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CHARACTERISTICS OF THE PERSONNEL ADMINISTRATION IN JAPAN AND ITS CONTRADICTIONS

by

Gorō Mori

1) Preface (Proposition of the Problem)

The personnel administration system in Japan, which had been formed during the prewar and war-time period, experienced a fairly drastic reorganization and reshaping after the war, as it was levered up by the spectacular development of trade unions, and was influenced by such backgrounds as the new constitution, education reform and transformation of the traditional family system. The details of the process being omitted here as I have explained in other occasion, "the postwar Japanese pattern of personnel administration", as I name it, had been pushed out at least in most of big enterprises from the latter half of 1952 through 1956-57, in response to the new postwar conditions.¹⁾ However, since three or four years ago it has been argued that Japanese personnel administration is facing a grave turning point, because of a deadlock it has run against, thus requiring a big conversion. For instance, such systems as basic wages, promotion, education and training, merit rating and others, that enterprises have created with every effort, have come to show many contradictions opposed to actual requirements, no sooner than the tasks have been accomplished. Another critic asserts that the present system as a whole is not closely connected with production process.

These recent situations propound us the following questions. Where do the grounds of the so-called "deadlock" lie? Along what line the solution for the deadlock has been searched for, under the situations of Japanese capitalistic enterprise? And, is it possible to obtain any solution? In this article I should like to make an approach to these problems through the following processes. Firstly, in order to have a fair recognition on the characteristics

1) Gorō Mori; *Sengo-Nippon no Rōmu-Kanri* (Personnel Administration in Post-war Japan.) p. 72 ff. Earnest studies on the problem are recently made by several scholars. For instance, the followings. Shizuo Matsushita: *Romukanri no Nihonteki Tokushitsu to Hensen* (Japanese Characteristics in P.A. and its Transition). Hiroshi Hazama: *Nihon Romukanrishi Kenkyu* (Study on the History of Japanese P.A.), Part 1, 2, 3. Mikio Sumiya; *Nippon no Romukanri—sono Keisei to Tenkai* (Japanese P.A.—its Formation and Development).

of the postwar Japanese personnel administration, I shall clarify the stages of development of personnel administration and the particularities in the modern stage in Europe and the United States. Secondly, through comparison with these countries, I shall attempt to find out the characteristics in postwar Japan. Thirdly, I shall briefly observe the recent situations in which Japanese personnel administration is faced by a quake and exposing contradictions, due to the fact that the conditions sustaining it have been drastically changing in response to the new social, economic and technical surroundings. And lastly, I shall describe how enterprises are searching for the solution, and what kinds of problems are arising there.

2) *Stages of Development of Personnel Administration in Europe and the United States*

It is generally accepted that personnel administration in Europe and the United States was systematically established from 1910 to 1920. Of course, prior to this, there had been practices with some sense of personnel administration, the consideration of which might be of substantial significance to appreciate the particularities of Japanese personnel administration. But in this article, as the space does not allow, I will begin with explanation of the system formed during the 1910's, omitting that of pre-modern age. And, I will clarify the particularities of personnel administration in the United Kingdom and in the United States, since naturally particular forms of administration may differ according to respective nation's social, technical and business conditions. Again, it is also generally pointed out that the system of recent-age has shown, since the second War period, a remarkable change and development in its substances and ideas. I call it "present-age" administration, on which I will try some considerations also taking up the United Kingdom and the United States.

The factual birth of the recent-age personnel administration may date back, as mentioned above, to the beginning of the 1900's, but it was only about 1920 that the term "personnel administration" became popular in the United States.¹⁾ However, literatures show that a kind of man-power management had been actually in practice in some degree under a name of employment management. To compare conditions in the United Kingdom and in the United States, it was natural that in the United Kingdom, where trade unions had developed since the most early days, stabilization or adjustment of labor-management relations became the front problem. Hence, in the United Kingdom already by 1913 Welfare Workers Association had been instituted and since 1915 professionals named "welfare worker" had been created, who directed enterprises upon the problems on welfare works, safety, health and so on especially during

1) Henry Eilbirt: *The Development of Personnel Management in the U.S.*, pp. 10-11. (in "Readings in Personnel Management", ed. by H.J. Chruden and A.W. Sherman, 1961)

the first World War.¹⁾

On the contrary, in the United States by reasons of relative scarcity of work force, high level of wages and others (for instance, linguistic obstacles due to complexity of racial composition), trade union movements were rather backward compared with that in the United Kingdom. Therefore in the United States the most urgent subject of personnel administration was put on efficient utilization of scarce and high-wage manpower. It started as "employment management" or "employee maintenance" to deal with immediate problems.²⁾

Thus, we see, original forms of personnel administration were diversified by social, economic and other conditions in every country. The difference in original forms had produced, in later stage, differential pattern of personnel administration in every country.

Now, let us review the modern personnel administration shaped in Europe and in the United States by about 1920, and its characteristics. By the way, generally characteristics of personnel administration may be spoken of with respect to three points, namely idea, structure and techniques. And, as to its contents, it may be classified, broadly speaking, into, (1) that concerns the establishment and maintenance of working order and (2) that concerns the increase in labor results. The former, though not being the immediate object from the viewpoint of the logic of capital in itself, makes an indispensable premise for increasing labor results, consisting of (1) stabilizing labor relations and (2) establishing working order.

The second contents, namely the increase in labor results, makes an immediate object from the viewpoint of the logic of capital, and on this point characteristics of each country is most evident. In such case where wages are at high level due to labor shortage trade unions have established bargaining power, and minimum wage and working hour regulations are enforced by modern protective law, increasing results by way of low wages and lengthy working hour are naturally restricted. It will inevitably lead to efficient labor utilization, the modern idea of labor efficiency. This corresponds to the period of efficiency movements in Europe and in the United States from the closing years of the 19th to 20th century. However, where trade unions are non-existing or weak, or wages are low due to imperfect protective laws, the increasing results will not always take form of efficient labor, inclining to over-working or lengthy labor (for example as in the case of Japan).

I have come to examine the three points presenting the characteristics of personnel administration. The first point is the "idea" on personnel administration. Its particularity in the recent age, as regards to the labor order, is the generalization of democracy and especially the foundation of industrial democracy. The idea concerning the increasing results is the sense of labor efficiency, emerging specifically as functional rationalism. This is distinctly

1) E.D. Proud: *Welfare Work—Employers' Experiments for Improving Working Conditions in Factories*, 1916. G.R. Maxon: *Functions of a Personnel Management*, 1961, pp. 2-6. I. McGivering, D. Matthews and W.H. Scott: *Management in Britain*, 1960, p. 149 ff.

2) H. Eilbirt, *do.*, pp. 10-11.

acknowledged either in Europe or in the United States. As for the second point, the "structure", it may be said that in the United States the period from 1920 to the former years of the 1930's makes the former period, and that from the later years of the 1930's to the 1940's corresponds to the latter period. (In this article I shall not refer to their historical backgrounds.) The problem of the structure materially consists of two: the first, persons in charge of personnel administration, and the second its contents.

Regarding the persons in charge, one can point out the setting up of "department of personnel administration" in enterprise by about 1920. This is shown in many documents, both in Europe and in the United States.¹⁾ However, in those days the common notion was that personnel administration should be carried on by special labor division as "service division", and the leadership in shop was borne by foremen relying on experiences. This makes a marked difference compared with that of present.

As to the contents, the second of structural problems, one can say that fundamental functions had been settled by this period in Europe as well as in the United States. They contained employment, education and training, safety, health, wage, welfare works or personnel service and labor relations. These functions were carried on professionally by the staffs of the department respectively, apart from whether by separate departments or not. It is to be noted that prior to the 1920's these functions were not specifically recognized, nor were performed professionally. The managements were carried on separately on employment, welfare or wages, one by one, to meet immediate needs. The recent-age formation after the 1920's rests on the systematic institutionalization of them.

What is explained above shows the characteristics concerning the structure. One fact to be noticed here is that, in the United States after the latter half of the 1930's personnel policies and personnel audit system have been taken up into personnel functions, reflecting advanced scientific management sense as compared with that in Europe. Also special functions engaging in labor statistics, general positions of wages, job analysis, job description and other basic proceedings for personnel administration have been born in the United States, making a peculiarity of this country.²⁾

The third point of characteristics relates to the techniques of personnel administration. During the period from 1910 to about 1920, methodical sciences on labor had been established. They are of some speciality according to countries, for instance, human engineering in the United States, *Arbeitswissenschaft* in Germany and industrial psychology and industrial fatigue research in the United Kingdom. But they are common in the sublimation from the customary empirical method into scientific one. This is one of the found-

- 1) William M. Fox: *Personnel Administration, Past and Present*, p. 23. (in "Readings in Personnel Management", ed. by Chruden and Sherman), I. McGivering and others: *do.*, pp. 10-11.
- 2) Personnel audit is shown in documents of the 1920's already, as a check-list for personnel systems. Audit in real meanings, that is, to criticize its effects, has developed after the 1940's.

ations of the modernized administration. However, administrative techniques of this age are contrasted to current techniques in a point that social psychology and studies on human relations had not shown full development. Hence, science on "the formation of moral" such as seen in the modern administration was not yet established, though one may find primary concern on moral there.¹⁾ With regards to labor relations, progresses were shown on systems and measures for the routine work of adjustment by way of institutionalized collective bargaining and agreement, or by setting labor-management joint committee or council.

In short, through the 1910's and 1920's, a large numbers of administrations for personnels in business were scientifically and systematically founded in Europe and in the United States with distinct changings from the past. But they were not uniform in substances, laying emphasis on employment management in the United States and welfare works and joint committee in the United Kingdom; in other words showing different pattern in every country.

3) *Personnel Administration in the Present-Age and its Characteristics*

As shown above, the personnel administration of present-age has developed with backgrounds of increased scale of enterprise, higher social position of trade union and marked progress of production technique. Now let us see the characteristics in its idea, structure and technique. (Notice the distinction made between the terms recent-age and present-age as the writer uses them. The former corresponds to the 1920's and 1930's while the latter corresponds to later period, broadly after the second World War.)

The first is the characteristics in its idea. They are substantially common with those of the recent-age, holding industrial democracy and functional rationalism. However, it may be said that while the industrial democracy of the previous age was an idea of adjusting opposite interests on the basis of equality between labor and management, it has proceeded presently to the idea of partnership between persons of equality as bearers of industrial responsibility. This advance has been made on the grounds of changing business thoughts such as "publicity or social responsibility of enterprise," and recognition of the revision or reform of capitalism in the United States, and the nationalization of industries in the United Kingdom backed by industrial democracy.²⁾

Functional rationalism, the second point of the idea, is also substantially similar with that of the recent-age. But, while functional rationalism in former days implied adaptation of human being to machinery and other material conditions or finding adaptable persons, in present times, such adaptation is limited due to the complexity and closeness of material conditions. Thus the idea has evolved into adjustment of material conditions responding to

1) O. Tead & H.C. Metcalf: *Personnel Administration, its principle and practice*, 1st ed. 1920, p. 199 ff.

2) H.A. Clegg: *A New Approach to Industrial Democracy*, 1960, pp. 34-38.

human elements, lying at an extreme position. In other words, it means adjustment of functional rationalism by human relations. It is the new "human engineering".

The second point of characteristics concerns the structure, of which the first item is the problem on persons in charge of personnel administration. While the administration in the recent-age had been carried on mainly by personnel department, in the present-age administration, it has evolved into a tripartite administration performed by top management, personnel department, and line manager or supervisor. This development rests on the factual ground that the expanded enterprise scale after the 1940's has brought about the development of business organization itself, from that consists mainly of functional systems or lines and service-staff system in the 1920's to that depends on line-and-staff organization system with enlarged staff function.¹⁾ Thus a relation has been existing that top management and head of lines are the executives who are directly in charge of personnel administration, with personnel specialist as staff (management staff and department staff); an organistic, cooperative work by three partners (top management, line managers and personnel specialists).

The second item of the structure is the systematized form of administration.²⁾ The rapid expansion of business scale in the present times has brought about the development of long-term business planning and audit system which, again, as to personnel administration have resulted in the progresses of policy making, planning and auditing. And also, the reorganization of specialized personnel functions into a line and staff system has led to a marked advance of personnel management by lines. The methodical science for the personnel management by line managers is human relations approach, making the peculiarity of the present-age.

Thirdly, the characteristics in the techniques; as above stated, the methodical sciences, which had been born in the recent-age, thereafter have been adjusted by human relations approach, adopting the fruits of research. For instance, human engineering and labor science of present-age are showing a marked difference from those of recent-age by introducing studies on human relations. And, in connection with researches on human relations, sciences and methods of human understanding have been evolved. They brought about advanced techniques for interviews or education and training. The development of group dynamics has resulted in a new method of safety management.

These are the characteristics of the present-age administration. Let us make the comparison between the United Kingdom and the United States. In the United States though primarily the emphasis had been laid on employment management, especially man-power management grounded on the relatively scarce labor power and high level of wages, since the 1940's following the striking development of trade unions, studies on the so-called industrial rela-

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- 1) L. Urwick: *Personnel Management in Relation to Factory Organization*, 1943, p. 20 ff. W.M. Fox: *Personnel Administration, Past and Present*, p. 24. "Readings."
 - 2) W.M. Fox: *op. cit.*, p. 24.

tions have advanced. They took into account the situations of labor market and so on. In contrast, in the United Kingdom, while through the 1920's and 1930's concern was mainly put on welfare works and labor relations, after the second World War progresses have been required on the employment management also, due to the labor shortage following the full employment.¹⁾ Furthermore, a clear transition has been recognized, from the former administration by personnel department to that by top management, line and personnel department. Thus the primary difference of emphasis still remains, but common characteristics are discernible in both countries.

4) *Characteristics in Postwar Japan*

As I have mentioned in the preface, the postwar Japanese personnel management has formed itself through processes of ten years responding to the new conditions. It was based on the inheritance of the prewar Japanese pattern, that had been shaped before the war and consolidated during the war-time. I shall not refer to the characteristics of the prewar and war-time as the space does not allow, but immediately pass on to that of about 1955, when "the postwar Japanese pattern" was established.

The years about 1955 correspond to the epoch when under influences of the independence by the Peace Treaty, reflections and criticism against the American policies and institutions during the occupation generally became vigorous, and when the reconstruction of Japanese economy through Korean boom and the restoration of business leadership were achieved. With these historical backgrounds, Japan introduced American system of personnel administration, revising them to fit to the current situations, and reorganized and systematized the prewar system. In the following, I shall briefly explain its characteristics with regard to its idea, structure and techniques.²⁾

(1) Characteristics in the idea. The idea in the prewar days was founded on the so-called "authority-ism" and "autocratic enterprise" paternalism, while after the war the idea of "democratization of business" has been added,³⁾ thus bringing a peculiar mixed pattern. Its materialization might be seen in the newly born "paternalism including enterprise trade union." As to the idea of the increasing labor results, in Europe and in the United States it presents itself as "efficiency-ism", in other words functional rationalism in the sense of conformity between manpower and jobs, while in Japan such an idea of efficient utilization of labor has been hardly shaped

1) I. McGivering and others: *Management in Britain*, pp. 152-53.

2) About the materialization of historical, nationalistic nature of personnel administration, see Gorō Mori; *Sengo Nippon no Rōmukanri* (Personnel Administration in Postwar Japan), p. 51 ff.

3) The idea of "business democracy" was not necessarily introduced through the Occupation forces after the War. It had been formed in prewar Japan also, though it was suppressed by the autocracy. Hence, when autocracy was collapsed by the defeat of the War, it spontaneously extended nationally along with the demands for wage increase directed by trade unions, even if it was not led by the Occupation forces. Its details and processes are explained in Gorō Mori: *Keiei-kyogikai Ron* (Joint committee in Business), p. 64 ff.

due to the surplus man-power and low wages. Therefore the idea of increasing results has taken a form of spiritual endeavorism backed by loyalty to enterprise born from the paternalism. However, as American functional rationalism has been introduced, an unhomogeneous mixed type has been born; that is, traditional endeavorism in practice mixed with functional rationalism. This is shown in the "Survey of labor's and managements consciousness", and more directly in the compromises to be found in the personnel administration systems.

(2) Characteristics in the structure. This includes problems on the persons in charge of personnel administration and its contents. As for persons in charge, the popular idea has been that personnel administration should be borne by specialized divisions. Such a notion was seen in Western countries in the 1920's. As to the second item, modernization has been formally achieved in the sense that fundamental functions that had been settled during the 1920's (employment, education and training, safety, health, wages, welfare works, and labor relations) have been seemingly taken up. However, importance is very unevenly put between these functions, with emphasis laid upon those concerning maintenance of industrial orders such as labor relations, welfare and wage system. (This is reflected in a misguided, not rare, notion that personnel administration means the policy of governing laborers.) One might regard it as what is kept from the prewar idea.

Nevertheless, a distinct difference lies between prewar and after. In the prewar administration some kinds of measure were taken merely to meet immediate requirements, while in the postwar days these functions are carried on intentionally showing a systematization. (Of course this regards mainly to big enterprises; cases are very few for small and medium sized ones.)

(3) Characteristics in the techniques. The postwar characteristics on this point have been the adoption of American methodical sciences in addition to the traditional empirical methods. Techniques have made remarkable progress formally. But, it is to be kept in mind that techniques are nothing more than techniques for the sake of reasonable achievement of objects. Hence, under such situations where the ideas and objects are not fully modernized, even the so-called scientific, reasonable techniques on personnel system (merit rating, T.W.I., job evaluation, many sorts of psychological test & etc.) are inevitably turned into those for artificial realization of unhomogeneous, compromising ideas. This is the most essential peculiarity of Japanese pattern of personnel administration in the postwar.¹⁾

It should be added here, that enterprises in this country are holding differentials in many senses derived from unparallel developments. Differentials exist also with respect to personnel administration, representing at least four grades of development. These are the first, level below legal regulations (principally smallest enterprises even falling short of the regulations by the Labor Standard Act); the second, barely close to legal regulations (small

1) About actual examples of the adaptation and revision of administration techniques, see Gorō Mori, *op. cit.*, Chap. 3.

enterprises with employment under one hundred); the third, with sporadic systems, say, wages, welfare, training & etc. (mainly enterprises of medium scale up to several hundreds of employees); and the fourth, so-called departmental management with systematized fundamental functions. Most of big enterprises and some of medium ones, typically representing the Japan's pattern, fall into the fourth grade. And even the fourth grade, when it is compared with those of Western countries, corresponds to that of the 1920's, and that, with unmaturing modern ideas.

5) *The Most Recent Changes in the Surrounding Conditions and "the Deadlock" of Postwar Japanese Personnel Administration*

The grounds for the postwar Japanese pattern of personnel administration formed by about 1955 are now amidst a quake, due to the significant changes in the surrounding conditions such as technical innovation and rapid economic growth and the system as a whole has been exposed to reexamination. Here, the so-called deadlock and abrupt turning have come to the front of the problem. Then, the problem is to seek what is the deadlock. I say it is nothing but an emergence and growth of contradictions inherent in the system itself. Let us examine it.

1. A brief summary of the recent changes in the conditions.

(1) Changes following technical innovation. The advance of innovation has not only stimulated transformation in the qualitative and quantitative compositions of labor force, but also brought about remarkable transition in the working conditions. The innovation of large scale has resulted in the increases in fixed investment, which necessarily requires long-range business planning, and hence nowadays big enterprises are furnished with programs of at least five to ten years. In turn, it requires long-range personnel program. On the other hand, the quality changes in the actual composition of labor force has made older group of labor force based on traditional skills unnecessary. Replacing them with newly born semi-intellectual labor force provided a cause for shaking the foundation of the so-called seniority order. However, it should be noted that the collapse of seniority order has not been so important a matter as is generally conceived, since technical reformation has not been extending equally to every field of the Japanese industries nor to every sector of an enterprise. Rather it has developed very unevenly in different industrial groups, scales and processes. Therefore it is not right to speak of general collapse of seniority order only from the viewpoint of technical innovation.

(2) Changes following the high rate of economic growth. The high rate of economic growth in recent several years has not only brought about expansion in capital scale, but also enlarged employment scale, causing a relative shortage of labor force. The labor shortage has resulted in wage increases of young workers and promoted their migration (movements between enterprises) extending to every field, group and scale of industry. Its influence has been

much larger than technical innovation. The wage increases of young workers have been transforming the traditional conditions for suppressing wage of young workers by "term promotion system" founded on peculiar Japanese system of life-time employment. This has furnished one of the largest motive for the intention of the enterprise to shift "from seniority wages to job wages". (This is not the only reason of the intention.) The idea of seniority order has become less intense due to the increases in young workers and in those who migrate from other industries, accompanied by the enlarged scale and labor migration which were accelerated by labor shortage, together with technical innovation. However, the migration of labor, though it was at high rate (for instance 20 per cent a year), in some part, but it remained still low as a whole with a level under 10 per cent. (In the United States it reached annual average of 60 per cent for 1930-1950 and 36 per cent even after the settlement policy was adopted, and in the United Kingdom, it was 28 per cent for 1958.) So far, it has not dissolved the closed labor market or life-time employment.

(3) Changes through accelerated international competition by the trade liberalization. As it is well known, in accordance with the trade liberalization the necessity for establishing more advanced industrial structure and cost decrease has become very serious and this also required the rationalization of labor in connection. This need, together with the labor shortage and high wages, has called upon, for the first time in this country, the modern requirement of efficient utilization of labor, but the "postwar Japanese pattern" has been impossible to satisfy this requirement.

(4) Changes following the development in business thoughts and rationalization of business organizations. As a part of the postwar modernization tide in Japan, in the field of business, business thoughts founded on scientific management have been generalized. In other words, many entrepreneurs and business men have provided themselves with modern management thoughts, that is, management based on fundamental principles regarding policy-making, planning, organizing and controlling, through seminaries and self-help. Also as for the management organization, to get rid of customary line-organization based on personal links, and such trends toward line-and-staff organization have become more popular. (However, strictly speaking, personal links are not wholly dissolved yet, and the line-and-staff organization often remains at mere organization chart or formalism regarding provisions about functions.) These thoughts have been reflected in the scientific recognition of personnel administration; in other words, so long as personnel administration is one sort of management, such developments in thoughts and organization should be applied to it. And indeed there has been a trend toward systematization by way of adopting labor policies, plannings, and management through controlling and auditing, in addition to the essential contents of the customary administration.¹⁾

1) By a survey in 1958, 27 big companies out of 71 (38 per cent) decide their labor policies through directors meeting, and 29 companies (41 per cent) have fairly systematic personnel programs. This suggests that systematization at some extent is in practice at least in big enterprises. See Gorō Mori, *op. cit.*, pp. 148-9.

(5) Changes by the disputes and new tide of trade unions. Trade unions are taking up disputes against rationalization and shop campaign as main objectives,¹⁾ opposing more substantially to rationalization. This suggests their increased concern on working circumstances, safety, health and other working conditions, and working tempo. Moreover they are beginning to take up problems of "shaking off enterprise-union" and "labor-management conference on industry level". (Enterprise union means an union organized on the basis of individual enterprise.) These tides are directly relating to the most underdeveloped sector of the previous administration system, suggesting new urgent problems of personnel administration.

(6) Remarkable changes in social consciousness. Previously in Japan, modes and attitudes of daily life had been forcibly governed by many sorts of old social consciousness particular to Japan, principally based on Confucianism, such as notion of status, sentiment of pretention, negativism in self-expression and patriarchal family-ism. Such consciousness, as is well known, has been reoriented towards democracy, and now over 50 per cent of labor force are occupied by youths, under 29 years of age, who have been grown and educated in the new, social circumstances of postwar times. This suggests an heterogeneity in the consciousness of labor force, not only that in the technical composition. The "Survey of consciousness of laborers" reveals this, and the recent rise of "youth laborer problems" is also suggesting.

As I have stated, lately in every field of social life, economy, techniques, enterprise and so on, striking changes, that may be called terrible, are going on. Such changes have naturally significant influences on personnel administration.

2. Growth of contradictions in the "postwar Japanese pattern of personnel administration."

The personnel administration in the postwar Japan, seeing significant changes in its foundations soon after its birth, has come to show deep contradictions.

(1) Contradictions in the idea. The idea on labor order in postwar Japan can be named as business democracy connected with enterprise paternalism, embodying itself into "enterprise family including enterprise trade-union". Hence, a peculiarity in the adjustment of labor relations is in the fact that it is depending on enterprise-union. It means that growth or crisis of an enterprise plays helpful role as playcard for the interest of employer regarding labor relations. Now, however, Japanese capitalism aiming at reorganization of industrial structures, has been forced to reorganize and redistribute labor force. (See liquidity policy of manpower in the Government's Doubling National Income Plan.) This conflicts with the paternalism gravely. It is because the concept of employment security in Japan means continuance of employment until employee reaches retiring age, based on the condition

1) Sōhyō: 61 *Nendo Undō Hōshin*: (General Conference of Trade Unions; Directions of activities for 1961.)

of closed labor market. It is, so to speak, providing individual and stationary security. On the contrary, from the viewpoint of industrial reconstruction, it should not be confined to the secured employment in an specific enterprise, but security in the form of reemployment into other enterprise when discharged; that is social, liquid security. In this respect the existing industrial order, premising closed lifetime-employment may possibly become an obstacle for social replacement of manpower.

Still more, while the belonging consciousness of employees to their working enterprises has been popular owing to lifetime-employment until recently, a possibility has arisen that lifetime-employment is not always of interest to enterprise in respect to necessary rationalization. Hence, the current idea of bringing up the belonging consciousness simply by lifetime-employment should be regarded as being grounded on a very precarious base.

The next point about the idea, of increasing results, is of mixed nature coordinating the prewar spiritual endeavorism and the labor efficiency-ism founded on functional rationalism. However, nowadays reorganized labor force and developing techniques are making disputes with the endeavorism as a means of increasing results. For instance, under conditions of mass production and half-automatized machinery, it is apt to result in disproportionate increases of semi-products or parts, and hence inventories. This suggests that now it is the stage when further increases in labor results must depend upon material expansion of occupational abilities, rises in collective efficiency and proper placement of personnel. Among others, technical innovation has made the expectation impossible to increase results merely by skillfulness and spiritual endeavorism. In this sense, a discrepancy is emerging between spiritual endeavorism and new requirements.

(2) Contradictions in the structure. The characteristics of the structure in the postwar pattern lie, as shown above, in the personnel administration conducted by personnel department and its relative weakness. The departmental administration, in the light of stages of development in Europe and the United States, corresponds to those of the 1920's and 1930's, being furnished with functional or service-staff organization. Nowadays, the gigantic scale of enterprises is requiring higher structure of business organization, in place of former functional or line organization with subsidiary system like service staff. It must be developed into combined or diffused system based on line-and-staff system. (Also in Europe relatively backward nations are attempting to introduce line-and-staff system.)¹⁾ These situations are also similar as regards the problem of persons in charge, suggesting that the former personnel administration conducted by personnel department is useless in practice.

The second characteristic is the weakness of manpower management, due to the fact that formerly emphasis had been laid on the problem of labor order. In other words, increasing labor results had been dependent upon endeavorism, impeding growth of the idea of efficient utilization of labor, namely modern

1) F.T. Malm: *The Development of Personnel Administration in Western Europe*, "Personnel Management" June, 1961.

idea of efficiency or modern sense of productivity. (It is shown in the backwardness in the practical use of labor sciences, industrial psychology and fatigue research.) However, more efficient utilization of labor has been urgently needed in response to the requirement of labor rationalization in order to meet international competition and relative shortage of manpower and wage increase. Administration based on spiritual endeavorism is not sufficient to meet this end. The contradictions derived from the unbalanced structure of Japanese personnel administration is most clearly presented here.

6) *Development of Contradictions and Further Problems*

Many contradictions are emerging, as I have stated, in the "postwar Japanese pattern of personnel administration". Then in what direction are business executives searching for its solution? What kinds of problems are underlying in the solution? Let us consider these points in the final part of this study.

First, there are contradictions regarding the idea of labor order. It rests on the inharmonious combination of paternalism and industrial democracy. Its solution has been generally pointed to the gradual emergence of the idea of enterprise paternalism. But it is not so simple a matter, because it will inevitably lead to the problem of reorganization of the present system prepared for adjustment and stability of labor relations. This is not to be solved by individual enterprise, requiring a change in the trade union organization (reorganization into industrial union) and establishment of collective bargaining on the basis of the new trade union.

And again, it requires, as its premise, a modernization of the character of labor market itself (say, employment exchange in wider area, improvement in unemployment insurance, adopting modernized occupation policies, solving housing problem in parallel with labor migration.), which is almost impossible without the help of strong government politics. Thus, these contradictions, though exposing themselves, should be regarded as unsolvable for individual enterprise or trade union. Personnel administration, with powers workable only within the boundary of enterprise, will be compelled to face, for a substantially long time to come, a restraint that it must endeavor for maintenance of labor order under conditions of the current contradictory idea.

The next contradiction in the idea, which concerns increasing result, lies in the mixture of spiritual endeavorism and functional rationalism, and hence its solution must be found in the social recognition of the principle of functional rationalism. However, a perfect formation of functional rationalism must be founded on the maturity of social and material nature of vocation, which implies that the concept of occupation will become independent of individual persons and the official approval system of skills or talent become socially established (as many sorts of official examination system, training, occupation approval system). In Japan, where these systems have only started complete development of functional rationalism is inevitably restrained.

The second problem is the contradiction in the structure. A transition

from personnel administration by personnel department to modern type structure fitted to the enlarged business scale (say, enterprise-wide personnel administration by top management, personnel department and head of lines) might not always be impossible through efforts by individual enterprise, in respect of recent development in organization and thoughts of business management.

The first step toward the solution is here. However, even if an organization based on line-and-staff organization is formally created through clear definition of job contents, or of responsibility and authority, and establishment of routes for orders, directions, devices and so on, it will be necessary, for a perfect growth of the new organization, to abandon informal organization by traditional personal connection or "boss and followers" relationship. But so long as this personal connection has its foundation in the lifetime-employment system, the solution would be a hard task in our country.

Another problem is the contradiction derived from the unbalanced structure of personnel administration. On this point our business executives have begun to recognize it only recently. This problem is to be solved through efficient utilization of labor, which, however, has been most underdeveloped owing to the surplus labor and low wages. Under these conditions, it is only logical for the employer to attempt to decrease labor cost by utilizing cheap wages and lengthy hours, directly or indirectly, instead of endeavoring for efficient utilization of labor. (temporary labor and sub-contract labor are typical forms of indirect use.) However, such old consciousness of Japanese executives has been compelled to turn into the way of efficient utilization of labor-modern manpower management, urged by labor shortage and high wages, besides well-directed anti-rationalization struggles of trade unions. This change might be possible in the framework of individual enterprise in some degree, but the consciousness of employees "to continue work without grave fault", which has been sustained so long, is founded on the lifetime-employment, and it is very hard to be overcome, even though in order to promote functional rationalization. And another obstacle lies in the absence of factual researches on labor science, which was ignored so long.

In view of these analyses of actual situations, we might summarize future problems as follows. As to the problems of the idea, there still lie many difficulties to reach the stages of recent-age and still more those of present-age in the field of personnel administration in its essential sense, without reformation of social conditions. It is even more difficult to solve the problems in the framework of individual enterprise, and enterprises will inevitably intend to make use of "enterprise-family-ism" for many years to come, in face of labor rationalization that is necessary.

In this sense, the limitation put on the modernization of personnel administration by individual enterprise might adversely restrain the social reorganization of the social labor system in the Japanese capitalism as a correlation. Hence, competition about labor application to meet labor shortage will become more intense, resulting in more acute differentials regarding labor acquirement that correspond to the differentials in the business scale. On the other

side, "time worn" laborers will fall into permanent unemployment. Thus, the most essential problem in the future might be found in the fact that it must take up a substantial modernization of labor policies with respect to "the whole" capital. The question is in what form is the whole capital searching for its solution, and whether it is possible or not. The question leads us from studies on personnel administration to that on industrial relations. It is a future task of great interest to us.