

## **Issues with the Public Service Personnel System Reform**

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### **Introduction**

The Public Service Personnel System Reform has been under discussion as part of reforms of central government ministries and agencies. Diverse issues must be addressed in the process, and some of them are difficult to resolve. Considerable time has already been devoted to drawing up specific plans. It has been nearly two and a half years since the realignment of government ministries and agencies, but the public service personnel system reform can hardly be described as moving towards its implementation.

The central government ministry and agency reforms were supposed to have two dimensions: Hard (container) reforms and soft (contents) reforms. While hard reforms included re-alignment of ministries and agencies, personnel cuts, and establishment of independent administrative corporation; soft reforms were about introducing a mechanism of lawmaker-led administrative management, a system of official information disclosure, and a scheme for evaluating public programs. A public service personnel system reform was positioned as very important among other soft reforms in the Final Report of the Administrative Reform Council. The reform includes changes in how to recruit public service personnel, review of recruitment examinations, personnel evaluation, and remuneration schemes, and retirement management. As an old adage goes, “organization is man”, what matters most for how well an organization works is to secure quality personnel to run the organization.

Reforms in the hard aspects have been proceeding almost as scheduled. Many reforms in the soft aspects, too, have been right on track. New laws have already been enacted for such new systems as those for official information disclosure and public program evaluation. But not for the reform of public service personnel system. The process has been dragging on. This essay aims at identifying what are sticking issues and where interests conflict among different parties concerned in the light of the author’s experience and seeking possible resolutions. Section 1 will review developments to date in the reforms of public service personnel system and draw a “to-be” picture. Section 2 will take up some fiercely debated issues and show possible future directions.

### **Past Developments and Future Direction of the Reform of Public Service Personnel System**

This section will review developments to date and a possible future direction of the public service personnel system reform as part of the central government ministries and agencies reforms.

#### *1. Discussions at the Administrative Reform Council*

When it took on the reform of the government ministries and agencies, the government considered it necessary to review behavioral patterns of public service personnel and personnel systems on which public service personnel

act, so that the reform will be more effective. For that purpose, the government also reckoned that is required to overhaul the public service personnel system as a part of the government ministry and agency reforms. The Administrative Reform Council, which had started drawing a blue-print of the government ministry and agency reforms, hurriedly requested the Public Service Personnel System Investigation Committee (or in effect, the Personnel Bureau of the Management and Coordination Agency, which acted as the secretariat to the Investigation Committee), which was in recess at the time, to come up with recommendations at an earliest opportunity. The Administrative Reform Council made a final report taking into consideration the Investigation Committee's recommendations (November 1997). This attests the government felt a necessity to reform the public personnel system. The Administrative Reform Council presented a final report in December 1997. The report raised many issues regarding the public service system reform, though briefly. If we focus on yet-to-be-resolved issues, the following six are major perspectives and directions of reforms.

- 1) Launch of a system to centrally manage personnel (The government should centrally manage *kachô*, or section chief, or its equivalents and above public service personnel.)
- 2) Establishment of a system to secure personnel for the Cabinet Secretariat and the Cabinet Office (Rules should be established to recruit competent personnel on their own merits for government organizations that are responsible for planning and coordination for the entire government.)
- 3) Securing various kinds of human resources (In order to strengthen ability to address public issues with justice, objectivity, and expertise, a variety of human resources should be secured in the public sector, and personnel exchanges should be promoted internally and externally.)
- 4) Remunerations in accordance with one's abilities and performance (Meritocracy should be fully implemented, so should a system that duly reflect one's abilities and performance in promotion and remunerations.)
- 5) Proper management of retirement (The promotion system according to seniority, the early-retirement program, and other personnel practices should be reviewed.)
- 6) How the central personnel administrative organizations should be (Including how the basic labor rights of public service personnel should be handled, functions of the central personnel administrative organizations (Prime Minister and the National Personnel Authority) should be reviewed and recast in order to best suit the organizations' characteristics.)

## 2. *Reviews at the Public Service Personnel System Investigation Committee*

The Administrative Reform Council reviewed a broad range of issues and presented problems in a short period of time. In the final report, the Council requested the Public Service Personnel System Investigation Committee, a special investigative entity within the government, to run a more specific review.

The Committee, honoring the request, voraciously reviewed the issues. In March 1999, when the specifics of the central government ministry and agency reforms were most vigorously discussed, the Committee presented a report pointing to a future direction. The government immediately adopted the Committee's reports as "Guidelines for Promotion of Reforms of the Central Government Ministries and Agencies". (Endorsed by the Central Government Ministries and Agencies Reform Promotion Office in April 1999. Hereinafter, referred to as "the Guideline".) The government thus clearly showed its stance to fast implement the public service personnel system reforms in accordance with the direction presented in the Public Service Personnel System Investigation Committee report.

The Guideline specified relatively concrete measures in the following five areas. It also mentioned other areas as to be orderly addressed in collaboration with the National Personnel Authority (NPA).

1) Launch of a new system to centrally manage personnel

Build a database of personnel information of *kachô*, or section chief, -and-above class officials at headquarters of ministries and agencies, etc.

2) Securing variety of quality human resources

Reforms of recruitment examinations, a new system of employment with a limited tenure to be developed, promotion of personnel exchanges, etc.

3) Remunerations in accordance with abilities and performance

Appointment of personnel who passed Levels II and III recruitment exams, eliminating the distinction between administrative officials and engineering officials, appointment of females, reviewing the remuneration scale with an eye on a scheme of pay-for-performance and -abilities with a smaller seniority portion, shift to double-track personnel management, etc.

4) Addressing implications of the aging society and optimization of the retirement management

Correction of early-retirement practices, disclosure of non-government employers of ex-public service personnel after retirement, deliberation on whether imposing behavioral rules on ex-public service personnel who now work at non-government entities is adequate, launch of a transparent personnel bank, review on the severance package scheme, etc.

5) How the personnel administration should be, including functions of the central personnel administrative organizations

In order to secure consistency across the government in the personnel management, enhance overall coordination functions of the Prime Minister (Personnel Bureau of the Cabinet Office), requiring fewer consultations with the NPA regarding promotion of *9-kyû* (class-9)-and-above personnel

To this point, the public service personnel system reforms had not yet been broken down to details. It is true that some contentious issues were included over which disagreements would later intensify such as review of the remuneration scale to better reflect abilities and performance and requiring fewer consultations with the NPA on personnel promotion. Still, they were half-hearted measures and could be better described as minor changes than

reforms. The government study had proceeded in accordance with the above Guideline, and the re-alignment of the central government ministries and agencies was to take place in January 2001. However, change of the government and personality of the minister in charge of reforms greatly affected the course of the event.

### *3. The Public Service Personnel System Reforms in the limelight during the Mori Government*

For the central government ministry and agency reforms to be carried out in fiscal 2000, budgeting and other necessary tasks had been in effect completed by the end of fiscal 1999. So, the fiscal year 2000 was considered to be a relatively quiet phase in the whole process. However, the then Prime Minister, Keizo Obuchi, suddenly passed away in April 2000. The succeeding government of Yoshiro Mori needed to present a unique administrative reform initiative to address falling popularity among the general public around July, when the ordinary parliamentary session ended. Prime Minister Mori had strong tendency to rely on the ruling parties when drawing policies. In response to Mr. Mori's request, the ruling parties in July 2000 proposed at a meeting of the ruling parties' Administrative and Financial Reform Promotion Council to run large-scale reviews on the special corporations reform, the charitable corporations system, and the public service personnel system.

These reforms were either untouched or mentioned only in general terms, if at all, in the central government ministry and agency reforms. The first two are reforms of special corporations and charitable corporations, and the last one is the public service personnel reform. They made good subjects to demonstrate the ruling parties' aggressive attitude towards the future administrative and financial reforms.

Mr. Mori, in response to the ruling parties' recommendations, convened in August 2000 a meeting of the Administrative Reform Promotion Office, where he instructed concerning ministers to aggressively study the recommendations. Mr. Mori said that an Outline of Administrative Reform should be laid out by the end of the year, before the central government ministries and agencies were reorganized.

The Outline of Administrative Reform was endorsed by the Cabinet in December 2000. The Outline designated years to fiscal 2005 as a period for intensive reforms, during which reforms of special corporations and the public service personnel system would be implemented intensively according to schedules under the government initiative. As to the public service personnel system reform, the Outline went deeper than the Final Report by the Administrative Reform Council and the Guidelines for Promotion of Reforms of the Central Government Ministries and Agencies as follows:

#### 1) Realization of a personnel system of reward and penalty

Instead of promotion and remuneration schemes by seniority, pay-for-performance or meritocracy should be adopted. In order to introduce such a personnel system of reward and penalty, the National Civil Service Law and the Local Civil Service Law should be reviewed. Increase a minister's personnel

responsibilities, and reduce the NPA's powers to ex post facto checks, with a clear distinction between each other's roles. Correct a rigid appointment system of personnel where one's career track is pre-determined by the level of recruitment exam one has taken. Secure variety of personnel, including appointment of females and mid-career hires.

2) Rational and strict rules for jobs after retirement from public office

The minister in charge will directly approve and disclose a retiree's employment in which the ministry/agency was involved. (Approval by the NPA to be abolished.)

Rules of Behavior after re-employment at non-public entities should be established. Reform the severance package system.

As to special corporation executives who are ex-government employees, to prevent them from receiving huge amounts of severance pays and remunerations for multiple times, a mandatory retirement age for special corporation executives should be set.

3) Fundamental changes to the organization and personnel management system the central personnel administrative organizations pre-determine details

Review the system where central personnel administrative organizations (NPA, Cabinet Office, etc.) run ex ante checks on the quota of personnel by *kyû* (class), the organizational structure, and the overall headcounts of each organization, so that the minister/director-general in charge can manage him/herself the ministry/agency within an appropriated budget and a allocated number of personnel. The central personnel administrative organizations will set clear standards to check compliance of each minister.

This Outline explicitly laid out increased personnel management responsibilities of minister and diminished authority of the NPA, introduction of a system where the minister in charge directly approves a public servant's re-employment, and a shift to an ex post facto checking system by the central personnel administrative organizations. It can be said that the obstacles for the public service personnel reforms, which had been hidden, were brought up to the surface at this point.

*4. Facilitation by the Minister in Charge of Administrative Reform and Establishment of the Public Service Personnel System Outline*

In December 2000, Mr. Mori reshuffled the government in preparation for the ministry and agency reorganization after the new year. In the move, a new post of minister in charge of administrative reforms was created. Ryuichiro Hashimoto, a former prime minister, was appointed to the position. In January 2001, immediately after his appointment, Mr. Hashimoto announced measures for the public service personnel reform, together with the reforms of public corporations and charitable corporations. Mr. Hashimoto positioned the public service personnel system reform as follows: The central government ministry and agency reforms that he implemented as prime minister figuratively reformed the container (hardware), and the container needs "breathing life". It is to reform the software, of which the greatest and unavoidable challenge is a public service personnel system reform. The expressions, hardware, software,

and “breath life” were catchy for the Japanese people and well displayed the lawmaker’s enthusiasm. It was a good manifestation of Mr. Hashimoto’s knack for politics, one might describe. In this way, the public service personnel system reform was once again positioned as consistent with and supplementary to the central government ministry and agency reform and became the biggest issue on Mr. Mori’s political agenda.

Afterwards, under the initiative of Minister in Charge of Administrative Reform Hashimoto, a “Framework of the Public Service Personnel System Reform” was issued by the Administrative Reform Promotion Office. Thus, the government gradually laid down more specifics about the reform. In June 2001, the government announced a “Basic Design of the Public Service Personnel System Reform”. The Basic Design is summarized in the following six points.

1) Personnel System of Award and Penalty

- Establish a new pay scale reflecting abilities, responsibilities, and performance
- Assign a right person to a right place regardless of the appointment classification (Levels I, II, or III of recruitment exams, whether administrative or engineering officials)
- A new personnel assessment system (Two-tier system of capability and performance evaluations)

2) Review of how the recruitment exams should be

- For the time being, pass much more examinees of Level I of the written examination, and allow each ministry/agency to decide who to hire after interviews, taking various aspects into consideration.

3) Measures for *Amakudari*, or “descent from heaven”

- Strict rules on retirees taking on a job at an organization that his/her ministry/agency supervises. (Approval by the minister, law revision to control behavior)
- Review hefty severance fees

4) Reform of the organization and activity principles of the government

- Newly create posts of staff for national strategy (= Newly create a system where the prime minister appoints and deploys personnel who help lay down important policies of the Cabinet.)
- Improve the roles of the central personnel administration organizations (Abolishment of the quota of personnel by class and NPA’s approval of promotion)
  - Each ministry and agency can move around the personnel within the total headcount and the personnel budget.
  - Allow each ministry and agency to re-align its organization as long as it fits within the pre-determined number of sections and offices.
  - Newly create an “inner-sourcing” system that allows transfer of personnel among different ministries and agencies.
- Set performance goals and evaluate the achievement

5) Review how restrictions of the Basic Labor Law should be

6) Review a reform of the local public service personnel system

Based on the Basic Design, a final study was conducted. Consequently, on December 25, 2001, an “Outline of the Public Service Personnel System Reform” was endorsed by the Cabinet. The major points of the Outline were the following eight. Generally, the Outline was in line with the “Basic Design of the Public Service Personnel System Reform”.

- 1) Clarify responsibilities and mandates of the minister as the top personnel administrative official of the ministry. (Note: This means the central personnel administrative organizations’ powers will be weakened.)
- 2) The Basic Labor Law will maintain the currently imposed restrictions. (Note: The government decided not to change the system after deliberation, which caused stronger opposition of unions.)
- 3) Introduce an ability-rank system to establish a personnel system of reward and penalty. (Note: It is to establish a remuneration scheme reflecting one’s abilities, job responsibilities, and performance in a well-balanced manner, which means remunerations will consist of a basic salary, a job responsibility allowance, and a performance allowance.)  
Meanwhile, the current work evaluation system will be replaced by a new evaluation system comprising an ability portion and a performance portion.
- 4) The ability-rank system will not be applied for *Shingikan*, or deputy director-general, and above senior officials. They will be compensated according to an annual salary plan, though they are *ippanshoku*, or regular service, officials.
- 5) Overhaul of the recruitment exam system. (Note: Pass much more examinees of the Level I exam, and allow each ministry and agency to decide who to hire among many applicants after checking on personality at interviews. Afterwards, on August 2, 2002, the Administrative Reform Office endorsed “How the Fundamental Reform of the Recruitment Exam Should Be”. Its centerpiece is a shift from test-result-based recruitment to personality-oriented recruitment, of which the NPA became defiant as mentioned later.)
- 6) To address the issue of *amakudari*, if a retiree is employed by a for-profit company, it should be directly approved by the minister in charge and disclosed to the public. If a retiree tries to use his/her influence over the ministry/agency that he/she used to work for the sake of the company he/she is now working for, he/she will be penalized. (Note: The proposed direct approval by the minister in charge provoked a head-on objection of the NPA. It was also criticized by the media and the public.)  
Correct the practice that one receives a large amount of severance pay every time he/she holds a position at a special corporation one after another.
- 7) Newly establish a “Group of National Strategic Staff”. (Note: The size of the Staff Group and other relevant issues are yet to be decided. The proposed system is worth attention because it may eliminate adverse effects of the sectionalism in the administration and establish a new image of national public service personnel at the center of the government.)
- 8) The above-mentioned new systems will be implemented around the fiscal year of 2006.

In line with the Cabinet decision, the government (Administrative Reform Office, Cabinet Secretariat) is now working to lay down more specifics and details. Originally, a draft revision of the National Public Service Personnel Law, a bill of the ability-rank system, and a draft revision of the Public and Private Sectors Personnel Exchanges Law, which are at the center of revisions, were supposed to be submitted to the Diet by the end of fiscal 2003, and development of relevant legislations was scheduled to be completed by the end of fiscal 2005.

However, in the course of process, the NPA opposed the idea because it would diminish its authority as a central personnel administrative organization. Disappointed public workers unions also objected the plan, citing that the reforms would not improve their basic labor rights. In addition, politicians started shying away from the reforms because they were concerned about splits within the government. These factors contributed to a rough going of the process. The bills were not submitted to the ordinary session of the Diet in 2003.

### **Major Issues of the Public Service Personnel System Reform and Future Perspectives**

In the following section, among various much-disputed issues of the public service personnel system reform, recruitment of public service personnel, introduction of an ability-rank system, how amakudai regulations should be, and diminished authority of the NPA will be discussed to identify real issues and obtain a future outlook.

#### *1. Recruitment of Public Service Personnel*

The government, in the Outline of the Public Service Personnel System Reform, proposed that the public service personnel recruitment examinations should be planned mainly by the Cabinet, instead of the currently responsible NPA (though the examinations would continue to be conducted by the NPA). It also suggested that the number of passers of the Level I exam should be increased from twice as many as the planned new recruits to four times as many. The government argued that this would give ministries and agencies a broader base of applicants for them to interview and pick out personnel suitable for their jobs.

The NPA, which currently holds jurisdiction over the recruitment exams, increased in fiscal 2002 the number of passers to 250 percent of the projected new recruits. It turned out, however, many passers of the written exam aspiring for public jobs were not actually employed by the government. (The 2003 Public Service Personnel White Paper says, "60 percent of successful examinees of the written test could not win an appointment by the government, many of whom have been unable to find a job in the private sector, either.) Citing this experience, the NPA is resisting the idea of passing four times as many. Meanwhile, it is very likely that the NPA is against the transfer of jurisdiction over the recruitment exams to the Cabinet, though it has not explicitly expressed its opposition.

(The Public Service Personnel White Paper says: “The recruitment examination of national government personnel --- involves enormous and various jobs to be done by a large number of personnel, including examination special commissioners and examiners. Every little step in preparation amounts to smooth implementation of examinations, which have been conceived as fair and appropriate and won the public trust.” It sounds as if the NPA implicitly denies the necessity of transfer of jurisdiction.)

The author is not intent to recommend any particular number here in belief that experts should come up with an appropriate number, taking various factors into consideration. The author would rather discuss whether interviewing a greater number of passers of the written exam will guarantee ministries/agencies to select right persons.

That more examinees pass the written exams means that there will be more applicants for jobs at ministries and agencies, and that the competition at the interview stage will be fiercer. However, even though there are more candidates at the interview stage, the average knowledge level of candidates measured in terms of the written exam results is lower. Under the current system, the intellectual level of candidates is relatively high, while the substantial competition at the interview stage is less fierce. The question is whether to pass more written-exam takers will truly help secure better human resources. What we observe here is a shift of the focus from quality to quantity of candidates at the interview stage. Which in turn implies that instead of someone who scored high in the written exam, the proposed new system would offer a higher possibility of finding someone with better personality or capabilities other than knowledge (e.g., negotiation skills, an ability to work in a team), though he/she did not fare well at the written exam.

The author suspects, however, the new system will offer fewer opportunities for someone who can score high in the written exam and have higher capabilities in other areas, too, to be recruited.

The author’s experience as someone in charge of personnel management tells that in most cases, the levels of knowledge and other capabilities of a person are positively related, and that there are few cases they are inversely related. It is often the case that a person is good at studies and has good negotiation skills and an ability to work with other people. Of course, there are some people who are good at studying but not in other areas. Still, it seems that there are as many people who are good at studying but not in other areas as those who are good neither at studying nor in other areas.

Thinking in this way, the author can not help speculating that the idea of increasing the number of passers of the written exams to intensify the competition at the interview is based on a prejudice that the levels of knowledge and other capabilities are inversely related. By the way, the author has found it difficult through his experience to evaluate interviewees’ capabilities other than knowledge at an interview. Typically, interviewees are prepared to give a good impression at an interview. To evaluate different interviewees differently is bound to be based on the interviewer’s subjective judgment (a feeling of whether an interviewee gave a good or bad impression),

so there is a risk that such an evaluation can only be described as arbitrary. Taking these factors into consideration, the author would suggest that increasing the number of passers of the written exams, leaving the number of new recruits unchanged, should be done very carefully, if at all. Opinions of the NPA deserve more attention in this regard.

## 2. Introduction of an Ability-rank System

Since the ruling parties were still studying it, it was decided that the bill regarding the public service personnel system reform would not be submitted to the ordinary session of the Diet in 2003. Therefore, the government draft has not been disclosed, and we do not know how the ability-rank system is actually being planned. However, we can extrapolate that the draft would be something like the following from the Outline of the Public Service Personnel System Reform. (Note: Since the Outline devotes much space for the issue, the author summarizes the Outline according to his own idea of what are the points.)

- 1) The current personnel system is insufficient in properly evaluating a public servant's capabilities and performance and reflecting the results in his/her appointment and remunerations. There are a rigid appointment system and a remuneration scheme by seniority giving too much regard to the level of recruitment exam one took and the year of recruitment. These practices should be discontinued, and remunerations should be made according to evaluation of one's abilities and performance, reflecting one's abilities, mandates, and performance.
- 2) In order to realize 1), a basic job titles (*shokui*) and class (*tôkyû*) should be established according to the typical rungs of posts (*kachô*, or section chief, *kachô-hosa*, or deputy section chief, *kakarichô*, or unit chief, and *kakari-in*, or staff), and competency required for jobs should be set by classes.
- 3) The headcount quota should be set by classes, taking into consideration structure and assignments of personnel of each ministry and agency. Based on this, the minister in charge files a personnel budget request, the Diet approves the budget, and then the quota by classes will be determined. (Currently, the NPA is in charge of the quota management by classes, which will be abolished under a new system.)
- 4) Promotion and demotion will take place according to the ability standard. (Demotion will likely be very difficult in the light of the current practice.)
- 5) Multiple-track personnel development courses will be used.

The salary scale of the administrative official (*gyôseishoku*)-1, which constitutes the largest cohort of all national government personnel, has 11 ranks (*kaikyû*). Each rank is further divided into notches called *gô*, by which the salary amount is decided. For example, posts for Rank-11, the highest rank, are division director (*buchô*) or important section chief (*jûyô kachô*) at the headquarters (*honshô*), or director (*kyokuchô*) of a regional bureau (*kankukyoku*). In this way, each rank has corresponding job titles (*shokui*). Every national government employee is classified with *kyû* and *gô* and given a position (*kanshoku*) in the organizational structure. It is unclear, however, how the proposed meritocratic ranks are fundamentally different from the existing

*kyû* and *gô*. Currently, each rank is presented with corresponding *shokui* in the pay scale. In a new pay scale, the degree of importance of typical jobs for each *shokui* would at most be added in an abstract manner to serve as performance criteria. If this is the case, the new system might not be so different from the existing ranking system. It is not a big deal in the author's opinion, though.

Here to discuss is problems with the practical application of the existing system mentioned in 1). Admittedly, the recruit examination level and the year of recruitment are highly regarded in appointment of public service personnel. However, are they truly "too highly" regarded? Or is an appointment system "too rigid"? Moreover, will the new system really help properly evaluate a public servant's abilities and performance as the Outline of the Public Service Personnel System Reform suggests?

The author, a former administrative manager in public service, has come to a conclusion that it is quite difficult to properly evaluate and differentiate abilities and performance of public service personnel. Of particular difficulty is to evaluate their performance. When a different person carries out different jobs, and the situations in which one performs his/her duties are always changing, it is hard to tell a person performs better than any other person. It might be possible when many people are doing standardized jobs. In reality, however, it is nearly impossible because many public service personnel at ministry/agency headquarters are assigned to planning and coordination jobs, all of which are unique.

Suppose Section-chief A could put together a bill and pass it at the Diet, and that Section-chief B could not. Naturally, different bills cover different issues, which in turn provides different conditions, the political climate such as animosity between the ruling and opposition parties, and the general trend at the on-going parliamentary session. To say an extreme, Section-chief A's bill might have been a no-brainer, while Section-chief B's would have been doomed to failure, no matter who was in charge.

Having said that, how is a personnel evaluation done in practice? Probably, many managers believe that to evaluate somebody based on his/her performance could be harmful. The most important criterion in evaluation is how a person strived under given circumstances or conditions. (It could be even said that it does not matter whether or not something was actually delivered.) For example, if a boss just leaves jobs in the hands of his/her subordinates and does nothing himself, he/she would not be highly evaluated, even when something was delivered during his/her stint. In contrast, if somebody struggled in a hardship but could not apparently accomplish anything, he/she would be highly evaluated. This is why critics say that the practical implementation of the current system (where differentiation is difficult) does not properly evaluate performance.

Compared with performance, abilities to carry out duties might be easier to assess. There are many people out there who are innately good at negotiations, logical analyses, and with a broad knowledge base and intellectual background. So, it is relatively easy to rank individuals by a certain ability. However, is it possible to differentiate a person as an aggregate of various

abilities from others? For the sake of argument, let's make a simplistic illustration. A has a knack for negotiations but is not a good writer. B is not so good at negotiations as A is but has much knowledge in his/her specialty. C is not so knowledgeable as B is but is very apt at writing. If this is the case, is it really possible to rank three by their abilities? It can be safely said that in practice, personnel are not differentiated by the aggregate of abilities, nor is it required. This is why critics say that the abilities of personnel are not properly evaluated.

When personnel evaluations are actually done, as described above, the key criterion is how hard a person strived to accomplish something under a given circumstance. It is because performance is hard to evaluate. Thus, evaluation by performance is now not in practice.

As a result, great differences in evaluations are hardly to be made. Moreover, in order to avoid personal preference from affecting a personnel evaluation, different levels of superiors evaluate a person. (For example, *kakarichô*, or group leader, is evaluated by *kachô-hosa*, or deputy section-chief, and *kikaku-kan*, or senior planning officer, and further assessed by *kachô*, or section-chief.) Consequently, differences in evaluation of different personnel are made even smaller, which looks to outside observers that the personnel evaluation is mainly based on the level of recruitment examination and the year of recruitment. For instance, it seems that all personnel who passed the Level I exam and were recruited in the same year, are promoted in tandem with each other up to the level of *kachô-hosa*, or deputy section-chief, at any ministry and agency. It is because up to this level, it is hard to detect differences in efforts of individual personnel under given circumstances. In contrast, the pace of promotion is different for a person to a person at the level of *kikaku-kan*, or senior planning officer, and above. It is likely because at this level and above, how hard a person is working under given conditions is easy to show to others, and that since the evaluation must be differentiated, how hard one has worked would affect the evaluation a lot.

However, the question here is whether the current practice of evaluation is truly "rigid", giving too much account to the level of recruitment examination and the year of recruitment" as the Outline of Public Service Personnel System Reform argues. The author believes many in public service feel such a description is missing the point, and that they consider themselves as having been evaluated rather stringently. Among not only Level I exam recruits but also Level II exam recruits, those who are far more capable than their peers who have been recruited in the same year are promoted faster than the colleagues. Some Level II exam recruits go up to *shitei-shoku*, or designated post, before they retire at any ministry and agency, though such cases are small in number.

The question is whether or not one considers there are too many principles and too few exceptions. The Outline of the Public Service Personnel System Reform reckons that there are too many principles and too few exceptions and calls for a fundamental review. The author considers that the situation does not yet require a fundamental review, and that there will be no problem, if the

existing personnel evaluation system stays. (The above mentioned situations might be hard to understand from the outsiders' viewpoint, though.)

### 3. *How to regulate Amakudari*

Currently, Article 103 of the National Public Service Law bars a former national government employee from taking on a job at a for-profit corporation which he/she oversaw while he/she was in public office, except that the NPA has approved it. In practice, however, for personnel at *kyû-9* of *gyôseishoku-1*, or rank-9 of the administrative official-1, and below, the ministry/agency approves the employment. Therefore, the NPA only approves appointments of senior officials above the level holding a position at such corporations. The NPA approved 70 and 59 appointments in 2001 and 2002, respectively.

The Outline of the Public Service Personnel System Reform plans that the Cabinet sets standards for approving appointments of former public service personnel by private corporations, so that each minister/director-general, who is the highest personnel administrative authority of each ministry and agency, approves appointments according to the standards. Under the proposed system, the NPA's authority will be limited to offering opinions on the approval standards set by the Cabinet and making recommendations to ministers and directors-general for improvement.

Moreover, it is reported that the latest draft bill stipulates that as a temporary measure, the Cabinet must endorse the appointments already approved by ministers and directors-general.

The proposed revision gives each minister and director-general a primary power to approve former public service personnel holding positions in the private sector. In the backdrop, there must be an intention to curb the NPA's authority and a substantial judgment that the regulations on *amakudari* might as well be eased. It is because each minister is unlikely to be well-informed enough to judge the appropriateness of each case of retiring bureaucrats taking jobs at for-profit corporations, so in practice, recommendations by the personnel division of each ministry and agency will be presented to the minister ready to be signed by him/her. In other words, it will invariably be decisions made by bureaucrats for fellow bureaucrats. The media and academia are strongly opposed to easing the regulations on *amakudari*.

What is to be discussed now is whether or not easing the regulations on *amakudari* is appropriate. That is the real issue here. The answer would depend on one's idea about whether or not the current practice of early-retirement should be corrected. The author can not discuss the issue in detail due to limitations of space, but he believes the most likely corrective measure of the early-retirement practice is to provide multiple career tracks to public service personnel. How this proposal is assessed will be critical.

What does providing multiple career tracks mean? It is a measure to induce public service personnel to stay in public office until the mandated retirement age of 60, not to seek jobs in the private sector, by providing multiple promotion tracks, instead of the only one track under the current system. That is to say, it is a proposal to make the hierarchy of bureaucracy

flatter. Suppose there are two routes of promotion for those who were recruited in the same year. One is to be appointed as *kyokuchô*, or bureau chief, while the other is to be appointed to an equivalent position of *kyokuchô* or a little lower position of senior professionals. If one takes the latter track, he/she will be allowed to stay in the position until the mandated retirement age. Such ideas have probably been presented.

An issue with providing multiple career tracks is whether it is feasible to create many professional posts equivalent to or a little lower than *kyokuchô*. (The same would hold true for so-called “half-story” posts, such as shingikan, or deputy director-general.) When the current public service personnel system works reasonably well without such positions, creating new ones for public service personnel would cause a public criticism, even though it is intended to correct the practice of *amakudari*.

After all, the idea of providing multiple career tracks is hardly practicable. The author does not reckon that such newly created position would solve the issue of *amakudari*.

Next, let us discuss whether the bureaucratic hierarchy needs to be made flatter. The issue involves how to address the practice of early-retirement because it is what keeps the hierarchy so steep (a theory says that the average retirement age is 54). The author believes that the actual retirement age can be raised to a certain extent, but that the practice of retiring before the mandatory retirement age (putting aside whether the term of “early retirement” is appropriate or not) will somehow stay. It is because the proportional relationship between the allocation of mandates in the current bureaucratic hierarchy and the allocation of personnel based on the year of recruitment is excellent for the purpose of getting jobs done efficiently, and there is no reason why the efficiency is given lower priority.

If providing multiple career tracks is not feasible, and the practice of early retirement should stay to keep the bureaucratic hierarchy, public service personnel must be allowed to hold positions outside public office after retirement. In that case, we will have to accept *amakudari* as a necessary public service personnel management device and put a new system in place to correct its adverse effects under certain conditions.

Thus, if we consider *amakudari* as necessary, we will have to think whether or not the transfer of approval authority from the NPS to ministers/agencies suggested in the Outline of Public Service Personnel Reform is appropriate. To put it in another way, what is a problem with the current system, under which the NPA has the approval power?

If there is a problem, it is probably because the NPA carries out very strict approval procedures in the capacity of a neutral organization, which imposes a great burden on it. Particularly, since the approval procedure mainly looks into whether the bureaucrat at issue has exercised public authority over the for-profit corporation where he/she plans to take on a job, NPA officials must reconcile a record of the bureaucrat’s public offices he/she has ever held against a detailed description of situations when he/she exercised of public authorities, which is quite heavy and time-consuming a workload. The transfer of the

authority from the NPA to each ministry and agency might have been proposed to alleviate the burden on the NPA. Still, it is hard to imagine that the workload required for the approval procedure is the major reason for the proposal. The author suspects the real intension is to curb the NPA's powers, which will be discussed in the following 4.

If and when each minister/director-general is vested with the approval authority, it is almost certain that the approval procedure will be lenient for the reason mentioned earlier. There is no perceived good reason why the amakudari regulations should be eased against all odds. The author really wish that the proposal was not made out of an idea: "First, curb the NPA's powers."

#### *4. Curbing the NPA's powers*

As discussed above, the latest public service personnel reform proposes: functions of planning and drafting the recruitment exam system should be transferred to the Cabinet, and the number of passers of the exam should be increased, so that officials of each ministry/agency who conduct interviews with applicants can make a final decision on who to take; the NPA's quota management system by ranks should be abolished, and a new system of ability-rank should be established, under which each minister has the personnel executive power; and shifting the authority to approve amakudari from the NPA to each minister. In this way, objectives of the main proposals seem to be to curb the authority of the NPA and enhance powers of the Cabinet and each minister/director-general, who is the top personnel manager of each ministry/agency.

When it comes to the public service personnel system, the National Public Service Law stipulates that personnel powers shall be in principle devolved, supplemented by overall coordination by the central personnel administrative body in order to secure consistency. Thus, a balance between centralization and decentralization is kept for personnel management of national government employees.

The proposed reform calls for more powers for ministers/directors-general, even though it might upset the balance. Presumably, it is because the authority of the NPA is considered too strong. However, on what grounds are such arguments made?

The issues of recruitment exams and regulations on amakudari have already been mentioned. So, now the author would like to discuss how the quota management system by ranks should be.

Currently, the NPA has jurisdiction over ranking new recruits, upgrading the existing personnel, and approving promotion of officials (in effect, *kanrishoku*, or managers, and above). To be more precise, ministries and agencies file requests to employ prospective recruits with the Ministry of Public Management, Home Affairs, Posts and Telecommunications and the Ministry of Finance, which examine and approve of the applicants. Then, the NPA decides whether it is appropriate to rank the new recruits as requested by the ministries and agencies. As to upgrading the existing personnel, it is customary for a certain number of upgrades to be approved according to the

implicitly-agreed quota. Therefore, it can be safely said that the NPA has a power over promotion of managers and above in the quota management system by ranks.

This power of the NPA, however, is not so strong as one might expect to the knowledge of the author. For example, if a ministry wants to promote Mr. A among other personnel who joined the ministry in the same year, the NPA does not usually deny the request and recommend Mr. B, instead of Mr. A. (The NPA does not have information to make such a judgment. Moreover, if it countered the ministry's intension, it would compromise the principle of delegating the authority over personnel to individual ministries and agencies.) Rather, the NPA would check on the rationale of promoting Mr. A ahead of others and consistency with precedents (for example, when one-year seniors of Mr. A were promoted?).

Whether Mr. A should be promoted ahead of other personnel recruited in the same year as himself would be a good example of something better left to the minister for his/her discretion as the top personnel officer of the ministry,. Currently, the NPA decides whether individual promotions are appropriate or not, which the author deems too intrusive, though it may be practically casual checks as described above. In the author's opinion, the NPA's jobs should be limited to securing consistency among different ministries and agencies. Taking into consideration that a ministry currently is not even allowed to choose the timing of promotion announcements but must seek an approval from the NPA, the author personally agrees on the proposal to curb authorities of the NPA in this regard.

Overall, it seems that the proposal to curb the NPA's powers is made out of a sheer desire of ministry/agency personnel officials to strengthen their footing. Convincing illustrations have hardly been made about specific problems in the current division of authorities between the NPA and personnel officials of individual ministries and agencies. It seems to the author that there are not enough good reasons for curbing the authorities of the NPA. Particularly, the transfer of the authority to approve *amakudari* would surely evoke a great criticism of the general public, and the increasing the number of passers of recruit exams would cause examiners anxiety and stir up the already fierce competition for public jobs among new gradates. Cautious approaches need to be taken.

### **Conclusion**

The author held public office at the former Administrative Management Agency and the former Management and Coordination Agency, which were internal management bodies of the government. Such organizations might have had unique characteristics in terms of the personnel management, especially the personnel evaluation of subordinates, compared to other ministries and agencies which worked with, supervised, or granted permissions to the private sector.

There are loud calls for the public service personnel system reform outside the government, but hardly inside the government regardless of ministries and

agencies. (A certain ministry/agency is suspected as having started the argument for the public service personnel system reform, which will not be discussed in this essay.) It is probably because few in public office find it necessary to drastically change the current personnel management system. They might want minor changes in the on-going system, but public service personnel themselves in principle consider the current system reasonably rational.

As mentioned earlier, any administration would have to uphold a banner of reforms all the time to stay in office. Admittedly, many issues of the administrative reform have not been free from this.

The public personnel system reform has become the next buzzword of reforms with public distrust against bureaucrats in the background, after the “hard” areas of the central government ministry/agency reforms had passed its most critical phase.

A majority of public service personnel may have strong concern that public service personnel system, which is supposed to be the most stable, is taken up as a subject of reforms for the political purpose. It seems that within the government organizations, the notion of “organization is man” is fully understood. Based on the understanding, there must be established ways of implementing rules regarding how to employ, develop, and evaluate quality human resources. Many people within the government organizations may not have been able to voice their opinions. The author came to have such speculations and decided to express his opinions on this matter based on his own experience. It turned out that the essay mostly made cases for keeping the current balance of power between the NPA and personnel officials at individual ministries and agencies. Still, readers are kindly reminded that the author’s stance had not been fixed on this matter, as he wrote this essay.

Lastly, the author would like to mention a challenge in the public service personnel system reform, from which he personally expects most.

That is a concept of national strategic staff. As far as relevant provisions in the Outline of the Public Service Personnel System Reform tells, they will be officials at the level of *kachô*, or section-chief, and above recruited from both inside and outside the government organizations.

The author strongly suggests that they should also consider a system under which personnel below the *kachô* level can be recruited as national strategic staff separately from regular hires by individual ministries and agencies, hopefully as new gradates.

Some issues must be cleared. For example, there is a risk of generating super-elites. There may be problems caused by having two kinds of personnel authorities, that is, personnel officials at individual ministries and agencies and the prime minister or official in charge of recruitment at the Cabinet. Still, in order to correct adverse effects of the sectionalism among different ministries and agencies, and shift to a system that highly regards the ability to make comprehensive and political judgments, details of the plan must be laid out at an early opportunity.

The author can not help feeling that the on-going debates are exhausted

with the peripheral, without focusing on the core problems of the current system.