

LEVEL 7 ASSESSMENT SPECIFICATION

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Theorising about a company's growth from good to great with the 3H framework

Abstract

Purpose – This paper attempts to theorise theories of corporate strategy and management for an organisation in the struggle for survival and the journey from good to great using a newly introduced framework - the 3H (Heart-Head-Hand) framework. Using a descriptive approach, the case of Kyocera Corporation from its inception to the end of the 20th Century is presented to highlight its founder's management philosophies. Also attempts to explore whether the 3H management framework is transferrable among organisations and industries.

Design/methodology/approach – The company's journey from good to great is based on Mr Kazuo Inamori (稲盛 和夫)'s publications (at his dictation), the founder of Kyocera Corporation, who has been called the "saint of business management", publicly available reports and the official website of Mr Inamori.

Findings – The results of the exploratory study indicate that the 3H framework drives the effectiveness of corporate strategy and practice in the face of a volatile market environment. Companies that do not adhere to the adopted principles of the 3H domains are at much greater risk of failure. The 3H framework may be transferrable among organisations and industries.

Originality/value – The 3H framework was designed to provide a holistic approach to management, and the framework demonstrates its value to a company's management effectiveness.

Keywords – 3H framework, Holistic Management, Inamori, Kyocera, DDI, JAL, Heart Domain

Paper type Research report

I. Introduction – Background and Factual Information

Kyocera Corporation (“**Kyoto Ceramics**”) (京瓷) – is a Japanese multinational ceramics and electronics manufacturer headquartered in Kyoto, Japan. It was founded in 1959 by Kazuo Inamori (稲盛 和夫) as Kyoto Ceramic Company Limited and renamed in 1982. The company manufactures a wide range of products, from industrial ceramics, solar power equipment, telecommunications equipment, office document imaging equipment, electronic components, semiconductor packages,

cutting tools to components for medical and dental implant systems (Wikipedia contributors, 2023). For consistency's purpose, this report will use "Kyocera" throughout to avoid misunderstanding.

The birth of Kyocera

According to the Official Website of Kazuo Inamori (Kyocera Corporation, n.d.), Kyocera Corporation is a multinational electronics and ceramics manufacturer headquartered in Kyoto, Japan. The company was founded in April 1959 by Kazuo Inamori, a young engineer who desired to test the marketability of the fine ceramics technology that he developed in 1956. Kyocera's early days were marked by struggle and uncertainty. Mr Inamori founded the company with 28 employees (Inamori Library, 2019, p. 85) and faced numerous obstacles, including a lack of financial resources, challenging economic conditions and a highly competitive market. However, Mr Inamori was determined to realise his vision and instilled a strong sense of purpose and determination in his manpower. The following sections briefly introduce Kyocera from the 1960s to the late 1990s.

The 1960s and Kyocera's Childhood Era

According to Mr Inamori's homepage (Kyocera Corporation, n.d.), in 1961, 11 young employees, who joined in 1960, approached him to demand annual wage increases and bonus payments. The company's founding members worked hard to make this dream a reality from the start, so it made sense to them to keep working hard. Meanwhile, the young, newly hired employees were regularly working overtime, and their discontent and concerns about their future were mounting. After long and tough negotiations, the confrontation ended when Mr Inamori's words reached their hearts: "If you cannot believe in me, cannot you find the courage to try me? If I betray you, you can stab me." Kyocera learned from the experience and established its management rationale as:

To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind.

The above management rationale is turned into the corporate's motto "Respect the Divine and Love People" (敬天愛人) – preserve the spirit to work fairly and honourably, respecting people, our work, our company and our global community (Kyocera Corporation, n.d.).

Mr Inamori realised that the human mind is the most important factor. The human mind can be changeable, but on the other hand, when a person believes in and trusts someone, there is nothing stronger, more consistent and more loyal than the human mind. Kyocera's beginnings were based on this attachment to the human mind.

Kyocera grew steadily and quickly expanded beyond its original rented premises. In 1963, the factory in Shiga Gamo (滋賀) was built and the manpower grew to over a hundred. As the workforce grew, so too did Kyocera's product range. With the business growing rapidly and the production process becoming increasingly complex, the company's finances became difficult to monitor. Against this backdrop, Mr Inamori developed a standardised management system unique within Kyocera - the "Hourly Efficiency" (H/E) system. This system is a tool that can be used by anyone in the company for real-time measurement of profits and losses. An example formula can be interpreted as below:

$$\text{Hourly efficiency (added value per hour)} = \frac{\text{Net production (total profit)} - \text{Deductions (total expense excluding labour costs)}}{\text{Total Working Hours}}$$

(Kyocera Corporation, n.d.)

The Amoeba Management System

The basic rule of management is "maximise income and minimise expenses". Managers need only focus on three elements to increase their H/E: (1) increase net output; (2) minimise expenses; and (3) maximise labour efficiency to minimise man hours. With the introduction of the H/E system, Kyocera was able to fairly and methodically evaluate the performance of each department throughout the company. It enabled everybody to see what was needed to make each division more profitable. Introducing the Amoeba Management System ("AMS"): This starts by dividing the organisation into small units called "amoebas". Plans and objectives are developed for each unit by the leader of the amoeba. Amoebas achieve their goals by having everyone in the Amoeba work and cooperate with each other. Each employee has a key role to play and voluntary participation in the management of the unit, known as 'management by all' (Kyocera Corporation, n.d.). Kyocera introduced a process for easily understanding departmental goals and working towards them in their respective roles with the AMS based on the H/E system. Despite growing, Kyocera has remained profitable and efficient. The AMS is a business model based on a corporate philosophy that is believed to give great impetus to the development of the company while striving for both the material and spiritual well-being of its employees.

Penetration of the overseas markets

Kyocera had difficulty marketing its products because of its lack of brand recognition. In the American and European markets, where Japanese technology was lagging behind, Mr Inamori

believed he could make inroads. Mr Inamori was therefore keen to penetrate the overseas market in order to gain recognition in Japan's domestic market. In the mid-1960s, Kyocera won an order from IBM for aluminium substrates for integrated circuits. In one of Mr Inamori's publications (Inamori Library, 2019, pp. 30-33), it was said that the technological requirements for these substrates were so high that it was difficult for Kyocera to manufacture this product then. The specification for this order from IBM was very detailed and was more like a dictionary than a one-page specification sheet, as was common in the industry at the time. Kyocera did not even have a precision measurement machine for the prototype. Mr Inamori and his team then took up residence near the factory, working day and night to create prototypes and the technologies required to manufacture them in volume. This dedication enabled Kyocera to deliver a product that the market thought impossible. He was a firm believer in "infinite human capabilities" and that with continuous effort, more and more potential could be unlocked.

In addition to establishing its presence in the electronics industry, this move laid the foundation for future growth. Kyocera's sales increased sharply, and the company's technical capabilities, productivity, and quality control were brought to a higher level. Moreover, Kyocera's business relationship with IBM became public knowledge, thus increasing the company's credibility (Kyocera Corporation, n.d.).

A revolutionary product that played a key role in Kyocera's success was the multi-layer ceramic case developed in the late 1960s. This success was the result of Mr Inamori's leadership and Kyocera's engineers' persistence in overcoming one technical challenge after another, working day and night to find solutions. The multi-layered ceramic packaging was the outcome of their fighting spirit: "never turning away from difficult challenges or circumstances. They undoubtedly led to the company's growth and success by setting high goals and working tirelessly to achieve them (Kyocera Corporation, n.d.).

The 1970s and Kyocera's Teenage Era

As noted on Kyocera's website, 1971 was a remarkable year for Kyocera, whose shares were listed on the Second Section of the Osaka Stock Exchange and the Kyoto Securities Exchange (Kyocera Corporation, n.d.).

According to the website of one of Kyocera's product distributors: "In the mid-1970s, Kyocera began to expand its materials technologies to produce a wide range of applied ceramic products, including solar photovoltaic modules; biocompatible tooth and joint replacement systems; industrial cutting

tools; consumer ceramics such as ceramic-bladed kitchen knives and ceramic-tipped ballpoint pens; and lab-grown gemstones such as rubies, emeralds, sapphires, opals, alexandrites and padparadschas (Nhatech - a Kyocera product distributor in Vietnam, n.d.).

The 1980s and Entry of the Japan Telecommunication Market

Daini-Denden (“DDI”, now known as the KDDI) was established with Kyocera as the lead investing company when the Japanese telecommunications industry was deregulated in 1984, Mr Inamori’s business tapped into the telecommunications market in 1985, of his desire to help the Japanese people on lowering the long-distance telephone costs. Reference to Akhavan-Majid, Roya’s journal article in 1990 (Akhavan-Majid, 1990, p. 8), it reveals that, in 1985, following DDI’s entry into the market, three major consortia of Japan’s most powerful big businesses were formed as major competitors to Nippon Telegraph and Telephone (“NTT”), these were Daini Denden Kaikaku (which roughly translates into ‘second NTT’), Nihon Kosoku Tsuhin (Teleway Japan) and Nihon Telecom.

Because DDI lacked the infrastructure of Nihon Telecom, a joint venture of Japan National Railways, two private railways, five banks and brokers, and 156 other companies, including Mitsubishi, which has stakes in all three new carriers, according to the same article. DDI needed microwave relay stations on the peaks between Tokyo and Osaka. DDI was able to complete the construction and infrastructure in time to launch telecommunications at the same time as the other telecom companies. DDI was considered the most disadvantaged of the three competitors, Kyocera had no engineers with telecoms expertise and conventional wisdom was that it was a market everyone thought impossible to enter successfully. It was an extremely risky move as it could seriously damage Kyocera's financial health, as can be read on Kyocera's home page. (Kyocera Corporation, n.d.).

The 1990s – Demonstration of Altruism

Kyocera acquired AVX (a large American manufacturer of electronic components) in January 1990 as part of its global expansion strategy. The acquisition was made through a share swap. It was originally agreed that Kyocera shares would be exchanged for AVX shares, with AVX shares valued at \$30 per share, which was 50% above market value. However, AVX CEO Marshall Butler asked Kyocera to increase the valuation of the AVX shares to make them more advantageous to AVX. Despite strong opposition from the US camp, Mr Inamori agreed to the price change, showing an altruistic attitude that put AVX's needs above his own. As mentioned in *The Kyoto Model* (Ishikawa & Tanaka, 2005, p. 52), Mr Inamori wanted to ensure a smooth merger and not jeopardise the morale of AVX employees. Therefore, he accepted AVX’s repeated requests to change the equity swap rate.

After the merger, AVX's revenues grew rapidly, allowing the company to be relisted on the New York Stock Exchange in 1995 (with Kyocera retaining 75% of AVX's shares). The M&A process and the process of re-listing AVX on the stock exchange are proof that even in business it is important to have an altruistic attitude and that even if "it looks like you are making a sacrifice, you will be rewarded in the long run". This is also how a positive relationship was established between Kyocera and AVX based on gratitude (Kyocera Corporation, n.d.).

Mr Inamori's retirement in the late 1990s

In 1997, Mr Inamori stepped down as chairman from both Kyocera and DDI but continued to serve as a non-executive director. Subsequently, Kyocera and DDI named him "Founder and Chairman Emeritus".

His management philosophy remains with the organisations after his retirement and this would be an appropriate time to end the introduction of Mr Inamori, Kyocera and DDI. The timeline of the last four decades shows the organisation's journey from good to great. In the following sections, I will try to analyse the reasons for the company's success with reference to the theories and concepts of the 3H framework.

II. The 3-H Framework

According to Eddie Yu's journal article (Yu, 2022, p. 1), the 3H framework for holistic management is an approach to the holistic management of people and organisations. The metaphorical expressions of the 3Hs – **Heart**, **Head** and **Hand** - represent the strategic alignment of the key domains of the framework, including the purpose, people, culture, strategy, structure, function, systems and competence, etc. The timing, sequencing, and application of the precise elements of the 3H are circumstantial and specific to individual organisations.

In theory, a good decision-making process in an organisation should be a structured, deliberative process guided by the collective wisdom of the leadership group to achieve the common goals of the organisation. Leaders are too frequently focused on one or two H domains and usually partially solve problems. A holistic management solution means that leaders, by collaborating and influencing their fellow colleagues, must effectively apply all 3H domains and efficiently manage the implementation of 3H, which aims to achieve and sustain the best performance of the organisation. Holistic management is a combination of the art and science of managing the performance of an organisation through the synergistic alignment of people, organisational elements, and competencies.

The conceptual framework - 3H's metaphorical expression

Yu denotes that:

Organisation Performance ("OP"), the dependent variable, is a function of the leader's driving force to integrate among Heart (H¹), Head (H²) and Hand (H³) independent variables of that organisation.

$$OP = f(H^1 \cap H^2 \cap H^3)$$

OP = Organisational Performance

$\cap$ = Intersection of each H domain, level of synthesis among 3-H domains is hypothesised positively correlated with the organisational performance.

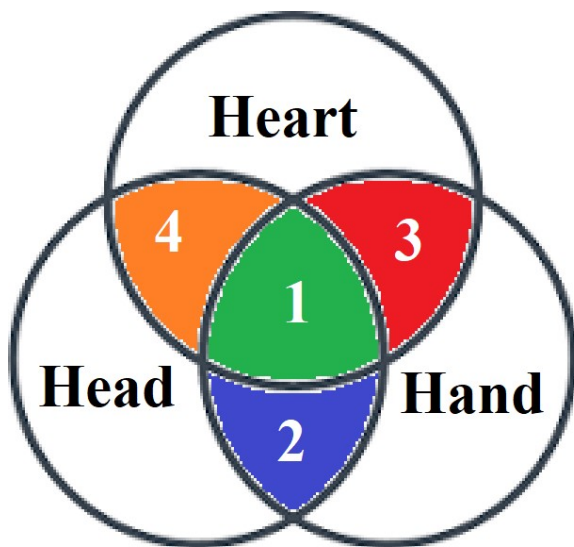
H¹ = Heart domain and its related constructs: people and value related: stewardship, emotional, moral and ethical appeals, leading, motivating and engaging people, building teams abilities, etc.

H² = Head domain and its related constructs – strategic, organisation and business model related: vision, pathfinding, logical & strategic appeal, the hierarchy of strategy, planning & controlling, organisational design (structure & systems), etc.

H³ = Hand domain and its related constructs - task-oriented issues and competence related: supporting, coaching, and training to ensure people possessed required operational/functional skills and abilities required to execute programs and activities, etc.

(Yu, 2022, p. 2)

The above framework can be further explained by placing each domain in a Venn diagram according to Yu, a 4-case scenario is shown below:



The Synthesis created from the effective coordination among the three domains of H1, H2 and H3 shall secure the necessary and sufficient conditions for effective and efficient organisational performance. Case 1 in the diagram above illustrates the conditions. The level of holistic management hinges on the level of synthesis created among the integration of the H1, H2 and H3 domains.

1	Case 1 – Committed & Capable of managing the right thing: $(H^1 \cap H^2 \cap H^3)$
2	Case 2 – Uncommitted but capable of managing the right thing: $(H^2 \cap H^3) - H^1$
3	Case 3 – Committed & capable, but not sure managing the right thing: $(H^1 \cap H^3) - H^2$
4	Case 4 – Committed and well planned but don't know how to execute it right: $(H^1 \cap H^2) - H^3$
Effective coordination between H domains is assumed in the above cases.	

The necessary and sufficient conditions (independent/moderating variables) contributing to effective and efficient organisational performance (dependent variable):

1. Effective leadership (H1), which motivates and engages employees, is a necessary but not sufficient condition for effective and efficient organisational performance.
2. Effective strategy (H2) is a necessary but not sufficient condition for effective and efficient organisational performance.
3. Workforce competence (H3) is a necessary but not sufficient condition for effective and efficient organisational performance.
4. **Synthesis** among the three domains of H1, H2 and H3 seamlessly shall secure the **necessary and sufficient** conditions for effective and efficient organisational performance. Case 1 in the diagram below illustrates the conditions. The greater the congruence area the better.

(Yu, 2022, p. 3)

Yu further explained that the individual H domains may be weighted differently in decision-making by leaders. It is believed that it depends on the circumstances at the point in time, such as available resources, i.e., finances, manpower, skills, expertise, timeframe, strategic or even political concerns, etc., also other factors may be influential such as industry, organisation's size, organisation's history and culture, etc. Moreover, there are always uncertainties, especially in business environments, therefore the weights must vary. In many cases, H1 is weighted more heavily than H2 and H3, while H2 has a relatively stronger weight than H3. It has been argued that an organisation can have the most advanced strategy, systems and competencies, but if the leader is unable to unite and motivate people to achieve the organisation's strategic goals, sooner or later the organisation will fail. The definition of effectiveness means the extent of the outcome of the organisation's strategic and purposeful activities while efficiency means that the organisational or project-specific activities are carried out with minimal resources. The underlying principle of the 3H framework aims to create a people-centred, win-win and accountable culture – from leaders to followers, from organisation to organisation, from industry to industry, from community to community, and from nation to nation.

It should be noted that although 3-H thinking may seem obvious or even intuitive, many large companies and even governments have failed to manage crises (or merely their operating environments) holistically and the failure can be extremely costly. It is easier said than done.

The following section identifies the causes and effects, by providing reasons. Through the review of available information from credible sources, it is intended to find evidence and examples to support these causes and effects by the application of theories as mentioned.

III. Observations and Analysis of its Causes of Success with Reference to the 3H Framework

The below algebraic expression assists to conceptualise the functional relationships of the H domains. Kyocera's Performance (KP), the dependent variable, is a function of the complements among the Heart (H1), Head (H2) and Hand (H3) independent variables of the Kyocera.

$$KP = f(H^1 \cap H^2 \cap H^3)$$

KP = Kyocera's Performance

H1 = Heart domain (organisational behaviour related, leadership, values & culture, communication, managing groups and teams, etc)

H2 = Head domain (organisation architecture, strategic management, management planning and control, etc)

H3 = Hand domain (competence-related, functional strategy and practices, e.g., Finance, Operations, IT, etc.)

The domain of each H has a different weight. H1 has a much higher weight than H2 and H3, while H2 has a relatively higher weight than H3 in this study report. This is because if the leader fails to unite and motivate people to give their best to achieve a common goal, the organisation will fall apart and the business will eventually fail, even if the organisation's business strategy, systems and capabilities are more advanced. The underlying assumptions of each 3H domain as per Yu are stated in the following:

Heart Domain (H1)

This can be further broken down into:

1. Heart-to-heart and mutual behaviour go hand in hand and maintain a long-term relationship.
2. People will sacrifice for a worthy cause, purpose, shared values and beliefs.
3. Heart-Oriented leaders should create a favourable climate for the unification of people and the achievement of common goals.
4. Human nature has both good and bad sides, and Heart-Oriented leaders should help their people to develop their good sides and help them to control their bad sides.
5. An effective Heart-Oriented Leader would create followers who are committed to doing their best to get the most out of working together. It is transformational.

Head Domain (H2)

1. The success of a complex project requires effective strategic planning.
2. The process of planning, organising and controlling requires rational, logical and strategic thinking to meet the short-, medium- and long-term needs of the organisation.
3. Implementing and communicating strategy effectively at all levels of the organisation is a necessary management task and more an art than a science.
4. Top-down leadership is about being rational rather than emotional. The best-case scenario is that people are convinced that they should do their jobs, but they may have no commitment or interest in doing them. It is transactional.

Hand Domain (H3)

1. Ensuring that the right skills and resources are in place to implement the strategy makes a big difference.
2. Agility and responsiveness to people's needs are useful criteria for assessing an organisation's project management capability.

3. Leaders should know their followers' skills. Leaders should ensure that they are trained to acquire them or mobilise support from other sources if they do not have the necessary skills or knowledge. Failure to do so may lead to resistance and wasted resources.

The above should be coded as H1-1, H1-2..., H2-1, H3-1...

3H – integrated

1. All 3H areas are synergistically linked in the holistic management of people and organisations. For an organisation to be successful in the long term, neither one nor two Hs are sufficient.
2. Ensuring that all 3H domains are effectively aligned is the responsibility of the leader.
3. The purpose of the 3H framework is to manage people and organisational issues in a holistic way so that people want to do the right things and are able to do them the right way.

Applying the 3H Framework to Analyse Mr Inamori's management philosophy in Business

From the leadership point of view in the H1 Domain, it can be divided into a Heart Oriented Perspective and a Head Oriented Perspective. Mr Inamori's businesses believe in doing business fairly, making a fair profit and contributing to society, which is a Heart-oriented approach, while the Head-oriented approach is rational and focuses on making a profit.

H1. The first necessary factor is heart-oriented leadership which can inspire and motivate its followers

The definition of power was elaborated by Chen Chen ((陈陈), 2019, p. 76) as – power is conferred by the people, but it can also be taken away by the people. As the saying goes, water can both carry a boat and tip it over and if a leader resists and ignore the power of the masses, sooner or later this leader will be spurned, and the rule will not last. Mr Inamori understood this extremely well, so he never used his power to oppress anyone, and he treated his front-line employees with kindness and affection. Mr Inamori was strict but not mean at work. He is very fair and just to his staff. He was also very considerate of his subordinates, and he was always generous and gentle, which is why he was loved by his employees. In the decades since his founding, Mr Inamori has never punished anyone by extreme means, it was believed that employees at Kyocera treated him with respect and were willing to work with him (H1-1, H1-2 and H1-5).

In the Mr Inamori's Official website (Kyocera Corporation, n.d.), Kyocera Philosophy is a philosophy of life that he has acquired through practice. Its foundation is "living the right way as a human being". It is a philosophy of life that is the foundation of Kyocera's practice. He has encouraged employees to follow this philosophy in the belief that each employee's happiness is as important as the company's prosperity. In many of his publications, he reiterated the principle of altruism. He believed that companies should not only make profits for themselves, but also fully consider the fundamental interests of shareholders and customers, be accountable to consumers, and contribute to society and the country. (H1-3).

In a book written by Dequn ((德群), 2019, p. 87), it is mentioned that Mr Inamori was a man who dared to face his own shortcomings. He believed that everyone has shortcomings and that one should not deny them but accept them and remove the pretence. In this way, we can move forward and transcend ourselves (H1-4).

H2. The second necessary factor is the head-domain driven effective strategic planning process

In the introduction of this report, paragraph "Penetration of the overseas markets" (page 3), Mr Inamori demonstrated his strategic mindset and built the foundation of Kyocera's future success (H2-1). The IBM order in 1966 showed that the implementation of strategy and the combined effort of the whole organisation was phenomenal (H2-3). Furthermore, this IBM order did not appear all of a sudden, it was a result of Mr Inamori's planning in the early 1960s and made his first trip to the USA in 1962 (H2-2).

H3. The third necessary factor is the hand domain that developed the competence to efficiently execute strategic goals

Undoubtedly, Mr Inamori and his businesses had the technical know-how, as the foundation of Kyocera was due to the fine ceramics technology he developed in 1956, as mentioned in "The Birth of Kyocera", Part I of this report. The IBM order also shows that Mr Inamori's company has the agility and speed to meet customers' needs and was stretching to its max capacity to achieve it. Furthermore, the invention of the Amoeba Management System demonstrated the strong support of staff, and they are motivated to achieve common goals (H1-1, H1-2 and H1-3). The continued success of his businesses in a few decades proves that the implementation of the organisation's strategies was world-class.

Is Mr Inamori's success because of luck?

The common misconception of leadership is that too many good things or too many bad things are seen as merits or demerits of the leader. In 2016, an article by Alan Blinder and Mark Watson (Blinder & Watson, 2016), attempted to identify the impact of the US presidency on the economy. The study concludes that Democratic presidents have indeed done better than Republican presidents since World War II, but the answer is less clear when they look more closely at where this difference comes from. Differences in monetary and fiscal policy during a presidency have minimal impact, and more importantly, factors beyond the control of the US (at least for a short period), such as international oil prices and global growth, also affect wealth. There is another 40% difference between the two types of presidents that cannot be explained, and it is not clear how much of this is also due to luck. The reason for bringing this up is that Mr Inamori has successfully led his businesses, also later the Japan Airlines case, to turn around and prosper. The time frame is more than half a century, and that is not just luck, but his superior leadership (Heart domain), vision (Head domain) and technical expertise (Hand domain).

Companies that do not adhere to the adopted principles of the 3H domains are at much greater risk of failure but applying the 3H domains appropriately may help to resurrect the organisation

Why did Japan Airlines (JAL) fail?

In an article written by Kazuhiko Toyama, a member of the JAL Reorganization Task Force (Kazuhiko, 2010), he pinpointed that operating costs in the airline industry are largely fixed, including wages, aircraft lease payments, fuel and maintenance. JAL faced a chronic operational cash shortage due to high fixed costs and declining revenues during an economic crisis that put the company at risk of bankruptcy and liquidation, as was the case with other airlines that could not meet their cash flow needs.

JAL faced many challenges due to its overcapacity in aircraft, manpower and routes. While cancelling unprofitable routes would not completely solve the problem, the company's focus on operating large aircraft such as the Boeing 747 became uncompetitive as the industry shifted to smaller and more efficient aircraft. JAL also had about 30% redundant manpower, and an "inverted pyramid" effect in its staffing structure, with too many veterans in the upper part and too few young staff in the lower part. Cost-cutting measures were mainly aimed at new hires, while benefits for existing and retired staff were cut to a limited extent. For example, some retired staff earned up to

500,000 yen per month, while some younger staff on the ground received less than 200,000 yen per month as highlighted in Toyama's article.

Applying the JAL scenario to the 3H framework, it was described in a Mr Inamori's book, translated by Cao, Yugang (Inamori, 2018, pp. 11-12) – one must know that in the past, JAL was based on the organization system backed by the country, and the cadres had bureaucratic habits (lack of H1-2, nobody is willing to sacrifice as they believe the organisation will not fail and very rigid in handling work). They only relied on their quick minds to run the company. They were all capable and had high elite awareness, although they are highly educated and polite in appearance, they look down on people on the inside (lack of H1-4, management was arrogant). Such an organization is unlikely to value its customers (lack of H1-5, not committed to rendering the best possible services to the customers). As they say, it is the mind that governs talent, so it must be controlled by the right way of thinking, and those who lack conscience, but the ability will only be misled by wisdom and will ultimately fail (lack of H1-3, the management only cared about their own interests). Therefore, it is of paramount importance to keep working on the right way of thinking as a human being, that is, a positive way of thinking. A positive way of thinking can be expressed in terms such as justice, fairness, equity, hard work, humility, integrity, love, etc. It is in line with the simplest ethics and is universal (lack of H1-1, no heart-to-heart reciprocal behaviours).

Whether the 3H management framework is transferrable among organisations and industries?

Mr Inamori shouldered the turnaround responsibility of JAL from 2009 to 2012. After many years of entanglement with serious operational problems, the company had become a big untidy mess that no one could untangle. Everyone believed that a second bankruptcy was inevitable. Why did the resurrection of this failed company go so smoothly? Firstly, he was a complete transportation industry amateur (Oi, 2012). But despite objections and he personally refused to take up the job several times, he took the job finally, on a pro bono basis, at the age of 78. It was because he believed that "if we couldn't revive JAL, it would have been a huge blow to Japan's economy which was already struggling", he said.

According to Toyama in the article, the solution to JAL's turnaround was to put in place a new management team of young and talented people, face up to its past and sort out the internal and external "noise". JAL will have to make further sacrifices to creditors, reduce its financial burden by more than 700 billion yen, and write down its existing fleet to eliminate inefficient Boeing 747s and introduce more fuel-efficient medium- and small-sized aircraft. The company has already received approval to reduce pension obligations by an average of 45%. JAL must also continue to focus on

profitability and immediately withdraw from unprofitable routes. It is noted that Mr Inamori's leadership has been able to eliminate the “noise” and confront the past.

"My simple philosophy is to make all the employees happy," he says. "It has been my golden rule since I founded Kyocera when I was 27. "Not to make shareholders happy but simply to create the company that every employee is proud to work for," he adds (Oi, 2012). These are powerful testaments to his 'heart domain leadership' approach.

In 2012, JAL was back in the black and was listed on the Tokyo Stock Exchange. Needless to say, an enormous injection from taxpayers did help. But under Mr Inamori's leadership, the airline has shed around a third of its workforce. It has cut back on employee benefits and dropped unprofitable routes.

This can be seen as convincing evidence that the 3H domains are transferable, from one organisation to another, and moreover, from one industry to another completely different one. Another example was observed that Heart-oriented leadership is transferrable, (Schmidt, et al., 2019) depicted that an ex-American football coach Bill Campbell helped several Silicon Valley giants, such as Apple and Google, to coach their company management in building trusting relationships and fostering personal growth. As said in the book's introduction, it is a blueprint for forward-looking leaders and managers that will help them create higher-performing and faster-moving cultures, teams and companies. He is believed to be a pioneer in the recent popular term “servant leadership”, in which Bill Campbell emphasised self-awareness and humility as a person, this is the desired virtue of Heart-oriented leaders.

IV. Discussion on Findings and Analysis with Personal Experience

The above examples show the effective integration of the 3H domains to the success of the organisation. Mr Inamori was able to lead by example and his staff were able to perform their duties with enthusiasm. The results are a sufficient condition for holistic management, demonstrating the synergies created by the effective integration of the 3H domains.

Power tends to corrupt; absolute power corrupts absolutely

As Lord John Acton, a great English historian, famously expressed “Power tends to corrupt and absolute power corrupts absolutely.” (Acton Institute, 2023). One very key point to be highlighted is that it is very common to be taken for granted that power corrupts as observed. According to Brian Klass's book (Klass, 2021), he mentioned that Dacher Keltner (Keltner, 2017), believes that being a

good person - a kind, altruistic, capable and merciful person, could help this person to obtain power. This person earns the respect and trust of others, including by saying nice things about them in front of their boss, all of which can help them get promoted and gain more power. Brian Klass then pointed out that gaining power makes one more selfish, less empathetic and hypocritical, and more likely to abuse it. However, based on desktop research, it appears that Mr Inamori has not become a person who abuses his power, although he has become a respected business figure. However, it is believed that people can remain uncorrupted if they can always remember their original intention and, as Mr Inamori said, "live the right way as a human being". If more prominent leaders in various fields can integrate their belief in doing good more fully into their professional lives, give more selflessly to others, including their communities, and strive for higher standards of ethical behaviour in their work, the world will be better off. The JAL case is obviously a crisis and therefore, it is interesting to see the various alignments of the 3H under crisis, this will be discussed in the following section and it is exciting to see the different alignments under such a situation.

Crises and aligning the 3H domains

Aligning the 3H Domains in a crisis can be challenging but is essential for effective crisis management. Having mentioned that each H domain has a different weight, here are some ways a leader can balance the 3H domains during a crisis, the followings are not mutually exclusive but follow one each another (H1 – H2, H2 – H3 and H1 – H3):

Heart (H1) - Head (H2) Alignment: During a crisis, a leader needs to communicate a clear and compelling vision that is consistent with the organisation's values and beliefs. The leader should involve team members in the crisis response planning process and ensure that the plans are aligned with the strategic goals of the organisation. By aligning the Heart and Head domains, the leader can create a sense of purpose and direction that will inspire and motivate team members to respond effectively to the crisis.

Head (H2) - Hand (H3) Alignment: During a crisis, a leader must ensure that the organisation has the necessary skills and resources to respond to the crisis. The leader should identify the skills and knowledge needed to respond to the crisis and work to develop these skills in their team members. They should also ensure that the organisation has the necessary resources, such as technology and infrastructure, to respond effectively to the crisis. By aligning the Head and Hand domains, the leader can ensure that the organisation can carry out the crisis response efficiently and effectively.

Heart (H1) - Hand (H3) alignment: During a crisis, a leader needs to create a culture of collaboration, creativity and innovation that promotes effective crisis response. The leader should identify the skills and resources needed to respond to the crisis and ensure that team members have the necessary skills and knowledge. They should also create an environment that fosters collaboration and innovation, encouraging their team members to work together to respond effectively to the crisis. By aligning the Heart and Hand domains, the leader can create a culture that is both emotionally fulfilling and operationally effective.

In essence, a leader who aligns the 3H domains during a crisis can develop a holistic approach to crisis management that maximises the potential of the organisation and its team members. This approach can help the organisation respond effectively to the crisis and emerge stronger and more resilient.

The 3H framework may be an echo of a famous ancient Chinese literature – The Art of War by Sun Tzu (孫子兵法) (Sun Tsu, n.d.). Indeed, Yu's 3H framework similarities to the concepts in the ancient book, and I believe that the theory it contains can be applied in the modern management world.

"The Art of War" Section 1 – Laying Plans, the Five Constant Factors. The five constant factors are:

1. The Way (Dao/道) – refers to the political foundation of the organisation, which depends on whether the leader is of one mind with the people and the management. In order to win a war, it is necessary for the people to be willing to fight and put their own lives at risk for the sake of the organisation. In the context of a business, this means that employees are willing to work to the best of their ability. Therefore, explaining the policy to people and building the ideology of the workforce is the first priority to score well on this measure.
2. Heaven (Tien/天) - refers to the matter of yin and yang, heat and cold and time. Strategically, the decision of whether to start a war must take into account the general environment. In winter, for example, when there is no fodder for the horses and the troops are vulnerable to influenza, it is not suitable for an expedition. From a tactical point of view, an army can use the weather as a weapon. For example, fire attacks depend on the wind, which in turn depends on the weather. The ancient science of astronomy and prophecy was used to inform and persuade people and armies to rationalise their strategies and tactics, without superstition. In the business context, each decision, and each action to be carried out must take into account

the timing and whether the general conditions are appropriate, favourable or unfavourable for it.

3. Earth (Di/地) - refers to the terrain. The general can plan the next route by knowing the distance and proximity. He can decide whether to use infantry or cavalry by knowing the danger and the ease. Knowing the width and narrowness of the terrain gives him an idea of where to deploy his troops and where to hold the fort and this is a matter of life and death. A good general must know the terrain where the sanitary conditions are suitable for camping and housing the troops. He can also ensure that the army marches through unpopulated areas and that the firefight takes place in favourable terrain so that the right troops enter the battlefield at the right time and place. A good marching strategy can make a force as strong as ten troops if it is matched to the terrain. In a business context, PESTEL analysis, the strategic framework commonly used to assess the business environment in which an organisation operates, would refer to the Political, Economic, Social and Technological. More recently, Environmental and Legal factors have become part of the framework.
4. The Commander (Jiang/將) - refers to the qualities, skills and abilities of the leader. In particular, the virtues of wisdom (智), faith (信), benevolence (仁), courage (勇) and strictness (嚴). These five important qualities are indispensable. Wisdom, which means that the leader knows his own limits, can think far ahead, knows how to assess the situation, and knows how to adapt on the battlefield. Faith means that rewards and punishments are clearly defined, and the leader is rewarded according to his merits, which is the basis for winning the hearts and minds of the people. Benevolence means knowing how to love and cherish. A good general will cherish public property, love his soldiers as his children, and be willing to eat, live and work with them. Courage refers to the ability to make immediate decisions without hesitation or lack of executive power. Strictness refers to strict military discipline, a good general would walk the talk and be a role model for his army. All the five key qualities mentioned above can be applied to the context of a good business leader, and all of them make sense.
5. Method and Discipline (Fa/法) - refers to the management science of the military, including organisational structure, chain of command, personnel system, material and financial management. These are directly applicable to the modern business management world.

From the point of view of "Talents (雄才) - Jiang and Fa" and "Strategies (大略) - Dao, Tien and Di", in ancient times, people with Jiang and Fa but lacking Dao, Tien and Di could be a general's ordinary advisors. In the modern world, they can be ordinary consultants. Similarly, people with Dao, Tien and Di but lacking Jiang and Fa can be good leaders but need help in areas where they are not good at. A first-class leader is one who has both talents and strategies, this echoes the synthesis of the H1, H2 and H3 domains.

There are some clear similarities between the five constant factors and the three domains (Heart, Head and Hand) in the theory presented above. For example:

1. The Way (Dao) in the Five Constant Factors can be compared to the Heart Domain in the theory, which emphasises the importance of building relationships, creating a favourable climate and developing good human nature. The Commander (Jiang) in the Five Constant Factors can also be compared to the Heart Domain in theory, as it emphasises the desirable virtues of a leader.
2. Heaven (Tien) and Earth (Di) in the Five Constant Factors can be compared to the Head Domain in the theory, which emphasises the importance of efficient implementation and agility in responding to external and internal factors.
3. Method and Discipline (Fa) in the Five Constant Factors can be compared to the Hand Domain in the theory, which emphasises the importance of strategic planning, logical thinking and effective communication, all of which are related to the organisation's processes, procedures, systems and further broken down into functional aspect such as Human Resources, Finance, IT, etc., which in turn belongs to the Hand Domain. In addition, the organisation's processes, procedures, and systems are necessary to implement the leader's vision and achieve success.

V. Key Lessons Learned and Conclusion

Elaborate on the 3H framework as a conclusion

The following are believed to be doable as a leader who can bring sustainable success to the organisation:

Heart Domain

1. Empathy and humility: Effective heart-to-heart communication in the Heart Domain involves showing empathy with team members and understanding their emotions and feelings. This can be done by actively listening and showing that the leader cares about their well-being and that the leader is not a superior but a human being with limitations.
2. Authenticity: Leaders in the Heart Domain should strive to be authentic and genuine in their communication. This includes being honest about their intentions and motivations and avoiding manipulative tactics or hidden agendas.
3. Build positive relationships and trust: Heart Domain communication should focus on building relationships and a sense of community within the organisation. This is done through showing respect for team members, building trust and promoting a positive and collaborative working environment. Mutual trust and a sense of security are very important to employees.
4. Recognise achievements: Effective heart-to-heart communication in the Heart Domain involves recognising and acknowledging the achievements of team members. This can be done by praising their efforts and accomplishments and recognising each team member's contributions to the organisation.
5. Encouraging personal development: Heart-oriented leaders should strive to encourage the personal growth and development of team members. This includes providing feedback and guidance, offering learning and development opportunities, and creating a culture of continuous improvement.

Head Domain

1. Vision: Leaders in the Head Domain should develop a clear and compelling vision for the organisation. The vision should be communicated to all team members, giving the organisation a sense of direction and purpose.
2. Wayfinding: Effective communication in the Head Domain includes developing a clear path to achieve the organisation's vision and goals. This includes analysing the organisation's strengths, weaknesses, opportunities and threats and developing a strategic plan to achieve the goals.

3. Logical and strategic appeal: Leadership communication should be logical and strategic to ensure that the organisation's goals are achieved. Leaders should communicate the reasons for their decisions and make a strategic appeal to team members to ensure that they understand the importance of their work.
4. Hierarchy of strategy: Effective leadership communication in the Head Domain involves developing a hierarchy of strategies that align with the goals of the organisation. This includes developing a corporate-level strategy, a business-level strategy and a functional-level strategy that are integrated and support the vision and goals of the organisation.
5. Planning and controlling: Leaders in the Head Domain should develop effective planning and controlling mechanisms to ensure that the organisation's activities are consistent with its objectives. This includes developing budgets, timelines and key performance indicators, and monitoring progress to ensure that the organisation is on track to achieve its goals.
6. Organisational design: Effective communication in the Head Domain involves designing the organisation's structure and systems to support its goals. This includes developing job descriptions, defining roles and responsibilities, and establishing reporting relationships to ensure that the organisation is structured to support its goals.

Hand Domain

1. Operations Management: The Hand Domain involves managing the organisation's day-to-day operations. This includes tasks such as managing inventory, production and logistics and ensuring that the organisation's resources are used efficiently.
2. Project Management: The Hand Domain involves managing projects to ensure completion on time and within budget. This includes the development of project plans, assigning tasks and monitoring progress to ensure the project is on track.
3. Quality control: The Hand Domain is concerned with ensuring that the products or services of the organisation meet the required standards of quality. This includes the development of quality control processes, doing quality checks and the implementation of corrective actions when necessary.

4. Financial management: The Hand Domain involves managing the finances of the organisation to ensure that it remains profitable and sustainable. This includes tasks such as budgeting, forecasting, cash flow management and financial analysis, etc.
5. Information technology management: The Hand Domain involves managing the organisation's IT systems and infrastructure. This includes tasks such as managing software and hardware, maintaining cyber security and ensuring the safety of the organisation's data.
6. Human resource management: The Hand Domain involves managing the organisation's human resources to ensure that the organisation has the necessary talent to achieve its goals. This includes tasks such as talent acquisition (including fair and open hiring processes), training and development, and performance management.

To achieve superior organisational performance, success in only one or two domains is not sufficient. The necessary and sufficient conditions for effective and efficient organisational performance should be seamlessly ensured by the synthesis of the three domains of H1, H2 and H3. Organisations are at much greater risk of failure if they do not adhere to the adopted principles of the 3H domains. In addition, the 3H framework has the potential to apply to different companies/organisations in different sectors, enabling them to achieve optimum performance.

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