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# WILL LIFE-TIME EMPLOYMENT SECURITY PRACTICES BE KEPT IN 1980's?

By MASUMI TSUDA\*

## 1. *Voluntary Early Retirement Promotion Practice after the Oil Shock*

A crack in Japanese life-time employment practices has attracted careful observers when Japanese big firms began a mass dismissal of their employees in the period of severe depression after the Oil Shock. The dismissal reached a peak when three hundred thousand employees were dismissed from 1602 stock firms between 1974 and 1978. The special attention of observers was paid not only to the number but to the selection process of dismissal.

By this dismissal firms shot at their middle-aged employees (45–55 years old) with long-term firm service. One of the presidents of leading textile firms at that time frankly explained the reason of this sharpshooting, “When a ship is about wrecked, heavier cargoes should be first thrown off to sea.” Traditionally it was phrased that a firm is a ship of crew employees and the ship always shares its destiny with the crew!

To secure the sharpshooting the firms introduced an unusual practice called “Voluntary Early Retirement Promotion” (the *Sentaku Teinen Sei*). Under this practice the older than 50 (in some but growing cases, older than 45) can choose early retirement with premiummed lump-sum retirement payment. Though the practice says “voluntary,” firms took severe enforcing approach on individual employees so that the shots were forced to retire.<sup>1</sup> By a conclusive survey of 1979, it was made clear that 13.2 per cent of the big firms surveyed were practising the Voluntary Early Retirement Promotion (the VERP), 1.0 per cent of them once practiced, and 11.0 per cent of them were planning to practice in the near future.<sup>2</sup>

## 2. *Unusual Nature of the Voluntary Early Retirement Promotion Practice*

Under traditional life-time employment security practices, by its lasting for a long time after World War II, a custom of method of employment adjustment has been firmly made and this custom has been supported by judicial precedents since 1960. It follows many but well-ordered practices as follows:

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<sup>1</sup> Since the approach has been quite severe, many of the firms enforcing this practice now changed the name of this approach to “Earlier Premiummed Retirement Programme” (*Soki Teinenzen Taishoku Yugu Seido*).

<sup>2</sup> *Koreisha Koyo Kaihatsu Kyokai, Sentaku Teinen Sei no Fukyu Jittai* (Association of Employment Development of the Old Aged, Distribution Survey of the Voluntary Early Retirement Promotion Scheme) Tokyo, 1980.

First stage,

- (1) Decrease or dismissal of temporary employment
- (2) Decrease or suspend overtime working of regular employees
- (3) Take up work-sharing
- (4) Suspend new employment
- (5) Spend unworked working hours for education and training
- (6) Take paid vacation compulsorily if employees have not already taken out
- (7) Wait at home with less payment (for an example, one or two days off a week with 60 per cent of standard pay rate)
- (8) Suspend annual base-up wage rate increase for a certain period

Second stage.

After all the practices of the first step are exhausted, the firm invites employees to take voluntary resignation. Again, a well-ordered steps is taken even in this practice and it has been supported by judicial precedents.

First step. a several kinds of employees are at first invited to take voluntary resignation: (1) The younger than 25 years old. They may be easier to get other jobs. (2) The older than 50 years old. They are nearer to retire. (3) Long-term absentees, and (4) The easier to secure family budget by another business (engaging in self-employed business, wife has a full-time job, and so on).

Second step. After all the practices of the first step are exhausted, the invitation to resign may be extended to all of the employees.

Third stage.

When it is made clear that the number of resigned employees is not sufficient enough after all the practices of the second stage are processed, the firm may take up the final method of dismissal by which the firm nominates individual employees to be dismissed. The court has judged this nomination dismissal legal when fair and sufficient practices of the first and second stages are practiced by the firm. However, this nomination dismissal practice has not been welcomed by company-unit trade union and it has been usual that the firm announces nomination dismissal during open conflicts of industrial relations.

Against precedents of the traditionally trodden practices above mentioned, the mass dismissal of big firms after the Oil Shock introduced quite an unusual practice because at that time firms singled out middle-aged employees with long-term firm service (for an example, employees of the ages between 45 and 54 with firm service of more than 20 years) to force to take up voluntary resignation. The main reason, the firms declared, was firstly higher cost to payment and secondly lower productivity of them. Since the custom that the middle-aged employees with long-term firm service are secured employment until retirement and are paid much than younger employees has been the central concept of the life-term employment security in Japanese firms, this new practice inevitably means that the Japanese big firms gave up the traditional employment security custom.

Has that new practice been only a temporary emergency measure of employment adjustment and may not it happen again, or is it the real beginning of the crack in traditional life-term employment security practices? A well designed research will be keenly needed for

clarifying the nature of practice. Fortunately in 1979 I was nominated to the survey designer of the special committee on inquiring employment and personnel management of the Japan Productivity Center sponsored by the MITI, and I had an opportunity to take up the problem as the main issue of the survey. This article is a part of the report of the 1979 survey, picking up interesting outcomes around the above subjects.

### 3. *On the Survey*

The survey was designed as a leader opinion survey in which seven classes of leaders on industrial relations were invited to answer fifteen issues of questions. The seven leaders are (1) Presidents of 1303 big firms having more than 1,000 employees, (2) Personnel directors of the above firms (In Japanese firms, authority of personnel directors is far greater than the Western firms), (3) Secretary of company-unit trade union of the above firms (Secretary is the key-officer of the union), (4) General secretary of business associations, (5) General secretary of industrial federations of trade unions, (6) Intellectual experts on industrial relations, and (7) Government high officials. Number of distribution and answers returned is shown in Table 1.

TABLE 1. DISTRIBUTION AND RETURN OF SURVEY

Class	Number Distributed	Number Returned	Rate Returned (%)	Effective Number
President of big firm	1,300	494	38.0	494
Personnel Director of big firm	1,303	412	31.6	404
Secretary of company-unit trade union	1,303	229	17.6	228
Intellectuals	982	384	39.1	383
Secretary of Industrial union	164	25	15.2	25
Government high official	152	34	22.4	34
General Secretary of business organization	24	3	12.5	3
Total	5,228	1,581	30.2	1,571

*Source:* Koyo to Shogu ni kansuru Tokubetsu Iinkai, *Aratana Koyokanko no Kakuritsu o mezashite* (Special Committee on Employment and Personnel Management, Toward Establishing A New Employment Practice), Japan Productivity Center, March, 1980.

Thirteen of the fifteen questionnaire issues are divided by A and B in which A concerns within the firm and B deals with the issue in the society as a whole. The number of questions is therefore 28 in total. To the 28 questions, repliers were invited to tell how or where they want to lead their organization or society to in the next ten years. For an example, to presidents and personnel directors we asked in the fourth question A, "Where would you bring the situation of employment practice of your firm to in the coming ten years?" Under such a general form of question, the repliers were invited to pick up one of three or four phrases as the answer selected. Again in the fourth question A, the phrases to be selected are: (1) It is the principle of our firm to secure continuous employment until retirement and to secure further employment in the firm's subsidiary companies to the regular employees until they want to retire, (2) It is the principle of our firm to secure continuous employment until retirement to the regular employees, (3) It will be difficult for our firm to secure continuous

employment until retirement to our regular employees in the next ten years, and (4) We want to break off relations with continuous employment security practices.

The questionnaire sheets were mailed in August and September, 1979 and the replies were closed by the end of October. The data were processed by electronic computer by a variety of programme analysis methods and the output was published in March, 1980 by the Japan Productivity Center.

Among many other interesting outcomes, this article will focus attention on firms where answers of presidents, personnel directors and secretaries of company-unit trade unions are collected. Among answers of 494 presidents, 404 personnel directors, and 228 union secretaries, the number of firms which all the three leaders answered was only 50. A close one-by-one analysis on answers based on an individual firm may be therefore useless. Therefore, I want to try rather to acquire an over-all forecasting picture of Japanese big firms how they want to deal with employment security practices in the coming ten years. already mentioned in 2 of this article.

#### 4. *Experience of Mass Dismissal After the Oil Shock and its Impact on Traditional Employment Security Practices*

TABLE 2. EXPERIENCE OF DISMISSAL AFTER THE OIL SHOCK AND HOW TO DIRECT EMPLOYMENT PRACTICE IN NEXT TEN YEARS  
(PERSONNEL DIRECTOR)

(%)

Experience of Dismissal Employment Practice	No dismissal of employees practiced after the Oil Shock	Natural decrease of employees practiced after the Oil Shock	A mass dismissal of middle-aged employees practiced after the Oil Shock	A mass dismissal of regular employees practiced after the Oil Shock	Total
It is the principle of our firm to secure continuous employment until retirement and to secure reemployment in the firm's subsidiary companies to the regular employees	3.5	5.3	0.8	0.8	10.4
It is the principle of our firm to secure continuous employment until retirement to the regular employees	16.5	34.2	1.0	5.3	57.0
It will be difficult for our firm to secure continuous employment until retirement to our regular employees	5.6	17.2	2.0	6.1	30.9
We want to break off relations with continuous employment security practices	0.8	0.5	0.0	0.5	1.8
Total	26.3	57.2	3.8	12.7	100.0

Experiences of dismissals after the Oil Shock and the opinions on the traditional employment security practices are together examined by Table 2 and 3. The opinion of personnel directors will be first examined by Table 2. The table tells that firms which have not experienced any dismissal after the Oil Shock are only one-fourth and among another three-fourth the majority of them (57.2 per cent) dismissed employees by the traditional practices already mentioned in 2 of this article.

When we turn to how personnel directors want to deal with employment practices in the next ten years, we see the traditional life-term employment security practice, which extends its security to subsidiary companies as shown in the first line of Table 2, will become lost in their minds in next ten years because only 10.4 per cent of them say to follow this practice. It is clear that they interpret the term of life-term employment security practice as securing continuous employment up to retirement (57.0 per cent). This change may raise a new problem in the future industrial relations how the prevailing compulsory retirement age of 55 will extend to.

Another striking result is that 30.9 per cent of personnel directors forecast impossibility of keeping up even the above new interpretation of employment security practice. As shown in the table, this unfavorable forecast has risen from the impact of severe depression after the Oil Shock.

TABLE 3. EXPERIENCE OF DISMISSAL AFTER THE OIL SHOCK AND HOW TO DIRECT EMPLOYMENT PRACTICE IN NEXT TEN YEARS  
(TRADE UNION SECRETARIES)

Experience of Dismissal Employment Practice	No dismissal of employees practiced after the Oil Shock				Total
	No dismissal of employees practiced after the Oil Shock	Natural decrease of employees practiced after the Oil Shock	A mass dismissal of middle-aged employees practiced after the Oil Shock	A mass dismissal of regular employees practiced after the Oil Shock	
It is the principle of our firm to secure continuous employment until retirement and to secure reemployment in the firm's subsidiary companies to the regular employees	14.8	17.9	1.8	1.8	36.3
It is the principle of our firm to secure continuous employment until retirement to the regular employees	16.6	29.6	0.9	5.4	52.5
It will be difficult for our firm to secure continuous employment until retirement to our regular employees	1.3	5.4	0.4	2.7	9.9
We want to break off relations with continuous employment security practices	0.0	0.9	0.0	0.4	1.3
Total	32.7	53.8	3.1	10.3	100.0

When we turn to company-unit trade union secretaries, we will see different opinions in Table 3. Firstly, more than one-third of them still contend that traditional life-term employment security practice be kept up (36.3 per cent). Secondly, the majority of them (52.5 per cent) change the interpretation of life-term employment security from the traditional to the new one which means the term of life-term employment security as the security up to retirement. By this opinion it is made clear that the new practice of continuous employment security not only attracts personnel directors but also company-unit trade union secretaries. Thirdly, the pessimistic perspective of impossibility of maintaining life-term employment security is not the case of trade union secretaries (only 9.9 per cent).

In conclusion, it can say that while the majority of both personnel directors and trade union secretaries together follow the newly interpreted concept of continuous employment security practice, another substantial group has different opinion on each side and this divides two sides sharply: personnel directors expect to abandon life-term employment security practice and trade union secretaries stick to keep up it. The next ten years may see a deep conflict around that different opinion.

### 5. *Employment Adjustment Practice and Life-term Employment Security*

Next, we take up the opinion on the subject of attitude toward employment adjustment in next ten years cross-examined by the opinion on employment security practices. Table 4 shows the outcome of the survey produced by personnel directors. As above mentioned, the Oil Shock between 1973 and 1974 brought about a mass dismissal of employees in Japanese big firms. Since oil producing countries have together organized an international producer cartel and the primary energy resource of Japanese industry has heavily relied on importing oil, firms should be prepared to expect other oil shocks several times in next ten years. A rational employment adjusting method adapting to those changerable economic environment may be pursued and traditional employment adjustment practices may be frequently examined.

Thus in Table 4, while one-third of personnel directors (35.9 per cent) says to keep up traditional employment adjustment practices, two-third of them have an opinion of creating a new adjustment practice. They have three different kinds of opinion in which the U.S. lay-off practice based on seniority is not their favorite (only 2.0 per cent). The reversed U.S. lay-off practice (the first in, the first out), which means an exact challenge to the Japanese traditional employment security practices, does not attract personnel directors either (8.0 per cent). Interestingly, almost all of them who need a new approach to adjusting employment (54.1 per cent) failed to specify its method.

On the side of trade union secretaries whose opinions are shown in Table 5, the opinions are sharply divided by different two, one of which contends that traditional adjustment practices be maintained (50.9 per cent) and another of which expect to create a new adjustment practice (49.1 per cent). Among the latter, again neither the U.S. lay-off practice (5.0 per cent) nor the reversed U.S. lay-off practice (0.5 per cent) attracts trade union secretaries. They also failed to clarify what will be the new approach of employment adjustment.

As far as the foregoing observation is concerned, someone may come to conclude that a half of both personnel directors and trade union secretaries will together agree with creating

TABLE 4. EMPLOYMENT ADJUSTMENT AND EMPLOYMENT SECURITY PRACTICE  
(PERSONNEL DIRECTORS) (%)

Employment Adjustment Employment Practice	Prefer to follow traditional employment adjustment practices	Want to follow the U.S. lay-off practices: the last in, the first out	Want to set up a reversed U.S. lay-off practices: the first in, the first out	Want to lead toward establishing a precise employment adjustment practice though can't say now what form will be the most appropriate	Total
It is the principle of our firm to secure continuous employment until retirement and to secure reemployment in the firm's subsidiary companies to the regular employees	4.0	0.5	0.7	5.2	10.5
It is the principle of our firm to secure continuous employment until retirement to the regular employees	26.2	1.2	3.5	26.2	57.1
It will be difficult for our firm to secure continuous employment until retirement to our regular employees	5.5	0.2	3.5	21.2	30.4
We want to break off relations with continuous employment security practices	0.2	0.0	0.2	1.5	2.0
Total	35.9	2.0	8.0	54.1	100.0

a new approach of employment adjustment practice within ten years. It will be a hasty conclusion when we examine the tables in depth. In Table 4, we see that of 54.1 per cent of personnel directors who want to build a new method of employment adjustment but yet not know what, a little less than half of them (21.2 per cent) find a difficulty of maintaining traditional employment security practices. It means that they will seek for a new approach in next ten years leaving off traditional employment adjustment practices. On the contrary, in Table 5, among 43.6 per cent of trade union secretaries who expect to create a new method of employment adjustment within ten years, an overwhelming majority of them (37.2 per cent) insist to keep up continuous employment security practices. Thus a cooperative industrial relations may not be feasible on the subject of building a new approach of employment adjustment practice.



TABLE 5. EMPLOYMENT ADJUSTMENT AND EMPLOYMENT SECURITY PRACTICE  
(TRADE UNION SECRETARIES) (%)

Employment Adjustment Employment Practice	Prefer to follow traditional employment adjustment practices	Want to follow the U.S. lay-off practices: the last in, the first out	Want to set up a reversed U.S. lay-off practices: the first in, the first out	Want to lead toward establishing a precise employment adjustment practice though can't say now what form will be the most appropriate	Total
It is the principle of our firm to secure continuous employment until retirement and to secure reemployment in the firm's subsidiary companies to the regular employees	20.5	0.9	0.0	14.5	35.9
It is the principle of our firm to secure continuous employment until retirement to the regular employees	25.9	3.6	0.5	22.7	52.7
It will be difficult for our firm to secure continuous employment until retirement to our regular employees	3.6	0.5	0.0	5.9	10.0
We want to break off relations with continuous employment security practices	0.9	0.0	0.0	0.5	1.4
Total	50.9	5.0	0.5	43.6	100.0

### 6. *Early Retirement Practice of Middle-aged Employees and Employment Practices*

When a reader took a glance at Table 2, he may have noted that only 3.8 per cent of Japanese big firms of the survey had enforced early retirement promotion to middle-aged employees with higher seniority. While it is misleading if he fails to count in another 12.7 per cent of the total which had practiced an overall mass dismissal of employees, we should carefully examine the subject in depth. Table 6 shows a part of answer to it. Personnel directors say in the table that 21.6 per cent of their firms (11.3 plus 10.3 per cent) is currently practicing the voluntary early retirement promotion (the VERP). It means that one-fifth of Japanese big firms is now conducting the VERP practice as far as this survey is concerned.

We want to call for your attention further in Table 6 that another 47.0 per cent of big firms is prepared to introduce the VERP in the near future, and the firms with no consideration of this practice occupy only 31.5 per cent of the total. It means that the VERP suddenly

TABLE 6. VOLUNTARY EARLY RETIREMENT PROMOTION OF MIDDLE-AGED EMPLOYEES AND EMPLOYMENT SECURITY PRACTICES (PERSONNEL DIRECTORS)

the VERP  Employment Practice					(%)
	Want to set up a policy of promoting early retirement of middle-aged employees	The policy currently practiced of promoting early retirement of middle-aged employees extends over a long time	The policy currently practiced of promoting early retirement of middle-aged employees is temporary	No policy of promoting early retirement of middle-aged employees has been practiced or no such policy is expected in the future	Total
It is the principle of our firm to secure continuous employment until retirement and to secure reemployment in the firm's subsidiary companies to the regular employees	4.8	1.3	1.8	2.8	10.5
It is the principle of our firm to secure continuous employment until retirement to the regular employees	22.8	6.0	5.3	23.3	57.3
It will be difficult for our firm to secure continuous employment until retirement to our regular employees	18.5	4.0	3.3	4.5	30.3
We want to break off relations with continuous employment security practices	1.0	0.0	0.0	1.0	2.0
Total	47.0	11.3	10.3	31.5	100.0

appeared after the Oil Shock had not been a temporary measure but will be widely spread in next ten years. A special attention should be paid, moreover, when we see 30.3 per cent of personnel directors who find difficult to maintain continuous employment security for employees in next ten years. 18.5 per cent of them (61.0 per cent of this category) is now planning the VERP and it may imply that next ten years see a dramatic change on employment security practices, led by them.

### 7. *Changes of Loyalty to Firm of Employees and the VERP*

It has been felt unusual by foreign observers for a long time that Japanese employees of big firms have kept strong loyalty to the firm they are employed. A question may rise from the foregoing observations if firms do not mind an impact on loyalty to the firms when they go to cease to keep life-term employment security practices. We can see an answer of personnel directors to it in Table 7. It may be well understood based on Japanese traditional

practices that only 27.6 per cent of them feel a policy of promoting early retirement of middle-aged employees with high seniority will not influence loyalty to the firm of younger employees. It should be further noted that one-third of them (9.1 per cent) comes from the firms currently practicing the VERP whose share occupies unusually higher than other categories.

The rest three-fourth of personnel directors feel that a policy of promoting early retirement of middle-aged employees with long-term firm service will give an impact on lowering loyalty to the firm of employees by practicing it, in which an overwhelming majority of personnel directors feel that the impact will be pervasive over all employees.

However, a careful attention should be paid to the answer that a little less than half of them (31.1 per cent) are planning to set up a policy of promoting the VERP in the near future though they believe such a policy lowers loyalty to the firm of employees. As far as this observation is concerned, there are a considerable number of personnel directors of Japanese big firms who will dare to destruct traditional employment security practices sacrificing loyalty to the firm of employees.

TABLE 7. IMPACT ON LOYALTY TO FIRM AND THE VERP (PERSONNEL DIRECTORS)  
(%)

Change of Loyalty to Firm the VERP	Policy of promoting early retirement of middle-aged employees with long-term firm service will substantially lower loyalty to the firm of younger employees	Policy of promoting early retirement of middle-aged employees with long-term firm service will substantially lower loyalty to the firm of all employees	Policy of promoting early retirement of middle-aged employees with long-term firm service will not influence loyalty to the firm of younger employees	Total
Want to set up a policy of promoting early retirement of middle-aged employees	8.8	22.3	15.8	46.9
The policy currently practiced of promoting early retirement of middle-aged employees extends over a long time	0.5	5.0	5.8	11.3
The policy currently practiced of promoting early retirement of middle-aged employees is temporary	0.5	6.5	3.3	10.3
No policy of promoting early retirement of middle-aged employees has practiced or no such policy is expected in the future	2.8	26.1	2.8	31.6
Total	12.5	59.9	27.6	100.0

## 8. Industrial Relations Forecast

A reader may firmly observe a possibility of cracking in Japanese traditional employment

security practices by the foregoing opinions raised by personnel directors, and partly by company-unit trade union secretaries. Then, how will Japanese industrial relations go on in next ten years? For getting some perspective on it, we placed a question about a possibility of big conflicts in industrial relations in next ten years. Answers of personnel directors are shown in Table 8.

Since the major subject of industrial relations may be centered around how to deal with employment practices of middle-aged employees with high seniority, table 8 especially focused on this subject. A little further explanation may be needed for a leader to understand the column of Table 8 about "degrading" policy on middle-aged employees with long-term firm service. While we described a mass dismissal of those middle-aged employees after the Oil Shock, attacks on them have not limited within deployment. The main personnel management practices taken on them since then have been as follows: (1) lowering annual wage rate increase of middle- and old-aged employees. This lowering covers both annual base-up and rate-progressing increases. This practice has aimed at levelling off wage rates of employees older than 45 or 50 regardless of ages and length of firm services. (2) Promotion stops at a certain age in forties or fifties. Many of big firms have now adopted the demotion policy of managers at 55 years old, in which managers reaching 55 years old are forced to resign their administrative positions and are to stay in the firms up to 60 of retirement age. Some of big firms have further introduced a new approach to cut off promotion prac-

TABLE 8. INDUSTRIAL CONFLICTS AND THE VERP (PERSONNEL DIRECTORS) (%)

Industrial Conflicts the VERP	Big conflicts in industrial relations within our firm will rise when the firm hammers out a degrading policy on middle-aged employees with long-term firm service	Big conflicts in industrial relations within our firm may rise when the firm hammers out a degrading policy on middle-aged employees with long-term firm service	Big conflicts in industrial relations within our firm will not rise when the firm hammers out a degrading policy on middle-aged employees with long-term firm service	Cannot predict	Total
Want to set up a policy of promoting early retirement of middle-aged employees	2.6	16.3	25.5	3.1	47.4
The policy currently practiced of promoting early retirement of middle-aged employees extends over a long time	0.5	3.3	6.6	0.8	11.2
The policy currently practiced of promoting early retirement of middle-aged employees is temporary	0.8	3.1	5.9	0.5	10.2
No policy of promoting early retirement of middle-aged employees has practiced or no such policy is expected in the future	2.8	10.7	14.8	2.8	31.1
Total	6.6	33.4	52.8	7.1	100.0

tices. Before the Oil Shock, many of Japanese big firms continued to expand their business and they had keenly needed for securing a growing number of middle-management. By the traditional practice of promotion policy based on length of service, the majority of employees were able to expect some promotion after a certain length of firm service. The situation considerably changed after the Oil Shock and employment squeeze or business cutting began. No such a probability of mass promotion is feasible. Facing this kind of severe situation, some of the firms placed a new approach on their employees at ages of fifties. They are forced to choose one of several channels through which many of them work up to retirement. The channels are usually cut apart as follows: (a) striving for getting promotion, (b) working for becoming professionals or experts without getting promotion, (c) working as ordinary employees without further ambition, and (d) choosing the VERP and resigning.

All the practices above mentioned mean the "degradation" of middle-aged employees with high seniority because they have lost previous priority under traditional progression practices. Before those practices are introduced management of course consults with the company-unit trade union and gets its agreement. Thus in Table 8, we can see that among 21.4 per cent of the firms which are currently practicing the VERP, 12.5 per cent (58.4 per cent of this category) of them do not expect any conflict with the union on degrading their

TABLE 9. INDUSTRIAL CONFLICTS AND THE VERP  
(TRADE UNION SECRETARIES)

(%)

Industrial Conflicts	Big conflicts in industrial relations within our firm will rise when the firm hammers out a degrading policy on middle-aged employees with long-term firm service	Big conflicts in industrial relations within our firm may rise when the firm hammers out a degrading policy on middle-aged employees with long-term firm service	Big conflicts in industrial relations within our firm will not rise when the firm hammers out a degrading policy on middle-aged employees with long-term firm service	Cannot predict	Total
the VERP					
Want to set up a policy of promoting early retirement of middle-aged employees	1.9	7.1	11.4	1.4	21.8
The policy currently practiced of promoting early retirement of middle-aged employees extends over a long time	0.5	1.9	0.9	0.0	3.3
The policy currently practiced of promoting early retirement of middle-aged employees is temporary	0.9	3.3	4.3	0.5	9.0
No policy of promoting early retirement of middle-aged employees has practiced or no such policy is expected in the future	5.2	25.6	31.8	3.3	65.9
<b>Total</b>	<b>8.5</b>	<b>37.9</b>	<b>48.3</b>	<b>5.2</b>	<b>100.0</b>

middle-aged employees.

It is striking in Table 8 that the majority of personnel directors do not expect any rise of industrial conflict when they practice to degrade middle-aged employees with high seniority, who may be the core of the traditional employment security practices. This expectation is kept unchanged even when the firms practicing and being prepared to practice the VERP are taken (38.0 per cent to 68.8 per cent).

What perspective in next ten-year industrial relations do union secretaries have? Answers may be found in Table 9. It may be surprised that around a half of them (48.3 per cent) shares the opinion of the majority of personnel directors (52.8 per cent) expecting no conflict by degrading the core employees of traditional employment security practices. Their opinions are similar to personnel directors when the firms practicing and being prepared to practice the VERP are taken.

## 9. *Conclusion*

The year of 1979 the survey conducted was a rising year of Japanese economy after a long depression and some of industries resumed to expand their business. It shows that opinions of both personnel directors and company-unit trade union secretaries have not directly reflected any pessimistic view of economic environments in that year or in coming years. Nevertheless, the opinions undoubtedly show a widening of crack in Japanese traditional employment security practices. We will of course not say by only one survey that the traditional employment security practices will be lost within some years. While the outcomes of the survey above mentioned are kept, we will further try to prove whether the crack be more feasible or less.