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PERSONNEL PRACTICES IN JAPANESE GOVERNMENT

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* The views expressed in this paper are those of the authors and do not necessarily represent those of the Federal Communications Commission, the U.S. Nuclear Regulatory Commission, or the U.S. Government.

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ABSTRACT

This paper examines key aspects of Japanese Government personnel practices, and draws comparisons with the practices in the U.S. civil service and, as appropriate, with other U.S. models. Particular reference is made to the practices of two major agencies in Japan, the Ministry of International Trade and Industry (MITI) and the Ministry of Posts and Telecommunications (MPT). As appropriate, selected government businesses practices other than personnel practices are noted.

INTRODUCTION

After many years of a highly stable government structure, many of Japan's agencies and governmental practices are being called into question. Several factors, including a Prime Minister elected on a platform of government streamlining and reform, and some embarrassing incidents plaguing several Japanese agencies, have resulted in serious consideration of agency restructuring and of changes in some time-honored governmental policies and practices. Among these are some fundamental personnel policies, as well as other policies and practices that may directly affect long-standing personnel practices. While it remains to be seen whether the more radical hopes will be realized, it is clear that there will be change. In fact, some changes have already occurred, and others seem inevitable.

Therefore, it is a particularly opportune time to review some of the bases of current personnel policies and practices, and to examine some of the new directions under active consideration. Even if the changes being discussed are not all realized, foreigners doing business with the Japanese often encounter difficulty because of misunderstandings about the system. A better understanding of the features of the Japanese personnel system is useful in understanding reasons for actions taken by Japanese government personnel, and may thereby help U.S. representatives prepare their approaches accordingly. In addition, the views of an outsider may be useful to the Japanese in assessing proposed changes to their system.

BACKGROUND

The personnel system throughout the Japanese Government is very different from most personnel models in the U.S. Within the government, the personnel system has a major influence on the formulation of policies. Thus, in order to understand the Japanese Government and its policy formulation, some knowledge of the basic personnel system is helpful. The purpose of the discussion is to contrast these practices with those in the United States and to highlight aspects for which administrative reform is being discussed in Japan. The discussion is not intended to suggest that the Japanese Government personnel policies are unique within Japan. Many aspects of the Japanese Government personnel system do, in fact, have counterparts in Japanese industry; others may be unique. However, the authors did not explicitly study industrial organizations, and therefore, do not attempt to generalize their observations.

Fundamentally, the personnel system in Japan develops generalists for top policy positions who have loyalty to a ministry as a whole rather than to a part of the ministry's constituency. It is a system with its roots in China (1) and is based on a merit selection process (2). A good overall description of the selection and promotion processes, as well as considerable statistical information, is available in a Japanese government publication on their civil service system. (3) The most striking aspect of the system is that all hiring is at the entry level, and that upon entry to the system, one is assigned to an employment track that predetermines much of one's future career. While this may initially seem very unusual to those accustomed to western theories of organization, it is actually somewhat similar to U.S. military personnel policies. With rare exceptions, the U.S. military has only entry level hiring, and one's career is largely predetermined by whether one enters

as an officer or enlisted person. In the U.S. military personnel system, promotions are not completely automatic, but individuals who enter at the same time usually get promoted at about the same time. Thus, one is unlikely to be supervised by someone in the same category (officer or enlisted) who is younger. These factors are very similar to Japanese Government practice, although they derive from very different origins.

Like the traditional Chinese system on which it is based, government service has always been viewed as an honorable calling in Japan, and government careers have traditionally been considered highly desirable, despite a somewhat lower scale of pay and benefits. Until recently, there has little or none of the present attitude in the U.S. that government personnel are at best lazy and inept, and highly suspect of being far worse. Thus, government service in Japan generally has its pick of the best and the brightest, and is highly selective in choosing employees. Recently, this view of government has been changing somewhat, due to public frustration with a number of recent and well-publicized failures of the government system, but the degree of "government bashing" is still far lower than in the United States.

While there are many differences in the nature and organization of Japanese and U.S. Government staffs, a few characteristics of Japanese Government employees are particularly relevant to efforts to compare the functions and approaches of Japanese and U.S. agencies. For example, Americans working with the Japanese often observe the overall size of Japanese Government staffs, the relatively small number of technical specialists (and corresponding prevalence of employees with legal training), and the frequent movement of people to different positions. Such characteristics are fundamental to the current system and derive from current personnel policies and practices, as will be described in some detail. Other characteristics often observed by outsiders include the lack of foreign language capability and the small number of women in Government positions. These are not as fundamental to personnel policies, but their nature and impacts will be discussed briefly.

GENERAL CHARACTERISTICS

Size

One key characteristic of Japanese government is the generally small size of its staffs. A comparison of government organizations in Japan and the U.S. is difficult, because the functions of the respective organizations differ. However, for purposes of illustration, one can look roughly at the staff sizes of equivalent portions of U.S. and Japanese regulatory groups. The divisions of MPT headquarters which deal with communications policy have about 500 people compared with the corresponding policy offices in the FCC which have about 1000 people. Looking just at regulation of commercial nuclear power plants, NRC has nearly 1000 people who support regulatory activities associated with commercial power reactors. By contrast, the two nuclear regulatory divisions at MITI have under 100 people.

The reasons for the disparities in staff size include: heavy reliance of Japanese regulators on advisory committees and on organizations that can be called "quasigovernmental organizations" (4) to perform functions which in the U.S. Government are generally handled by government

employees; basic differences in the requirements for formal rules in each country; and different procedures for interaction with, and accountability to, the public. (5) In addition, historically, U.S. actions have set many benchmarks and precedents which the Japanese have been able to adopt without completely "reinventing" them.

Career Tracks

For professional positions in the Japanese Government, the first step in the application process is to take a battery of written, nationwide tests. These tests, which are open to all university graduates, are general aptitude tests, similar in nature to the "general" portion of U.S. Graduate Record Examinations. (6) Those who do well on these tests are invited to take more specialized tests, and/or to be interviewed, for specific agencies. Despite the apparent openness and objectivity of the process, the hiring process highly favors a few schools, and depending on the agency and the source of information, University of Tokyo graduates are said to fill 60 to 95% of policy positions government wide. For example, MITI is reported to have 80% of its staff from the University of Tokyo. (7) The government has recently launched efforts to change this balance, but the change is occurring slowly. It is also clear that very few women or minority group members (such as individuals of Korean descent) are selected through this process.

Applicants apply for entry to one of three tracks. The names of these tracks do not have generally accepted English translations, but are often referred to as Level I, II and III positions. Level I, or *joukyuu koumuin*, is the highest level and is sometimes translated as "career civil servants." However, this translation is somewhat misleading, as the lower levels also have the expectation of career tenure. In fact, the tenure for the lower levels actually exceeds that of Level I personnel. A literal, but amusing, translation of *joukyuu koumuin* is "high class clerks." Only Level I personnel can serve in the top policy making positions. Thus, at the time of entry into Government employment, the future leaders of the agency are effectively selected. Level II personnel, *chuukyuu koumuin*, serve in a variety of positions up through the middle levels of management. Level III personnel, *shyokyuu koumuin*, serve in support positions which are not related to policy formulation.

Referring again to the U.S. military metaphor, Level I is comparable to commissioned officers, Level II is comparable to noncommissioned officers (NCOs), and Level III is comparable to enlisted personnel. In the U.S. military, there are middle level positions that may be held by either junior officers or senior NCOs. Similarly there are some positions in Japanese Government, such as local Postmaster, which either could be held by a Level I individual early in his career, or by a Level II individual later in his career. (8)

Employees entering in a given year move up through the ranks at the same pace; therefore, Level I employees can never have a supervisor from a younger "entering class", and Level II employees can never have a Level II supervisor from a younger entering class. However, Level II employees can be supervised by younger Level I employees. In theory, there is mobility from Level II to Level I, but it is very small. For example, of the more than 200,000 employees in MPT, each year 25 are chosen on the basis of an examination to make such a move.

Training and Advancement

Applicants to government agencies are not hired for specific positions. All newly hired employees begin as "freshmen" on April 1, shortly after graduation from college in March (the end of the Japanese academic year). While the details of the indoctrination programs for "freshmen" vary from ministry to ministry, they have several elements in common. All Level I employees are assigned positions in the headquarters of the ministry they join, and as "freshmen," must start at the bottom of the hierarchy. In some cases, they may start with an intensive introductory training program off-site; in other cases, training may be conducted during the early phases of employment. As part of their indoctrination, the duties of their first positions may even include taking a turn at such chores as emptying the trash. Level II employees also have formal training periods combined with their first assignments.

The training experiences serve to develop enduring collegial friendships among the entering "freshmen". These friendships create a sense of identity with one's class. Coupled with school friendships, entering class associations foster networking throughout the ministry. Even a junior employee starts his career with "connections" in many parts of the ministry.

Level I employees rotate at 1, 2, or 3 year intervals into new positions, always being at least nominally promoted. Virtually everyone rotates on this kind of schedule. There are exceptions, but they appear to be quite rare. Within MPT, the authors met one individual who had held the same spectrum management position for seven years, and another who had stayed in data communications policy for ten years without rotations to other areas. Both were Level I employees, and were experts in critical policy areas. The authors know of no such individuals in MITI. Many Japanese corporations have a strikingly similar system of frequent rotations throughout the organization, and a strictly tenure-related system of promotion.

While most of the rotations are in ministry headquarters, individuals may be assigned regional positions (even including local postmaster for those from MPT). For MITI employees, for example, one regional rotation is the norm. Because of housing, schooling for the children, and other personal considerations, most employees take these assignments without moving their families.

Reliance on Generalists

Asian cultures tend to hold generalists in higher regard than specialists, and the Japanese government appears to be no exception. The personnel system expects all Level I employees to become generalists and managers of decision making, broadly experienced in all phases of a ministry and lacking loyalty to any one subsector of its jurisdiction. For this reason, relative to the U.S., the Japanese Government tends to have fewer employees with technical expertise at all levels. For example, MPT annually hires about 12 technical and 22 nontechnical Level I employees for headquarters. The technical employees include graduates in communications-related areas as well as in other technical disciplines. The nontechnical employees include those with legal, economics, and administrative training.

Most significant is the large fraction of staff with legal training. It should be noted that most of the latter serve more in the capacity of public administration experts than as lawyers. In Japan, an undergraduate law degree does not make one a lawyer (*bengoshi*). Becoming a lawyer requires passing an extremely selective entry examination into a multiyear postgraduate internship program. Thus, while there are many law graduates, there are relatively few lawyers in Japan and in the Japanese Government. Lawyers have a very limited role in the Japanese legal system involving litigation, which is infrequent, and giving formal opinions on Japanese laws. Lawyers are not involved as advocates in policymaking or as advisors to parties seeking how to achieve a goal. However, as noted, many of the policymakers have undergraduate law degrees. In fact, these individuals often hold positions that, in the U.S., would more likely be held by technical specialists.

Since the policy level ranks are dominated by generalists, government activities are structured rather differently than in the United States. Specifically, much government activity in Japan is largely administrative in nature. For instance, professional staff duties include: managing the numerous advisory committees; receiving and transmitting materials to and from advisory committees, quasi-government organizations, licensees, and higher management levels; and repackaging such materials to respond to questions. The policy of frequent job rotations, often to jobs in totally different sectors of an agency (for example, radio to post office to banking to life insurance in MPT; industrial development to public relations to international trade to consumer protection in MITI) mitigates against a generalist developing a detailed expertise in a given area. (9) The universal rotational policy also means that it is difficult to place restrictions on assignments or positions, as that would limit the ability to rotate personnel, and generalists may even hold some positions that would appear to be somewhat technical.

While the general policy is to rotate people very broadly, in practice, certain positions do require technical expertise, and some individuals with technical backgrounds are assigned preferentially to these positions. However, even in these cases, the employees do not necessarily remain within a given technology or discipline. For example, technical employees at MITI may rotate between positions in nuclear power regulation, non-nuclear power regulation, electric power transmission, or even to non-power areas such as manufacturing technology or environmental protection. In some cases, they have returned to a given area, for example, nuclear power regulation, at a higher level after one or two assignments elsewhere. At MPT, individuals with technical backgrounds appear to stay to some extent within the FCC-equivalent organization, rotating between broadcasting, mobile radio, spectrum management, common carrier, etc.

As a result, even in technical positions, the degree of expertise an employee can develop in a given area is somewhat limited. Therefore, government employees with technical backgrounds, like their generalist colleagues, are largely expected to perform their duties in an administrative manner, relying on the expertise of their advisory committees and quasi-government organizations, and are not generally expected to form independent technical judgements of the technologies they regulate.

This pattern persists to some extent even in the most technical of areas; for example, government inspectors of nuclear power plants are reportedly "not highly technical."

Amakudari

As Level I individuals progress through their careers as a group with their entering classmates, they may eventually reach a point where they cannot receive a true promotion, as there are fewer high positions available. However, they cannot work for someone in a younger "class". This paradox is solved in part by giving apparent promotions and titles which have no real power. However, even so, sooner or later outplacement becomes necessary. This outplacement is an institutionalized part of the employment pattern of the average Japanese civil servant, formally, but discretely, coordinated by the personnel departments of both the government agencies and the private corporations. The Japanese use the metaphor *amakudari*, meaning "descent from heaven," (10,11) to describe this practice. This descent is a one way street to either private industry or to an organization which is closely tied to the ministry.

Amakudari is inextricably built into the present Japanese personnel system. In addition to the pressures created by the seniority system, the Japanese Government retirement system is not generous. Furthermore, low cost housing is usually an employment perk in Japan in both the private and public sector, but this housing is lost when one retires. Therefore, one's long term financial success depends a great deal on how well one makes the transition to the private sector, usually in one's late forties to early fifties. Outplacement of personnel is a basic part of the government personnel system needed to enable the smooth flow of individuals into the system and up the career ladder. While U.S. Government officials have the metaphor of the "revolving door," referring to the possibility of high government officials moving back and forth between the private sector and government positions, personnel who find opportunities in the private sector do so on their own, and the practice is not nearly as widespread and pervasive as it is in Japan.

There are mixed views on the benefits and drawbacks of *amakudari*. (12) At its best (from the perspective of the receiving corporations), the system provides corporations with government "insiders," individuals who "know the ropes" and who may be able to use their influence with colleagues still in the ministry to obtain favorable treatment from the government; at its worst, it requires corporations to take individuals who may be ill-suited to the available positions and who may not be good performers. For most corporations, that is a price of doing business. Furthermore, government employees or their bosses may have an incentive, especially toward the end of one's government career, to give preferential treatment to target companies for future employment. This can lead to possible conflicts with the individual's duties as a government employee. In addition, the need to outplace government employees may contribute to the development of unnecessary requirements and even of organizations instituted primarily to carry out inspections or other activities in support of such requirements.

From the perspective of those outside the system, *amakudari* by its nature aids and abets a system that is closed to public scrutiny and that is susceptible to favoritism. For example, the willingness of a firm to hire former government employees may affect the treatment the firm receives from government officials. Thus, there is some belief that Kyocera, which is a relatively new major firm in the electronics field and which has refused to hire former government employees, has been "punished" by embarrassing leaks of adverse information from two ministries.

Consensual Practices

It is well known in the United States by now that Japan is a society that operates much more by consensual practices than by laws and enforcement. Consensus in developing government positions is sought in a number of ways, the details of which are beyond the scope of this paper. In broad scope, government agencies in Japan obtain inputs from affected organizations through a hierarchy of advisory committees and sometimes through special industry organizations, often formed by the government. From the perspective of personnel policies and practices, it is the existence of such committees that permits the government to operate with so few technical specialists. In addition, the committees are one factor in allowing the government to operate with relatively small staffs, compared to the United States.

These committees and organizations share several key characteristics. They represent key elements of the affected industry and include academic and other experts; however, there are no statutory requirements regulating the membership of such committees, as there are for comparable U.S. government advisory committees (namely, the Federal Advisory Committee Act, or FACA), so they may not represent all interests on an issue. Also in contrast to U.S. requirements for advisory committees, the Japanese committees operate largely in private, as there are no requirements for public notice of meetings, public participation, meeting minutes, or other documentation of committee deliberations, or requirements to make information public upon request (such as requirements embodied in our Freedom of Information Act, commonly known as FOIA, or in the Government in the Sunshine Act). Some of these characteristics are beginning to change, as will be discussed below.

The committees also have a more important role in government decision-making processes than comparable U.S. committees and other organizations, and make it more likely that final agency decisions reflect the consensus of the affected industry (although not necessarily of the public). Because of the consensus nature of the process, even individual viewpoints on committees often have great influence on the final shape of a policy or decision. The function of advisory committees and special industry organizations in Japanese regulatory policy development is described in greater detail elsewhere. (13) For purposes of this discussion, what is important is that policy is developed in tandem with industry, so sharp divisions between industry and government are less often apparent.

Further fostering this relationship is the fact that private industry personnel are frequently seconded to prime government support organizations, or even to government agencies themselves, for temporary assignments; conversely, government personnel are sometimes assigned to rotations as temporary assignees working within the organizations they normally regulate. It is difficult to quantify the degree to which this occurs, as it appears to bypass the normal personnel process. The fact that personnel offices are not involved also suggests that the companies are probably paying the salaries of such individuals during the period of the loan. Both NTT (the dominant domestic telephone company) and KDD (the dominant international telephone company) have had employees seconded to the MPT; industry people have reportedly been assigned to MITI as well. During this time, the private company personnel appear to perform all functions of government or

quasi-government employees, including making technical inputs to licensing or regulatory decisions and having access to proprietary or bid information of competitors. There are several reported cases of leaks of information in bids and other anti-competitive practices resulting from this arrangement.

Somewhat surprisingly, the relationships between government agencies are not especially collegial. While agencies with overlapping responsibilities interact at a formal level, and there are even personnel exchanges between such agencies, the familiar turf battles which exist between agencies everywhere seem to be, if anything, more pronounced in Japan than in the U.S. One observes more of an "us versus them" attitude toward other agencies than toward the community regulated by or under the purview of, a given agency. This may be partly a reflection of enduring differences in perceived status, such as the reporting level of a given government organization with respect to its counterparts, the perceived glamour status of one ministry versus another, etc.

Other Characteristics

The number of employees in the Japanese Government -- and indeed, in most organizations -- who are reasonably fluent in English, or for that matter, in any foreign language, is generally small. This number varies considerably from agency to agency--agencies which have historically had extensive foreign activity, such as MITI and the Ministry of Foreign Affairs (MOFA), have a higher fraction of personnel fluent in English and other foreign languages; agencies with primarily domestic venues, such as MPT and agencies involved with construction and agriculture, have fewer English-speaking staff. While it is certainly true that the U.S. does not distinguish itself either for the general level of capability in foreign languages, the increasing internationalization of many government and business activities, particularly in the technical area, has made this deficiency increasingly important in both the U.S. and Japan. The importance of language capability, however, is far more acute in Japan because of the limited number of foreigners who can speak Japanese.

Although the Japanese educational system devotes considerable time to English instruction and most of the professional workforce is able to read English, English is taught in a manner similar to Latin in this country, that is, as if it were a dead language. In the past, high school and university students had almost no experience with spoken English. (This has changed somewhat in recent years.) The linguistic differences between Japanese and English exacerbate the task of achieving fluency. Therefore, few, if any, students acquire English proficiency from normal high school and college instruction. Such proficiency usually requires living outside Japan and/or extensive study outside the normal academic programs. For that reason, employees who have not held assignments abroad or otherwise engaged in extra study will often speak little or no English, even though they have studied it in school and have some reading ability. From the perspective of this study, what is most significant about this characteristic are the recent efforts being made to improve language capability in the Japanese Government, as discussed below.

At present, there is a general initiative throughout the Japanese Government to "internationalize" the future leaders of the ministries by enhancing the international exposure of younger Level I employees through assignments or long-term training abroad. (14) This is being done for a variety of reasons, from improving language capabilities, to fostering international ties, to developing a

better understanding of practices abroad for potential trade and other reasons. In ministries such as MPT, this is a relatively new initiative. In the past, MPT has not been involved much on the international scene, and its personnel have, in general, had less exposure to other countries than those in some other agencies; only twice in the past, around 1970 and around 1980, did MPT send engineers to the FCC to study U.S. satellite policy. (Both individuals have progressed well in MPT.) Thus, few senior officials have had much experience in the West, or as noted above, speak English well. However, MPT has recognized this problem, and is now sending ten younger Class I employees overseas each year for extended training assignments. Thus, as these individuals reach high level positions, the international experience of top managers will improve.

For MITI, with its long-standing international mission, the level of international involvement has been more pervasive. Many of the younger and mid-level supervisory personnel have served stints abroad of one or more years, including assignments for advanced academic training at U.S. and European universities, assignments at Japanese Embassies around the world, positions at international agencies, such as the OECD/Nuclear Energy Agency in Paris or the International Atomic Energy Agency in Vienna, and assignments at the U.S.NRC. Thus, the level of English proficiency is reasonably high, and the understanding of cultural differences is good.

Although still quite limited, a somewhat more recent "internationalizing" factor is an increasing acceptance of foreign individuals into Japanese government agencies. These are usually in temporary positions, and are often part of special programs. For example, the Science and Technology Agency (STA) has had a number of foreign staff working in selected positions for several years. In some cases, the same individual has stayed for a number of years, but the advancement opportunities for such individuals are limited. MITI has also had some experience employing foreign employees for special purposes, and both authors have been detailed from their U.S. agencies to temporary assignments in MITI and MPT. More recently, the U.S. government has initiated a program called the Mansfield Fellows program to train several U.S. government officials in Japanese culture and language each year, and to send them to Japanese agencies for a year to work. One of the authors is presently in this program.

Finally, it is worth noting that there are relatively few women professionals in the Japanese Government. This fact may be more of interest for its social significance than for its direct significance for policy development, but it is certainly quickly obvious to Americans doing business in Japan. The lack of women professionals exists at all levels, but is most acute in top leadership or policy positions. For example, a recent MPT organization chart identifies 102 individuals in top positions -- all are males. Quantitative data was not available from MITI, but anecdotal evidence suggests that there are very few women in any top positions, and the one or two cases cited were not policy positions, or were less prestigious positions. Ministries in the health and education areas have somewhat more female participation in leadership positions but, gender roles have been changing slowly in Japan compared to the U.S. Until recently, young Japanese women frequently were not interested in careers and even today fewer Japanese women are interested in careers than their American counterparts. However, recent increases in the number of women entering the Japanese government in professional positions (15), suggest that numbers of women reaching higher levels may increase in the future.

PRACTICAL CONSEQUENCES OF THE JAPANESE PERSONNEL SYSTEM

There are several practical consequences of the Japanese personnel system for Americans and others who must work with their Japanese counterparts. Several such consequences are outlined below. These are not intended to be comprehensive, but rather to suggest some of the ways in which an understanding of Japanese personnel practices can assist one in working with the Japanese.

1. One of the most obvious consequences of the personnel system is that it is more difficult to develop a long-term relationship with an individual in a counterpart position because of the frequency of personnel changes. While some of the same people may cycle back to an area at higher positions in the hierarchy, one's direct counterpart in a Japanese agency is likely to be a different individual every two or three years, so relatively more effort is required to maintain a relationship with an existing office.
2. Because of the importance of advisory committees in developing government policy, and because of the lack of documentation, it is often difficult to trace the development of a policy or pinpoint distinctive positions among the various government and industry organizations involved. It sometimes appears there is no opinion at all until there is an official opinion, and at that point, the official view is more or less embraced by everyone. To someone trained in the American approach, the degree of collaboration between government and industry in reaching a resolution can be disconcerting. In some cases, even the testing done to support a licensing decision on a piece of hardware may be done by employees of the hardware vendor who are temporarily seconded to a government-supported organization. Thus, questions an American might logically raise about the independence of the review are not even applicable.
3. A downside of the Japanese approach of developing a management team that consists almost entirely of generalists with no long term association to a particular activity is that managers may be unwilling to make decisions which have short term risks and long term payoffs. Since they will not be in the same subsector when the payoff from their efforts is realized, they perceive little benefit to initiating activities that have short-term risks which may jeopardize their selection for a prestigious next position if the risk materializes. Although the Japanese industry is well-known for its ability to forego short-term benefits for long-term benefits, the prospect of short-term risks is more difficult for the Japanese manager to handle.
4. Both the emphasis on consensus and the aversion to short-term risks combine to make decision-making a lengthy process in Japan. While it is often believed that the Japanese process is far more efficient than our own -- for example, the speed with which a nuclear power plant can be built in Japan (about five years) compared with recent experience in the U.S. (often well over a decade, and sometimes considerably more), is often cited -- the truth is that much of the total decision-making process in Japan is undocumented and unpublicized, and if true start-to-finish timespans were compared, the Japanese process would not necessarily appear so much more efficient. Naturally, this varies a great deal with the area being examined, and where there is little controversy, the

Japanese process can be very efficient. However, on complex issues, sufficient consensus for decision-making can take many years to evolve.

5. Japanese government officials are sometimes rather sensitive about the relationships of an individual with other Japanese government agencies or organizations. One may not necessarily assume that different agencies have identical interests or share a common perspective. One may have to exercise care in attempting to collaborate with several agencies simultaneously or in engaging in discussions with different elements of an industry, particularly the smaller, less entrenched companies. Particularly in cases where there is clearly a primary relationship with one agency, it may be critical to approach relationships with other agencies and with different industry organizations with caution. Appearances can be important. For example, a relationship with a "rival" agency may be perceived as a threat even where that is not intended.

6. Relatively low pay and insufficient travel allowances yield pressures to accept gifts, meals, transportation and other favors from industry. This, coupled with a culture of gift-giving, has historically resulted in substantial gift-giving from the regulated industry and a growing number of allegations of government corruption.

7. Finally, despite the very different status of women in professional positions in Japan, foreign women in Japan often have surprisingly little difficulty doing business with the Japanese. Although individual experiences vary a great deal, we are aware of more positive experiences than negative. There are several reasons for this. First, the Japanese are well aware that practices in other countries differ from theirs, and particularly where they are interested in a relationship succeeding, they are able to treat foreign women differently than they would treat a Japanese woman. In cases where we have more at stake than they do, however, their behavior could be different, although we did not have an opportunity to observe this. Secondly, the Japanese are very rank and credential conscious, and strong academic credentials and high organizational rank (preferably both) can help give a woman credibility. Rank and credentials are also important for American men in interactions with the Japanese; however, they are proportionally more important for women. While these characteristics of the Japanese may benefit a foreign women in Japan, specific areas of difficulty may remain. For example, because there are so few women professionals in Japan, advance preparation is sometimes necessary to accommodate female foreign visitors to facilities such as nuclear power plants -- there may not be locker rooms for women to change to the special clothing required in certain plant areas.

REFORM INITIATIVES

Since the end of the bubble economy in 1992, all Japanese governments have been elected on platforms of government reform. Key targets for reform are the size and cost of government, its openness to public scrutiny, and realignment of some functions and agencies. Although consideration of changes in these areas is still underway and it is not yet clear how successful the initiatives will be, some tentative observations can be made.

From an American perspective, it is difficult to understand the concern over the size and cost of government. However, what may be at issue is the fact that there is a very large hidden layer to the government activity embodied in the committees and quasi-governmental organizations essential to many of the government functions. Nevertheless, it is difficult to believe that the present reform initiatives will have much affect on these institutions. In fact, one hazard of any attempt to reduce the size of the Japanese government will be to transfer still more power to institutions such as these, which do not have the accountability of a government organization. The authors believe this would be a move in the wrong direction, and that, therefore, reducing government should not be the topmost reform priority.

Significant organizational realignments are being discussed. However, for the most part, these changes would have little or no effect on personnel or personnel policy. In the near term, existing personnel would likely move from one agency to another with the transfer of the functions they support. This would move them into a different bureaucracy with different positions to rotate among, but would not otherwise affect their tenure, career progression, etc. In the longer term, some agencies would hire more new personnel to increase certain activities, or would move people out of functions with declining activity, but these are not fundamental personnel policy changes. The operative policies and practices would remain in force. Therefore, this paper does not examine specific proposals for organizational realignments.

Of greatest interest, from an American perspective, are initiatives to increase openness of government to the public through the implementation of mechanisms such as public document rooms, open advisory committee meetings, and a FOIA-like law. (16) While the Japanese public has been relatively undemanding in the past, they have recently been more vocal about demanding change. While openness is not directly a personnel policy issue, in the short run, increased openness of the government is likely to require some additional staffing to support interaction with the public, and in the longer run, it is likely to affect other personnel practices, such as reliance on generalists, use of quasi-governmental organizations, etc. Staffing has already been raised as an issue in consideration of how to treat proprietary material, where the assertion has been made that the available resources are insufficient to check proprietary claims of licensees or applicants.

In addition, a law at the national level prohibiting acceptance of gifts, meals and transportation by government personnel has recently been initiated. In fact, the law may be more restrictive than current U.S. government requirements, and technically there is no *de minimus* acceptable gift. However, the pay and travel allowance deficiencies have not been addressed, so it is not clear what the level of compliance has been. Furthermore, the most egregious problems have occurred at the local level, and this problem has not been significantly addressed.

It should be noted that criticism of the *amakudari* system has also increased in recent years, both as voiced by individuals and as expressed in opinion polls. (17) However, it appears that *amakudari* is not seriously being considered for reform. From a practical standpoint, reform of *amakudari* requires significant change in a lot of areas. Pensions, housing benefits, and retirement age would all need to be changed significantly, and the cost is likely to be high. Nevertheless, it is clear that a

lot of the desired changes, such as greater openness, will not truly be realized as long as the system institutionalizes arrangements where ex-government personnel significantly staff regulated and quasi-governmental organizations, and a long-term plan is needed to modify at least the most potentially detrimental *amakudari* practices.

The Japanese have grown increasingly sensitive about the role of women in the government workforce. A combination of factors are responsible for this: the growing cadre of educated women who are increasingly dissatisfied with the marginalized positions that have been open to them; the increasing age for marriage and childbearing, which gives women a greater interest in having meaningful jobs; the fact that more women are employed at least part-time after marriage; the stagnating population, which will soon limit the existing pool of potential employees; and perhaps even the foreign criticism of treatment of women. However, to date the sensitivity has not been translated into much observable change.

Finally, as noted throughout the article, other initiatives, many of which predate the Hosokawa reform initiatives, are underway to change selected aspects of government personnel practice, such as the preference for University of Tokyo graduates, internationalization of staff, and other measures.

OBSERVATIONS

From our perspective, it appears that, in order for the Japanese government to achieve its stated objectives, some fundamental changes are ultimately likely to be necessary. In particular, current employment practices restrict the possibility of the kinds of administrative change and increased openness the Prime Minister wishes to encourage. The extensive use of generalists, frequent job changes, and age-related promotion leading to "up or out" by the late forties together result in a system of excessive dependence on a network of advisory committees, quasi-government organizations, and the regulated community.

While limited changes are possible within the current personnel framework, more substantive reforms are likely to involve:

1. Substantially limiting or altogether stopping the use of loaned employees. The use of loaned employees in government agencies and their "captive" support organizations creates a condition for potential conflicts of interest and creates a strong public appearance of conflict of interest. There may be some budgetary implications to curtailing the use of loaned employees, but otherwise, this change should not involve major disruption.
2. Reducing or eliminating the practice of *amakudari*. This practice also leads to potential conflicts of interest, and in addition, makes it more difficult for companies to staff their organizations with the best possible people in all positions. The Japanese public is increasingly opposed to *amakudari*. However, the pension plan and housing system strongly dictate this practice, effecting meaningful change in post-government employment practices entails

fundamental and extensive changes in the pension and housing systems. Changes in these areas have significant economic and social implications that would take time to implement.

3. Creating a staff in which a higher percentage of those assigned to technical areas of government agencies have a technical background, and rotating those staff largely among related technical positions. This measure would make it feasible for employees to form their own technical judgements more often, or to critique inputs they receive. This would require changes to the mix of employees hired, and to promotion/rotation practices, so would take some time to implement fully.

4. Having the government take the final responsibility for inspections done on its behalf. The use of non-government organizations for inspection functions would thus be limited, and would be restricted to serving as an input to the inspection report of the government agency.

5. Having the government open more of its processes and activities to the public than has been accomplished or even contemplated to date. Exceptions to the release of information based on proprietary concerns or other perceived inconveniences or difficulties of preparing and providing information for the public would have to be reduced substantially. The Japanese public and media are becoming more suspicious about what is being withheld. Some increases in government staff to review and process materials for release to the public would probably be needed to support such a change.

6. Having the government establish more channels to receive views from the public as well as to transmit information. To date, the focus has been primarily on "educating" the public. However, there is growing public interest in providing input to the decision-making process, and to see that it is considered. Additional staffing may also be needed to support this change.

7. Revisiting the emphasis on cutting the size of the government. Current government staffing is not really excessive. It may be preferable to increase the number of government employees in order to reduce the number of shadow government employees.

It is recognized that many of these expectations appear to suggest that existing U.S. policies and practices are the ultimate goal. That is not the case. However, it should be noted that the stated initiatives and directions of the current Japanese Government at the highest levels naturally lead to some of the directions described above.

CONCLUSIONS

Personnel practices in Japan, like most things Japanese, are very different from their U.S. counterparts. These differences have a significant influence on many of the aspects of how policy is made and executed in Japan. It is therefore helpful to understand some of the key attributes of the Japanese personnel system and Japanese government practices that shape the behaviors and practices observed. A better understanding can help avoid some of the common pitfalls of misguided expectations about how a decision may be made, or when, or by whom.

While a number of changes to the Japanese system are under discussion, for the near term the changes realized are likely to be limited. There is some movement toward more openness, although that will remain limited by current and even proposed policies, as well as by the existence of *amakudari*. The Japanese are clearly facing pressures to increase the role of women in the workforce and some changes in personnel practices regarding the utilization of women in the Japanese system are possible.

However, there is little consideration of fundamental changes, such as to the practice of *amakudari*, the system of entry into the government, the strong seniority system, the rotational practices, and the heavy reliance on generalists, even in technical areas. Changes in these areas would be necessary to achieve fundamental reform. Therefore, the practices described in this article, and the consequences on Japanese government decision making, are likely to be valid for the foreseeable future.

NOTES

1. Dolan, Ronald E. and Worden, Robert L. (eds.), Japan, A Country Study, Library of Congress, 1992, p. 351.
2. Reischauer, Edwin O., The Japanese Today: Change and Continuity, Harvard University Press, 1995, p. 254.
3. "Handbook on Japan's Civil Service: Statistical Overview," International Affairs Division, National Personnel Authority, Japanese Government, January 1996.
4. Quasi-governmental organizations are organizations with a close and long-term relationship to a Japanese government agency, to which the agency has often delegated activities that would, in the United States, be limited to agency staff, such as policymaking activities, and instructions to licensees based on the outcome of inspections.
5. Specific differences in these areas include the greater volume of formal, documented rules and associated regulatory guidance required for the more adversarial U.S. approach; U.S. rules for public involvement in rulemaking; U.S. rules for public access to meetings and documentation of meetings; Freedom of Information Act (FOIA) requirements under 5 U.S.C. §§552; and U.S. competitive contracting requirements.
6. "Handbook on Japan's Civil Service," p. 11.
7. Gercik, Patricia. On Track with the Japanese, Kodansha International, 1992, p. 46.
8. Writing about an American environment, the authors would pay considerable attention to the gender of pronouns and would try to avoid gender specific references. However, as noted, Japanese social norms differ considerably from those in the U.S., and the individuals holding these positions at present are virtually all male.
9. Yawata, Kazuo, "MITI Official on Bureaucratic Reform Plans," Tokyo Ekonomisuto, February 25, 1997, p. 96-99 (translated by FBIS).
10. Reischauer, pp. 275, 425.
11. Dolan and Worden, pp. 213, 354.
12. Duck, Ken, "Now that the Fog has Lifted: The Impact of Japan's Administrative Procedures Law on the Regulation of Industry and Market Governance," Fordham International Law Journal, April 1996, p. 1686ff.

13. Michael J. Marcus and Gail H. Marcus, "Japanese Regulatory Institutions and Practices," *Business and the Contemporary World* 6 (4), 1994.
14. "Handbook on Japan's Civil Service," p. 40.
15. "Handbook on Japan's Civil Service," p. 12.
16. Boling, David Alan, "Information Disclosure in Japan: Local Governments Take the Lead," Proceedings of Fifth International Conference on Japanese Information in Science, Technology and Commerce, 1997, p. 127-131.
17. "Poll Shows Strong Public Distrust of Bureaucrats," *Tokyo Shimbun*, Jan. 1, 1997 (translated by FBIS).