

In-house Training—The Necessity of Continuing Education

The Shake-up of Japanese-style Management

By Sachiko Yamato

White-collar shock

Despite the continued decline of the economy, many companies have yet to make employment adjustments. Currently, there are 1 million redundant employees employed by Japanese companies.

As the downward movement in the economy continues and as enterprise earnings decrease, white-collar workers have found themselves in a situation where they are being transferred in-company or temporarily moved to another office. This employment adjustment is taking place mainly at major enterprises with the main target being middle management department and section chiefs.

Since last fall, major corporations representing Japanese industry have announced apportionment of managers one after another. Sanyo Electric Ltd., Co., a household electronic goods manufacturer, for example, announced that it will gather its redundant managers together to start a new business.

Many of the big corporations, faced with excessive staff, are in the process of reforming their management and organization systems. Yet, at this stage, their attempts are only at the level of trimming costs and expenses. Such are but stop-gap measures that will not get to the root of the problem.

Among these companies, measures taken by TDK Corp. and Pioneer Electronic Corp. have shocked the entire Japanese business community. TDK, a leading video and magnetic tape manufacturer, asked some of its managers age 50 and older to stay home until the retirement age of 60. The company has even incorporated this practice into its employment system. Pioneer, an audio-equipment maker, on the other hand, had 35 of its 330 managers over 50 years of age take an early retirement. Essentially this amounts to firing by another name. Meanwhile, Clarion Co., Ltd. (an acoustic equipment manufacturer), has also made clear its plans to eliminate 300 managers by March.

"White-collar shock" is having an impact in all arenas. Those who have actually been given the ax remain in the

minority, yet there is little doubt that lifetime employment, a pillar of Japanese-style business management, is undergoing an earth-shaking change.

What are Japanese-style personnel systems?

Japanese enterprises, which have been successful in the international market, operate with a management system best described as "Japanese-style management." Though there is no clear definition of the term, Japanese-style management puts an emphasis on "people" rather than on the corporation or a plan. It refers to a management stance that involves the participation of all staff.

This kind of management has been made possible by Japanese-style personnel systems, namely, "lifetime employment," "seniority," and "enterprise unions."

The characteristic structure of Japanese enterprise is designed so that middle-management (department and section chiefs) does the actual work and are the ones given real power. Top managers (executives), who engage in duties other than everyday administrative work, often do not give concrete orders or directions to the people underneath them. Although top managers give out approvals, it is the mid-level manager who carries out the actual planning and scheming of activities. Consequently, should a problem develop, middle managers are the ones who take full responsibility, and in fact, strongly believe that they must take full responsibility for their actions.

This kind of structure is neither top-down nor bottom-up, which is also the reason why it is called management involving all staff members. This is also why employment policy, which strongly supports this system, often has a close relationship with management planning (Chart 1).

Although this kind of management has accelerated Japan's advance to an economic power, the tendency towards profit-oriented thinking, as symbolized by recent scandals in the financial and securities

industries, has expanded so much that the hitherto sense of ethics has been lost. Consequently, a series of corporate activities deviating from societal norms have taken place. At present, many corporations are faced with reforming their management structure.

Employment programs, which are indispensable to management, have created a corporate environment which fosters the illusion that the entire staff is involved. Through these kinds of organic associations, such as performance evaluation, promotion, remuneration, Career Development Program (CDP), in-house training and the like, these programs serve to further promote this illusion (Chart 2).

Changing attitudes

One view of today's Japanese worker, particularly younger ones, shows they tend to be influenced by the trend of "placing importance on the lifestyle and interest of the individual rather than on the company." A poll on workers' view toward labor released by the prime minister's office in November 1992, however, brought a few surprises. According to the survey, although the younger the worker the less satisfied one is with one's job, overall, workers remain satisfied with their current employment. Although society has been quick to criticize young people who do not have a self-sacrificing attitude toward one's work and tend to treat their jobs with a very cut-and-dry attitude, in reality, as many as 80% of those surveyed said that they want to "dedicate themselves to the company to a certain degree."

Meanwhile, when it comes to changing jobs, 70% of those in their 20s answered, "If the current job is not self-fulfilling and has no future, they would consider changing jobs." Over 50% of those in their 30s also answered similarly, provided that job-changing would prove to be in their interest.

What's more, compared with a poll taken in 1987, the percentage of people who view the "seniority system" in a negative light has increased dramatically. By

Chart 1

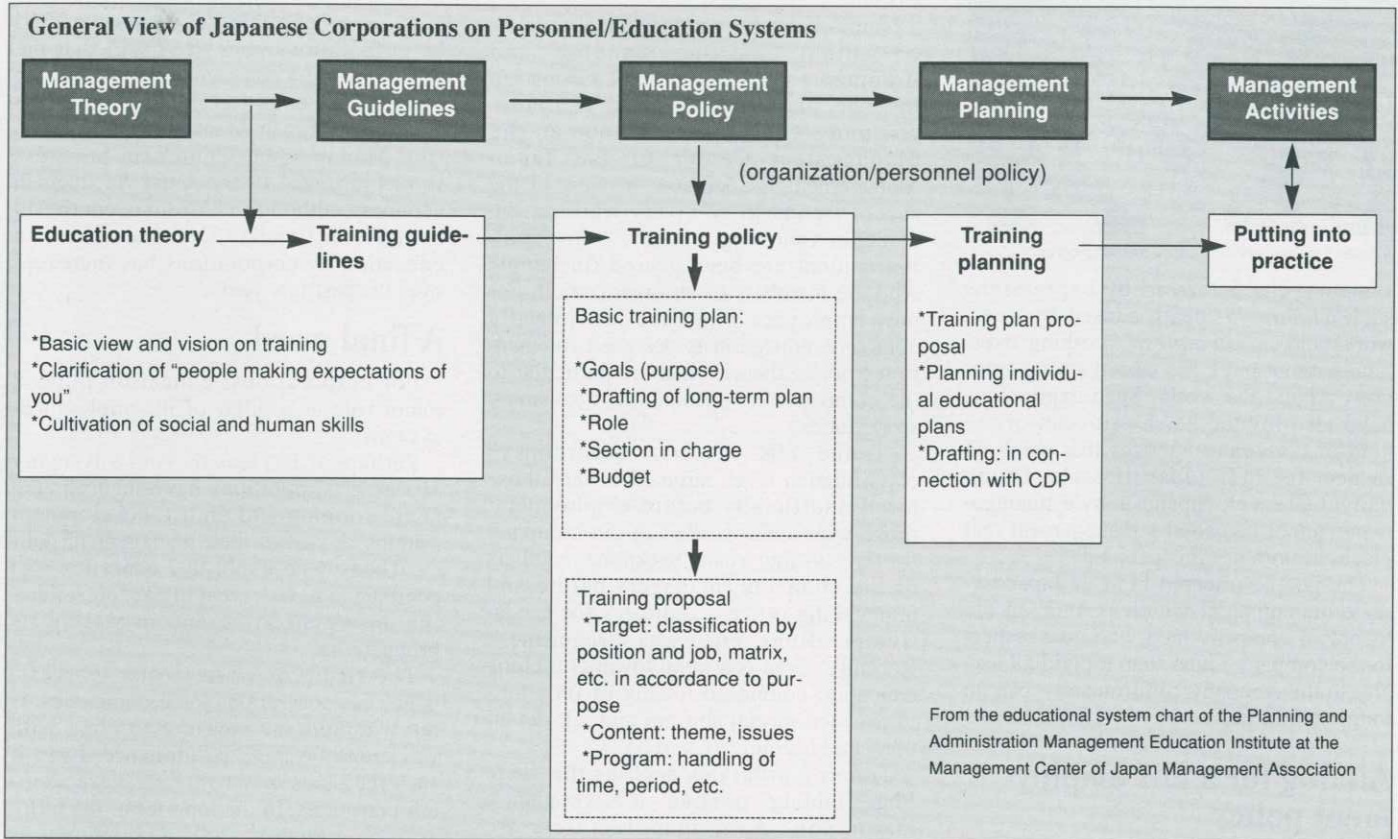
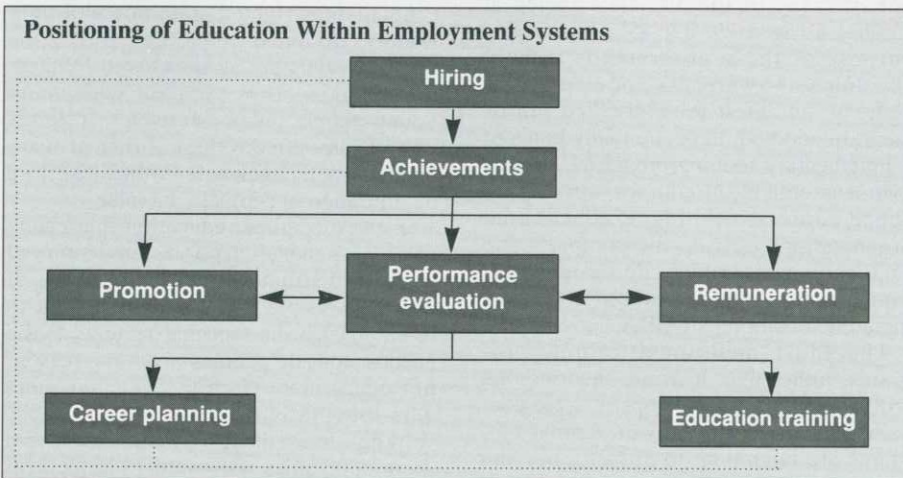


Chart 2



the same token, 60% of those surveyed said they hope for an employment system which puts emphasis on individual ability.

A personnel director of a major office supply manufacturer puts it this way, "The rising consciousness of 'the individual' in

recent years seems to be taking shape within the corporation. Consequently, we have reached a point where we must change from a seniority-based structure to an ability-based structure. However, we are at a loss as to what to do with our mid-

dle-level management people who take leadership at the forefront."

Until recently, the relationship between an organization and an individual has been that of a master to a servant. With the relationship between the company and the individual changing to one of equal partnership, corporate education must also change. Standardized management can no longer be warranted and an organization with a new structure needs a new employment system.

At the office of the manufacturer mentioned above, in response to requests from employees, the company has implemented a dialogue-oriented management system. According to the personnel director, "We have been asked to provide the kind of training which will cultivate, mostly among managers, a back-and-forth attitude and, at the same time, to create an environment where work can be fun."

In adjusting to the diversified values of individuals, a corporation will also continue to change. Japanese-style employment



A Japan Management Association training program.

systems, characterized by expressions such as *karoshi* (death caused by overwork) and *sabisu zangyo* (working overtime without pay), has stirred strong emotions around the world. Such expressions have also invited harsh criticism of the kind of corporate practices that show no respect for individual lifestyle. On an individual level, Japanese-style management cannot be called a management that places importance on "people."

The people-oriented kind of Japanese-style management which is built on the theory of company men who give respect to the company rather than individual loyalty to the company, unfortunately, can no longer hold true.

Aiming for a fair employment policy

In general, work duties are vague in Japanese corporate employment systems. Often management goals are also ambiguous with no clearly defined lines as to what is one's duty and the limits of power and responsibility. In addition, the individual is often left unaware of his/her evaluation and is given no feedback on how to improve his/her work. Moreover, the standard provided for evaluation is also relative, which gives the impression that employment systems are not really fair.

Although some companies have introduced the annual wage system based on individual ability, there has been some confusion in the actual implementation of this system. Companies whose employment systems are not formed on a solid doctrine based on ability, as is the case with companies in the West, seem to be having major problems.

Due to both internal and external reasons, however, company employment systems are undergoing major changes and adoption of systems based on ability is steadily penetrating into the corporate

world.

Namio Kikuchi, a management training consultant for the Planning and Administrative Management Education Institute, has implemented several intra-company training programs at the Management Center of the Japan Management Association. In view of the recent trends in company training, he made the following remarks: "Most training content has been geared for people who are members of an organization. For new employees who have just joined a company, education is designed for them to memorize theories that are particular to the company and special ways to handle work duties.

"In the '80s, education according to classification (e.g., targeted toward those hired unofficially before employment; those who have worked at the company for three to four years, backbone members of the company; managers before and after taking office; candidates for executive positions, etc.) was streamlined. Recently, there is a trend towards lifelong education composed mainly of programs to enhance special abilities and self-developmental training" (Chart 3).

Training programs such as the "Life Plan Training" program at Kikkoman, a major soy sauce manufacturer, are designed to find a more positive, self-initiated way of life and are targeted at employees aged 29, 35, 45, and 55. The purpose of these programs is to help develop self-awareness and self-confidence in the quest for individual fulfillment. In addition, there are many kinds of supplementary training programs, such as overseas education courses, correspondence courses, training at educational organizations outside the company and English courses, which are designed for supplementing more advanced education, including obtaining an MBA.

The above mentioned training programs, rather than learning theories that will be useful for the company, were conceived for individual growth. Similar programs are beginning to attract more and more attention and are gaining support from corporations.

As for education expenses, in most cases, if it is a training program incorporated into the employment system, the company will shoulder all expenses. If it is for the purpose of self-development, the company will help with about half of the

tuition.

As far as education expenses rendered by corporations goes, it is said that the amount paid by companies averages about ¥54,000 per employee (according to the findings of Japan Management Association Management Center on business results for fiscal 1991). Amid the sluggish economy, although companies continued to suffer in fiscal 1992, money spent on education by corporations has increased over the past few years.


A final word

For corporations, education plays a major role as a pillar of its employment systems.

Perhaps it is clear to you why many Japanese corporations have incorporated talent training and ability-development training as part of their management policy. There is no doubt that education will continue to have a great impact on activating an organization and in raising its productivity.

The firing of white-collar workers, which is occurring at some companies, is but a temporary measure to cope with worsening business performance. Even if such measures may help to achieve short-term cost cuts, in the long-term, the influence on growth of individual employees will be tremendous.

Such short-sighted solutions will only lead to a decline of employees' trust in the company, thus giving impetus to frequent job changes, as is the case with many young people today. Moreover, in terms of company effectiveness, firing of management personnel will further lead to a deterioration in company morale.

In the meantime, education that caters to the Japanese corporate environment and the distinctive trait and values of Japanese people is on the rise. I want to re-emphasize the fact that as long as the need to educate people—from the personnel department to mid-level managers who must provide leadership for those working under them—remains, more and more companies will want to implement education in accordance with the changes of time. 

Sachiko Yamato is an editorial staff member of JMA Management News, published by the Japan Management Association.