Shifting Human Resource Practices in Japanese and Canadian Companies

Author(s)
FIRKOLA, Peter

Citation
ECONOMIC JOURNAL OF HOKKAIDO UNIVERSITY, 26: 45-70

Issue Date
1997

Doc URL
http://hdl.handle.net/2115/30551

Type
bulletin

File Information
26_P45-70.pdf
Shifting Human Resource Practices in Japanese and Canadian Companies*

Peter Firkola

Career development practices in fifteen large Japanese companies and eight large Canadian companies are examined as a means of forecasting possible future human resource trends. Based on interviews conducted in the summer of 1993, the data shows that a new career development paradigm has emerged in these companies. In this emerging career development paradigm, the emphasis is on employees being made more responsible for their own career development. Differences in the degree of implementation of the emerging career development paradigm are also found. The implications of these shifts in management practices in Japan and Canada are discussed.

1. Introduction

Since the late 1980s, due to a changing global economic environment and a domestic recession, Japanese companies have been forced to change their internal structures in order to remain competitive. The results have been downsizing and changes in the traditional relationship between companies and their employees. These companies are actively restructuring, to various degrees, their human resource (HR) policies.

This study identifies the direction in which human resource policies are moving and the career development practices that are emerging in Japanese companies by examining the impact this new environment has on career development practices in fifteen large Japanese companies. The research analyses how well the human resource (HR) departments of these companies are using career development practices to match the organizational needs of the company and the particular individual needs of its employees. The method of investigation used was in-depth interviews with HR staff in these companies.

Based on interviews conducted in the summer of 1993, the data reveals two themes which have emerged as a result of the current macro trends in Japan and Canada.

*The author is grateful to the Canadian Department of Foreign Affairs for their financial assistance. I would like to thank the companies and their employees that participated in this research for their time and cooperation, thus making this research possible. I would also like to thank Professor Yoneyama Kikuji, Dr. Wilson Alley and Beth McAuley for their valuable comments and assistance.
Canada are discussed. These findings provide useful guidelines for companies to create an environment supportive of career development which is beneficial to both the organization and its employees.

2. Career, Career Development, and Career Paths

The terms career, career development, and career paths have been used to refer to a variety of concepts. It is necessary, then, to clarify what these terms mean and how they are related.

In this paper a career is defined as a sequence of positions occupied by an individual during his/her lifetime. A career represents an individual's working life, which is a primary factor in determining an individual's overall quality of life. A feature of this definition is that career is looked at from an individual perspective. This definition is based on self-reliance and individualism, as well as the notion of self-responsibility. It is implicitly assumed that individuals have some degree of control over their destinies and that they can manipulate opportunities in order to maximize their satisfaction and success.

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 HR staff, is responsible for career management.

Career planning is a process of helping employees to set clear career objectives and developing activities to help them achieve these goals. This is a continuous process of preparing, implementing, and monitoring career plans which is undertaken by the individual alone or in concert with the organization's career system. Thus, career planning focuses on the individual developing and achieving his/her goals. Career planning implicitly assumes, however, that the individual is responsible for his/her career and that the individual can make decisions about his/her long-term goals.

Career management, however, refers to specific HR activities such as transfers, promotion, performance appraisal, counseling, and training. Effective career management programs focus on long-term results, take into account the diversity of people, and use methods other than the traditional classroom approach to training. To obtain the best results possible, the HR staff have to identify the needs and career goals of the individual employees and then plan appropriate career management activities.

The two separate but related processes of career planning and career management constitute organizational career development (Figure 1). The company and the employees are therefore partners in the career development process, that is, the employees are responsible for planning their own careers and the company
supports their endeavors. Companies, have three incentives for implementing effective career development practices: to help individuals improve their performance, to clarify options available within the company, and thus reduce uncertainty among employees, and to focus employee career plans within the companies that employ them thereby enhancing their commitment and loyalty (Hall 1986). Companies are thus able to develop employees from within, and reduce employee turnover.

Career paths are an important component of career development. Career paths can be formally defined as an objective description of sequential work experiences through which employees typically move. Career paths refer to the pattern of sequences and roles an employee moves through, usually related to work experience, during his/her working life. If career paths are not clearly defined, career development becomes difficult. Likewise, if career paths are defined but career planning is not encouraged, employee satisfaction is lower and this results in higher turnover and less commitment. This will also result in an individual having a career that he/she did not desire.

3. Career Development in Japanese Companies
3.1. Methodology

To date, the amount of research on career development in Japanese companies is limited. Most of this research focuses on the areas of career paths and promotion patterns and has taken a more quantitative approach. This study uses a qualitative method and focuses on career development as it relates to the generalized careers of employees from an HR perspective.

Based on a review of the research literature, a qualitative method of investigation was developed that used in-depth interviews to examine the career development practices in the Japanese companies in this study. The method drew on existing descriptions on how to generalize theory from qualitative data, particularly the writings of Yin (1988). This type of qualitative research is designed to generate new theory through the identification of emerging themes. Emerging
themes are the major trends that are identified from the analysis of the data.

A multiple case study of fifteen major Japanese companies was conducted. In particular, it focused on the career development practices the companies are now undertaking. The companies were selected based on their reputation as industry leaders. Table 1 identifies the companies studied, their sales and their number of employees.

The HR (jinji) departments of the selected companies were contacted by telephone. In about half of these companies, the initial introduction was made through business contacts. The remaining companies were contacted without any prior personal contacts. A meeting with the HR department was arranged and a general outline of this research's aim and methodology was mailed to them in advance of the meeting. All the companies contacted agreed to an initial meeting. At the first meeting with the HR department, the purpose, general outline, method, and details of this study were explained. The response in most companies was positive. Only one company (a construction company) refused to take part.

The main method of investigation was in-depth interviews with the HR staff of these companies. All of the interviews were carried out in the summer of 1993, except for the interviews with the two Electronics companies, which were carried out in 1994 and 1995. Eight of the interviews were conducted at the companies' head offices in Tokyo, four of the interviews were conducted at offices in Sapporo, two of the interviews were conducted at factories in Hokkaido, and one

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sales (million yen)</th>
<th>Number of Employees</th>
<th>Average Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel</td>
<td>2,629,398</td>
<td>53,049</td>
<td>42</td>
</tr>
<tr>
<td>Banking A</td>
<td>728,108</td>
<td>6,510</td>
<td>33</td>
</tr>
<tr>
<td>Banking B</td>
<td>251,856</td>
<td>3,367</td>
<td>32</td>
</tr>
<tr>
<td>Retail</td>
<td>994,620</td>
<td>19,681</td>
<td>NA</td>
</tr>
<tr>
<td>Automotive</td>
<td>2,911,044</td>
<td>31,561</td>
<td>35</td>
</tr>
<tr>
<td>Oil</td>
<td>2,067,035</td>
<td>9,700</td>
<td>NA</td>
</tr>
<tr>
<td>Trading</td>
<td>16,163,655</td>
<td>9,219</td>
<td>38</td>
</tr>
<tr>
<td>Electric Power</td>
<td>503,130</td>
<td>6,550</td>
<td>36</td>
</tr>
<tr>
<td>Chemical</td>
<td>98,412</td>
<td>1,116</td>
<td>36</td>
</tr>
<tr>
<td>Electronics A</td>
<td>408,341</td>
<td>8927</td>
<td>32</td>
</tr>
<tr>
<td>Electronics B</td>
<td>1,979,061</td>
<td>23,186</td>
<td>35</td>
</tr>
<tr>
<td>Electronics C</td>
<td>1,202,014</td>
<td>28,200</td>
<td>33</td>
</tr>
<tr>
<td>Food</td>
<td>589,924</td>
<td>6,094</td>
<td>39</td>
</tr>
<tr>
<td>Computer Service</td>
<td>21,869</td>
<td>944</td>
<td>32</td>
</tr>
<tr>
<td>Paper</td>
<td>475,887</td>
<td>6,091</td>
<td>40</td>
</tr>
</tbody>
</table>

Note. Sales and number of employees are based on figures for fiscal 1993. Sales and number of employees for electronics B and C are based on figures for the fiscal years 1994 and 1995, respectively. Data which was not available is listed as NA.
The process of analysis involved the following steps (see Figure 2): 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 table was analyzed to identify key trends. These key trends were then tabulated in a second table. Overall emerging themes were then identified.

From the analysis of this data, two themes emerged: there has been a shift in basic attitudes about career development, resulting in the emergence of a new career development paradigm, and differences in the degree of implementation of this emerging career development paradigm in these companies exist.

### 3.2. Emerging Career Development Paradigm

A number of changes have occurred in career development practices. Table 2 compares traditional career development practices with emerging career development practices. The results indicate that there is a significant difference in the traditional career development paradigm compared with the emerging career development paradigm in each of the four key career development areas: 1)
Table 2. Shifts in the Career Development Paradigm in Japan

<table>
<thead>
<tr>
<th>Area</th>
<th>Traditional Career Development Paradigm</th>
<th>Emerging Career Development Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training</td>
<td>• on-the-job training (OJT)</td>
<td>• standardized OJT</td>
</tr>
<tr>
<td></td>
<td>• quality varied</td>
<td>• more offJT</td>
</tr>
<tr>
<td></td>
<td>• unclear goals</td>
<td>• tied to company goals</td>
</tr>
<tr>
<td>Promotion</td>
<td>• seniority based</td>
<td>• clear, open, goal-based ability system</td>
</tr>
<tr>
<td></td>
<td>• unclear ability criteria</td>
<td>• partly seniority-based</td>
</tr>
<tr>
<td>Transfers</td>
<td>• little or no choice</td>
<td>• employee input</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• job posting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• skills development</td>
</tr>
<tr>
<td>Career Planning</td>
<td>• little or no choice</td>
<td>• employee initiative</td>
</tr>
<tr>
<td></td>
<td>• ineffective jikoshinkoku</td>
<td>• effective jikoshinkoku</td>
</tr>
<tr>
<td></td>
<td>• superior's opinion</td>
<td>• bypass superior</td>
</tr>
<tr>
<td></td>
<td>• unclear goals</td>
<td>• clearer individual goals</td>
</tr>
</tbody>
</table>

training, 2) promotion, 3) transfers, and 4) career planning.

3.2.1. Training

The HR staff of the companies interviewed regarded on-the-job training (OJT) as the most important training method and felt that employees should do most of their training at the place where they spend most of their time. Although OJT has been regarded as successful and a key part of training for most Japanese companies during their rapid growth period, there were many concerns expressed by all of the HR staff. As most OJT was left to the discretion of the supervisor, the quality of training varied greatly, depending on the desire and ability of each supervisor. As a result, there was a lack of standardization and a variation in the quality of training.

In many cases, however, OJT actually meant learning while doing the job. In these cases, goals were not clearly established and the method of instruction was not clearly set out. Therefore, the quality of training often depended on the quality of the supervisor. The HR manager of Electronics B commented that OJT has become an excuse for not doing effective off-the-job training (offJT): “In the 1970s and 1980s there was no time to systematically train employees off the job, so employees learned while doing the job. Now, however, it is becoming necessary to specify what OJT means and what specific offJT is required for each job.”

As the HR staff of Electronics B and the Computer Service company mentioned, they are struggling with the issue of how to standardize training for the employees. This involves the issue of how to train supervisors to train their subordinates. One way to standardize training is for the HR department to pro-
vide more documentation. The HR manager of Bank A explained that his HR department has developed an OJT manual that instructs employees on certain skills. The manual is composed of two sections: instructional training for job skills, and training to develop management and conceptual skills. He noted that some companies, however, have gone to the extreme and have tried to present most of their training, especially for new employees, through manuals only.

Tying training to the company's overall corporate strategy was also identified as an important method. The HR manager of Electronics C explained that his company tries to tie individual training goals to section goals and overall company goals because, in the long term, training will not be effective if individual training needs and overall company staffing needs do not match. Some companies now separate training or education from other HR functions, but the Electronics A manager thought this was a mistake, since it makes it more difficult to match company and individual needs.

3.2.2. Promotion

The HR staff of the fifteen Japanese companies interviewed discussed how they were trying to shift towards a more ability-based promotion system based on performance evaluation. The implementation of this policy varies from company to company.

A major component in implementing the ability-based promotion system is the concept of goal-based work, using self-evaluation and evaluation by a superior. In order to achieve this, companies have to clarify what an employee's specific responsibilities are in order for that employee to achieve those goals. Follow-up evaluation on a regular basis will be necessary to examine whether an employee meets goals and qualifies for promotion. Clarification of responsibilities is even more important in group or project work. The HR staff of the Automotive company suggested that work will need to be more clearly divided so that an employee's work can be better evaluated. A major concern of the HR staff at Electronics B in shifting to an ability-based system was how to make information regarding promotion decisions more open and accessible to employees.

The HR staff of Electronics B pointed out that since each job is different, it is often difficult to standardize the evaluation of each employee's work. In some departments, projects may take a few years, making it difficult to set goals and conduct short-term evaluations. The Chemical HR manager noted that since there are no job descriptions, talented employees often do the majority of work in a group project. In his company, salary is based on seniority and general ability, and bonus is tied to performance. The Automotive Company HR manager noted that to have a promotion system based on ability, a company needs a
clear evaluation system. The Chemical HR manager noted that his company's evaluation is from a variety of workers, not just superiors, which broadens the scope of the evaluation.

The HR manager of the Trading Company was somewhat skeptical about these changes. He noted that such a complete overhaul of the system from seniority-based to ability-based would cause a great degree of turmoil in the company. He also questioned whether switching to an ability-based performance evaluation would make promotion systems even more subjective. The Food Company HR manager commented that promoting younger workers more rapidly has often lead to friction with their older subordinates. One method that most of these companies have traditionally used to avoid this friction has been to use a scale for wage calculation that is directly tied to seniority, so although the younger worker is promoted, his wage does not surpass that of the older subordinate.

In reality, however, in most companies, for the first ten to fifteen years of an employee's work life, promotion is directly tied to seniority. The HR staff at the Food, Oil, and Paper companies all mentioned that in their companies seniority still plays a role in the lower-level positions, yet in the higher level positions, seniority had less impact.

It is also becoming more difficult to promote middle management employees. To overcome this, the Paper company promotes its employees to managerial positions without subordinates. The HR manager of the Automotive Company pointed out that his company has experienced problems at the middle management level. Because the company's organizational structure has created a bulge of middle managers, the company was forced to rethink its promotion system and, in future, may have to lay off workers, rather than promote them, to cut costs. The Electric Power and Steel HR staff explained that their companies deal with the middle management bulge through secondment. An exception to this can be found in the electronics industry where the distribution of employees of all ages throughout the company retains a pyramid structure, therefore avoiding the middle management bulge problem.

3. 2. 3. Transfers

Although some effort is made to match employee and company needs, the reality in all the companies is that transfers depend on that particular company's business needs, and these needs, therefore, supersede an employee's needs and choice.

However, many of these companies (Electronics, Banks, Retail, Computer Service, Chemical) are now giving employees more input into their transfers and provide them with a wide selection of jobs from which to choose. For example,
at Electronics B, a career development rotation program is used in which employees are encouraged to develop three types of skills in the first ten years of work. This broadens their perspective and strengthens their skills. At the end of this ten-year training, they are allowed to choose an area of work which they think best suits them and which will benefit the company. Electronics C is now using secondment to transfer some of its younger, talented employees to an affiliated company, which broadens the employee’s perspective.

Other companies are also allowing for more input into future transfers. For example, the Chemical Company allows employees the choice of remaining in their hometown or working in other cities. The Retail company allows employees a choice of department upon entering the company, which they can choose to change at a later time. And the Food company started a career interview system that asks employees where they want to transfer and if they are happy with their work situation in the company.

The main way to allow employees more input is to tie transfers with data received from the *jikoshinkoku* (self-evaluation form). In the Electronics A Company, a committee of senior managers has been established to plan transfers. At these meetings, employees’ desires, which are expressed in their *jikoshinkoku*, are acknowledged and an effort is made to accommodate the employees’ wishes. The HR manager pointed out that the starting point for transfers is the employees desire to be transferred.

At the Computer Service Company, *jikoshinkoku* allows employees the choice to remain in their hometown area without affecting their chances of promotion. This means it is no longer necessary to be working in Tokyo or the head office in order to be promoted more quickly. The HR manager noted that the employees’ desire to work in their hometown is increasing, more so than the requests to work in specific functional areas of the company. When the opportunity arises, these employees who have made requests are transferred to their hometown.

In a number of these companies, another way of making transfer information more accessible is through the internal job posting system, which allows employees to apply for jobs in other sections of a company. Only the individual employee and the HR staff know about this; the individual employee’s superior is not informed of this. It is hoped that by bypassing the superior, an employee will find it easier to express his true wishes with regard to a transfer.

The HR staff of the Food company commented that employees often encounter problems when they try to transfer. It is often difficult to satisfy supervisors in both of the sections involved in the employee transfer, since supervisors do not want to transfer their talented employees. If a manager refuses the transfer request of a talented employee, that employee’s career may suffer. If an employee remains in the same position for too long, he is labeled and finds it
3.2.4. Career Planning

It has been traditional in most companies to place little emphasis on career planning. All of the HR staff interviewed noted that they plan to give employees more choice in their future work assignments. However, the degree to which these plans will actually be put into practice is unclear. The HR staff of the Electronics companies and the Banks pointed out that their companies are attempting to increase the effectiveness of their jikoshinkoku system by bypassing the superior in this process and sending the forms directly to the HR department. This may achieve more candid comments from the employees and allow them greater input into their career choices.

The HR staff of Bank B noted that an employee's initiative is considered to play a key role in the application of jikoshinkoku. The majority of companies in this study are now offering a greater number of internal and external study programs to encourage employees to work toward degrees from universities and other educational institutions. Since most of these costs are borne by the individual employee, it is necessary for the employee to have the initiative to apply for and complete the course. The HR staff of Electronics B suggested that if an employee actively pursues skills in a certain area, the company is more likely to grant his request for transfer. It is therefore important that the company provide information to the employee about what future skills are necessary and which opportunities exist to develop these skills. The HR manager at Electronics A also noted that a merit system that allowed for mistakes encourages employees to take initiative.

At the Electronics A company, employees must think for themselves and take charge of their own careers since the company does not give much guidance or information. The HR manager of Electronics A noted, that traditionally in many companies employees were overly influenced by their superior's opinion when it came to career issues. Currently, his company promotes career planning in two ways: it uses the internal job posting system, especially for new divisions, and it relies on the jikoshinkoku to find out where an employee may want to work next. Employees who express these desires are put on a priority list.

Another component of career planning is setting goals. The HR manager of Bank A emphasized the importance of establishing clear goals for employees, and following up to see if these goals had been obtained. However, he stated that the extra work of helping employees set goals and then evaluating them was troublesome. Electronics C Company tries to overcome this by making it clear to managerial staff that helping employees to set goals is one of their most important jobs. The HR manager of Bank B commented that the reality is,
however, that managerial staff give higher priority to their own work and to achieving group goals, so that their employees' goals are often overlooked.

3.3. Differences in Degree of Implementation of the Emerging Career Development Paradigm

The responses of the HR staff from the fifteen companies were compared. Because these particular data were based on interviews from HR staff working within an organizational perspective, the analysis was carried out from a more general, subjective perspective. The degree of implementation of the emerging career development paradigm in the fifteen companies was used as the basis for comparison.

On the vertical axis of Figure 3, the degree of implementation of the emerging career development paradigm is measured from high to low. The horizontal axis describes the type of industry, with the far right being the more non traditional/high tech/service industries, and the far left being the older, more traditional, one product type of industries. The companies interviewed and their degree of implementation are represented by three main clusters.

![Figure 3. Degree of Implementation of Emerging Career Development Paradigm](image)

The first cluster is composed of the Steel, Oil, Paper, and Electric Power companies. These companies still use a traditional style of management and offer minimal career related information, limited and ineffective employee input, and no career-related feedback. Their HR systems were extremely paternalistic and the HR staff believed in the philosophy “we know what's best for our employees.”

The second cluster is composed of companies which are actively trying to
adapt their management style to the changing times, but have not yet fully im-
plemented these systems or put them into practice. Companies in this cluster
include the Banks, the Automotive, Retail, Food, Chemical, Trading and Com-
puter Service companies. Their HR systems are traditionally paternalistic, yet
changes are being planned or gradually implemented to offer employees greater
choice through greater employee input and increasing employee access to career-
related information.

The third cluster is composed of the Electronic companies which are putting
these emerging career development practices in place. The HR systems in these
companies are less paternalistic and the staff believe in a philosophy that encour-
ages greater employee choice. They are allowing a certain degree of employee
choice and giving employees greater access to career-related information. These
companies are more active in encouraging career planning because they have a
greater need to retain talented employees with specialized skills.

In summary, the results of this cross-company comparison indicate that it
may be difficult to implement the emerging career development practices in a
Japanese company with a traditional management system, as the traditional sys-
tem does not encourage employee initiated career planning. At the Paper Com-
pany, for example, the basic premise is still that the employee will be in the
company for life, thus there is no urgent need from the company’s perspective to
change career development practices. The results of these interviews, however,
indicate that there has clearly been a shift in career development attitudes and
expectations in the majority of the companies interviewed in this study. While
these companies do actually offer practices that mirror parts of the emerging
career development paradigm, they are not implementing these practices to any
great extent. As the HR manager of the Trading Company noted, in successful
traditional companies, top management does not feel any sense of urgency to
implement these changes. Clearly, the more technologically advanced and
diversified companies seem to provide the most career planning. The trend of
these companies is toward more individual choice for their workers, but this is
also occurring at a slow pace.

4. Career Development in Canadian Companies

Many of the problems Japanese companies are currently facing —low
demand, increased international competition, and rapidly changing technology—are problems that Canadian companies have had to face and deal with since the
1980s. Analyzing how Canadian companies have dealt with these problems may
provide an idea of the possible trends in and solutions for Japanese companies.

From the end of World War II until the early 1980s, Canadian companies
enjoyed a sustained period of growth. By the mid-1980s, however, an economic
recession, rapidly changing technology, and increased international competition forced Canadian companies to change their internal structure in order to remain competitive. For many large companies, these factors led to downsizing, which resulted in a reduction in the number of management levels, a decrease in the number of full-time employees, and an increase in the number of part-time workers. This downsizing occurred at a time when Canada’s baby boomers were reaching middle-management levels, resulting in increasing the number of people competing for a decreasing number of promotion opportunities. Despite these changes, many employees in these companies are still acting under old assumptions about their futures in the company and, therefore, have become frustrated by these changes.

This section examines the impact of this new environment on career development practices in eight Canadian firms in a variety of industries (see Table 3). Field research was carried out to examine how career development practices have changed as economic conditions have changed. These companies were not selected at random, but rather, were selected because of their reputation for innovativeness. The initial introduction to the companies was made through the interviewer’s business contacts. The methodology, which is the same as the one used in the Japanese study, examined career development from an HR department viewpoint through in-depth interviews. All of the interviews were conducted in the summer of 1993. Seven of the interviews were conducted at the companies’ head offices in Toronto and one of the interviews was conducted at a factory just outside of Toronto.

In the analysis of the Canadian data, three themes emerged, two of which are identical to the Japanese companies: there has been a shift in basic attitudes about career development, resulting in the emergence of a new career development paradigm; three key impediments to implementing this new paradigm exist; and differences in the degree of implementation of the emerging career

Table 3. Outline of the Eight Canadian Companies

<table>
<thead>
<tr>
<th>Industry</th>
<th>Sales (million Canadian $)</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>8420</td>
<td>29855</td>
</tr>
<tr>
<td>Construction</td>
<td>892</td>
<td>2500</td>
</tr>
<tr>
<td>Electric Power</td>
<td>6000</td>
<td>28000</td>
</tr>
<tr>
<td>Automotive Parts</td>
<td>5157</td>
<td>46800</td>
</tr>
<tr>
<td>Oil A</td>
<td>10100</td>
<td>10152</td>
</tr>
<tr>
<td>Oil B</td>
<td>4700</td>
<td>8200</td>
</tr>
<tr>
<td>Electronics A</td>
<td>407</td>
<td>1300</td>
</tr>
<tr>
<td>Electronics B</td>
<td>1100</td>
<td>4800</td>
</tr>
</tbody>
</table>

Note. Sales and number of employees are based on figures for fiscal 1993. As the automotive parts company is a US subsidiary, sales and number of employees figures are US and Canada totals.
development paradigm in the companies exist.

4.1. Emerging Career Development Paradigm in Canadian Companies

There are a number of changes that have occurred as a result of the shift in the career development paradigm (see Table 4). These changes have occurred in the three key career areas of 1) career planning, 2) promotion and career paths, and 3) training.

4.1.1. Career Planning

According to the HR staff at Oil B, the Construction company, and the Bank, up until the mid-1980s, career planning was a very paternalistic system. The companies themselves were responsible for planning their employees' careers and where they would move within the company. Likewise, it was assumed by individual employees that the company would look after his/her career.

Traditionally, each employee's direct manager and HR supervisor would play the major role in planning the employee's career movements within the organization. The HR supervisor would determine where the employee would best benefit the company and decide what training would be provided. Career planning was informal and an employee would casually discuss career possibilities with his/her boss. Career paths motivated employees by providing them with a variety of career options.

However, in the late 1980s, during the recession and the accompanying lay-offs and downsizing, companies believed it was hypocritical to promote career development of some employees while laying off others. Attitudes about career development began to change rapidly. In general, these companies started taking more of a laissez-faire attitude toward career development and began to leave it up to their employees to take a more active role. The HR staff of Electronics A noted that now an employee is responsible for 70% and the company for 30% of the employee's career development, and the primary role of HR staff in developing a career planning program is to make employees aware of their options.

<table>
<thead>
<tr>
<th>Table 4. Shifts in the Career Development Paradigm in Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
</tr>
<tr>
<td>---------------------------------------</td>
</tr>
<tr>
<td>Career Planning</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Promotion and Career Paths</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Training</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
All eight managers interviewed said that they now encourage employees to take a more active role in their career development and that they now expect employees to be more responsible for their careers. The HR manager of Electronics B pointed out that his company now makes it clear to employees that the employees are their own career manager and their careers will be based on what they do to improve themselves. In particular this means taking responsibility to fill any gaps between an employee’s current level of ability and what ability and skills are needed for higher level positions. This often means that employees have to work on their own development and on their own action plans for carrying out their career development.

To assist employees in their endeavors, companies such as Electronics A and B, Oil B, and the Bank are now providing their employees with a portfolio in which they can keep track of their own careers and their training experience to help them focus on those abilities they have to develop for future advancement. This is one example of how companies are now predominantly playing a support role in individual career development. Assistance is also provided to employees by giving them information that facilitates their career development, educational opportunities, and reality testing.

Reality testing is used by the Oil B, Electronics A and B companies to help employees set and keep realistic goals and properly assesses their current ability. The test combines a self-evaluation and a manager evaluation, allowing managers to give feedback to employees about their skills and training development. Manuals also help employees identify their goals and where they should work within the company to achieve these.

4.1.2. Promotion and Career Paths

Change is also occurring in career paths and promotion patterns. Traditionally, career paths meant promotion within a functional area, that is, vertical movement within a company which allowed the employee to move up another level every few years. These career paths emphasized upward mobility within a single occupation or functional area of work. The HR staff at Oil B and the Bank noted that in their companies during the boom in the early 1980s, many employees were promoted once every two years.

Traditionally, the focus of career paths was on how to be promoted within the same functional area. So an employee’s focus was on the next job. Career paths provided a vital link between an individual’s own career planning and the company’s actual talent requirement. These clear career paths informed employees about their career opportunities and helped employees set realistic objectives and plan practical steps in career development.

The HR manager at Electronics A commented that nowadays, most com-
panies are not using the term career paths as there are no career paths or ladders. He added that the terms “career plateaus” and “career puzzles” have replaced the term career paths. Career plateau means that companies are flattening out and there are fewer opportunities to move up. At the Oil A and B companies and the Bank, many employees are now finding that they are staying in one position longer, and when movement does occur, it is more of a horizontal as opposed to a vertical move. As a result, many employees have been forced to adjust their expectations when planning their careers.

The term career puzzle means that there is little in the way of structured direction and often individuals are moved cross-functionally across functional areas of specialty in order to develop skills in more than one functional area. The HR staff at Electronics A and B suggested that horizontal movement is becoming more common and is being encouraged in order for employees to develop new skills that are necessary for the employee’s long term career development.

4.1.3. Training

There has also been a major change in attitudes toward training. Traditionally, off-the-job training focused on developing a functional specialty in one particular area. It was seen to be very separate from career development and focused more on short-term experience and classroom training; often there was an inadequate transfer of skills to the workplace.

The HR staff at Electronics A and B, Oil B, Automotive, and the Bank all commented that employee training is now seen as lifelong learning or continuous improvement in order to keep employees up to date on technological development and to keep the company technologically competitive. There is also greater emphasis placed on developing multiple skills. Employee expertise in a number of functional areas will guarantee success within the company.

The HR staff at Electronics B also suggested that there has been more of a focus on on-the-job development. This may take the form of coaching or receiving advice from peers and technical experts within the company, opportunities to try new activities in a guided way, opportunities to take on challenging assignments, and on-the-job training provided by managers and co-workers. The HR manager of Electronics A noted that his company considers training and development to consist of three stages, getting into a new job and keeping it, developing a high level of performance in that position, and developing the necessary skills to move on.

4.2. Impediments to Implementing Emerging Career Development Paradigm

The shift to this emerging paradigm requires changes in the policy and pro-
grams of a company's HR department and cooperation from management and employees. The research reveals that there are three impediments to the successful implementation of the emerging career development paradigm: lack of senior management vision, employee resistance, and lack of middle-management support.

It is important for senior management to recognize the need for an overall goal or vision relating to career development. These goals are for the company's survival and economic benefit. They will help maintain highly talented staff, especially in the high tech industries where there are fewer numbers of such staff and where the cost of turnover is very high. Often senior management does not believe in these policies but rather will use them whenever it is convenient to do so. These type of companies often use career development for window dressing only, that is, as a public relations activity.

It is also important to develop employee's awareness of the coming change and to earn their support. Implementation of these new career development practices is often treated with suspicion because it shifts the burden of career development onto employees who have traditionally left it up to the companies. This leads to frustration and resistance among employees. The HR staff of Oil B noted that many employees assume that these changes are only temporary and that things will return to the way they were before. Therefore, proper groundwork to develop employees' awareness as to why these programs are necessary is very important before any formal activities are carried out.

In addition, employees may see these career development and career planning activities as downsizing tools. Promoting career development for some employees while making other employees redundant, may be perceived as hypocritical. The HR staff of the Bank cautioned that companies must therefore be very careful with the timing of downsizing and career development. If both are implemented at the same time, they may be perceived as being synonymous.

Although changes are being made in many companies, the lack of middle-management support is the most common problem in establishing new career development practices. The practices would require them to do more evaluation of employees and to pass this information on more frequently to the HR department, resulting in more work for a group of employees who are often already the busiest members of their company. Furthermore, by passing this information to the HR staff, this may decrease the importance of their managerial positions in the eyes of their subordinates. The HR manager of Oil A suggested that middle management may be hesitant to give up this subtle control they have over their subordinates.
4.3. Differences in Degree of Implementation of the Emerging Career Development Paradigm

Based on the interviews, it is clear that some companies have been more successful in the implementation of the emerging career development paradigm than others. The degree of implementation of the emerging career development paradigm among the eight companies was used as the basis for comparison. On the vertical axis of **Figure 4**, the degree of implementation of the emerging career development paradigm is measured from high to low. The horizontal axis describes the type of industry, with the far right being the more non-traditional, high tech/service/innovative industries, and the far left being the older, more traditional, one product type of industries. The companies interviewed and their degree of implementation are represented by three main clusters.

**Figure 4. Degree of Implementation of Emerging Career Development Paradigm in Canadian Companies**

The first cluster is composed of Oil A, the Construction, and the Electric Power companies. In these companies, the emerging career development paradigm is still in the infant stage. These companies are going through major restructuring and the focus is not on career development, but rather on maintaining existing jobs. The HR systems in these companies remain extremely paternalistic. The difference in the Oil companies may be explained by the fact that Oil A is a former crown corporation and the basic structure of the organization is quite bureaucratic and traditional. Oil B, on the other hand, is an affiliate of a major American oil company and uses many of the American company's HR systems.

The second cluster is composed of companies which are actively trying to adapt their management practices to the changing times, but have not yet fully
implemented the emerging career development paradigm. Companies in this cluster included the Banking, Oil B and the Automotive Parts companies. The HR systems in these companies are traditionally paternalistic but are undergoing changes to increase employee choice. These companies are just starting to develop and fully implement the emerging career development paradigm. It is still unclear in these companies how well accepted and how effective these practices will be.

The third cluster is composed of companies which are successfully putting the emerging career development paradigm into practice. The companies in this cluster are the Electronics companies which are the leaders in developing successful career development practices. In these companies there is a greater necessity to maintain and train talented individuals with specialized skills. Furthermore, as these industries are more knowledge based, it is necessary to keep talented employees. With business still growing in this industry, these companies still have the luxury of supporting these type of practices.

In summary, the results of these interviews indicate that there has clearly been a shift in the career development paradigm in Canadian companies which places the responsibility for career development on the employees. This new environment requires employees to develop multiple skills and to take greater responsibility for their own careers. Impediments to the implementation of this emerging career development paradigm have included a lack of senior management vision, employee resistance, and lack of middle management support. Differences in the degree of implementation of the emerging career development paradigm in various companies were also identified. It was also found that electronics companies are the leaders in implementing these emerging career development practices.

5. Discussion

The current combination of economic, international, and social pressures are challenging the appropriateness of traditional career development practices in large Japanese companies. These pressures are already causing many companies to make changes to their management system that encourage employees to take more responsibility. The HR staff in many of the Japanese companies suggested that they are actively trying to increase the amount of choice that individual employees have with respect to their career plans; for example, the retail store now allows new recruits to choose the department they would like to work in. Electronic A's self-evaluation form and internal job posting system now bypasses the superior review stage and goes directly to the HR staff to encourage employees to be more open about their career aspirations.

If Canadian career development trends are used as an indicator, then future
Japanese career development trends will include increased employee responsibility, and employees who expect companies to look after them will be faced with frustration and anxiety. An implicit assumption of the emerging career development paradigm 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 results of the interviews conducted in Canadian companies indicate that the emphasis is now on employees taking individual responsibility for their careers.

Many of the HR staff indicated that traditionally in Japan there is little or no sense of employees taking responsibility for their own careers. Thus many of the HR staff interviewed raised this point of whether these emerging career development practices and career planning practices, in particular, would be effective in Japanese companies. The Trading Company manager noted that 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. He also noted that, 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 employees.

Iwata's (1982) research, which examines how the Japanese concept of responsibility differs from the Western concept, concurs that traditionally in Japan there is little awareness of individual career responsibility. A feature in Japanese society over the last one hundred years, has been the strong central government control over its citizens, with citizens having few individual rights and little say in how the country was run. This control is reflected in the paternalistic management style of Japanese companies; a style in which employees were 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 employees. This decentralization will force Japanese employees to take more responsibility for their careers.

It would also be a mistake to ignore the important role of the labor market in the career development paradigm 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. As a result of this inflexibility in the labor market, traditionally from a company perspective, there was little worry about talented employees leaving the company. In Canada where job changing is more frequent and accepted, career development practices are often used as a means to prevent talented employees from leaving the company. Job changing in Japan is slowly on the rise, but it is still a limited phenomenon. As more workers consider changing employers, and as job changing becomes more accepted, Japanese com-
panies will be forced to adapt their management practices to prevent talented employees from leaving the company. It is important to recognize that changing labor market conditions in Japan will affect this awareness of individual career responsibility.

Informing employees that they must take more responsibility for their careers without a supportive company environment can only lead to confusion, frustration and resentment. Especially in Japan where there has traditionally been little awareness of individual career responsibility. From an organizational perspective, three major issues need to be addressed with regard to creating a more supportive company environment for individual career responsibility in Japan: the lack of clear HR guidelines, the emphasis on loyalty, and the emphasis on developing generalists.

The first issue is the traditional lack of clarity or fuzziness which is built into this management system. The traditional Japanese HR system has been paternalistic and has provided minimal information required to understand one's career options. Examples of this include the lack of clear job delegation, unclear promotion requirements, and lack of feedback regarding performance evaluation and self-evaluation system. Without clearer HR guidelines, career planning activities will be meaningless and only lead to frustration since employees won't have a clear idea as to what prospects there are, or what to do to achieve their goals.

The second issue is the traditional emphasis placed on loyalty or conformity. Under the traditional system of management, an implicit understanding was that loyalty to one's group and in particular one's superior was a key factor for success. The performance appraisal in all companies includes a section which evaluates personality factors such as employee behavior. This also gives the employee's superior a great deal of control over his employees. Therefore it is important to establish clear, measurable, individual performance related guidelines in order to effectively encourage individual career responsibility.

The third issue is the traditional emphasis of generalists in the work force. The results indicate that the balance between generalist and specialist employees in Japanese companies is already shifting. In this shift, companies are moving from more of a generalist to a specialist focus and putting more emphasis on white collar productivity and individual creativity. Clear, measurable, individual performance guidelines will become more important as there is a growing trend towards specialization of the work force in Japan.

6. Conclusion

This paper has looked at career development practices from an HR level and has tried to examine the direction and principles upon which new career develop-
ment trends will be based. The results of these interviews indicate that there has clearly been a shift in the career development paradigm in both Japanese and Canadian companies and a gradual movement towards making individuals responsible for their own career development. This new environment will force employees to take more responsibility for planning their own careers, even though in Japan, traditionally, there has been little awareness of individual career responsibility.

These changes will present new challenges to both employees, who must adjust to these new responsibilities, and companies, which must create a supportive environment and change the role it plays in employees' 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. Informing employees that they must take more responsibility for their careers without a supportive company environment and a lack of employee awareness of individual career responsibility, however, will only lead to employee confusion, frustration, and resentment.

This paper documents current shifts taking place in the late 20th century highlighted by the intense change in management practices. It discusses the impact these shifts are having on employers and employees, specifically the shifting of responsibility for an employees' career from the employer to the employee.

Figure 5  Future Career Development Trends in Japan

<table>
<thead>
<tr>
<th>Protected Employee</th>
<th>Responsible Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Japanese Management System</td>
<td>Emerging Management System</td>
</tr>
<tr>
<td>Paternalistic</td>
<td>Employee is Aware and Responsible</td>
</tr>
<tr>
<td>Career Responsibility-Employer</td>
<td>Career Responsibility-Employee</td>
</tr>
<tr>
<td>Career Management Focused</td>
<td>Career Planning Emphasized</td>
</tr>
<tr>
<td>Fuzzy HR System</td>
<td>Open and Clear HR System</td>
</tr>
<tr>
<td>Group/Company Focused</td>
<td>Specialty Focused</td>
</tr>
<tr>
<td>Predominantly Seniority Based System</td>
<td>Clear, Goal Based Ability System</td>
</tr>
<tr>
<td>Internal Labor Market</td>
<td>Greater Job Changing Options</td>
</tr>
<tr>
<td>Tradeoff-Job Security&amp;Loyalty</td>
<td>Tradeoff-Less Job Security/ Greater Career Choices</td>
</tr>
<tr>
<td>Satisfied&amp;Secure in 70 s and 80 s</td>
<td>Potential for Employee Confusion/ Anxiety</td>
</tr>
</tbody>
</table>
The shift from "protected employee" to "responsible employee" (Figure 5) is placing new responsibilities on employees to take charge of their careers, and may also lead to confusion, anxiety, and uncertainty for employees who have never done this before. This shift is also releasing employers from their responsibilities to guarantee long-term employment to their employees. These trends which are firmly in place will have a major influence on the work world of the early 21st century.

Assistant Professor of Management, Hokkaido University

References