

Achieving Autonomous Workstyles that Increase Competitiveness



Author
Nobuyuki Inamizu

By Nobuyuki Inamizu

Foreword

The coronavirus pandemic is finally subsiding and while people are going back to working in offices, there have been movements to continue remote working, which was common during the pandemic. As a result, hybrid work (a mixture of working in offices and working remotely) is gradually expanding. With hybrid work, many people are wondering what the optimal balance is between office work and remote work. I will try to respond by pointing out that it is difficult to determine a uniform percentage, and that the only solution is for each individual to be able to work in an appropriate location and at appropriate times. In other words, each individual must work autonomously. Some objections to this may be that “being able to work autonomously is not that simple” or that “the performance of the overall organization will not rise (or indeed may decline) with individuals working as they please.”

To respond to such doubts, this article will focus on case studies of workstyle reforms at two companies – Cybozu, Inc. and Microsoft Japan Co., Ltd – which have not only achieved autonomous workstyles but have also improved corporate performance.

Workstyle Reform at Cybozu

Cybozu is a company whose main business is groupware, and as will be discussed later, it has been closely watched as a company with an autonomous workstyle and has been accredited and selected for titles such as “Tokyo Work-Life Balance Accredited Company” and “100 Companies with Diversity Management”. Founded in 1997, the company has a history of a quarter of a century, and how it has achieved such a workstyle will be examined by looking at its history in five phases according to a 2019 paper compiled by myself, Masayuki Sato and Fumihiko Ikuine (“Process to realize various ways of working: A case of Cybozu, Inc.” MMRC Discussion Paper 507. http://merc.e.u-tokyo.ac.jp/mmrc/dp/pdf/MMRC507_2019.pdf) (Chart 1 & 2).

1. Founding period to business expansion period

First, during the founding period from 1997 to 2001 (Phase 1), the groupware business successfully took a growth trajectory, and during the business expansion period between 2001 and 2006 (Phase 2), aggressive M&A were conducted with the size of sales exceeding 10 billion yen. During this period, a performance-based

pay system was employed. But this created unnecessary competition among employees, causing people to earn evaluation points by setting low targets, and the atmosphere within the company quickly deteriorated. As a result, the turnover rate in 2005 exceeded 28%. It was as if people were resigning every week. The core of software development lies with personnel, and such a situation made management of the company impossible. So the fight to lower the turnover rate began.

The performance-based pay system was abandoned, and the management team began interviewing every employee in an attempt to improve the human resources system by considering individual needs. For example, consideration of “childcare leave until children enter elementary school” began when one employee requested such leave during one of the individual interviews the executive director of human resources was conducting.

2. Business transition period

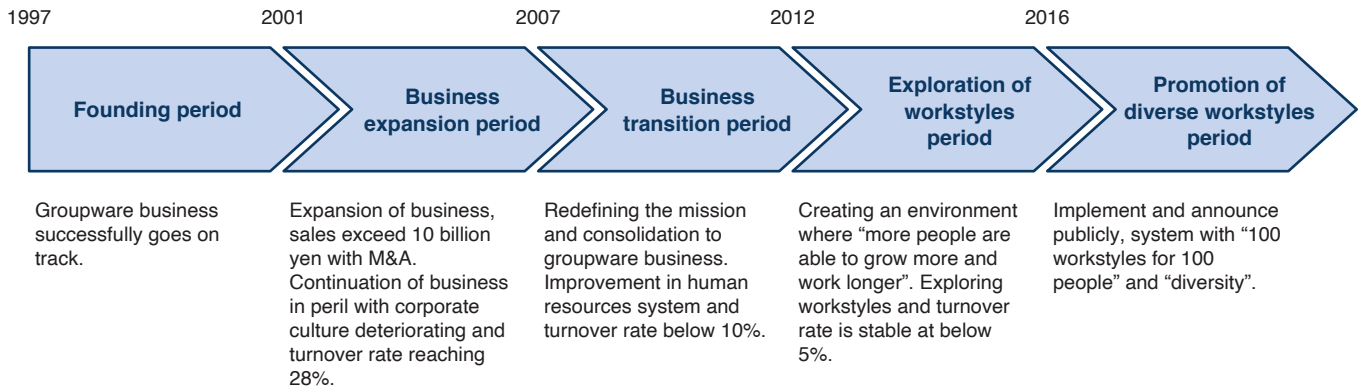
From 2007 to 2011 was the business transition period (Phase 3). When the company’s situation became critical, the management team held a retreat and there re-defined its mission “to become the world’s top groupware manufacturer”. Accordingly, progress was made in the company’s business selection and concentration process.

Improvements were also made to the human resource system. For example, on the back of an increase in the number of employees with families and long working hours, a selective human resource system was established. This was the first step in diversifying working hours. In 2007, employees were able to choose between a results-based system, which was very much like the discretionary labor system, and a seniority-based one, which had set working hours, and in 2011 employees were able to choose an appropriate workstyle from (1) work-based, (2) life-based, and (3) work-life balance approaches.

In 2010, a work-from-home system was introduced. This was the first step in diversifying the locations of work. It is said to have started with an employee who returned to work from childcare requesting that working from home be acknowledged “since unfinished work needs to be done at home with the current shorter working hours”. After conducting surveys of employees and doing a pilot run, the system was fully introduced. That same year, the president of the company himself took childcare leave, and this became a turning point with the number of employees using the

CHART 1

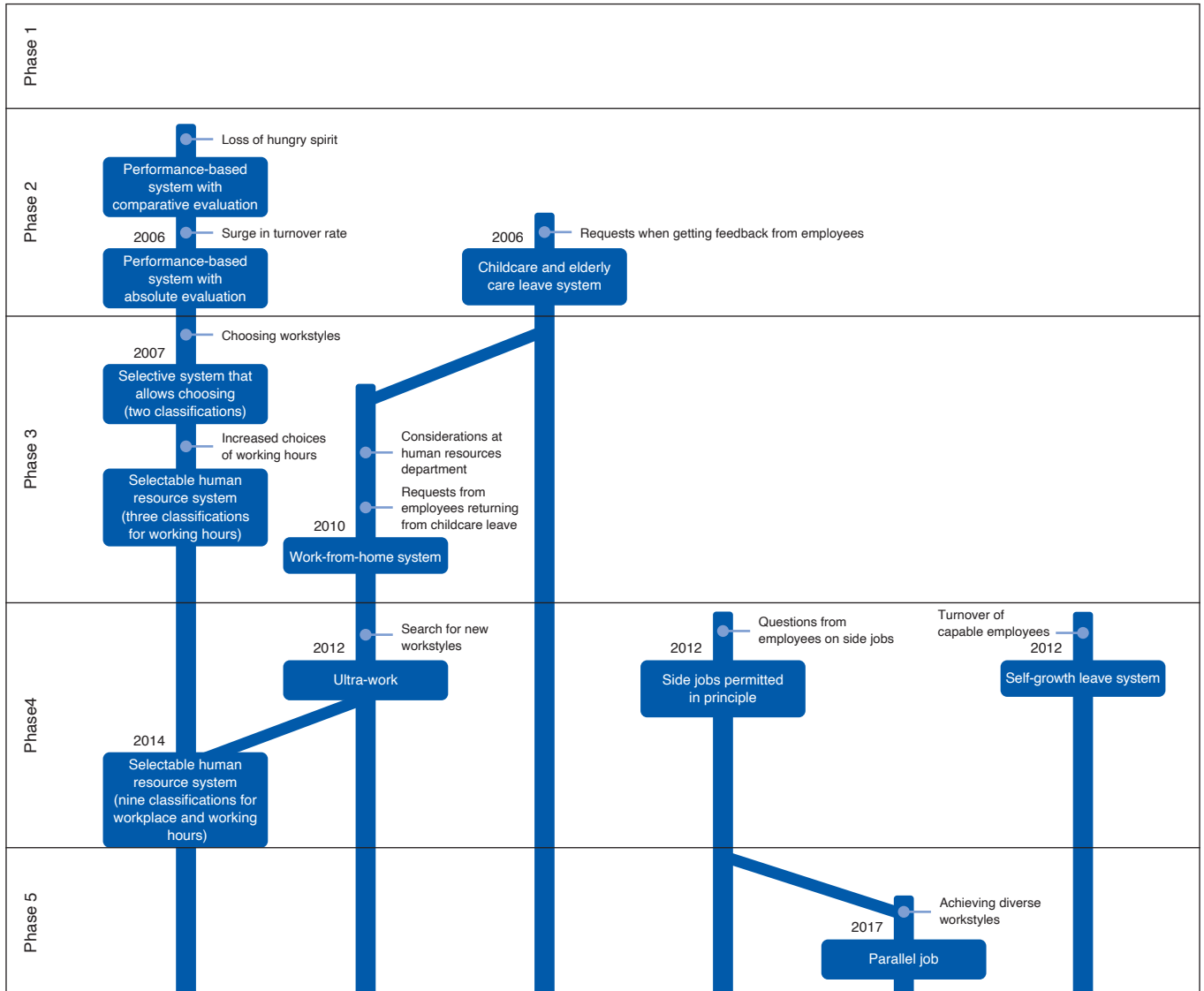
5 phases (Part 1)



Source: Created by author based on reference materials from Masayuki Sato

CHART 2

5 phases (Part 2)



Source: Created by author based on reference materials from Masayuki Sato

system rising, and by 2012 the turnover rate had improved to a level lower than 5%.

3. Exploration of workstyles period

The period between 2012 and 2015 can be called the exploration of workstyles period (Phase 4). In 2012, the company established an environment where “more people are able to grow more and work longer”, and expanded the work-from-home system to begin its “ultra-work” system, which removed the constraints of workplace, implementation hours and frequencies. Further, in 2014 it expanded into a system where employees were able to choose from nine patterns which combined the aforementioned three patterns of working hours with three patterns of workplace (three patterns corresponding to the number of hours spent in the office and/or other locations).

Side jobs were also permitted in principle around this time. In fact, this system allowed the successful recruitment of an employee of a well-known company. Recruiting this employee was difficult from a compensation perspective, but by providing care in allowing this employee to achieve career goals and to work at a side job proved successful. In addition, a “self-growth leave system” was established allowing an employee under 35 years of age and within six years of leaving the company to be reinstated. An employee had left the company to join JICA’s Japan Overseas Cooperation Volunteers, and the system was established with the notion that an employee who has gained outside experience and skills coming back to work would be positive. As a result, the turnover rate further declined and was stable at less than 5%. Moreover, measures were taken to increase the traffic of personnel from outside the company, or in other words, measures to ensure diversity of personnel.

4. Promotion of diverse workstyles period

From 2016 to the present is the promotion of diverse workstyles period (Phase 5). In 2016, the company proclaimed the slogan “100 workstyles for 100 people” and with “diversity” being the keyword, the company began announcing its workstyles publicly. From 2017, the “parallel job” system began, in which someone working in a different company was also able to work at Cybozu. Furthermore, the aforementioned nine pattern selective human resource system was abolished and a new workstyle proclamation system began, in which preferred working hours and locations can be freely chosen and implemented. This is how Cybozu became a company which allows a true diverse workstyle.

5. Process for introducing the system at Cybozu

As seen then, Cybozu spent ample time formulating its unique system. Initially triggered by the extremely high turnover rate, the management committed itself to tackling this issue and brought about workstyle reform. The way the system was introduced is also intriguing. The formulation of its human resource system at Cybozu is based on the following process. First, views and proposals are expressed by the employees, often through write-ups on the bulletin board on groupware. If many support the proposals, they move on to

the next step, which involves workshops and the formulation of a draft. An opportunity to listen to the opinions of those who are interested in the proposed content is organized, and the results are disclosed on the bulletin board again. In this way, opinions from those who had not been hitherto interested begin to come in. A draft is then created as the issues are sorted out. The human resources department will then design the system based on this draft, with the president making the final decision.

As such, the introduction of any system is done through a bottom-up process. If there is at least one user, raw feed-back from this person can be obtained, and improvements can be based on this. This mechanism ensures that the company’s unique system does not end up being a mere imitation of other companies.

At Cybozu, the human resources system is said to always consider the three axes of ① rationality, ② messaging and ③ *wabi-sabi*, a traditional Japanese aesthetic concept. It goes without saying that this system makes sense, but it also aims to not only convey the thoughts of the management team through its human resources system (②), but also allows flexible operation of the system by emphasizing the thoughts and views of each individual employee on the ground (③). In order for employees to actively participate in the formulation process of the human resources system, the company has established a culture where the management team is tasked with “accountability” (being accountable by explaining decision-making and answering questions from employees), and at the same time employees should be “responsible to question” (asking questions regarding their concern and conveying their ideals). Moreover, being “fair and square” (being able to exchange information without lies and building trusting relationships) has been embedded at its foundation.

In achieving an autonomous workstyle, the concept that has been garnering attention in recent years is “i-deals”. I-deals is a concept proposed by Professor Denise Rousseau of Carnegie Mellon University which is defined as “voluntary, personalized agreements of a nonstandard nature that individual employees negotiate with their employers regarding terms that benefit them both” (Denise M. Rousseau, *I-DEALS: Idiosyncratic Deals Employees Bargain for Themselves*, Armonk, N.Y., 2005). To put it simply, individual employees negotiate their ideal workstyle with their superiors, or the company, and ask for certain special treatment. Cybozu is a unique company which conducts this on a company level.

Workstyle Reform at Microsoft Japan

Microsoft Japan moved to an office in Shinagawa in February 2011. The office used outstanding ICT, and people were able to freely select places to work from various locations within the office. But immediately after the move on March 11, the Great East Japan Earthquake occurred and employees were forced to work from home for a certain period of time. But this proved successful in quickly expanding remote working among its employees. Subsequent measures such as “remote work week”, “remote work month”, “remote work days”, and the “work-life choice challenge” in 2019

aiming at a 4-day work week are well known. Looking at the current workstyle of this company, it has gone beyond working in the office or working from home, and people are able to work “anytime, anywhere”. And in implementing such measures, productivity has improved hugely to more than double.

But seeing this company from the external shock of the Great East Japan Earthquake will not fully disclose how it has been able to achieve such a workstyle. The essence will not be visible unless a long line called the time axis and, further, the “plane” which includes people on the ground as well as decision-making by the top management are considered. I and my colleague Masayuki Sato analyzed the 25 years-worth of this company’s business, organization, history of change and transformation of workstyle in a 2021 paper (“Business model transformation leading to work style changes: A case study of Microsoft Japan Co., Ltd.” MMRC Discussion Paper 542. http://merc.e.u-tokyo.ac.jp/mmrc/dp/pdf/MMRC542_2021.pdf).

1. Business transformation and organizational change, workstyle reform

The most important point that was observed from the findings of the analysis was that such changes and transformations did not occur overnight, and were achieved over time through a process of trial and error. On that note, there are three keys to Microsoft Japan’s transformation. First is that business transformation occurred first, accompanied by organizational change and workstyle reform. In fact, the business of this company has been transformed greatly from B to C to B to B, and then to a cloud service business. In line with this transformation, the teams that carry out the businesses shifted to a more spontaneous collaboration among more diversified sections or people in the company, and the workstyles of individuals also changed to being able to work “anytime, anywhere”, fitting in with spontaneous collaboration. The top management of Microsoft Japan, as the company’s only decision maker on large-scale business transformation, encouraged this trend with organizational and workstyle reforms in order to raise efficiency in producing business output.

2. Performance-based wages and workstyle reform

The second is the existence of strong pressure to produce results. With business transformation, an evaluation axis will be clearly established on what results need to be produced. In particular, with the transformation to a cloud business, evaluation changes to also include “impact on others, business, and clients”. The cloud business requires collaborating with people of diverse skills in diverse departments in order to raise one’s own performance. In addition, when the evaluation axis is set to promote collaboration with others, those on the ground will actively try to collaborate. In doing so, as with the saying “one good turn deserves another”, one will understand that contributing to others will eventually benefit oneself. During this process, obstacles to collaboration will be thoroughly removed. As a result, a workstyle which is not restricted by working hours or locations and where these can be chosen

autonomously became the basic workstyle.

3. Trial and error on the ground and workstyle reform

The third is the process of taking action first, and then establishing a system after trial and error and improvements. Looking at the above two points, it may seem as though all the transformation has been done in a top-down manner, but this is not so. Changes in behavior first occurred on the ground within the scope of the management policy, and then various trials and errors ensued. What became established as something better was then approved and encouraged by the company, and concrete systems and tools were introduced and enhanced. The aforementioned “work-life choice challenge” may seem at first to have been a policy towards a work-life balance, but it was also an attempt to search for a more productive workstyle by doing what previously took five days in four days.

The business historian Alfred D. Chandler once presented the proposition that “structure follows strategy” (A. D. Chandler Jr, *Strategy and Structure: Chapters in the History of the American Industrial Enterprise*, Cambridge, Mass.: M.I.T. Press, 1962.). This signifies that the shape of an organizational structure changes depending on its growth strategy, and that much time and effort needs to be put into building an organizational structure. The case of Microsoft Japan is undoubtedly a real-life case of “structure follows strategy”.

Conclusion

How can autonomous workstyles be established? What needs to be done to raise the overall performance of an organization while individual employees are working autonomously? I have introduced two indicative companies to consider these issues. What they have in common is a strong awareness that workstyle reform was tied to important managerial issues and that their top managements committed seriously to reform. Yet neither company conducted all the reforms in a top-down manner. There was a mechanism in place where on-the-ground views and actions could be reflected in a company-wide system. Reform proceeded with both wheels of top-down and bottom-up. It is also important to note that these reforms took several years to several decades. Such reforms do not happen overnight – measures to achieve them must be continued every day. Only by doing so can autonomous workstyles that increase competitiveness be achieved.

Article translated from the original Japanese by Mio Uchida.

JS

Nobuyuki Inamizu is associate professor of the Graduate School of Economics at the University of Tokyo. His research field is management science, organization and management theory, and organizational behavior.