

Improving the quality of relationships in the workplace to achieve organizational and cultural reforms

To achieve organizational and cultural reforms, we need to help individual employees understand the meaning of their jobs and motivate them more. We must also foster a culture in which supervisors carefully nurture their subordinates in order to grow together. At present, the Hitachi Metals Group has an interview system as a means of communication between supervisors and subordinates in the workplace. However, we are not utilizing this system properly. This may be part of the problem we are facing with respect to quality assurance. To revitalize communication in the workplace, we will consider and implement training to improve the goal-setting and coaching skills of managers, expand the scope and implementation of goal management interviews, and introduce "360-degree evaluations" for managers. Our aim here is to improve the "quality of relationships" in the workplace. Meanwhile, to encourage employees to think about their own careers independently, we will promote various training programs, such as job-posting systems to provide Company-sponsored opportunities for employees to study and work abroad as trainees, and introduce a new system for proposing business.

In addition, we will continue providing antiharassment training, which is fundamental to diversity management, and improve our IT environment to promote "workstyle reforms." We will also strengthen our occupational safety systems to achieve "intrinsic safety" in work environments.

Fostering management personnel with a view toward medium- and long-term growth

To achieve sustainable growth, we need to develop human resources from the long-term perspectives of our Corporate Creed. The Hitachi Metals Group selects candidates for president and executive officer, taking into account the results of discussions by the Nomination Committee. We then send the candidates to training sessions where they work hard with leaders from inside and outside the Hitachi Group.

All of us, from top management to employees, are highly motivated to produce management reforms aimed at restoring the Hitachi Metals' strength and ensuring its sustainable development.

Future workstyles and countermeasures to COVID-19

In January 2020, when it was confirmed that the number of people infected with COVID-19 was increasing, we set up a task force of representatives from our head office administrative division and our business divisions to ensure that information was quickly shared.

To eliminate the risk of infection, we first placed limitations on overseas business travel, then restricted domestic business travel at our head office and branches, and finally began asking employees to curtail office visits and encouraged a shift to remote work. By swiftly improving our personnel system for working from home and strengthening our IT environment, we achieved a high level of employee satisfaction, and the remote work system remained in place as of September 2020.

With a view toward the post-COVID future, we are aiming to build new ways of working at Hitachi Metals, not simply to prevent infections but also to improve productivity and better utilize our diverse human resources. To this end, we will set up various working groups to identify problems and consider ways to enhance our office, environmental, and IT systems, with the aim of identifying new ways of working. We will then consider and promote specific countermeasures, such as establishing new Company systems and rules, and reviewing business flows within each division.