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CHANGES IN JAPANESE HUMAN RESOURCE MANAGEMENT SYSTEM PART I: CHANGES IN THE POST-WAR ERA

***Abstract:** Lifetime employment, seniority system, Ringi system of decision making, and company trade unions are considered the typical characteristics or features of the traditional Japanese approach to management. In reality, majority of these features are related to human resource management practice in Japan. The paper deals with changes in Japanese management practice in both the post-war era and the lost ten years' era. The post-war era includes about three decades since the 1950's till the end of 1980's. Period of the 1990's till the beginning of the 21st century is regarded the lost ten years' era in Japan. It makes sense to separate these periods as large industrial Japanese companies operated in different business environments in both periods. Changes that occurred in the Japanese management practice during both periods, of course, reflected these differences. Accordingly, the paper is published in two parts. The first part deals with changes in the post-war era.*

***Key words:** American management, human resource management, Japanese management, kanji, management theory, management practice, Ringi procedure*

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Introduction

Students and researchers who are interested in the Japanese management approach and its specific features are almost permanently confronted with suggestions, forecasts and expectations of how Japanese management *should* change. Management in general is a management of people. This holds true especially in Japan since almost all typical characteristics of the Japanese approach to management, such as lifetime employment, seniority system, company trade unions, even decision making primarily deal with people. Because of that, the discussion on possible changes in the

Japanese human resource management is more or less about the Japanese approach to management.

Nature of Change

Discussion about changes in Japanese human resource management, however, requires a proper understanding of what the nature of change is. Why are changes necessary? There are thousands of textbooks and other publications that give us another thousand of reasons why changes are necessary. Anyway, people in general do not like changes, and managers are no exception. It is true that mankind would stay in caves till today if there were no changes. Even so, people still dislike changes. There are a number of possible reasons for that, three of which are probably the most important:

First, people are scared of changes because they are not sure what the real consequence of a change will be. Because "...all major changes are like death. You cannot see to the other side until you are there" ([1], p. 4). From a managerial point of view, each change in itself includes a kind of a conflict. On the one hand, there is a potential danger that the change's output or a consequence will be different than expected. It is the risk in change management. But on the other hand, a change provides managers with a hidden or potential opportunity. A managerial decision about changes should be based on evaluation of both risk and opportunity that are in conflict with each other. Risk or danger is for "do not do it" but an opportunity is for "take a chance and do it". The following combination of two kanji characters is pronounced kiki in the Japanese language (Fig.1).



FIG.1: CRISIS OF CHANGE

Its meaning in this combination is a "crisis". The first kanji character, if put separately, is pronounced ki and its meaning is a "danger" or "dangerous". The other kanji character pronunciation is also ki but the meaning is an "opportunity" this time. Changes in the system of management include the kiki's both aspects, i.e. both a potential danger and a hidden opportunity. Japanese managers are or should be very well aware of that, since this crisis of change is included in their native language.

Second, people resist changes because of their stereotypes or schemes. Basically, each change is aimed to break down some kind of a stereotype. Stereotypes are,

though, natural attributes of each individual's behaviour: in reality, an individual's experience is about acquired stereotypes. For example, company human resource management departments in Western countries that search for "experienced" recruits in reality look for recruits who have already acquired some type of stereotypes. People usually love stereotypes, as they are "sure" that this is the "right" way because of their experience. At the same time, this is the reason for change resistance as the change is aimed to break down the "right" way of acting or behaviour.

Third, changes require development of new skills and learning new ways to get things done. This is sometimes hard since learning new things is of course much less comfortable than acting in line with the stereotypes acquired before. Reluctant managers sometimes take it as a good reason to resist changes.

Changes are also necessary because the business environment is changing. Because of that, the role of a company management system is two-fold. First, its role is to run day-to-day activities that will lead the company to accomplishment of its goals. The second role is to create appropriate conditions for effective functioning of the company in the future. Both roles should be "played" simultaneously and in parallel. Change management is an integral part of the latter role. As the business environment is changing, companies and their systems of management not only should but have to change in order to stay competitive on their markets. It is an issue of survival in a sense of "stay or go". Company management systems should reflect the changes in their business environment, as they cannot change the environment itself according to their needs. For example, they cannot stop or postpone globalization. Instead, company management has to decide to go global or not.

Managers in the West as well as their counterparts in Japan are aware of all this. Both approaches and both management systems in the West and in Japan should find some way to respond to changes in their environment. For example, there is a famous statement by Konosuke Matsushita, the founder of Matsushita Electric, Ltd. (the company new name is Panasonic since 2008), which is remembered as a chilling prophecy. Over two decades ago he said that:

"We (the Japanese) are going to win and the industrial West is going to lose. There is not much you can do about it because the reasons for your failure are within yourselves. Your firms are built on the Taylor model. Even worse, so are your heads." ([2], p. 6).

It was introduced about two decades ago and became known in the business community worldwide. It was a kind of suggestion how Western management systems should be changed. This "suggestion" should be understood also as a profound change, i.e. the replacement of an existing management system with a new one, possibly the Japanese one. Western management systems, however, never followed this "suggestion". In the West, we have come up with several ideas for further development of management systems instead. There are just a few of them:

- Implementation of the Chaos theory

- New model of organization, i.e. flat, flexible, networked, international, and diverse
- Team organization
- Reengineering
- Downsizing
- Lean management
- High performing organization (HPO)
- Learning organization, and some other

All what has been done in the West is just an improvement of the existing system of management. The reason for that is quite clear – the existing system of management fits the Western business environment.

It is important to remember this when discussing and forecasting the necessary changes in the Japanese management approach. There is a Japanese style of management or Nihonteki Keiei in the Japanese language that fits the Japanese environment. Now, if we take into consideration these facts, there is a logical question: If there are changes carried out in the Japanese management approach, do they take place within the framework of Nihonteki Keiei or is it the Nihonteki Keiei entire replacement? The answer to this question is a crucial one because through the entire history of the Japanese management system, there have been several attempts aimed at the replacement of the Japanese system with that from the West. We should also remember that by rule, all attempts failed – no exceptions. At the same time, the Japanese economy has been one of the most important players in the world's economy during almost all of this history. History shows us some examples of how such attempts have failed.

Western Approach Accepted and Rejected

Even before the industrialization period in the 16th century, Portuguese missionaries and traders introduced Christianity to Japan. At the same time they introduced firearms there. It was a very interesting combination of the Christian religion and armaments but it was widely accepted in Japan. Finally, during the Tokugawa period, all such activities were cancelled, the only official religion became Buddhism and the country turned back to its traditions.

During the early industrialization period, Japanese business leaders were anxious for Western technology and Western experts, who had brought their expertise as well as their management culture to Japan. When their mission was completed, they were replaced, and the Nihonteki Keiei was introduced after that. Ringi seido, seniority, and later lifetime employment were its integral parts. At least to some extent, a similar situation occurred after the end of World War I. As a result, “the rich nation and a strong army” movement was reintroduced. Business leaders turned back to the Nihonteki Keiei as well.

Probably the best example for the failure of Western management approaches implementation into Japanese culture is the development after the end of World War II. In the early Occupation period, Japanese management was intensely interested in modernizing its managerial philosophy and practices. As the first step of modernization, American management concepts and procedures were adopted in Japanese industrial companies. In reality, the adoption of American concepts only produced very limited results in changing the traditional characteristics of Japanese management.

There are usually two reasons stated for that. One reason, which is considered very important, is that the adoption of American management concepts and techniques was motivated primarily by the curiosity of the Japanese about foreign concepts and ideas rather than by a genuine evaluation of feasibility and understanding of the need for change. As for the other reason, American management concepts and techniques were adopted although the Japanese did not know exactly what they were about.

The trend of an intensive adoption of American management practices in Japan continued through the Occupation era till the end of 1950's. Unfortunately, no systematic attention was paid to the assessment of appropriateness of American management concepts and techniques to the Japanese managerial culture. As a result, the American approach was adopted just superficially. At the beginning of 1960's, Japanese business leaders realized that American management practices were not suitable to a specific Japanese environment. They came to a conclusion that American concepts and techniques had almost no impact on the modernization of Japanese management practices.

As a result of that, Japanese managers rejected American management practices with an enthusiasm even greater than when they had accepted them a few years ago. They came up with an idea which was just the opposite of American management practices implementation. According to this idea, characteristics of the Japanese specific environment require a specific Japanese approach to management. Based on this, they realized that Japanese traditional managerial practices are much different from those that are common in America but still they are more suitable for Japan than the American ones since they reflect Japanese society and culture. After that, American management concepts were categorically rejected and traditional Japanese management practices or Nihonteki Keiei once again was implemented in the Japanese environment.

The Japanese "miracle era" economy that followed afterwards assured the reverse course proponents in their beliefs that the renaissance of a traditional Japanese management was the only right thing they could do. Their optimism lasted for over three decades till the beginning of the era that is known today as the "bubble economy" or the "lost ten years' period". After that, it was recognized that a categorical evaluation of all traditional practices was probably not the best way.

A better way would have been a careful appraisal of each key aspect of the traditional Japanese management from its individual viability and effectiveness point of view.

As for the recent development after the era of lost ten years, the situation can be illustrated by the story published in the Economist ([3], p. 4). According to this, *“In the late 1990s, when Japan had endured almost a decade of stagnation, the American model seemed to have all the answers – a reversal from the 1980s, when American firms were trying to emulate the seemingly unstoppable Japanese model. America’s economy was booming, fuelled by a flourishing technology industry. Its approach seemed more successful at promoting innovation and growth in the internet era, and its vibrant start-up scene was a far cry from Japan’s staid big-company capitalism. So policy makers rewrote corporate law to allow Japanese companies to adopt an American-style model of corporate governance, and some companies began to adopt Anglo-Saxon practices such as performance-based pay, share options, outside directors, promotion based on ability, pursuit of shareholder value and hiring new employees in mid-career. The banking system was recapitalized, cross-shareholdings were unwound and companies embarked on a programme of restructuring. But a funny thing happened on Japan’s way to the American model – it never got there... Many of the reforms met with opposition and were scaled back. Then the dotcom crash and the Enron scandal caused the American model to lose its luster, to the delight of Japan’s old guard”*.

Here we are again, as the soccer fans in Europe would say. Is this an example of another failure of the foreign management practice implementation into Japanese environment? The answer seems to be yes, probably it is. After several attempts had failed, now it seems to be clear that the “re-implantation of the lemon tree from the Africa’s hot climate in the Northern Europe’s cold climate” would not be successful. The reason is quite simple – because the environment is so much different. It is not about a poor way of implementation or lack of information on American practices. It is not even about the dotcom crash and/or Enron scandal instead. It seems to be a perceived incompatibility with the Japanese unique business and social environment.

Coming back to the question about “if there are changes in the Japanese management approach, do these changes take place in the framework of Nihonteki Keiei or is it the Nihonteki Keiei replacement?” the answer would be no; it is not the Nihonteki Keiei replacement. In reality, this seems to be a quite logical answer. At least in the near future for example, the ringi system of decision making cannot be expected to be replaced by the Western, predominantly individualistic approach. It cannot work effectively in line with the lifetime employment practice and/or seniority system of compensation because it lacks the compatibility with both. Besides this, influential habatsu groups will veto such a proposal. Otherwise they would lose their influence in the organizational politics. Similarly, effective management of a large Japanese industrial company, which works as a seniority

organization really requires seniors. As a result of that, we can assume that changes in the Japanese human resource management approach would occur in the framework of the existing system.

Assuming what the framework for changes is, we should specify what has been changed in the Japanese approach to human resource management and what the recent trends are. These changes are related to all Japanese management approach's special characteristics that include lifetime employment practice, ringi system of decision making, seniority system, as well as Japanese trade unions. In order to get a better picture, we will briefly describe changes that occurred in both the post-war era and after the "lost ten years' " era. The post-war era covers about three decades since the 1950's till the end of 1980's. Period of the 1990's till the beginning of the 21st century is referred to as the lost ten years' era in Japan. It makes sense to separate these periods as large industrial Japanese companies operated in slightly different environment in both of these periods. Changes that occurred in the Japanese management practice during both periods, of course, reflected these differences.

Changes in the Post-war Era

After the post-war reforms that included practically all aspects of the society, Japanese industrial companies during the 1960's and 1970's operated in a relatively stable business environment. Industrial companies were the most important "engines" of the Japanese economy "miraculous" growth. Even the first oil crisis in 1973 that caused several "earthquakes" in all over the world's major economies had a much less dramatic impact on the Japanese business environment. For example, shortly after the crisis American market was flooded with Japanese economy class cars.

Accordingly, the Japanese management practices were considered very effective. The Japanese model became very attractive also in the West. Thousands of management consultants in the West taught their clients what the Japanese model's strong points are. Japanese organizations were considered the Likert's system 4 organizations. In 1980's, the Theory Z by William Ouchi, which contrasted Japanese and American management practices, was introduced. The "winners" were Japanese practices.

In the following text, we will briefly describe some important changes that occurred in the Japanese management practice during the post-war period, till the late 1980's. The enthusiastic drive for the American management practice in Japan during the 1950's has already been mentioned, as well as their failure in practical application. At the beginning of the 1960's after the Nihonteki Keiei renaissance and the beginning of the Japanese economy phenomenal growth, large industrial companies introduced several changes in their traditional system of management.

For example, they realized a serious shortcoming in their top management organization, as there were no effectively functioning boards of directors. Japanese large industrial companies almost exclusively staffed their boards of directors with full-time executives. Of course, they were the company permanent employees that reached these positions in accordance with management development programmes and seniority system. Even if there were some external board of directors members, they were usually presidents of the company's associated organizations. They were not from the "outside" in the true sense of the word.

This fact was considered a shortcoming because the directors served as full-time employees with day-to-day managerial responsibilities. Because of that, they were busy with more or less operational activities and had practically no time left for conceptual, long-term planning activities. Nevertheless, responsibilities of directors are related or at least are supposed to be related to the long-term planning as a typical general management activity. And this was not only the shortcoming in the organization of top management. Another problem was the way how the directors were selected, i.e. how members of the board of directors got their seats. As they climbed up the seniority ladder, at the age around forty-five or fifty, they were usually selected for the position of director by the chairman of the board or the president. As a result of that, the new directors served in reality as the chairman of the board or the president's subordinates. Put altogether, the board of directors consisted exclusively of the president's subordinates. It is clear that such a board of directors could not be functioning effectively as an independent body, as the power within the company has concentrated in hands of a couple of high-ranking top executives. This holds true especially if there is no separate and independent organizational unit to check on their activities and performance.

To solve this issue, some Japanese large industrial companies established a formal compulsory retirement age for directors. This measure was aimed to open the "door" for younger directors who were on their way up to the board of directors. In large Japanese industrial organizations of 1960's, this change was considered a major change of the top management organization. But in reality it was an attempt to imitate the former pre-war *Zaibatsu* top management organization.

Japanese management, of course, underwent some other changes during the post-war era, especially in the 1960's. Beside the organization of top management the changes introduced during this era included the following:

- Divisional organizational structures were introduced in large industrial companies. This change was inspired by the success of divisional organizational structures in the USA. Borrowed from the USA without any feasibility evaluation, this step had almost disastrous results, at least in some cases. Japanese large companies adopted divisional organizational structures but at the same time they ignored managerial techniques and concepts which go with such structures. They ignored the fact that divisions

are quasi-independent organizational units though not legal entities. Because of that, divisional structures require the existence of profit-centres and appropriate management control systems. All this was missing in the Japanese case. As a result, the introduction of divisional organizational structures led in many cases to duplication of functions and overlaps of authority. Finally, progressive companies realized that the organizational structure change was not enough and further corrective measures must be taken in the process of management in order to get the benefits from divisional organizational structures.

- Accountabilities of each key position in the company's organizational structure were defined. This was done through detailed job classifications and descriptions. Such step brought some progress among production workers but had only a very limited impact on managers. Specification of managerial responsibilities requires changes in the decision-making mechanism, which did not take place.
- Job classification and description on the production workers-level brought about changes in compensation systems. Job evaluation and performance appraisal were combined with the classical seniority system of compensation. These hybrid compensation systems can still be found in large industrial companies till today. Changes in compensation systems were positively perceived especially among young workers who, performing the same job, were dissatisfied under the classical seniority system of compensation with significantly lower wages compared to their older co-workers.
- From the compensable factors point of view, there were two distinct characteristics of the traditional compensation system in large Japanese industrial companies. In the West, the compensable factor is a fundamental, compensable element of a job, such as skills, effort, accountability, education, job complexity, and/or working conditions. Under the traditional Japanese seniority system, the reward which can be both financial compensation and/or an individual's career promotion was based on broader social considerations such as the employee's age and personal qualifications. The employee's competence or the complexity of work performed was usually not considered a compensation factor. This was the first distinct feature. Besides, the reward composed of a financial compensation and career promotion, traditional compensation systems in Japan included extensive fringe benefits for employees and their families such as housing, medical care, company stores, recreational facilities, educational programmes and company-sponsored saving programmes at an interest rate considerably higher than the commercial interest rate. These benefits were and, at least to some extent, still are a very important element in the compensation system

as a whole. In the 1960's and 1970's, progressive Japanese companies gradually moved toward a system that emphasizes compensation factors such as the employee's performance, abilities, and other factors commonly used in Western countries.

- In the effort to change the traditional compensation factors, large Japanese industrial companies introduced a formal appraisal programme that helps evaluate the ability, competence, and performance of each employee. For example, a typical appraisal programme requires appraisal of all employees below the rank of the director. The evaluation period is usually six months. In such evaluation periods, supervisors evaluate their subordinates taking into consideration employees' ability, personal qualifications, competence level, performance on the current assignment, and the future potential of employees.
- As the new compensation factors were introduced, they affected the compensation system in such a way that the seniority, i.e. years spent with the company has become less important from the compensation point of view, but not from the career promotion point of view. For example, the advancement to top management positions was still based on the traditional criteria which did not include abilities and competence. Because of that, changes in the compensation system caused difficulties and tensions among middle-level managers. This is due to the Japanese traditional heavy emphasis that is placed on a person's emotional commitment to the group as a measure of his or her value to it. An individual who works for the group despite his or her limited competence or ability is more accepted by the group than an individual who is competent but less emotionally committed.
- As to the changes in management development during the post-war period, formal education programmes in the companies should be mentioned. Some Japanese managers believe that the introduction of formal education programmes was the most important post-war innovation of personnel practices in large Japanese companies. Three main categories of employees were included in formal education programmes. Accordingly, there were three categories of formal education programmes. One category included the company's non-managerial employees; the other was designed for managers as management development programmes; and finally, there were the management training programmes for top managers.

Formal education programmes were borrowed from the USA and introduced to Japanese large companies by the Occupation authorities. The programmes for non-managerial employees were job-related and usually dealt with the statistical quality control techniques, which were popularized in Japan by American experts e.g. Deming or Juran. A typical way of putting the formal education programmes for non-managerial employees

into practice were Quality Control Circles which were borrowed from the USA as well.

Formal management development programmes for the first-line and the middle-level managers included Training Within Industry (TWI) and the Middle Management Training Programme (MTP). Both programmes were widely adopted by Japanese large as well as medium-size and small industrial companies.

The Occupation authorities also developed management training programme for top managers, which was first introduced in Japanese large industrial organizations operating in the field of communication. Later, this programme was also adopted by large companies from other industries.

In general, formal education programmes introduced in large Japanese industrial companies during the post-war era were borrowed from the USA and were very well perceived and accepted in Japan. As it is believed, there are two main reasons of the acceptance. First, formal education programmes were offered as in-house programmes, i.e. on-the-job development. This approach was traditionally very close to Japanese culture. Second, it was the absence of such programmes in the curriculum of Japanese universities at that time.

- Later, formal education programmes gave birth to career programmes that deal with management development in large Japanese industrial organizations. Both management generalist and management specialist career programmes were considered a significant change in the post-war human resource management practice in Japan as they reflected a systematic approach to long-range career planning for each manager in the company. Career programmes as long-range planning activities were considered almost perfectly compatible with the lifetime employment practice. At the same time, they were considered very efficient since whatever investment was made in personnel development, due to lifetime practice, the effect always remained within the company.

In order to offer a more comprehensive picture of changes during the post-war era, in the following text we will briefly describe some changes in the Ringi system of decision making even if it is not considered a typical manager's human resource management activity. A brief description of changes in the field of decision making is necessary also because the quantitative techniques of decision making were also introduced in Japan during the post-war era.

We are already familiar with the Ringi system of decision making and its both strong and weak points. Accordingly, it is also clear that the traditional Ringi system is inconsistent with the modern concept of management. The reasons have already been listed – the lack of control mechanisms because once the final approval is given, it is impossible for the president or other members of top management to monitor

how the decision will be implemented into practice. Time consumption, shared responsibility for decisions and other disadvantages are very well known as well.

But we should remember also advantages of the Ringi system. It is also clear that it has its rationale reflecting the traditional Japanese managerial culture. Besides the already mentioned disadvantages, the Ringi system creates the framework, and at the same time requires both coordination and communication. Because of the traditional Ringi system's inconsistency with modern concepts of management on the one hand, and its rationale and compatibility with the traditional Japanese managerial culture on the other hand, the system underwent several changes during the post-war era.

The rapid growth of large Japanese industrial companies during the post-war era and the changing business environment required advanced long-term planning, top management leadership, policy guidelines, and effective management control – almost all the requirements that the traditional Ringi system missed. In order to meet these requirements, the management of Japanese large industrial companies introduced some improvements in the Ringi system. For example, the most common improvements of the system included the following changes:

- Simplification of the Ringi procedure. The ringisho, the document's prescribed form to fill in the proposal, was standardized and simplified, routes of document circulation were specified, and at the same time the number of individuals examining the proposal was reduced. Individuals who were included to the procedure to examine the proposal were offered room to express their opinions about the proposal submitted. Changes in the procedure included also the possibility of submitting the proposal directly to top management if it was considered urgent. The Ringisho form and procedure simplification was an improvement aimed at increasing the efficiency of the existing Ringi procedure. It was neither the procedure replacement nor a switch to another decision-making technique.
- What was very interesting was the attempt of some companies to put in place a formal system of delegation of authority and responsibility. It was interesting because authority and responsibility were delegated to each level of management, not for particular managers. This was done deliberately in order to keep the authority and responsibility delegation within the Ringi system framework. The step was considered to be authority decentralization as each level of management has got its spending limits approved in the budget. The meaning of change is that the amount of money up to a specified limit could be spent without an additional approval by the president. Similar to the previous case, this change again was an attempt to improve the existing Ringi system rather than to replace it.
- Another example of change and improvement of the Ringi procedure is submitting the proposal at executive committee meetings. In this case executives do not act individually but rather discuss and evaluate the

proposal directly during the meeting. This approach can save time but probably not considerably. Once again, it is an improvement within the Ringi system framework.

- Ringi system of decision making is a typical behavioural approach to decision making. Behavioural techniques of decision making, such as brainstorming, nominal groups, the Delphi Technique, and some other have been known in the West since the 1950's. The Western approach to decision making, however, includes also quantitative techniques such as linear programming, PERT (Programme or Project Evaluation and Review Technique), CPM (Critical Path Method), break-even point analysis, and some other. These have been known in the West since the 1950's, some of them even longer, and they were the result of management science research, applied to business decision making in such areas as logistics, production planning, and similar. Such techniques could be applied to decision making also manually but it would take a long time. They are thus applied very effectively using computers accordingly.

At the end of the 1960's, the USA was the world's leading power not only in the field of politics and economy, but also in the number of operating computers. In order to follow the "computer age" trends, large Japanese industrial companies established data processing centres and installed computers there. At the end of the 1960's the Japan Productivity Center sent a team of Japanese businessmen to the United States. The team consisted of presidents, chairmen of boards and executives from Japanese leading industrial companies. The purpose of their visit was to study the way computers were used in American industries. After that, they introduced the idea of computerization of Japanese industries. Hand in hand with computerization, the quantitative decision-making techniques have increasingly been employed in large Japanese industrial companies. Quantitative techniques significantly affected traditional decision making process especially in the area of routine decisions.

- In the 1960's, the long-term planning concept was introduced in Japan. The first time it appeared was in budgets. Long-term planning required top managers to anticipate and forecast future development in a systematic way. This requirement, of course, was incompatible with the traditional way of decision making under the Ringi system. The top management's role under the Ringi system was to approve or reject the proposal initiated by middle-level managers. Because of the place of origin, such proposals dealt with operative, short-term issues. Introduction of the long-term planning concept forced top managers to set company long-term goals and policies to reach these goals. This way, long-term planning has changed the traditional role of top management in large Japanese companies. At the same time it has

- changed or improved some weak points of the Ringi system, such as the lack of planning.
- Finally, Japanese trade unions that are considered one of the distinctive features of the Japanese approach to management underwent some considerable changes during the post-war era as well. After the end of World War II they were reorganized according to the principles of democracy stipulated by the new constitutional law. There were two major labour organizations in Japan at the beginning of the post-war era. These organizations were divided by mutual distrust and political confrontation. Hostility between both organizations remained from the pre-war era. In the 1960's there were some attempts to unify Japanese trade unions but they all failed, as the ideological differences between trade union organizations were found too big to bridge the gap. The 1973 oil shock served as a catalyst, and Japanese trade unions came up with another attempt to promote mutual trust. In the 1980's there were four main labour federations in Japan, the General Council of Trade Unions of Japan (Sohyo), the Japan Confederation of Labour (Domei), the Federation of Independent Labour Unions (Churitsu Roren), and the National Federation of Industrial Organizations (Shinsanbetsu).

As for the changes of human resource management systems and practices in large Japanese industrial companies during the entire post-war era – till the end of 1980's, it is clear that most of the traditional human resource management practices have persisted even though slightly changed. There were some changes that could be considered profound, such as an employment of job specifications and job descriptions in human resource management practice. Also a few changes occurred that were imitations of American practices. Some of these imitations were successful and some of them failed.

Looking for changes in the Japanese post-war human resource management practice and taking into account its possible convergence with the Western practices, we come to the point that is common for both approaches. Changes in human resource management practices in large Japanese industrial companies during the post-war era were changes in their management systems but, of course, they were also closely related to the human resource departments' activities. Human resource management departments in large Japanese industrial companies during the post-war era gradually assumed even more authority over human resource management than their counterparts in the West. Major decisions about human resource management activities or functions, such as recruitment of candidates, employee selection, compensation, employee development and promotion, were usually made by the human resource management units or their heads. Line managers were almost excluded from this process. Similar to the West, this was proven as a serious obstacle. Because they were excluded from the process, line managers have considered

management development to be a function of the human resource management unit and not their own responsibility. As for today, we already know that human resource management activities and functions must not be exclusively an issue of human resource management department. The reason is quite simple. First of all, management is management of people. Performing their job, managers deal with people. Second, all managers in the company, including line managers, necessarily perform also the human resource management activities as they are involved in their subordinate's performance appraisal, compensation and similar.

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End Notes

ⁱ It sounds ironic but it is true. Both Christianity and firearms were introduced to Japan at the same time.

ⁱⁱ Mentioned typical specific features of the Japanese approach to management, i.e. lifetime employment, seniority system, ringi system of decision making, and Japanese trade unions were usually considered the strong points.

ⁱⁱⁱ Staffing the board of directors in large Japanese industrial organizations with full-time executives was a post-war practice. Boards of directors in former Zaibatsu of the pre-war era included a substantial number of outside directors who were representatives of large stockholders or Zaibatsu families. These directors did not perform operational activities and had no day-to-day managerial responsibilities. As for today, there are similar attempts to get the board of directors staffed also with the "outsiders". This is considered a profound change in Japanese management inspired by Western management practices. As we can see, it is not a new idea since it was a common practice in the pre-war Zaibatsu already.

^{iv} In general, the decade of 1960's was exceptional from a global point of view. This decade influenced the mankind history in both positive and negative aspects. To mention just a few of them: it was a decade of the Beatles, the Hippies movement, but also that of assassination of John Fitzgerald Kennedy, the US president in 1963;

the era of the Cuban crisis that brought the world to the edge of nuclear war, the war in Vietnam, riots that occurred in one of the most prestigious higher education institution – the Sorbonne University; Civil Rights Act in 1964, the assassination of Martin Luther King, Jr. in 1968; as well as crash of the Prague Spring – the renaissance of Czechoslovakia's attempt at democracy crashed by the Warsaw Pact occupation forces led by the USSR.

^v Former Matsushita Electric (now Panasonic) was an exception as its divisional organizational structure was introduced almost two decades earlier.

^{vi} Japan Productivity Center (JPC) is a non-for-profit and non-government institution established in 1955 to promote the productivity increase in Japan. For years it was the only institution that offered the management development courses for managers in Japan. By its activities, this institution was a big contributor to both the theory and management practice development in Japan.
