



MOBIL SEKIYU K.K.

—CAREER DEVELOPMENT PROGRAM—

Mobil Sekiyu K.K. had a unique business climate which was largely the product of a comprehensive human resource development system which evolved over many years of effort pursuing effective management and adapting the management policies of its U.S. parent company to the Japanese business environment.

In 1989, the Japanese government was in the process of delegulating the petroleum industry. It had already abolished the practice of allotting gasoline production to refining and wholesaling companies and was going to abandon other direct control measures such as restricting the establishment of new service stations. The petroleum industry was entering a new age of free competition. In view of the new competition, management at Mobil Sekiyu were studying what personnel measures were required to keep employees motivated and the organization viable.

COMPANY BACKGROUND

Mobil Sekiyu K.K. was a wholly-owned sales subsidiary of Mobil Corporation, the third largest oil company in the world. Mobil Sekiyu was the biggest of the more than fifty Mobil subsidiaries (called affiliates) world-wide and accounted for about 10 percent of global sales. The Japanese company was the 7th largest petroleum company in the domestic market with 1988 sales of ¥58.26 bil. and a market share of 6.3% (if only gasoline was considered, 6th with 8.2% share). Its current profit of 24.8 bilo in 1988 was much higher than the average of the industry. There were 1,247 employees (1,010 men and 237 women), about two-thirds of whom were college or university graduates. Their average age of 43.6 years

This case was prepared by Professor Hideo Ishida of the Keio Business School in July 1989 as a basis for class discussion. It is not intended to illustrate either the effective or ineffective handling of an administrative situation.

was also much higher than the industry average. Most of the 600 non-managerial employees were members of the Mobil Sekiyu Labor Union which was part of the industry-wide union, however some were members of two other lesser unions and the remaining few were non-union employees.

Mobil Sekiyu was founded in 1893 when the New York Standard Oil Company (Socony), the predecessor of Mobil Oil Corporation, established a branch in Yokohama and when Vacuum Oil opened its branch in Kobe. Socony and Vacuum were merged into a new company and that company was combined with Standard Oil New Jersey to form the Standard Oil Vacuum Oil Company (Stanvac). Having been accused of violating the Anti-Trust Law in the United States, Stanvac agreed in 1961 to divide its business and assets. That year Mobil Sekiyu K.K. was formed as a subsidiary of Socony Mobil, and Esso Sekiyu.

PHILOSOPHY AND GUIDELINES OF HUMAN RESOURCES MANAGEMENT

Under the leadership of Mr. Murray, chairman of Mobil Corporation, the company was restructuring itself by selling off non-oil affiliates like Montgomery Ward in order to concentrate on the main lines business. (See Exhibit 1 for Organization Chart of Mobil Corporation.) Mr. Murray was convinced that the energy business was an attractive, steady growth industry and that Mobil's strong sales, refinement, extraction and exploration capabilities would be key success factors in the energy business. ⁽¹⁾

Although there was no stated corporate philosophy as such human resources were traditionally regarded as one of the most important assets of the company and managers were enthusiastic about implementing and developing most human resource programs. The Mobil Corporation had 57,000 employees world-wide. Mobil employees often used the term the "Mobil Family" and Mobil affiliates all over the world had similar corporate cultures as shown by common concepts, vernacular, management systems and customs. For instance in the field of performance appraisal and human resources development there was similarity in management by

⁽¹⁾ "Mobil Nippon" (January, 1989)

K.K. was established as a subsidiary of Standard New Jersey. In 1983, ninety years after the establishment of Socony's branch in Japan, Mr. Yasuma Sugihara was appointed as the President of Mobil Sekiyu K.K. He was the first Japanese president of the company.

objective, job description, job evaluation and pay-according to jobs.

But each affiliate of Mobil had considerable autonomy and was free to develop management systems and customs according to local practices. In the case of Mobil Sekiyu, wages for non-managerial employees were quite similar to other Japanese companies. It was the same with labor relations : Mobil Sekiyu adapted the "long-term job security system" which was common in Japan and the retirement age was set at 60 in 1961.

One of the mottos of Mobil Sekiyu was "line-oriented personnel administration." Mr. Tetsuo Yokoyama, who was an advisor, former member of the board of directors and had played many important roles in the personnel administration of the company since its inception described this motto :

Growth and development of a person in an organization can be grasped through the job the person is performing. Administration of both people and their jobs must be entrusted to line managers ... Staff members of the Personnel Department can never fully understand the current stage of development of an "individual" who is always growing and changing. ... The best that they can do is to monitor demographic features of employees since recruitment, ... and read personnel evaluation and performance appraisal records which have been prepared by line-managers months or even years ago. ⁽¹⁾

In Mr. Yokoyama's view, the collective aspects of personnel administration, like wage systems, working hours, fringe benefits and labor relations, can and should be handled by the personnel department. But during the postwar period, which was marked by turbulent labor-management relations, the roles of the personnel department gained so much importance that they began to include the individual aspects of personnel administration such as recruiting, evaluation, training, transfers, promotions and pay-increases. "The personnel department has encroached on the power of line-managers over their subordinates. The result is the across-the-board management on the basis of the level of education or the year of graduation." ⁽²⁾

Many years ago, Mobil Sekiyu adopted a line-oriented personnel management

⁽¹⁾ Tetsuo Yokoyama. "Koritsu" no Jidai no Jinzai Ikusei. Tokyo, Nihon Seisansei Honbu (Japan Productivity Center), 1978. P. 88

⁽²⁾ Yokoyama, of.cit., P. 80

policy and the Personnel Department has come to focus their efforts on staff functions. ⁽¹⁾ To alleviate the management burdens on line-managers, several institutional arrangements, like the Career Development Committee, were made.

MANAGEMENT BY OBJECTIVE AND PERFORMANCE APPRAISAL

In Mobil Sekiyu, management by objectives (MBO) was the basis for performance appraisal, training and development of employees. The evaluation results had significant importance in awarding promotions and pay increases.

Establishing Objectives

Each employee of Mobil Sekiyu set his or her own objectives at the beginning of the year. The company-wide goals were given by top management, which would be translated into divisional goals, which in turn would be broken down into specific figures for each section or operational unit. With these organizational goals in mind, each employee would set his or her own objectives. Individual objectives were modified or finalized through consultation or negotiation with supervisors. In order to facilitate employee goals setting, the company used five Key Results

Areas :

* Profit Plan/Cost Center Goals

Goals contributing directly or indirectly to the profit plan of the year. e.g., volume of sales, ratio of collecting sales in debt, better service, cost reduction.

* Job Duty Goals

Goals for some duties described in the job description which were to be performed with special emphasis during the year.

* Special Improvement Goals

Goals related to innovating or improving organizational arrangements or ways of performing one's duties. e.g., new projects, organizational development, better safety and security.

* Personal Improvement Goals

Improvement in job-related knowledge, skills, behavior, attitudes.

⁽¹⁾ Tetsuo Yokoyama, Jinjibu tadaima 13 mei Rain Jinji-kanri no Jissen, Nihon Keiei Shuppankai, 1989

* Development of People Goals

Goals for up-grading the performance of subordinates and for building more productive teams. e.g., training, rotations, reorganization.

These key areas showed where the interest of top management lied. It was expected that all employees share common interests with management and would set fair goals for performing their jobs.

Some criteria of good goals were also given :

«Basic presumptions to be checked»

- * Are the goals good for motivating the employee?
- * Do the goals contribute to the organization?

«Attributes of good goals»

- * Are the goals feasible? ; Are they supported by appropriate resources and procedure? ; Can the employees control the means necessary to achieve them?
- * Are the goals challenging?
- * Can the achievement be measured? If so, by what kind of indicator?

«Conditions to be kept in describing goals»

- * Can the employee give a clear picture of what is to be accomplished?
- * What verb denotes the function(s) the employee is going to achieve?
- * Can the employee estimate costs, resources, time which will be necessary to obtain the goals?

Since good goal-setting was very important for the success of the MBO program, Mobil Sekiyu instituted a training program for managers and their immediate subordinates called "Work Planning & Appraisal." When there were discrepancies between an employee's goals and the supervisor's expectations, the supervisor would usually have to persuade and encourage the subordinate to raise the level of the goals and would sometime promise to give some assistance. This process was called Work Planning and consisted of the following steps :

- * Dividing goal achievement into some major periods.
- * Making estimates of required resources (manpower, materials and money) for each period.
- * Setting completion targets for each period.
- * Coming to some basic agreements on how to deal with any special conditions

that were expected to happen in any of the periods.

Once an employee's goals were set, the employee was free to choose and control the ways of achieving them. This was one of the essential features of management by objectives (When Peter Drucker advocate this type of management, he called it "Management by Objective and Self Control.")

In Mobil Sekiyu, the roles of supervisors vis-a-vis subordinates were defined as follows :

- 1) To set and approve the duty standards of subordinates.
- 2) To supply the resources required to fulfill the duties of subordinates.
- 3) A Communication link who, when necessary, would undertake intra-company negotiations about his subordinates' jobs.

If something unforeseen happened, the goals of some employees might have to be modified. In some circumstances beyond the control of a subordinate, the supervisor might have to ask him to set new goals. Needless to say, it would be only after every effort to achieve the original goals had been made that new goals would be made. Before that, the supervisor would have to give ample assistance to the employee or carefully review with the employees alternative ways and procedures for obtaining the goals.

Performance Appraisal

The appraisal of an employee's performance was made at the end of each fiscal year by comparing the objectives and results of the year. The performance appraisal form (See Exhibit 2) consisted of two pages, front and back. The front page was for the record of accomplishments, and the back page was for "Performance Criteria" and "Developmental Plans". The supervisor would review and rate the accomplishment of each objective and, considering the results of all objectives, evaluate overall accomplishments. The actual appraisal took the form of comments on specific instances and rating performance with the codes of RE, CE, MR, MM and FM to each of which the sign + or the sign - can be added.

RE stood for Rarely Equalled in exceeding job requirements. An employee who got this rating would be awarded an unprecedented promotion.

CE stood for Clearly Exceeds job requirements. An employee who got this rating could be promoted immediately because both the results and the abilities exercised to gain them were exceeding the requirements of the current job.

MR, stood for Meets job Requirements. The employee showed satisfactory performance of duties without any assistance or guidance of supervisor.

MM, stood for Meets Minimum job requirements and meant that the employee required the assistance and guidance of his supervisor or co-workers.

FM stood for Fail to Meet job requirements. An employee who got this rating had serious shortcomings which could not be improved by guidance or training and should be released of the current job.

Performance appraisals in Mobil Sekiyu were made by comparing the objectives and the accomplishments of an individual employee. Because the appraisal of an employee's accomplishments was made individually, not in relation to other employees' accomplishments, there were no pre-determined ratings distributions.

But when taken as a whole, ratings have approximately followed a normal curve. If the distribution of ratings in any one department showed a curve which was widely different from the normal curve, the Personnel Department would question the head of the department about it.

The rating of overall accomplishments for the year was used for awarding the following year's salary and bonuses and the ratings of the last three years were an important factor in awarding promotions.

On the back page of the performance appraisal form, abilities and skills in six areas (problem solving/decision making, administration, leadership/development of others, work relationship, communication, knowledge) were appraised in the same way as the items on the front page. In these appraisals, abilities did not mean "potential" but the "actual" abilities which had been observed during the year. Neither so called "attitude evaluation" nor "personal traits" were taken into account. It was presupposed that appraisals on the front page would correspond to those on the back page. Supervisors were expected to carefully examine the data of their subordinates in order to make development and training programs. Major requirements of this evaluation system were the feedback of performance appraisal results and a skill diagnostic session with the reviewed employee. The date of these discussions with the employee was recorded at the bottom of the back page of the performance appraisal form. It was not required, however, to show subordinates the rating codes. Even if

subordinates were dissatisfied with the ratings, they were not allowed to change them. It was reported that many supervisors were reluctant to have these discussions with their subordinates.

Career Interest Report

Once a year, when the performance appraisal had been completed, all employees of Mobil Sekiyu were asked to submit a Career Interest Report to their supervisor. (See Exhibit 3 for the format of the Report). The employee was supposed to complete the following items :

- 1) Whether or not the employee was well suited for the current job in view of his or her character, interests and skills.
- 2) Views on his or her own short-and long-term Career Development Plan (CDP).
- 3) Qualifications and/or licenses awarded, areas or themes of which the employee was studying.
- 4) Additional remarks about personal and job-related situations including early retirement plan.

The employee was also to show his or her preference about being transferred by choosing one from among three alternatives : ① want to stay in the current job, ② want to be transferred to another job as soon as possible, ③ want to be transferred to another job after having performed the current job for a few more years. Those employees who wanted to be transferred were also requested to indicate the job and the division they would like to go to, their knowledge and experiences about the job and function, the degree of their desire to get transferred and the country or the city where they would like to be moved.

The bottom half of the back page of the report was reserved for supervisors' comments. They were expected to comment on employee promotability in view of his or her ability, aptitude and development plan, when the employee should be transferred in view of organization needs and, regardless of the employee's desire, what function and which jobs would be best for the employee. In addition, the function and the type of job which the supervisor thought would be good for developing the employee was to be explained.

An annual summary of these reports was forwarded to the general manager of each division. The division general managers made employee transfer and replacement plans for their own division after taking into consideration this summary report and the recommendations of the Career Development Committee. When

there was a vacancy, the job would normally be filled by one of the employees on the list who wanted to get transferred to that division. It could happen however, that a general manager would want a particular employee who was not on the list because of his ability or his career development. In this case, the general manager would first get in touch with the Career Development Committee, which in turn, and with the approval of the employee's division head, would meet him to talk about the possible transfer.

It also could happen that some parts of the organization were so popular among employees that only a few of the employees who had indicated the desire to work there were accepted. In these cases, division heads would explain to their subordinates why their request was not met.

Career Development Meeting

In Mobil Sekiyu, the Career Development Meeting (CDM) was held twice a year. One was an executives meeting and the other was called the Young CD meeting, a meeting for young employees. The executive meeting was a two-day overnight meeting where all executives participated, including the president and the general manager of the Personnel Department. The purpose of the meeting was to confirm performance appraisals, to assess the potential and discuss the career development of each general manager, deputy general manager and their replacement candidates. The CDM had a twenty year history at Mobil Sekiyu and in its early years, the company suffered from the shortcomings of the line-oriented personnel administration. Line divisions general managers tried everything to keep as many able individuals as possible in their own division. To overcome this very difficult problem, special efforts had been made in CD meetings -- all the participants exchanged their views very frankly in the presence of the president. Gradually, all of them came to realize the importance of comprehensive company-wide personnel management. Division heads who had been very reluctant to let go of competent subordinates began to cooperate with job rotation plans for the purpose of career development. This change facilitated human resources development and vitalization of the company as a whole.

The main aim of executive CD meetings was to prepare promotion-replacement-development plans for each manager, deputy manager and section chief who was promotable to manager or deputy manager in the near future. Extensive review and discussion of performance appraisal, personal merits and demerits, development

needs, long-, medium-, and short-term promotability, and career preferences were completed (See Exhibit 4). These plans were consolidated into the Replacement Summary which showed several prospective candidates for each position above the department head level (See Exhibit 5). The summary was forwarded to the headquarters of Mobil Corporation in New York.

In Young CD meetings the executives in charge of personnel administration and scores of line department and branch managers would spend two full days discussing medium- and short-term potential forecasts and development plans of nearly one hundred young employees just below section head level.

Career Development Committee

The Career Development Committee was unique to Mobil Sekiyu and was established in 1969 by the long-time president, Mr. Adams. The committee consisted of five members of the board of directors, who were supported by eight department managers who acted as technical advisors during interviews. The CDC involved itself with various activities related to career development. It took part in final recruitment interviews, made recommendations on inter-divisional transfers from a company-wide point of view, tried to find promising individuals lost in mediocre posts, encouraged employees to participate in training and development programs and so on. Originally, the CDC was designed to check and coordinate line-oriented personnel management practices. In the early days of the CDC, it often found itself in opposition to line division heads when it came to replacement and promotion problems. Every time this happened, the personnel department had a difficult time accomodating the differences between the two parties. Today, agreements between the CDC and divisional heads on inter-division transfers are much easier to make partly because CDC learned a lot from experience and partly because the conclusions of CDC meetings provided good guidance.

The most typical of the CDC's activities were employee interviews conducted by two member teams of the committee. Interview objectives were to provide career guidance and to assess the potential of individual employees. A senior executive and a department manager conducted about one hour interviews with employees who were only remotely connected with them. The interviewers perused documents such as the career interest report and the performance appraisal and asked various questions about the employee's aptitude, fields of interests,

appraisal, results, career development plans and so forth. If necessary, pertinent advice was given. After each interview, the technical member prepared a report on the employees' potential and development plan. The report was put into the personnel department file on the employee along with other documents such as the performance appraisal and career interest report. Since their views would not necessarily coincide with those of the employee's supervisor, the report was sent to the supervisor for his information. During the Career Development meetings, both the views of the CDC and those of the supervisor were referred to and helped to make the discussions more meaningful.

CDC's interviews and views on individual employees were considered to be very useful for making effective medium- and long-term company-wide career development plans and they were also supposed to be a built-in control of personnel management by line-managers. Most of the foreign managers who were transferred to Mobil Sekiyu were hostile to the activities of the CDC, at least for their early days in Japan, because they thought that the CDC was violating line managers' rights of personnel management.

The CDC interviewed about 100 employees a year and has so far interviewed more than 1,200 in total. At first, the CDC was expected to interview only promising candidates for managerial positions, but actually its interviews were expanded to include female employees and those who were employed for specific locations.

Training Programs

In addition to WPA (Work Planning & Appraisal) which was mentioned previously, Mobil Sekiyu's Career Development Program included the following collective training programs :

BMC (Basic Management Course) : this course was designed to provide newly appointed managers with basic management concepts and skills. Participants studied leadership, communications, motivation, CDP, MBO, time-management, and so forth. (As for leadership, they focused on the SL Theory : situation-type leadership. The theory advocated flexible leadership according to the degree of maturity and independence of an individual employee. Mobil Sekiyu employed this theory as the basis of management by objectives and human resource development of the company.) ⁽¹⁾

⁽¹⁾ Tetsuo Yokoyama, Koritsu no Jidai no Jinnzai Ikusei, Nihon Seisansei Honnbu, 1988. Chap. 9, "Johkyo Taio Rihdahsippu: SL Riron."

EMP (Effective Management Program) : this was a course for middle management. Participants brushed up essential parts of the SL Theory and BMC, WPA programs and studied various problem solving measures.

ERW (Employee Relations Workshop) : In this program, divisional line managers acquired practical knowledge of personnel management, labor relations, wage and salary administration and other related matters.

CDW (Career Development Workshop) was initiated about ten years ago and was tailored for individual employees' career development. In this three-day, overnight program, lower- and middle-management people were given psychological tests for self-analysis, feedback on performance appraisal, consultation on career-goals, career-development and career-counseling.

Off-site programs were held in the Pegasus House, the company's training center located on the Izu Peninsula.

For many years, Mobil Sekiyu has encouraged young employees to study for one or two years at the company's expense to attain advanced degrees at institutions both inside and outside Japan. Many of the candidates for positions above the department and branch manager level had taken advantage of this system. Roughly speaking, about one out of ten had left the company after having gone through this system. This turnover rate was lower than other foreign-owned companies but has been increasing in recent years.

INTERVIEWS WITH EMPLOYEES

The case writer held six interviews to discuss human resources development with employees : Five local employees and one American executive were interviewed and of the five, three were employed in a Tokyo branch office and two in headquarters. The Tokyo branch was the Tokyo Industry Branch, which is part of the Sales Division and was selling products such as industrial lubricating oil, heavy oil and petrochemical products to big users in Tokyo and other districts in the Kanto Area.

Tokyo Industrial Branch

Mr. Kawase, Manager of the Tokyo Industrial Branch :

Mobil Sekiyu combines merits of both American and Japanese companies in good

proportion, that is 50 - 50. For example, the company is very American in respect to MBO and personnel administration's management of people. But, personnel and salary administration of rank-and-file employees is quite similar to what prevails in Japan. It is said of the three foreign-owned oil companies in Japan that Shell is the most Japanese, Esso is the most American and Mobil is in-between. I joined in 1955, before the break-up of Stan-Vac. It seems to me that in Esso, every direction from the parent company is carried out as is given, whether it is from the sales division about how to run service stations or something from the personnel department. In Mobil Sekiyu, much more attention is paid to the way of doing business in Japan, especially in the sales field. Perhaps this policy is in large part due to Mr. Adams who was the president of Mobil Sekiyu for many years. His policies have been maintained by top management right up to and including the current president, Mr. Sugihara.

I think MBO is working well. The appraisal results are taken into account when deciding salary, bonus and promotion. But if you fail to achieve your objectives, it does not necessarily mean a cut in your sales expenses for the next year. "Profits by any means" is not the motto of this company.

Your performance depends not only on your own efforts but also on the customers and the districts you are assigned to and sometimes, on luck.

Because excellent performance usually results from creative marketing or good communications with clients, these factors are also considered. Management seems to be well aware that proper evaluation of an employee must take into consideration both the front and back pages of the performance appraisal report. While the front page deals mainly with short-term factors which can be turned into results rather easily, the back page is related to lasting factors like one's skills for achieving the results or one's aptitude. If you make an assessment of one's future potential, you should carefully read the back page. When you are engaged in sales, sales figures are everything. They show what you have done during this term. But they are usually not only what you have done during the current period but also what you have done in the past. Your efforts may have been hampered by something beyond your control. As for branch objectives setting, the main office indicates a tentative objective and we can tell them what we think about it. Then I submit to the executive in charge of my branch a plan of how we will achieve the objective

of our branch. In this branch, I have a meeting with all five section chiefs to discuss how to break down the objective among each section, taking into account each section's records for the last three years. Yes, I show section managers their performance appraisal. It has been a policy of this company for about ten years that, on request, you show an individual employee the results of his appraisal. There are some branch managers who do not want to show them. It is true that showing the appraisal results makes us rather uneasy and embarrassed. But you can clear your conscience if you show and discuss the appraisal results. I showed each of my section managers the results of their appraisal and explained what I was satisfied with and what I hope to see more effort on. It cannot be denied that you are tempted to give good ratings when you know that you are going to discuss them with the employee.

Mr. Nomura, a section chief

I joined Mobil Sekiyu in 1963 and have always been in the sales department. I came to this branch after working in branches in Shikoku and Osaka. Mr. Kawase seems to believe that his most important task is to make this office a good place to work. The atmosphere has improved considerably since he came here and last year we recorded the highest sales in the history of the branch. Before I joined Mobil Sekiyu, I worked for a Japanese company. I don't find this company any harder to work with than the company I had been with. In this company union members are treated the Japanese way, while non-union members who are in managerial positions are treated the American way. Salary and bonus differences among supervising and managerial people seem to be quite large, but if you work harder, you will be rewarded accordingly. Big differences do not necessarily mean un-fairness. Although there are always some people who are depressed because they failed to meet their objectives, there is usually something concerning them which accounts for their failures. Because you are going to discuss his personal performance appraisal with an individual employee, supervisors are often reluctant to give harsh comments. It is easy to give mostly MRs, but it takes some courage to give a MR-. When I gave an unfavorable rating to one of my subordinates and his promotion was postponed, I got a very uneasy feeling. I myself am evaluated by my superiors and I feel much more at ease when being rated than when I rate others. I have

four subordinates, one of whom is a woman -- it is not so common to have a woman in a sales team. Another one of them is older than I am and I know I pay more attention to him than to the other three. Shouldn't we be attentive of people who are older than ourselves?

In the sales division, we use manuals which were developed by the Australian affiliate. They are detailed manuals, perhaps too detailed for Japanese employees. But the good thing about them is that you can access your predecessor's know-how almost completely and instantly.

As evaluation is inseparable from an organization, the criteria and procedure of the evaluation should be formulated. Some time ago, I participated in a career development workshop and it was quite a shocking experience. Those three days of self-examination and personal career planning were so different from my day-to-day business that I was exhausted when the course was over.

Mr. Takeda, deputy section chief

I joined Mobil Sekiyu in 1972. After one year in the Technical Section in the Main Office, I was sent to the Nagoya Branch for nine years. Then I came back to the Main Office and was engaged in transportation coordination and oil tank management for three years. I was then transferred to this branch to sell lubricating oil. Before I was transferred from the Nagoya Branch to the Head Office, I mentioned in my career interest report my desire to work in the Head Office and my interest in being an interviewer for the Career Development Committee. I said that I wanted to have a job which would enable me to understand the overall picture of the company. Supervisors tend to keep those subordinates with whom they find easy to work with as long as possible.

I think I was transferred to the Head Office because I expressed my hope to work there. I was moved to my current post without any consultation or prior notice.

I have had two CDC interviews. In this company, line managers have a strong voice in personnel management, but no one can be perfect. So it is very good to have the chance to be assessed by people who are not directly related to your day-to-day business. Last year I had my second CDC interview and spoke with the Executive Director in charge of agents and the General Manager of the Accounting Department for about forty minutes. It has been three and a half years since I was moved to this branch and I would like to be sent back

to Head Office. The CDC informed Mr. Kawase of my hope to work in the Head Office. The other day we talked about this and I confirmed CDC's notice.

Because management by objective in this company has been established in a systematic way, I don't think there is much room for prejudice or biased judgment. In this branch, the allocation of objectives is done through discussions between concerned persons. Each of us sets his objectives by taking into account the market trends and features of his territory. Usually, these objectives are approved without much change. For a year or two, one can be lucky or unlucky. But if you judge a person by his performance records over the last three or four years, you can see his real ability.

In this company, when we talk with our superiors, we call them by their last name, not by their title. Let's take the boss of this branch for example. We call him Kawase San, but not General Manager. Mr. Nomura has some subordinates over forty and fifty years old. The average age of employees of this company has been steadily increasing and getting promoted is getting increasingly difficult. Some people are awarded status equivalent to that of a section chief, but without any subordinates. This situation will be changed in a few years because a large number of people will be reaching retirement age.

Administrative Dept. of Head Office

Mr. Kato, Land Transportation Section Chief

Our tasks are to distribute oil effectively to the maximum satisfaction of our clients and to manage 26 oil tanks located all over Japan. I have always been in the administration department and it was about eighteen months ago that I came back to the Head Office after several years in the field. At present I have four subordinates, but in this company, the superior-subordinate relationship is relatively informal and you can say whatever you like quite freely.

Management by objectives in this company seems to be working quite well. The core idea of the system is very logical and reasonable. Although the Administrative Department is part of the staff division, MBO works well here because our expenditures can be easily quantified. Compared to the burden of evaluating other people, the uneasiness of being evaluated is almost nothing. When I was younger I made a lot of complaints when I was interviewed and

sulked when dissatisfied with my appraisal results. Now, I miss those days when I could behave as I wanted. Determining your assessment of a subordinate is not an easy task because you must have good reasons to convince him, especially when you are giving a low rating. It takes a sort of courage. It is much easier to give a good rating than to give a low rating.

At a seminar organized for new managers, we were told that it might be better to show appraisal results to subordinates. But my supervisor does not show me my results. In evaluating my subordinates, I use my own method. First I ask them to submit self-assessment in the performance appraisal format. Then, I modify their assessment from my point of view and show it to them. It is only the front page of the report that I show them. However, I showed both the front and back pages to my immediate subordinate, Mr. Yokome. Because Mr. Yokome was my first such case, it was only after considerable hesitation that I made up my mind to show him both pages. I am sure that both he and I are satisfied with the appraisal.

Mr. Yokome, Land Transportation Section Deputy Chief

I had been with a construction company for two years before I joined Mobil Sekiyu in 1972. My impressions at that time were that everyone seemed to be very aware of costs. Personnel management by line managers was quite a novelty for me, but I thought it was a fair way of managing people. In this company, you can talk with each other with less reservation, even to your superiors. However, since subordinates can speak very straitfowardly, it is often superiors who find themselves on the defensive. When I remember that in this company people are judged on their merits instead of on seniority and that women are employed and treated the same as men, I realize that I am working in an American company.

It usually takes two or three days to write up next year's objectives. Each member of the section brings his or her own objectives and from them we develop the objectives for our Section. Personal objectives may be modified but will never be rejected in this process. The objectives for the section as a whole and for each responsibility area will be recorded, but each person's specific allotment is not. The results of your personal appraisal are given to you in an interview. If you are not satisfied, you can say so and you can also mention in your career interest report that you do not want to work in

that area because you do not think you are not being evaluated properly. Although upper management does not tell you how they have dealt with your complaints, you can guess from the amount of salary increase or bonuses. If you do not get along well with your superior for no specific reason, you can also mention this in your career interest report.

I have always been with the Administrative Department and after spending six years in Kyushu and three years in Nagoya, I was moved to Tokyo. Most of the jobs in the Administrative Department need professional skills. This is the reason why I chose this department and I said so in my career interest report. I have been able to stay in this department, but it is perhaps because my wishes and the company's needs have always corresponded. I have experienced most of the jobs in this department and I think I should try another kind of job, preferably in another staff division because I do not think I am made for sales. I like this company : working conditions are good and welfare systems are generous. In addition, Mobil gives us a lot of opportunities for training and development. I have made use of most of these programs.

Views of an American Executive

Of the fourteen executives of the company, five were Americans : one of the three managing directors and four of the nine directors. The case writer interviewed Mr. Warren, Director and General Manager of the Legal Department.

I wanted to be transferred to Mobil in Japan because working in Japan would be exciting because its influence in the international society was increasing. I was also interested in Asian cultures. Japanese society has long traditions and its way of solving conflicts is quite different from that prevailing in the U.S. where almost no one would hesitate to litigate. This is one of good points of the Japanese society. On the other hand, because large companies enjoy very strong bargaining power, the rights of individuals and smaller companies are not as protected as they should be.

As the size of Mobil Sekiyu is neither too large nor too small, employees have a strong cooperative spirit and are eager to achieve the objectives of the company as a whole. Mobil in New York is a large company and probably because of it, people tend to pay much more attention to their own division's objectives than to those of the organization as a whole. Here in Japan, most

people seem to move from one division or department to another without much resistance. In America, people are reluctant to accept a different kind of job because they are afraid they will not be able to do the new job as well as the job they are doing now. Maybe this attitude difference has something to do with employment security in Japanese companies.

As far as I know, the basic personnel administration principle at Mobil Sekiyu is same as that of Mobil Corporation. Young and promising people have the opportunity to do very challenging jobs. But the application of the principle is different. In New York, you can be promoted much faster than in Japan, but you must be prepared to be fired. So over there, the employee turnover rate is considerably people higher. But the situation in Japan seems changing rather rapidly. In the face of labor shortage and increasing competition, we will have to think out new ways of dealing with people.

The Most Comfortable Company

In 1988, about one hundred and fifty companies participated in a "comfortable company contest" sponsored by the Leisure Development Center. Mobil Sekiyu K.K. took first place. ⁽¹⁾ One interesting outcome of this contest was that thirteen of the top twenty-five companies on the list did not want their names to be published. The contest surveyed employees about the various tensions of working life. Working hours, vacations, flex-time, benefits, overtime, pay and other factors were used to rate satisfaction, but the emphasis was on the first two factors. In the same year, Mobil Sekiyu also ranked number one in a survey titled "Welfare in Workplace" conducted by The Nikkei Sangyo Shinbun. In this survey, such factors as labor cost per employee, speed of promotions, low-interest loans provided by the company for purchasing houses and recreation facilities were measured in addition to working hours, holidays and vacations. ⁽²⁾

Mr. Yamazaki, Executive Vice President of Mobil Sekiyu, mentioned these surveys in an interview in a business magazine. ⁽³⁾

Our employees take about eighty percent of their annual paid holidays. This is quite a bit higher than the average in Japanese companies (less than fifty

⁽¹⁾ Kigyo Yutorido Shindan Kekka ni tuite, Yoka Kaihatsu senta, March 14, 1988. For the rating method, see the Appendix to this case.

⁽²⁾ Hataraku gawa kara mita Yuryou Kigyo, Nikkei Sangyo Shinbun, July 14, 1988

⁽³⁾ Yutorido Nanbaa Won Kigyo, Business Review vol. 36, No.3 (Feb., 1989)

percent). To make this a lasting trend in our company, management has been encouraging employees to take their paid holidays and they work very hard so that they can do so. Our people take more holidays than ordinary Japanese workers, but they work harder while they work.

In my view, you can feel really comfortable in the workplace when you can perform your own duty with your own judgment without jeopardizing your relations with others in the organization.

We have always pursued efficiency in our long-term corporate planning, so even during the high growth period, we tried not to increase the number of new hires too much. As a result we can cope with today's lower economic growth without having to resort to drastic employment cuts.

The understanding and cooperation of our customers and other business associates is indispensable to firmly establishing a five-day-week and long-vacations. In this regard, we are fortunate that we are an affiliate of an American company and people tend not to be so critical in these matters.

Mobil's principle of respecting people is reflected in the way we take care of individual employees. Each employee has his own cherished values and goals in life, not to mention his own abilities. One of the important management tasks is to make employee values and aspirations compatible with the aims and needs of the company. We do not spare time and money to develop our people.

When evaluating performance, clearly indicating a person's shortcomings is as important as appreciating his merits. Pointing out other people's demerits is sometimes painful, but the truth is useful for them because they are usually not aware of their drawbacks.

I joined Mobil Sekiyu after working years in a Japanese trading company. At Mobil I found it very refreshing and was impressed that during meetings you could say whatever you believed to be reasonable and your counterparts would listen. You can express your opinions without paying too much attention to seniority. You can also say that this company tolerates, and in some cases, encourages disagreements. It is very important to be able to discuss issues to your personal satisfaction in a logical and reasonable way.

In this age of globalization and high labor force turn-over, a company must be an attractive place to work if it is to retain good people. Top management must always take pains to make sure the company is attractive to its employees. We are entering a new age. I think more and more people are

thinking that time, though seemingly at hand and abundant, is something very precious which you must make conscious efforts to obtain and which should be used effectively. The news that Mobil Sekiyu was named the most comfortable company was good for recruiting young people. Our company has always been popular with female students and we are now even more popular with them. It has also had a good effect on male students, but not as much as we had expected.

For many years, the head of our company was an American and it was natural for him to take long vacations. This was a good model for our employees. Mr. Sugihara also takes long vacations (in the 1988 survey, 23 days at a stretch against the average of 6.6 days taken by the presidents of other companies), and so do I. If you hesitate to take holidays on the ground that you are too busy, you will never be able to take a holiday before you retire. At the beginning of the year in each group or section, we make vacation plans and coordinate ourselves to avoid inconveniences. Everyone can take vacations without causing any trouble.

Personnel administration features such as the career interest report, MBO, and performance results feed-back may have also a positive effect our stress management.

What did employees of Mobil Sekiyu think of the news that the company had been named the most comfortable company to work in? Here are the views of two of them. Mr. Kato, Land Transportation Section Chief, Administration Department :

Most of the carriers or forwarding agents we are doing business with are behind shorter work hours although they take only two or three days holiday even during Golden Week when there are three national holidays. In this Department, half of us take a nine-day vacation during this period and most of us take ninety percent of our entitled annual paid holidays, excluding unused holidays carried over from the previous year. Except for four of five seasonal peak periods, we rarely do overtime work.

Mr. Takeda, Deputy Manager of the Tokyo Industrial Branch :

Well, winning the contest hasn't had any particular impression on me. We've had a five-day-week since 1973. At that time, companies with a five-day-week were rather exceptional in Japan. I take about seventy-five percent of my annual paid holidays plus whatever holidays are not used from the previous

year. I am advised to group some holidays together. Almost all managerial people use more than fifty per cent of their holidays. Some people, especially those working in service stations, seem to be jealous of us. They say it was pretentious of us to make it public that we were the most laid-back company. Once while I was working overtime, I was asked jokingly by a telephone caller if I was really with the most comfortable company because I was working so late.

Interview with Mr. Sugihara

Mr. Yasuma Sugihara was the first Japanese president in the long history of Mobil Sekiyu K.K.. After working in a Japanese trading company, he studied at the Harvard Business School and then joined Mobil Sekiyu. He spent two years as a trainee with Mobil Corporation in New York and before he was appointed President of Mobil Sekiyu, Mr. Sugihara was the President of Mobil Singapore and a Vice President of Mobil Europe.

According to Mr. Sugihara, throughout its nearly one hundred year history, Mobil Sekiyu has followed a management style with the right mixture of Japanese and Western pragmatism. He referred to it as "lifeblood pragmatism."

Japanese managers tend to concentrate on interpersonal relations when they make decisions while most managers in foreign owned companies make decisions on the basis of quantitative analysis. By "lifeblood pragmatism," Mr. Sugihara meant a balanced middle course between analysis and emotion. The personnel administration policy of Mobil Sekiyu was a "merit system with life-time employment. ... Union members are managed with the seniority system while people on management level are treated solely on the basis of individual merits." As the most salient features of corporate culture at Mobil Sekiyu, Mr. Sugihara cited active human resource development and open communications throughout the organization. ⁽¹⁾

In March 1989, the casewriter interview Mr. Sugihara about human resources development in Mobil as one of the leading world enterprises.

Case Writer : What do you think are the essential requirements for the position of president of Mobil Sekiyu?

⁽¹⁾ Gaishikei Kigyuu in Japan, ed. Atsushi Okeda, Dohbunkan, Tokyo, 1988. Chapter 1. Mobil Sekiyu. by Masaaki Okabe

Mr. Sugihara : Well, for one thing, he must be a person whom the parent company can rely on. Reliable not only as an individual but also as a good communicator. In order to have good communication with the parent, you must be familiar with the American ways of thinking, institutions, systems, ways of doing business and of course, advanced English is required. As I spent several years in the U.S. as a student at a graduate school and as a trainee at Mobil Corporation, I understand the American ways of thinking.

Before I was appointed President, I was posted in Singapore and in Europe.

But this was not because Mobil Sekiyu is the largest of all the Mobil Corporation affiliates or because it is a Japanese affiliate. Generally, Mobil Corporation gives replacement candidates for key executive positions throughout the system at least one foreign assignment as a part of testing their management aptitude.

Mobil in Singapore had several hundred employees and was an organization of just the right size, neither too big nor too small. But it was quite different from a Japanese organization because there were people of varied nationalities. The board of directors consisted of an Australian, a British, a German, a French and some others but no Americans. I was responsible for management of the affiliates in Thailand, Malaysia and Singapore. They were exciting years and I was able to learn a great deal.

Mobil Europe was part of the parent company and it supervised all the affiliates in Europe. (Today, it is located in New York.) Most of the jobs there were to convey and supervise the implementation of head office policies at the local affiliates.

Casewriter : I am interested in human resources development in global enterprises. Please tell me briefly about executive development in Mobil Corporation.

Mr. Sugihara : Every year, in May, Mobil International (See Exhibit 1 for Organization Chart) holds its annual Career Development Meeting (CDM). This is a global gathering that I join every year. Each affiliate produces a list of about ten high potential candidates (HP) as identified by a forecast of management potential and a watch list of other candidates who show promise (watch list). From these lists, a global HP list and a global watch list are made. Usually, the watch list is much longer than the HP list. When the lists are completed, we discuss how to develop divisional management. This three-

day meeting is in a New York hotel that is fully devoted to this purpose. It is a Mobil Corporation tradition not to spare time and money on human resource development. The basic concept has always been the same and is shared by all affiliates throughout the world.

Among the major requirements to join the management stream are judgement, planning and leadership. The requirements apply to Mobil Sekiyu, but every affiliate has its own managerial and organizational characteristics. For example, while team spirit and interpersonal skills are very important in Japan, they are not so important in New York. Over there, bad relationships are counted as a negative, but good human relationships are not usually counted as a positive factor. Since America is a merit-based society, there is something within their organizations which makes you feel that you must leave unless you can achieve. In this respect, we have our own problems in Japan because our system is a mixture of the life-time employment and the merit systems. It rarely happens, but a person can be promoted to a position which he cannot cope with. In such a case, we must degrade him, but we do maintain his former title.

Because our evaluation system requires the rating supervisor to personally inform the subordinate of the evaluation results and have frank discussions, our people come to know their own abilities and position. So, they can be objective ... and have no illusions about themselves. When some of our employees want to try a new career in some other company, we are willing to encourage them and give them good advice. Since baby-boomers are rising to higher levels every year, how to deal with is becoming a tough problem for us.

Casewriter : What do you think of the management by objectives and the performance evaluation programs at Mobil Sekiyu? Do appraisal interviews fit the business climate in Japan?

Mr. Sugihara : I fully understand that it is an annoying task to personally tell your subordinate that his performance is not so good. It is especially so in Japan where interpersonal relations are so important and so delicate. I know supervisors feel quite depressed around that time of the year. Unless you are very aggressive by nature, it is only natural to prefer not giving evaluation interviews. So upper management has to force supervisors to do them as a part of their duty.

The objective setting by individual employees at the beginning of the year

consists of a sort of agreement about two pages long that can be prepared without too much trouble. If you and your subordinates succeed in setting good objectives, the evaluation interviews should be fairly smooth. In other countries supervisors also don't like to give evaluation interviews. In general, it seems that while subordinates oppose their supervisors' views freely and harshly, supervisors tend to avoid criticizing their subordinates severely. We don't think that everything we are doing here is perfect, but we compel supervisors to do the interviews and record the dates with their signature.

Evaluation results are used when determining promotions, salary and bonuses, but the differences between employees are not as large as in the U.S. Here in Japan, both management and employees feel that small differences add up to big differences in a long run.

Casewriter : The Career Development Committee of Mobil Sekiyu is said to be unique amongst all the Mobil Corporation affiliates. Does the CDC or any other program at Mobil Sekiyu have any influence on any other affiliate?

Mr. Sugihara : Since we are the largest of all the Mobil's affiliates, we have some influence in the personnel administration area. At present, fifteen or sixteen Japanese are working in the headquarters in New York and in other affiliates. The President of Mobil Oil in Malaysia is Japanese. More Japanese may well assume major posts in other affiliates.

As for institutional arrangements, both the Career Interest Report and Career Development Committee were introduced as our own idea and initiative. They were designed to cross-check the personnel administration results which are usually developed on the basis of a vertical flow of information. People in other affiliates found our ideas well done and interesting, but as far as we know, none of the programs have been introduced so far. The parent company once gave detailed information about our Career Interest Report to all the affiliates in the world. ⁽¹⁾ The Australia affiliate adopted the CDC some

⁽¹⁾ "About 20 years ago, at a meeting of all personnel department general managers of Mobil affiliates, I talked about our Career Development Report and distributed the blank format forms. But the general reaction was far less enthusiastic than I had expected. So, I asked for their views on our reporting system. In general they said "Even without this system, our people take every possible opportunity to tell us what they are most interested in their career development. It may be useful to have such an annual reporting system in Japan but we don't think it is necessary." Tetsuo Yokoyama, Koritsu no Jidai no Jinzai ikusei, Nihon Seisansei Honbu (Japan Productivity Center), 1988, P. 139

years ago but it seems that it did not work well. All the affiliates use the CDM system, but this meeting is modeled on the meeting initiated and developed by headquarters.

In other countries, if you are not satisfied with the evaluation by your line manager, you can move to another company. Because chances of changing companies are very limited in Japan, we must be very careful to hold fair evaluations. This is why the Career Interest Report and CDC are a useful complement to the evaluation results by line managers. We are also encouraging employees to try many options in their careers so that they can be transferred, for example, from the sales division to the computer division.

If you transfer an employee from one type of job to another, you must be prepared to do it at the loss of his speciality. We do so because we believe that in the long run it is good for both the employee and the company as the whole. In other affiliates, transfers are possible, say between the planning department and marketing, but those transfers are not as common or as varied as in Japan. Our organizational structure is getting more and more complex, and to fully understand how another division works you must work there.

Broadening your career path incurs a loss during the learning period, but in the long run, both the company and the employee will benefit. Board members of Japanese companies have usually worked in other divisions in addition to their own division and can understand the situations facing other members of the board.

In other countries, however, one man's expertise has a certain value in the job market and a loss of his specialized knowledge or skill means a decrease in his value. As an example, for a person in the finance department being able to write on his CV that he has two years' experience in marketing does not necessarily help him increase his market value. If a company wants to train an employee as a generalist, he may not like it and may not be motivated. In Mobil Oil in New York there are now some rotations among divisions like Finance, Supply and Planning. But people in the marketing department have a particular temperament which is quite different from that of people in manufacturing. There are about ten executives who are regarded as candidates for the top position at Mobil and they willingly accept foreign assignments. Even in America, if you refuse to be transferred to another area or division, it will have negative effect on your career. One of the

cadidates did not want to leave New York and he admits now that he would have a more responsible position today if he had international experience. In Japan, we place importance on developing both specialists and generalists and I believe this approach will still be effective in the future.

Casewriter : Mobil Sekiyu has become a conversation topic because it was named the most comfortable company to work with.

Mr. Sugihara : Well, we were honored, but some people took it as if we were doing our work nonchalantly. It was reported that because our service station people work Saturdays and Sundays, they were envious of our sales people. However, they may not realize that you must work very hard in your workplace to earn our comfortable personal life. I always tell our people that even when they feel pressed for time to finish a job, they should try to think that they have plenty in reserve and should feel assured.

Oil companies are at a turning point. We are now in the third year of the five-year Government deregulation plan. We welcome deregulation. Deregulation means more competition. For some years to come we will not be able to speak about "comfortability" and in fact, we will have to do more overtime work. We must be prepared for a less comfortable life in the work place.

Mobil Corporation sold off companies in other business areas, such as Montgomery Ward and a container company, and now devotes itself to the main business. Esso and BP have also withdrawn from almost all non-oil businesses. Oil companies have a lot of experience making long-term plans, and on the basis of these plans, making big investments to develop areas like effective transportation and mass marketing networks. But this kind of business experience and management know-how does not always fit well in other businesses.

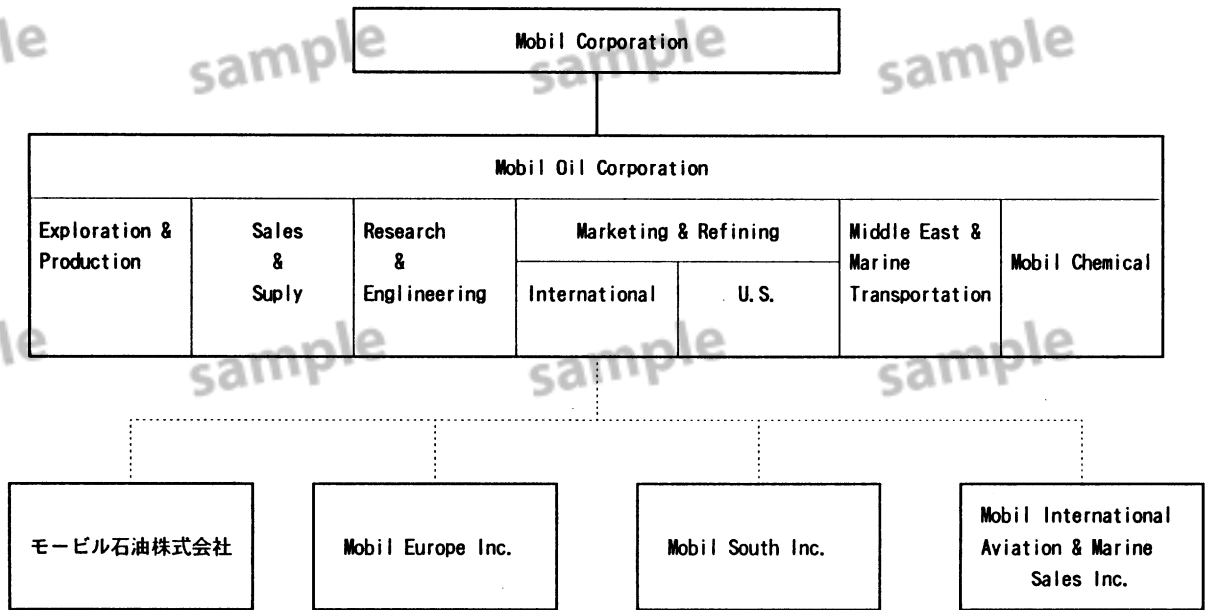
Mobil Sekiyu has also withdrawn from importing LPG, a business which had always been in red and we are now prepared to devote ourselves to our main businesses.

Casewriter : What do you think of the globalization of Japanese companies?

Mr. Sugihara : It is a theme which is talked about a lot, but little has been put into effect yet. As long as Japanese companies have an insular mentality, it will be a very difficult task for them. They still seem to be making distinctions between Japanese and local employees and between men and women. Unless you can treat people from other countries not as foreigners but as

individuals like you and me, you will never realize globalization in its true sense. It will take a long time for Japanese companies to be as multi-national as other multi-nationals in the West. Not all companies have to be globalized, in fact, there may not be many companies which need to be globalized. But if you are determined to globalize your company, you must have a mixed organization of Japanese and non-Japanese. It involves considerable costs, not only financial but also personnel costs. But it is the best and only way to do it. Younger Japanese can cope with this problem much better than older Japanese.

Exhibit 1 Mobil Sekiyu K. K.
Mobil Organization Chart



Mobil Europe

Mobil Oil Austria	Austria
Mobil Oil AG.....	West Germany
Mobil Oil Switzerland	Switzerland
Mobil Oil Co. Ltd.	England
Mobil Oil Francaise	France
Mobil Oil Italiana S.p.A.	Italy
Mobil Oil B. V.	Belgium
Mobil Oil B. V.	Netherlands
Mobil Oil A/S Norge	Norway
Mobil Oil AB.....	Sweden
Mobil Oil oy ab	Finland
Mobil Oil S. A.	Spain
Mobil Oil Portuguesa S. A. R. L.	Portugal
Mobil Oil Turk A. S.	Turkey
Mobil Oil Hellas A. E.	Greece
Mobil Oil Cyprus Ltd.	Cyprus
Mobil Oil Gibraltar Ltd.	Gibraltar

Mobil South

Mobil Oil Australia Ltd.	Australia
Mobil Oil New Zealand Ltd.	New Zealand
Mobil Oil Hong Kong Ltd.	Hong Kong
Mobil Oil Singapore Pte. Ltd.	Singapore
Mobil Oil Indonesia Inc.	Indonesia
Mobil Oil Thailand Ltd.	Thailand
Mobil Oil Micronesia Inc.	Guam
Mobil Oil de Mexico S. A.	Mexico
Compania de Lubricantes de Chile Limitada	Chile
Mobil Oil del Peru(Compania Comercial)S. A.	Peru
Mobil Oil Company de Colombia	Colombia
Mobil Oil do Brazil(Industria e Comercio)Ltda	Brazil
Mobil Oil Barbados Ltd.	West Indies
Mobil Oil Egypt(SA)	Egypt
Mobil Oil Sudan Ltd.	Sudan
Mobil Oil East Africa Ltd. (Ethiopia).....	Ethiopia
Zaire Mobil Oil	Zaire
Mobil Oil (Malawi)(Private)Ltd.	Malawi
Mobil Oil Zimbabwe(Private)Ltd.	Zimbabwe
Mobil Oil Nigeria Ltd.	Nigeria
Mobil Oil Liberia Inc.	Liberia
Mobil Oil Sierra Leone Ltd.	Sierra Leone
Mobil Oil Ghana Ltd.	Ghana

(The above List is not inclusive ; only major sales affilaites are listed.)

Exhibit 2 Mobil Sekiyu
Performance Appraisal Form (Front page)

EM-21-A(1-80)

UNIT CODE _____ PERFORMANCE APPRAISAL FORM (FY. 19____) _____ CONFIDENTIAL

NAME _____ EMPLOYEE NO. _____ JOB GRADE _____ (YEARS OF SERVICE: YRS.)
DEPARTMENT _____ SECTION/BRANCH/AREA _____ SECTION IN BRANCH/DEPOT _____
(YEARS IN PRESENT POST: YRS.)

OBJECTIVES/RESULTS: Degree of accomplishments -- quantity, quality, timing, assistance given by supervisor. (Please remark whether there were any uncontrollable circumstances which affected the results and what you think about them.)

OBJECTIVES: _____
RESULTS: _____

OBJECTIVES: _____
RESULTS: _____

OBJECTIVES: _____
RESULTS: _____

OBJECTIVES: _____
RESULTS: _____

OVERALL ACCOMPLISHMENTS: Make an overall assessment of accomplishments in each objective area, level of meeting job requirements, and contribution to the company through activities in other areas.

COMMENTS: _____

Criteria of appraisal

- RE: Rarely equaled in exceeding the expected level of accomplishments and meeting job requirements.
 - CE: Clearly exceeding the expected level of accomplishments and meeting job requirements. Not only having filled his own duties but also having made great contributions to his own department or to the company. Clearly being able to meet greater responsibility.
 - MR: Meeting the expected level of accomplishments and job requirements. Performing well in almost all areas with minimum guidance and assistance of supervisor. Being able to meet greater responsibility.
 - MM: Marginal performance which requires careful monitoring or problem areas.
 - FM: Having failed to meet the expected level of accomplishments and job requirements.
 - ? : Unknown (e.g., review period was too short to make evaluation.)
 - NA: Item not appropriate for evaluation.
- (You can add + or - to each of the appraisal code.)

Exhibit 2 Mobil Sekiyu (Continued)
Performance Appraisal Form (Back page)

PERFORMANCE CRITERIA (Abilities observed in the process of achieving objectives)

PROBLEM SOLVING/DECISION MAKING : Ability to analyze and solve problems.
(focal point) VISION, CREATIVITY, ANALYSIS, INSIGHT, JUDGMENT, etc.

ADMINISTRATION : Ability to administrate.
(focal point) PLANNING, ORGANIZING, LEADING, DELEGATING, CONTROLLING, etc.

LEADERSHIP/DEVELOPMENT OF OTHERS : Ability to guide and foster subordinates.
(focal point) SUPERVISING AND COACHING, GETTING RESULTS, RECOGNITION OF GROWTH
POTENTIAL, CONTRIBUTION TO SUCCESS OF EMPLOYEE DEVELOPMENT & RELATIONS, etc.

WORK RELATIONSHIPS : Ability to get along with people.
(focal point) WORKING WITH OTHERS, SELF-CONTROL, etc.

COMMUNICATION SKILLS : Ability to transmit information correctly.
(focal point) CONCISENESS AND EFFECTIVENESS IN PRESENTING IDEAS AND INFORMATION,
ORALLY AND IN WRITING, etc.

KNOWLEDGE : Level of job-related knowledge and its application.
(focal point) DEPTH, BREADTH AND APPLICATION OF JOB RELATED KNOWLEDGE, etc.

DEVELOPMENT PLAN : development plan needed in the next year to improve the employee's performance.
A Strong and weak points of the employee's capabilities which were noticed through the evaluation period.

B DEVELOPMENTAL OBJECTIVE	ACTION PLANNED	RESPONSIBILITY	DATE TO BE INITIATED
----------------------------------	-----------------------	-----------------------	-----------------------------

SUPERVISOR	SUPERVISOR'S SUPERVISOR
(TYPE or PRINT)	(TYPE or PRINT)
(SIGNATURE)	(SIGNATURE)
(APPRAISAL DATE)	(DATE)

This appraisal has been discussed with the employee on

Exhibit 3 Mobil Sekiyu
 CAREER INTEREST REPORT (FRONT PAGE)

FORM EM-144-J(1-84)

CONFIDENTIAL

CAREER INTEREST REPORT (FY. 19)

NAME		EMPLOYEE NO.		DATE OF BIRTH		AGE	
		[][][][][]		19			
				(YR)	(MON)	(DAY)	(YRS)
JOB GRADE		DATE OF EMPLOYMENT		YEARS OF SERVICE		CE	
		19					
				(YR)	(MON)	(DAY)	(YRS)
DEPT (SEC)/BRANCH				UNIT CODE		[][][][][][]	

I. Please describe here whether you feel fitted or unfitted for the present job in view of your aptitude, interests, job knowledge, skills and others.

II. State here your short- and long-term Career Development Plan (Please refer to V in back page.)

III. Name here areas or themes which you are researching or studying with special interest, and qualifications and licenses you have acquired.

IV. Please state here any concern regarding your personal situation or your job which you want to inform and or consult with the company. If you want early retirement due to your personal circumstances, if you have any questions or if you want to get assistance from the company at the time of/after your retirement, please state here.

Exhibit 3 Mobil Sekiyu (Continued)
CAREER INTEREST REPORT (BACK PAGE)

[Part of the data on this page will be put into computers. Please refer to the list of codes and answer by codes where applicable.]

V. (See Item II of Front page.) Be specific regarding functions and jobs you want to have. When you choose 2 or 3, please write in the Department and Section, job title and then codethem. After that, please put a check in the box which best describes what you think about a) your knowledge/experience of the job and b) how strongly you want the job. Then put the corresponding number into computer coding.

1. Want to continue present job.
 2. Want to change to another job as soon as possible.
 3. Want to continue present job for a while and then change to another job

1 or 2 or 3 →

→ Functions and type of jobs you want :

1. Dept./Sec. _____ job title →
 2. Dept./Sec. _____ job title →

a) Your knowledge and experience of the above job. b) You want to get the job.

1. Have related work experience and have sufficient knowledge. 1. by all means.
 2. Have some experience and knowledge. 2. if possible.
 3. Have a lot of interest, but no experience or knowledge. 3. Don't want, but would accept if offered.

Empl. No.					
1	2	5	6	8	
7					

Unit Code				J. T. Code				a	b		
8	13	14	17	18	19	20	25	26	29	30	31

VI. If and when you are transferred by reason of your career development or company's policy, are there any specific locations where you want to be moved?

1. No specific location.
 2. Do not want to leave present location.
 3. Want to change location.

1 or 2 or 3 →

→ Specify location 1. _____ 2. _____

32			
Loc. Code			
1	2		
33	35	36	38

Date _____ Signature _____

SUPERVISORS COMMENTS (Write here the results of discussions between the employee's immediate supervisor and his supervisor. Please put into coding.)

1. Regarding Section V, please remark c) whether the employee is suited for the job from the view points of aptitude/capacity, development plan, etc. (when the employee choses 2 or 3), and d) whether employee is transferrable from the view point of organizational needs (when employee chose 2).

c) suited/unsuited d) transferability

1. Has aptitude and capa-city, can meet job re-quirements. 1. Immediately tranferable.
 2. Has aptitude but needs come training and de-velopment.
 3. Seems to be lacking both in aptitude and capacity. 2. Transferable with in one or two years.
 4. Others (Please explain below). 3. Not transferable for some-years.
 4. Others (Please explain below). 4. Others (Please explain below).

c	d
1	2
39	41

2. Besides the wishes of the employee, if there is a function and job which is, in your view, most suited and useful for employee and to which the employee can be transferred with one or two years, please specify and indicate the computer code.

DEPT./SEC. _____ JOB TITLE _____

Unit Code				J. T. Code			
42	47	48	51				

3. Immediate supervisor comments
(Please be sure to remark on your views and the information on Items I and II.)

4. Comments of supervisor's superior.

SIGNATURE : _____ DATE : _____
 Print : _____

SIGNATURE : _____ DATE : _____
 Print : _____

Exhibit 4 Mobil Sekiyu K.K.
Forecast of Potential (Assesment)

CO-2173A (7-76)

FORECAST OF POTENTIAL

NAME _____ DATE _____

POSITION _____ DATE APPOINTED _____ SALARY GROUP _____

DIVISION _____ DEPARTMENT _____ LOCATION _____

PROMOTABILITY - If promotable in present function, indicate specific job or types of jobs.

Too soon to tell (Less than one year) ?

PROMOTABLE now PN

PROMOTABLE within 3 years PF

NOT PROMOTABLE because - If promotable to other functions, identify them. If possible also show types of jobs.

Health, family or personal reasons O Function _____ Job _____

Capabilities fully utilized Q

Holds top position in his/her specialty T

Other - (Explain in space below) U

POTENTIAL - How far do you think the employee can progress based on current performance and personal growth. Indicate potential as clearly seen at this time, not ultimate potential: Salary Group

QUALITIES/DEVELOPMENT NEEDS -
What are employee's main strengths?

What are areas in which employee needs to improve?

What are employee's development needs?

EMPLOYEE CAREER PREFERENCE (Please answer each question).

Does employee wish to be considered for assignment - Show here types of jobs and functions for which employee would like to be considered.

To other function? No Yes

To or within U.S.? No Yes

To another country? No Yes

RECOMMENDED ACTION PLAN (If plan requires movement outside unit, function or division, indicate assistance required from Employee Relations/Career Development.

ACTIONS	RESPONSIBILITY	DATE TO BE INITIATED
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SUPERVISOR

SUPERVISOR'S SUPERIOR

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sample

sample

sample

sample

Exhibit 5 Mobil Sekiyu K.K.

NCO-3940 FT (4-82)

sample

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sample

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POSITION		INCUMBENT						REPLACEMENT						RECOMMENDED ACTION PLAN FOR THE NEXT 12 TO 18 MONTHS
TITLE AND UNIT	SALARY GROUP	NAME	APPOINTED (MO./YR.)	AGE	YEARS OF SERVICE	PERFORMANCE	PROMOT. ABILITY	NAME	REPLACEMENT	AGE	SALARY GROUP	PERFORMANCE	PROMOT. ABILITY	
PRIOR APPRAISAL: PROMOTABILITY: JOB(S) TO WHICH PROMOTABLE (AS APPLIC.):														
PRIOR APPRAISAL: PROMOTABILITY: JOB(S) TO WHICH PROMOTABLE (AS APPLIC.):														
PRIOR APPRAISAL: PROMOTABILITY: JOB(S) TO WHICH PROMOTABLE (AS APPLIC.):														
PRIOR APPRAISAL: PROMOTABILITY: JOB(S) TO WHICH PROMOTABLE (AS APPLIC.):														
PRIOR APPRAISAL: PROMOTABILITY: JOB(S) TO WHICH PROMOTABLE (AS APPLIC.):														

LOCATION CODES
 C - Chemical
 EP - E&P
 F - Finance
 M - Corporate
 ME - M&MT
 RE - MRDC
 S - SSMS
 US - M&R US

PROMOTABILITY CODES
 Too soon to tell ?
 Now PN
 Within 3 years PF
 Capabilities fully utilized Q
 Other U

DATE

UNIT

PAGE OF

Appendix Mobil Sekiyu K.K.
Indexes of Comfortable Companies

WEIGHT			
44.2		1 Working hours	
	51.0	①Average yearly hours actually worked per worker.	standard deviation
	49.0	②Average yearly scheduled working hours per worker.	standard deviation
45.8		2 Days off/holidays	
	25.4	①Annual days off. (days)	standard deviation
	11.9	②Annual paid holidays given to employee in the second year of employment. (days)	standard deviation
	11.9	③How many years after employment can the employee have 20 annual paid holidays (excluding transferred days)?	standard deviation
	12.6	④Annual average of used paid holidays per worker. (days)	standard deviation
	12.6	⑤Annual average rate of holiday usage per worker. (%)	less than 40% 30 40% ~ less than 60% 40 60% ~ less than 70% 50 70% ~ less than 80% 60 more than 80% 70
	25.6	⑥Weekly days off	standard deviation
10.0		3 Others	
	10.0	①Have adapted flextime system	YES 100 NO 50
	20.0	②Welfare costs per worker	less than ¥50,000 25 ¥50,000 ~ less than ¥100,000 50 more than ¥100,000 75
	10.0	③The longest consecutive holiday taken by President (CEO) last summer.	2 ~ 5days 25 6 ~ 9days 50 10 ~ 13days 75 more than 14days 100
	20.0	④Pays overtime more than legal rates (time-and-a-quarter)	YES 100 NO 50
	20.0	⑤Medical examinations for prevention of adult diseases fully paid by company	YES 100 NO 50
	20.0	⑥Systematic and continuous measures for health promotion	YES 100 NO 50
		4 Any additional remarks.	

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