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Career Development in a Japanese Manufacturing Company*

Peter Firkola

This article outlines formal career development practices in a large Japanese manufacturing company. Based on in-depth interviews with personnel staff and employees, a framework of organizational career development is developed. Our results indicate that it may be difficult to implement a fully functioning career development program in a traditional Japanese management system as the traditional system does not encourage employee initiated career planning activities. The impact of current macro trends on career development practices in Japanese firms is then examined.

1. Introduction

The rapid growth of the Japanese economy, until the late 80's, has been in part attributed to the traditional Japanese management practices used in Japanese companies. Yet this management system has never been static, but has evolved through continual adjustments to new economic, social, and competitive priorities (Mroczkowski and Hanaoka, 1988). Since the mid 1980's, there has been considerable discussion about incorporating career development programs (CDP) in the personnel systems of Japanese companies (see for example, Goda, 1986, Shimuzu, 1991). By 1987, approximately one third of large Japanese corporations were using some type of career development program (Amaya, 1990). To date, however, research relating to formalized career development in Japanese companies is minimal. This paper fills that gap.

This paper first examines some of the traditional views of career development in Japan. A conceptual framework of organizational career development is then presented. The degree to which a Japanese manufacturing company's career development activities fit into this framework is then examined. That is, this paper investigates the nature of career development under the traditional management system in Japanese organizations and examines how deeply rooted organizational career development in the human resource (HR) policies of Japanese companies has become. The direction in which human resources policies, and career development in particular, are moving in Japanese companies in

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the 1990's given the current trends is then discussed.

This paper is based on research that was carried out on a large Japanese steel corporation in the fall of 1991. This steel company is one of the largest steel makers in the world and one of the largest manufacturing companies in Japan in terms of sales volume, asset base, and number of employees. Because of its traditional role as an industry leader, the personnel policies of this company are viewed as typical of large Japanese manufacturing companies. The methodology employed in this paper drew on existing descriptions on how to generalize theory from qualitative data (Yin, 1988).

This research examined career development from both personnel department and individual white collar employees' perspectives using in-depth interviews. In the first stage, interviews of the personnel staff were carried out to determine the extent of formalized career development activities within the company. This part of the study examined career management activities such as promotion, training, transfer, career paths, and career planning activities. In the second stage, fifteen middle managers in engineering and administrative positions were interviewed to find out their perspectives on the company's career development activities. The employees were first asked to list their work history and any training, transfers, and promotions that they had received. They were then asked about their career goals and ambitions. By integrating both employee and management perspectives, this allows us to obtain not only a framework of organizational career development, but also determine the actual impact these activities have on individual employees.

2. Research on Career Development in Japan

Most research to date examining career development in Japan has focused on the areas of career paths, promotion patterns, and training. For example, Sasaki (1990) described career development as it related to career paths and the generalized careers of employees. This traditional view of career development in Japan begins with employees being recruited from leading universities into the corporation. They are then transferred through different departments every three to four years with some employees eventually being promoted to upper management, while others are seconded to a subsidiary or forced to retire.

Research by Wakabayashi and Graen (1984), Pucik (1985), Hanada (1987), and Wakabayashi et al. (1988) on career development focused on promotion patterns and factors leading to successful and faster promotions. They used empirical data to study the promotion patterns of Japanese managers. These findings suggested that the traditional perspective of career development in Japan of a slow seniority oriented promotion system may not be the case and that early distinctions are often made. Wakabayashi, Graen, and Uhl-Bien (1990) hypoth-
esized that managers who eventually reach the executive suite are often identified early and are treated differently early on in their career.

Koike (1988), however, used the term career development to focus on training and skill formation. This research examined how companies train their white collar employees and focused on different types of training activities and the role of promotions. Employees were seen as slowly moving up the company hierarchy with most of their training focusing on job rotation and on-the-job training.

Although career development has been traditionally viewed in terms of career paths, promotion patterns, and training, these views do not provide an overall organizational view of career development. Organizational career development can be defined as "an organized planned effort comprised of structured activities that result in a mutual planning effort between employees and the organization" (Gilley and Eggland, 1989, p.48). Organizational career development can be broken down into two parts, career planning and career management. The organization, and in particular the personnel staff, is responsible for career management, and the employee is responsible for career planning. These two separate but related processes combine to make up an organizational career development program.

Career management refers to specific HR activities. These specific HR activities include training, performance appraisal, and job placement as well as other types of education. These programs help employees identify and match their interests and abilities with the requirements of the organization.

Career planning, however, is the process of establishing employees career goals and objectives and developing activities that help to achieve these goals. Thus career planning focuses on the individual developing and achieving their goals. There are a variety of techniques that are used to promote career planning such as counseling, workshops, assessment programs and self-development materials. Career planning assumes, however, that the individual is responsible for their career and that the individual is able make distinctions about their long-term goals. This is not the case as we will see later.

3. An Overview of Organizational Career Development in the Steel Company

The personnel staff and employee interviews were used to estimate the extent to which the steel company's HR activities fit within an organizational career development framework. Although the steel company had no formalized career development program, there were a variety of career management and career planning activities used in the steel company. Figure 1 provides a framework for these activities. Indirectly related activities such as recruitment, compensation, and employee relations are not included in this framework.
The following is a brief outline of these activities as they pertain to career development. The main career management activities can be broken down into training, transfers, promotion, and performance appraisal. The main career planning activities can be divided into the self-evaluation form and self-training. We will first look at the career management activities.

3.1. Training

Training can be broken down into two areas, off-the-job training (offJT) and on-the-job training (OJT). Off-the-job training refers specifically to activities that were done out of the normal workplace. This training can range from specialized training to general company introductions. Most employees indicated that off-the-job training did not play a major role in their training. Except for the company orientation when employees first enter and learn about the company, other types of off-the-job training were limited and usually focused on specific skills. For example, engineers often participate in off-the-job training activities to improve their knowledge of a specific field. The other main off-the-job training activity was management training, where employees, just prior to being promoted, would be sent to study techniques on how to manage subordinates.

Both employees and personnel staff noted that the most important training is on-the-job training. One important feature of on-the-job training is the mentor system. When an employee enters a new department, they are often assigned a mentor who is usually only a few years their senior and is doing a similar job. An employees' direct superior can also act as a mentor. The mentor helps the employee get acclimatized and helps them with any problems or questions that
they may have about their particular job. Many employees interviewed felt that the mentor was their main source of knowledge and job skills.\footnote{1}

On-the-job training also takes the form of job rotation, where an employee is assigned to different jobs within the same department over a given period. These types of rotations often take place yearly, but this is usually left to the discretion of the department superior. It is hoped that job rotation will provide the employee with a chance to continuously learn new skills as well as avoiding the monotony of doing the same job for an extended period. Job rotation also allows an employee exposure to different mentors.

3.2. Transfers

Another important type of career management activity is the reallocation, or transfer, of employees. Transfers were usually divided into two types; transfers to another city or factory and interdepartmental transfers at the same location. The personnel staff stressed that these transfers were carried out to enable employees to learn different skills. Transfers were regarded as playing an important role in the training of future managers.

The type of transfer an employee received however, often depended on the workers' particular occupational classification. White collar employees were classified into three broad occupational classifications upon their entry into the company. The first group was university graduates with an engineering background and the second group was university graduates with non-engineering backgrounds. A third group was high school graduates in clerical positions.

Non-engineering university graduates are usually transferred between head office and one of the factories every four to five years.\footnote{2} Engineers, however, are usually transferred between departments within the same factory. If engineers are transferred from one location to another it is usually from one factory to another. Rarely are engineers transferred to head office. High school graduates are not usually transferred on any regular basis. If they are transferred, however, it is usually an interdepartmental transfer.

3.3. Promotion

The personnel staff strongly indicated that promotion is now 60% performance and 40% seniority based. In an employee's early years it appears that promotion continues to be seniority based and employees of the same cohort seem to move together in step. After the first ten years or so, the difference between employees of the same cohort appears to become wider and promotions become more differentiated. Personnel staff also acknowledged that there were some employees who were identified as elite and that these employees would be promoted faster.
Engineers would often end up being managers at plants and would be more of a specialist manager. In contrast, white collar non-engineering university graduates would tend to move into head office management positions. High school graduates strongly felt that the distinction between high school and university graduates was still as strong as ever, and the opportunity for promotion to a similar level was still very difficult regardless of an individual's ability.

3.4. Performance Appraisals

Periodic performance evaluations usually preceded salary increases and promotion decisions. Performance appraisal is normally based on job related abilities, such as one's judgment and planning skills, and personality related attributes, such as sociability. These evaluations are conducted by the employee's superior. An important aspect of these performance appraisals was that employees were constantly ranked and evaluated against employees of the same cohort. Because the personnel staff does not have much contact with individual employees, they depend on reports from superiors about their subordinates. Based on these reports, the personnel staff must rank the employees, so for example, out of one hundred employees, twenty receive a rank A, forty receive a rank of B and the remaining forty a rank of C. Thus regardless of an employees' ability, only a certain proportion can receive a given rank.

Many employees mentioned that the ability to work together in a group is the attribute that is most important. Personnel staff also noted that the ability to work effectively as a member of a team is often the most important individual attribute. Furthermore, because many activities are group related, individual contribution is often difficult to evaluate. No feedback was given to employees, however, concerning their performance appraisal.

3.5. Self-Evaluation Form

The main career planning activity was the self-evaluation form (jikoshinkokuku) that was filled out by employees once a year. The self-evaluation form is composed of two parts. The first section is the self-evaluation section where employees rate themselves on how well they think they performed in their job over the past year. Their superior then also rates them on similar categories. These categories usually correspond to specific job related activities and personal attributes relating to the job. Employees also rate the areas in which they feel that they could improve. The second section of this form was the short term goals section. This section allowed employees to suggest what type of goals and specific jobs they would like to do and the department they would like to work for in the future.
3.6. Self-Training

Another career planning activity was self-training which was employee initiated and usually carried out off company time. These self-training activities range from accounting to English conversation classes. Some of these courses were offered to employees by the personnel department as correspondence courses.

4. Limited Career Planning Activities in the Steel Company

Based on the personnel staff and employee interviews, an organizational career development framework for the Japanese steel company was developed. According to our definition of organizational career development, career planning is limited in the steel company because career development activities are planned solely by the organization. From an employee perspective, this limited career planning resulted in vague career goals and a dependence on one's superior. It was found that limited career planning in the steel company was a result of:

• few formal career planning type activities
• an ineffective self-evaluation form
• no integration between career management & career planning activities
• unclear HR guidelines
• a lack of individual choice
• limited feedback
• unclear delegation of work due to an emphasis on group activities

Formal career planning activities were limited to the self-evaluation form and self-training activities. The personnel staff indicated that traditionally little emphasis was given to activities that encouraged individual career planning. Career development has traditionally been synonymous with career management activities in this company.

Most employees interviewed thought that the self-evaluation form has little value and was merely a formality. Some employees mentioned that they often write what their superior suggested they should write or else they simply write that they want to continue to do what they are doing now. Employees indicated that the self-evaluation form has little or no impact on future training and movement in the company. Two employees who were classified as elite employees mentioned, however, that they did have some success with self-evaluation forms. A majority of the employees interviewed indicated that when they are evaluating themselves on the self-evaluation form, they often underestimate themselves or at least put a score that would be less than what their superior would give them so as to not appear overconfident. It thus seemed more important to undervalue
yourself or at least not to give yourself a higher score than what you think your superior might give you.

The results of interviews with the personnel staff and employees clearly indicated that the current HR structure in most Japanese companies is a non-integrated system. In particular, career management activities and career planning activities such as the self-evaluation form are non-integrated. There was little coordination between career management activities such as training, transfer, and promotion, and career planning activities such as the self-evaluation form or self-training. Although there was a certain amount of integration between career management activities, i.e. training, transfer, and performance appraisal, this was because they were often viewed as preconditions for promotion.

HR guidelines were unclear, especially concerning promotion. It seemed many employees were very unclear about guidelines relating to career paths, performance appraisal and promotion. Employees often gave answers that differed greatly with the personnel department answers to similar questions. There were no clear rules or guidelines for white collar employees explaining the rationale for promotion. Many employees noted that they can learn about their career paths not through any HR guidelines, but by watching the movement of a superior or mentor in a similar position and then approximating it to their situation.

Individual choice was also limited. Both management and employees indicated that this is an accepted part of Japanese management. Employees felt that they had little choice and accepted this as part of the lifetime employment system. The personnel department also acknowledged this noting that the amount of employee choice is limited. Because direct meetings between personnel staff and individual employees are rare in most companies, it is difficult for these employees to discuss their career goals directly with the personnel staff.

The amount of feedback was also limited. With regard to performance appraisals and self-evaluation forms, no feedback is given. Accordingly, employees are often unsure of what plans personnel staff have for them as well as being unclear how personnel staff have evaluated them. The lack of feedback seemed to cause doubts about the ability based promotion system. There also seemed to be a lack of access to any career related information such as skill requirements for future jobs, formalized career paths, and job descriptions.

Unclear delegation of work also limited career planning. Work projects are often delegated to small groups and thus it is not clear who is doing what particular job since there are no specific job descriptions within the group. This leads to the problem of individual employees' evaluation as the roles are not clearly defined within the group. Credit or responsibility for the success or failure of a particular project is viewed from a group perspective. Often an individual is
evaluated on the success of their group as a whole and not for their individual contribution.

Consequently, this limited career planning was reflected by employees vague career goals and an over dependence on their superiors. Employee responses indicated a lack of clear career goals. In some cases, there seemed to be a lack of interest in establishing career goals. Although most employees did indicate that they had some individual goal or ambition, there was no opportunity to express these goals directly to the personnel staff. Thus these career goals were often vague and based on observations of more senior employees and their career patterns.

Because there is no formalized system of feedback, employees are often dependent on their superiors for feedback. Often, information regarding career goals is fed to the personnel department via ones’ superior. Furthermore, since on-the-job training is the responsibility of the superior, most of the training that occurs in an employee’s daily life is left up to the superior. Thus depending on the particular superior, the effectiveness or ineffectiveness of the training that an employee receives would widely vary. Thus the impact a superior has on their subordinate’s career is overemphasized. Wakabayashi et al. (1990) in their hidden investment hypothesis suggest that fast track or elite employees are often assigned to superiors who are good trainers. Thus giving these employees an early advantage.

Employee’s future promotion opportunities appear to depend a great deal on their superior. Employees thus can become totally dependent on their superior. It seems that the best way to convey ambitions and goals to the personnel department is through ones’ superior and not through the self-evaluation form. Thus having ones’ superior look at you in a favorable light can be extremely advantageous to your career. Some employees indicated that the best way to further your career was not to make any mistakes and to do exactly what your superior told you to do. Accordingly, there appeared to be little reason for employees to try something new or creative.

5. The Impact of Current Trends on Career Development in Japanese Companies

The traditional Japanese management system has been viewed as beneficial for both management and employees. Thus it has to be asked whether career development programs (CDP), and career planning activities in particular, are necessary at all in Japanese companies. Many of the personnel staff and employees interviewed raised this point.

Most employees interviewed indicated that they were satisfied with the current management system. Most felt that individual choice was not necessary or
were not conscious of the issue. This system has satisfied most of the individual employee needs given the prevailing emphasis on success of one's work group or company as a whole, as opposed to individual success. Career success in Japan has been strongly tied to company identity and to success within the company, as opposed to personal success in society as a whole. This is also partly due to the emphasis on general skills in the education system and the emphasis on company specific skills in training within the company.

From a personnel perspective, this system has allowed the control and flexibility necessary to deal effectively with employees in a rapidly expanding environment. The continued rapid economic growth of the Japanese economy from the 50’s until the late 80’s enabled them to maintain these personnel policies. Management policies such as seniority based promotion, lifetime employment and seniority based wages were all strongly supported by the rapid economic growth of the Japanese economy as a whole. Thus companies’ human resource management was heavily dependent on the company’s overall economic performance.

During the recession in the 70’s, the Japanese economy was aided by outside factors such as fiscal expansion and increasing exports and thus this did not lead to any major changes in HR strategy in most Japanese companies. However, the current combination of economic, international, and social trends appear to be the biggest threat yet to the stability of this traditional management system. These trends include the current economic downturn, the changing attitudes of younger Japanese workers, changing technology needs, and problems associated with internationalizing corporate activities. As some researchers have noted, this traditional Japanese management system, faced with these current macro trends, appears to have become outdated, as evidenced by increasing corporate deficits, plant closings, and an increasing number of layoffs (Nonaka, 1988, Befu and Cernosia, 1990, Stern, 1990). Thus many companies are finding it necessary to adjust their management system to encourage more career development activities in line with current macro trends. Figure 2 provides an overview of the current situation Japanese companies are faced with and where it may lead with regards to career development.

Clearly the economic situation has changed for many companies over the past few years. Increased competition from newly industrialized countries, over investment during the 1980’s, and market maturity for certain products has had the impact of making it difficult for many Japanese manufacturing companies to continue their traditional strategy of increasing their market share yearly. This economic downturn is occurring not only in declining industries such as steel, but also in the traditional growth industries such as in electronics, computers, and automobiles. In 1992, for example, in the auto industry, Nissan was forced to close down one of their main plants at Zama. Fujitsu, a large computer maker,
was one of many firms which posted a huge deficit. It is the first time in the post war period that large Japanese companies have been faced with this type of problem.

Clearly this economic downturn is having a significant effect on many company's personnel policies. The seniority system has depended on rapid economic growth to ensure the expansion of middle management positions necessary for promotions (Pucik, 1984). Many companies have an overabundance of middle aged white collar employees which is slowing down the speed of promotion (Suzuki, 1986). Many companies are also no longer able to guarantee lifetime employment. Some companies have recently begun a policy of forcing their middle aged employees to voluntarily retire making the latter stages of an employee's career a time of increasing uncertainty. Thus the traditional management pillars of seniority and lifetime employment are already beginning to crumble.

Concerns were also expressed by the personnel staff of the steel company that younger workers these days are less willing to work long and hard. In the past, employees have worked hard and diligently, due in part to a lack of choice. Younger employees, however, seem to now have more choice in terms of changing jobs if they are not satisfied or want to pursue other options. Thus companies must not only provide jobs as a source of satisfying employees needs, but also must improve employee attitudes toward work to get employees to work to their optimal potential.

Another major issue relates to the internationalization of Japanese com-
panies with more Japanese plants being built overseas and more non-Japanese working for Japanese companies in Japan and abroad. A lot of research has been carried out which indicates that the traditional Japanese management system which has worked effectively in Japan with Japanese employees is not as effective with non-Japanese in a different cultural environment (see for example, Fucini and Fucini, 1990). As Japanese companies continue to expand international operations due to high domestic labor costs and further appreciation of the yen, this problem will intensify.

Changing economic conditions may also force companies to switch their technology strategy from one that focuses on technology improvement and domestic manufacturing to one that focuses more on creating original technology innovation with more off-shore manufacturing. Companies that are diversifying such as those in the steel industry, as well as the electronic and automobile industries will require more original R&D activities. This would involve developing technologies in house through a strong R&D department. This may require more emphasis on individual creativity. From a personnel perspective, the traditional focus has been on training individual employees to become efficient generalists. To deal with changing macro trends, this generalized training focus should be adjusted to allow employees to become more specialized in their areas of expertise.

Implementing formal career development programs, and career planning activities in particular, may be an effective way for Japanese manufacturing companies to deal with these current social, international and technological problems. For example, a formalized career development program which allows more career planning would provide more motivation to younger employees by giving them the choice to do the type of work they want to do and thus making them feel they have more control over their future. Incorporating an increased amount of career planning activities into the traditional Japanese management system will also make it easier to implement and maintain this system overseas by being able to better adapt to individual and cultural needs.

A formal CDP program could also help to deal with the changing technological needs of a company. For engineering type positions in particular, developing career development programs seems feasible. This type of career development program would end up creating more specialists in specific areas. This would be appropriate for high-tech industries where technology is changing so rapidly that general skills alone are no longer sufficient, even for white collar non-engineering staff.

These current economic, social, and international issues are already causing many companies to make changes to their management system to encourage more career planning by individual employees. For example, the personnel staff
of the steel company suggested that they are actively trying to increase the amount of choice that individual employees have. One way of doing this is by developing a more effective self-evaluation form. Another way is through a job posting system (*shanai kobo*) where jobs are posted and employees can then apply for these jobs. Changes are already happening in other companies, such as with Seibu department store now allowing recruits to choose the department they would like to work in. TDK’s self-evaluation form now bypasses the superior review stage and goes directly to the personnel staff to encourage employees to be more open. Honda has recently shifted to a merit based, yearly negotiated salary system as opposed to the traditional seniority based wage system.

Although changes are being made in many companies, getting middle managers to go along would appear to be the biggest common problem in getting a career development program fully implemented. These middle managers would be required to do more evaluation of employees and to pass this information on more frequently to the personnel department. This will require more work for a group of employees who are already probably the busiest members of their organization. Furthermore, by providing this information to the personnel staff, the importance of superiors in the eyes of their subordinates may decrease. Thus middle management may be hesitant to give up this subtle control they have over their subordinates.

6. Conclusion

Although career development programs have been among the most popular new personnel systems adopted by Japanese companies in the past few years, the results of this research indicates that it may be difficult to implement a fully functioning career development program into a traditional Japanese management system as the traditional system does not encourage employee initiated career planning activities. However, traditional Japanese management practices, which for decades have been regarded as the core of Japanese companies’ economic success, appear outdated given the current macro trends. Thus personnel staff in Japanese companies must decide which type of HR strategy will be the most appropriate to develop employees best suited for current and future organizational needs.

*Doctoral Student, Faculty of Economics, Hokkaido University*
Notes

1. From a North American perspective this may seem a little strange, as the mentor is training someone who may end up being their rival in the future. In the traditional seniority system, however, this is not the case as one would only be competing with one's direct cohort, employees who entered the company the same year as they did. Accordingly mentors are encouraged to pass on their know-how to their subordinates.

2. Traditionally, the steel company has a policy of placing its employees at a factory when they enter the company. During the last few years this has changed and some new employees do start at head office, although the percentage is still small. By starting at a plant, it is felt that employees will have a better understanding of the inner workings of the company.

Reference


