

Identifying Future Patterns  
of Personnel Management Systems  
in Japan  
Using the Delphi Method

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### I . Introduction

During the past few years the amount of discussion concerning Japanese-style management has declined. The main reason for this decline is, I believe, that Japanese-style management itself has reached a watershed and the fact that its nature is undergoing adjustment is clearly recognized. This seems much more convincing to me than simply arguing, as some do, that the debate regarding Japanese-style management has been exhausted.

The Japanese seniority system has already been amended, and the nature of lifetime employment customs is beginning to change. A great deal is being written about what form these changes will take and just how much change is possible(1). Social scientists recognize that it is at present extremely difficult to forecast future trends. In the 1970s and the early 1980s , when there was so much discussion about Japanese management(2), it was argued that its uniqueness emanated from cultural factors. Within the space of about 10 years, however, these cultural elements have themselves undergone considerable changes. These changes are dismissed by the proponents of the cultural theory of Japanese management as either being of a transient nature or superficial; they say that the essentials will not change. We are still awaiting a detailed analysis by them of these 'superficial' changes.

I am not asserting that the management characteristics of the various companies grew up uninfluenced by cultural factors. However, it is my contention that management decisions based upon economic realities must inevitably be appropriate to the corporate environment rather than to the cultural environment if companies are to be able to remain in existence. In 1985 I put forward the following hypothesis(3) :

“The extent to which cultural factors influence management systems is

in inverse proportion to the level of competence of management.” In companies where management is excellent, the management system is influenced very little by cultural factors. Conversely, in companies with poor management their influence is extremely significant. When we talk of “excellent” companies in this sense we are not referring to either the size or profit levels. There are small companies which have highly competent management and are scarcely affected by culture, and large companies about which the converse is true. This hypothesis applies to companies in Japan, America and indeed any other country.

The author feels that the recent upheavals in Japan’s personnel systems spell the collapse of most past theories of Japanese-style management. The three unique features of Japanese personnel management according to these theories are ① the custom of lifetime employment, ② the seniority system, and ③ in-company labour unions, but ① and ② in particular can be seen to be evolving rapidly. The author believes that the predicted image of ① and ② gleaned from the results of the Delphi system survey which he has carried out “indicate that Japan’s personnel management systems have been on a convergence course with those in America.” Moreover, they have been on this convergence course not for 60 or 70 years but only for about ten years. This would seem to indicate that the cultural theory of Japanese-style management is essentially flawed.

## II. How the survey was carried out

### II-1. The people to whom ‘questionnaires’ were sent:

- ① The general managers of 150 companies, some from which staff had kindly filled in questionnaires at the author’s request several times before, and others selected randomly from the first and second sections of the Tokyo stock market.
- ② Academic—20 members of the Japanese Society of Personnel Management and Labour Relations.
- ③ Management Consultants—7 management consultants who had belonged to the Japan Productivity Centre.

### II-2. The period of the survey:

- ① Part 1—August and September 1989

②Part 2—October and November 1989

II-3. The method:

- ①Part 1—A letter requesting cooperation for a survey of people's images of the future of personnel management systems in Japan, and the questionnaire was sent, by post, to the people listed in II-1 above. The completed questionnaires were returned by post. (See Appendix 1)
- ②Part 2—42 part 1 questionnaires were returned. The results were compiled, and the second request was sent out, again by post. Appendices 2 and 3 are copies of the questionnaire and the letter requesting cooperation.

II-4. The people who replied:

Table: Breakdown of those who replied/did not reply

	Number asked	No. of replies to part 1	No. of replies to part 2
Company employees	120	27	20
Academics	20	8	6
Management consultants	7	7	5
<b>TOTALS</b>	<b>147</b>	<b>42 (28.6%)</b>	<b>31 ( 21%)</b>

The 28.6% reply rate to Part 1 may seem low at first sight, but when the complicated nature of the questions, the difficulty in answering them, and the fact that they knew they would later be asked to fill in another questionnaire are taken into account it is actually quite high. On Part 2 31 were returned, representing 73.8% of the 42 returned for Part 1.

Table: Breakdown of company employees who replied, by size of company

<u>Size of company</u>	<u>Part 1</u>	<u>Part 2</u>
3000 or more employees	11	8
1000-2999	6	5
300-999	5	4
Less than 300	5	3
<b>TOTALS</b>	<b>27</b>	<b>20</b>

II-5. Carrying out a survey using the Delphi Method:

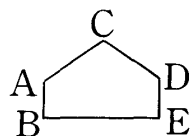
The Delphi method is a qualitative forecast technique. It is one way of

forecasting the future when sufficient data on past trends is unavailable. It was originally developed by the Rand Corporation of America as a method of forecasting trends in science and technology, but recently it has come to be used in attempting to forecast social phenomena other than those involving science and technology. The name is taken from the Greek myth of the Delphic Oracle on Mount Parnassus. The basis of it is to make forecasts utilizing the vision and penetration of a number of individuals(4).

The Delphi data for the present survey was obtained by asking these individuals to read 34 statements describing possible future scenarios and then forecast the percentage likelihood of them becoming reality and the most likely period when they would do so. The results were then collated in diagrammatic form as shown/described in the example below.

STATEMENTS	Likelihood of Realization			Timing (years hence) of Realization				
	0%	50%	100%	0	5	10	15	20
1. The annual intake of recruits with previous work experience will account for more than 50% of the total, so that it will exceed the intake of people straight from high school or university.								

The replies for statement 1 on Part 1 of the survey for all the groups—company employees, scholars, and consultants—are expressed, that, in the form of a pentagon:



'C' is the median value calculated from all the data received. The line A-B represents the 1/4 quartile deviation from the mean, and the line D-E the 3/4 quartile deviation. Data which falls outside these limits is ignored. Thus to statement 1 the accepted replies regarding likelihood of realization range from 10% (the 1/4 quartile deviation) to 50% (the 3/4 quartile deviation), and the median value is 30%. The smaller pentagon (the one which is shaded in) shows the results for Part 2 of the survey. On a Delphi Method survey the normal tendency is for the results to converge on part two of the survey, and

hence for the size of the pentagon to shrink.

### III. Analysis of the Results:

#### III-1. Statements relating to the custom of lifetime employment

Lifetime employment<sup>(5)</sup> is regarded as one of the representative characteristics of Japanese-style personnel management, but during the last few years there have been significant changes. First let us analyze the nature of the core labour force and the supplementary labour force.

##### III-1-1. The core labour force

When we talk of the core labour force, we mean the groups of workers who comprise the nucleus of company labour forces, groups which have a strong sense of belonging to the company, which have given their companies long years of service, and therefore represent the foundation of the lifetime employment custom.

##### a) Recruitment of people straight from school/university:

In Japan it is now quite normal for companies to recruit people already working for other companies through agencies. Even banks, which were renowned for their opposition to such practices, have begun to do so.

**Statement 1 :** The annual intake of recruits with previous work experience will account for more than 50% of the total, so that it will exceed the intake of people straight from school or university.

The median value for the replies regarding the likelihood of this happening was low, only 30%. Two of the academics said 0%, and only two people gave it a better than 80% chance. With regard to the timing of realization the majority predicted 10 years hence. It seems likely that “graduates” will continue to be the main source for recruitment, and make up the core labour force.

**Statement 2 :** The main emphasis in recruitment will change from its present educational institution (university, junior college, technical college)-based approach to one where the recruits’ ability and suitability for the job are more important.

The distribution of forecasts on likelihood of realization was from 30 to 50%, the predicted timing of realization 10 years hence. The general opinion is that educational institution-oriented recruitment will continue, that there

will not be a shift to recruitment according to suitability for the job.

**Statement 3 :** Providing they are doing the same job new starters will be paid the same salary regardless of whether they are from high school or university.

The predicted likelihood of realization was low, at 20 to 30%, and again the predicted timing was in 10 years time. 14% (5 people) of those who replied said that there was 0% of realization, and the same number said there was a 60% chance or better. The forecasts regarding these two statements indicate clearly that the method of choosing recruits from certain universities and high schools will remain a feature of company recruitment in Japan.

**Statement 20 :** Nearly 50% of companies will recruit people with masters degrees/Ph.D.s to work in administrative, sales, and manufacturing divisions.

Again the predicted likelihood of realization was low, 30%. It seems likely that although recruitment will not be restricted to "graduates", recruitment of postgraduates and above will be mainly for research and development staff or people with specific specialist skills.

b) Recruitment of people who have worked for other companies:

Although, as we mentioned above, graduates are likely to remain the main focus of recruitment in Japan, the number of people recruited who have experience of working at other companies is increasing. According to a survey of recruitment trends in 1989<sup>(6)</sup>.

"Of the 4,550,000 employees recruited, 2,480,000 (54.6%) had moved from another company, 1,080,000 (23.7%) were people who had not previously been able to find employment, and 990,000 (21.7%) were straight from high school or university. The figures for the first two categories represented increases of 17.6% and 17.4% respectively over 1987. A breakdown by age group of the first category revealed that there was an increase for each group, but that the increase was greater among the younger age groups."

**Statement 32 :** About 30% of all managerial staff (department/section head level and above) will be recruited from other companies.

The median for likelihood of realization was low, 30%, although a staff of a large company (ie. with more than 3000 employees) and one of the consultants gave it an 80% chance. Thus the majority believe that personnel management based on the nurturing of staff already employed by the

company and in-company promotion is likely to remain the norm. The predicted timing of realization was also in the relatively distant future, between 10 and 15 years hence.

**Statement 33 : About 30% of company directors will be recruited from other companies.**

One company staff said 100%, but some academics said 0%, and the overall forecast for likelihood of realization was low, the median value being 40%. The predicted timing of realization was in ten years time.

### III-1-2. The supplementary labour force

By the supplementary labour force we do not mean the remainder after you have taken away the core labour force, but rather staff brought in from outside the company to provide support. Also, the concept of supplementary labour force used here does not coincide with the classification system for the “multi-career path system<sup>(7)</sup>” which is currently being studied in Japan (the categories for which are working region, type of work, degree of speciality etc.).

#### The “outside labour force”

By the outside labour force we mean groups from outside the company which are employed on a contract basis. They are nearly all groups of specialists, consultants who have a high level of expertise in particular fields, and often recruited through the growing number of “staff secondment agencies” which arrange the contracts between groups and the companies which hire them.

**Statement 5 : The use of workers from outside the company will increase:**

- ( 1 ) Outside specialists (such as consultants, advisers etc.) will be widely used.
- ( 2 ) Seconded staff (from parent companies, or from seconded companies) will rise to nearly 10% of the workforce.
- ( 3 ) “Human lease”(employees on loan/exchange from related companies) will become a general occurrence.

For statement 5 as a whole the prediction for likelihood of realization was a very high 80%, the period forecast 5 years hence.

For (1) on its own the median value for likelihood of realization was 60%, the distribution ranging from 50 to 80%. The timing of realization predicted



was between 5 and 10 years hence.

The median value for (2) was high, 80%, and 6 (=17%) of those who replied (3 company staffs, two consultants, and one academic) said 100%. The predicted timing of realization was in 5 to 10 years time. It is probably fair to say that it is already happening. In 1987 the Japan Personal Administration Research Institute carried out a survey entitled, "Basic survey in order to aid us in considering what personnel management should be like in the future", in which it had the following to say,<sup>(8)</sup>

"Since the passing of the Labour Secondment Law on July 1st 1986 a new 'labour secondment industry' has started up, and has expanded rapidly in response to the demands of the times. This survey revealed that during 1986 staff were seconded to 27% of all Japanese companies, with an average of 13 secondees received by each of the companies involved.

The forecast for likelihood of realization for part (3) of statement 5 was 50%, lower than for the other two, but one of the consultants said 100%, another three 80%, and 5 people from the other two groups made forecasts above 50%. The predicted timing was rather less than 10 years hence. The concept of "human lease" is not yet really established in Japan, but *Igyōshu kōryū*<sup>(9)</sup> — exchange of technical information and manpower among groups/networks of smaller companies — is, and this in effect functions in the same way as human lease.

### III-1-3. Internationalization

Internationalization is progressing apace, not only for products and their markets, but also on the labour market. For example, between 1984 and 1986 the increase in the number of foreigners coming to work in Japan as language teachers was 137.02%. It was discovered that there were over 14,000 foreign workers, mainly unskilled labourers, working illegally in Japan. Today in 1990 after the revision of the immigration laws, the numbers of illegal foreign workers has been reduced, but as long as there is a shortage of labour in Japan it will have to be supplied from abroad.

**Statement 11 : Greater numbers of foreigners will be employed:**

- ( 1 ) Nearly 10% of sales staff will be foreigners.
- ( 2 ) Nearly 10% of R & D staff will be foreigners.
- ( 3 ) Nearly 10% of administrative staff will be foreigners.
- ( 4 ) Nearly 10% of manufacturing staff will be foreigners.

It is a well known fact that the foreign labour force in Japan is increasing more rapidly than in the past. The median value for the predicted likelihood of it increasing in the future (ie. basic statement 11) was high, 70%. Seven of the company staffs and one academic said it was 100%; the consultants' predictions ranged from as low as 10% up to 70%. The predicted timing of realization was 5 to 10 years hence; one academic said that it had already been realized (ie. he said 0 years).

The predictions for (1) to (4), the likelihood of the proportion of foreigners in the various departments reaching nearly 10%, were lower. The highest prediction was for manufacturing staff, with likelihood of realization at 60% and the predicted timing being 10 years hence, followed in descending order by research and development, sales, and administration. Thus it seems that the foreign labour force will continue to increase, but that the likelihood of it reaching 10% of the total labour force is only about 60%, and it is anticipated that it will take a long time to rise so high.

**Statement 12 :** There will be common personnel management systems (eg. promotion criteria, salary determination systems) for Japanese and foreign staff.

There are very few Japanese companies at the moment which have the same personnel management systems for Japanese and foreign employees. Most have limited period (eg. one year) contract systems for foreign employees, and different salary schemes. The predicted likelihood of this changing was fairly low, at 50%. Of the eleven staffs of large companies who replied, five gave it a chance of between 0 and 30%, three said between 60 and 70%. Three (out of seven) consultants said it had a chance of 80% or better, and two (out of six) academics said 70% or better. It would seem that the staff in the companies who are actually managing these systems feel that having separate systems for Japanese and foreign staff is unavoidable. The timing of realization predicted was 10 years or more hence.

**Statement 13 :** The English language will be used increasingly within companies. For example, meetings will be conducted half in English and half in Japanese. Hence unless the participants are to some degree bilingual they will be unable to partake fully in the discussions.

The importance of English in the internationalization process is increasing, but only one person (an academic) predicted the scenario described in the statement was likely (70%) to occur, all the others said 50% or less, and the

median value was 30%.

It is however apparent to everyone that a knowledge of English is becoming increasingly necessary. Sanyo Electric said in announcing their international strategy that, "in the 21st century English and Japanese would be the official languages of the company". Statements such as this are generally perceived as being rather extravagant at present, but the acceleration of internationalization will surely increase the necessity of being able to speak English.

#### **III-1-4. Labour contract patterns and employees' perceptions**

The custom of lifetime employment rests on the fact that employees believe that they will work for the company they belong to for the whole of their working life, in return for which they swear to obey the orders of the company. However, as we explain below, a new type of labour contract is emerging, and a new term, "multiple career path system", has come into use. Employees' attitudes to labour contracts and service to the company are changing. The chart below was produced from a survey about the nature of the multiple career path system, carried out in 1988 by the Japan Productivity Center<sup>(10)</sup>.

**Adoption of Multiple Career Path Systems by Japanese Companies**  
(First number=no. of companies, Number in brackets=%)

	Adoption of ①	Adoption of ②	Adoption of ③	Combined use ① and ②	Combined use ① and ③	Combined use ② and ③	Others	Did Not Reply	TOTAL
<b>TOTALS</b>	7 ( 3.6)	71 (36.8)	47 (24.4)	14 (7.3)	19 ( 9.8)	29 (15.0)	3 (1.6)	3 ( 1.6)	193 (100.0)
Construction		1 ( 6.7)	4 (26.7)		7 (46.7)	2 (13.3)	1 (6.7)		15 (100.0)
Manufacturing	4 ( 3.8)	43 ( 41.0)	29 (27.6)	3 ( 2.9)	5 ( 4.8)	18 (17.1)	1 (1.0)	2 ( 1.9)	105 (100.0)
Wholesale/Retail	3 (13.6)	12 ( 54.5)	2 ( 9.1)	2 ( 9.1)	1 ( 4.5)	2 ( 9.1)			22 (100.0)
Finance/Insurance		9 ( 34.6)	4 (15.4)	4 (15.4)	3 (11.5)	5 (19.2)	1 (3.8)		26 (100.0)
Transport/Communications		1 ( 7.7)	7 (53.8)	3 (23.1)	2 (15.4)				13 (100.0)
Electricity/Gas		2 (100.0)							2 (100.0)
Services		2 ( 2.2)	1 (11.1)	2 (22.2)	1 (11.1)	2 (22.2)		1 (11.1)	9 (100.0)
Others		1 (100.0)							1 (100.0)
Less than 300 employees	2 ( 2.4)	33 ( 39.8)	16 (19.3)	8 ( 9.6)	3 ( 3.6)	20 (24.1)	1 (1.2)		83 (100.0)
300—999		19 ( 46.3)	7 (17.1)	3 ( 7.3)	5 (12.2)	4 ( 9.8)	1 (2.4)	2 ( 4.9)	41 (100.0)
1000—4999	2 ( 5.7)	11 ( 31.4)	13 (37.1)	1 ( 2.9)	5 (14.3)	2 ( 5.7)	1 (2.9)		35 (100.0)
More than 5000	3 ( 9.4)	6 ( 18.8)	11 ( 3.4)	2 ( 6.3)	6 (18.8)	3 ( 9.4)		1 ( 3.1)	32 (100.0)
Did not reply		2 (100.0)							2 (100.0)

Key ① Multiple career path categorized by working region conditions (anywhere acceptable, limited to a particular region, limited to a particular office/factory etc.)

② Multiple career path categorized by conditions regarding nature of job (administration specialist, research and development, sales, planning etc.)

③ Multiple career path categorized by classification as either Sōgōshoku or Ippanshoku (these terms are explained later).

**Statement 15** : The proportion of male workers on “Ippanshoku career paths” (as opposed “Sōgōshoku career paths” on which employees can set conditions on where they will work and what kind of work they will do) will be close to 30%.

Since the passing of the law on equal employment opportunities for women and men was passed in 1988 many companies have introduced a system with two basic types of career path, the “Sōgōshoku career path” where employees agree to go wherever/do whatever kind of work the company tells them, and the “*Ippanshoku* career path” where the employee is allowed to put conditions on where he/she will work etc. Although the latter path was devised with female employees in mind to cope with the situation created by the new law, it can also be applied to those male workers who put living the kind of lifestyle they choose before rapid promotion. Thus, the idea that employees’ perceptions of belonging to a company are decided by their sex is gradually being eroded; individuals’ views on life, irrespective of whether they are male or female, are becoming more likely to determine such perceptions.

The median value for likelihood of realization for statement 15 was 50%, the 3/4 quartile 70%. The predicted timing of realization was in 10 years time.

According to the chart produced by Japan Productivity Center, 24.4% of companies had introduced *Ippanshoku* systems at that time.

**Statement 4** : More than 30% of employees will be limited career path employees, those who do not wish to work overtime, and/or who prefer to stay in the same region and/or continue doing the same kind of work.

The predicted value for likelihood of realization was high, 70%, and 85% of the replies ranged between 50 and 80%. The view seems to be that having different systems is unavoidable. They also predicted that it was likely to become a reality in the relatively near future, timing of realization was forecast at between 5 and 10 years hence.

The chart also showed that only 3.6% of companies had introduced a system whereby employees could put conditions on where they would work.

**Statement 23** : One worker will be permitted to be employed by more than one company.

The median value for likelihood of realization was 30%, the range of distribution from 10 to 30%. The predicted timing of realization was

between 10 and 15 years hence; 3 people said 20 years. I have heard of several cases in other countries where workers (not directors) were employed by more than one company. In South-east Asia this appears to be quite common. Their reasons for doing this appear to be either that they cannot support the kind of lifestyle they want on a single salary, or that they do not get enough job satisfaction from a single job, unlikely to change significantly.

### **III-2. Statements relating to the seniority system**

Along with lifetime employment, the seniority system is regarded as one of the unique features of Japanese-style personnel management, but it has already undergone amendment to the extent that it would be meaningless to continue to describe it as such. Here we analyze how the data from the survey indicates it is changing.

#### **III-2-1. Performance appraisal systems**

The seniority system has been described<sup>(11)</sup> as a system in which “the criteria for appraisal are not only (absolute ones such as) length of service, education, age, and sex; also included are relative ones involving the maintenance of JINTEKI BALANCE and the solidarity of the group.” The results of a survey<sup>(12)</sup> also indicated that. “Assuming that the criteria for appraisal under the seniority system include these relative ones, in order to dismantle the seniority system it will be necessary to reform the performance appraisal system, thereby revising these relative criteria and reducing their effect on personnel management.”

In other words, the seniority system and the performance appraisal system cannot be looked at separately; improvements to the latter will bring about the weakening of the former.

**Statement 6 : Performance appraisal will come to play a crucial role in personnel management, as it affects promotion and salary increases to an increasing extent.**

The predicted likelihood of realization was high, 80%, and 43% of those who replied forecast 90% or higher. Clearly it was felt performance appraisal systems were of great importance. The predicted timing of realization was in 5 years time, so we can infer that the task of improving them is being tackled at the present time. These results represent an extrapolation.

tion of those obtained in 1985 in a survey carried out by the author<sup>(13)</sup>.

**Statement 7 :** New methods of performance appraisal (such as the “Fuzzy theory” or applied versions of it, or completely new methods) will be developed and will be widely used.

The predicted likelihood of realization was 60%, with 67% of the replies between 50% and 70%. The distribution for predicted timing of realization was from 5 to 10 years hence. The necessity of performance appraisal is recognized by everybody, but it is difficult to establish an appraisal method which would satisfy everyone. Performance appraisal will never be easy, given that one human being must evaluate another, but efforts are being made to develop scientific and rational performance appraisal systems. One example is the Fuzzy performance appraisal system being developed through the joint efforts of author and his fellow researcher<sup>(14)</sup>.

**Statement 9 :** Staff will be subdivided into groups for the purpose of performance appraisal (eg. Sales staff will be subdivided according to products they are responsible for) with particular aspects, scales set for each sub-group.

The predicted likelihood of realization was somewhat above 50%. Four of the (thirteen) staffs of large companies said between 0 and 10%. This can be seen as reflecting the fact that the larger the company the longer they have been using the same evaluation criteria for large groups of employees, so that the system described in the statement does not appeal to them. The predicted timing of realization ranged between 5 and 10 years hence.

**Statement 8 :** Results will be appraised more highly than effort.

The median value for predicted likelihood of realization was 70%, with many of the replies around the 80% mark, so that realization is considered very likely. The predicted timing of realization was in 5 years time. It is probably fair to say that realization has already begun. Systems such as management-by-objectives, short-term performance appraisal, and incentive bonus schemes are being introduced, and we can predict that increasing emphasis will be placed on results.

**Statement 10 :** 70% of companies will process performance appraisal results by computer, and keep computer records of them.

The predicted likelihood of realization was extremely high, at 80 to 90%, and 17% of those who replied put it at 100%. The predicted timing was in 5 years time.

We can assume this will lead to the data obtained from the use of computer technology for compiling performance appraisal results being used in personnel management systems such as CDP.

### III-2-2. *Shokunō Kijun*

In America there is no exact equivalent to the term *Shokunō Kijun*, the nearest is the expression “job classification standards” and it is likely that the Americans would find the concept of *Shokunō Kijun* rather difficult to comprehend. The fact that there is no suitable English translation is testimony to its “Japanese-ness”. *Shokunō* is said to be an abbreviation of the term *Shokumu Suikō Noryoku* (literally the ability to carry out one’s duties). It is thus understood to incorporate standards of values for both the duties of a particular post (*Shokumu*) and general capability (*Nōryoku*)<sup>(15)</sup>. It can be said that the policy regarding criteria/standards for running organizations in Japan revolves around *Shokunō*.

**Statement 26 :** Task-oriented personnel management systems (the American job-centred management system) will be adopted by around 70% of Japanese companies.

The predicted likelihood of realization was 30%, the highest prediction being 70% by one of the consultants. Three people, including two of the academics, said 0%. The predicted timing was from 10 years hence onwards. Thus the majority opinion is that American-style “job classification standard” are unlikely to be used widely in Japan.

**Statement 27 :** About 70% of Japanese companies will adopt personnel systems based on capability to do the job, rather than the task-oriented systems mentioned in statement 26.

The predicted likelihood of realization was high, at 80%. Everyone apart from two people (an staffs of a medium-sized company and a consultant, who forecast less than 30%) predicted 50% or above, and four people had it at 100% (two staffs of large companies, one consultant, and one academic). The predicted timing of realization was between 5 and 10 years hence.

Personnel management systems revolving around *Shokunō* are already the norm in Japan, and we can predict that this characteristic will become increasingly entrenched. We can conclude that this trend will lead to the further erosion of the seniority system.



### III-2-3. Measures for dealing with ageing employees

It is well-known that the Japanese population is ageing rapidly<sup>(16)</sup>. Personnel management tasks involving dealing with middle-aged/older employees and related staff development issues have assumed a high degree of importance.

**Statement 17** : Attempts to reduce the number of workers in the 45-50 and above age range (voluntary early retirement schemes etc.) will increase, and nearly 70% of Japanese companies will introduce strict control of ageing employees through appraisal and selection procedures. The predicted likelihood of realization was high, at 70%, with three people (one staff from a large company, one from a medium-sized company, and one consultant) saying 100%. Another large company staffs, however, said 0%, which indicates a divergence of views on appropriate measures to deal with this problem. The opinions on timing of realization were evenly divided between 5 and 10 years, suggesting that there is a possibility of realization in the near future.

**Statement 18** : There will be an increase in the number of institutions (universities, technical colleges) providing retraining for middle-aged/elderly workers, who will be forced to develop their specialist skills.

The predicted likelihood of realization was high, at 70%, and two of the staffs of large companies had it at 100%. However it must also be noted that 6 people (17% of the total) said 30% or less. This may mean that the senior (ie. older) employees will continue to hold sway in the running of Japanese companies. The predicted timing of realization was between 5 and 10 years hence.

### III-2-4. Staff development

The importance of staff development is now accepted throughout the world. Staff development and the Japanese seniority system can be seen to be conflicting philosophies; the more staff development improves the weaker the seniority system becomes.

**Statement 31** : In about 50% of all companies training will be very closely connected with promotion (before and after).

The predicted likelihood of realization was extremely high, 80%, the lowest prediction being 50% by six people (17%), with five people saying 90% or above, so that the range of distribution was small. We can therefore say that

specialists in personnel management strongly believe that there will inevitably be a shift from the seniority system to a situation where the emphasis is placed on ability and development of individuals' capabilities. The predicted timing of realization was between five and ten years hence.

**Statement 34 : Training resulting from requests for self-development by employees will increase to the extent that it accounts for more than 50% of the training budget.**

The median value for the likelihood of realization was 60%, with 66% of the answers ranged between 50% and 70%. The predicted timing of realization was between five and ten years hence. The increase in self-development stems from new standards of values appearing in society, higher levels of motivation resulting from an increasing awareness of the importance of staff development and its role in improving morale, improvements in educational standards, and a growing belief in the necessity for continuing education throughout one's life.

### III-2-5. The female labor force

The law on equal employment opportunities for men and women was passed in 1986. Although efforts are being made to rid the business world of discrimination, many major differences still exist between the treatment of the sexes.

**Statement 16 : Male and female workers' attitudes to work (long-term commitment to a company, desire for promotion/self-development etc.) will become almost identical.**

The median value for likelihood of realization was only 30%, but there was a very wide spread of opinion. Four staffs of large companies (=11.7% of the total) said 0%, but one said 100%. Twenty-two replies ranged from 20% to 50%. The predicted likelihood of realization was higher among the academics, three said 50% and two 70%. The average value for predicted timing of realization was in 10 years time, but three people said twenty.

**Statement 14 : The proportion of women in managerial positions will rise to nearly 10%.**

The median value for likelihood of realization was 50%, but the spread was from 10% to 100%. The spread for company staffs was also from 10% to 100%, for consultants it was from 30% to 80%, and for the academics from 40% to 90%. The predicted timing of realization was between ten and

fifteen years hence.

According to a survey on “the strategic use of women in companies” carried out by the Koyō Shokugyou Research Institute<sup>(17)</sup>, the proportion of female employees in management positions at the head offices of companies in 1987 was as shown in the table below:

Female Employees in Management	Proportion of Companies
0%	53.5%
Up to 5%	21.0
5 to 10	7.7
10 to 20	6.9
20 to 30	3.1
30 to 40	2.3
40 to 50	1.6
50 to 60	0.7
60% and above	1.4
Not known	1.8
<hr/> TOTAL	<hr/> 100.0

Today, a changeover from the seniority system to personnel management based on individuals' capabilities is seen as inevitable by many. The results of the Delphi survey appear to confirm this.

### III-3. Other statements

Here we look at the predictions for statements other than those concerning lifetime employment and the seniority system.

#### III-3-1. Working hours

It is becoming increasingly necessary to manage working hours in a positive and systematic fashion. All companies are faced with management problems concerning total working hours, the number of holidays, and changing working structures<sup>(18)</sup>.

**Statement 21 : Approximately 10% of Japanese companies will introduce a four-day working week.**

The predicted likelihood of realization was 50%. One large company staff

said 100%, but three other company staffs said 10%. The predicted timing of realization was in ten years time. According to a survey (carried out in June 1989) by the Tokyo Shōko Kaigisho<sup>(19)</sup> entitled, “Efforts to reduce working hours – current situation and perceptions” , of the 484 companies which replied 35.7% had some form of 5-day working week, the most common (25.4%) form being with two Saturdays a month on and two off. However, 12.6% still operated a six-day working week. Against this background, the four-day working week has begun to be introduced at companies in some areas of manufacturing and distribution, with the aim of ensuring they can hold on to their employees.

**Statement 22 : Flexitime systems will be introduced by approximately 50% of companies.**

The predicted likelihood of realization was high, 70%. Only three people said 40% or less, and six said 90% or above. The predicted timing of realization was between five and ten years hence. The table below shows the extent to which flexitime system have been introduced in recent years<sup>(20)</sup> :

	1981	1983	1985	1987	1989
Proportion of companies which had introduced flexitime systems (including cases where only a certain section of the workforce was involved)	6.1%	6.7%	7.9%	8.4%	15.2%

### III-3-2. Mental health

This is an area which has recently been in the public eye. According to the Rōmu Gyōsei Kenkyujo survey<sup>(21)</sup>, to which 382 companies replied, 5.9% (19) are making positive attempts to tackle the problems, 28.3% (108) are making some kind of attempt (together comprising about a third of the total).

**Statement 24 : The proportion of companies employing medical counselling specialist (s) (eg. a psychiatrist, either on a permanent basis or on a contract basis) will increase to about 50%, as stress-related mental problems increase.**

The predicted likelihood of realization was 50%. Five people had it at 70%

or above, three company staffs, one academic, and one consultant. The predicted timing of realization was in ten years time.

The types of measures being tried in Japan at the present time are shown in the chart below<sup>(22)</sup> :

ITEM	Percentage of companies surveyed doing it
Carrying out of surveys on mental health	24.1
Counselling	45.4
Group education, lectures	23.6
Mental health education for managers	29.3
Mental health education for welfare officers	17.8
Improvements to regular health checks	31.0
Dissemination of information in company magazines, pamphlets	31.6
Introduction to specialists	41.4
Measures to relieve stress	17.8
Others	4.0

At present it seems that the usual approach is to introduce people with problems to specialists, and there are very few companies which actually have in-house specialists.

**Statement 25** : Personnel management systems which add to the psychological burden, such as performance appraisal, merit pay, and objective-setting will be disliked by employees, and companies which introduce such systems will find recruitment difficult.

The median value of likelihood of realization was 30%. One academic had it at 90%, and the academics' (six replied) forecasts were generally high with four more saying 40% or more. The consultants' predictions were low, all of them saying between 0% and 40%.

### III-3-3. Fringe benefits

Fringe benefits provided by Japanese companies include such items as company housing, cultural activities, cooperative schemes, and provision of family entertainment. These benefits are considered to be a means by which the company can do favours for its employees. The companies which put a lot of effort into providing these benefits hope that they will help to raise morale within the company, which will lead to increased efficiency.

**Statement 30** : The importance of fringe benefits in personnel management will become less important than it is at present.

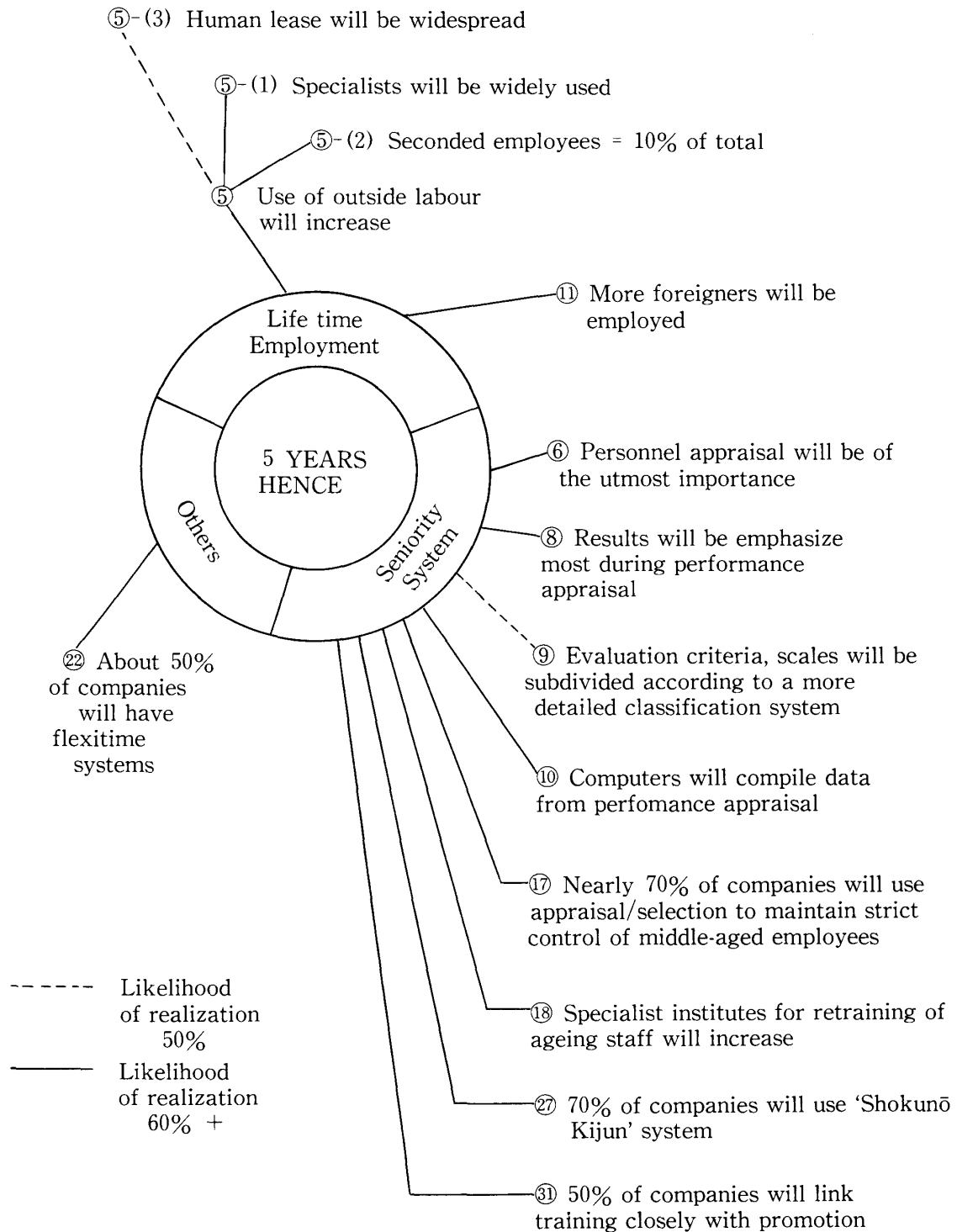
The median value for likelihood of realization was low, 20%. There was a wide spread, 0% to 70% for company staffs, 10% to 60% for the consultants, and 0% to 90% for the academics. The predicted timing of realization was in ten yearstime.

## IV. The Predicted Future Image of Personnel Management Systems in Japan

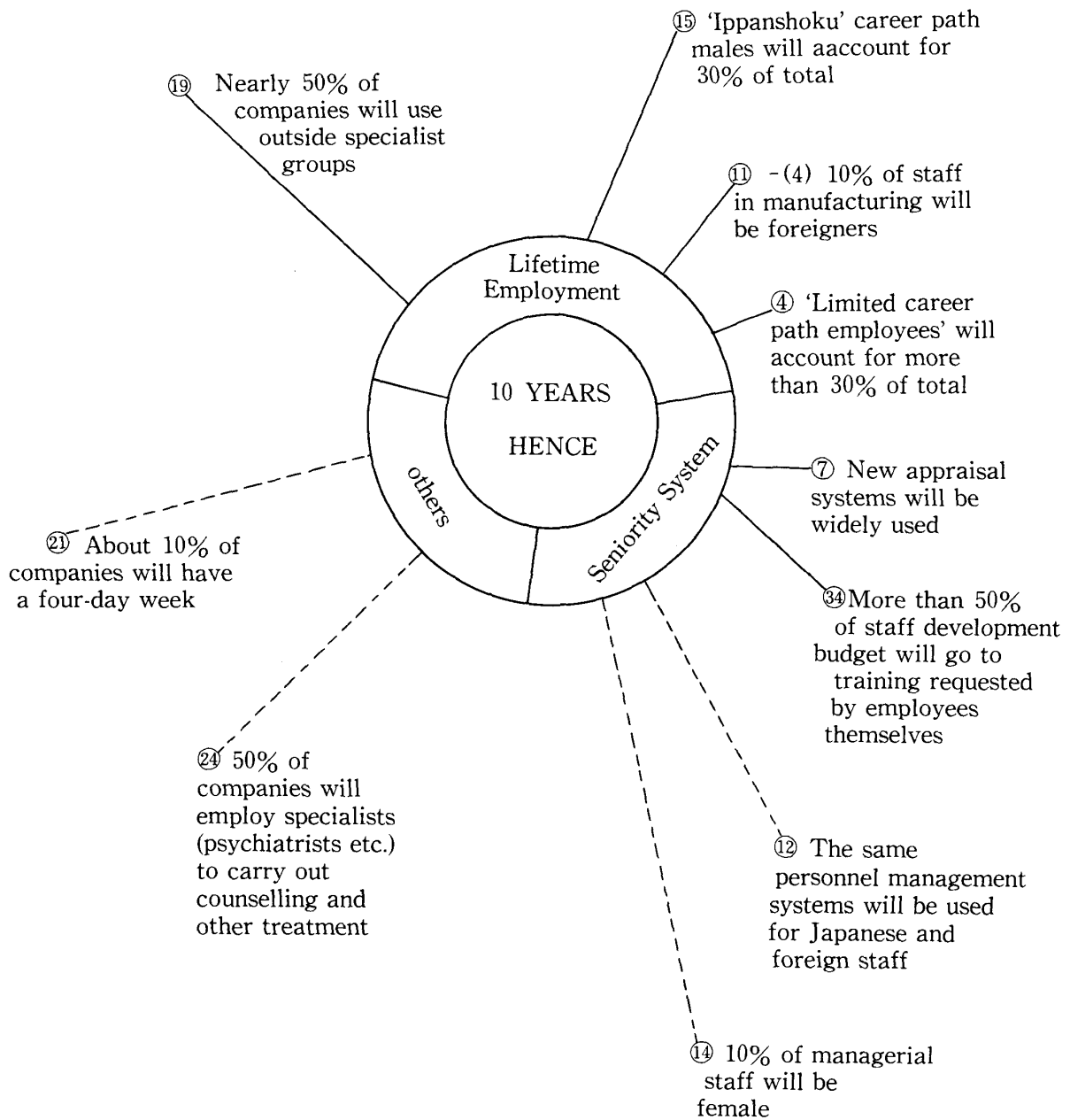
Based on the data obtained from this survey, I have produced the schematic diagrams shown below, to represent the predicted state of personnel management in five years time and ten years time. These diagrams were predicted that realization would have commenced in five years time (ie. including the ones where the distribution was between five and ten years) are shown in the diagram representing the predicted image five years hence. Items for which the median value for likelihood of realization was 60% or above are represented by a continuous line, those with a median value of 50% by a dotted line. Items with a median value of less than 40% are not shown.

Items where the predicted timing of realization was ten years hence, or between ten and fifteen years hence are shown on the diagram representing the predicted image ten years hence. The criteria regarding the median value for likelihood of realization are the same as for the first diagram.

## Predicted Image of Personnel Management Systems in Five Years Time



## Predicted Image of Personnel Management Systems in Ten Years Time





#### **IV-1. The situation in five years time**

I think it could be said that some of items on the predicted personnel management image five years hence are already appearing today, in 1990. I have divided the diagram up into three areas, items involving lifetime employment, items involving the seniority system, and other items.

#### **IV-1. Lifetime employment customs in five years time**

The core labour force of Japan's companies, which operate on the basis of lifetime employment with one company, will continue to be the mainstay of their workforces, but the use of "outside labour" will become commonplace, and the contribution of consultants, advisers, and so on will become significant. The main reasons for this will be the increasing need by companies for advanced specialist knowledge/skills, and the use of outside labour to avoid fixed labour costs. Seconded employees will represent about 10% of the total labour force. It is feared that all this will lead to a variety of problems involving human relations, and adversely affect morale. A tentative prediction is that related companies and companies located in the same region will indulge in "human lease" and that the perception of the company as a family which belongs only to its members will begin to weaken. With the increased mobility of part of the labour force it will become difficult to talk proudly of lifetime employment being one of Japan's unique management features.

#### **IV-1-2. The seniority system in five years time**

Performance appraisal systems will become more sophisticated, and as appraisal comes to be managed more strictly and impartially it will become normal for it to have a direct bearing on promotion, salary increases, bonuses, and staff development. Appraisal will increasingly focus on results, and data from appraisal will be processed on computers for use in personnel management.

Problems regarding middle-aged and elderly staff will increase, and selection as a result of performance appraisal will come to apply to older employees as personnel management becomes based on ability rather than seniority. Faced with this situation, older employees will find it increasingly necessary to improve their specialist skills through training. Thus in five years from now the seniority system will have become but a shadow of what

it used to be.

**Statement 29** : People will cease to think in terms of promotion through seniority (you will hear people talking instead about the old days, when the seniority system was one the so-called characteristics of “Japanese-style management” )

The median value for likelihood of realization was only 40%, but 43% of the 35 who replied had it higher (one said 90%, four 80%, one 70%, one 60%, and eight 50%). The replies suggest that even if the scenario described in statement 29 does not come to pass, the demise of the seniority system is inevitable.

#### **IV-1-3. Other issues**

About half of Japan's companies will have introduced flexitime systems, and personnel policies will place great emphasis on the management of working hours.

#### **IV-2. The situation in ten years time**

The predictions are represented in diagrammatic form above. By ten years hence we mean from about the year 2000 to 2005, because the diagram incorporates predicted timing for ten to fifteen years hence.

##### **IV-2-1. Lifetime employment in ten years time**

The proportion of “limited career path employees” , who are not defined as part of the core labour force, will rise to about 30% of the total number of employees. This will be as a result of changing standards of values and the increase in the number of people who prefer stability and leisure time to the rat race. The proportion of male employees on *Ippanshoku* career paths, many of whom will embrace the new values, will rise to about 30%.

About half of all Japanese companies will be making use of outside groups (think-tanks, consulting firms, universities) with advanced specialist skills, and will establish close working relationships with these groups.

Thus lifetime employment customs will have become much less prevalent after the passage of a further five years, and it will no longer be possible to say that it is a feature of Japanese-style management.

##### **IV-2-2. The seniority system in ten years time**

The beginnings of the disintegration of the seniority system were apparent in the predictions for five years hence; the situation predicted in ten years time suggests that it will have virtually disappeared. With the development of appraisal methods which employees feel to be impartial and therefore acceptable, personnel systems based upon performance appraisal will be the norm. Employees will recognize the importance of developing their capabilities in order to do better on their appraisal, and investment in training will increase.

As the emphasis on capability and skills increases, the proportion of female employees in management positions will rise to about 10%. Also, as the seniority system disintegrates, the need for special personnel systems for foreign employees will disappear and common systems will be applied to Japanese and foreign staff.

Hence we can predict that in ten to fifteen years time the seniority system will hardly ever be mentioned.

#### **IV-2-3. Other issues**

The importance of management of working hours will have greatly increased and it is likely that the 4-day working week will have spread to about 10% of all Japanese companies. The psychological burden constituted by work will have greatly increased, psychological treatment such as counselling will be necessary, and as many as half of Japan's companies may be employing their own specialists.

#### **V. In Conclusion**

I have attempted to carry out a survey of the predicted future of personnel management systems in Japan, using the Delphi Method. One problem with the Delphi Method is that the phrasing of the statements can have a significant effect on the answers because they may be leading statements, and there are considerable problems involved in carrying out the survey. It is, nevertheless, an excellent means of gathering the predictions of the experts, and thanks to the cooperation of many such experts I have managed to form certain conclusions. As I said in the introduction, my analysis suggests that the personnel management characteristics which have been emphasized as being unique to Japan will, during the next ten years or so, either disappear

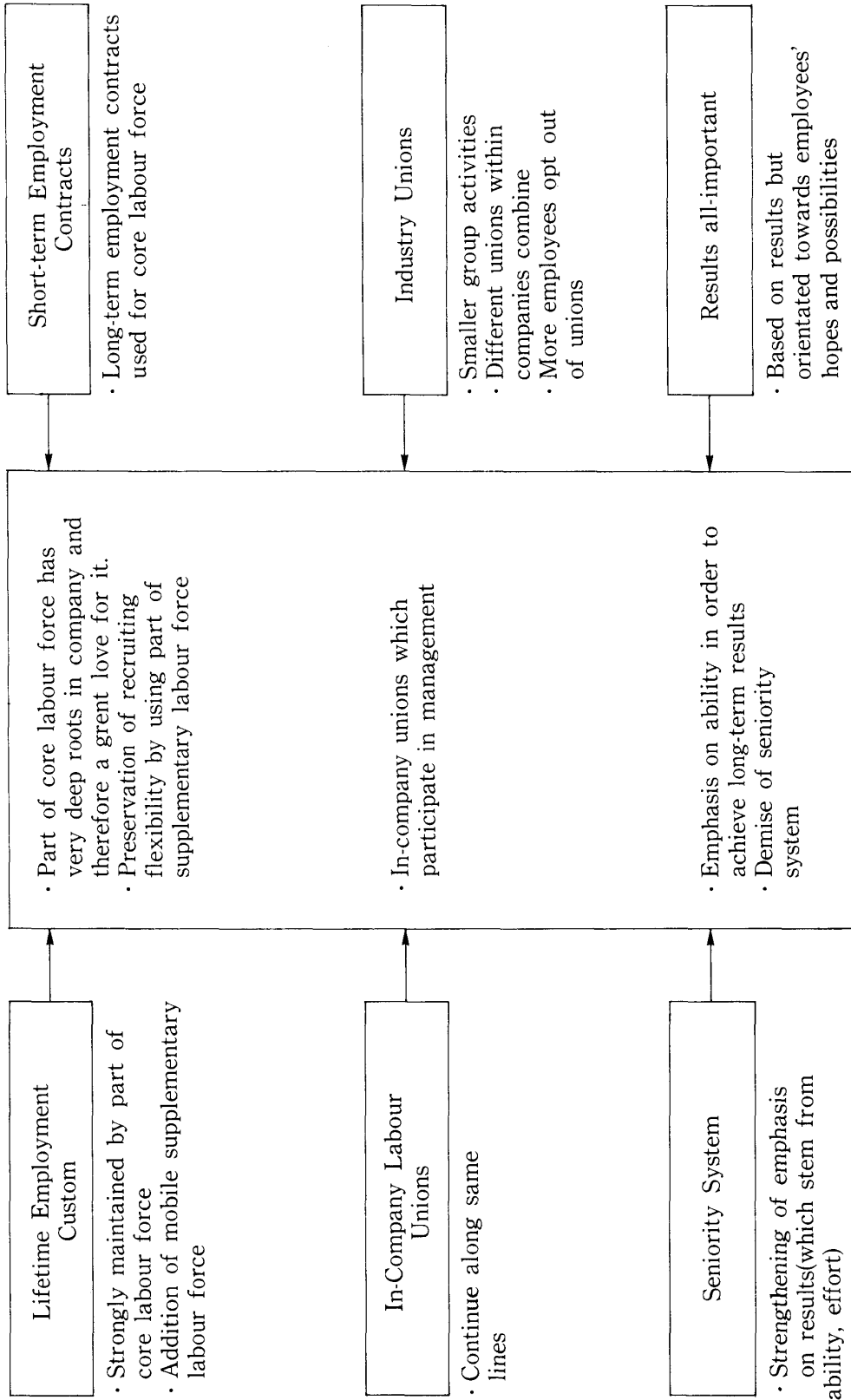
altogether or be transformed to the extent that they become completely unrecongnizable.

The information gathered supports may assertion in the introduction, that the characteristics of personnel management in Japan, the United States, and other countries are converging. From my analysis I have produced the following schematic chart:

An International Convergence  
Model for Management  
Practices of Top  
Companies

JAPAN

AMERICA



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- 3 . Masao Hanaoka, “Setting Up a Hypothesis of the Characteristics of Personnel Management” Institute of Business Research, Daito Bunka univ. 1986.
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- 8 . Japan Personnel Policy Research Institute, “Basis Survey that in order to think about the Hopeful Future Personnel Management” In Rōsei Jiho No.2881, May 27th 1988.
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- 10 . See 7 above.
- 11 . As 5 above, pp.115/6.
- 12 . Ibid., P.134.
- 13 . Ibid., Section II Chapter 4.
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- 15 . For a discussion of the concept of Shokunō see Masao Hanaoka, “*Personnel Management in Japan*” Second Revised Edition. pp.23/5.
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- 17 . Koyō Shokugyō Sōgō Kenkyujo, “A Survey for Strengthening the Female Workforce in Companies” in Rōsei Jiho No.2859, Dec. 4th 1987.

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21. Rōmu Gyōsei Kenkyujo, "Effective Correspond to the Mental Health in Companies" in Rōsei Jiho, No.2785, May 9th 1986.
22. Ibid.

#### Appendix 1

Prof. Masao Hanaoka  
(Personnel Management  
Researcher)  
Management Department,  
Faculty of Economics,  
Daito Bunka University  
Tel. 03-3935-1111 (Ext.555)  
Date

A request for your cooperation on research into the future pattern of  
personnel management in Japan

Dear

I am carrying out research into the nature of personnel management in Japan. Several surveys carried out in the past have, I believe, enabled me to throw some light upon the true nature of lifetime employment customs and seniority systems, which are said to be unique Japanese management practices.

My objective this time is to attempt to ascertain the likely future of personnel management systems in Japan through a survey using the Delphi method.

I fully realize how busy you are, but would be extremely grateful if you could fill in the enclose "questionnaire" and return it to me. The results

of the survey and resulting research paper will be sent to you. You have my word that your name/the name of your company will be treated with the utmost confidentiality, and that the data will be used only for the purpose of academic research.

I also enclose a related research paper I have written recently, I will be happy if you find it of interest.

- \* I would be grateful if the “questionnaire” could be filled in by a Personnel Section member.
- \* The view expressed should be the individual view of the person filling it in.
- \* Could you please return it by.....

#### **About the Delphi Method:**

It was originally developed as a means of attempting to forecast the future of technology but it has come to be used in other areas. The procedure is as follows:

① Please indicate your response to the statements on the enclosed “questionnaire”. For each statement, please fill in the percentage which represents how likely you feel it is that the scenario described in the statement will be realized. 100% would indicate that you are absolutely certain it will, 0% meaning that you feel the chances of it being realized are non-existent, and so on.

Then please indicate when you think it is likely to be realized. Year 0 (zero) is 1989, so if you feel it has already been realized, please fill in 0 (zero). Otherwise fill in whether you feel it will be realized within in next 5, 10, 15, or 20 years (unless of course you think the answer is never in which case you need not fill this part in).

There is also a space for any comments you may wish to add.

- ② Your answer should reflect whether you think these things are likely to be realized in Japanese companies generally, not just in the company you work for.
- ③ When you have finished, please put the completed “questionnaire” in the stamped addressed envelope provided and return it to me.
- ④ I will compile the results from the returned questionnaires as quickly as possible and send them to you. Please read these results and then fill in



and return the second questionnaire in the same way. I will then use the special Delphi convergence technique to answer on the second one.

⑤Based upon your answer to the two questionnaires, I will build up a picture of your collective image of Japan's personnel management systems in 20 years from now. I will then use the results to write a research paper.

Yours faithfully

M. Hanaoka

## Appendix 2

Prof. Masao Hanaoka  
Management Department  
Faculty of Economics  
Daito Bunka University  
Date:

### Survey of future view of personnel management systems in Japan Request to fill in part 2

Dear

Thank you very much indeed for your cooperation on the first part of the survey. In all, 40 completed "questionnaires" were returned.

Please find enclosed the second and final "questionnaire", which is unfortunately a little behind schedule. Could you kindly fill it in according to the instructions shown on the next page.

I will collate the results send you the resulting research paper as soon as I can once I have received all the answers.

yours faithfully

Masao Hanaoka

## Procedure:

1 . Could you please return it by October 31st 1989.

2 . Explanation of the enclosed results sheet

①Please note the position of the inverted triangle which is not shaded in, “▽” on both the likelihood of realization section and the period of realization section of the “questionnaire” . This triangle indicates the highest and lowest forecasts on those returned. For ‘likelihood’, 0% is the lowest and 100% the highest for nearly every statement. In other words, for nearly every statement there is at least one person who states that it cannot possibly come about, and another who states that it is absolutely inevitable. One of the objectives of the Delphi method is, by repeated the process, to reduce the gap between the highest and lowest answers. The shaded-in inverted triangle, “▼” indicates the simple average of the 40 replies with the percentage shown in brackets after it.

②Your own particular response to the statements on part 1 is indicated on the results chart by a ‘V’ with the percentage you stated above it.

3 . Instruction on filling in your answers

Referring to the highest /lowest, average values given to part 1, please reconsider the values for both likelihood and period of realization for each statement and fill them in again. Also, if you have any further comments regarding any of the statements, by all means add them in the space provided.

4 . please return the completed questionnaire in the envelope provided.

5 . Should you have any problems or questions please contact me at the following telephone number: 03-3935-1111 Ext.555, on Thursday, Friday or Saturday.

## Appendix 3

Questions	Likelihood of Realization		Period of Realization		Comment
	0 %	50 % 100 %	In 0,5,10,15,20 years time		
<p>1. The annual intake of recruits with previous work experience will account for more than 50% of the total, so that it will exceed the intake of people straight from school or university.</p> <p>2. The main emphasis in recruitment will change from its present educational institution (university, junior college, technical college)-based approach to one in which the recruits' ability and suitability for the job are regarded as more important.</p> <p>3. Providing they are doing the same job new starters will be paid the same salary regardless of whether they are from high school or university.</p> <p>4. More than 30% of employees will be limited career path employees, those who do not wish to work overtime, and/or who prefer to stay in the same region and/or continue doing the same kind of work.</p> <p>5. The use of workers from outside the company will increase.</p>					
<p>(1) Outside specialists (such as consultants, advisers etc.) will be widely used.</p> <p>(2) Seconded staff (from parent companies, or from specialist companies) will rise to nearly 10% of the workforce.</p> <p>(3) "Human Lease" (employees on loan/exchange from related companies) will become a general occurrence.</p> <p>6. Performance appraisal will come to play a crucial role in personnel management, as it affects promotion and salary increases to an increasing extent.</p> <p>7. New methods of performance appraisal (such as the "Fuzzy theory" or applied versions of it, or completely new methods) will be developed and will be widely used.</p> <p>8. Results will be appraised more highly than effort.</p> <p>9. Staff will be subdivided into groups for the purpose of performance appraisal (eg. Sales staff subdivided according to products they are responsible for) with particular aspects, scales set for each sub-group.</p> <p>10. 70% of companies will process performance appraisal results by computer, and keep computer records of them.</p>					

Note : shows the 1st result, shows the 2nd result

Questions	Likelihood of Realization		Period of Realization		Comment
	0 %	50% 100%	In 0,5,10,15,20 years time		
<p>11. Greater numbers of foreign staff will be employed.</p> <p>(1) Nearly 10% of sales staff will be foreigners.</p> <p>(2) Nearly 10% of R &amp; D staff will be foreigners.</p> <p>(3) Nearly 10% of administrative staff will be foreigners.</p> <p>(4) Nearly 10% of manufacturing staff will be foreigners.</p>					
<p>12. There will be common personnel management systems (eg. promotion criteria, salary determination systems) for Japanese and foreign staff.</p> <p>13. The English language will be used increasingly within companies. For example meetings will be conducted half in English and half in Japanese. Hence unless the participants are to some degree bilingual they will be unable to partake fully in the discussions.</p> <p>14. The proportion of women in managerial positions will rise to nearly 10%.</p> <p>15. The proportion of male workers on "Ippanshoku career paths" (as opposed to "Sogoshoku career paths" on which employees can set conditions on where they will work and what kind of work they will do) will be close to 30%.</p> <p>16. Male and female workers' attitudes to work (long-term commitment to a company, desire for promotion/self-development etc.) will become almost identical.</p> <p>17. Attempts to reduce the number of workers in the 45-50 and above age range (voluntary early retirement schemes from the age of 45 etc.) will increase, and nearly 70% of Japanese companies will introduce harsh control of ageing employees through appraisal and selection procedures.</p> <p>18. There will be an increase in the number of institutions (universities, technical colleges) providing retraining for middle-aged/elderly workers, who will be forced to develop their specialist skills.</p>					

Questions	Likelihood of Realization		Period of Realization		Comment
	0 %	50 % 100 %	In 0,5,10,15,20 years time		
19. Nearly 50% of companies will enlist the help of other organizations (think tanks, consulting firms, universities etc.) which possess high tech skills.					
20. Nearly 50% of companies will recruit people with masters degrees/Ph.D.s to work in administrative, sales, and manufacturing divisions.					
21. Approximately 10% of Japanese companies will introduce a four-day working week.					
22. Flexitime systems will be introduced by approximately 50% of companies.					
23. One worker will be permitted to be employed by more than one company.					
24. The proportion of companies employing medical counselling specialist (eg. a psychiatrist, either on a permanent basis or on a contract basis) will increase to about 50%, as stress-related mental problems increase.					
25. Personnel management systems which add to the psychological burden, such as performance appraisal, merit pay, and objective-setting will be disliked by employees, and companies which introduce such systems will find recruitment difficult.					
26. Task-oriented personnel management systems (the American job-centred management system) will be adopted by around 70% of Japanese companies.					
27. About 70% of Japanese companies will adopt personnel systems based on capability to do the job, rather than task-oriented systems mentioned in statement 26.					
28. Nearly 70% of all workers will have worked at more than one company.					
29. People will cease to think in terms of promotion through seniority (you will hear people talking instead about the old days, when the seniority system was one the so-called characteristics of "Japanese-style management")					
30. The importance of fringe benefits in personnel management will become less important than it is at present.					
31. In about 50% of all companies training will be very closely connected with promotion (before and after).					

Questions	Likelihood of Realization	Period of Realization	Comment
<p>32. About 30% of all managerial staff (department/section head level and above) will be recruited from other companies.</p> <p>33. About 30% of company directors will be recruited from other companies.</p> <p>34. Training resulting from requests for self-development by employees will increase to the extent that it accounts for more than 50% of the training budget.</p> <hr/> <p>Please describe here anything you envisage happening in future with regard to personnel management not included in the above statements:</p> <p>Thank you for your kind cooperation.</p>			