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Book Section:

Matanle, P. (2006) Beyond Lifetime Employment? Re-Fabricating Japan's Employment Culture. In: Matanle, P. and Lunsing, W., (eds.) Perspectives on work, employment and society in Japan. PalgraveMacmillan, 58 - 78 (20). ISBN: 0230002005.

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Re-fabricating Japan's Employment Culture

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The final definitive version of this paper has been published in:

Peter Matanle and Wim Lunsing (eds) *Perspectives on work, employment and society in Japan* (2006): 58-78.

By PalgraveMacmillan.

ISBN: 978-0230002005.

Book and publisher details are available here: <http://www.palgrave.com/>.

Suggested Citation

Matanle, P. (2006) Beyond lifetime employment: Re-fabricating Japan's employment culture, In P. Matanle and W. Lunsing (eds) *Perspectives on work, employment and society in Japan*, Basingstoke, UK: PalgraveMacmillan: 58-78.

This paper is a post-review corrected version, and is the final version prior to publisher proofing. Readers are advised to refer to the published paper for accurate citation and referencing. If you are unable to access the published version, then please contact the author at: p.matanle@sheffield.ac.uk.

Beyond Lifetime Employment

Re-fabricating Japan's Employment Culture

By

Peter Matanle

Japanese working cultures have for many decades been dominated by the so-called system of lifetime employment in large organizations. Although the proportion of the working population employed under this system is often in dispute,¹ it dominates the employment horizon. Moreover, the system radiates out beyond the boundaries of the Japanese firm. For example, it is the system to which the secondary and higher education systems are geared and towards which Japan's most academically successful students are steered (Takeuchi 1997, Yano 1997), and its structure has provided the regime around which are arranged many of the institutions of the post-war Japanese nuclear family. Its influence is such that, even in the dual labour market that continues to characterize employment conditions in Japan, small and medium sized enterprises must take its normative power into account when they organize their own employment practices (Nomura 1998).

Although long-term employment in a single organization has existed to some extent in Japan since at least the Meiji period (Chimoto 1986, 1989, Kinmonth 1981), it was not until the inter-war period that it became common among large companies in addition to public sector organizations (Cheng and Kalleberg 1997, Hazama 1997 [1964]). At that time it was used in the emerging heavy industrial enterprises as a managerial method for attracting and retaining scarce and highly mobile skilled labour. Various measures such as steadily increasing salaries and length-of-service based pension systems were introduced with the aim of instilling a sense of commitment to the organization among these workers. In order to deepen this commitment, management also borrowed from state-sponsored nationalist and paternalist ideologies in order to fabricate a culture of managerial familism throughout the organization (Hazama 1997 [1964]).

However, it was not until the post-war period that lifetime employment as we know it today became entrenched as both a managerial mechanism for administering a firm's labour as well as a social and cultural institution in its own right. Indeed, it was as a direct result of the material deprivation experienced during the early post-war years that labour unions campaigned vigorously on the issues of long-term employment security and the provision of a living wage,² and the labour-management compromise that emerged after the battles of the late-1940s and early 1950s, and which took shape as the lifetime employment system, answered precisely these concerns among employees. This is the reason why the system has garnered so much affection among employees and their dependents and become institutionalized in Japanese society. For management's part, this compromise was less a capitulation to union demands than an economically rational response to a given set of circumstances and objectives. In return for recognizing union demands, and in order to maintain organizational flexibility, management reserved the right to allocate labour according to the needs of the whole enterprise community. It was thus possible to organize the recruitment, training, pay and promotion, personnel movement and transfer, and retirement systems into an integrated and sophisticated personnel management system that is oriented towards stable growth and expansion over the long term and that can flexibly respond to changes in external demand (Dore 1986). Furthermore, combining lifetime employment with a long term system of on the job training, it was possible for management to create a system of payment and promotion by seniority that is both meritocratic and cost effective because, first, job tenure can be used as a proxy indicator for the acquisition of knowledge and skills and, second, management is able to regulate labour costs through the under-payment of younger employees in the expectation that they will be overpaid later in their careers once they reach managerial grades (Koike 1988).

Nevertheless, the achievement of affluence in the contemporary period has brought forward suggestions that employees now take their basic material needs for granted and are instead seeking out challenge, adventure, and self-fulfilment as their primary motivations for working (e.g. Herbig and Borstorff 1995, Imada 1997, Yamakoshi 1996). Such suggestions are loosely based on a Maslovian hierarchy of needs whereby it is assumed that once material and functional needs become 'chronically

gratified' (Maslow 1987 [1954]) individuals will search out higher order desires for, among other things, self-realization. If true, this presents a test of the flexibility of a system based on the provision of security and stability to respond to a new set of needs and desires. At a time when the external managerial and internal motivational environments may have irrevocably changed, we need to ask ourselves whether and how the system of employment is responding. Furthermore, because lifetime employment is both a managerial mechanism and a socio-cultural institution, and because such institutions are to some extent reflections of the ideals and motivations of their various human constituents, the development of lifetime employment must also be understood in reference to the needs, desires, and values that employees bring to their organizations.

Using large scale secondary quantitative data that cover both the 1990s and early 2000s, primary qualitative interview data taken from research at four large corporations from four contrasting economic sectors,³ and a presentation of some of the discourse of lifetime employment in popular books, this chapter will present research and analysis on lifetime employment by looking at the following issues.

First, a prerequisite for any understanding of whether lifetime employment has changed or even collapsed, from either a managerial or employee perspective, is to find out if there had been either a dramatic shortening of employment tenure or a sharp increase in job changing among salaried white-collar workers in large corporations in the period since the collapse of the Bubble Economy in 1990. The next section therefore begins by presenting research on employment tenure and job changing from the whole 15 years of the post-Bubble period. I conclude that, although the margins of the employment system continue to evolve and develop according to changing external economic circumstances such as, for example, small but ongoing increases in the proportion of part-time, temporary, and despatch workers, Japanese companies do not seem to have deviated from their basic strategy to maintain permanent, meaning lifetime, employment among their regular employees.

The next requirement is to find out if there had been any signals to suggest that lifetime employment may be disappearing at present or at sometime in the near future. Thus, I present research to suggest that understandings of lifetime employment in

large companies are gradually changing towards managers coming to view employees more as independent individuals and employees coming to see themselves as such. This development is both mirrored in and being driven by the discourse of lifetime employment conducted in the media and popular books. I argue that a new set of employment relations is developing that represents a re-fabrication of the post-war culture of managerial paternalism and employee dependency towards a culture that places greater stress upon individual autonomy, creativity, responsibility, and self-fulfilment.

The chapter concludes by arguing that the lifetime employment system has maintained its capability to adjust flexibly to the changing nature of the Japanese firm's internal and external environments and that, contrary to predictions of the collapse of the lifetime employment system that appear from time to time in the academic and popular literature (e.g. Kingston 2004: 29), permanent employment at a single organization will continue to exist for some time to come. Finally, the chapter speculates that these changes in the culture of employment in large corporations are indicative and symptomatic of deep seated changes currently taking place in Japanese society, the consequences of which we are yet to understand.

Employment Tenure

Even though the Japanese social economy is said to be changing, research on lifetime employment presents a confusing picture where virtually all possible shades of opinion have appeared in the academic literature. These range from those who believe the system may actually be continuing to strengthen (Okazaki 1996), through those who claim that present developments represent adjustments within the pre-existing paradigm (Benson 1998, Sato 1997), to those who argue that the system may be on the point of drastic change (Lincoln and Nakata 1997), is in the midst of change (Beck and Beck 1994), or those who assert that the system has changed so dramatically that it no longer even exists (Takahashi 1997). Suehiro (2001) claims that 'a rapid increase in various forms of employment outside the regular worker (*sei-shain*) model' is contributing to a 'collapse in lifetime employment.' Yet, a year earlier Ronald Dore (2000) presented the argument that the structure of employment is not yet changing in any fundamental way and Genda and Rebeck (2000) stated that 'employment practices

have not been changing so rapidly, and job protection is actually stronger' in the 1990s. Moreover, while Baba (2004) confirms the near-disappearance of the seniority-based system of promotion he says that lifetime employment, at least in terms of providing very long term employment security for regular workers, 'has remained almost unchanged.'

Making a conceptual link between the structure of employment and its normative underpinnings, Lincoln and Nakata (1997) claim that while Japanese companies are coping with the prolonged stagnation and the globalization of economic competition, changes that have been introduced are more accurately described as signals to the workforce of both management's desire for future change in the corporate structure and diminished expectations on the part of employees in a more competitive environment. Their article goes on to state that, therefore, managerial reluctance to broaden and deepen their restructuring efforts is a result, in part, of the normative legitimacy of lifetime employment and that substantive changes to it need to be preceded by changes to the culture of employment. Ahmadjian and Robinson (2001) lend support to Lincoln and Nakata's article by suggesting that it has only been very recently that corporations have felt any 'safety in numbers' and, therefore, only now have the cultural leeway to be able to 'downsize' their workforces. They make the important conceptual suggestion that the cause and the effect of this process has been what they call the 'deinstitutionalization of permanent employment.'

Although ongoing economic and social developments in Japan have been accompanied by a steadily increasing diversification of employment types (JIL, 2003a: 16, Inagami 2004),⁴ employment tenure among regular workers in Japan remains high and has, if anything, slightly increased (Matsuzuka 2002). Moreover, although a rising proportion of workers express a desire for changing employer (Sōmuchō 1971-1997, Sōmushō 2003a), rates of separation and accession in the Japanese labour force have remained more or less constant for the past thirty years. Indeed, the 1990s saw the lowest levels of labour mobility in the post-war period (JIL, 2003b: 43). This apparent miss-match may in part be related to a possible increase in risk-averse behaviour during the present period of economic insecurity.

To set the above within the context of the structure of the labour force, Inagami (2004) demonstrates that any expansion in the Japanese firm's numerical flexibility through employment diversification and other measures must be considered alongside the long term shift away from manufacturing towards service related employment as well as the expansion of employment generally and in the numbers of female and older workers in particular. He shows that while the labour force expanded by 27.1 percent between 1975 and 2000, the number of employees (as opposed to self-employed and family workers) increased by 46.9 percent and now makes up more than 84 percent of the workforce. Among employees, while non-regular employees have increased to their highest post-war proportion of 27.2 percent, regular workers remain by far the largest proportion at 72.8 percent. Inagami states that this larger proportion of contingent workers is not simply a result of the increasingly varied demands made by employers but is also commensurate with changing individual lifestyles and that therefore this increase is 'not incompatible with lifetime employment' (Inagami 2004: 43).

Looking at statistical data that cover the whole post-Bubble period, first, the Nihongata Koyō Shisutemu Kenkyū Kai⁵ (NKSKK 1995) found that more than half of all regular employees in their sample remained at their first employer until their mid-50s whereupon, presumably to make way for advancing cohorts, a number of those remaining were either transferred to affiliates or retired.⁶ These figures are consistent with Kato's (2001) findings when using the Management and Coordination Agency's 1987 and 1997 Employment Status Surveys. He found that there is little evidence of a decline in job retention among male regular employees in large corporations when one compares the pre- and post-Bubble periods. That is to say, in 1987 approximately four in five core employees had retained the same job that they had had in 1977, and in 1997 approximately four in five core employees had retained the same job they had had in 1987. A year later Matsuzuka (2002) wrote that in the period 1982-97 job retention had even slightly increased among regular employees, mainly because of a combination of the continued existence of lifetime employment and the ageing of the labour force. Kato adds, however, that employment adjustment is being carried out on the margins of the system and Matsuzuka speculates that present and future developments in the culture of employment may presage more substantive changes to its structure.

More recently, the 2002 Employment Status Survey (Sōmushō 2003b) shows that rates of job changing activity across the whole labour force for males have not increased since 1987, while for females they have only increased slightly and, in addition, the 2002 survey shows that, among college and university graduates, there continue to be very low levels of job changing among the crucial 30-55 age groups. Taken twelve years after the collapse of the Bubble Economy, the same survey also shows that more than 50 percent of all college and university graduates under age 55 continue to remain at their first employer; thereby confirming that there has not been any dramatic collapse of the lifetime employment system since 1990 (Sōmushō 2003b).

By way of international comparison Japanese regular workers' job changing activity remains low. Looking first at the whole labour force, in a 1996 OECD study (quoted in Economic Planning Agency 1999: 292), in Japan the average length of service increased by one year to 11.3 years in the period 1985-1995. Germany showed 10.8 years and France 10.4 years in 1995, while the USA, UK, and Canada showed 7.4, 8.3 and 7.9 years respectively. When one looks at regular workers in large corporations, however, the NKSJK (1995) study shows that employee retention rates were considerably higher than figures for the whole labour force cited in the above OECD report. Of the 4,063 respondents 80.6 percent stated they had never changed employer and of those who had changed their employer, 12.7 percent had done so only once, 3.7 percent had done so twice, and only 2.5 percent had done so three or more times. In a more recent survey of managerial employees only (NRKK 1999) comparing Japan with the United States and Germany, the contrast is yet more stark, with the proportion of Japanese managerial employees who had experienced a change of employer at just 18.2 percent while the comparative figure for Germany was 70.3 percent and for the USA 81.8 percent.

Looking now at occasions when Japanese managers have been asked to predict their perceptions of and intentions for the future of lifetime employment in their companies, then the prospects for a continuation appear reasonably secure. Looking at the NKSJK study again, 56.3 percent of employers said in 1995 that they intended to continue with the principle of lifetime employment (presumably unchanged), and 35.7

percent intended to continue it with some modifications (NKSKK 1995: 128). More recently, the Nihon Rōdō Kenkyū Kikō (NRKK 2000) researched 690 companies of various sizes, 33.8 percent of whose management intend to maintain the principle of lifetime employment for their regular workers, while 44.3 percent intend to continue it with some changes, 17.1 percent believe some fundamental changes are necessary, and only 3.8 percent said that they do not have lifetime employment at their company. The NRKK study's researchers concluded by stating that '[W]ith regard to the custom of lifetime employment, it is difficult to think that there will be a drastic collapse in the near future'⁷ (NRKK 2000: 33). Another study by the same organization stated that '[O]nly a minority favour the complete dismantling of the system, however, most proponents of reform simply wish to revise the system in its current incarnation' (JIL 2001: 21).

A Changing Employment Culture

In this section I present qualitative interview and other data to argue that a new culture of employment relations is taking shape in Japan's large corporations. This is a gradual move away from a normative post-war culture that required the employee to subsume his individuality within what Abegglen referred to as a 'partnership of fate' (Abegglen 1973). In order to respond to the flexibility that they perceive to be required in the new era of globalization and low economic growth, management is trying to steer employees into becoming more independent, creative, and pro-active and to contribute more to opening up new business opportunities and generating higher profits. For their part too, employees are contributing to the creation of this new culture both because their material circumstances have dramatically improved since the early post-war years, with consequences for changes in their motivations, and because many appear to be developing more independent work selves to cope with perceptions of increasing future career uncertainty.

Company Documents

To illustrate managerial developments, in 1998 Company A printed and distributed to all its employees a document entitled *Jinji Bijon 21* (Personnel Vision 21). Explicitly assuming the incompatibility of the post-war employment system with emerging

external conditions, the company describes a 'greatly changing economic and management climate' that demands the conscious and deliberate construction of 'a new type of company and employee that correspond with the social and labour environment.' The document describes this new era as being characterized by accelerating international competition, severe competition in technology, greater pressure to achieve customer satisfaction, environmental problems, the falling birth rate and ageing of society, an increasing desire by women for equal participation in the labour force, changes in people's work consciousness, and the diversification of enterprise activities.

The company predicts, optimistically, that the 21st century economy will be 'free ... fair' and 'global' and to meet this challenge it is pursuing a bottom-up strategy of reinvention through a 'plan, do, see' and a 'scrap and build' approach. Moreover, management wishes to construct a new relationship between company and employee that is based on the 'realization of an independent spirited professional body that is a partnership between the company and the individual for the joint ownership of values and results.' This body is based on a realization of each person's responsibility to 'actively raise his own value' and for each individual to 'feel a sense of that which makes life worth living.' However, this 'strengthened organizational character' is to be arranged around 'a small group of talented people' while also recognizing 'the diversification of employment structures' such as 'the use of despatch and contract workers and foreign employees and increasing temporary transfers.'

Company A is not at all unusual in pursuing this strategy of constructing a new corporate culture that reduces the dependence between employees and the company and attempts to activate the individual's autonomy and creativity. In another example, the Human Resources Development Centre at Company D has recently produced a new guide for all employees to develop themselves entitled *My Try Next: Jiko Henkaku no Tame no Kyōiku Shien* (My Try Next: Educational Support for Self-Reform). This document places responsibility for a strategy of self-development on the shoulders of the individual employee through the construction of a step-by-step guide for the realization of individually generated and company supported employee independence, creativity, and growth. The document's cover is peppered with the Chinese characters for 'Competition, Autonomy, Mission, Reform, Creation, Change,

and Speciality' and its pages are full of exhortations to employees to take more responsibility for their own skills, knowledge, and results.

These documents are formal and public symbols of managerial ideologies that are played out through the wide variety of forums for negotiating and reproducing Japan's employment cultures. These include media outlets such as television, radio, newspapers and magazines; popular books, *manga* comic books, novels, and cinema; the world of politics, policy making, and the law; organizations and institutions that represent labour and managerial interests; inter- and intra-company discourse of different levels of formality; and so on. Of course it would be impossible to offer a description and analysis of all of these here. However, what I will do is to present a few examples of the contemporary discourse on employment to illustrate how corporate management and employees are negotiating their relations and attempting to create a new culture of lifetime employment.

Popular Books

In a society where lifelong employment at a single organization had hitherto been taken for granted and where there is a perceived lack of fluidity in primary labour markets, anxiety regarding the future survivability of one's company, and by extension, one's livelihood, is a serious concern and has prompted a considerable degree of re-evaluation of the nature of the relationship between employer and employee. This is mirrored in the discourse of popular books published since the mid-1990s. Among those aimed at regular male employees, one such book, titled *Sararīman Hōkai* (Fall of the salaryman; Utsumi 2000), both reflects and appears to wish to stoke this anxiety by referring to the effects of restructuring, bankruptcies, mergers and acquisitions and the general health of companies on salarymen's careers and urges them to turn their assumptions on their heads and develop an independent spirit. The author claims the age of lifetime employment has ended, that job-changing will come to be seen as natural and, therefore, salarymen will need to examine themselves to find out their own weaknesses and abilities. They will need to think about the company's condition and keep it at arms length; raise the level of their abilities in order to compete in fluid labour markets; throw out old thinking about harmony, refined modesty, a servile attitude, passivity and dependence, and

established procedures; and calculate their own value and sell themselves as attractive commodities with charm, appeal, motivations, variety, and the ability to say ‘no’.

Another, titled *Denai Kugi wa Suterareru* (The nail that doesn’t stick up will be thrown away; Terao 1998), reverses the rather dreary colloquial expression that stresses the danger of non-conformity to normative behaviour, *deru kui wa utareru* (the stake that sticks up will be hammered down). The book urges employees to avoid career obscurity through making themselves noticeable by their individuality and to maintain their own identity even in the face of a hateful boss. Yet, at the same time, he urges salarymen to be responsible adult members of society and support their colleagues and compensate for their weak points; a philosophy not so different from the perceived normative model that the author suggests is fading away. Such an apparent contradiction is, I would like to suggest, indicative and representative of the idea that Japan’s employment culture is currently perched on a threshold between the post-war model of the selfless and dependent salaryman and a 21st century model of a more individual and independent salaryman who continues to value the relational aspects of his employment.

The noted business guru Kenichi Ōmae has written a series of titles aimed at salarymen, the first of which was the top bestseller among business books in the first half of 1999, and is called *Sararīman Sabaibaru* (Salaryman survival; Ōmae 1999). His own English language title for the book and the series is *Pathfinder*. In it Ōmae wishes to bring salarymen out of their gloom. He encourages salarymen to develop their knowledge and abilities in order to distinguish themselves as leaders who are forging new paths for themselves and their organizations in the borderless and digital 21st century economy. He warns, however, that employees must take responsibility for their use of working time or face being restructured.⁸ Subsequently and using a similar foundational ethos he has published two more titles in the series. *Sararīman Rikabarī* (Salaryman recovery; Ōmae 2000), is the second and it has on its cover a subtitle exhorting readers to to ‘take back your life from the company.’ The third is called *Sararīman IT Dōjō* (The salaryman’s IT training gym; Ōmae 2002) and in this Ōmae urges readers to take advantage of the IT revolution to get ahead.

Interestingly, and continuing in a similar though perhaps more philosophical vein, originally published in 1989 and now in its 30th printing, another such book, called *'Ikigai' to wa Nani ka: Jikojitsugen e no Michi* (What is 'that which makes life worth living'? The Road to Self-Realization; Kobayashi 1989), explores issues related to self-fulfilment in a society where there is a surfeit of material luxuries. Included among its chapters is one that asks, 'Is work the thing that makes life worth living?' It answers by advising that work can be a source of fulfilment but that readers should understand it as but one aspect of life. The author advises readers to take more time away from work and to balance work with developing relationships and leisure and spiritual pursuits.

Another guide to self-realization called *Shigoto to Jikojitsugen no Ii Kankei no Tsukurikata* (Creating a Good Connection between Work and Self-Realization; Hamada 1998), discusses how employees might create themselves as unique individuals who gain feelings of deep fulfilment from success at work and who, precisely through such behaviours, can therefore help their companies to success. Another tells its readers that age 29 is the career turning point and advises them to see where they wish to be in five years time by recognizing their own and their companies' circumstances and using their creative ambition to strive towards their goals (Kosugi 1998). Such a text, as with others in its genre, asks readers to be independent and goal-oriented, and their tone contrasts with post-war social requirements for salarymen to be oriented towards their employing organizations and, especially, their colleagues.

It can be said that these ideas may not be as new as their authors might claim. More than thirty years ago Ujigawa and Uemura (1970) in their book *Sararīman Kakumei* (Salaryman Revolution), exhorted salarymen to reduce their dependence on the company because they felt that in the future long-term employment would be available only to a small coterie of élite employees. The difference with today, however, is that Ujigawa and Uemura's book was notable because it was exceptional and came from, for the time, a predictably academic and left wing perspective. These days, however, bookshops throughout Japan are full of hundreds of titles on related themes and written by academics, retired corporate executives, social commentators, and self-help gurus with a large and heterogeneous audience in mind. While it is

possible that salarymen may not wholeheartedly embrace all of the sentiments contained therein, there is no doubt that the authors' messages chime enough with contemporary debates for many to buy and read the titles, otherwise publishers would not produce them in such numbers. Moreover, the proliferation of books and media articles on this subject is representative of a general recognition in Japanese society that insecurity is increasing, standard approaches to employment are being questioned, and that new solutions to the dilemmas surrounding stability, security, and self-fulfilment at work are being developed.

Mirroring the literature aimed at salarymen there are a large number of books that aim to provide personnel managers with solutions and advice for this emerging era in employment culture. Many of these are somewhat technocratic in tone with one such book, *Jiritsugata Shain wo Tsukuru Senryaku* (A Strategy for Creating Independent-Minded Employees), offering advice to personnel managers on how to go about creating the type of employment culture described above and how to then use it for the company's and employees' advantage (Udagawa 1997).

In a similarly technocratic book published by the Shakai Keizai Seisansei Honbu (Japan Productivity Center for Socio-Economic Development; Ishige 1998), the author describes a changing employment environment in terms of both the company's economic circumstances as well as employee motivations. It advises personnel managers to establish systems of career development that enable employees to build their own employment portfolios which are then used either by the company in its human resource deployment or by employees to improve their employability both within and external to their existing companies. The author also urges employers to adopt the suggestions by the former Nikkeiren⁹ (Japan Employers' Federation) for a three track employment system that has at its core a small number of permanent employees who are supplemented by specialists employed on mid-career fixed and medium term contracts and contingent workers on part-time and temporary contracts (Ishige 1998: 81). The final chapter of the book details two cases of successful implementation of new career management systems at Mitsubishi Trust and Banking and Hewlett-Packard Japan.

On a more populist note, and published by the respected Nihon Keizai Shinbunsha, Shibata (1999) gives advice to management about corporate restructuring. He wishes to persuade managers that globalization is effecting fundamental changes in Japanese business structures and cultures and that these should be welcomed for the way that they might re-invigorate Japanese companies. He urges corporate leaders to adapt to and adopt so-called 'global standards' of corporate governance, employee management, patterns of working and ways of thinking in order to rise to the challenge of a new economic paradigm. In the first chapter he describes how he believes real change cannot be achieved without first changing the consciousness of all company employees. Only then can the company's problems be understood and resolved.

Finally, presenting a union perspective in a book published by the research arm of Rengō (the Japanese Trade Union Confederation) and is aimed at practitioners and academics, the authors discuss the ongoing formation of what they call a 'new frontier' for workers in their careers, their relations with their employers, their position within the employment structure, and the types of rewards they can expect to receive. In three chapters devoted to the salaryman and his relations with his company Kawakita (1997a), echoing the work of Yankelovich (1978) in the United States some twenty or so years earlier, describes a 'new psychological contract' of independence from the company developing out of decreasing trust in corporate management's intentions. In the other two chapters Kawakita (1997b and 1997c) refers to salarymen wishing to take on more personal responsibility for their own career development, to gain more recognized qualifications (in preparation for possibly changing job), and wanting to have their voice more clearly heard by managers when career development decisions are made. However, Kawakita also points out in the same chapters that salarymen are often reluctant to put these desires into practice because they feel intimidated by a management that they believe to be looking for ways of reducing the workforce during what he calls the 'winter of the salaryman' (Kawakita 1997c: 118).

Of course, writers' and publishers' intentions are various and the above texts are not simply reflections of current practices and mores. Instead, and in addition occasionally to being attempts to make money out of personal insecurity and the self-help industry, these texts are dynamic representations of culture in the process of

being contested, negotiated, achieved, and reproduced as actors with a variety of perspectives and agendas seek to create, develop, and realize their own values and conditions for living. The outcome from such inter-subjective communication may not always be commensurate with actors' intentions and, moreover, there are a very large number of competing voices struggling to be heard in order that they might have an impact on the future direction of employment culture in Japan. Nevertheless, as the subject matter of these books demonstrates, there is a great deal of debate being conducted within Japan as to how this new employment culture will manifest itself, and this in itself is indicative of ongoing changes therein.

Company Interviews

On a more personal level both management and employees expressed to me in interview their opinions, feelings, and intentions with regard to the culture of employment within their organization in particular and Japan and the wider world in general. For example, the following extract from an interview with a senior manager at Company C demonstrates the company's continued commitment to lifetime employment but recognizes the strain currently being experienced and hints at a company strategy for counteracting it. This manager recognizes that the system and culture of employment at his company are gradually moving towards a more fluid system resembling his understanding of what exists in the UK and USA. But still he empathizes with his employees about the difficulties that they may face in a more uncertain environment.

But you know that Japanese society is different from the UK. We still think that we should guarantee employment for the employee's whole life if we could. We don't give that up Generally, we have come to think about costs and we think we should pay more to high quality employees but we still don't think about firing people....

... In Japan we have traditional ideas and traditional values and so it is still hard to fire someone. It is changing but very slowly. Mainly it's moving closer and closer to the UK and US, but in Japan it is still very hard to find a new job if you lose your job.

General Manager, early 50s

The next interview extract, with a senior manager from Company B, gives us a glimpse of some of the methods by which the company tries to steer employees in particular directions by making their motivations more compatible with managerial goals. In addition, the interviewee explains how managers are coming to pay greater attention to individual differences among employees.

.... One thing is that we clearly understand that the company's and the individual's needs are mutually compatible. We ask people what their purpose is for being in the company and so on and try to explain to them how that fits in with the company's plans as well as trying to put them in places they want to be in. If people's aims don't coincide with the company's then we tell them that we want them to be like so and so. We try to make a direct mutual connection between the individual and the company. This system has gradually become more effective. Of course we look most closely at performance and that is coming more and more to affect pay and other things. We also clearly tell them how we think about their performance so that they can understand why someone else in their year group became a manager ahead of them. This is an important difference from when I joined.

General Manager, late 50s

For their part, employees at these companies are developing a new relationship with their organizations. This new relationship seems to be a product of a number of factors. With regard to employee attitudes, it is important to note that these are and have been in a permanent state of creation and renewal. Like all aspects of culture, the meanings that individuals and groups derive from the cultures in which they are embedded develop over time according to the circumstances of their production and reproduction. It goes without saying, therefore, that employment cultures are achieved and mutable rather than being pre-existing and static. Though management may possess a degree of economic dominance, this does not mean that employees will necessarily be guided into accepting and internalizing managerial interpretations of the emerging cultural paradigm and behaving accordingly. Second, and consequently, this new culture of employment appears to be still in its developmental stage. Participants in its negotiated achievement are experimenting with its potential

meaning to them and, therefore, are deriving a variety of conclusions from their experiences and thoughts.

Underlying all aspects of employee attitudes and values, and therefore motivations, has been a long term trend towards placing a greater importance on gaining satisfaction and fulfilment from the content of one's work. This secular change has been documented at length elsewhere and is not at all unique to Japan (Inglehart 1982, 1990, 1997, Jurgensen 1978, Watanabe 1997, Yankelovich 1978). Basing his theories around Maslovian needs theories and a large volume of longitudinal data, according to Inglehart the root of this trend has been increasing affluence in society and a consequently reduced need to place importance on securing a decent material livelihood. In my own investigations (Matanle 2003) this theory appears to be borne out among employees in Japan's large corporations who, in contrast to those who joined their companies in the 1950s and 1960s, stress the importance to them of achieving fulfilment in their work. The following is an edited extract from an interview with an employee who joined his company in the early 1980s.

For me it is my sense of fulfilment, I think. In my work and private life it is my sense of satisfaction. If that disappears then I will feel I have failed in life.

Manager (Section Chief), 41

As an extension of greater value being placed on fulfilment, many employees expressed to me a desire for greater control over their future careers and a greater recognition by companies of employees' actual work tasks and input while simultaneously expressing a desire for a continuation of present levels of employment security. The following employee describes these desires.

I would like more choice in guiding my own career... I would like the working environment to be improved too. But I think the most important thing now is the seniority promotion system.

.... Nowadays things are changing a lot but the lifetime employment system should be retained, I think. It gives people a feeling of security. It gives people the security to work harder and take a few risks with their work and not with their lives.

Deputy Manager, 47

However, many employees also expressed a lack of confidence that the employment system can in future generate the kinds of security and fulfilment that many desire. In an age of so-called ‘mega-competition’ the survivability of corporations is being called into question in unprecedented terms and, in combination with developments in managerial intentions, it is this that is forcing employees to think more deeply about how they can independently develop their careers.

When we look back on the post-bubble years, the period between 1997 and 1999 will probably stand out as the moment when a sense of a real and pressing economic crisis took a firm hold in the minds of most Japanese. This was a time of high profile bankruptcies of big name financial institutions such as Yamaichi Securities, Sanyo Securities, and Hokkaido Takushoku Bank, and when the Long Term Credit Bank and Nippon Credit Bank were effectively nationalized in order to shore up their creditworthiness. To capture this sense of crisis dramatic scenes were played on television of the President of Yamaichi Securities weeping publicly and pleading for the fate of the salarymen who had been put out of work by the collapse of his company. Moreover, 1999 was the year in which Renault consolidated its stake in Nissan and, to the initial horror of many Japanese, installed Carlos ‘Le Cost-Cutter’ Ghosn as its President. These scenes had a tremendous impact upon employees throughout Japan who had joined their companies with high expectations, so long as they did not make any catastrophic mistakes, of staying in their companies until the mandatory retirement age. The following interview extract illustrates these increased feelings of anxiety.

I think [the company] will be around for the next five years ... but ten years or twenty years in the future? I don't know if the company will be here with me in it when I am sixty ... thirty years from now. I have no idea and so I think it's a little dangerous....I think I must do something but I'm not doing anything. I could do the real estate dealer qualifications or something but I couldn't say, become a lawyer or a doctor or anything like that.

Employee, 30

Even though the next interview extract demonstrates a realization of changing employment relations and a certain independence of spirit, the employee also shows how deeply feelings of duty and loyalty to one's colleagues, and thereby the corporate community, still run in Japan. He thus shows that employees' feelings are somewhat internally contradictory and that, while Japan's emerging culture of employment may show a degree of convergence with more individual and market-based Western cultures, they are by no means a mirror image.

I feel that our generation doesn't think all the way to their retirement age... When I entered the company I felt that quite strongly about the place. ... Also, when I look at my seniors and their wives and children I look at the image of my own future. ... I wonder if I could be happy taking that road ... I don't feel the company will make me leave but ... recently I have seriously thought that when it got tough would I really work through it? But, I have a strong desire to do a proper job and not to be a bother to others ... when I think about that I don't think of leaving.

Employee, 25

Discussion and Conclusions

We have seen that among regular workers in Japan's largest companies employment tenure has not decreased since the bursting of the economic bubble. The reasons for this, I believe, are threefold. First, there has undoubtedly been an increase in risk-averse behaviour among employees at a time of economic instability. The financial costs of abandoning secure and well-paid employment are considerable, as Wim Lunsing's chapter in this volume shows. Second, management does not seem to have abandoned the principle of long term employment for regular workers in the way that had been predicted, and it appears to continue to wish to respect the customary, ethical, and legal legitimacy of lifetime employment. Third, and most importantly, lifetime employment in a large company remains, in a variety of ways and meanings, an attractive prospect for many Japanese people. Even though an increasing number of younger employees express a desire to change employer, few of them actually carry out that desire and, significantly, after experiencing the system first hand, a large proportion of these eventually either come to accept their working conditions or

may even develop affection for the system itself and their employing organizations, sometimes despite their best intentions not to do so.

In contrast to European understandings of the meaning of lifetime employment being that of a lifetime of drudgery performing the same repetitive task over a 30 to 40 year period, often within one of the old nationalized heavy industries, lifetime employment in Japan means something quite different (Matanle 2006). While lifetime employment used to satisfy earlier generations' desires for security of employment and income stability, for contemporary Japanese the complex career development and job rotation policies operated by personnel departments mean that, in ideal circumstances, employees can often gain a variety of work experiences, steadily increasing challenges and responsibilities, steadily increasing recognition, choice, and specialization in career direction, and, therefore, steadily increasing opportunities for personal development. In this sense, many employees in Japan have the potential to gain satisfaction in their careers by moving from one job task to another along an upwardly spiralling trajectory of increasing challenge and responsibility. The differences between this ideal scenario and that which is often experienced in the UK and USA, and is often held up as representing the most promising opportunity to experience self-development and self-fulfilment, is that the Japanese 'career chimney' is contained within a single organization and the UK or American versions are more often than not within a multi-organizational 'career chimney' (Storey, Edwards and Sisson 1997).

These developments in the culture of lifetime employment are, I believe, indicative and representative of a phenomenological shift taking place in Japan, from being a society built upon expectations of what I would call 'democratic materialism,' where expectations of a decent and secure standard of living are held by all, to one founded in an expectation of individual self-fulfilment within a fluid and globalizing culture, where it is increasingly difficult to talk about 'lifetime' employment with any degree of confidence, hence the title of this chapter. The principal cause of this shift has been the achievement of an affluent society where the majority of people's material and functional needs have become chronically gratified. In such an atmosphere of plenty, rather than scarcity, a shift towards placing primacy on one's own individual emotional, psychological, and developmental needs is taking place. In this way we

can perhaps borrow from D. Hugh Whittaker (2004) who, in comparing Japan's situation with the experience of other industrialized countries, refers to our common 'post-industrial transitions,' and we might therefore consider Japanese society to have emerged out of the post-war era and into a new period in its social history.

Because lifetime employment has been the core institution of the Japanese firm and, because it was one of the most evocative expressions of the post-war social contract, we are likely to witness here how such societal shifts are manifested in the day-to-day inter-subjective negotiation, production, and reproduction of culture and its interface with social structure. In the case of lifetime employment we can see that its cultural foundations have shifted quite dramatically but that it possesses the flexibility to adjust to new circumstances and satisfy, in a different way, the demands of a new culture. As a consequence it can be demonstrated that, in a structural as well as cultural sense, lifetime employment in large corporations is not incompatible with the demands of a new era in society even if, and in recognition of the changing employment culture, the word 'lifetime' begins to fall into disuse.¹⁰ In fact, and curiously, the system appears to be quite compatible with and expressive of it and, thus, it would be difficult not to agree with Inagami (2003: 44) when he states that 'long term employment in itself will not cease to exist.'

Finally, it needs to be said that the principle of lifetime employment in large organizations has only ever been a principle, that it has never covered the whole Japanese workforce, and that even those who believed they were employed within it have suffered sudden and ignominious changes in their circumstances. Much as is the case in the rest of the developed world, large and sometime drastic inequalities of material standards of living as well as lack of access to the opportunities of a developed and affluent modern society have been present in Japanese society throughout the post-war period. For example, poverty was always, and remains, an ever-present problem, and long-term unemployment of comparatively large numbers of people, with all its attendant psychological and emotional difficulties, has recently become a severe and largely intractable challenge for Japan's policy makers. In this sense, for many the principle of mass long term employment security has always been understood as being either an objective for Japanese society to try to achieve at some unspecified time in the future, or a myth that obscures and therefore serves to

maintain structured inequality in capitalist society. Accordingly, the structures and cultures of employment under capitalism in Japan and elsewhere have always been to some extent ‘fabrications,’ meaning brittle, artificial, mythical, and manufactured ideas that serve both to represent as well as obscure the negotiated and contested motivations and meanings of different and sometimes opposing sections of society at any particular time but are never completely realized in substantive reality. They are thus permanently dynamic and developing symbolic representations of the nature of the capitalist regime that is in the ascendant at any particular time.

¹ See for example Florida and Kenney (1991). However, whereas Araki (2000: 19-20) argues that over 80 percent of the Japanese labour force ‘are classified as permanent workers with indefinite period contracts’ Rebeck (2005) estimates that the real figure may be closer to 50 percent of the labour force.

² A living wage can be defined as a salary that is commensurate with an employee’s needs at different stages of his adult life.

³ The data from these companies was collected between 1996 and 2002. The companies are as follows. Company A is a manufacturer of optical and precision instruments and has approximately 4,500 employees. Company B is a manufacturer of automotive components and heavy industrial equipment and employs approximately 5,000 employees. Company C is a non-bank financial services provider employing approximately 11,000 employees. Company D is a utility provider with approximately 17,000 employees.

⁴ The Japan Institute of Labour is the English name for the Nihon Rōdō Kenkyū Kikō. This semi-governmental agency researches and publishes on a wide variety of issues to do with work and employment in Japan. It has recently changed its name to Rōdō Seisaku Kenkyū Kenshū Kikō or, in English, the Japan Institute of Labour Policy and Training. Its website is as follows: <<http://www.jil.or.jp/>>. In this chapter, all references to the Japanese names for this agency refer to Japanese language publications and, accordingly, references to its English names refer to English language publications.

⁵ NKSJK in English can be rendered as the Japanese-Style Employment System Research Association. This research was sponsored by the former Japanese Ministry of Labour. NKSJK used data collected from the management of 515 large corporations listed on the First Section of the Tokyo Stock Exchange and from 4,063 mostly male white-collar employees (78.3 percent university graduates) of the same companies. The average age of responding employees was 38.9 years old while the average length of service was 15.2 years, thus yielding for us a presumed average age of entry of 23.7 years. When referring to these figures in the context of employment retention it is worth bearing in mind that Japanese students, on the whole, graduate from four year college at around age 22.

⁶ Early retirement is an important feature of present measures to deal with the ageing of the workforce and reported underemployment of middle-aged employees. It is used by companies from about the age of 45 and is by no means always voluntary in a strict interpretation of the term. Many/numerous reports claim that some employees are forced, or at least are strongly encouraged, by management to ‘voluntarily’ retire from their employment.

⁷ My translation.

⁸ ‘Restructured’ in this sense means to be forced to resign voluntarily.

⁹ Merged in 2002 with Keidanren to form Nippon Keidanren (Japan Business Federation).

¹⁰ ‘Lifetime employment’, or *shūshin koyō* in Japanese, appears to be falling into disuse in favour of other terms, such as long term employment (*chōki koyō*), even if the practise of lifelong or very long term employment in a single organization does not disappear.