

Career Development under the Lifetime Employment System of Japanese Organizations

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Career Implications of Lifetime Employment

The ideal concept of lifetime employment in Japan implies that an individual career evolves during a person's working life within only one corporation typically chosen upon graduating from school. Under this system, an individual career bears the following features.

First, for the individual, choosing a company represents a lifelong commitment. He will accept and anticipate career development opportunities within this company. Thus, voluntarily changing employers is an exceptional phenomenon (i. e., an error in choice) rather than a legitimate decision in one's career development. Secondly, work tends to occupy a large portion of an individual's life. For the lifetime employee in the Japanese company, the "kaisha" or company work means not just performing an assigned job but collaborating with co-workers with whom he will associate during his work career in the company. Corporate life becomes central to one's life.

Third, recruiting candidates with high potential and developing them throughout their careers is of strategic importance to the company. Under the

lifetime employment system, hiring and training implies an investment in people that involves risks. The company cannot afford losing capable and trained employees in their mid-career nor hoarding a host of "deadwood" throughout their career.

Practices Associated with the Lifetime Employment System

Lifetime employment in the Japanese corporation does not mean a well-established social institution, but a system derived from a set of employment and human resource development practices. Those practices may be categorized as: (a) recruiting new graduates and developing them over time through training; (b) awarding pay increases and promotions based on years of service; and (c) maintaining long-term employment relations (i. e., no layoff practices). By definition, the mere presence of one of the previous practices does not constitute the lifetime employment system. All three elements need to be present.

Yoshino (1968) in discussing the first element noted that Japanese companies have a clear recruitment policy to hire only new graduates and to extensively train them over a long time to meet the corporation's specific needs. According to Yoshino, the hiring criterion is not the specific knowledge or skills already acquired, but a general capacity for future development, namely, flex-

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ibility and trainability. New recruits constitute the bottom line, or the entry level, of the internal labor market for the Japanese organization. Then, through extensive organizational socialization and skill development provided by the company's "kenshu" training program, critical human resources are gradually built up in the organization in conjunction with the practice of promoting from within. This system works to depress mid-career hiring by the company and mid-career voluntary job change by the employee.

The second characteristic element of the Japanese lifetime employment system is the seniority-based pay and promotion practices. During the early career stages, up to seven or eight years for example, years of service acts as the single most important determinant of pay and promotion. During the middle career stages merit plays a more significant role. As pointed out by Ouchi (1981) and Ouchi & Johnson (1978) de-emphasizing individual merit in favor of seniority leads to deferred performance evaluation and promotion. This is one of the basic features of a Theory Z organization. Drucker (1971) likewise maintained that employees in Japanese organizations are developed to be generalists. They would show, in contrast to specialists, deeper concerns over a broad range of problems surrounding the company and, thus, higher organizational commitment (Mowday, Porter and Steers, 1982).

Third, under a lifetime employment system the employer maintains a pledge, or a "psychological contract" (Schein, 1980) that employees will not be laid off except under extraordinarily difficult circumstance. In practice, a company's efforts to retain excess labor resulting from a down turn of the economy or company business are evidence that such a pledge is a reality rather than merely lip service to the union and employees.

The concept of lifetime employment is, however, constantly threatened by: (a) voluntary quits among workers who do not appreciate the norm of lifetime commitment (Marsh and Mannari, 1977,

1981); by (b) the relatively large number of non-lifetime employees (part-time, seasonal, temporary, and dispatched workers); and by (c) various "employee adjustment" practices that give a company broad discretion, other than by lay-off, to reduce the size of the labor force, *e. g.*, early retirement, transfer to subsidiaries, re-location and so forth.

Due to these complicating factors, it is believed that only one-third of Japanese employees are actually covered by the lifetime employment system (Inagami, 1983). The percentage may be becoming smaller, because under the prolonged economic stagnation and structural changes occurring in industry, many Japanese companies have shifted their employment policy toward reducing the cost of labor. These employment policy changes would include (a) decreasing the recruitment of new graduates; (b) increasing the number of part-time female workers; (c) substituting labor by automated production systems and office equipments; and (d) adjusting the size of the permanent work force by promoting early retirement, dispatching to subsidiary companies, and re-locating the place of employment. These practices are further eroding the lifetime employment system in Japan.

Subjective Career under the Japanese Lifetime Employment System

Few empirical studies exist regarding how a subjective career (Wilensky, 1960; Hall, 1976) under the Japanese lifetime employment system would appear. Past studies focus primarily on objective careers, or on an institutional aspect of the career phenomenon. Nonetheless, it is assumed that subjective careers under the Japanese lifetime employment system are harmonious with the corporation's practices. In short, Japanese employees are presumed to be happy and enjoying opportunities provided by the company. "Benevolent" treatments such as fringe benefits, welfare programs, and individual considerations are viewed as con-

tributing to the high satisfaction felt by Japanese workers (Abegglen, 1958; Rohlen, 1974). However, there exists very little evidence to support the above assumptions.

Another myth is that Japanese employees are all loyal and committed to the corporations of their first choosing. It is often assumed that employees in Japanese organizations see themselves, not just as hired labor but as members of the "family" in which their occupational lives evolve over a lifetime. This suggests an analogy between the employee-organization and a child-family relationship in which the "father" treats employees benevolently and protects them in exchange for loyalty and commitment by the "children." This paternalistic relationship, which is deeply rooted in the old family structure of feudal Japan, is invoked by the intensive organizational socialization efforts by the company to mold naive new recruits into a group of loyal company men (Rohlen, 1974).

The previous two notions, namely high job satisfaction and high organizational commitment among lifetime employment workers in Japan, seem to reinforce the widely held stereotypical image of Japanese workers as happy and hard working people. Furthermore, a perception exists that the Japanese economic miracle was only made possible by the effort of these happy and hard working employees. As a result, both practitioners and researchers across the world have expressed great enthusiasm for the Japanese management style that could so successfully maintain such high morale and productivity among workers. This human resource management aspect of the Japanese organization is well illustrated by Abegglen and Stalk's recent work, *Kaisha*. The authors suggest that Japanese management is the first in the history of world management to succeed in integrating individual and organizational goals (Abegglen and Stalk, 1985).

Japanese manufacturing organizations have been the focus of attention for their high quality products and productivity in the world economic mar-

ket. High product quality and production efficiency indicate, among other things, the existence of an effective human organization. But, production workers in those Japanese organizations may not necessarily feel happy and committed to the organizations because, theoretically, job satisfaction (Brayfield and Grockett, 1955; Herzberg, Mausner, Peterson and Capwell, 1957; Lawler and Porter, 1967) and organizational commitment (Mowday, et al., 1982) are both independent of job performance.

Some Empirical Findings on Career Development under the Japanese Lifetime Employment System

This paper examines career development under the lifetime employment system in the Japanese organization from two different points of view: the objective and subjective career perspectives. The results of two studies that were conducted cast serious doubts on the assumed characteristics of Japanese organizational careers. The first study examined "objective" aspects of a career, a pattern of upward mobility (Wakabayashi, 1980; Wakabayashi and Graen, 1984, 1988), while the second study concentrated on the "subjective" aspects (workers' attitudes toward the job and the company) of organizational careers (Wakabayashi, Gallagher, Sano and Kido, 1986). Based on a study of the progress of management careers, Wakabayashi and Graen (1984, 1988) suggested that the Japanese lifetime employment system tends to create a serious problem or a flaw (Takagi, 1985) in the pattern of upward mobility. Likewise, results of second study, in combination with other studies, suggest that an assumption of the happy and committed Japanese employee is no longer tenable. Next, results of these studies are discussed in more detail.

Problems Associated with the Pattern of Upward Mobility under the Japanese Lifetime Employment System

Managerial practices associated with the Japanese lifetime employment system, particularly efforts to maintain employment security, promotion by seniority, and human resource development through training and education, may encourage employee career development only under certain conditions. According to Ouchi (1981), the objective career is best characterized as "deferred evaluation and promotion." He maintained that, given the longer period of time, management is quite willing to invest in employees expecting to collect its return later through their organizational careers. On the other hand, employees would be motivated to learn and develop themselves over the long period of time since the pressure arising from a premature performance evaluation would be removed. This suggests that career development under the lifetime employment system in the Japanese organization (a) evolves in an environment benign to development and (b) shows no early systematic differentiation among cohort members in their potential for future promotion. Wakabayashi and Graen (1984,1988) explored these notions of career progress through a longitudinal study of the process of role making (Graen, 1976) of male college graduates recruited by one of the large Japanese department stores.

The Japanese Management Career Progress Study

The purpose of this study was to explore the validity of two hypotheses. The deferred evaluation hypothesis suggests that career progress in the Japanese organization is characterized by the nurturing of generalists through deferred evaluations and promotion. Ouchi and Johnson (1978) endorse this view. On the other hand, the early differentiation hypothesis suggest that the very early stages of a manager's career have a strong influence on his later progress. Graen (1976) argues that success or failure during the period of role making greatly affects a manager's subsequent de-

velopment.

The Japanese management career progress study was started in 1972 to explore career growth (Wakabayashi, 1980). It focused on 80 male college graduates who were recruited by one of the largest department stores in Japan. Questionnaires and interviews monitored the graduates' development over the first three years (1972 through 1974). In 1978, seven years after their employment, the company's personnel records were available to track the graduates' career progress based on criteria, such as promotion, salary and bonus. Then in 1984, thirteen years after their employment, a second follow-up study was conducted to collect basically the same set of data as the seven-years follow-up. By this time, the number of recruits available for the analysis had dropped from 80 to 71 because of voluntary terminations (Wakabayashi & Graen, 1984). Predictor and criterion variables were developed to examine career progress in the organization.

Predictor Variables

First, a single measure of the newcomer's *potential* was developed by integrating all assessment data collected by the company, such as results from psychological tests, an essay test, an English proficiency test and interview ratings. Next, an index of *vertical exchange* (Dansereau, Graen and Haga, 1975) was developed based upon questionnaires administered six times over the first three years. Newcomers were asked to evaluate, on a four-point scale, the quality of their relationship with their supervisors by taking into consideration the supervisor's willingness to help, his expectations, the flexibility, influence and job latitude the newcomer was given, etc. *Job performance* was evaluated by the supervisor through questionnaires administered six times over the first three years. Likewise, *promotability* was based on the company's appraisal of the newcomer's career potential at the end of the third year. Promotabil-

ity was assessed by the supervisor and personnel staff in terms of technical, interpersonal, and administrative skills, plus energy and intelligence observed by them.

Two additional predictor variables were introduced: university ranking and the first job. *University ranking* indicated the prestige of each newcomer's university as rated by a group of graduate students. The *first job* referred to the newcomer's first assignment with a value of "1" assigned to sales positions in the three largest branch stores and "0" to others. This latter classification was devised to evaluate the assumption by many in the company that sales jobs in one of the large branch stores provide the best background for successful career.

Criteria Variables

Several criteria for measuring career success were developed based on data collected in the seventh and thirteenth years after employment. An index of *speed of promotion* was developed as a summary measure of how quickly the three major

promotion points (ranks) in the managerial hierarchy were achieved. Figure 1 shows that seven years after employment the cohort of the 1972 college graduates reached the point where promotion to the lower level position, the Sixth Grade (the *Kakari-cho* rank), could be given. Only 42 out of 71 were first promoted. Promotions for the second group (n = 21) and the third group (n = 8) lagged behind by about six months from the respective preceding group. For the analysis, those who were promoted earlier were given the higher score at each point. To create an overall speed of promotion scale, promotion scores at the three points were standardized and summed.

In Figure 1, promotion to the Eighth Grade (the *Ka-cho* rank) indicates entry into middle management.

A *promotability index* was developed by aggregating the company's appraisals from 1980, 1983 and 1985 of the employees' career potential. Company personnel files provided additional data used to develop the *salary* (1985) and *bonus* (1985) criteria as measures of career success.

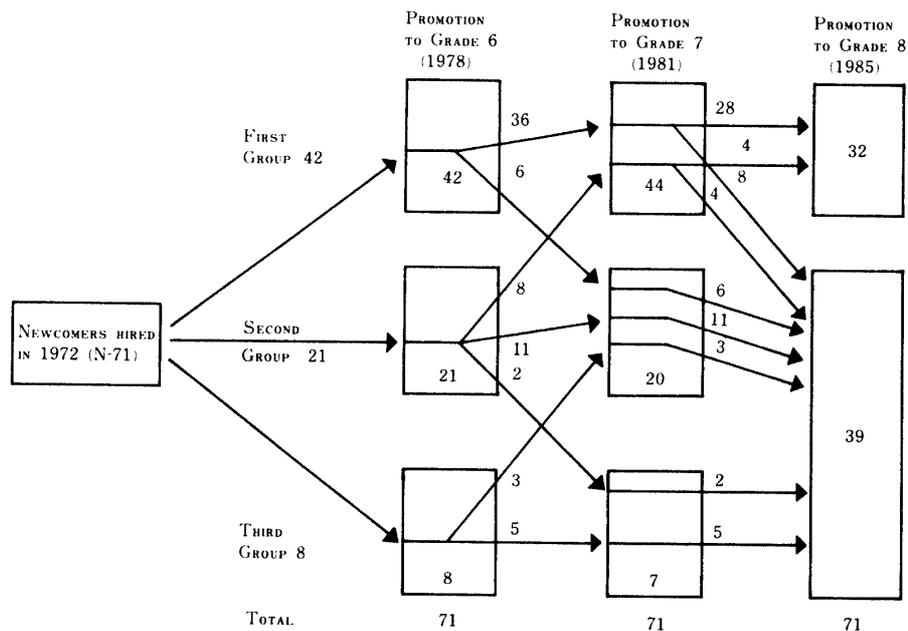


Figure 1 Career Mobility Over 13 Years.

Results of the Japanese Career Progress Study

Table 1 shows correlation coefficients among the variables used in the analysis. The results indicate that (a) criteria measure correlate highly with each other, and that (b) three predictors, namely vertical exchange (1972 – 1974), promotability index (1974) and job performance (1972 – 1974), are highly correlated with criteria measures. These results suggest that the role-making process during the first three years in the organization tends to strongly influence career success after thirteen years (in 1985).

To further explore the previous results, hierarchical regressions were performed on each criterion variable (Cohen and Cohen, 1975). Results are shown in Table 2. Values in the R_1^2 column indicate the magnitude of the squared multiple correlations generated by the first set of predictor variables of university ranking, first job, and

potential. The adjusted estimates are shown in parentheses. Likewise, R_2^2 and R_3^2 denote those correlations generated by introducing the second set of predictors (vertical exchange (VE) and a VExp term), and by the third set of predictors (promotability index and job performance) respectively. Table 2 shows standardized regression coefficients (beta) generated by the third step regression analysis.

Results in Table 2 indicate that none of the R_1^2 values were statistically significant. Although university ranking and assessed potential showed significant correlations with some criteria at the zero-order level, the R_1^2 for these criteria failed to reach significance.

The second step regression equation conducted by introducing the VE and VExp terms, in addition to the first step of predictors, produced consistent and significant results except for bonus. The unique effect of the VE and VExp terms upon the criteria variables was computed as a differ-

Table 1 Correlation Coefficients Among Variables

1. Speed of Promotion (1978–1985)	—									
2. Promotability Index (1980–1985)	.78**	—								
3. Bonus (1985)	.67**	.52**	—							
4. Salary (1985)	.92**	.72**	.57**	—						
5. University Ranking	.24*	.23*	.10	.27*	—					
6. First Job	.11	-.00	.05	.12	.13	—				
7. Potential	.23*	.20	.15	.17	.32**	-.20	—			
8. Vertical Exchange (1972–1974)	.41**	.40**	.27*	.39**	.23*	-.17	.21	—		
9. Promotability Index (1974)	.61**	.59**	.51**	.56**	.05	-.06	.21	.36**	—	
10. Job Performance (1972–1974)	.49**	.52**	.42**	.42**	-.04	-.01	.26*	.35**	.66**	—

Note. Variables from 1 to 4 are criterion scales, while those from 5 to 10 are predictor scales.
* $p < .05$, ** $p < .01$.

Table 2 Summary of Regression Analyses Based on the Hierarchical Method

	Variables Included in the First Step Regression			Variables Added To the Second Step Regression			Variables Added to the Third Step Regression			Changes in R ²		
	UR	FJ	P	VE	VExP	PI	JP	R ₁ ²	R ₂ ²	R ₃ ²	ΔR_{1-2}^2	ΔR_{2-3}^2
Speed of Promotion (1978-1985)	.12	.16	.04	.27*	-.20*	.47**	.09	.101 (.060)	.278** (.222)	.515** (.461)	.177**	.237**
Promotability Index (1980-1985)	.17	.01	-.04	.24*	-.24*	.40**	.21	.070 (.029)	.250** (.192)	.496** (.440)	.180**	.246**
Bonus (1985)	.04	.08	.01	.13	-.12	.40**	.12	.031 (.012)	.110 (.041)	.299** (.221)	.079*	.189**
Salary (1985)	.17	.15	-.02	.25*	-.16	.46**	.05	.093 (.052)	.244** (.185)	.449** (.388)	.151**	.205**

Note. The R₁², R₂² and R₃² denote squared multiple correlations generated by the first, second and the third step regressions respectively. The R₂² for shrinkage are shown in parentheses. $\Delta R_{1-2}^2 = R_{2-2}^2 - R_{1-2}^2$. $\Delta R_{2-3}^2 = R_{3-3}^2 - R_{2-3}^2$. UR = University Ranking; FJ = First Job; P = Potential; VE = Vertical Exchange; PI = Promotability Index; JP = Job Performance. * p < .05. ** p < .01.

ence of the squared multiple correlation (R_{1-2}^2) between the R_1^2 and the R_2^2 . The size of the R_{1-2}^2 shown in Table 2 ranged from .079 to .180, indicating that after the first step variables are partialled out, the average level of vertical exchange experienced by the newcomer during his first three years and its interaction with potential did contribute significantly ($p < .05$; $p < .01$) to career outcomes at thirteen years of tenure. Moreover, it was found that the unique contribution produced by the VE and VExP terms more than doubled the total contribution of the first set of variables. This suggests that the quality of vertical exchange is one of the more important dynamic conditions for career progress.

Results of the third step analysis are also listed in Table 2. In the third step analysis two performance related ratings, promotability index (PI) and job performance (JP) were added to the second set of variables. A considerably large proportion of the criterion variance (ranging from 29.9 percent to 51.5 percent) was explained by this third step. All R_3^2 s are significant at the $p < .01$ level. Second, all increases in the squared multiple correlations (R_{2-3}^2) were significant ($p < .01$). These results suggest that the performance and promotability ratings given during the first three years contributed unique explanatory power ranging from 18.9% to 24.6% for career outcomes after thirteen years. Third, regression coefficients (beta) for the VE and PI scales showed significant and consistently positive contributions to all outcome measures, while job performance washed out.

Early Career Differentiation

It was found that the newcomer's progress into middle management was influenced more strongly by his relationship with his supervisor, job performance and assessed promotability (process variables) during the first three years on the job, than by university ranking, his first job and his potential (antecedent variables). Newcomers were

clearly differentiated in terms of their relationship with the supervisor, their level of job performance and their promotability by the end of the third years. Moreover, these factors largely explained the variations in promotion, salary and bonus in the thirteenth year. Thus, early career differentiation, rather than deferred evaluation and promotion, appear to be the basic feature of managerial career progress.

Given the effect of vertical exchange it seems that the newcomer's career progress was triggered by a good relationship with his supervisor which afforded him critical developmental opportunities. This may enable him to acquire needed skills, knowledge and expertise which, in turn, develops an even stronger relationship with his supervisor. Thus, the quality of the employee-supervisor relationship plus performance and assessed promotability during the first three years may act as a catalyst for future career development. This result indicates that the environment for managerial career progress under the lifetime employment system in the Japanese organization is far from benign. Rather, it entails obstacles and confrontations involving the relationship with the supervisor (Graen, 1976), or disenchantment with the job which could lead the newcomer to leave the organization (Dunnette, Arvey and Banas, 1973). In fact, only those newcomers who enjoyed a high vertical exchange relationship with the immediate supervisor during the early stage of their career were able to establish a springboard for their future career progress.

Third, it seems that promotion to middle management involves a very keen competition among cohort members from the beginning of their organizational careers. The promotion tree diagram presented in Figure 1 illustrates that the promotion process may follow a pattern of tournament mobility (Rosenbaum, 1979). Those who "win" the first promotions of the group at a particular stage are given the first opportunity to compete for a promotion at the succeeding step. Thus, those who

are not selected first in a promotional group at a certain promotion stage compete only for the second, third, or even slower "round" of selection in the promotion game during the remainder of their organizational careers. It must be emphasized that the newcomer's rate of promotion along the promotion tree is considerably predictable based upon the vertical exchange experienced, promotability evaluation, and potential assessment obtained by the end of the third year. It appears that promotion in the thirteenth year to middle management in one lifetime employment organization involves a rather keen competition based upon an early career evaluation and differentiation. This result suggests "early evaluation and differentiation" rather than "deferred evaluation and promotion" (Ouchi and Johnson, 1978) as one of the principal features of career progress in this Japanese corporation.

Job Satisfaction and Organizational Commitment under the Lifetime Employment System

Subjective career issues for Japanese workers under the lifetime employment system involve the following two questions: (a) How do a worker's attitudes toward the job and the organization change as his career evolves within the organization?; and (b) Is the hypothesis of a happy and committed Japanese worker tenable from the point of view of organizational career development? These questions have been partially studied with respect to organizational commitment (Marsh and Mannari, 1977, 1981), job satisfaction (Lincoln and Kalleberg, 1985; Japanese Electric Workers Union, 1986), quality of work life (Takezawa, et al., 1982) and work stress (Defrank, Matteson, Schweiger and Ivancevich, 1985) among Japanese workers. But no systematic data have ever been collected to assess the issues of subjective career under the lifetime employment system in the Japanese organization.

Impact of Seniority upon Job Satisfaction and Organizational Commitment

Wakabayashi, Gallagher, Sano and Kido (1986) conducted a questionnaire survey of Japanese workers (all union members) in eighteen different manufacturing firms in the Nagoya area. Out of 7,390 respondents (representing a 78.1 percent response rate), 3,151 respondents were identified for the analysis as "pure" lifetime employment workers. They had been employed by the same companies since they were first hired after finishing school.

Table 3 shows the number of subjects and means for major variables used in the analysis based on the subject's education (high school vs. college) and years of service in the organization. The *intrinsic job satisfaction* and *extrinsic job satisfaction* scales (5-point scales) were both developed based on the MSQ items (Lofquist and Dawis, 1969). *Organizational commitment* derived from the OCQ (Porter, Steers, Mowday and Boulian, 1974; Mowday, Porter and Steers, 1982), used six items (a 5-point scale) representing the subject's identification with the company. On the other hand, the following four scales were developed by Wakabayashi and his associates (1986) for this study.

The *commitment to the work group* scale was based on five items (a 5-point scale) indicating a worker's willingness to contribute to his group. The *involvement in union activities* scale included four items (a 5-point scale) that reflect a subject's willingness to support and participate in union activities. The two *life interest* scales, hobbies & free time, and home & children included two items respectively, focusing on the importance (on a 4-point scale) of these issues in the subject's life. Then, the last scale on *chances of alternative jobs* explored the possibility that the subject would attach to finding the same or a better job elsewhere in the open job market (Mobley, Horner, and Hollingsworth, 1978).

In Table 3, mean changes indicate that for both

Table 3 Means for Career-related Variables based on Subjects' Years of Service in the Organization

Variables	Ed.	Years of Service									
		1~2	3~4	5~6	7~8	9~10	11~12	13~14	15~19	20 years~	
Extrinsic Job Satisfaction	H	20.0	18.6	18.3	18.0	18.5	18.8	18.5	19.5	20.0	
	C	20.8	18.8	18.3	18.1	18.3	18.8	20.2	19.2	21.0	
Intrinsic Job Satisfaction	H	28.1	27.4	27.8	27.8	27.7	28.4	27.7	29.4	29.7	
	C	28.7	28.5	28.5	29.0	27.7	28.7	29.9	28.9	29.9	
Organizational Commitment	H	17.2	16.5	16.3	16.2	17.1	17.5	17.8	18.4	19.1	
	C	17.4	16.6	16.1	17.1	16.5	17.3	18.3	17.6	19.2	
Commitment to the Work Group	H	15.5	16.0	15.9	16.6	16.5	16.5	17.0	17.4	18.0	
	C	16.1	16.7	16.8	17.4	16.7	17.0	17.7	18.1	17.9	
Involvement in Union Activities	H	7.0	7.8	8.0	9.2	9.1	9.9	10.2	10.9	11.3	
	C	7.3	8.0	9.1	9.9	9.0	9.4	10.4	10.2	10.8	
Life Interest : hobbies & free time	H	6.5	6.3	6.4	6.3	6.2	6.1	6.0	6.0	5.9	
	C	6.6	6.4	6.3	6.3	6.2	6.0	6.0	5.9	5.8	
Life Interest : home & children	H	4.4	4.4	5.1	4.9	5.2	5.3	5.7	5.7	5.8	
	C	3.8	4.2	4.8	5.0	5.2	5.4	5.8	5.8	5.9	
Chances of Alternative Jobs	H	3.3	3.3	3.2	3.2	3.1	3.0	2.9	2.9	2.7	
	C	3.2	3.3	3.0	3.0	3.0	3.0	3.0	2.9	3.2	

Note H : High school graduate
C : College graduate

college and high school graduates extrinsic job satisfaction and organizational commitment do not show linear increases as seniority increases. Rather, mean changes for those variables follow the U-shaped curvilinear trend. Figure 2 illustrates this trend for extrinsic job satisfaction. These results indicate that the happy-and-committed worker hypothesis about lifetime employees in the Japanese organization seems to be too naive and simple.

Commitment to the work group, union involvement and the importance of home and children all display a linear increase as seniority increases. Figure 3 shows this trend for the work group commitment. These results indicate that a worker's psychological attachment to the work and his group, the union organization, and his home and children keeps increasing rather steadily as his career develops under the lifetime employment system in the Japanese organization.

Finally, the chances of finding alternative jobs gradually decrease along the seniority progression. Intrinsic job satisfaction moves up and down making an interpretation difficult.

The above results suggest that seniority progression under the lifetime employment system in the Japanese organization generates a complex alleyway of psychological responses among employees. In the early stages of a career an increase in seniority impacts negatively upon extrinsic job satisfaction and organizational commitment, but positively upon work group commitment, union involvement, and personal interest in home and children. Then, in the middle and late career stages an increase in seniority leads to more positive responses to all aspects of organizational lives. To further illustrate the differential impact of seniority between the early and the middle-to-late career stages, correlation coefficients were computed between years of service and the career related vari-

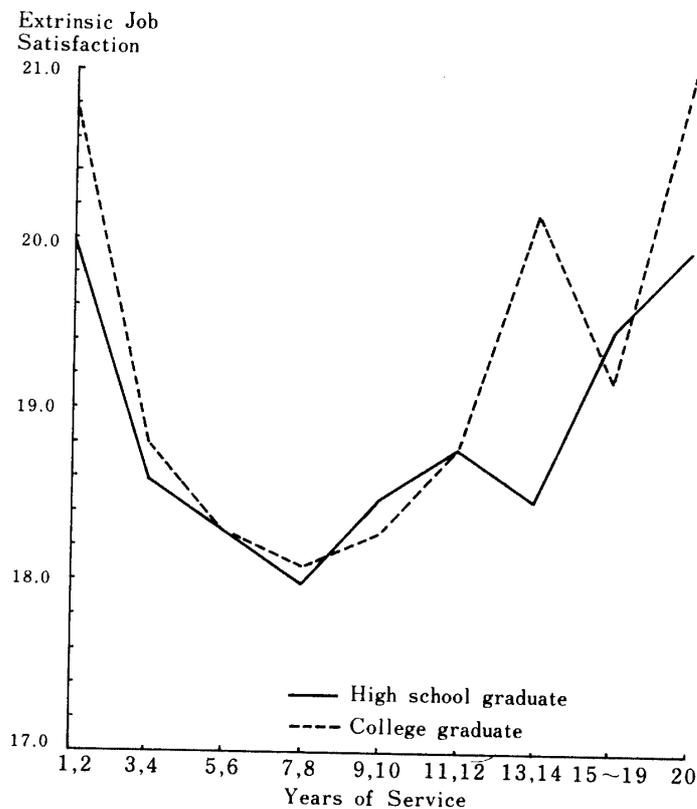


Figure 2 Extrinsic Job Satisfaction for High School and College Groups based on Years of Service in the Organization

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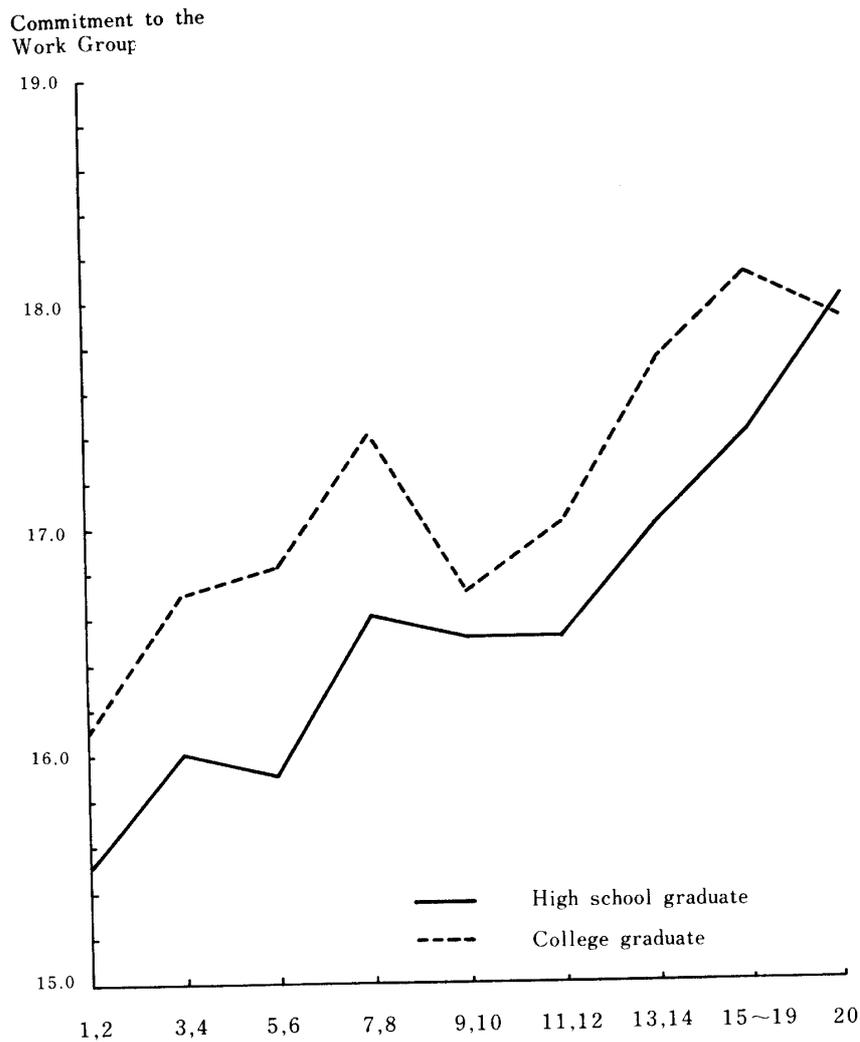


Figure 3 Commitment to the Work Group for High School and College Groups based on Years of Service in the Organization

ables. Table 4 displays such correlations for subjects in the early career stage (less than 10 years of service) and for the middle-to-late career (over 11 years of service) separately. It was found that for both the college and high school groups years of service correlates negatively with extrinsic job satisfaction and organizational commitment during the early career stage, but positively in the middle-to-late career stages, thus making differences between the two correlations statistically significant. These results match the observed U-shaped changes (see Figure 2) in extrinsic job satisfaction and organizational commitment along the seniority progression. In Table 4, the same pattern of cor-

relations are found for intrinsic job satisfaction and chances of finding alternative jobs, though the U-shaped trend is not as clear for these variables. On the other hand, correlations for commitment to the work group, involvement in union activities, and life interest in home and children were all positive throughout all career stages. As shown in Figure 3, seniority progression has a positive effect in these areas for both college and high school groups.

These results, then, raise an important question. Why does the level of extrinsic job satisfaction and organizational commitment temporarily decline, rather than increase steadily, during the

Table 4 Correlation Coefficients between years of Service and Career-related Variables : Comparison between the Two Tenure Groups

Variable	Tenure Group by Education			College Graduate			High School Graduate		
	(1) Less 10years (n = 586)	(2) Over 11years (n = 472)	(3) Overall (n = 1058)	(2) — (1) ^a	(1) Less 10years (n = 789)	(2) Over 11years (n = 1304)	(3) Overall (n = 2093)	(2) — (1) ^a	
Extrinsic Job Satisfaction	-.22**	.13**	.00	.35**	-.17**	.12**	.06*	.29**	
Intrinsic Job Satisfaction	-.04	.12**	.07**	.16**	-.03	.13**	.15**	.16**	
Organizational Commitment	-.08*	.14**	.12**	.22**	-.09*	.16**	.22**	.25**	
Commitment to the Work Group	.13**	.15**	.23**	.02	.11**	.18**	.30**	.07	
Involvement in Union Activities	.33**	.13**	.37**	-.20**	.28**	.23**	.50**	-.05	
Life Interest : hobbies & free time	-.10**	-.08*	-.21**	.02	-.06*	-.07**	-.18**	-.01	
Life-Interest : home & children	.29**	.11**	.42**	-.18**	.17**	.11**	.30**	-.06	
Chances of Alternative Jobs	-.07*	.06	-.07**	.13**	-.06*	-.13**	-.20**	-.07	

* p < .05, ** p < .01

a. Figures under the (2)-(1) columns indicate differences in correlations between the Less 10 and Over 11 years groups.

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CAREER DEVELOPMENT UNDER THE LIFETIME EMPLOYMENT SYSTEM

early career stages under the lifetime employment system in the Japanese organization? One possible answer is that under the seniority based wage and promotion system individual contributions to productivity do not match the level of extrinsic rewards (pay and promotion in particular) given by the organization. In other words, this system requires an employee to collect on his earlier contribution to the organization in later career stages. This time lag in the contribution/compensation linkage seems to lead to an "underpayment" (and thus dissatisfaction) among those in the most productive middle career stage, and conversely "overpayment" (and thus high job satisfaction) among those in possibly less productive early and late stages.

The above complex relationship among an employee's contribution, the company's compensation, and job satisfaction is shown in Figure 4. Figure 4 indicates that during the early career stages an employee's contribution tends to lag behind the almost automatic pay increases and promotions generating an overpaid situation, where high job satisfaction would emerge. On the other hand, in the middle career stage employees may feel that they are underpaid, thus feeling dissatisfied, be-

cause of the deferred pay increases and promotions relative to their increased contributions to the organization. This happens because pay increases and promotions unfold slowly and gradually under the Japanese seniority system. Then again in the late career stage an overpaid period starts since contributions tend to taper off, while compensation keeps increasing following the seniority progression.

The main cause for the emerging U-shaped job satisfaction curve seems attributable to those employees who are underpaid during the most productive mid-career stage. This mechanism seems to be working for organizational commitment also. These results do not fit the stereotyped image of the "happy-and-committed" employees in the Japanese organization. It seems rather clear that, under the lifetime employment system in the Japanese organization, those who are satisfied are either the young, new employees who are undergoing organizational socialization and training, but nonetheless receive a full salary, or the established and relatively tenured older employees who are entitled to collect the fruit of their past contributions while enjoying high status and respect in the hierarchical organization (Nakane, 1970) in

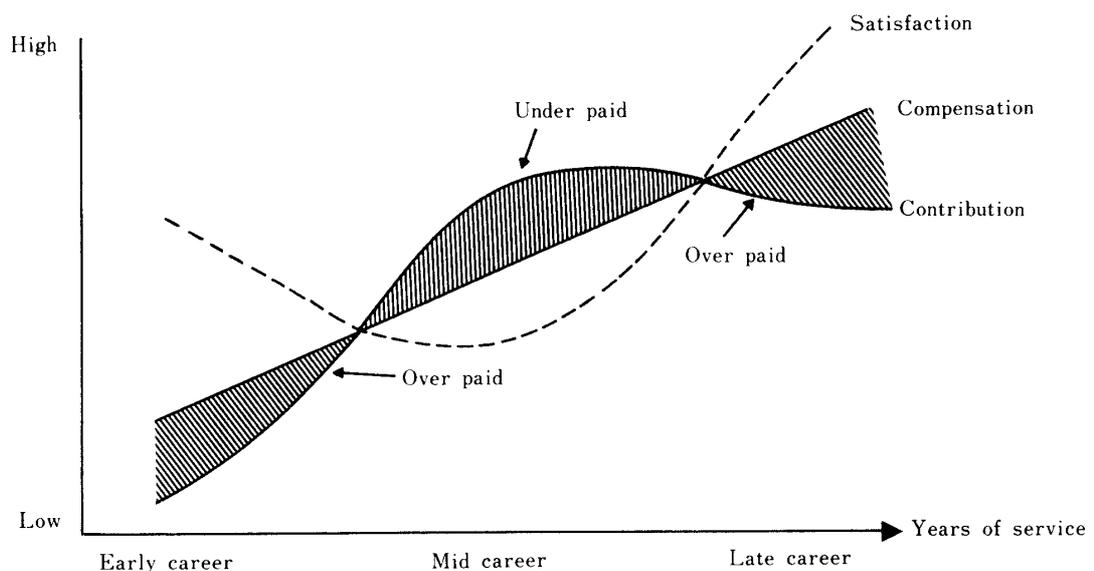


Figure 4 Hypothesized Relationships between Worker's Contribution, Compensation, and the Level of Job Satisfaction among Japanese Permanent Workers.

Japanese workers experience relatively low psychological well-being on the job. This could be attributable to (a) low job satisfaction, and (b) the fear of making mistakes and high stress on the job.

The recent study conducted by Lincoln and Kalleberg (1985) based upon workers in manufacturing industries in Japan ($n=4,567$) and the United States ($n=3,735$) suggested that Japanese workers experience low organizational commitment as well as low job satisfaction. Figure 5 utilizing some of the data provided by Lincoln and Kalleberg (1985) clearly illustrates that attitudes toward work and job satisfaction among Japanese workers are lower relative to their American colleagues ($p < .01$). Their study also revealed that Japanese workers' organizational commitment, as measured by some of the Porter *et al.* (1974) organizational commitment (OCQ) items, is constantly lower compared to American workers. Since the sample in the authors' study was selected carefully so that the two groups of workers are directly comparable, these results pose a serious question about the legitimacy of the happy-and-committed employee hypothesis of Japanese workers.

Low organizational commitment among Japanese employees was also reported by Cole (1979) who

conducted a comparative study involving workers in Yokohama and Detroit. Besides Cole, Naoi and Schooler (1985) identified that a worker's pride in his company is significantly lower among Japanese workers relative to their U.S. colleagues. A recent study by Wakabayashi and his associates (1986) found that organizational commitment among male Japanese workers, evaluated by aggregating all 15 items of the Porter *et al.* OCQ, is much lower than that reported by the various segments of employees representing the American labor force (Van Maanen, 1975).

Not only is job satisfaction among Japanese workers lower than that of their American colleagues, but it is also lower than for most of the workers in the industrialized nations of the world. A recent survey by the Japan Electric Workers Union (1986) involving the electrical workers in the world indicated that the level of overall job satisfaction (an aggregate of the 20 satisfaction items) for Japanese workers is the second lowest among the nine nations surveyed: Sweden on top followed by the Federal Republic of Germany, United Kingdom, Hungary, Hong Kong, Yugoslavia, Poland, Japan and Italy. Furthermore, Komai (1987) conducted a well controlled study in which Japanese ($n = 203$) and American ($n = 196$) auto

Table 5 A Comparison of Job Satisfaction between Japanese (J) and American (US) Auto Workers

Aspect of Job Satisfaction		Satisfied				Dissatisfied		N.A
		very	fairly	a little	neither	fairly	very	
Overall	US	25.5	41.3	19.9	1.5	2.6	2.6	—
	J	2.0	14.8	42.3	10.3	3.0	3.6	1.0
Pay	US	42.4	32.7	16.3	0.5	6.1	2.0	—
	J	3.0	4.9	36.0	8.4	37.8	9.4	—
Responsibility	US	20.4	26.0	23.5	5.1	15.3	9.7	—
	J	2.5	7.4	36.9	23.6	23.2	5.9	0.5
Promotion	US	16.3	22.5	20.4	12.8	16.3	11.2	0.5
	J	0.5	5.4	25.1	30.1	27.6	10.3	1.0
Human Relations	US	23.5	37.8	21.4	1.0	10.2	5.6	0.5
	J	3.9	25.6	41.9	7.4	14.3	6.4	0.5

Figures in the table denote percentages.

US: America, J: Japan

Source: Komai (1985)

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Japan. It is ironic that the most productive and contributing employees tend to feel trapped and less satisfied in the middle of their organizational careers.

The Quality of Subjective Career among Employees in the Japanese Organization

Cross-cultural comparisons of job satisfaction

involving Japanese workers constantly reveal that low job satisfaction may be prevalent among Japanese workers compared to their colleagues in America, Europe and even in the developing countries. Nonetheless, very few studies have ever seriously questioned the possible flaw in the quality of work life among the Japanese workers (Takezawa, et al., 1982). A review of several cross-cultural studies showed that the average

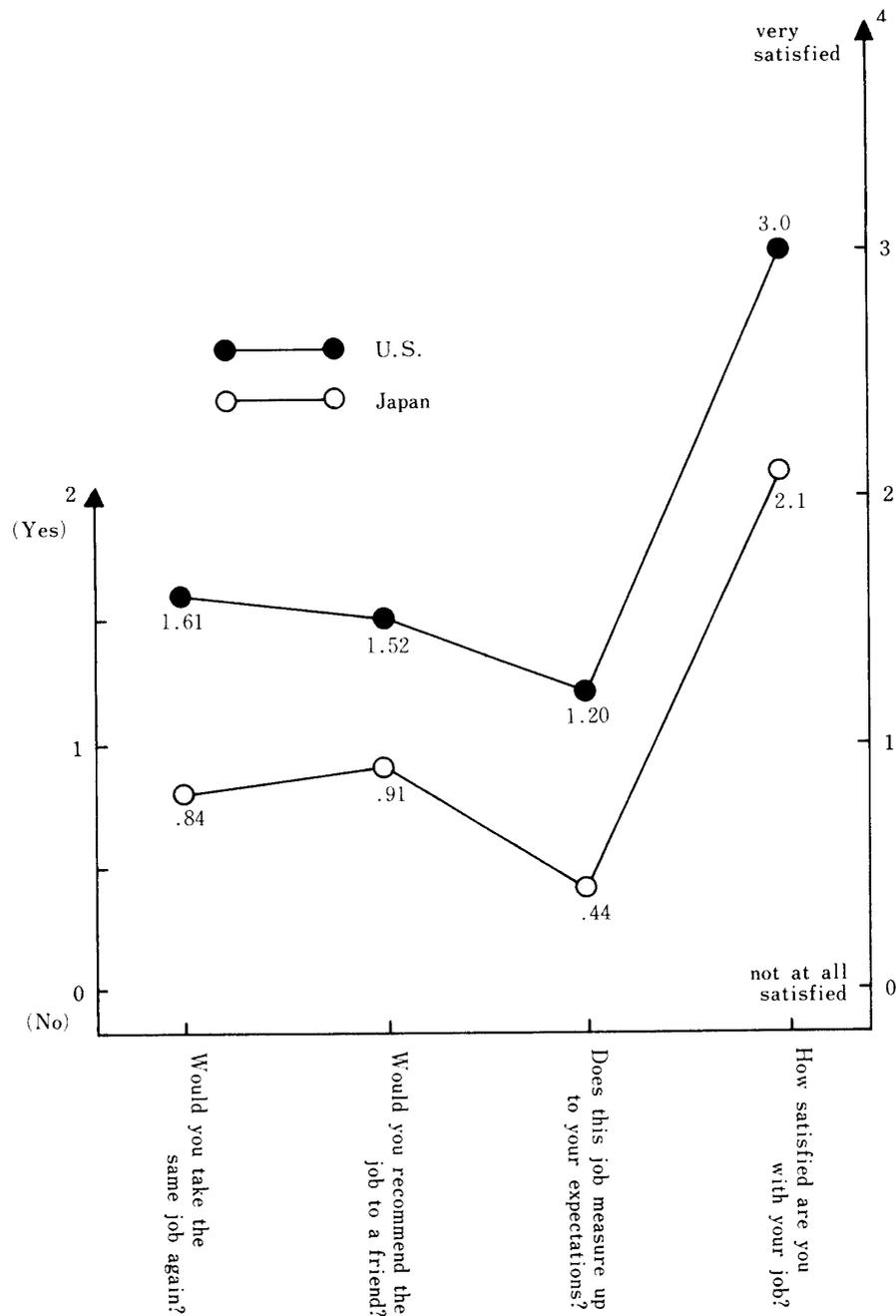


Figure 5 Attitudes toward Work among Japanese and American Workers Drawn from Lincoln, J. R. and Kalleberg, A. L. (1985)

workers were randomly selected from a large auto plant in their respective country. The two groups of auto workers were directly comparable regarding the various aspects of job satisfaction.

Table 5 shows that the percentage of satisfied workers is far greater in the American auto sample compared to the Japanese one in all aspects of the job including overall job satisfaction. Although many methodological problems may be involved in a cross-cultural comparison of mean scores (Barrett and Bass, 1976; Wakabayashi and Kido, 1986), there seems to be good empirical evidence to conclude that Japanese workers experience relatively low job satisfaction rather than being content with their jobs and their organizations.

Second, the notion that Japanese workers may be experiencing high fear and stress on the job can be illustrated (Figure 6) by drawing on the survey report published by the Japan Electric Workers Union (1986). In this survey, Japanese electric workers were (a) the most fearful of making mistakes in their work, (b) the most dependent upon other people's evaluation of their own job performance, and (c) enjoying the work they do the least, compared to their colleagues in other countries. These results suggest that employees in

the Japanese organization might be working very hard, not because they are strongly motivated to achieve something self-satisfying or self-actualizing, but because they want to avoid failure in living up to other's expectations. Under the situation where tasks are assigned to a group, not to an individual, someone's faults could result in serious consequences, and thus, the work becomes hardly enjoyable. Moreover, emphasis on high productivity and product quality may make the worker's feeling on the job even more stressful and tense. Such anxieties would easily off-set any positive effect associated with performing a challenging task or engaging in close human relations activities with peers.

Conclusion

Many new developments are taking place now in Japan, shaking Japan's traditional employment systems and practices. The economic structure is changing. And, in the process of economic restructuring, many workers are losing their jobs. To make matters more difficult, women and older people are joining the workforce in growing numbers today. This trend may cause a quick erosion of

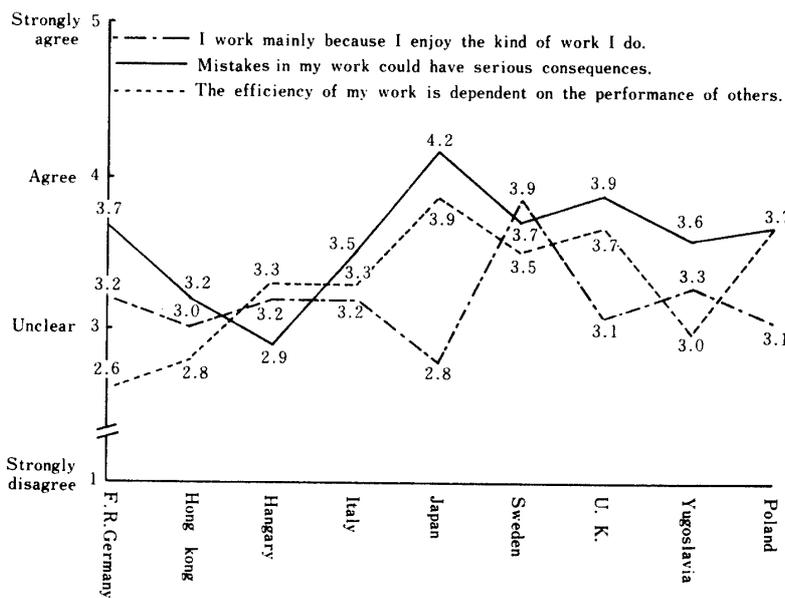


Figure 6 The Quality of Work Experience among Electric Workers in the World Drawn from Japanese Electric Workers Union, (1986)

the traditional lifetime employment system in the Japanese organization.

The increase in unemployment taking place in Japan can be attributed to the evolving industrial restructuring. By European and American standards, unemployment in Japan has remained at a very low level for many years. But, with a rising price in the yen and a mounting difficulty in expanding the export business, the nation's jobless rate has finally risen about three percent. Future prospects are not bright. It may be only a matter of time before Japan's unemployment rate catches up with Europe and America's rates.

According to estimates by the Labor Ministry in this year's Labor White Paper, the cost of labor in the Japanese manufacturing sector was 68 percent of that in the United States last year. But in 1988, the figure has risen to 118 percent with an exchange rate of 130 yen to a dollar. The white paper further reports that an estimated 1.7 million workers have become surplus labor in the manufacturing sector because of this increase in the relative cost of labor.

As more and more Japanese companies "adjust" surplus labor, there will be a growing number of middle-aged and older workers who will reluctantly resign their jobs. Thus, one may safely say that the traditional lifetime employment system is no longer what it used to be. And workers, on the other hand, may quickly lose the traditional work ethic of remaining loyal to just one company.

Are there now any such employees who match the traditional, stereotyped image of lifetime workers in the Japanese organization? Did they ever exist in the past? In light of these serious questions and the changing environment, systematic studies of the impact on permanent employment workers in the Japanese company are warranted by focusing upon the objective as well as subjective aspects of their careers in Japanese organizations.

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要 約

終身雇用システムのもとでのキャリア発達

若 林 満

Daniel G. GALLAGHER

George B. GRAEN

本論文においては、わが国産業組織における終身雇用制度を基調とした人材育成の問題点が、客観的キャリアと主観的キャリアの2つの視点から問題とされた。客観的キャリアの視点は、組織で働く人びとの職務・地位・部署など、公式的な面での変化や異動を記述し説明することを目的としている。本論文ではこの客観的視点からの検討は、大卒男子社員の管理職への昇進過程に関する13年間の縦断研究の資料に基づき行われた。そこでの問題は誰が、いつある地位に昇進していくか、またそれを規定する要因は何かという問題であったが、分析の結果、管理職へのキャリア発達は年功序列というよりは、かなり厳しいトーナメント型の競争過程であること。そして誰が、いつ昇進するかは、キャリア発達の初期段階（入社3年目ぐらいまで）の実績（業績評価と能力評定）、およびそれまでの直属上司との対人関係（垂直的交換関係）のあり方によって規定されることが明らかとなった。この結果は、管理職キャリア発達における早期

分化の仮説を支持するものであった。

次に、主観的側面からのキャリア発達の研究として、大卒および高卒者の仕事の満足感と組織へのコミットメントが分析された。筆者らの調査から得られた大量サンプルに基づく横断的研究の結果、新入社員から中高年社員層の勤続年数グループ間での比較をみると、満足度や組織との一体感は若年層と中高年層で高く、中堅層（入社8～10年前後）で最低となるU字型を呈していることが見出された。加えて、他の研究をもとに、日本の労働者と外国の労働者の仕事満足感を比較すると、多くの研究がわが国労働者の満足度の低さを支持する結果を示していた。以上の分析から、終身雇用制度のもとでのわが国従業員キャリア発達は、客観的側面では年功序列的というより競争的であり、主観的側面では満足度が高く組織との一体感が高いという一般的予想とは、ほど遠い結果であることが明らかとなった。