

Aging Society and Employment Management in Japan.

Kazuo Kikuno

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I. Introduction.

There are two serious factors facing Japanese companies today. The first is that the number of workers aged 45 or older is increasing at an alarming rate. This results in the second problem; the grave shortage of managerial positions. Companies, in dealing with these problems, are finding that it is necessary to modify the traditional employment systems and to introduce countermeasures drawn partially from Western managerial practices. These practices include job qualification standards and Career Development Program (CDP), among others.

This paper will explore the modifications that have been made in the traditional Japanese employment systems and the modern countermeasures that have been introduced. By combining traditional and modern practices, the problems of our elderly working society and the shortage of managerial posts are being realistically faced by the Japanese corporate society.

A well-known fact is that there are two traditional and/or stereotypical systems related to Japanese Employment Management.

- 1) the lifetime employment system, and
- 2) the Nenko (reward and promotion according to length of service) system.

The lifetime employment system is the design through which the employer provides his workers with employment security throughout their occupational lives, just as a father recognizes his child as a permanent member of his family; and the worker, in return, offers unlimited commitment and loyalty to the employer. The impetus for this system appeared in the beginning of the 20th century as a policy of employee maintenance in business organization (particularly in big business). This system was developed to provide security for company employees and had been a substitute for the poor system of government security in Japan.

The Nenko (Japanese seniority) system is based not on job evaluation, but on educational background and number of years of continuous service at the same company. With this system, the worker is assured of enough earnings to cover his life-time needs. This results in a worker willing to commit himself to the firm over a long period of time. This system is peculiar to Japan since World War II: developed so that the company can protect the employee's disposable income from violent inflation during the American military occupation (from 1945 to 1952).

Although it is arguable, these two systems have changed and/or modified somewhat, as social, economic and technological situations in Japan have recently taken on different dimensions: these changes result from the following four factors;

- ① a decelerating economy and belt-tightening management since the world oil crisis in 1974,
- ② changes in industry and employment (an increase in tertiary industries and white-collar workers),
- ③ an increase in the number of older workers in an aging society,
- ④ an increase in the number of people with higher education.

As a result of the above four factors, many changes have occurred in the area of employee distribution. These changes include the following;

- Ⓐ an increase part-time workers (particularly female part-time workers),
- Ⓑ the transfer of long-term employees to subcontract companies,
- Ⓒ the recommendation for re-entry employment for long-term employees (particularly for middle and old age workers),
- Ⓓ the emergence of "Madogiwa Zoku" ("window tribe") as surplus workers (these are people in stagnant or declining industries who have nothing to do but come to work and read a novel or, sometimes, stare aimlessly out the window),
- Ⓔ promotion, not by the Nenko (Japanese seniority) system, but by competence, for workers in the middle and older ages (after about 45 years old),
- Ⓕ the age limit system for managers due to the shortage of managerial posts,
- Ⓖ a rise in the mandatory retirement age from 55 to 60 years old, in contrast to the introduction of Early Retirement Systems, Managers Retirement System, Shikaku-Sei System and Senmonshoku-Sei System.¹

Due to these major employee distribution changes, new Employment Management System are developing.

Perhaps the five most important countermeasures taken in response the remarkable change and/or modification of the Japanese lifetime employment system and the Nenko system, since the painstaking period of adjustment in the wake of the two world oil crises in the 1970s are ① Shikaku-Sei (the job qualification system and/or the system of ranking workers according to their performance)², ② Senmonshoku-Sei (the ranking of workers as specialists), ③ Early Retirement System, ④ Managers' Retirement System, and ⑤ Career Development Program (CDP). The remainder of this

paper will discuss Shikaku-Sei system and Senmonshoku-Sei system.

(Footnote)

- 1 Kazuo Kikuno, "Personnel Management and Industrial Relations in Japan" in Structural Changes in Industrial Society, Japan and West Germany (Proceedings of the International Symposium at Bielefeld University, October 1984) edited by Bielefeld University, 1985, pp. 14—15.
- 2 So-called "job qualification" system has been devised through which employees can be awarded certain titles and status without managerial responsibility or authority. (Dictionary of Japanese Business Culture, edited by T. Hikino and A. Nagano, Diamond Book Co., 1982, p. 80)

II. Recent Labor Force Survey in Japan.

The Japan Labor Force Survey supplies us with additional background information needed to discuss the specific counter-measures of "Shikaku-Sei" and "Senmonshoku-Sei" systems. The 1984 Labor Force Survey of the Japan Labor Ministry states;

- ① the productive age population (over 15 years old) is 93,470,000,
- ② the labor force is 59,270,000,
- ③ the labor force participation rate (②/①×100) is 63.4%,
- ④ number of workers is 57,660,000(males 34,850,000 and females 22,820,000),
- ⑤ the hired worker rate is 74.0%,
- ⑥ worker distribution by industry,
 - a. construction industry: 5,270,000,
 - b. manufacturing: 14,380,000,
 - c. wholesale and retail: 13,190,000,
 - d. transportation, correspondence, electric, gas, water-supply, etc.: 3,760,000,

Table 1: Japan Labor Force Survey (1984)

	①	②	③	④	⑤					⑦	⑧	
					Ⓐ	Ⓑ	Ⓒ	Ⓓ	Ⓔ			
1984 Average	93,470,000	59,270,000	63.4 %	57,660,000	74.0 %	5,270,000	14,380,000	13,190,000	3,760,000	11,540,000	1,610,000	2.7 %
Compared with last year	+1.2 %	+0.6	-0.4	+0.6	+0.6	-2.6	+2.3	+0.5	-2.8	+2.9	+3.2	+0.1

The meanings of ①~⑧ are explained above.

(source) Nihon Redō Keizai Shinbun (Japan Labor Economics Journal), 27 Aug, 1985, p. 12.

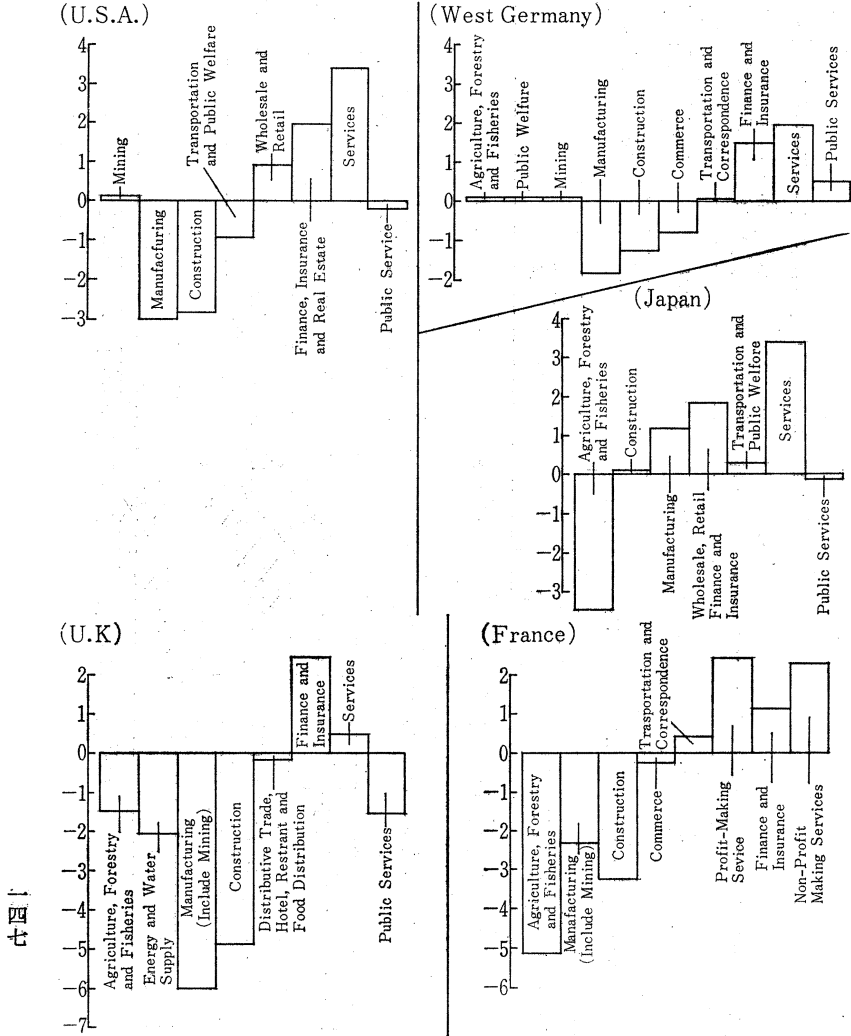
Table 2: The Unemployment Rate in 1983 (%)

	West Germany	France	Italy	Netherland	Belgium	U.K.	Denmark	U.S.A.
Overall Unemployment Rate	7.5	9.0	11.0	15.2	16.2	13.3	15.4	7.4
Unemployment Rate (under 25 years Old)	13.2	21.7	35.7	31.0	30.0	25.9	27.9	16.0

The unemployment rate of females is higher than that of males—about 1.2~1.5X—. However, it is 2 times higher in Belgium, 3 in Italy and 0.98 in the U.K.

(Source) Government Statistics in each Countries.

Chart 1: The Transition of Hired workers by Industry (1979-83; rate per year)



(Source) Nihon Rōdō Keizai Shinbun, 19 Feb. 1985, p. 4.

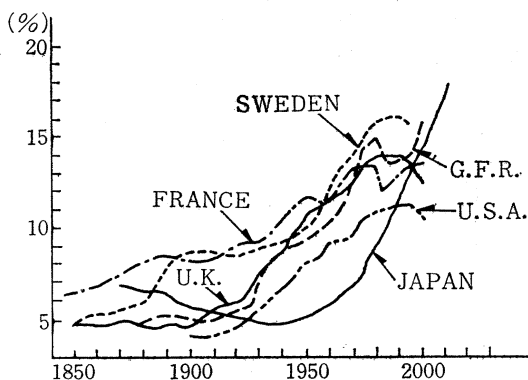
- e. service: 11,540,000,
 ⑦ the unemployed: 1,610,000,
 ⑧ the unemployment rate: 2.7%.

The transition of hired-workers by industry in the advanced countries is indicated as follows (see Chart 1). In the chart the increasing rate of hired-workers in Japan is rather more favorable than that of the other countries. Therefore the unemployment rate in many advanced countries is higher than that of Japan as indicated in Table 2.

On the other hand, according to the Japanese Prime Minister's Office, the percentage of the elderly (65 years old and over/total population \times 100) in Japan is 10.3% (12,410 thousand) in August 1985. The speed of the increasing percentage of the elderly in Japan has been very rapid as shown in Chart 2.

According to the 1985 forecast of the Ministry of International Trade and Industry (MITI)¹, 75% of the employees who graduate from universities will not be able to attain the title of manager

Chart 2: Transition of the Aging Society.



Percentages=65 years old over/Total population \times 100 (Source) *Nenkin Kiki*, Nihon Keizai Shinbun Book Co., 1978, p. 64.

**Table 3: The Transition of Employment Structure
in Three Sections (1982~2000)**

(thousand)

	Total	Full-time workers	Part-time workers
① R & D Section	+2,950	+2,410	+540
② Factory and Office Section	+1,060	-4,440	+5,500
③ Sales and Service section	+1,330	-860	+2,190
Total	+5,340	-2,890	+8,230

(Source) Nihon Rōdō Keizai Shinbun (Japan Labor Economics Weekly),
June 4, 1985, p. 4.

(over the section head) in the year 2000, although the number of Research and Development (R & D) employees will increase (see Table 3).

Although the unemployment rate in Japan is lower than the other advanced countries, as previously mentioned, the high per centage of elderly and a shortage of managerial posts are the most serious problems in Japanese Employment Management. Due to these two serious problems, the lifetime employment and the Nenko systems must continue to change. Recently, many enterprises have tried to raise the mandatory retirement age from 55 to 60 years old on the one hand, but on the other hand, they have introduced new systems such as the early retirement system, Shikaku-Sei and Senmonshoku-Sei. These new trends will be explored in the next section.

(Footnote)

- 1 Nihon Rōdō Keizai Shinbun (Japan Labor Economics Weekly),
June 4, 1985, pp. 4-5.

III. Retirement Extension and New Employment Management Countermeasures in Japan.

The important countermeasures bringing about change and/or modification of Japanese traditional Employment Management are the introduction of ① Shikaku-Sei, ② Senmonshoku-Sei, ③ Early Retirement System, ④ Managers' Retirement System and ⑤ Career Development Program (CDP) as well as a rise in the mandatory retirement age (retirement extension) from 55 to 60 years old.

For the remainder of this paper, I will focus on ④ retirement extension, ① Shikaku-Sei (Job qualification system), and ③ Senmonshoku-Sei (the ranking of workers as specialists). This information is based on the investigation commission with whom I have been working for the past three years (from 1982 to 1984).¹

The title of the report is Personnel Management in an Aging Society (1985). Surveys were sent on January 6, 1984 to 3,003 firms, 1754 of which are listed on the Japan Stock Market and 1,249 non-listed firms. The response ratio was 39.4% or 1,182 firms.

The diversification of the respondents was,

- ④ agriculture, forestry and fisheries: 0.5%,
- ⑤ mining: 0.3%,
- ③ construction: 7.6%,
- ④ manufacturing: 53.7%,
- ⑤ wholesale: 8.3%,
- ④ retail: 4.1%,
- ④ finance and insurance: 7.6%,
- ④ real estate: 2.0%,
- ④ transportation and correspondence: 8.1%,
- ④ electric, gas and water supply: 0.8%,
- ④ services: 5.9%,
- ④ other and not clear: 1.1%.

The number of employees in these firms was,

- ④ under 300 employees: 29.3%,

**Chart 3: Transition of Average Age of Regular
Male Workers in 1182 Firms**

Ⓐ (March, 1978)

⑤45~49=0.5% ⑥over50=0.2%

①	②	③	④	⑦
Under 30 Years Old	30~34	35~39	40 ~44	Not Clear
10.7%	33.6%	39.1%	8.7%	7.2 %

Ⓑ (March 1983)

⑤1.6% ⑥0.3% ⑦2.5%

①	②	③	④
4.7 %	24.1%	46.5%	20.3%

- ⓑ 300—499: 14.8%,
- ⓒ 500—999: 20.5%.
- ⓓ 1,000—2,999: 20.1%,
- ⓔ 3,000—4,999: 5.7%,
- ⓕ over 5,000: 7.8%,
- ⓖ not clear: 1.9%.

Between the years of 1978 and 1983 the transition of the average age of regular male workers in the 1,182 respondent firms was remarkable. This is shown in Chart 3.

(A) Countermeasures for Aged Workers and Retirement Extension.

The countermeasures of Employment Management which are currently functioning are ① reemployment and extension of working years, ② Shikaku-Sei system and ③ Senmonshoku-Sei system, as demonstrated in Chart 4 and Table 4.

Chart 4 : Countermeasures for Aging Workers

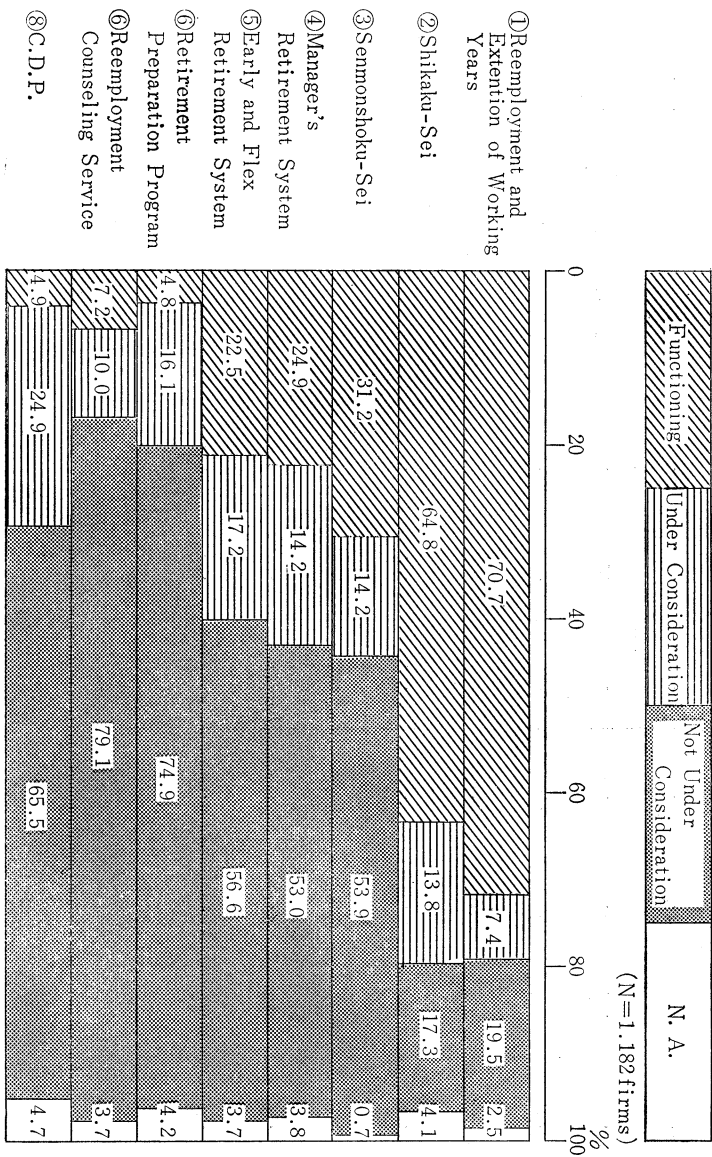


Table 4: Countermeasures for the Aging Workers

Countermeasures	Number of Employees							Total
	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000~		
① Reemployment and Extension of Working Years	73.4	71.4	71.9	71.0	55.2	65.2	70.7	
② Shikaku-Sei	46.0	58.9	70.2	80.3	77.6	87.0	64.8	
③ Senmon Shoku-Sei	19.7	26.3	30.6	38.7	52.2	50.0	31.2	
④ Managers' Retirement System	19.4	26.3	22.7	23.9	28.4	39.1	24.9	
⑤ Early and Flex Retirement System	7.5	18.9	24.0	27.7	44.8	53.3	22.5	
⑥ Retirement Preparation Program	0.6	1.1	3.7	6.7	11.9	21.7	4.8	
⑦ Establishment of Reemployment Counseling Services	3.8	2.9	2.5	10.5	16.4	27.2	7.2	
⑧ C. D. P.	0.9	0.6	4.5	5.5	19.4	18.5	4.9	

Chart 5: Countermeasures: Date and Frequency of Introduction

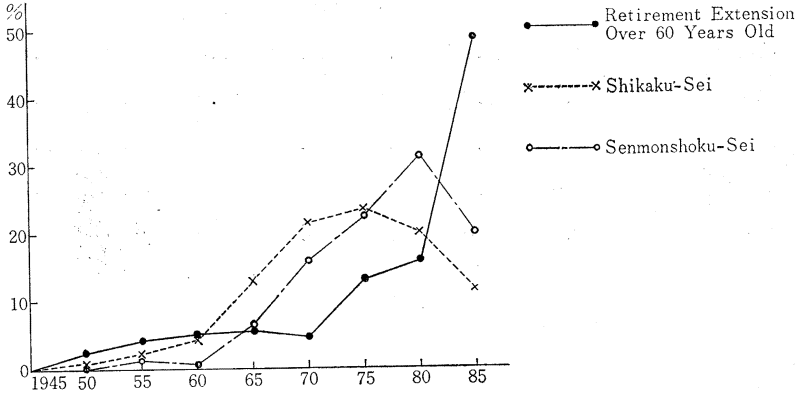


Chart 6: Countermeasures: Accumuration Rates

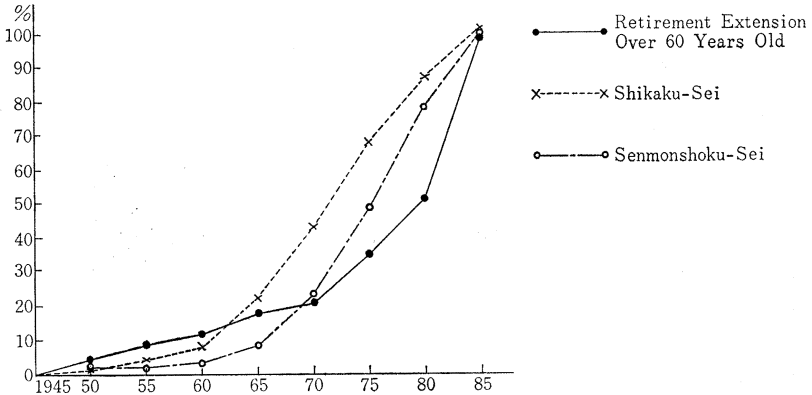


Table 5: Retirement age in 1984 (Male)

(%)

	~299	300 ~499	500 ~999	1,000 ~2,999	3,000 ~4,999	5,000~	Total
Under 55	31.2	24.6	25.6	17.6	13.4	7.6	23.6
56 ~ 59	31.5	37.2	32.2	34.5	29.9	27.2	32.7
Over 60	37.0	37.7	41.3	46.7	56.7	62.0	42.9
No Retirement System	0	0.6	0	0.4	0	1.1	0.3
N · A	0.3	0	0.8	0.8	0	2.2	0.6

The following two Charts (Charts 5 and 6) indicate the dates and frequency of the introduction of these three countermeasures (① the Retirement extension, ② Shikaku-Sei and ③ Senmonshoku-Sei).

In 1984, the mandatory retirement age of males was 58.0 years old, that of females was 57.2 and that of both male and female was 58.0.

Table 5 indicates in more detail, situations concerning the retirement ages of male workers.

However, many firms are faced with some difficult problems when considering the introduction of the Retirement Extension System (see Table 6 and 7).

These problems include ① increasing wage and salary costs, ② increasing payments of retirement lump sums, ⑤ difficulty of developing proper jobs for elderly workers and ⑥ a shortage of managerial posts.

On the other hand, the most important reason governing the lack of utilization or introduction of the Retirement Extension System in 563 firms is that 49.7% of these firms have already instituted their own systems for reemployment and extension of working years. These systems are very similar to the Retirement Extension System.

Table 6: Some Difficult Problems of the Retirement Extension System

(%)

Problems	Size of Employees						Total
	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000	
① increasing wage and salary costs	42.5	28.9	42.6	52.1	35.7	58.3	44.9
② increasing payment of retirement lump sums	35.1	25.0	30.4	24.7	16.7	27.8	28.2
③ decreasing productivity	11.9	10.5	8.7	8.2	2.4	2.8	8.6
④ decreasing morale of managerial candidates	3.7	6.6	9.6	9.6	2.4	11.1	7.9
⑤ difficulty of developing proper jobs for elderly workers	28.4	35.5	41.7	55.5	61.9	65.3	45.5
⑥ shortage of managerial posts	20.0	28.9	35.7	30.8	33.3	38.9	30.4
⑦ decrease of firm's vitality	12.7	11.8	17.4	9.6	2.4	8.3	11.6
⑧ increase of incompetent workers	2.2	11.8	14.8	13.0	2.4	16.7	10.8
⑨ decline of elderly workers' physical strength	20.9	34.2	20.0	22.6	14.3	22.2	22.5
⑩ difficulty to advise on reemployment	12.7	15.8	12.2	13.7	16.7	30.6	15.6
⑪ no problems	29.1	21.1	26.1	17.8	14.3	18.1	22.0
⑫ others	4.5	3.9	0.9	1.4	0	4.2	2.9

*Table 7 : Difficult Problems of the Retirement Extension System
(pre 1973 ; post 1974)* (%)

	Before 1973	After 1974	Total
① increasing wage and salary costs	41.8	47.5	44.9
② increasing payment of retirement lump sums	32.9	26.6	28.2
③ decreasing productivity	8.2	9.0	8.6
④ decreasing morale of manager candidates	8.2	8.0	7.9
⑤ difficulty of developing proper jobs for elderly workers	37.6	50.0	45.5
⑥ shortage of managerial posts	30.6	30.9	30.4
⑦ decrease of firm's vitality	12.9	11.3	11.6
⑧ increase of incompetent workers	11.2	10.6	10.8
⑨ decline of elderly workers' physical strength	21.8	22.9	22.5
⑩ difficulty to advise on reemployment	8.8	19.1	15.6
⑪ no problem	27.1	20.1	22.0
⑫ others	2.4	3.3	2.9

Table 8: The Relationship between Job Qualification and Wage in the Shikaku-Sei System. (%)

Significant	Before 1974	After 1975
① remarkable difference among wages/related to job qualification	38.4	40.1
② slight difference among wages/related to job qualification	58.1	52.2
③ no difference among wages/related to job qualification	1.9	5.2
④ others	0.7	0.4

(B) The Shikaku-Sei System.

The Shikaku-Sei is a job qualification system and/or a system of ranking workers not according to their managerial titles and status, but according to their performances. Since the oil crises (1974 and 1979), the Shikaku-Sei has served as one of the new countermeasures to cover the shortage of managerial titles and posts, and to develop worker capacity. The Japanese seniority system is gradually being changed by the Shikaku-Sei system. The factors of seniority and length of service, however, are not abolished but are partially amended as indicated in Table 8.

The reasons why firms introduce the Shikaku-Sei are as follows (see Table 9).

It seems that, in the big businesses (over 5,000 employees), the Shikaku-Sei is a means to recognize employee competence resulting in a clarification of post ranking, rather than to offer favorable treatment to elderly employees. It is important that the Shikaku-Sei system often serves as a substitute for managerial posts.

(C) The Senmonshoku-Sei.

The targets of the Senmonshoku-sei are professional and staff positions other than those in the company medical department. Although the enforcement rate of this system is lower than that of the Shikaku Sei system, the rate is over 50% in businesses with

Table 9 : Reasons for Introducing the Shikaku-Sei System. (%)

	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000~	Total
① favorable treatment for employees who can not obtain managerial posts	47.8	48.5	48.8	46.6	53.8	45.0	47.9
② development of employee's capacity	47.8	43.7	47.6	55.5	50.0	58.8	50.9
③ favorable treatment for aged employees	25.8	22.3	22.4	19.4	23.1	16.3	21.4
④ favorable treatment for employees who retire from managerial posts	15.7	22.3	14.7	16.2	19.2	13.8	16.6
⑤ a standard for personnel transfer	19.5	16.5	16.5	20.9	34.6	22.5	19.8
⑥ avoiding over-issue of posts resulting in greater efficiency	17.6	24.3	34.1	33.5	40.4	37.5	29.8
⑦ clarification of post ranking	43.4	32.0	52.9	46.1	48.1	57.5	46.6
⑧ clarification of status for social situations	5.0	2.9	4.1	5.2	1.9	5.0	4.3
⑨ To stimulate employee morale	78.0	69.9	80.6	83.8	82.7	87.5	80.2
⑩ others	1.3	1.9	2.9	2.1	3.8	3.8	2.3

Table 10 : The Aim to Introduce the Senmonshoku-Sei System.

	Number of employees						Total
	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000~	
1. to increase the flexibility of the organization	53.5	42.9	54.8	57.8	47.8	68.3	54.4
2. to treat favorably employees who do not get managerial posts	48.5	44.3	46.8	46.9	58.7	40.0	47.1
3. to treat favorably employees who retire from managerial posts	24.2	24.3	25.8	28.9	30.4	15.0	25.3
4. to treat favorably and develop competent specialists	63.6	62.9	83.9	89.8	84.8	93.3	79.3
5. to develop specific personnel procedures	37.4	25.7	38.7	39.1	34.8	45.0	36.7
6. to strengthen the abilities of all employees	32.3	21.4	29.8	25.0	37.0	48.3	30.9
7. others	1.0	0	0.8	1.6	0	0	0.9

(%)

3,000 employees.

The following Tables reflect the answers from 537 firms which are utilizing or examining this system. The most important answer is ④ the favorable treatment and development of competent specialists. Next are ① the increase of the flexibility of the organization and ② the favorable treatment of employees who do not get managerial posts.

In enforcing the Senmonshoku-Sei system, however, there are many issues as shown in Table 11. The salient factors are that ① job content is often ambiguous, ③ competent specialists are few, ⑤ it is difficult to evaluate specialists' positions and that ⑧ it is difficult to train and nurture the specialists.

Although the Senmonshoku-Sei was designed as one of the system for competent specialists who have high level skills and knowledge, many firms use it to supply favorable treatment to employees who can not get the few managerial positions available.

The following Tables reflect the answers from 369 firms which are currently utilizing the Senmonshoku-Sei system. In Table 12, over 60% of the firms employed specialists in areas of planning and research or special R & D positions. However, ④ managerial assistants comprised almost 40%, and ③ instructors and ⑥ professional and special skill positions are low. It seems after examining this data that the Senmonshoku-Sei system does not function well.

Table 13 depicts the answers to the following question asked of 369 firms. "What kind of selection standards does your firm use to assign individuals to specialist positions?" It is reasonable that ③ ability is the most frequently cited requirement for specialist candidates mentioned in Table 13. However, ① the length of service, as a factor of seniority (Nenko), is about 20% in the firms which have over 1,000 employees.

Table 14 explores the differences in salary between managerial and specialist positions. Because in 21.4% of the firms, managers

Table 11 : The Issues Concerning the Semmonshoku-Sei System.

(%)

	Number of employees						Total
	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000~	
1. ambiguity of job requirements	33.3	25.7	33.9	42.2	43.5	50.0	37.4
2. specialists are slighted in the company	18.2	20.0	28.2	32.0	32.6	33.3	27.2
3. competent specialists are few	38.4	20.0	33.1	40.6	50.0	36.7	35.9
4. unsuitable persons get the specialists' positions	4.0	4.3	8.9	13.3	21.7	13.3	10.1
5. difficult to evaluate the specialists' positions	39.4	32.9	45.2	46.1	39.1	50.0	42.5
6. daily interaction between line managers and staff specialists are not satisfactory	20.2	21.4	23.4	18.0	17.4	18.3	19.7
7. abilities of specialists become stale	4.0	11.4	8.1	10.9	10.9	8.3	8.6
8. difficult to train and nurture the specialists	29.3	28.6	38.7	36.7	21.7	35.0	33.3
9. difficulty of interpersonal relations between line managers and staff specialists	15.2	20.0	29.0	23.4	17.4	25.0	22.3
10. others	1.0	2.9	2.4	3.1	2.2	5.0	2.8

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Table 12: Varieties of Specialist Positions.

	Number of employees							Total
	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000~		
1. Specialist position appears comparable to routine position	29.4	21.7	25.7	19.6	11.4	17.4	21.7	
2. positions of planning and research	45.6	45.7	59.5	76.1	80.0	76.1	63.1	
3. instructor	11.8	10.9	12.2	13.0	25.7	30.4	15.7	
4. positions as managerial assistants	44.1	34.8	27.0	45.7	34.3	41.3	38.5	
5. special positions in R&D	44.1	39.1	55.4	71.7	77.1	82.6	60.2	
6. professionals and special skills	20.6	6.5	24.3	28.3	28.6	28.3	23.6	
7. not clear	10.3	15.2	12.2	5.4	14.3	8.7	10.0	
8. others	1.5	6.5	4.1	2.2	2.9	4.3	3.3	

(%)

Table 13 : Selection Standards for Specialist Positions.

	Number of employees						Total
	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000~	
1. length of service	19.1	13.0	13.5	19.6	17.1	23.9	17.6
2. qualifications	44.1	43.5	58.1	70.7	65.7	63.0	58.0
3. ability	79.4	71.7	86.5	89.1	85.7	93.5	84.8
4. ability to meet the job description	36.8	50.0	43.2	54.3	45.7	60.9	47.7
5. others	2.9	0	4.1	5.4	2.9	6.5	3.8

(%)

Table 14 : Salary between Managerial Positions and Specialist Positions.

	Number of employees						Total
	~299	300~499	500~999	1,000 ~2,999	3,000 ~4,999	5,000~	
1. almost the same	64.7	50.0	68.9	70.7	77.1	80.4	67.8
2. managerial salary higher than specialist salary	22.1	30.4	20.3	21.7	17.1	10.9	21.4
3. specialist salary higher than managerial salary	0	0	2.7	0	2.9	0	0.8
4. not clear	8.8	8.7	6.8	6.5	2.9	8.7	7.3
5. no answer	4.4	10.9	1.4	1.1	0	0	2.7

(%)

Table 15: Evaluation of Senmonshoku-Sei System. (%)

Number of employees	~299	300 ~499	500 ~999	1,000 ~2,999	3,000 ~4,999	5,000~	Total
1. excellent	10.3	8.7	6.8	6.5	5.7	8.7	7.6
2. fair	54.3	45.7	56.8	50.0	48.6	58.7	52.8
3. few problems	23.5	30.4	31.1	37.0	42.9	26.1	31.7
4. many problems	4.4	4.3	4.1	4.3	2.9	6.5	4.3
5. no answer	7.4	10.9	1.4	2.2	0	0	3.5

earn higher salaries than specialists, it appears that specialists are being slighted. This fact is again shown in ③, in that only 0.8% of the specialists receive higher salaries than managers.

The firms were asked to evaluate the overall functioning of the Senmonshoku-Sei system and these evaluations are shown in Table 15.

It is interesting to note that almost 40% of the respondents were either slightly or greatly dissatisfied with the Senmonshoku-Sei system. This is reflected in the fact that only 31.2% (369) of all firms questioned (1,182) are currently utilizing the Senmonshoku-Sei system as shown previously Chart 4.

(Footnote)

- 1 Personnel Management in an Aging Society, 1984 and 1985, edited by the Investigation Commission in the Kōnenreisha Koyō kaihatsu Kyōkai (The Society for Development of Aged Worker's Employment) which is a subcontract agency of the Ministry of Labor in Japan. The chairman of the Commission is Prof. Hideo Ishida (KEIO Univ.). Many Charts and Tables which I use in this paper were prepared by Mr. Tsutomu Tanaka (lecturer of Hōsei Univ.).

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IV. Concluding Remarks.

As stated at the beginning of this paper, the two most serious problems in Japanese Employment Management are the great percentage of aging workers and a shortage of managerial positions to accommodate these workers. Japan's traditional lifetime employment and Nenko systems have had to adapt to the changes in the workplace. The adaptations made to date, by these traditional systems, have been inadequate.

In addition to the traditional systems, Japanese Employment Management has adopted several countermeasures such as Career Development Program (CDP) and Job qualification standards to contend with current employee management problems. As shown by this paper, these countermeasures have been helpful, but not wholly adequate in dealing with the problems faced by those who are categorized as the older workforce (40—45 years old and over).

Over the next 20—25 years, Japan's workforce will be composed of a large percent of older workers. It is necessary therefore, to contend with this problem now, through careful study and development of countermeasures and a careful re-evaluation of the traditional lifetime employment and Nenko systems. Neither the recently introduced countermeasures, nor traditional systems alone will be able to solve the employment problems that now face. For Japan to fairly treat her working population in the future, the new countermeasures and the traditional systems must develop symbiotically, with neither system being permitted to take over the other. In so doing, Japanese Employment Management will care for its current workforce fairly, will increase productivity and will set standards for those who are currently entering the workforce.

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