

## **Management Dynamics for De-stereotyping the Corporate Culture: An alternative to European and North American Concepts**

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### ***Abstract***

*In countries where the management is not dominated by the established orthodoxy of European and North American theories, principles and practices, it is possible to use alternative concepts with less ponderous resistance.*

*Most of the researchers who follow the established orthodoxy either: (a) take it for granted that the corporate cultures are preconditioned by or reflect their country cultures, and therefore they begin their research with a study of country cultures, and then proceed to interpret corporate cultures in terms of country cultures; or (b) infer the country cultures from an aggregate of corporate cultures. In both cases they intentionally or unintentionally stereotype corporate cultures as well as country cultures.*

*A corollary to this homogenistic reasoning is : (c) to assume that all individuals are saturated with the country culture, and therefore if a firm wants to deviate from the country culture, it must force the employees to change, and this change must be made from top-down.*

## **THEORETICAL DEVELOPMENT**

In journals of cross-cultural or multicultural management, most of the authors either: (a) take it for granted that the corporate cultures of firms are preconditioned by or reflect their country cultures, and therefore they begin their articles with a summary of country cultures, and then proceed to interpret the corporate cultures in terms of the country cultures; or (b) infer country cultures from an aggregate of corporate cultures. In both cases, they intentionally or unintentionally stereotype corporate cultures as well as country cultures.

A corollary to this homogenistic reasoning is that : (c) all individuals are impregnated and saturated with the country culture, and therefore, if a firm wants to deviate from the country culture, then it must force the employees to change, and this change must be made top-down: there is no heterogeneity among the employees which can generate change from the bottom.

This homogenistic reasoning supports and is supported by the prevalent statistical methodology to compare groups by the use of means (averages) and standard deviations, because this methodology renders invisible the heterogeneity among the firms, and the heterogeneity of individual types in each firm, especially the heterogeneity of individual cognitive types.

official for historical or political reasons, and in the way it makes use of, ignores, or suppresses the individuals of other types; (4) beneath the surface of culturally ritualized or socially conditioned standardized stereotypical behavior, many types exist in camouflaged or disguised forms; (5) most cultures have ways to utilize the nonpowerful types; (6) if some types are suppressed, individuals of the suppressed types resort to various strategies for social survival, including repression of one's own type into the unconscious; (7) all these strategies entail waste of human resources from the point of view of the organizations, and psychological costs for the individuals.

Heterogeneity and transculturality of individual cognitive types is abbreviated as HTICT, and has been researched at first by intensive case studies in the 1950s, 1960s and 1970s, and by psychological statistical testing in the 1990s, with a new methodology of analysis "heterogram analysis". In the 2000s, neuroscience and primatology began corroborating HTICT.

The concept of HTICT can be easily translated to a new concept HTCC (heterogeneity and transculturality of corporate cultures) in a double sense: (a) After HTICT, HTCC becomes familiar and understandable; (b) A corporate culture consists of individual employees, and therefore, if heterogeneity of cognitive types exists among present employees or among future recruits, HTCC becomes not only possible but also probable. The study of HTICT evolved over the past five decades, mostly ignored, peripheralized or exoticated by the "mainstream" researchers. Then a threshold was reached in 2003. The publication of the monograph section (M. Maruyama et al., 2003) in volume 13, Number 3 of *International Review of Sociology* is a culmination of corroboration between neuroscience, primatology, sociology and psychology which necessitates a profound re-orientation in social and biological sciences. Some highlights can be tabulated as follows:

Table 1: Contrast between the past orientation and the emerging orientation on social and biological sciences.

	Sciences until now	Sciences from now
method	Compare social or biological groups in terms of statistical averages and standard deviations.	Look for INDIVIDUAL cognitive types which exist ACROSS cultural boundaries, using heterogram analysis (Maruyama 1999)
assumption 1	Differences between individuals are random fluctuations, accidents, abnormalities, or due to measurement errors or imperfect test conditions.	Differences between individuals reflect heterogeneity of individual cognitive types: the heterogeneity exists even in any ethnically pure cultural or social groups.
strategy	Make the sample size larger to cancel out these random fluctuations, abnormalities, measurement errors, imperfect test conditions.	Put all individuals from all cultural or social groups in a common score space, and look for clusters, each of which contains individuals from many groups.
assumption 2	Differences between individuals are smaller than the differences between groups, and are therefore subgroup phenomena.	Differences between individual types are larger than the differences between group averages. Individual types are transcultural.
political action	Each cultural, ethnic or social group should build its group identity, and homogenize its members in the name of group identity (self-stereotyping).	Group identity is a ritualized formal surface behavior which hides and sometimes suppresses heterogeneity of individual types. All types must be given equal opportunity.
Theories endorsing this view	Symbolic interactionism in sociology, constructionism in psychology, structuralism in anthropology.	Theories of interaction among heterogeneous elements: theories of interactive inventions and interactive creativity: outbreeding instead of inbreeding.
communication	Difficulty or impossibility of communication between groups	Dimension reduction and subunderstanding occur between different individual cognitive types.

The purpose of this article is to launch a precursor re-orientation in the study of business firms. For the purpose of concrete illustration, a firm is discussed as an example: Uni-Charm. It is based in Japan, a young medium size firm with mostly domestic markets. It is a manufacturing firm which began with production of baby diapers and diversified into a few other products. We present this firm, not as a case study in the customary format, but as an example to explain the concept of nonstereotypical firms, i.e. firms which do not fit the stereotype of the country culture.

We will focus on management dynamics of the firm rather than financial details. The data on these firms were obtained, not in preplanned or preset interviews or questionnaires, but as a result of our close interaction with some members of the firm which gave us inside views in depth.

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Even though the term “corporate culture” was not mentioned in the monograph, this term can be easily translated in the following way: (1) To see the relationship between corporate cultures and country cultures, use the word “corporate culture” in place of “individual”, while saying “country culture” in place of “group”; (2) To see the relationship between the corporate culture and the employees, use the word “corporate culture” in place of “group”, while saying “employee” in place of “individual”.

**Word Substitution Diagram**

#1		“individual” for “corporate culture”	“group” for “country culture”
#2	“individual” for “employee”	“group” for “corporate culture”	

## **A NEW THEORETICAL FRAMEWORK**

### **From HTICT to HTCC**

The concept of HTCC (heterogeneity and transculturality of corporate cultures) is an expectable derivative of the concept of HTICT (heterogeneity and transculturality of individual cognitive types), and it is therefore useful to give a short summary of the development of the concept of HTICT since the 1950s. In the mid-1950s M. Maruyama became aware of : (1) heterogeneity of individual modes of communication in each culture; (2) the problem of match and mismatch between the individual's preferred mode of communication and the predominantly practiced mode of communication in the culture; (3) transculturality of the individual modes of communication, i.e. individual modes exist across cultural boundaries. This was based on his observation that some Danes found Sweden to be a better match for their communication modes while inversely some Swedes found Denmark to be a better match (M. Maruyama 1959). At that time, and even to a great extent today, the predominantly practiced mode of communication in Denmark and in Sweden respectively was as follows: The present tense is used because much of it is still true today.

In the Danish culture the main purpose of interpersonal communication is maintenance of affect relations and familiar atmosphere. For example, a small group of friends often sit together in the same café, eating the same pastry week after week, telling the same or similar gossips. Subtle variations are considered interesting. For example, everyone in the group knows that Mr. X ties his left shoe first, and then his right shoe. One day he reverses the sequential order. This becomes big news. Less subtle information is avoided because it may disturb familiar atmosphere. It is impolite to explain

things, because such an act assumes that someone is ignorant. It is also impolite to ask questions on anything beyond immediate personal concern, because the respondent might not know the answer. It is often considered aggressive to introduce new ideas. One prefers to repeat the same old jokes. Discussion of politics or economics is taboo, except in marginal enclaves which are niches for those who avoid the mainstream practice. Safe topics of intellectual conversation are art, literature and music, on which you can disagree without embarrassment, because people are expected to have different tastes.

In contrast, in Sweden the purpose of daily interpersonal conversation is transmission of new information or frank expression of feelings. One prefers to remain silent unless one has an important message, while in Denmark one must keep talking.

MM's (Magoroh Maruyama) observations were supported by a psychiatric comparative study by Hendin (1964), who concluded that Swedes were performance oriented while Danes were affect-oriented. In 1982, MM conducted in-depth interviews with assembly-line workers in Volvo's main factory in Sweden, and found that many Danes migrated to Sweden for cognitive type matching (M. Maruyama 1994). This means that even assembly line workers are heterogeneous in their cognitive types. We would expect to find such heterogeneity in each of the job categories.

In the 1960s and 1970s, M. Maruyama made case studies of professionals such as urban planners, government regulatory agents, architects, etc. and found heterogeneity of cognitive types in each profession, and transprofessionality of individual types (M. Maruyama 1973, 1974a, 1974b, 1977, 1978, 1980, 1981). He identified several cognitive types. Though there can be as many individual cognitive types as there are individuals, the following four types and

their mixtures accounted for approximately two-thirds of the population in most cultures:

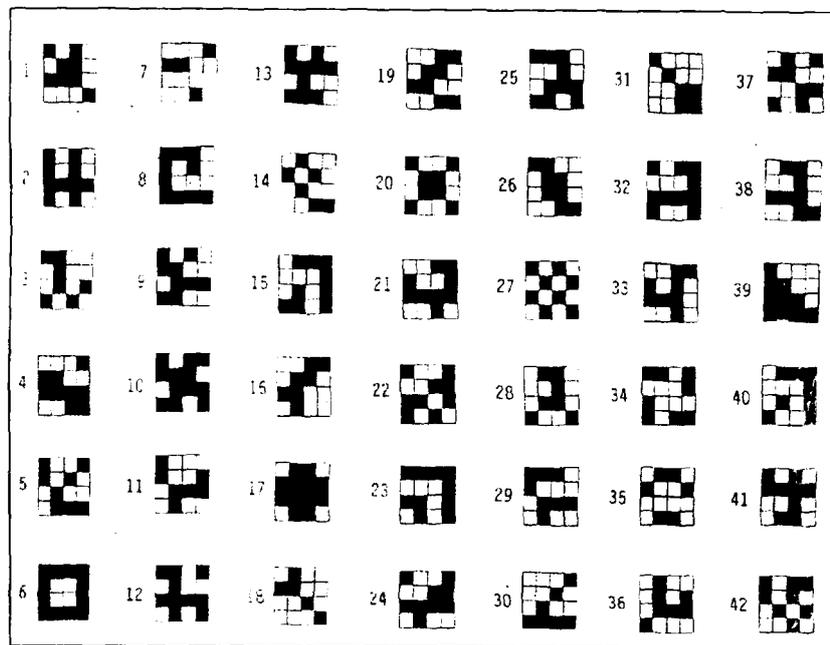
<b>H-type</b>	<b>I-type</b>	<b>S-type</b>	<b>G-type</b>
homogenistic	heterogenistic	heterogenistic	heterogenistic
hierarchical	independent	interactive	interactive
classificational	random	pattern-maintaining	pattern-generating
sequential	no order	simultaneous	simultaneous
competitive	unique	co-operative	co-generative
zero-sum	negative-sum	positive-sum	positive-sum
opposition	separation	absorption	outbreeding
extension	caprice	stability	evolution
one truth	subjectivity	polyocularity	polyocularity
deduction	induction	interdiction	interdiction

In the summer of 1976, M. Maruyama accidentally met O.J. Harvey, who said that he had been running large-scale statistical tests on university students and had identified four epistemological types (Harvey 1966). It turned out that his types I, II and IV were almost identical with M. Maruyama's types H, I and G, while Harvey's Type III and M. Maruyama's type S were different. The percentage of the respective types was almost the same between Harvey's and M. Maruyama's. This was a pleasant surprise for both Harvey and M. Maruyama because the results, obtained by two very different methods and on two different samples (tested individuals), agreed to such an extent. Harvey's test was a verbal test (the individuals agreed or disagreed to a set of questions), and cannot be used in foreign countries

or with children. Therefore, M. Maruyama devised a pictorial test figure 1, which can be used in any country and even with children (M. Maruyama 1995, 1999, 2001).

The tested individuals were asked to rate each of the 42 patterns on a seven-point scale between ugly and beautiful, to indicate for each pattern whether it had any meaning, to write down the meaning if any, to indicate whether the meaning was positive or negative, and to rate its strength on a five-point scale.

FIGURE 1 : The 42 stimuli used in TOB test



When the patterns with culture-specific meanings were eliminated, we obtained Table 2 :

	Cluster I	Cluster II	Cluster III	Cluster IV
30 Russians	14	12	4	-
30 Japanese	11	11	8	-
30 Germans	8	17	5	-
30 Mexicans	5	18	6	1
30 Croatians	4	17	7	2

Table 2 was obtained with a new methodology “heterogram analysis” (M. Maruyama 1995, 1999, 2001). Our next task was to match the aesthetic preference types with the cognitive types. So far we found a match between one of the aesthetic preference types and cognitive type G (M. Maruyama 2001). We could have continued our analysis, but meanwhile a better test method using fMRI (functional Magnetic Resonance Imaging) became possible, so, we will switch to a new way of testing using fMRI.

Apart from the above consideration of re-tooling of experiments, another important result due to re-designing of experiments was obtained. M. Fahle (2003) showed that the interindividual differences in the brain responses to the same stimuli are greater than intra-individual variations over time, i.e. each individual type is consistent over time and distinct from other individuals. This implies the necessity of the shift from the prevalent research method of averaging the individual differences to identification of individual types. Actually in October 2001, when Fahle first met M. Maruyama, Fahle was still considering the differences between individuals as measurement errors or due to imperfect test conditions, and was apologetic about the

differences. M. Maruyama mentioned to Fahle that the differences were probably due to the heterogeneity of individual cognitive types. Consequently Fahle re-designed his experiments, and obtained the new results in 2003. Before M. Maruyama met Fahle, Maruyama mentioned the same to several neuroscientists including Michael Tomasello and Daniel Povinelli, but they were not interested. Fahle was the first neuroscientist to take up the notion of heterogeneity of individual cognitive types seriously. This shift from the homogenistic research ideology to the heterogenistic research ideology is the first major re-orientation in social and biological sciences since at least one hundred years.

### **How to Foster Nonstereotypicalness in Firms**

As we saw in the discussion of HTICT, in every culture there is heterogeneity of individual cognitive types beneath the surface of culturally ritualized or socially conditioned standardized stereotypical behavior. Firms consist of individuals. Firms select applicants, and applicants select firms. Dissatisfied employees move to other firms. Attraction, selection and attrition build the character of each firm. In concrete terms, several steps are needed on the part of the firms who want to be nonstereotypical: (1) To make known to potential applicants the specifics of their nonstereotypicalness in concrete terms beyond vague clichés and euphemistic propaganda; (2) to select applicants on the criteria of future potentials instead of formal credentials and certifications; (3) to look into the applicants' spontaneous inclination toward exploration, experimentation and innovation by asking questions such as “What are some of the things you did that no one else had done ?” (4) to set up a system of internal morphogenetic interactive causal loops (M. Maruyama 1960, 1963, 2003); (5) to encourage outbreeding to explore new outside contacts (M. Maruyama 2002); (6) to encourage outside-in principle (M. Maruyama 1981) to absorb what is useful from outside.

## Example

As mentioned, we present a firm, not as a report of a firm in the conventional case study format, but as an example for a new kind of data analysis and interpretation. The information on the firm was obtained over several years in our contacts with them, not in pre-arranged standardized interviews or questionnaires. We have been following up the developments in several firms, and this firm turned out to be nonstereotypical.

In 1987, N was a student in one of M. Maruyama's (hereafter abbreviated as MM) courses at Aoyama Gakuin University in Tokyo. It was a course for students' projects to make on-site observations of actual performances of business firms and of their interactions with their competitors, clients, suppliers, subcontractors, and down-stream outlets (M. Maruyama 1989, 1994). The students had to use sociological and anthropological observation methods, could not repeat the methods used by students of previous classes, and had to invent new methods. N liked the course and showed a great deal of initiative and creativity. N was unconventional outside the university activities as well. For example, during a winter vacation he went to Alaska to watch aurora, which was beyond the imagination of other students. For his job after graduation, he carefully examined many firms and chose Uni-Charm. N kept in contact with MM after graduation, met with MM once or twice a year, and talked over the phone several times a year. K. Maruyama ( hereafter abbreviated as KM) became interested in studying Uni-Charm, and conducted intensive telephone discussions with N from 2000 to present to update information as Uni-Charm evolved.

### **A NONSTEREOTYPICAL FIRM : UNI-CHARM**

Uni-Charm, established in 1961, has been managed until recently by its founder who has a clear vision and direction for his company.

He believes that traditional Japanese style management characteristics such as life-time employment and age-grade pay/promotion system impede self-actualization of employees, especially among young employees. Based on his belief, the company adopted a structure in which employees in small groups create new ideas, empowered with their own decision making.

### **Data collection method**

The sources of the data KM collected are three-fold: long and frequent interviews with two employees; books on Uni-Charm's management style, including two books written by the chairman himself, and other documents such as company annual reports and website information. The main interviewee, whom Kuniko Maruyama interviewed almost 10 times, once by telephone and the rest by e-mail, has been with the company for 15 years and was a Junior Board member. One telephone interview, conducted in Japan, lasted for approximately one hour.

### **Company overview**

Uni-Charm was founded by Keiichiro Takahara in Shikoku in western Japan in 1961. Since then, the firm has endeavored to fulfill its goal of maintaining the "Number 1 in its market share for each product." Its main products are sanitary napkins and paper diapers, both of which maintain leading domestic shares standing at 30% (Japan Company Handbook, 2000). Two of its products "Sophie, Active Support" and "Sophie, Nameraka (Smooth) Slim Tampon" received the year 2000 Good Design Award not only for their excellent designs but also for their environment-friendly functions. Since the domestic market for paper diapers for babies has reached the stage of saturation, the firm's emphasis has switched to adult-use diapers, and cleaning products. The company has also progressed with diversification into

pet foods and construction materials. In addition, the firm provides a wide range of services, including nursing and pet care.

Uni-Charm has 963 employees whose average age is 36.2 years old, with 26 subsidiaries and 4,261 consolidated employees. Its ROE and ROA are 11.73 and 6.93, which are far higher than those of average Japanese companies. The company targets 15% ROE in 2006. 84% of its sales come from sundries such as diapers and sanitary napkins, and 2% from construction materials, and 14% from others. Its foreign sales ratio is 11% (Japan Company Handbook, 2000)

The company had recorded a sales increase for twelve consecutive years by 2000. Its sales increased from 90,026 million yen in 1992 to 210,200 million yen in 2000, with its current profit increase from 5,364 million yen to 23,544 million yen, its debt equity ratio declined from 51.6 to 40.9, and its ROE increased from 1.8 to 11.7 during the same years (www.unicharm.co.jp, 2000; Japan Company Handbook, 2000). These figures clearly indicate that the company has accomplished an enormous success in the last decade despite the deep economic recession that has affected most Japanese industries and firms. There are several factors that have contributed to this success. First of all, Keiichiro Takahara, the president and founder, encouraged employees' initiatives and exploration. He now has retired as president but is active as chairman. He has created corporate culture in which employees are able to propose new ideas without being afraid of making mistakes. His work force, empowered and endowed with creativity and enthusiasm, has played its roles in establishing the firm's status as No. 1 manufacturer of paper diapers and sanitary napkins in Japan.

## **Company characteristics**

### **Keiichiro Takahara : A visionary**

Keiichiro Takahara was born in 1931 in a small town called Kawano on the island of Shikoku, facing the Seto Inland Sea. This small town, where Oji Paper Co. Ltd., Japan's largest manufacturer of papers was founded, was dominated with paper business. Takahara's father was also engaged in paper business. After Takahara worked for a paper company for several years after graduation from college, he started a paper related business of building materials manufacturing. He was not satisfied with a quick success in making building materials. On his trip in the USA, he became inspired when he saw a woman putting a package of sanitary napkins into the basket with other items at a supermarket. In those days in Japan, sanitary products were sold at pharmacies and women felt embarrassed when they bought them. Takahara felt intuitively that those napkins would be sold at supermarkets in Japan in the near future and women would be liberated from the feeling of embarrassment in buying products for women's fundamental necessity. He brought back as many kinds of napkins as he could find for further research. (Takahara, 1994; 2000)

After thoroughly examining the samples, Takahara was confident that he would be able to develop better quality napkins with his expertise in paper technology. He has always had a clear vision and set up specific goals. He likened his business development to an athlete who ascends in sport events. "First, we participate in a town meet, then in a prefecture event, then in a national competition, and finally in the Olympics!" Takahara's first big goal was to become No. 1 in the domestic sanitary napkin market share. The company fulfilled its first goal in eight years, with over 20% of the domestic market share (Takahara, 1994; 2000).

Takahara believes that people are the most important resources. He says, "Our employees are our business partners. We can motivate

them by providing opportunities to fulfill their two basic needs: self-actualization and a sense of belonging” (Nikkei Shimbun, 1998). Tasks are assigned to small groups, and proposals and decisions are normally made among group members themselves because Takahara believes that employees' empowerment is most important for their motivation and innovation. At the same time, he tries to keep close contacts with the employees by regularly sending e-mail to them. He sends a monthly announcement to each employee.

### **Three kinds of innovation : Product, Process & Mind**

One of Takahara's mottos is innovation. Takahara, himself a great innovator, believes that a successful business requires three kinds of innovation: product innovation, process innovation, and “mind” innovation (Ogata, 1996). His company has kept on developing innovative products such as briefs-type diapers for babies and adults, and thin sanitary napkins. One of the process innovations is UTMSS (Uni-Charm Total Management Strategic System). Details of the system will be discussed later.

Takahara argues that our mind should be always stimulated because mind innovation is often neglected. We must try to enhance our three meanings of three Japanese words with the same pronunciation “kan” (feeling, intuition, and perspective). We should look at one thing from different perspectives and see different possibilities. One product which was developed from a different perspective is the above mentioned briefs-type diapers.

In developing a paper diaper, the development team thought about its users, i.e. babies: how to remove or reduce discomfort of wet babies was the most important factor to consider. It should be comfortable, absorbent, and easy to change. Once, a development team member saw a mother trying to change a diaper of a one-year-old son who

was very active and restless. The baby did not want to be laid down. When a team member saw this scene, something hit her mind. “Babies are users of our diapers, but the mother is also the one who uses them! We should consider the mother's comfort too!” This is how briefs-type diapers were developed for toddlers and also for elderly people who can put them on without lying down. The development of this type of diaper has a special significance because the company noticed a customer need which nobody, even mothers themselves, thought that would exist (Ogata, 1996). This marketing research method is known as participant observation among the product users, first used by the second largest Japanese advertising firm in Japan, Hakuhodoo. A market research team follows shoppers to observe their shopping patterns and their user habits (M. Maruyama, 1994), or attend parties of product users.

Another example of exploring new concepts for products is that of adult diapers. The interviewee N became a member of the Health Care division team that mainly develops and markets adult diapers. He recently gave a seminar on rehabilitation and explained to KM the relation between rehabilitation and adult diapers, “The concept of our products has drastically changed. Those people who use adult diapers are generally considered totally hopeless, bedridden burdens to their caretakers. However, the philosophy of our health care division is to respect the dignity of those individuals and have them make the most of their remaining strength to live independently. We hope that our new products will motivate them to try to sit down on the bed or wheelchair, and eventually to try to go to the bathroom by themselves. “The concept of human dignity for invalid people may not be new to many American people, but it is fairly new in Japan, where the average life expectancy is the highest in the whole world while the birth rate is decreasing and consequently the ratio of old population to young population is rapidly increasing”.

### **Corporate culture : Young and Positive**

Uni-Charm's culture is unique in various ways. In 1995, the average age of the employees was 31 years old and some executives were in their 30s and 40s. Flexibility is required to adjust to the continuously changing environments. The company welcomes “nails that stick out,” instead of hammering them down, encourages young employees to propose new ideas and take risks, and generously rewards their accomplishments without reprimanding their failures. Employees are empowered in setting their own goals and making decisions. At the same time, they are required to be responsible for their actions and acquire capabilities that are not company specific, but useful in other companies. In other words, unlike many traditional Japanese companies, Uni-Charm stresses the importance of “employability” capabilities, rather than “firm-specific” skills.

### **Learning from mistakes**

In 1987, Uni-Charm recorded its second profit decline after its foundation. For one reason, the company was becoming complacent and falling behind in developing new products. For another, it was involved in the price race in the paper diaper sales after the Plaza Agreement in 1985. More importantly, however, the firm's internal structure turned out to have been causing some fatal problems. For instance, the decision making system and strategic planning were not well implemented. Decision making was top-down and the president was steering the company with his strong, charismatic leadership. Employee's morale was low. One employee recalls that he wondered, “What is our company's goal? In which direction are we going”? (Ogata, 1996) The company learned many lessons from this past failure and implemented several radical plans such as the “Junior Board,” human resource development (OJD), new recruitment system (EQ and IQ), fair evaluation, and UTMSS.

**Junior Board : Bottom Up Structure**

The “Junior Board” is a management council that consists of young employees in their 20s and 30s. It was established to enhance employees' morale and create a working environment in which young employees could participate in company management. The members regularly meet and discuss a wide range of topics from the company mission to long-term management planning. The discussion results are presented to the company's Board of Directors' meetings. Young employees gain the feeling of self-actualization. Older executives feel responsible to implement the strategies presented by the Junior Board. In this way, both young Junior Board members and Board members can better understand each other, exchange ideas, and share the company direction.

**OJD : On-the-Job Self Development**

Uni-Charm's OJD is a human resources development system. Unlike OJT where employees learn job skills by observing and doing, OJD has a wider concept that includes OJT. It is important not only to train employees to improve their skills, but also to motivate them and enhance their autonomy. The concept is based on the principle that each employee should acquire skills and knowledge which are transferable to other companies (employability). It also relates to Takahara's proposal to bring up 200 entrepreneurs. He expects that each employee should be an autonomous business manager and that he/she should devise his/her own directions without being shown by their bosses. The system supports self-planning of their career and selfactualization. Its emphasis is on “development” rather than “teaching” or “training”. In OJD, a superior tries to help develop diverse capabilities of a subordinate, raising his capacity of 80% to 120%, while in the traditional OJT, the superior trains some specific skills of his subordinate, developing only 80% of the subordinate's full capacity.

In this sense, it is a total development program and requires superiors' unreserved commitment (Ogata, 1996).

There are several types of development programs. One is a career development brain-storming seminar for which participants retreat to a hotel resort or a company lodge for a few days, re-evaluate their positions in the company, plan long-term goals and career visions, and make individual short/middle term plans. Another is a career development program for executives. The firm started to offer an in house MBA program in 1999.

### **EQ and IQ-Recruitment system**

Uni-Charm practices a rigorous selection process to hire “right people for the company”. In this company, even *gakubatsu* (cliques of graduates of the same universities) do not play a crucial role when it selects new employees, whereas traditional Japanese companies tend to hire graduates from universities from which older employees graduated. There are two types of screening: interviews and written tests. The written tests are given basically to check whether applicants have basic skills and common knowledge, or to ensure that they are intelligent enough to carry out jobs. Interviews are for testing applicants' compatibility with the firm's mission and culture. First, young employees who were hired two or three years earlier usually interview and evaluate applicants. The interviews are conducted in groups. Then, bosses or even the president himself interviews some prospective candidates. They try to find out whether applicants' personality and attitude match the company culture, especially whether their career visions are in line with the company vision.

On joining the company, new employees can propose their first, second and third year career plans and request positions they are interested in taking. If their plans and requests match with the requirements for the positions, they can be positioned there. Employees

do not need their bosses' permission to apply for internally announced open positions. Their applications are reviewed on the basis of their requests and capabilities.

This does not mean that the firm hires only certain types of individuals whose personalities comply with the company characteristics; in fact, Takahara, himself an explorer, always values diversity and an exploratory tendency, especially emphasizing his woman workforce as well as the young. KM's interviewee told her in their recent interview,

“Last year two new employees were assigned to my division. They are young females who just graduated from their universities. When I asked them, Tell me what you have done that no one else did one of them said that she had traveled wearing jeans all over the world by herself. While traveling in India, she visited a church orphanage and worked there as a volunteer for a few months. I'm very happy to find that many young Japanese people, especially young females, have a strong exploratory tendency“. This example is important because it indicates that beneath the surface stereotype of conformity, there are individuals with strong innovative tendency.

### **Fair evaluation**

Uni-Charm's top management claims that the key word for evaluation is “fairness”, that is, fair compensation commensurate with evaluation and fair compensation for contribution to company. The greatest difficulty in fair evaluation is maintaining the quality of evaluators. It is essential to improve the capability of evaluators, i.e. managers. For this purpose, the company provides intensive seminars and workshops for managers to enhance their skills to fairly evaluate subordinates from diverse angles.

Evaluations are made on different elements: achievements, actions, and capabilities (Ogata, 1996). An employee comments, "Capabilities should be demonstrated in actions. If a person's capabilities and actions are improved, he should be given opportunities for promotion. If he has made an achievement, he should be rewarded" (ibid.). Capability and action evaluations are carried out once in December and achievement evaluations are made twice a year. The independent evaluations are executed to avoid a possibility that those who have made achievements tend to be evaluated highly on capability and action.

#### **UTMSS : Uni-Charm Total Management Strategic System**

Many manufacturing companies believe that mass production is the best way to reduce costs because the more they make, the less it costs. According to Ogata (1996), this principle is similar to the old theory that the earth was in the center of the universe. Producers produce for their own benefits, not for the benefits of the users of their products. Due to periodicity of mass production, supply is not distributed evenly over time despite constant demand. For example, a woman needs sanitary napkins every month. To meet needs of many women, supply must be available all the time. But producers supply them in large batches separated by long intervals. This creates a situation where customers cannot find what they need although there are times when the products are overstocked. Therefore, Uni-Charm believes that continuous supply and total management from product development to sales are key factors for business success.

UTMSS was actually introduced in 1986, one year before the company recorded the second profit decrease. In this sense, it was not exactly the lesson learned from a past mistake, but the president's foresight. The system has four principles: (1) market orientation, (2) waste elimination, (3) total efficiency, and (4) management based on respect for humanity (Ogata, 1996).

- (1) **Market orientation** : A company must always consider customers' wants and needs. Its ultimate goal is how to provide customers with best quality products at the right time. For this purpose, it must implement continuous supply chain management.
- (2) **Waste elimination** : It is fundamental to eliminate or decrease waste. Excess inventory is the worst waste. The company must develop and implement a system and process in which a right product is produced at a right amount at a right time.
- (3) **Total efficiency** : Efficiency should be pursued in the total system of the corporate activities. The total efficiency linking marketing, production, and sales should be the corporate strategy. In this sense, it is different from the kanban system (just-in-time system) in which focus is placed on localized inventory reduction.
- (4) **Management based on respect for humanity** : Surplus inventory is a waste of human resources because the labor of those who have made products is wasted. Therefore, to eliminate waste is to show respect for each worker as a human being. This helps enhance each worker's sense of fulfillment and self-esteem.

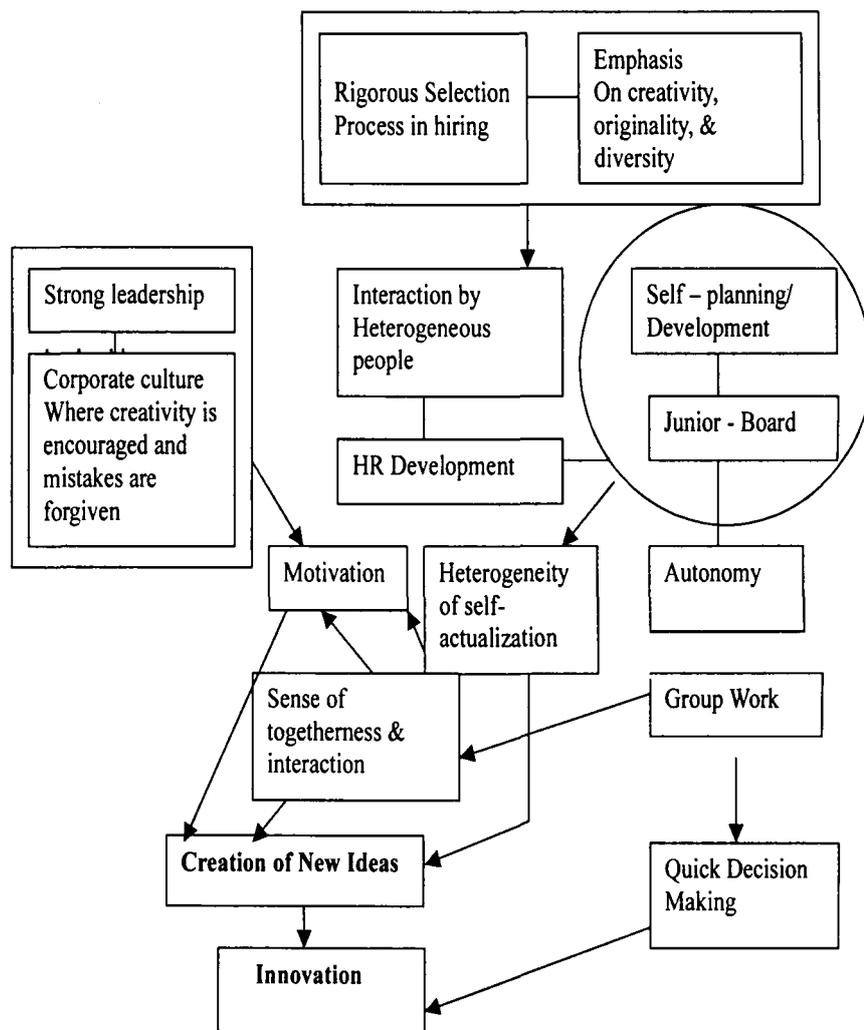
### **Flat structure quick decision making**

As will be explained later, many Japanese companies still practice the time consuming ringi-seido system for decision making. However, Uni-Charm declares that “each employee is the leading actor.” The firm boasts of its “self conclusive” structure in which small groups propose ideas and plans, and make their own decisions without going around sections or departments or reporting to higher management for approval (Ogata, 1996). For instance, a salesperson has the authority to decide on “go or no-go” in his sales plans or expenditures. When he needs his boss's approval, he can e-mail his boss, instead of a written ringi-sho. Even an *ex post facto* report can be accepted without

any problem, which illustrates the firm's flexibility.

The following diagram may help summarize how Uni-Charm has accomplished its success, creating new ideas and converting into innovative products and services :

**FIGURE 2 : Uni-Charm : Creation of New Ideas**



## **Conclusion**

Until now, the prevalent implicit and usually uncritical assumption in cross-cultural and multicultural management has been that corporate cultures incarnate country cultures, and can vary only within the limits of country cultures. This taken-for-granted assumption supports and is supported by the methodology of comparing cultural or social groups in terms of statistical means and standard deviations which renders invisible the heterogeneity and transculturality of corporate types and individual types, especially cognitive types. Most of the researchers have either forgotten or never learned that the normal (Gaussian) distribution holds if and only if events are both independent and random, such as tossing of a coin many times and counting the number of heads and tails. However, social and biological events are neither independent nor random, and therefore it is *illogical to expect a normal distribution*.

The heterogeneity and transculturality of individual cognitive types (HTICT) was already known since the 1950s by a small number of researchers, but was ignored by the majority of social and biological scientists until 2003, when neuroscience made HTICT clearly visible by the use of the technology of functional magnetic resonance imaging.

Until now, the majority of management theories assumed that individuals are impregnated and saturated by the country culture and therefore if a firm wants to change, a powerful management must coerce the individuals to change. However, if HTICT is utilized, it suffices the firms to mobilize the individual cognitive types that are hidden or camouflaged beneath the culturally ritualized or socially conditioned “official” behavior.

Many of the principles and methods of Uni-Charm management can be used in new firms in other countries, especially in those countries

where the management is not yet dominated by North American and European management theories, principles and practices.

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Uni-Charm website ([www.unicharm.co.jp](http://www.unicharm.co.jp))