



## Japanese Studies Seminar

### ***“Labour Relations and Personnel Management Practices in Japan and the USA; a historical comparison”***

**Date :** Friday, 28th August 2009  
**Time :** 2:00-5:00  
**Venue :** Japanese Studies Centre, Bldg.54, Monash University, Clayton

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1.

#### ***Human Resource Development and Occupation/Status linked Personnel Management Practices and Engineers in Japanese Corporations before the Second World War***

--- Hiroshi Ichihara (Surugadai University)

##### **Abstract:**

There are two myths about the human resource management in Japanese corporations before World War Two. All the employees in the corporations were divided into several statuses according to their educational qualifications. One myth is that it was nearly impossible for the employees of the lower educational qualifications to be promoted to the status equivalent to the higher educational ones. The second myth is that the engineers under graduated universities tended to prefer working with the workmen at the shop floor rather than working in the design room or the research laboratories apart from the factories. It is thought that such behaviors of engineers were originated from the tradition at universities' education. Japanese engineering education was initiated by Henry Dyer, a graduate of Glasgow University, and he thought the practical training at the shop floor important as well as the study of engineering theory. He started the engineering college, later part of University of Tokyo, where the students were engaged in the practical training at the factories alongside with the study in the classrooms. It is also said that such behavior of the engineers was one of the important factors that caused Japanese economic success. However, we can read a lot of descriptions on Japanese engineers written by the executive managers and even the leading engineers as well, which criticized the engineers' lack of practical knowledge. Contrary to the established myths, there were many critical writings about the engineers' book learning oriented, and about their lack of practical knowledge on the production process. There were many executives and the distinguished engineers deplored the tendency of engineers at that time who hated working with the workers on the shop floor. Top of the companies asked the engineers to increase not only their theoretical but also their practical knowledge, for instance, about the production process, because it was essential for them to master the whole knowledge when the new products based on the new technology had been introduced from Western countries.

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2.

#### ***Responsibility and Membership: “SENIORITY” Versus “SEISYAIN-STATUS” in a Comparative Historical Perspective***

--- Jong-Won WOO (Saitama University) and  
Teiichi SEKIGUCHI (Chuo University)

##### **Abstract:**

Although, under the current globalization, the employment practices and industrial relations have been changing drastically in the U.S. and Japan, the speed and depth of the changes are somewhat different in the U.S. and Japan. Two countries are moving toward the same direction, but the gap of two countries is still maintaining (Sanford M. Jacoby). This paper, focusing on the respectively core employment practices of 'seniority' (US) and 'Seisyain-status (full-member status: JAPAN),' inquires into how the differences emerged and why not the varieties do vanish,

It is called 'welfare capitalism' that big companies share the risk of their employees and provide the career path to their employees. Welfare capitalism has aimed to get workers' loyalty by those practices and also to be the central institution of risk sharing in both countries.

Although the recent diminishing voice of organized labor allows the companies in both countries to shift more risk onto their employees, the Japanese welfare capitalism seems to be more resistant to the environmental changes than that of U.S. What factors make this difference?

The business strategy and corporate governance might be related to the difference. First, large companies in Japan are more likely to take the resource-based strategy than US counterpart. Second, in contrast to the US firms, many big Japanese firms are financed by 'patient capital' and under the stakeholder-type corporate governance system.

The union's strategy also matters. Unions in the US have sought to job security through the rigid job control. They have accepted the layoffs in exchange for income security. On the contrary, their Japanese counterparts sought to employment security in exchange for the acceptance of wider management's discretion on the placement and the utilization of union members. Different types of union's strategy, called respectively as 'Job-Control Unionism (US)' and 'White-Collarization Model (Japan),' are considered to be basic factors for the different union behaviors.

The question that this paper sheds light on is how 'Job-Control-Unionism' and 'White-Collarization-Model' are related to each nation's welfare capitalism. What makes 'White-Collarization-Model' different critically from 'Job-Control-Unionism' is the 'collar line' set in the workplaces. In Japanese firms, blue collar regular employees are usually applied exactly the same personnel practices and compensation system as those for white collar workers. US companies usually have disparate practices which are adopted to blue/white collar workers separately. Given that 'Job-Control-Unionism' or 'White-Collarization-Model' affects each nation's style of business strategy and corporate governance, it is important to scrutinize the correlations between the collar line among regular employees and the characteristic of welfare capitalism.

The methodology of this paper is as follows. The 20 century was the era of internalization of labor into the corporation. The internalization process was carried on by various actors in order to achieve various aims in the varieties of environments. To management, the essential problem was how to get the stable labor force and to control it systemically. To labor, the main problem was how to get the stability of employment and income and to attain the respect of others. To state, the main agenda was to regulate the rule with which labor and management coexist peacefully.

The internalization process seems to be developed by two major factors. One is the company's responsibility. The other is the membership of employees within a firm. The former is related to the company's aim of getting stable labor force and also to the labor's aim of getting stable employment and income. The latter is related to the company's aim of controlling labor force systemically and also to the labor's aim of attaining the respect of others.

Company's responsibility was made progress in pursuit of stabilization of labor relations. It was also bolstered by the ideology on the corporation's social role. It should be considered that not only labor market conditions but also power distribution situations including the corporate governance structure influence the way of company's responsibility.

Because the logic of company's responsibility is not the same as that of employee's membership, it is critical to recognize that the origin from which and the process in which company's responsibility developed/weakened are different from the origin and the process of employee's membership. We can trace the historical trajectory as follows.

Widening the employee's membership became first. Around the turn of the century, both management in the U.S. and Japan elevated the status of foreman to the salaried. However, the range of membership of blue collar workers was very limited. In 1920s, employer's responsibility was enlarged to cover all the blue collar workers, if they were regularly employed. One interesting and critical thing for this paper is that the policies on the membership of blue collar workers were different between two countries. Contrary to their American counterparts that were not concerned very much about the collar line, Japanese management tried to pick up some blue collar workers and raise their status.

From 1930s to 1940s, unions expanded their influence over all of the manufacturing terrains in both countries. However, their impact was different between two countries. In the U.S, unions took over the employment practices done by management from their responsibility in the past. But they did not accomplish to get the full membership in corporations. On the contrary, in the wake of top managers' purge by the US military government, the Japanese blue collar workers got the full membership in most big corporations. American style welfare capitalism developed in accordance with employer's responsibility. On the contrary, Japanese style welfare capitalism developed in line with employee's membership. The differences between

two countries can be seen most clearly in the practice of 'seniority' and 'seisyain-status.' Although the principle of seniority is based on employer's responsibility, the principle of Seisyain-status is based on employee's membership. If a company takes the responsibility to its employees, it is not necessary that the same company recognizes the employees' membership. Basically, American blue collar workers continued to be family servants while Japanese blue collar workers changed from family servants to family members especially after WWII, which process would be the main story of this paper.

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### 3.

#### ***The Third Path to Industrial Democracy?: The Experience of Employee Representation Plans in the US***

--- Teiichi SEKIGUCHI (Chuo University)

#### **Abstract:**

Employee representation plans (ERPs) constituted an institution through which the elected representatives of the employees of a factory or a company dealt, consulted, and communicated with the management on matters of common interests for both sides of industrial relations, on issues such as working conditions and the other problems faced in the context of daily factory life and operation.

ERPs became popular in the post-WWI period, especially in the large manufacturing firms. Although the boom came to an end at the middle of the 1920s, the ERPs grasped a solid footing in the many major manufacturing companies such as Bethlehem Steel, International Harvester, General Electric, Westinghouse, Goodyear, Standard Oil, du Pont, de Nemours, and AT&T. The second boom came suddenly in 1933 just after the National Industrial Relations Act (NIRA) was passed by Congress. During this second boom, not only were many new ERPs established, but the existing ERPs also underwent significant structural reform in meeting the requirements set by the NIRA, especially article 7(a).

This paper takes up representative cases in analyzing the structural reforms of the ERPs in several major companies, and examines the possibilities of the role of ERPs in achieving a new type of industrial democracy.

The paper concluded that although the ERP system essentially had the potential to pioneer a new collective industrial relations system in the US, under the adverse economic and social situation of the 1930s, there were very few possibilities for the ERPs to fully realize this potential because of internal functional contradictions and an inherently weak collective decision making mechanism. Hence, it might be unrealistic to state that many ERPs could survive thereafter and play a role in constituting the third pass to industrial democracy in the US.

Two interrelated conditions prevented the realization of this potential. The first was that the ERPs' participatory/communicative functions were indivisibly combined with other collective decision-making functions relating to working conditions and shop-floor grievance resolution. As stated earlier, these functions could contradict each other under certain circumstances. In particular, the effects of the participatory/communicative functions and collective decision-making functions were prone to clash. Maintaining the balance between the multiple functions constituted a necessary element for the stable operations of the ERPs. However, the second condition, described below, tended to work as an obstacle to achieving this balance.

The second condition was that under the economic and social situation of the time, owing to competition from the rival union organizations, the ERPs tended enhance their collective decision-making functions to show the employees the effectiveness of these functions in guaranteeing the improvement in their basic working conditions. As a result, some ERPs had to sacrifice their participatory/communicative functions so as to compete with the national unions. However, even for the most effective ERPs, it was quite difficult to compete on par with unions, because their fundamental organizational structure as a factory- or company-wide organization and their functional structure as a multifunctional organization set concrete limits to which ERPs could develop as a bargaining agency.

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**His research interests:**

- History of Technical Education and In-house Training of Corporate Engineers in Japan
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- Comparative Historical Studies of labour history of miners in Japan and Australia

**His recent publications:**

- *Development of Job Skills in the Status-oriented Company System in Rekishi to Keizai*, The Journal of Political Economy and Economic History, Vol.203, 2009
  - *Senzenki MituBishi Denki no Gijutu Kaihatu to Gijutusya (Engineering Development and Engineers in Mitsubishi Electrical Corporation Pre-war Period) in "Keiei Shigaku"*, Bulletin of Japanese Business History Society, No.41-4, 2007
  - *Gijutusya no Jinnji Kannri(Human Resource Management of Corporate Engineers) in Saguchi&Hashimoto edited, Jinnji Roumukanri no Rekishi Bunseki, A Historical Analysis on the Personnel Administration and Labor Management in Post War Japan*, Mineruba Syoten, 2003
  - *Tankou no Roudou Syakaishi*, A Socio-Labor History of Japanese Coal Miners, Taga Syuppan, Tokyo, 1997
  - *Senjiki no Nihon Kigyou no gaikokujin Roumukanri no Tokusitu no Jissyouteki Kaimei*, A Study on Labor of Korean and Chinese Workers in Japan During Wartime, Report of Grant in Aid for Science Research, 1996
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- *A Comparative Study of Manning in Korean and Japanese Public Enterprises* (Co-Author), Seoul: Korea Labor Institute, June 2009
  - *Toyota's DNA* (Co-Author), Seoul: Chu-Oh Books, May 2009
  - *Korean Industries under the Condition of Japanese Economic Recovery* (Co-Author), Seoul: Korea Institute for Industrial Economics and Trade, December 2007
  - *A Scheme for Supporting Vocational Trainings and Outplacement Services in the Banking Industry* (Co-Author), Seoul: Korea Tripartite Commission, April 2005
  - *'Single Status' and Japanese Employment Practices: A Case Study of the Japan National Railways*, Tokyo: Nihon Keizai Hyoron Sya, February 2003 (Encouragement prize of Society for the Study of Social Policy, 2004; Okinaga prize, 2004)
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- Comparative Historical Studies of Long-term Employment Practices in Japan and the US.
- Current Employment and Salary Administration Reforms in Japanese Firms.

**His recent publications:**

- *New Deal Labor Reform and Employee Representation Plans* (Co-edited with Kenichi Ito), Minerva-Shobou, 2009
  - "Job Control Unionism" in the US Industrial Relations: A Historical Reexamination,' *SHOGAKURONSAN*, 48-5/6, 2008
  - 'Dose School HRM Reform Contribute to Improving the Scholastic Ability of Students,' *GENDI TO KYOUJIKU*, 72, 2006
  - 'Management Employment Policies and the Formation of Seniority Rule in GE,' *KIGYOU-KENKYU*, 5, 2004
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