What we need to work on now to improve the Mitsubishi Electric Group's corporate value

In October 2021, Mr. Mitoji Yabunaka became the Chairman of the Board of Directors of Mitsubishi Electric. This was the first time an Outside Director had assumed this role, and this decision was made to strengthen governance. Based on the themes of restoring trust after improper quality control practices and promoting future sustainability, we held a dialogue between Mr. Yabunaka and President & CEO Kei Uruma.

Expectations for the company-wide reform project “Team Sousei (Creation)”

Yabunaka: When I was asked to succeed the former Chairman of the Board of Directors, the first thing I felt was the weight of the responsibility involved. With this serious situation in which improper quality control practices have been identified, we are at a very important phase to change the entire company under the leadership of Mr. Uruma, who was elected as the new President by the Nomination Committee. As I have served as Chairman of the Nomination Committee, I accepted the offer, and I am willing to support the reforms to the best of my ability.

Uruma: Mr. Yabunaka and I have had discussions so far at the Board of Directors' meetings. After I assumed the position of President, we have had even more opportunities to discuss a wider range of topics. Your advice on how to change our organizational culture and other matters based on your experiences is very helpful.

Yabunaka: When I was working for the Ministry of Foreign Affairs, I also headed an organizational reform project after a problem occurred. From my experience there, I learned that for employees to be able to work with pride again, it is essential for the company as a whole to seriously deepen discussions and truly work together on reforms. I have high expectations for the “Team Sousei (Creation)” company-wide reform project led by young employees gathered through in-house recruitment.

Uruma: Team Sousei formulated and announced its Robust Policies both internally and externally at the end of March 2022. In the first step, 45 team members discussed how they would like to change their workplace, while interviewing more than 2,000 employees in the company. In the second step, cross-departmental challenges related to organizational climate were categorized from a company-wide perspective, and their solutions were considered by appointing persons responsible for each category. In the third step, the members were further divided into two teams: one for digging deeper into each activity and one for establishing reform guidelines, with both working together to develop the Robust Policies. As a result, the Robust Policies turned out extremely well, with each word filled with their passion for the reforms.

Turning a crisis into an opportunity for organizational reforms

Yabunaka: Meetings have been held between the Outside Directors and the Team Sousei members only, so that the directors could hear details about the actual activities. There were many challenges when the activities began, and some team members said that they felt distant from individuals in higher positions. I think the overall atmosphere has changed greatly and for the better, thanks to the efforts of Mr. Uruma and other Executive Officers to gather members’ thoughts and opinions through direct communication with them.

Uruma: Just the other day, I was talking with Team Sousei members in a meeting, and I noticed that they only regarded their bosses as people who they need to report to. However, sometimes they ought to consider “utilizing” their bosses as well. I told the Team Sousei members that they could tell me directly if they need any help and utilize me as a project leader.

Yabunaka: This is a big change. They felt distant from the president before, but they felt closer to him now. It will be extremely important for employees to be able to see the top management face to face and feel that they are working together.

Uruma: Currently, Team Sousei has entered the implementation phase. The staff members have been divided into two groups: the project promotion staff at the headquarters and the introduction staff in each department, and their supporters assist with their activities. There are many challenges to overcome, such as how to motivate 150,000 group employees, but we are committed to achieving the reforms and transformations. Even if the team members do make efforts in various aspects, this may be all that matters if they end up rebounding off an invisible wall within the company. The management must firmly support their activities to avoid such a situation.

Yabunaka: Facing a crisis is a good opportunity for the organization to change. It is very regrettable if improper quality control practices occurred, but in a sense, now is a great opportunity for Mitsubishi Electric to reborn. I do want them to boldly proceed with these reforms.

Placing the realization of sustainability at the foundation of our management

Uruma: In fiscal 2023, the Company introduced the Business Area Owner system and has made reforms to the organization with a focus on social challenges. Under the new system, we have clearly declared that we will make concerted, company-wide efforts to address social challenges, placing the realization of sustainability at the foundation of our management.

Yabunaka: I think it is highly significant that Mitsubishi Electric has expressed a clear message about its direction and value in contributing to society by making use of the technologies it has cultivated. In the future, it is necessary to seriously consider and hold discussions at each workplace about what people on the floor can do.

Uruma: I feel that the question is how we take ownership of these efforts to realize sustainability. Taking ownership means that each and every employee continues to think about the social challenges they need to address, hone their skills, and develop mechanisms for solving the challenges, with Mitsubishi Electric Group’s Purpose as the starting point. We aim to contribute to the happiness of a wide range of people in the future by solidly fostering a climate and environment that enable continuous technological innovation and ceaseless creativity for resolving social challenges.

Yabunaka: There are many fields where Mitsubishi Electric can utilize its technologies to lead society forward. I think the realization of carbon neutrality is a typical example. Since the Earth Summit in Rio de Janeiro in 1992, I have witnessed global trends around climate change as I participated in international conferences. The importance of addressing climate change continues to grow around the world over time, and today, we are entering an era in which corporate reputa-