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Career Planning Trends in Japanese Companies

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This paper provides an overview of career planning trends in Japanese companies. Research on career development in Japan is first reviewed. Career planning practices in Japanese companies are examined. Factors influencing career planning choice are then discussed. It was found that there appears to be a change occurring in the career planning practices, specifically the shifting of responsibility for an employees' career from the employer to the employee.

JEL Classification Numbers: M12, M54

Key Words: Japanese Management, Human Resources, Career Development, Career Planning

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 encouraging career development practices, in particular career planning, into the human resource systems of Japanese companies. By examining career development in detail, a much clearer picture of the degree to which a company matches its needs to employee needs can be obtained. Ideally, by encouraging career planning, 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 planning practices in large

Japanese companies. The research in this paper differs from other research to date in that it examines career planning from both the organizational and the individual level. It also differs in its methodology, which is based on in-depth interviews, as opposed to quantitative research, which provides a more individual perspective.

Key factors influencing career planning choice emerged in the analysis of the data. These results indicate that it may be difficult to implement fully functioning career planning 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

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 factors 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 executive 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 (1988) 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 autocratic 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 managers were interviewed using a structured questionnaire. Although no major cultural variation was found, there was an absence of career paths and a low level of formal training in the Japanese companies examined.

Most research relating to career development in Japan focuses on the area of promotion patterns. Research to date also indicates 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. Career Planning Activities

Based on a review of the researcher's interview data with numerous Japanese companies, it was found that 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 employees 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. A few employees, on the other hand, indicated that the *jikoshinkoku* system worked very well for them. They mentioned that it had been very effective and that they

received most of their requests. It seemed that for a few of the elite managers, the *jikoshinkoku* system was effective.

One employee 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. Another employee 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. Another employee 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 high school graduates. Many of the managers indicated that they would eventually like to return to a division that they had previously worked for before. Some employees also 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.

Overall, the results indicate that the HR system is paternalistic and does not encourage employee initiated career development activities. Responses clearly indicate that most of the employees have little or no awareness of what career development is. Even after explaining it to them, most seemed to have a difficult time understanding the need for it. One employee responded that he thought career development programs would not have any meaning in Japanese companies because of the nature of Japanese companies and the large influence the group has on a company. Another employee also mentioned that companies would not be motivated to develop career development programs because there is not much job changing. He 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 trans-

ferred. 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 clerks' limited educational background seems 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, one significant difference was noted. 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 *tatemaе*. *Tatemaе* 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 than 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 *tatemaе*, the employees' responses are much closer to the *honne*, or actual working conditions.

4. Factors Influencing Career Planning Choice

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. Factors influencing career planning emerged in the analysis of the data. The five factors that influence career planning choice are:

- (1) The extent to which the HR system encourages career planning activities.
- (2) The balance between individual and group goals.
- (3) The employee's access to information.
- (4) The chances for career planning input by the employee.
- (5) The amount of feedback received by employee.

- (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.

The results of the interviews with the HR staff and the employees clearly indicate that formal career planning activities were limited to the self-evaluation form. 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 is a non-integrated system. It was found 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 the 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.

Career planning choice also 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, 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. One employee noted, "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 have the opportunity to convey their career aspirations to the company in more concrete terms. Even if employees did indicate that they have had some individual goal or ambition, 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.

(5) 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.

5. Summary of Career Planning Choice

The employee interviews indicate that individual employees 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.

It was also found 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. The perceived importance of *gentenshugi* demonstrates an emphasis on conservative work attitudes. 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 provide input about career 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. Conclusion

This paper has looked at career planning practices from an individual employee and HR level and has tried to examine the direction and principles upon which new career planning trends will be based. The results of these interviews indicate that there has been a slight shift in the career planning paradigm in Japanese 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.

There appears to be a change of attitude occurring in the career planning practices of large Japanese companies, specifically the shifting of responsibility for an employees' career from the employer to the employee. The shift from "protected employee" to "responsible employee" 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 in Japan.

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