

GE Yokogawa Medical Systems, Inc.

I . Corporate profile

Business Category:	Manufacturer (medical machinery and equipment)
Workforce:	1,500
Location:	4-7-127 Asahigaoka, Hino, Tokyo, Japan 191-0065
Founding Year:	As a result of the merger between GE (General Electric) and Yokogawa Electronics, Yokogawa Medical Systems, Inc. was founded in 1982. It was renamed GE Yokogawa Medical Systems, Inc. in 1994.
Capital:	11.38 billion (11,380,000,000) yen
Parent company:	General Electric (USA) / Yokogawa Electronics
Foreign Capital Percentage:	GE 75% / Yokogawa 25%
Business Areas:	Development, production, importation, sales, service and leasing of medical diagnostic imaging apparatus

II . Main Points in the Personnel Management Scheme

- The management policies and personnel system of GE Yokogawa Medical Systems (hereinafter called "GEYMS") are basically identical to those of the GE group, which has 300,000 employees. Employees with high capacity are, even at a young age, assigned significant tasks and, accordingly, human resources development is being implemented aggressively so that employees will "exert their strengths in a more global leadership position, as opposed to simply aiming for the office of President as their final career goal."
- With "Pay for Performance" as the fundamental concept of its personnel system, employees of GE Yokogawa Medical Systems are evaluated on the basis of their individual performance, and their wages and any increase thereof are determined in accordance with such evaluation results. They, however, are not evaluated solely on the basis of their performance. Other points of consideration include their actual fulfillment of the behavioral standards called "Leadership Values at GE," which commonly govern all employees of the GE group, their contribution to the company and the degree of sympathy for the corporate culture and values at GE.

- Influenced by Yokogawa Electronics, GE Yokogawa Medical Systems has an independent labor union. All its employees, excluding those in management positions, belong to the union, totaling approximately 1,100 members. Due to this special background, the current personnel system of the company partially contains Japanese-style traits inherited from its former organization, although the personnel system of the GE group is applied overall.

III . Basic Ideas Regarding the Personnel Management

1) Recruitment / Employment / Retirement

GEYMS recruits employees on its homepage and advertisements in magazines and newspapers (roughly twice a year) as well as through the use of employment agencies, references from its contacts, transfers from other companies in the GE group upon in-house recruitment, etc. As it is costly to conduct recruitment through an employment agency, although the quality of applicants is higher, GEYMS varies its recruitment methods by, for example, placing advertisements in magazines and newspapers when it seeks to employ a large number of workers. On rare occasions, it also conducts executive head-hunting through an employment agency when searching for staff at the general manager level or with special professional skills such as the qualification as a lawyer.

As the flow of employees, including cases of retirement and inter-departmental transfer, is relatively frequent in the sales and maintenance divisions etc. in which more than 300 employees are working, GEYMS is continuously filling positions in these divisions throughout the year. The company, however, never expands the number of personnel on a large scale in response to sales increases etc. because it attaches importance to the productivity improvement by a certain fixed number of staff. Currently, the ratio of entry-level employees (recent school graduates) to mid-career employees is approximately one to two.

Work experience is the most focused aspect of its employment criteria for mid-career applicants seeking a position in the sales department. Those who have successful work experience by showing excellent performance in the sales department of another company are evaluated particularly highly. While it is not a requisite, experience of working in the medical industry is also given particular

consideration. In such cases, a broad range of industries may be considered to be 'medical,' such as the pharmaceutical industry, even though they differ from the industry that GEYMS operates in. English skills are not required.

For mid-career workers applying for a position in the maintenance department of medical diagnostic imaging apparatus, skills as an engineer are naturally part of the required criteria. Those who have experience as a customer service engineer in a similar industry are also well-evaluated even if it is not the medical industry. Personal communication skills are also considered in the application process as communication with customers is necessary. As with the sales department, English skills are not required.

The personnel working in GEYMS consisted only of its own employees at the time of foundation, but now it is becoming increasingly frequent to use temporary staff (dispatched from an employment agency) and/or contracted workers, as is also the case with other companies. Temporary staff are actively assigned in almost all the departments, except for professional positions such as engineers in the development and maintenance departments. In addition, approximately 150 part-time workers are hired on a hourly-wage basis on the production line in its factory.

2) Wages

At GEYMS, an age seniority-based wage system has been abolished in all of its personnel management including wage increases, promotions and bonuses. The process of abolition, however, was implemented in phases in consideration of the relationship with its labor union. Firstly, the age seniority-based pay scale was abolished with the age-linked wage system still remaining. By abolishing the age seniority-based pay scale in which wage amounts were set according to age increase, any future raise in age-linked wages that would otherwise ensue thereafter was stopped. As a next step, the age-linked wage was incorporated into the base wage scale and all the wages containing the word 'age' were thus abolished.

While GEYMS succeeded to completely remove all age-linked wages from salaries payable to employees who joined or would join the company after the said measure was taken, however, the salaries being paid to those who had already been employed before that time still contain a portion that essentially corresponds to age-linked wages without assuming such name. Negotiations with the labor

union are currently proceeding regarding this matter with a view to reaching an agreement in the middle of the 2002 business year.

(1) Calculation Methods for Base Wages and Wage Increases

Base wages are determined in accordance with the grade of job of each employee, based on the basic notion that wages should be paid relative to the degree of his/her contribution to the company (significance of job x performance). Wage increases are determined in accordance with the annual evaluation for the preceding year.

Employees in the same position of job are treated equally in the salary system, regardless of age or the number of years of employment. However, a certain range of variation is permitted in salary determination for employees in the same grade of job. This allows the company to manage job-based wages effectively. One central figure is set for each grade of job and salaries range between 75% and 125% of this amount.

This central figure is called the base wage policy line and shows a salary level that the company should pay in each band of job. The base wage policy line is a market standard of salary calculated on the basis of various research on salaries, representing the current salary range existing at GEYMS and its external competitiveness.

(2) Bonuses and Merit-Based Wages

Previously, performance evaluation in the first half year was reflected in a summer bonus, that in the latter half year in a winter bonus and annual performance evaluation in a wage increase in April. Currently, however, the amount of both summer and winter bonuses is fixed for both clerical and management positions and merit-based wages are paid in March on the basis of the business performance of the company and an individual performance evaluation.

To further understand the system, suppose, for instance, that the total amount of bonus wages paid in summer, winter and March corresponds to 6.5-months' worth of salary in 2001; the amount of summer and winter bonuses would each be fixed as corresponding to 2-months' worth of salary, amounting to 4-months' salary in total, and the sum of the remaining 2.5-months' wages would vary according to an annual evaluation (in the case of employees in a management position).

3) Personnel Review and Evaluation

GEYMS was founded as a result of the merger between GE and Yokogawa Electronics to operate as a Japanese branch of GE Medical Systems, which is one of 11 business divisions of the GE group. Inheriting the labor union from Yokogawa Electronics, GEYMS originally started under the same personnel system as applied by Yokogawa Electronics. It has been trying actively ever since to introduce a personnel system that reflects the philosophy of GE, shifting from the Japanese-style personnel system. The Japanese-style personnel system still partially remains, but the current system is basically in line with the GE-style system.

The basic philosophy of its personnel system mentioned above is "Pay for Performance." With old systems including age-linked wages abolished, employees are now evaluated according to their own performance. Employees with a high performance are rewarded with a wage increase, but those with a low performance will not be granted a wage increase regardless of union membership.

In addition to performance evaluation under the objective management system, employees are also evaluated annually in light of the "GE Leadership Values." Under the objective management system, each employee sets his/her own annual objective on the basis of the role expected of his/her job and organization-wide objectives. The degree of his/her objective achievement is evaluated in an even-handed and fair manner and subsequently fed back to the employee. By enhancing the quality of this process, the company intends to give employees the sense of accomplishment in their work and galvanize them to undertake a higher-level task. Consequently, the grade of job of each employee is determined on the basis of job evaluation results and the wage level is defined according to the grade of job thus determined (job-based wage system). With the introduction of a system called 'Session C' that is conducted annually on a regular basis in all the organizations under GE, the organization of GEYMS and its personnel are also reviewed in order to enhance its overall organizational strengths.

The above is the explanation of the personnel review system of GEYMS. There are also other systems pertaining to it, namely, 'Job Grading System (known as the 'Career Bands' within the company),' 'Session C' and '360-Degree Survey.'

The job grading system was adopted by GEYMS in 1995 with the view to shifting to a global band of GE. A grade of job is determined on the basis of job evaluation results by counting in the significance of each job (Hay Point). As three grades are defined respectively for clerical and management positions,

there are a total of six such grades.

For clerical positions, the job band of each individual employee is reviewed once a year by the applicable division on the basis of the 'Job Band Definitions' specified for each job band. For management positions, the significance of each job is redefined twice a year by the Personnel Committee with reference to evaluation results obtained by using the Guide Figure Profile Method of Hay Consulting. In principle, the grade of job of an individual employee corresponds to the significance of the job that he/she is assigned.

'Session C,' a personnel evaluation system, consists of an organizational and personnel review for the previous business year and the business plan for the current year. In view of these contents, the leader of each department reviews the organizational structure and personnel placement and, accordingly, determines and implements appraisal, promotion and development of employees working directly under him/her, a plan regarding prospective successors of major positions, and measures against low performers.

These evaluations are conducted on the basis of an EMS or Employment Management Summary. An EMS is a formulary sheet in which self-assessment by an employee and an evaluation by his/her boss are described. It is filled out individually by each employee and contains his/her personal history, educational background, capacities, performance over the preceding year, weaknesses and improvement measures thereof (specific action plan) and his/her own self-evaluation with regard to the 'GE Leadership Values.' His/her boss conducts an evaluation with reference to this sheet, personally meets with the employee to explain the evaluation and discusses a plan for the coming term together.

The 'GE Leadership Values' function as something like a behavioral guideline for GE leaders. At GEYMS, the contents are printed on a small piece of paper that, when folded, is similar in size to a business card, for each employee to be able to keep handy all the time (see Figure 1).

Figure 1 : Nine Leadership Values

Employees are provided with a foldable card that lists the 'Leadership Values' and always keep it handy.

GEMS LEADERSHIP VALUES

1. Vision

- Create a clear, concise and customer-oriented vision and communicate it.
- Lead your team or organization in a clear and attention-drawing manner.
- Based on the vision, determine the priority order, incentive-inducing objectives and evaluation methods.
- Guide others to make efforts in achieving business objectives from an affirmative and optimistic perspective.

2. Passion / Commitment

- Set a high objective for yourself and others and achieve it. Be motivated towards growth.
- Praise others effectively to galvanize them.
- Take responsibility for success and failure.
- Constantly articulate an opportunity for betterment of customers, the company, workplace and/or yourself and aim for it.

3. Energy / Speed

- Be action-oriented. Explore everything until the end with energy, spirit and motivation.
- Grab an opportunity before wasting it.
- Respond promptly to needs of customers, contractors, the management and/or employees working under you.
- Make a timely decision even under a tight deadline due to scarce information or any other pressure.

4. Global Mindset / Diversity

- Show global consciousness and sensibility and feel no resistance to forming a diverse and global team.

- Act for the benefit of global business as a whole.
- Communicate with everyone with respect, trust and courtesy.
- Take the initiative on efforts to promote globalization and diversification of people, and cooperate in it.

5. Change

- As opposed to responding to external pressure that requires a change, be motivated to make an experiment that would trigger a change ahead of an externally-imposed change.
- As opposed to fabricating an excuse to avoid a change, take it as an "opportunity."
- By means of benchmarking or accumulation of best practices, search for methods to improve the work environment, work methods and processes continuously.
- Take advantage of 'work-out' or other reform methods to delegate your authority to others.

6. Boundaryless / Team Player

- Work with everyone effectively: vertically, horizontally, internally and externally of GEMS.
- Adopt appropriate communication methods and information networking effectively: via written documents, oral communications and e-mail.
- Pay attention to and make efforts towards contribution to the company-wide success of GEMS, as opposed to successes in modality, within your department or in a regional sense only.
- Listen to every idea, regardless of who provides it or from what venue. Listen effectively.
- Handle conflicts with others and take active measures to solve any obstacle to the effectiveness of your team.
- Keep a good balance between granting of the freedom to succeed or fail and the non-interference policy.

7. Integrity

- Act with committed sincerity in making a business deal.
- Be as good as your word.
- Create an environment in which revelation of legal issues is encouraged.
- Show to others that you are always sincere in personal relationships and deserve trust, and gain their trust

8. Development

- Select and employ capable personnel.
- Work out jobs and tasks for the benefit of development and growth of employees working under you: offer them training and skill-development experience.
- Give feedback on performance and career development frequently and frankly: make sure that your position is clear.
- Acknowledge performance of an individual employee or a team and reward it.
- Create an employee-motivating atmosphere and encourage risk-taking and experimenting as appropriate for achieving improvement.
- Know your strengths and weaknesses, learn from failures and make active efforts to respond to skill-development needs.

9. Quality

- Add value to customers regarding every product, service and process offered.
- Pay attention to the quality, as with the schedule and budget, when it is necessary to make a daily decision.
- Be passionate about reaching a Six Sigma goal.
- Through improvement of defects, promote Six Sigma results so that countable profits can be earned.
- Allocate human resources and budgets to implement an endeavor for quality achievement.

(Source : This Figure was prepared on the basis of documents provided by GE Yokogawa Medical Systems)

Evaluation results of leader-level employees are expressed in the '9 Blocks.' The '9 Blocks' refers to a matrix that consists of nine blocks (3x3) with two evaluation lines of 'performance (the degree of numerical objective achievement)' and 'value (the degree of corporate value achievement),' each divided into three levels (see Figure 2).

The decision whether an employee will be entitled to enrollment in the leadership course as a high performer (Key Course Nomination) or subject to improvement measures as a low performer depends on which Block his/her evaluation result falls into. As it is clear from the fact that the Blocks are composed of two evaluation lines of 'the degree of numerical objective achievement' and 'the degree of corporate value implementation,' leader-level employees are required to understand and implement the corporate culture in addition to simply showing a good performance.

Figure 2 : "9 Blocks" in Personnel Evaluation

		Degree of Numerical Objective Achievement		
		(Sufficient)		(Insufficient)
		1	2	3
Degree of Corporate Value Implementation	(Sufficient)	1 Most sought-for personnel Future promotion is certain		A new chance should be given upon relocating him/her to another section
		2		
	(Insufficient)	3 Difficult to evaluate Although the employee may bring about results in the short run, the company will not benefit in the long run		Improvement plan should be carried out

(Source : This Figure was prepared on the basis of documents provided by GE Yokogawa Medical Systems.)

As values to be shared by all the employees working at GEMS, the GE Leadership Values are infused into and inculcated on employees at every possible occasion. The purpose of the 360-Degree Survey is to give feedback to employees, especially those in leadership positions, about whether or not these values are implemented, and to further enhance their own values or values of team members. The

Survey covers not only feedback from bosses of a certain employee but also from colleagues, employees working under him/her, and, furthermore, relevant external business contacts and customers, thus involving 360-degree feedback just as its name implies. The Survey is currently conducted with the use of the Intranet so that compiled results will be fed back faster.

Results of the 360-Degree Survey are reflected in an annual performance evaluation table (EMS) and also used as conditions for promotion to a management position.

4) Working Hours / Work Schedule

(1) Working Hours

The monthly-adjusted flex-time system is applied with the core time set between 13:00 and 15:30 (a revision is scheduled for 2003). The number of average daily working hours is 7 hours and 50 minutes with a 55-minute lunch break.

Overtime wages are paid for any hours worked in excess of the average working hours.

(2) Non-Working Days / Vacations / Paid Vacations

The five-day work week system (no work on Saturdays and Sundays) is applied and the number of non-working days is prescribed as 126 days per year (the figure for the 2000 business year), including public holidays, the consecutive 10-day summer vacation and year-end/New-Year vacation.

Employees are entitled to 15 days of paid vacation in the first year of employment and 17 days in the following year, but it is possible to take a maximum of 20 days off. In reality, a maximum of 23 days can be taken off by taking advantage of the extra vacation system as the privilege for non-absence etc. Sick leave is limited to 10 days annually with no repeat permitted, and the so-called 'refresh vacation' is allowed every five years. In addition to the above, leave for congratulations or condolences, leave for volunteering, childcare leave etc. are permitted.

5) Employment Benefits

(1) Types of Allowances

While allowances for employees in management positions are basic, a large variety of allowances are offered to rank-and-file employees, such as a moving allowance, an allowance for temporary transfer without family, a business trip allowance, a dependent family allowance and a transportation expense

allowance (a revision is scheduled for 2002).

(2) Recreational Facilities

GEYMS makes the following facilities available to its employees as part of its employment benefits.

(See Figure 3)

Figure 3 : Recreational Facilities

Facility	Objectives
Tennis courts at the Headquarters	Tennis
Recreational facilities available under the Yokogawa Union Fitness Agreement	Located nationwide. Available for use at low cost

(3) Stock Option System

The system is designed so that only roughly 5% of the highest performing employees will be assigned GE stocks. This privilege used to be offered to employees in management positions only, but the system has been utilized as a means to increase the degree of job achievement of employees in recent years and beneficiaries have therefore been selected regardless of whether they are in management or clerical positions.

(4) Various Monetary Awards

Some portion of the budget is allocated to each department so that the general manager of each department will give, at his/her discretion, an award to employees who achieved an exceptional result. Awards may be granted for a variety of results outside the scope of an employee's normal line of work, such as making the internal homepage contents more accessible. Such an award is considered upon recommendation of self or other and is granted in the form of cash, gift certificates etc. It is not necessarily restricted to individual employees but each branch as a whole may also win an award, as is occasionally the case.

This system is positioned as a means to have employees implement GE's corporate culture and values of 'attending to a job with fun' while in the throes of daily pressure from demanding tasks, and will likely be further expanded in the future.

6) Education and Training / Skill Development

(1) Training System for Top Management Development

The company requires its leading employees to acquire specialized skills essential in corporate management, such as in financial management, and leadership to effectuate a change, not to mention skills pertaining to their own line of work. In GE's Corporate Leadership Development Center in Crotonville, New York, prospective leaders are gathered from all over the world so that they will learn to become part of the global top management in the next generation. The Center offers a large array of programs, ranging from beginning-level programs for prospective leaders in their 20's and early 30's to advanced-level programs for current managers, including executive officers.

The advanced-level programs are learning venues for CEO candidates. They consist of, in order of seniority, the MDC (Manager Development Course) offered to general manager-class employees, the BMC (Business Management Course) offered to regular executive officers and the EDC (Executive Development Course) offered to senior executive officers. As all these programs are to be attended by employees who are given the highest evaluation in the 9 Blocks evaluation method etc. and are designed to develop the global management of the GE group, the screening process is quite rigorous. GEYMS also sends approximately two to three employees to these programs annually, the eligibility requirements for which are first determined through the recommendation of its President and subsequently approved by the Headquarters.

(2) Miscellaneous

At GEYMS, a wide variety of training programs are set in place for the purpose of offering skill development opportunities to its employees, including those mentioned above. One prominent example among such programs is a two-year special training program offered to regular employees with excellent performance records with the view to developing future leaders: attendees of this program can experience three or four six- to eight-month rotations, including overseas rotations. The purpose of an overseas rotation is not only to acquire language skills but also to learn job know-how and build up a personal network. Long-term dispatches to GE-group companies in America and Asia can also be categorized as skill development opportunities .

IV . Issues in Personnel Management and Directions for Solving Them

Since its foundation in 1982, GEYMS has been actively introducing personnel systems in line with the philosophy of the GE headquarters. Due to the relationship with its labor union, however, there still partially remain some Japanese-style employment benefit arrangements and wage systems, including various types of allowances and retirement bonuses. The most urgent issue that GEYMS will face in the future is to overcome these matters and pursue a global personnel system in keeping with the GE headquarters, as well as how to implement the tenet of "Pay for Performance" in a thorough manner. This is also in line with the general direction of personnel systems applied in Japan.

Amid the current circumstances of growing social diversifications, GEYMS believes that they are also challenged with a new issue of designing work layouts adjusted to them. With the flex-time system already adopted, it is now becoming possible to increase the degree of freedom in workplace choice thanks to the progress in communication equipment. GEYMS is showing a positive attitude towards flexible arrangements for, for instance, employees who are occupied with the care of children or sick family members by allowing them to work at home. In addition, GEYMS is always listening to requests from work fronts and tries to create an attractive workplace, with the view to distinguishing itself from other companies and attracting high-quality personnel.

V . Difference Between Personnel Management in the U.S. and Japan

In the United States, no overtime allowance is paid to personnel with highly specialized skills, regardless of whether they are in a management or clerical position. Companies instead adopt a wage system in which an employee's performance is evaluated in consideration of overtime work. On the other hand, many Japanese companies still hold on to the concept of overtime allowance except for employees in management positions. The current system allows a paradoxical circumstance to arise, in which employees with higher skills complete their job within the regular working hours and thus receive only their basic wages while those with lower skills are paid an overtime allowance, even if they are engaged in the exactly same line of job. This is an undesirable obstacle to the fair implementation of "Pay for Performance."