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Human Resource Trends in a Japanese Steel Company*

Peter Firkola

The purpose of this paper is to examine career development practices in a large Japanese steel company. A qualitative research approach was used with in-depth interviews being conducted with employees and HR staff. Two models emerged in the analysis of the data: a model of career development practices in the steel company and a model of career planning choice. These results indicate that it may be difficult to implement fully functioning career development activities in a traditional Japanese company, because traditional management practices are paternalistic and do not encourage employee initiated career planning activities.

1. Introduction

The rapid growth of Japanese corporations throughout the 1970s and 1980s has been attributed in part to the traditional Japanese management practices used in Japanese companies. These management practices, however, have never been static. Rather, they have evolved as the economic, social, and competitive conditions have changed. Although these practices were very successful in dealing with management problems arising out of these changes in the 1970s and 1980s, Japanese enterprises today face a variety of new problems, caused by recent social and labor market changes, that are not being adequately dealt with within most companies. Thus the effectiveness of these practices is being questioned. Furthermore, although Japanese companies have enjoyed a great deal of success, this success does not appear to have significantly improved the employees’ quality of life, that is, their living conditions, everyday family life, and quality of work life. Consequently, Japanese organizations and, in particular, their human resource policies need restructuring and revitalizing in order to overcome these problems.

Since the mid-1980s, as a means of overcoming some of these problems, there has been considerable discussion about incorporating career development programs (CDP) into the human resource systems of Japanese companies (see for example, Goda 1986; Shimuzu 1991). By examining career development in detail, a much clearer picture of the degree to which a company matches its

* I would like to thank Professor Kikuji Yoneyama and Dr. Wilson Alley for valuable comments in the course of this work.
needs to employee needs can be obtained. Ideally, by integrating company and employee needs, the company will obtain higher productivity from its employees and at the same time provide employees with a better quality of work life. Little research in this area, however, has been undertaken to date.

The purpose of this paper is to examine career development practices in a large Japanese steel company. The research in this paper differs from other research to date in that it examines career development from both the organizational and the individual level. It also differs in its methodology, which is based on qualitative research (in-depth interviews), as opposed to quantitative research, which provides a more individual perspective. Research was conducted on a large Japanese steel company in the fall of 1991.

Two models emerged in the analysis of the data: a model of career development in the steel company and a model of career planning choice. These results indicate that it may be difficult to implement fully functioning career development activities in a traditional Japanese company, because traditional management practices are paternalistic and do not encourage employee initiated career planning activities.

2. Career Development Research in Japan

Following Gilley and Eggland's definition (1989, 48), career development is defined as "an organized planned effort comprised of structured activities that result in a mutual planning effort between employees and the organization." In career development, the employee is responsible for career planning, and the organization, and particularly the human resource (HR) staff, is responsible for career management. An important feature of career development is that the company and the employees are partners, that is, it assumes that employees are responsible for planning their own careers and that companies support them in their endeavor.

There have only been a few studies that have directly examined the issue of career development in Japan. Takagi's (1984) research focused on integration between the individual and the company and the impact of lifetime employment on this relationship. He studied an electronics company and conducted in-depth interviews with twenty-seven employees who were between the ages of 44 and 49 at the time of the research, in 1982. He found that there were certain basic expectations on both sides. He also found that the employees' degree of involvement in their job varied considerably.

Other research relating to career development has taken a more quantitative approach using methods such as Rosenbaum's career tree model. Research by Wakabayashi and Graen (1984), Pucik (1985), Hanada (1987), and Wakabayashi et al. (1988) on career development focuses on promotion patterns and fac-
tors leading to successful and faster promotions. Empirical data is used to study
the promotion patterns of Japanese managers. Work by Wakabayashi and
Graen examines the factors that are predictive of getting promoted faster. This
study was actually part of a long-term longitudinal investigation of careers of
Japanese managers. Its findings suggest that the traditional perspective of career
development in Japan based on a slow seniority oriented promotion system may
not be the case and that early distinctions are often made. Wakabayashi, Graen,
and Uhl-Bien (1990) hypothesize that managers who eventually reach the execu­
tive suite are often identified and treated differently early on in their careers.
Another key finding was that in order to obtain promotion success the individual
should concentrate on developing positive relations with his/her superiors.

Pucik (1989) and Hanada (1987) find that in more innovative companies,
even if individuals do fall behind in their careers relative to their cohort, they
still do have a chance to catch up. Hanada notes this trend in more innovative
companies, but finds this was not the case for more traditional companies.

Koike (1988), however, focuses his career related research on training and
skill formation. This research examines how companies train their white-collar
employees and focuses on different types of training activities and the role of
promotions. Employees were slowly promoted through the company hierarchy
with most of their training focusing on job rotation and on-the-job training.
Koike finds that there is little difference between promotion patterns in Japan
and in other countries.

Research by Lorriman and Kenjo (1994), which uses the data from engineers
in electronics companies, found that career development in Japan is highly auto­
cratic and that engineers in these companies have no say about their career
moves. They also found that a major factor for career success is having a
mentor whose own career had been successful. Thus the mentor and mentee rise
up in the company together.

Storey et al. (1991) compared career development policies of four similar
types of companies in both Japan and Great Britain. A total of 239 senior man­
gers were interviewed using a structured questionnaire. Although no major cul­
tural variation was found, there was an absense of career paths and a low level
of formal training in the Japanese companies examined.

Two recent studies have used Schien's (1990) career anchor questionnaire to
examine career development in Japan from an individual perspective. Hirano
(1994) examined career anchors at a retail store, using a sample size of 121
middle managers. His study led to the development of a career anchor contin­
genncy model, although the implications of this model are unclear. Sakakibara et
al. (1993) focuses on the diversification of career choice. This research com­
pares differences in career anchors between students entering Japanese companies
with those entering foreign affiliated companies. The data were collected in 1989 from ninety-nine undergraduate non-technical students in three top universities in the Tokyo area who had received informal notice of employment. Although the results were not decisive, those who joined the foreign affiliated companies seemed to place more emphasis on autonomy, independence, and technical ability, while those students joining a Japanese company seemed to place more emphasis on stability.

Table 1 summarizes the major research to date relating to career development. Most research relating to career development in Japan focuses on the area of promotion patterns. Research to date also indicates the lack of clear career paths in Japanese companies and that career planning is minimal and thus the aspirations and desires of employees are mainly ignored. The existing research has looked at career development from either an employee or HR perspective, but no research to date has attempted to integrate these two perspectives.

3. Methodology

Based on a review of the research literature, a qualitative method of investi-
A large Japanese steel company was selected for this study. This company is one of the largest steel producers in the world and has a long history of being one of the top companies in terms of market share in Japan. It was believed that an in-depth study of this steel company (called the New Steel Company for the purposes of this paper) would provide a traditional view of career development practices in Japanese companies and also show the effects that current changes are having on the company's HR policy and on its employees.

The first step was to contact the HR (jinji) department of the steel company by telephone. A meeting with the HR department was arranged and a general outline of this dissertation's aim and methodology was mailed to them in advance of the meeting. The initial meeting with the HR department occurred on October 2, 1991. At the first meeting with the HR department, the theme, purpose, general outline, method, and details of this study were explained. Three requests were made of the company: (1) a general outline of their business, (2) permission to interview HR staff, and (3) permission to privately interview company employees and, if possible, experienced employees and employees in different positions within the company, managers, engineers, and office staff.

The interviews carried out at New Steel's Northern Works were conducted over a period of three days from October 14 to 16, 1991. Interviews were carried out in a private room by the interviewer with each employee and then with HR department staff. The employee interviews were semi-structured and took from 30 to 90 minutes. The HR staff interviews were also semi-structured and lasted from 90 to 120 minutes. Tape recordings of each interview were made. The interviewer also took notes during the interview. After each interview, approximately 10 to 15 minutes was spent writing up notes of general impressions and a summary of each interview.
4. Data Analysis

Two key concepts in qualitative data analysis are emerging themes and audit trail. Emerging themes are the major trends that are identified from the analysis of the data. Audit trail refers to carefully documenting the stages of analysis.

The process of analysis involved the following steps (see Figure 1): the taped interviews were transcribed into written form. The data relating to each question were compiled. Each respondent’s answer was summarized and every effort was made to retain the essence of what the individual was trying to say. The summarized responses to each question were compiled. The answers to questions relating to a similar topic were tabulated in a series of tables. Each chart was analyzed to identify key trends. These key trends were then tabulated in a second table. Overall emerging themes were then identified.

Finally, these results were compared with relevant literature in the area. Similarities and differences between these results and the literature were examined. It was believed that using this process would lead to results that have wider generalizability and stronger internal validity.

To examine employee differences, the respondents were divided into three categories related to the three categories of recruits that enter the company. The first category of recruits are high school or junior college graduates. These recruits are usually hired as support staff, although in some cases they may obtain managerial positions. They are classified as “clerks” in this paper. The next two categories of recruits are both university graduates and are divided into two categories: (1) engineers (gijutsu), employees who have graduated, usually with a master’s degree, in engineering; and (2) managers (jimu) or white-collar office workers, employees who have graduated from non-engineering faculties.

Interviews were conducted with fourteen employees and three HR staff (four
managers with an average age of 35.0, five engineers with an average age of 34.6, and five clerks with an average age of 43.4). All of the managers and engineers had achieved the position of kakaricho or higher. Only two of the clerks had achieved the position of kakaricho or higher. The differences or similarities (or both) between these categories of recruits were examined for each of the questions. The respondents' answers were compared with the HR staff's responses to see the degree of matching and any particular differences.

5. Results

Two models emerged in the analysis of the data: a model of career development in the steel company and a model of career planning choice.

5.1. Career Development in the New Steel Company

Although New Steel had no formalized career development program, the interviews revealed that a career development model was in place (Figure 2 provides an overview of this model). The following is a brief outline of career management practices used in the company to promote career development. The career management practices can be broken down into training, transfers, and promotion. Career paths and career planning activities are also discussed.

The individuals interviewed are included in this discussion. They are referred to as Mr. A, Mr. E, and so on, and their experiences are used to illustrate these management practices (Messrs. B, D, G, J, K are engineers, Messrs. C, H, L, M are managers, and Messrs. A, E, F, I, N are clerks).

Training

Training can be broken down into three areas: off-the-job training (offJT), on-the-job training (OJT), and self-training.

Off-the-job training refers specifically to activities that were done outside 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.

Although off-the-job training, or offJT, was not the main focus of training, there was still a wide variety of offJT courses offered. Engineers, in particular, seemed to make use of specialized engineering training courses and seminars. For example, engineers often participated in off-the-job training activities to improve their knowledge of a specific field. Mr. E, for example, took part in the company's overseas study program and studied specialized engineering at a university in the United States. The other main off-the-job training activity was
Career Planning Activities

Self Evaluation Form
1 Self-Evaluation
limited effect
supervisor influenced
2 Short Term Goals
unclear
supervisor influenced

Career Management Activities

Training
1 OJT
mentor
job rotation
group work
2 OffJT
specialized training
management training
3 Self-Training
little emphasis

Transfer
1 Change of Location
mainly managers
every 3-4 years
factory-head office
2 Interdepartment
engineers, clerks
# of years varies

Promotion
1 Seniority-based
early in career
2 Ability-based
3 Other Factors
education level
personal skills
group skills
unclear

Career Paths
1 Generalist
managers
2 Unclear
3 Late Career
secondement
tenseki

Figure 2 Overview of New Steel's Career Development Model
management training, where employees, just prior to being promoted, are sent to study techniques on how to manage subordinates. This training is usually made up of case studies and role plays.

Both employees and HR staff commented that the most important training is on-the-job training. Mr. D said that rather than learning skills, an employee actually becomes accustomed to them through working. The three main components of on-the-job training were found to be mentors, job rotation and group training.

The first component of on-the-job training is the mentor system. Often, when an employee enters a new department, he is assigned a mentor. A mentor is often an employee’s *sempai* (senior colleague) or someone who has previously worked in the employee’s position. A *sempai* helps the employee get acclimatized and helps him with any problems or questions that he may have about his particular job and he provides the employee with information. Many employees interviewed felt that the mentor was their main source of knowledge about the job and for learning job skills. These were gained either through imitating the *sempai* or from the *sempai*'s explanations.

An employees’ direct superior can also act as a mentor. Mr. A said that “if you work under a good superior, it will have a significant effect on your training. Your superior is also important because he is the one who delegates you different jobs and coordinates your rotation.” This result is similar to findings by Wakabayashi and Graen (1988), who found that the superior-subordinate relationship was the most important for developing new skills and an individual’s career promotion.

The second component of on-the-job training is job rotation, that is, the assignment of an employee 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 continually 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.

Job rotation often results in an employee moving through a series of jobs, each job becoming more difficult than the other. Eventually, the employee gains enough experience to become a group leader overseeing these series of jobs. Mr. M related that when he was in the export division, he first worked in simple areas and after gaining experience, he worked in more complex areas. Mr. J said that he basically worked on the same job over a number of years, and after he gained experience he became less and less supervised.

The third component of on-the-job training is the importance of group members and the experience of group training, that is, learning from the group as a
whole, which includes learning about the job, how the company operates, how to deal with everyday problems and issues, and how to work co-operatively in a group. Mr. H added that this includes learning how to express your opinions so that you can get your message across clearly and easily within the organization as a whole. Mr. E explained that "individual work would be as part of a group. Group work would be broken down or divided into parts and that each part might be worked on individually, but the final output would be that of the group."

There seemed to be little emphasis placed on self-training by either the employees or the HR staff. Self-training was employee initiated and usually carried out outside company time. These self-training activities range from accounting to English conversation classes. Some of these courses were offered as correspondence courses to employees by the HR department. Self-training pursued to obtain qualifications, such as government recognized degrees, was seldom undertaken. Mr. H summed this up by saying "for some workers it is necessary, especially if you are operating a boiler or a crane and other activities in the factory, but as long as one worker knows how to do it, then that is enough, and for most engineers and managers it is not necessary to have any qualifications. And, in fact, there is no advantage in the company in possessing one of these qualifications."

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 office or factory (tenkin) and inter-departmental transfers at the same location (haichitenkan). The HR staff stressed that these transfers were carried out to enable employees to learn different skills. The type of transfer an employee received, however, often depended on the workers' particular occupational classification.

Transfer usually implies that employees not only move out of their department but they also move to a different office or from head office to a factory, or vice versa. This type of lateral movement (tenkin) is mainly for managers. Managers are usually transferred between head office and one of the factories every three to four years. Traditionally, New Steel 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. It is believed that employees will have a better understanding of the inner workings of the company if they start at a factory.

The next type of lateral movement is haichitenkan, or movement from one department to another at the same location. Whereas managers tend to move
between head office and factories, engineers and clerks are moved between departments within the same factory.

There are a few engineers employed at head office, but the majority are employed at factories and transfers between factories are quite rare. Clerks are also usually employed at factories and transfers are very rare. When they do occur, transfers are interdepartmental. The number of years an engineer or clerk spends in one particular department varies greatly.

The respondents also indicated that transfers seem to have very little relation to promotion factors. It is expected that managers will be transferred every three to four years, whereas clerks and engineers will remain at the same factory for most of their career. Mr. G hopes that in the future, engineers will also be rotated and points out that “because managers are transferred around, they seem to be given a higher priority in the company, and that in another steel company, it is the other way around with engineers being given priority and transferred around.”

**Promotion**

Traditionally, seniority was the main factor in promotion decisions. The HR staff strongly indicated that promotion is now 60% performance-based and 40% seniority-based. In the first years of employment, promotion continues to be seniority-based and employees of the same cohort (employees who entered the company the same year) are promoted at the same time. After the first ten years or so, the difference between employees of the same cohort becomes wider and promotions become more differentiated. Responses supported the fact that most employees are promoted at the same speed. This is particularly the case for employees in their 20s and 30s.

Seniority is part of a Japanese company’s tradition, so it may be taken for granted when evaluating employment factors. The HR staff indicated that for managers, their first promotion was based on seniority. Most managers gained their first promotion after the first eight years and their second promotion eight years after that. This applied to approximately 90% of the managers and was the same for the engineers. Whereas for the clerks, there was much greater variation.

HR staff also acknowledged that there were some employees who were identified as elite and that these employees would be promoted faster. This finding is similar to that of Noguchi (1990) who found that elite employees were identified and promoted differently.

Other than seniority and ability, some other factors were suggested by employees as influencing promotion such as educational background, and group skills. The following is a brief discussion of these factors based on employee
Most managers and clerks regarded ability and educational background as the most important factors for promotion. The difference in opinion between the clerks and the managers is particularly interesting. The clerks regarded educational background as the most important factor, whereas the manager clearly regarded ability as number one.

Clearly, educational background is very important. Upon entering the company, employees are slotted into different categories, depending on their educational background. As Mr. C pointed out, "Seniority is very important until one reaches the kakaricho level, and after that it becomes less important and ability becomes more important." Employees who were high school graduates differed from this opinion and regarded educational background as important. Promotions to higher positions such as bucho (department manager) were unlikely without a university degree. They strongly felt that the distinction between high school and university graduates was still as strong as ever, and the opportunity for a high school graduate's promotion to a similar level as a university graduate was still very difficult, regardless of an individual's ability.

Most of the university graduates hoped to obtain the position of department manager (bucho) as their highest position. But as Mr. H indicated, there is only about a 30% probability of becoming a department manager. The major distinction between university graduates is that engineers are often promoted into plant management positions while managers tend to move into head office management positions. On the other hand, clerks in their 40s and over, expected that their current position would be the highest position that they would obtain. Overall, employees had only vague ideas of what their career goals were, although the university graduates had a slightly better idea of their goals than the high school graduates.

Performance appraisals generally preceded promotion decisions. Performance appraisals were based on job-related abilities, such as an employee's judgment and planning skills, and personality-related attributes, such as sociability. These evaluations were conducted by the employee's superior, who passed them along to the HR staff. Because HR does not have much contact with individual employees, they depend on these evaluations. Employees were ranked and evaluated against employees of the same cohort. Feedback was not given to the employees concerning their performance appraisals.

Other factors that effect promotion were personality or individuality, communication skills, and the ability to analyze people and situations. Mr. L noted that probably the key to promotion is what is called in Japanese "medatanai yo ni medatsu," which means being conspicuous while at the same time not making waves in the group.
Although no specific skills or abilities were mentioned by the respondents as being necessary to become *kakaricho*, many mentioned factors such as overall general skills, leadership ability, the ability to analyze people and situations, and the ability to view things from a wider and long-term perspective. According to Mr. G, “For non-engineering managers, no specific skills were required, but for engineers, specific skills would be required.” Mr. I pointed out that “general skills relating to analyzing people and situations were required but unfortunately you do not know if the person possesses these skills or not until after they become *kakaricho*."

Additional factors used to determine promotions were the ability to work in a group and maintaining good relations. HR staff agreed that the ability to work effectively as a member of a team was often the most important individual attribute. But, because many activities are group related, individual contribution to the group was often difficult to evaluate.

Maintaining good relations with other employees was considered very important for promotion. In particular, developing good relations with one’s superiors seemed to be very important. Mr. M said that “developing good relations was like forming an unwritten contract. These relations seem to be important in order to better understand the type of person that you are dealing with.” Good relations were also important as an informal way of gathering information. Mr. L pointed out that “when all other factors were equal, having good relations would come into play as the final factor in making decisions about promotions.”

**Career Paths**

Twelve of the respondents mentioned that they had no clear idea what their career path was. Because of this, they emphasized the importance of the relationship between an employee and his superior, since it is really the superior who decided what an employee’s career path would be.

Mr. F commented that his superiors will consider a subordinate’s plans for the next five years and will consult with HR staff, but the individuals are not consulted about this. Mr. H agrees, “my superior manages my career and I do not know much. Only when we go drinking or talk informally does this information get conveyed.” This again emphasizes the importance of the relationship between a subordinate and a superior.

Mr. M collaborated this by saying that “most workers are not conscious of a career path.” However, after explaining the meaning of career path (an employee's progress through the ranks of the company), some of the responses were quite interesting. For example, Mr. F commented that “the path was controlled by the company and not the individual, that employees do not positively and actively plan it.” Mr. D explained that “career paths in Japan are very
retrospective and not forward looking at all. Rather, career paths are more of a way of looking back on your career.” Mr. G concurred, “The active planning of a career path in Japan is non-existent or very rare.” He also noted that career paths are only looked at from the company perspective and that HR staff would consult superiors to figure out where an employee would most benefit the organization.

All respondents commented that job descriptions were non-existent or not clear to them, and a few noted that, although it was not clear what the job descriptions were, employees knew somehow or other what was expected of them. Mr. C mentioned that specific information was not supplied. Mr. E explained that “the specific jobs employees will be doing is unclear.” Mr. F agrees, pointing out that this is probably related to the Japanese lifetime employment system where you know you have got a job, however you do not know in which part of the company you will be working. A few respondents, however, noted that, although they do not have a career paths idea, they can get a rough idea of their career path by looking at the routes of their predecessors or sempai.

The HR staff mentioned that there are no clear career paths, just a general one in which the managers transfer back and forth between head office and factory. They also noted that one of the main features of the HR systems is that they try to develop generalists as opposed to specialists. This has been changing, however, as a result of diversification, and the company is encouraging specialization for the future.

The HR staff also pointed out that in the later stages of an older worker’s career, especially clerks, they may be seconded (shukko). That is, they are sent to work at the company’s subcontractors or an affiliated company. During their secondment, they still receive the full benefits and salary as they received at New Steel. In some cases, secondment leads to tenseki, which occurs when New Steel cuts off all ties with the employee and their salary and other benefits are adjusted to the new company’s standards, which are usually lower. In rare cases an employee may quit his job. In this case, job changing in Japan is associated with a drop in salary and a lower status, and the employee is often not fully accepted into the new company. Mr. H explained that the most common reasons for quitting are a dislike of the geographical area where an employee is working and not getting along with fellow workers.

Career Planning

The main career planning activity that was undertaken was self-evaluation (jikoshinkoku). Once a year, employees fill out the self-evaluation form, which is composed of two parts. The first part 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 they could improve. The second part is the short term goals section in which employees suggest goals they would like to achieve, specific jobs they would like to do, and the department they would like to work for in the future. This report is submitted to the HR department.

The clerks and engineers interviewed indicated that the *jikoshinkoku* system has a limited effect, at best, on their careers. They seemed somewhat frustrated by this system and noted that most of their requests were not met. Two managers, on the other hand, indicated that the *jikoshinkoku* system worked well for them. They mentioned that it had been effective and that they received most of their requests. In addition, it seemed that for a few of the elite managers, the *jikoshinkoku* system was effective.

Messrs. B and H commented that the *jikoshinkoku* did not really matter; what mattered was their superior's opinion. Thus, it was the superior and not the individual employee who decided where an employee went. If, however, an employee had a good superior, he may take the employee's opinion into account. Consequently, many individuals did not write their true feelings and strong opinions on their *jikoshinkoku* forms. Instead, they consulted with their superiors and wrote what the superior suggested they write. Mr. F described it as “an arranged marriage, or *omiai*, as first you have to find a department that is interested in you and then you might be able to achieve your requests.” He also acknowledged that most employees did not expect their requests to be realized, and hesitated to state their true feelings on the form. Mr. E responded that he often discussed his career plans with his superior when they went drinking, and it was usually through this informal method that things were decided. Another problem with the *jikoshinkoku* system was that employees did not receive any feedback about what will be done. Rather, the form was submitted and individuals just hoped for the best.

Answers relating to the goals section of the *jikoshinkoku* indicate that most respondents seemed very unsure of their answers to questions about career goals. Many mentioned that they had not thought about it. In general, the university graduates had a clearer idea of their career goals than the clerks. Many of the managers indicated that they would eventually like to return to a division that they had previously worked for before. Some of the clerks brought up the fact that they would probably be seconded (*shukko*) to another company, thus they did not see the need to establish career goals.
Summary of Career Development at New Steel

In summary, responses clearly indicate that most of the employees have little or no awareness of what career development is. Mr. H mentioned that companies would not be motivated to develop career development activities which encourage employee initiative because there is not much job changing. Mr. M also noted that it would be difficult to change HR policies without overall changes within the company occurring first.

Four main differences were found in the career development patterns of managers, engineers, and clerks. First, managers and engineers seemed to have slightly clearer career goals than the clerks. Secondly, the patterns of lateral movement varied among groups. Managers were usually transferred every three to four years between a specific factory and head office, while clerks and the majority of engineers were based at a factory and rarely transferred. Third, clerks emphasized the importance of educational background, while managers and engineers emphasized the importance of ability in getting promoted. Furthermore, for the managers and engineers, promotion during the first ten to fifteen years was strongly tied to seniority. Fourth, managers seemed to have the most success with the jikoshinkoku system. Some managers were quite satisfied with this system, while all clerks and engineers stated that it was ineffective.

These findings indicate that managers and engineers have a greater sense of control over their careers than clerks, and that managers have a slightly greater sense of control than engineers. The lack of educational qualifications seem to act as a barrier towards getting promotions, thus leading to a lower sense of control over their careers. The difference between managers and engineers could be accounted for by a greater awareness of choice among managers due to a wider exposure to different areas of the company, especially head office, where information about the company is most available.

In comparing individual employees and HR staff interviews, two significant differences were noted. First, after listening to the individual employee interviews, it was apparent that employees were not clear what factors determine promotion. The HR department clearly stated that ability accounts for 60% of evaluations with regard to promotion and salary; whereas seniority, or nenko, accounts for the remaining 40%. This differed from many of the responses given by the employees.

Secondly, often during the HR staff interviews it was unclear whether the HR staff were talking about the company's actual policy or its ideal HR policy. In most cases, the responses seemed to represent what the ideal HR policy was, and may not have been completely related to the actual conditions in the company. This position presented by the HR staff could be called tatemae. Tatemae
is the Japanese word meaning the external face one presents to the world. This face looks very optimistic (it is a face wearing makeup and looks better that it actually is). Honne, on the other hand, means the actual face—the one that reflects true conditions. While the HR staff’s responses are more closely related to tatemae, the employees’ responses are much closer to the honne, or actual conditions.

5.2. Career Planning Choice Model

A second key theme to emerge in the analysis is the model of factors influencing career planning choice. Accordingly, career planning choice is defined as the factors that increase the amount of choice an employee had in choosing work that he will be doing in the company. From the perspectives of those employees interviewed, lack of choice resulted in vague career goals and a dependency on their superiors. The five factors that influence career planning choice are listed in Figure 3.

(1) The extent to which the HR system encourages career planning activities.

A company can encourage career planning choice by making its employees think about and develop their own careers. The company can do this through its HR policy and by developing actual programs such as CDP.

Figure 3 Factors Influencing Career Planning Choice
The results of the interviews with the HR staff and the employees of New Steel clearly indicate that formal career planning activities were limited to the self-evaluation form. The HR staff indicated that traditionally little emphasis was given to activities that encouraged individual career planning. Rather, career planning activities are organized solely by the company, making them paternalistic and synonymous with career management practices.

The interviews with the HR staff and employees also indicated that the current HR structure at New Steel company is a non-integrated system. They reported that there was little co-ordination between career management practices such as training, transfer, and promotion, and career planning activities such as the self-evaluation.

(2) The balance between individual and group goals.

A balance between individual and group goals must be maintained. Too much emphasis on group relations and group output will lead to employees sacrificing their individual career aspirations for those of the group. Moreover, if the role of the group is overly stressed, individual career planning will be viewed negatively, since it will be seen as selfish or detrimental to the goals of the group.

Unclear delegation of work also effects the balance between individual and group goals. Work projects are often delegated to small groups and it is not clear who is doing what particular job since there are no specific job descriptions and roles are not clearly defined within the group. This can lead to problems with an individual employee's evaluation since an individual is often evaluated on the success of their group as a whole and not for their individual contribution. Credit or responsibility for the success or failure of a particular project is viewed from a group perspective. More clearly divided work responsibilities will make it easier to evaluate each individual's work.

(3) The employee's access to information.

Awareness of career planning implies that the employee has access to information relating to career options, such as clear career paths, job descriptions, and necessary skills for particular jobs. If employees are able to obtain this information then they will be able to develop clear career goals and more effectively plan their own careers.

However, HR guidelines were unclear at New Steel, 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 HR department's answers to similar questions. There were no clear rules or guidelines explaining the rationale for
promotion for white collar employees. Many employees noted that they learned about their career paths not through any HR guidelines, but by watching the movements of a superior or mentor in a similar position and then approximating it to their situation. 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.

Consequently, this lack of access to information was reflected by the employees' vague career goals and career paths that were based on those of more senior employees. In some cases, there seemed to be a lack of interest in establishing career goals altogether.

(4) The chances for career planning input by the employee.

Opportunities for career planning input implies that employees have the opportunity to clearly indicate to the organization, and to the HR staff in particular, any specific career-related goals and desires they may have. In order to achieve this, the company should have effective communication channels that give employees the chance to make choices and be heard. For example, they might establish more effective jikoshinkoku systems, and create internal job posting (shanai kobo) systems. Mr. C explained, “One way to increase employee choice would be to develop an internal job posting system. Given continued diversification, it allows people to freely choose to go into these new areas.” In addition, if employees were allowed a choice in which department to work upon entering the company, they would the opportunity to convey their career aspirations to the company in more concrete terms. Even if employees did indicate that they had some individual goals, there was no opportunity to express these goals directly to the HR staff.

Most employees interviewed thought that the self-evaluation provided them with little input into their career development; it was merely a formality. Some employees mentioned that they often wrote what their superior suggested they should write or else they simply wrote the information required to keep them in the job they were currently doing. Employees indicated that the self-evaluation form had little or no impact on future training and movement within the company.

Both management and employees indicated that this lack of input is an accepted part of Japanese management. Employees accepted this as part of the lifetime employment system. The HR department also acknowledged this. Because direct meetings between HR staff and individual employees are rare, it is difficult for employees to discuss their career goals directly with HR staff.
The amount of feedback received by employee.

The greater the amount of feedback an employee receives, the greater control an employee has over factors relating to his career, for example, working toward a promotion. Companies can achieve this by providing performance appraisal and self-evaluation feedback and by offering training to help develop the required skills for future positions to which an employee aspires.

Yet the amount of feedback was limited. No feedback is given about performance appraisals and self-evaluations. Accordingly, employees were often unsure of the plans HR staff had for them and were unclear about how HR staff evaluated them. The lack of feedback seemed to cause doubts about the ability-based promotion system.

Because there is no formalized system of feedback, employees were often dependent on their superiors for feedback. Often, information regarding career goals was fed to the HR department via one’s superior. Furthermore, since on-the-job training was the responsibility of the superior, most of the training that occurred in an employee’s daily life was left up to the superior. The impact a superior has on his subordinate’s career is crucial. 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 and are therefore given an early advantage.

Summary of career planning choice at New Steel

The employee interviews indicate that individual employees at New Steel have limited career planning choices. The overall lack of clear career goals indicates that the organization is not actively encouraging individual career planning. Furthermore, questions relating to the role of the group clearly indicated the strong influence the group has on individual employees. This is shown by the importance of the group in maintaining good relations, training by group members, and the overall emphasis on group work and group outputs. The employees are required to suppress their individual aspirations in order to more effectively get along with the group.

The findings also indicate that employees lack information access. Employees knew very little or were unclear about job descriptions, skill requirements, and career paths. Even though employees are provided with some input through the jikoshinkoku system, the findings indicate that most employees regarded this system as ineffective and that one’s superior has a larger influence on determining one’s career path.

Most employees felt they received no feedback about their careers, according to the findings. The wide variety of answers relating to promotion factors indicates that employees lack a clear perspective as to how important each factor is.
The results indicate that seniority and educational background are still perceived as important factors for promotion. Taken together with the lack of feedback by the organization on evaluations and jikoshinkoku, there is a sense that regardless of an employee’s ability, control of an individual’s career is not in the hands of the individual.

Employees’ 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 HR department is through one’s superior and not through the self-evaluation form. To have a superior look at an employee in a favorable light can be extremely advantageous to his career. Some employees indicated that the best way to further their careers was not to make any mistakes and to do exactly what their superiors told them to do. Accordingly, there appeared to be little reason for employees to try something new or creative.

6. Discussion

Before discussing the findings of the research, it is necessary to briefly address the limitations of the research itself. First, as only one company was examined, it is difficult to draw general conclusions for Japanese companies. Additional research into the career development programs of other companies and additional interviews with their employees are required. Second, the data were cross-sectional. A longitudinal design in which interviews are conducted with the same employees over a period of time would permit a more accurate analysis. However, even given these limitations, the research undertaken has yielded a number of interesting results.

The concept of career development differs between Western and Japanese culture. From a Western perspective, career development is about matching company needs with employee needs and encouraging the employee to take a more active role in his/her career development.

The word career development has been imported into the Japanese language, and, as a result, its meaning remains vague. In English, an implicit assumption of career is that employees have a certain degree of control over their destinies, that they are responsible for their careers, and can make distinctions about long term career goals. The interviews with Japanese employees indicated that in Japan there is little or no sense of individuals managing their own careers. Iwata’s (1986) research which examines how the Japanese concept of responsibility differs from the Western concept, concurs that in Japan there is little awareness of individual responsibility.

A feature in Japanese society over the last 100 years, has been the strong central government control over its citizens, with citizens having little say in how
the country is run. This control is reflected in the paternalistic management style of Japanese companies; a style in which employees are traditionally allowed little input or given little choice. As Japanese society changes and becomes less centralized, management styles are changing to reflect this decentralization and the effects are filtering down to the company and the employee. Japanese employees are now gradually being forced to think about their careers.

It would be a mistake to ignore the important role of the labor market in the career development shift. In post-World War II Japan, job changing between companies was rare and when it did occur it was often in a downward direction. This often occurred at a late stage in an employee's career and was decided by the company, without the employee's consent. Job changing in Japan is slowly on the rise, but it is still a limited phenomenon. Although more and more workers are considering changing employers, the advantages of changing in most industries are still minimal. Thus as a result of the inflexibility of the labor market, from a company perspective there is still little motivation to satisfying employee career choice needs.

The traditional Japanese management system has been beneficial for both management and employees. The majority of employees interviewed indicated that they were satisfied with the current management system and felt that increased individual choice was not necessary. The traditional system has satisfied most of the individual employee's needs. It has emphasized success of the individual's work group or company as a whole rather than success of the individual. 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. As the HR staff noted, in Japan, career refers more to who you work for and Japanese employees are not as concerned about careers to the same extent as North American business people.

From an organizational (HR) perspective, this system has allowed the control and flexibility necessary to deal effectively with employees in a rapidly growing company. The continued rapid economic growth of the Japanese economy from the 1950s until the late 1980s enabled companies to maintain these HR policies because as the economy grew so did the companies, and a company's human resource management strategy was heavily dependent on the company's overall economic performance. Management policies such as seniority-based promotion, lifetime employment and seniority-based wages were all strongly supported by this rapid economic growth of the Japanese economy as a whole. However, the current combination of economic, international, and social pressures are affecting the economy and are, therefore, challenging the appropriateness of this traditional management system.

Increased competition from newly industrialized countries, over investment in
production facilities during the 1980s, and market maturity for certain products has made it difficult for many Japanese manufacturing companies to continue their traditional strategy of increasing their yearly sales. This economic downturn is occurring not only in declining industries such as steel but also in the traditional growth industries such as electronics, computers, and automobiles. As noted by Nonaka (1988), Befu and Cernosia (1990), and Stern (1990), 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 lay-offs.

Clearly this current economic situation is having a significant effect on many company's HR policies. The seniority-based 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). 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.

This research has tried to examine the direction and principles upon which a new system will be based. Over the next five to ten years, Japan is expected to continue experiencing fundamental changes in the nature of work. These changes will present new challenges to both employees and companies alike, as new opportunities for growth are created, and create changes in the role HR plays in the development of careers. The challenge for both employees and companies will be to find new practices that meet the needs of a constantly changing work environment. Furthermore, as promotions become more difficult, companies will be looking for different ways to compensate, motivate, and satisfy employees in order to bring out their full potential. The career planning choice model can be a useful concept in dealing with current changes many companies are facing, and offers concrete alternatives that can develop employee potential and, therefore, benefit both the employee and the company.

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References


