

3 Allocation and Transfer of Human Resources

Allocation and Transfer of Human Resources at Japanese Companies

In the context of human resource management, “allocation” refers to a company’s apportioning of work to its employees. In Japan, where the concept of “jobs” is less entrenched than in Europe and North America, the content of work assigned to employees tends to change to suit the aptitudes and abilities of the employee and changes in the environment faced by the company, rather than human resources with the necessary aptitudes and abilities being allocated to perform a predetermined task.

“Transfers”, meanwhile, consist of moving employees around to perform different work, and the practice of transfers at Japanese companies exhibits several characteristics. Firstly, their main purpose is not only to reshuffle human resources to meet the needs of the organization (such as expansion, downsizing, or job reorganization), but also to act as a means of training and developing employees (Table III-10). Secondly, companies have an enormous say in determining transfers. The wishes of the human resources department are paramount in the allocation and transfer of newly-hired fresh graduates and the transfers of managers, while it is the wishes of the department actually responsible for the work to be performed that largely determine transfers of regular employees. This is typically observed in transfers in large companies. Thirdly, with regard to the scope of transfers of regular employees, although the scope gradually narrows down to focus on those with specific abilities after a certain period has elapsed since joining the company, in the case of transfers resulting from promotion, there are many cases in which those in managerial positions experience transfers that span departments, due to the nature of

their posts. And fourthly, temporary external transfers (where an employee of company A works at and is subject to the orders of company B while remaining an employee of company A) and permanent external transfers (where an employee leaves company A and becomes an employee of company B) entail transfers beyond the boundaries of the company for the purpose of supporting business partners and affiliates, developing employees’ skills, and securing positions for middle-aged and older employees.

New Developments in Allocation and Transfer of Human Resources

The approach to allocation and transfer of human resources employed by Japanese companies with the aforementioned four characteristics offers two advantages: (1) human resources in a company can be swiftly and flexibly reallocated as movements are tailored to the circumstances of the individual employee and the business environment faced by the company, rather than being restricted by the need to fill particular jobs; and (2) employees can be trained to cope with a wide range of work due to the experience that they acquire of work in a comparatively large number of departments and at other companies. On the downside, the extremely strong authority and initiative exercised by companies over allocations and transfers increases the possibility that employees’ employment and career development needs may not be taken into account when they are assigned or moved to different departments, which may in turn generate greater friction between the employee’s family life and work. Transfers of male employees who are household heads, for example, may require that they live away from their families.

Table III-10 Objectives of Transfers by Companies (Multiple Answers)

(%)

	Establishment of new division	Expansion/downsizing of existing division	Job reorganization	Transfer to job commensurate with abilities	Development of workers' abilities through experience of diverse work (career development)	Enhancement of worker motivation	Others
Clerical	14.3	32.8	40.1	40.7	35.0	16.4	9.1
Technical/Research	14.0	32.1	41.4	42.4	32.2	15.7	6.0
Manual	10.0	34.1	35.5	45.8	32.8	18.7	5.3

Source: Ministry of Health, Labour and Welfare, *Employment Management Survey, 2002*

Note: Percentages indicate the proportion of the total number of enterprises that employed transfers in the corresponding category of worker.

To combat this downside, more and more companies in Japan are introducing mechanisms such as “self-return” and “in-house recruitment” schemes to take greater account of employees’ wishes. Self-return schemes are systems by which employees report their personal circumstances and wishes so that this information can be taken into account by the company in making allocation, transfer, and career development decisions. On the other hand, “in-house recruitment schemes” are systems used, for example, when a new project or business is being started up; these systems involve the content of the duties to be performed being disclosed in advance, with personnel being solicited from within the company, and those who pass the selection process take charge of those duties. In their practical application, however, these measures tend to be hindered by the wishes of employees’ own departments and the difficulty of finding work to suit employees’ needs, and few companies have so far been entirely successful in implementing them.

Features of Promotions

One form of allocation or transfer of employees is “promotion”. A promotion is defined as the movement of an employee from a position in which they handle duties carried out in the lower grades of an organization to a position in a higher grade. Japanese companies have a strong tendency to place more emphasis on finding human resources from

within the organization, and management positions are filled more by in-house promotion than by the hiring of people from outside the company. This is one of the characteristics of promotions in Japanese companies and is called “internal promotion”.

When deciding on promotions, most companies that have set forth criteria for this evaluate the performance and skills of the candidates for promotion, but there are more than a few companies that manage promotions on the basis of seniority, emphasizing the number of years of continued service. The reality is that most new college graduates employed as regular employees at the same time (“employees hired at the same time”) are promoted to managerial positions at a certain level, such as section chief level, and this system is rational, as it makes most employees hope for promotion and therefore leads to increased motivation.

In fact, if we look at the actual situation with regard to promotions in Japanese companies, we can see that promotions in Japan are “late promotions” (the timing of the selection for promotion is late). According to the Japan Institute of Labour (1998), the average timing of the first selection (the time when a promotion gap first appears) for university graduate white collar workers is 7.85 years in Japan but 3.42 years in the USA and 3.71 years in Germany. The average timing of the career plateau phenomenon (the time when candidates for promotion within the same year are narrowed down, and about half can have no

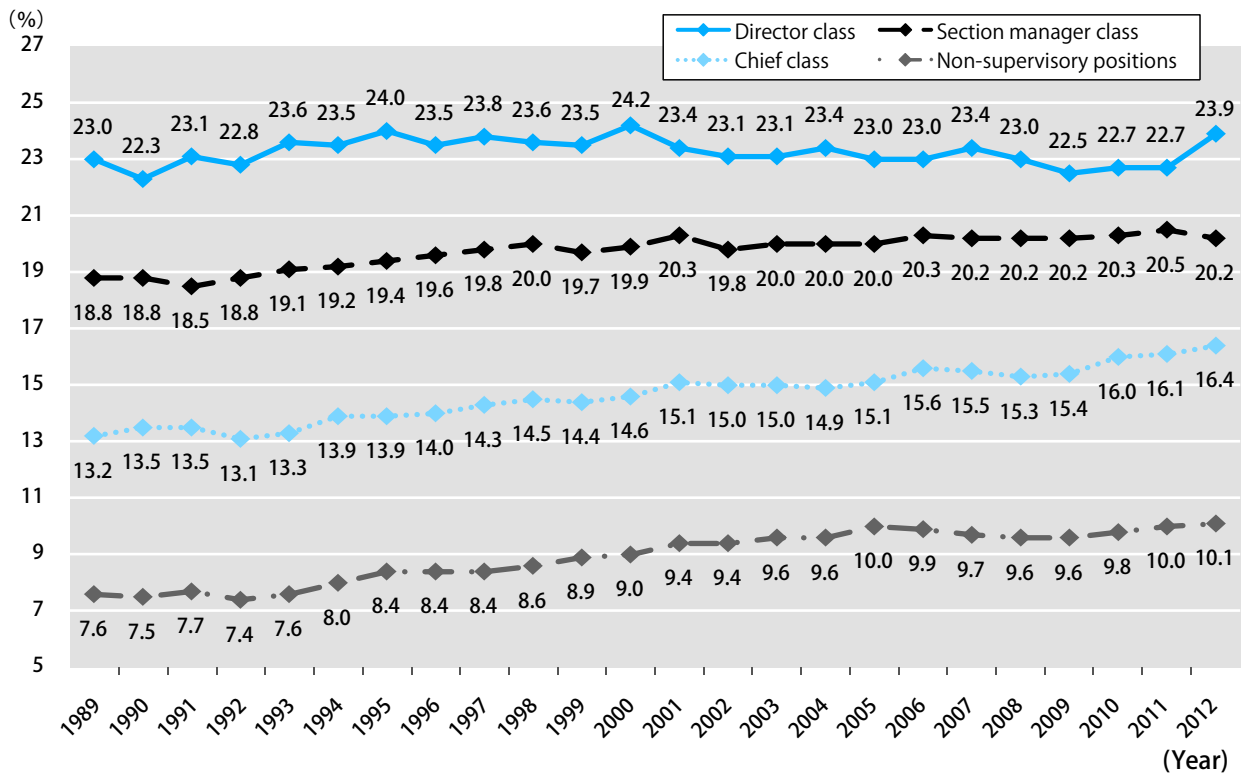
further prospects of promotion) is 22.30 years in Japan but 9.10 years in the USA and 11.48 years in Germany¹. According to data from the Ministry of Health, Labour and Welfare (Figure III-11), when the JIL was conducted (1996), the timing of first selection more or less corresponded to years of continued service of non-managerial employees, and the timing of the career plateau phenomenon to years of continued service at section chief level. A recent trend, however, is for years of continued service at section chief level, chief clerk level and non-managerial level to increase and the timing of promotion to be gradually delayed.

Thus, promotions at Japanese companies have two

characteristics, namely “internal promotions” and “late promotions,” but changes can be seen in the conditions that bring about the existence of “late promotions.” Recently, it has become harder to maintain a high probability of promotion, owing to the flattening of organizations, reductions in managerial posts, and other factors. Moreover, a slowdown in corporate growth has made it more difficult to provide opportunities for education and training equally to all employees, and inclination toward management promotions has declined, particularly among male full employees. As a result, the timing of selection for managerial posts may be brought forward in future.

¹ This survey was conducted in 1996. Its characteristics are that it was aimed at university graduate white collar workers, and that, in terms of corporate scale, more than 90% of the respondents worked for companies with 1,000 or more full employees. This creates a difference in the timing of promotion compared to the data in Figure III-11 (corporate scale 100 or more employees).

Figure III-11 Average Employee Tenure by Position in Japanese Company



Sources: Compiled from Ministry of Health, Labour and Welfare, *Wage Census (FY 1989-2012)*, website of Ministry of Health, Labour and Welfare
 Note: The above data refer to companies with a scale of 100 employees or more, totals for age groups, males, and university and graduate school graduates.

References

JIL (1998), *International Comparison: Systems of Human Resource Development and Employment of*

University Graduate White Collar Workers – Large Corporations in Japan, the USA and Germany, (2) Questionnaire Survey, JIL Research Report No.101.