

Dialogue with Outside Directors

Transforming Organizations through Human Resources × DX

Outside Director Muraki, Vice President Ueda, and Vice President Niinuma discussed Sumitomo Chemical's efforts in both human resource and digital transformation (DX) strategies, as well as the current status and expectations for the future.



Hiroshi Ueda
Director &
Executive Vice President

Atsuko Muraki
Outside Director

Hiroshi Niinuma
Director &
Executive Vice President

Philosophy and evolution of human resource strategy “Visualization of HR policies” and “DE&I”

Niinuma Sumitomo Chemical is developing its human resources strategy with two things in mind: its unchanging Philosophy and its Evolution in step with the times.

The Sumitomo Group, which has been in existence for about 400 years, has a philosophy that “people are the most important management resource,” under which successive general directors have spoken and practiced such principles as “seeking good human resources widely throughout the world,” “treating and training employees fairly,” and “linking the growth of people to the growth of the company.” Sumitomo Chemical has carried on this origin in its more than 100 years of history, adhering to the philosophy of securing, developing, and utilizing human resources, its most important management resource. This is the key pillar of the current Corporate Business Plan: “Employ, develop and leverage human resources for sustainable growth.” This is a theme that we will continue to work on not only during the current Corporate Business Plan period but also over the long term, and all of our human resource strategies are based on this steadfast philosophy.

Muraki In the past, most management concerns have been related to financial figures, but recently there has been a growing interest in human resource strategies, with approximately 60% of the Harvard Business Review’s content being related to human resources. It can be said that the times have caught up with Sumitomo Chemical’s long-held philosophy that “people are the most important management resource.” In addition, I have specialized in the promotion of employment of women and employment of people with disabilities. “Seeking human resources widely” and “fair treatment and training” are very important principles from the perspective of diversity, and overlap with important themes that are currently in focus around the world.

I believe that continuing to value this and constantly checking it as it applies to today’s society will lead to solutions to the problems at hand.

Niinuma As you say, even if the philosophy remains the same, it is important to reflect on whether our efforts are in step with the times. One of the pillars of the “evolution” of human resources

strategy is diversity. Sumitomo Chemical has been promoting Diversity & Inclusion (D&I) in the past, but since last year, we have set up a system to promote it as Diversity, Equity & Inclusion (DE&I) for all group companies in Japan and overseas.

Creating global basic principles, DE&I has taken on the challenge of setting KPIs in each country, taking into account the unique circumstances of each country and other factors. Each country has different problems such as gender, age, race, etc. We will prioritize and address these issues on a company-by-company basis. Another “evolution” is the Sumika Take Action Declaration*, which declares the values and ideas that employees value in order to lead fulfilling professional lives.

We have established KPIs for action items such as work-life balance, development and growth, and work progress, and are working to visualize our HR measures.

The fact that we are working together with the labor union and health union to implement this program is a unique feature of our company. In addition, the Sumika Take Action Declaration includes the use of digital technology to promote work and accelerate growth, making digital an important key to the evolution of our human resources strategy.

Muraki We have group companies all over the world, and I think it is difficult for the entire group to work together on DE&I in the midst of different cultures. However, I believe that it will have a positive impact on the head office by allowing us to incorporate good practices from overseas into our domestic operations. It is also important to visualize personnel policies and set KPIs such as the Sumika Take Action Declaration. However, I consider that the three main factors that today’s young generation and women look for in a job are: whether the job will benefit society and people, whether it will help them grow as professionals, and whether it will be fun and exciting. When setting and visualizing KPIs, I think it is important to create a system that can satisfy these elements. What is especially difficult is to enjoy the work.

Niinuma The latest employee attitude survey results show a relatively high level of satisfaction with working, but there are no items measuring “enjoyment” yet. The underlying motivation of employees is changing rapidly. I feel that this is a change in society as

*Sumika Take Action Declaration  [Our Website: Human Resource Management](#)



Digital literacy is essential for skill development and reskilling, and DX will expand the scope of job areas.

a whole, rather than something due to age, and I consider that companies need to be aware of the “enjoyment” perspective of their employees and make changes accordingly.

Ueda Regarding DE&I, this is also reflected in the DX promotion system that is currently being promoted throughout the company. Unlike conventional organizational theory, people who share the same motivation raise their hands, get together beyond the organization, and create a virtual organization. There is a growing movement to promote projects that leverage the skills and ideas of diverse personnel within the company.

Strengths in In-House Training of DX Human Resources Started DX Strategy 2.0 ahead of schedule

Ueda In 2017, Sumitomo Chemical held a scenario planning session with young employees to think about the future of our company, and in the course of the scenario planning, the two linchpins of decarbonized society and digital were put forward. This has been followed by the current GX and DX. With regard to DX, we called it DX Strategy 1.0 and worked to improve productivity in the four areas of Plant, R&D, Supply Chain Management, and Office, and achieved a certain level of success. I believe that a major factor in this success was that the frontline took the initiative in creating a DX-related education program and certification system and practicing employee education. The fact that we started from nurturing rather than a top-down approach is what makes DX unique to our company. Our historical background is the reason why we are able to develop DX personnel. Since the 1970s, we have had data analysis technicians at each of our locations, including the Tsukuba area, Ehime area, and our headquarters, and we have continued to hire and train personnel to carry on these skills. In the recent DX movement, we have connected those human resource networks and put in place a platform.

Muraki I have been involved in the management of several private companies, and when it comes to DX, many of the conversations start with where to hire people from. However, this was not the case with Sumitomo Chemical, and I used to wonder why, but now I finally understand why. It is a great advantage that the company already has DX personnel within the company and a base for fur-

ther training and education. I was also able to participate in the DX Repository,* where on-site initiatives are presented, and it was clear that the field is thinking proactively rather than top-down. Above all, I was impressed by the fact that everyone seemed to be having a great time. The presentation of one method, DX, has given each of us a chance to think about what we can do, and I have high expectations that more and more interesting things are likely to happen in the future.

Ueda Thank you very much. In the current corporate business plan, we will furthermore start working on the DX Strategy 2.0 ahead of schedule. In addition to increasing operational efficiency and improving the sophistication of our various initiatives, the direction we are taking with DX Strategy 2.0 is to strengthen our competitiveness through data-driven management that focuses on how to connect with customers and suppliers - strengthening customer contact points and increasing customer satisfaction. Therefore, business units closer to customers and suppliers will take the lead in addressing DX issues according to the characteristics of their respective businesses. This is not a DX Strategy 2.0 that will be implemented after DX Strategy 1.0 has been completed, but rather a strategy that will be implemented in parallel.

Muraki You mentioned earlier that there has been an increase in the number of projects within the company that connect across organizational boundaries, and I believe that by extending such activities to our clients, and by connecting and collaborating with others in the same and different industries, we will be able to make proposals that meet and even exceed our clients' expectations.

Niinuma As for human resource development to promote DX, we will work to develop a target number of data scientists and data engineers, respectively. The main pillar of this is to inject new DX knowledge into employees who originally have domain knowledge of the chemical industry and train them in-house. At the same time, we will hire super specialists with highly specialized skills from outside the company and train all employees to be broadly digitally literate. We will balance intensive training and development, recruitment, and literacy education.

*Strengthening competitiveness through DX → P. 54



From the DX mindset, new winds blow through the organization, creating new talent and skills.

DX is an opportunity to create a strong organization in which individuals can think independently and demonstrate their abilities.



DX × Human Resources to Create a Chemical Reaction for an Even Stronger Organization and Company

Ueda The Digital and Data Science Innovation Department, which is at the core of our DX strategy, is bringing us new ways of working. For example, OODA. Observe ⇒ Orient (Orientation based on situational judgment) ⇒ Decide (Decision-making) ⇒ Act (Action) steps are rotated to visualize and manage work by all employees. Whenever there is a delay against a target, someone on the team immediately provides support, and the organization as a whole is making up for the delay. This is an agile way of working that differs from the traditional way of working in the chemical industry, a method that is truly in tune with the times. As we move forward with our DX strategy, I expect that new winds will blow into our company from the DX mindset, and that new human resources and skills will emerge from it.

Niinuma As professional life becomes longer and longer, it will be necessary to improve skills and reskilling to acquire new skills, not to stop at one skill. Digital literacy will be essential in this process. In the future, it will be necessary to connect with new jobs and people through data to create value, and I hope that all employees will use DX technology to expand their job areas.

Muraki From now on, I consider that a strong organization will be one that can think spontaneously about its work as a team, and can demonstrate its maximum strength. In addition, creating

new value by adopting new things and connecting with different things is an important theme worldwide. Creating such chemical reactions in DX × human resources will lead to the strengthening of the organization and the company.

To this end, it is hiring that will be important. When I attend meetings at Sumitomo Chemical, all discussions come down to “what is inside is still important.” I love Sumitomo Chemical’s unique character, but good content is a necessary condition, and it becomes a sufficient condition only when it can be communicated. Therefore, I feel that Sumitomo Chemical will become even stronger and more interesting in the future if we actively communicate our philosophy and mission and connect with good people and companies.

In addition, when Sumitomo Chemical employees visited the university where I am a visiting professor as lecturers, many students were impressed by Sumitomo Chemical’s attitude toward social contribution, saying that it had changed their view of the company. It is very important for the future of Japan that young people develop an image of their future career and an interest in science. I have high expectations for Sumitomo Chemical as a company that can contribute to the state of education in Japan and the development of human resources in the sciences.

Ueda / Niinuma As you said, we would like to increase opportunities to communicate to society and increase our fan base so that not only our employees but also society will want to engage with us. Thank you very much for your valuable talk today.

