〈論　　文〉

Rethinking the long-term personnel planning of Japanese firms in the 1960s

Jiro TAKEDA

Abstract

The increasing importance of environmental, social, and governance investments and the management of Sustainable Development Goals in recent years has prompted Japanese and overseas companies to place great value on long-term perspectives. The same is true not only for general business management, administration, and corporate governance but also for human resource management. At some point during the *Showa* era, long-term personnel planning became common practice in Japanese companies. Personnel managers also discussed it extensively in books and journals. By reviewing the literature from that period, this study seeks to identify useful suggestions for management, especially human resource management, in Japan today. Admittedly, there are a lot of lessons to take seriously now.

Keywords : long-term planning, personnel management, human resource management, critical realism

1. Introduction

In the 1960s, long-term personnel planning was a popular practice in Japan. A search on NDL ONLINE[1] yields at least four books[2], as well as journal articles, on the topic of long-term personnel planning. For example, *Romukenkyu* featured this topic twice—in 1960

1 NDL stands for National Diet Library. It provides the NDL ONLINE service, through which I searched for materials using the words *jinji / jin'in / yoin* (personnel) and *keikaku* (planning).

2 These books are as follows: Management Center (Ed.) (1968) *Tekisei jinnin: keikaku to kanri no jirei*, Management Center; Rodo Horei Kyokai (Ed.) (1965) *Choki jinji keikaku no jissai*, Rodo Horei Kyokai; Takase, S. (Ed.) (1963) *Choki keiei keikaku*, Keirin Shobo; Yoin Kanri Kenkyukai (Ed.) (1966) *Youin no keikaku to kanri*, Diamond Sha.

(vol. 13(11)) and 1961 (vol. 14(9))—and introduced several relevant papers. Similarly, *Keieisha* featured long-term personnel planning in 1959 (vol. 14(1)). In fact, Saito (1961: 23) said, 'Nowadays, long-term planning is frequently discussed... It will surely become popular' in the context of personnel planning.

Given this trend, this study aims to clarify why long-term personnel planning was important at that time and how it was discussed in the literature. To this end, I will review the aforementioned materials in hopes of uncovering potential solutions to the many challenges that human resource management (HRM) faces today.

Why was long-term planning important in those days? Quoting Okita[3], Iwashita (1961: 45) raised the following points:

(1) The competition for economic growth between America and the Soviet Union became severe.
(2) Empirical knowledge had been accumulated.
(3) Monopolistic and oligopolistic companies expanded.
(4) Further clues to long-term aims and appropriate directions were needed.

Meanwhile, Tasugi described the reasons why long-term planning was thought to be crucial then:

> In short, the speed of progress and change nowadays is increasing such that we are said to be situated in a period of turbulence and innovation. To adapt ourselves to this situation, we need a certain period of time.
>
> (1963: 21)

Considering the aforementioned comments, let us summarise the situation during that period. As managerial and administrative data were accumulated at that time, firms were able to form long-term perspectives easily. Meanwhile, as competition intensified[4] internationally and technically, uncertainty increased and became a concern that most firms had to confront. Hence, many Japanese firms decided to make long-term plans to address such a situation. Their aim was 'to plan the whole management and administration to achieve stable growth in a turbulent era' (Tasugi, 1963: 23).

Such a description is applicable to the current situation as well. Many kinds of uncertainties surround Japanese firms today despite the rapid development of information technology and statistical methods. Hence, rethinking how Japanese firms viewed and

3　S. Okita (1959) Keikakuka no ryuko, *Keizai Seminar*, 32: 1-4.

4　This clause may seem contradictory to Iwashita's comment (3), but 'In oligopoly, large companies know that price competition generally leads to each other's pain and sacrifice, so they rather aim to make their own customers loyal to them through the quality of their goods or services. Thus, they compete aggressively with each other' (Tasugi, 1963: 21-22).

executed long-term planning is a valuable undertaking. In particular, personnel planning should be highlighted considering the demand for labour and the importance of industrial relations in those days. Apparently, long-term personnel planning was one of the hottest issues in Japanese firms.

2. Focal research point and methodology

Most management activities, especially those in the areas of personnel management or HRM, are 'naturally qualitative, inherently complex, multidimensional, subjective, and evolving phenomena'; therefore, researchers should rely on an appropriate approach, such as critical realism (see Fleetwood and Hesketh, 2010). I strongly support the idea of critical realism based on my own viewpoint and experience[5]. Drawing inspiration from what Roy Bhaskar[6] referred to 'programmes', Takeda (2021: 89-90) interpreted such 'programmes' as plans and administrative activities which are produced and reproduced constantly in organisations. Organisations rely on these programmes for stable profits and cannot survive without them.

Another critical realist expressed a similar argument using the term 'mechanism'.

> ...[I]ndeed causal powers exist independently of their effects, unless they derive from social structures whose reproduction depends on particular effects resulting... It is in this view of the fact that causal powers are contingently related to their conditions that when we activate a *mechanism* for our own purposes we take care to ensure that the conditions under which it operates are those which will produce the desired effect.
>
> (Sayer, 1992: 107, emphasis added)[7]

Taking *mechanisms* for different kinds of 'plans' in the organisational context may not be unreasonable. Good knowledge of plans will enable us to understand the nature of affairs or events around management which are complex and difficult to comprehend. Fortunately, the mechanisms in the social world are more ordinary than those in the natural world, according to Sayer (1992: 116):

> ...[There is] the advantage which social scientists have over natural scientists of internal

---

5 I had been a staff of a traditional Japanese firm for more than 24 years and held jobs in the areas of personnel management, management accounting, etc.

6 See Bhaskar, R. (1998) *The Possibility of Naturalism: A Philosophical Critique of the Contemporary Human Science* (3rd edition), Routledge. Bhaskar is the founder of critical realism.

7 The text in the square brackets [ ] indicates my rewriting or insertion. The same shall apply hereafter.

relation between knowledge of society and its object which gives easier access to mechanisms. There is no need, for example, to conduct experiments on or search for regularities... [W]e should remember that many causal mechanisms are ordinary and fairly well understood by *actors*.

(emphasis added)

Moreover, he notes,

...[T]here have been many studies... which have overlooked obvious mechanisms such as [ordinary] rule-following actions... [I]t is sometimes possible for social scientists to know less about their objects... than the *well-informed lay person*.

(Sayer, 1992: 116, emphasis added)

As implied in the literature, I need not use too many words to show the method which should be adopted here. All I have to do is to listen to the *actors*, that is, the in-house practitioners[8] who engaged in long-term personnel planning, which was decisively crucial (at least) in 1960s' Japan, and interpret their ideas or philosophy[9] on the basis of their writings. Two of the materials I mentioned previously are especially useful. One is an excellent and practical book edited by Rodo Horei Kyokai (1965), *Choki jinji keikaku no jissai*, and the other is an equivalent by Management Center (1968), *Tekisei jinnin: keikaku to kanri no jirei*. These works include detailed cases written by practitioners of several leading companies based in Japan and are thus highly relevant to my purpose. Herein, I will review a few of their cases.

3. Review

3-1. Case 1: Sumitomo Electric Industries, Ltd. (included in Rodo Horei Kyokai, 1965)

Personnel manager Katsuta introduced its long-term personnel plan. His basic stance was quite careful.

For the last few years, the necessity of long-term planning has been emphasised while the Japanese economy has experienced an unusually smooth growth. Thus, some scholars and managers seem to have a risky thought that only if you make certain long-term plans

---

8 If well-informed *lay* people *sometimes* have more knowledge than scientists as Sayer (1992: 116) said, then well-informed *practitioners quite frequently* have much more knowledge than scientists.

9 Particularly in the 1960s, in-house practitioners and labour leaders made philosophical or academic statements actively and sometimes set the world straight. We can see them in books, journals, and even internal newsletters at that time.

> like those of a few huge American companies can you execute them with endeavour. Long-term planning must fit your company's real ability and innate characteristics. (Katsuta, 1965: 131-132)

The following statement also reflects Katsuta's honest and deep feelings:

> Generally speaking, employees who have been in organisations for many years come in two types... Some people are highly bound by all the plans and affected by their harmful influences. For example, they conflate the reality with the dreamy parts of the plans. Others ignore plans from viewpoints based on their long experiences.
> Any firm embraces both types of people, and thus, its long-term plan should be the one which can persuade and command them to act realistically. (ibid.: 132)

Katsuta probably suggested the existence of trade unions, that is, the latter type. During or before joint labour–management consultations, managers should explain the motivation, purposes, evaluation criteria, etc. of the plan satisfyingly enough to make them understandable for the trade union. Such a procedure was arguably important in Japanese industrial relations at that time[10]. Meanwhile, some managers or employees who believed even in dreamy scenarios—the former type—must have posed challenges in operations management. Such people may often perform their jobs or command their subordinates in an unreasonable (*muri*), vain (*muda*), and uneven (*mura*) manner. Considering the statements of Katsuta (1965), one can assume that managers at that time had to manage, organise, and implement their long-term plans amidst these difficulties.

Katsuta mentioned another challenge which relates to the adjustment inside the company—that is, 'the adjustment between the "macro plan" formulated by the personnel department and the "micro plan" formulated based on the manpower requirements of each division'[11] (ibid.: 139). The 'macro plan' was developed by considering the projected turnover in the next five years, the turnover per head in the past two years, and the growth quotient of labour productivity (see ibid: 140-141). The 'micro plan' was based on the concrete production plan of each division (see ibid.: 142-143). The personnel department was in charge of the adjustment between the two plans[12]. How did the department adjust them? According to Katsuta,

---

10 It is important even today when trade unions in Japan are not as strong as those at that time.

11 This adjustment was called '*rendezvous* style' (Katsuta, 1965: 139). This wording suggests that the relation between the macro plan and the micro one resembled male–female relationships. Both relations are complex and often entail twists and even conflicts or discrepancies to some extent, as you know.

12 It must have been a difficult task. In addition, the long-term personnel plan had to be adjusted to the long-term profit plan formulated by the accounting department (ibid. :144).

> ...[S]o far, different kinds of problems about the macro plan emerged in the adjustment phase. As [the personnel department] wants to carry out the adjustment with each division more actively and consciously, on the basis of the adjustment, [the personnel department] lets each division specify its own views [through a form (see Table 1)] from the outset to apply the calculation scheme of the macro plan to each division and lets it submit its own policy plan that it believes to be the best.
>
> (ibid.: 156-157)

Table 1 Policy of personnel plan

Department/Section

Items	Views
Fundamental policy	
Elements of calculation for each employee type (overtime, efficiency, and proportion of temporary factory workers)	Managers, office workers, engineers
	Factory workers
	Temporary factory workers
Views on the policy 'Improving turnover per head by X%'	
Others	

Source: Katsuta (1965: 155).

As shown in Table 1, the form used for the adjustment was quite simple. The simplicity seemed to reflect the fact that the practice was not established firmly yet[13] and that the people related to it had a very difficult time. The personnel department and each division might have needed to conduct many discussions to reach a conclusion.

In summary, making a long-term personnel plan was a laborious task then, as implied by Katsuta. Given the large number of stakeholders involved, adjustments among them must

13 Conversely, if the agreement between the personnel department and each division regarding what and how to communicate in detail had been established, then each division would have to fill out more items. In fact, the company just tried to use the form in the same year when Katsuta wrote the article (see ibid. :156).

have been necessary to consider their different interests. Although this scenario was limited to the stakeholders within the company rather than outside it[14], the challenges Katsuta faced seemed to increase in difficulty –all the more in a way– and he tackled them head on.

3-2. Case 2: Asahi Chemical Industry Co., Ltd. (included in Management Center, 1968)

Higuchi and Oshima (1968)[15] introduced long-term plans in Asahi Chemical and described how difficult the adjustment between sales, production, and personnel policies was. Firstly, they detailed the sequence of events:

> In 1959, this company built a cashmiron (synthetic acrylic yarn) factory in Fuji City, Shizuoka Prefecture, by using its own technology...
> However, its cashmiron business was quite unsuccessful from the outset because four companies had already been running an acryl business... Further, its quality was uneven because of its own technology, and it faced conflicts in its sales and commercialisation policy... Thus, this company went into the worst condition.
> (Higuchi and Oshima, 1968: 5)

Accordingly, the firm's staffing policy clearly changed from its factories to its sales. 'The management of this company recognised that the times were shifting from "we sell what we produce" to "we produce what sells"' (ibid.: 5). However, because its sales-oriented policy had numerous faults, the personnel became superfluous. 'It was because simplistic human-wave tactics were used in the name of sales, and the manpower was not developed and utilised sufficiently' (ibid.: 6).

Such an unfavourable situation could be attributed partly to the adverse effects of the introduction of a divisional organizational structure. Higuchi and Oshima offered the following analysis:

- Among business division(s) and/or back-office section(s), functional overlaps happen. They tend to result in dispersed manpower and decreased efficiency.
- Each business division is apt to hold excellent employees, thus preventing the divisions which demand such people (e.g. new business division) from getting enough personnel. Thus, efficient personnel arrangement cannot be realised from the viewpoint of the whole company.
- At the same time, the condition leads to a tendency in which higher-level jobs are not

14 Of course, trade unions exist legally 'outside but are usually organised 'within' individual companies in Japan. The same is true for this case.

15 At that time, Higuchi was a subsection chief of the personnel department of the company, and Oshima was a staff member of the same department.

allotted to these people and the development of their abilities is delayed.

-As each business division somehow prioritises the personnel arrangement for its line, cultivating functionally necessary staff and specialists is delayed. As a result, back-office sections are obliged to rely on human-wave tactics and suffer from lower efficiency.

(ibid.: 7-8)

Obviously, the organisational system was not the only cause of the negative personnel issues. Nevertheless, for Higuchi and Oshima (1968), the hardest challenge related to personnel affairs must have been the adjustment between the overall optimisation of the firm and the partial optimisation of each division. After the first long-term personnel plan formulated in 1959-1961 turned out to be unsuccessful in overcoming personnel problems and was thus aborted, the second plan was formulated in 1966-1968. The latter had two main purposes. One was to focus on the supply side of manpower as well as on the demand side. That is, it sought to strictly examine the necessary quantity of manpower while improving its quality (see ibid.: 26). The other, which I consider more important, was ‘to illuminate any problems in the current *organisation, institutions, or systems* and to identify which measures should be adopted in order to reinforce manpower further and direct it towards the aims of this company’ (ibid.: 26, emphasis added). Accordingly, the efforts made by the personnel division were not sufficient to realise the idea of the long-term personnel plan. The issue was so organisational and institutional that the ‘top management and the managers of each business division and each section must also address it with all their strength’ (ibid.: 28).

Briefly, the personnel division seemed to recognise the difficulties in long-term planning. This scenario led to a series of organisational and institutional measures.

In 1967, the firm decided to establish a committee for organisational and personnel rationalisation. This committee consisted of one chairperson (firm’s vice-president), three vice-chairpersons (firm’s executive directors), and seven standing members (managers in charge of control and administration, general affairs, administration of development, engineering plan, personnel, labour relations, and accounting). Depending on the agenda, the manager(s) of other business divisions or sections could be nominated by the chairperson to act as a non-standing member(s) (ibid.: 37).

As Higchi and Oshima described, the committee had several remarkable characteristics:

-Its main aims were to improve the organisational efficiency and to utilise effectively the existing manpower to develop new businesses, unlike mere rationalisation such as cost reduction or redundancy in recession.

-Therefore... the appropriate size of manpower for each division was set in macro terms in light of the organisational aims and performance objectives. Thus, improving efficiency in each division was deemed as the target...

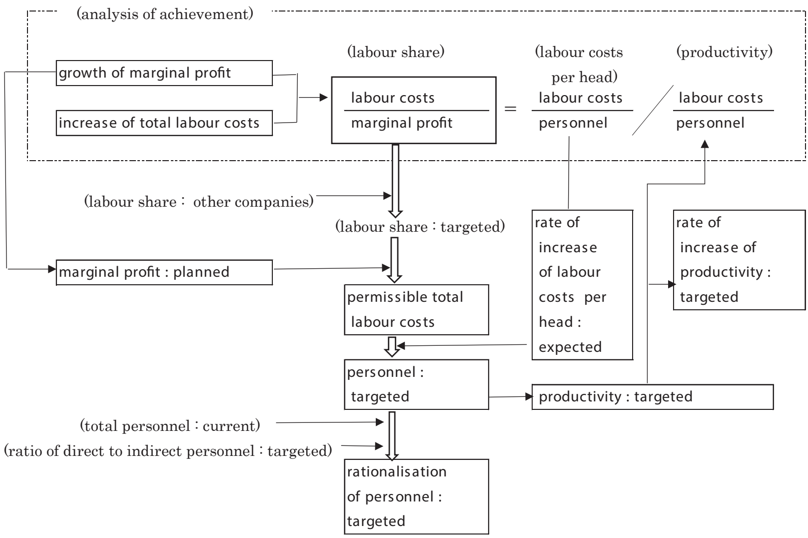
-It did address organisational and systematic rationalisation rather than merely focusing on personnel rationalisation...

(ibid.: 36-37)

The committee was thought to be future-oriented at least in its original concepts. More importantly, the personnel department's staff served as the secretariat of the committee. As the committee involved various functions, they focused extensively on technology, production control, engineering, finance, accounting, and so on, all of which related to personnel planning. As for long-term personnel planning, Asahi Chemical Industry was one of the leading companies in Japan, and they could not imitate other companies' cases.

Then, the committee decided on the company-level purposes and presidential policies 'in order to make the managers of each division recognise the depth of this matter and change their mindsets' (ibid: 38). In their preparation to achieve the tasks, the committee[16] started to consider the company-level target by means of labour sharing and the ratio of direct to indirect manpower. Although some problems were remained with regard to a series of attempts by the committee, the scheme was so organic that it led to the subsequent development. Its main point has been condensed in a chart (Figure 1), which I believe is suitable for concluding this subsection.

Figure 1 Approaches: labour costs, personnel, and productivity



Source: Higuchi and Oshima (1968: 39, partly added and revised).

16 The control and administration department and the *labour relations* department engaged in it (see ibid.: 38). I suppose that considering many factors of industrial relations was inevitable to elaborate this issue.

4. Conclusion

The two cases highlighted in this study indicate that for long-term personnel planning, sincere discussions or negotiations with internal (or de facto internal) stakeholders, such as existing business units within the firm and trade unions, should be conducted. As the relationship with these parties is complex and long-lasting, dealing with them in a perfunctory manner would be unacceptable. Moreover, because personnel issues often involve regional characteristics, simply imitating the leading cases of other domestic or foreign (especially American) companies may not be enough to achieve fruitful results. One may reasonably argue that the approach employed by personnel or directors in charge of personnel affairs in those days (1960s) was more earnest than we might assume[17]. I believe that today, scholars and practitioners can learn greatly from the attitudes and approaches that emerged in the aforementioned cases. Hence, I intend to collect and review more cases and derive insightful conclusions.

References

Fleetwood, S. and Hesketh A. (2010) *Explaining the performance of human resource management,* Cambridge University Press.

Higuchi, T. and Oshima, M. (1968) Asahi Kasei Kogyo no jirei (In Management Center (Ed.), *Tekisei jinnin: keikaku to kanri no jirei*, Management Center Shuppan-bu)

Iwashita, I. (1961) Choki keiei keikaku ni kansuru bunken oyobi naiyo shoukai, *Romukenkyu*, 14(9): 45-49.

Katsuta, Y. (1965) Sumitomo Denko no choki jinji keikaku (In Rodo Horei Kyokai (Ed.) (1965) *Choki jinji keikaku no jissai*, Rodo Horei Kyokai).

Saito, M. (1961) Choki jinji keikaku eno approach, *Romukenkyu*, 14(9): 23-28.

Sayer, A. (1992) *Method in social science: a realist approach* (2nd ed.), Routledge.

Takeda, J. (2021) Consideration for the explanations of the "HRM (human resource management) - P (performance) link" suggested by strategic human resource management (SHRM) studies, Social science review, Doshisha university,145: 85-104.

---

17 In my opinion, because current issues such as Sustainable Development Goals (SDGs) or environment, social, and governance (ESG) objectives are more exogenous than personnel issues in those days, attitudes taken towards each issue may differ. Do the people in charge of such current issues sincerely address the following matters? With whom do they negotiate? What are the rules of the negotiations? What are the procedures to take if they fail to reach an agreement? If they thoroughly ponder these questions, then there must exist some organic schemes, at least within the organisation. However, I cannot guarantee the existence of any firm whose SDGs or ESG plans are linked organically to each of its function.

Tasugi, K.(1963) Choki keiei keikaku no honshitsu to sono soshiki (In Takase, S. (Ed.) *Choki keiei keikaku*, Keirin Shobo).