The Japanese Wage System In Manufacturing Industries

Charnnarong Harnamornset*

1. Introduction

In general, the Japanese wage system is quite different from the wage system of Western countries. In the West wages usually take the form of base rate only whereas in Japan they are the sum of variety of payment. In most cases, the Japanese worker receives not only base rate but also an individual efficiency rate, a group of incentive, and job duty allowances for occupational position, diligence and so on. There are also other payments such as family regional living-cost and housing allowances. All of these wage items are called the "Chingin Taikei" as wage system.

The purpose of this article is to study the general features of the Japanese wage system as well as to analyse its component in some selected manufacturing industries namely textile, iron and steel industries. In addition, some recent movements of wage system in large firm are also included.

*Assistant Manager, Thai Benkan Co., Ltd.

2. Historical Background of The Japanese Wage System

Historical Background of The Japanese Wage System

The wage system has its roots in Japan's history. It may be said that the major purpose of the system has been to keep the base rate as low as possible. The place of a worker on the ascending scale of base rates, the cornerstone of personnel management system, explicitly indicates his status in the work place, As the base rate is also a basis for calculating the worker's retirement allowances, employers have felt it necessary to keep it as low as possible in order to minimize the cost of such allowances. On the occasion of wage increases in time of rising prices, they have preferred to add a variety of allowances rather than to increase base rate. The concept of a living wage based on traditional family-paternalism may have been still another factor that contributed to the peculiar Japanese wage system. The family allowance as a part of wages was introduced after World War One and has spread rapidly since that time. It has contributed significantly to the wage system's paternalistic features. Finally, whereas wage rate in Western countries are based essentially on occupational skill, in Japan they are characteristically determined by the worker's age, length of service, and occupational status (and since World War Two, his educational background). In other words, the wage rate of Japanese permanent employees increase by an annuals increment that raises the wage of each individual according to his age and length of service. This characteristic is often called "seniority-based wage system" (Nenko-Chingin). The seniority-based wage system is one of typical aspects of Japanese personnel management practices as it first remarked by Abegglen. He pointed out two distinctive features in his study, one having to do with employment practice and the other with wage. He described the employment practice as an established arrangement where an employer does not discharge an employee even temporarily, and in return the worker, at the time he first employed, commits himself to that company for the remainder of his working life. Wages, according to Abegglen, are determined by the degree of a worker's commitment, not by his position or productivity[1]. Under this wage system it can be happened that senior unskilled workers who have long length of service can receive higher wage than young skilled workers. The reward of this system is commitment and loyalty, while mobility is considered to penalized and discourage. Another remark made by Sakurada Takeshi, the former president of Japan Federation of Employers' Association (Nikkeiren), that industrial relations of Japanese business consisted of three sacred treasures that is lifetime employment, seniority wage system, and enterprise unionism a type of union organization where employees of the same firm are organized together in a single union[2]. In fact the three sacred treasures have closely connected to each other. The lifetime employment practice and the seniority wage system have developed during the process of Japan's industrialization. Industrialization proceeded in Japan through the introduction of new technology from Western countries. In order to secure and retain workers for the purpose of utilize the new technology, employers had no choice to conducting technical training for young workers chosen from among their own employees. As the fact that, employers wanted their trained workers who are considered as a valuable assets of firm to stay or work with the firm as long as possible in order to full utilization of their knowledges and skills. For this purpose, employers give a preferable treatment to all of them in order to exchange with a long stay

in the firm. Thus, the lifetime employment practice is the method and means to secue the valuable skilled workers[3]. The lifetime employment practice is the practice under which the employer provides a worker with security throughout his working. The wage system, likewise the lifetime employment, is also method to encourage workers to serve for a long period. The longer in the firm, the higher wage they get as their wage increase in proportion to the years in service or in relation to the worker's age. In addition, the enterprise union also has an important role on wage system as the wage system is decided through negotiations between labor unions and employers under the assumption that workers will stay in service until his retirement age. Furthermore, the wage pays to workers will supposed to increase every year as the result of annual wage negotiations in every Spring which is well known as Springtime Wage Increase (Shunto). For the workers side, they also prefer this kind of personnel practices in the sense that they feel more security as their life are guaranteed by employers and the older they become, the more money they need for expenses for education and marriage of their children. According to Kobayashi, the Japanese workers feel that pay according to seniority is fair, since there is a feeling that all workers will contribute their best efforts to the success of the firm[4]. It should be noted here that this employment practices and this wage system were further promoted by social factors as the composition of Japan's laborforce population through the 1960's. The rapid postwar population expansion pushed up the ratio of young workers in the total laborforce, and furthermore young workers were easily recruited from the primary industrial sector for instance agricultural sector. But, rapid economic growth brought labor shortage in the late 1960's and early 1970's particularly of young workers, consequently pushing up wage levels for young workers and increasing the number of those recruited in mid-careers (half-way employees)[5]

3. The Characteristic of The Japanese Wage System

The Japanese wage system is not imposed by law. It is a customary practice that was institutionalized after World War Two with the active support of labor unions. However, the custom becomes contractually binding by its incorporation in the company's Rule of Employment (Shugyo Kisoku)[6]. These regulations must be submitted to the Local Labor Standard Bureau (Labor Standard Law, Article 89), together with a document proving that the opinion of the majority labor union or of a representative of the majority of employees was sought (Article 90). In this Rule, the wage system is usually covered in several sections, one for wage, another for bonus, and still another for retirement and retirement allowances.

The characteristic of the Japanese wage system can be summarized as follows:-

1. There is a lifetime perspective to the corporate payroll as well as to the individual salary. The corporate payroll has often been described as a fixed cost, rather than the variable cost it is supposed to be in other industrial countries. As the overall real wage is low, the individual wage, on its part, tends to take the form of a guaranteed life income. Accordingly, wages are tied to the individual's life cycle needs, which in turn means the age of each individual or the number of years of continuous employment at the same firm. This fact reflected in the very low level of wages earned across the board by young employees just starting out in the workforce. Because starting wages are so low, it becomes imperative that the individual's wage be raised as his age increases and assumes added financial responsibilities after marriage. In

this context, the system institutionalizes itself.

2. The system is at the same time general and specific. In it broad lines, it is general to Japanese industry, but it is also specific to each company by giving each wage component its own weight in the system. Thus, wage for different occupational grouping exist only within the firm. The absolutes and relative size of occupational wage differentials thus varies from firm to firm, being decided upon dependently within the framework of each individual firm.

3. Given this emphasis on seniority, wage rate may not very well reflect the quantity or the quality of the labor supplied by each individual[7].

4. Within any given firm the wage differentials between those senior and those junior group are much greater than that found in firms in other industrial countries. The wage differentials existing within Japanese firms are therefore unique[8].

5. The seniority-based wage curve is most predominant among white and blue-collar workers in the large firms; these unique features seem to become less important as the size of firm decreases.

6. The system does not apply to the entire workforce[9]. Its application is limited to all regular employees, making little difference between blue-collar and white-collar, nonsupervisory and supervisory employees. The department head is paid the same way as the clerk or the manual worker. The system excludes, however, corporate officers (director in the sense of the Commercial Code) and temporary or par-time employees.

These six characteristics have a practical consequence that the system operates within severe constraints. Its most elaborate formulation is found in the public sector and in the larger private enterprises, because it implies a permanency of the firm that smaller firm cannot emulate. However, the smaller firm abide by the system as long as economically feasible. Furthermore, the standard for the wage system is the male employees. Female employees join the system upon hiring at the time of school graduation, but they are not supposed to stay with the company beyond marriage or the first child. If, later, they re-enter the labor market, it will be as only temporary employees.

4. Wage Components

As mentioned earlier, the Japanese wage system is totally unrelated to occupational skill or job performance. For example, it is assumed that workers who have completed higher educational levels may be able to achieve higher skill levels or that older workers with longer service may be more skilled than younger workers. In Japan, however, occupational skills is measured only by factors of educational background, age and length of service and is not use directly to determine the wage rate. Thus, a worker's level of occupational skill can deviate from his level in terms of such factors. A typical example is the case in which an employee reaches a plateau in his occupational skill level while his wage rate continues to rise as his age and length of service increase. On the other hand, it is also common for an employee to reach a skill level where he is more competent and efficient than an older employee, but to be paid less because he is younger and has a shorter period of service with the company.

The post-war wage system in Japan differs in several ways from that of pre-war Japan. For example, formerly the employer set wage rate at his own discretion without reference to any standard. However, certain objective standards for wage determination emerged after the war. In addition, the based rate as a proportion of total wage also has increased with job rates,

Figure 1
Lifelong Remuneration Structure

I. Basic salary (monthly)
II. Allowances:
  1. Monthly allowances
     Such as overtime, position, family transportation, attendance, cost-of-living, etc.
  2. Seasonal allowances
     Usually at mid-summer and year-end.
  3. Retirement allowance
  4. Non-work allowances
     Such as sick leave, paid vacations, etc.
III. Statutory welfare costs (Monthly)
     Health insurance
     Welfare pension insurance
     Unemployment compensation insurance
     Workmen's accident compensation insurance, etc.
IV. Non-statutory welfare costs (monthly)
V. Non-cash benefits and other benefits like intra-company saving schemes

Source : Robert J.Ballon, Japan's Lifelong Remuneration System. (Tokyo, 1968), p.5.

which had only negligible use in prewar days, have become more popular in recent years. Despite these changes, however, the basic features of the wage system have slightly changed. Major features of the wage system can be seen in Figure 1 which shows the wage structure of the lifetime employment system.

The concept of wage includes both basic salary and monthly allowances; official statistics use the term monthly contractual cash earnings. Most salary is paid once a month. For the employee, this is the income from which daily expenditures are paid; for the employer or firm, the monthly payment means that substantial expenditure had to be faced only once a month, there-by easing considerably the flow of working capital. But at least twice a year, seasonal allowances are paid. For the employee, this income defrays the purchase of durable consumer goods and feeds savings; for the firm, it means again payroll cost delayed for six months, and some elbowroom, since the amount of such allowances is still partly determined by business conditions. Lastly, at the end of the employment period, a retirement allowance is paid. For the employee, this income represents finally the capital he needs to buttress further security; for the firm, it is a deferred wage payments that all through the employee period depressed the actual salary, which again greatly helps the flow of funds. Now, let me at this stage go into detail on the composition of wages which conducted by the Ministry of Labor as shown in Table 1.

First, as the upper part of Table 1 indicates the basic wage as a proportion of total regular or contractual wage payments is significantly larger at present than in the past, having risen to 84.8 percent in 1970 and to 86.8 percent in 1984. The lower part of the table shows, moreover, that regular wages account for more than 85 percent of total wages, including overtime, being supplement by various other wage items. Looking into each industry, Table 2 shows wage components of textile industry which indicates

Table 1[10]

Composition of Wages in Manufacturing Industry (1970-1984): by percent
(30 employees and more)

Wages Components	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Regular Wages															
Basic Wage	84.8	85.8	86.5	86.1	86.2	85.9	86.0	86.0	85.3	85.3	84.0	83.9	83.8	84.5	86.6
Type 1	25.9	16.3	19.0	18.6	17.8	20.0	18.3	19.0	17.8	17.0					13.2
Type 2	22.7	28.6	30.2	33.6	36.1	30.1	31.0	30.5	31.0	31.1					19.6
Type 3	36.3	40.9	37.3	33.9	32.3	35.8	36.7	36.5	36.5	37.2					53.8
Incentive Wages	4.0	3.6	2.5	2.5	1.8	1.6	1.3	1.4	1.4	1.2	1.1	1.1	1.1	1.1	
Allowances															
Job-duty	2.2	3.2	3.3	3.4	3.2	3.3	3.3	3.3	3.4	3.5	3.6	3.5	3.6	3.6	13.4
Living	5.1	5.9	6.2	6.3	6.9	7.7	7.9	8.0	8.5	8.5	7.3	7.4	7.5	6.9	
Attendance	1.6	1.3	1.2	1.2	1.2	1.2	1.1	1.0	1.0	1.0	0.9	0.9	0.8	0.8	
Commuting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	2.7	2.7	2.8	
Others	0.2	0.4	0.4	0.4	0.7	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Wages															
Regular Wages	87.2	88.8	88.3	87.4	90.8	91.7	90.0	89.7	89.4	88.4	88.0	88.3	88.8	88.4	85.3
Others Payments	12.8	11.2	11.7	12.6	9.2	8.3	10.0	10.3	10.6	11.6	12.0	11.7	11.2	11.6	14.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : Ministry of Labor, Year Book of Labor Statistics.
(Tokyo: 1970-1984).

Table 2

Composition of Wages in Textile Industry (1970-1984): by percent

(30 employees and more)

Wages Components	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Regular Wages															
Basic Wage	88.5	89.0	90.1	90.5	90.4	88.7	88.9	88.5	89.0	88.4	87.0	87.4	87.4	87.2	87.6
Type 1	24.4	15.1	18.7	19.8	18.7	21.3	19.8	19.8	16.7	17.2					12.5
Type 2	28.2	28.6	34.6	32.6	38.5	27.1	38.3	29.1	36.0	35.7					16.5
Type 3	35.9	45.3	36.8	38.0	33.2	40.4	30.9	39.6	36.3	35.4					58.5
Incentive Wages	2.1	2.3	0.8	0.8	0.5	0.7	0.6	0.6	0.5	0.6	0.6	0.7	0.6	0.4	
Allowances															
Job-duty	4.3	3.7	3.8	3.6	3.4	3.2	3.4	2.9	3.2	3.1	3.3	3.6	3.3	4.3	12.4
Living	4.0	3.8	4.2	3.9	4.7	6.2	6.1	6.9	6.2	6.8	6.5	6.0	6.2	5.1	
Attendance	1.0	0.9	0.8	0.8	0.8	0.7	0.6	0.6	0.7	0.7	0.6	0.6	0.6	0.9	
Commuting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6	1.3	1.5	1.7	
Others	0.2	0.4	0.3	0.3	0.2	0.4	0.5	0.4	0.4	0.4	0.4	0.6	0.4	0.4	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Wages															
Regular Wages	92.3	92.7	92.7	92.7	94.7	93.2	92.9	93.1	92.5	92.2	91.7	90.6	90.4	91.3	90.4
Others Payments	7.7	7.3	7.3	7.3	5.3	6.8	7.1	6.9	7.5	7.8	8.9	9.4	9.6	8.7	9.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.00	100.0	100.0	100.0	100.0	100.0

Source : Same as Table 1.

Table 3

Composition of Wages in Iron & Steel Industry (1970-1984) : by percent

(30 employees and more)

Wages Components	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Regular Wages															
Basic Wage	73.0	76.3	82.8	82.5	87.1	88.0	88.2	88.4	87.5	87.6	86.9	85.7	86.0	89.5	92.0
Type 1	28.9	18.1	25.3	19.0	22.7	20.5	14.9	17.8	23.7	22.1					10.5
Type 2	20.9	28.0	29.8	34.7	37.7	43.7	34.6	35.7	30.2	33.6					28.6
Type 3	23.3	30.2	27.8	28.6	26.6	23.8	38.7	35.0	33.6	31.9					52.9
Incentive Wages	19.0	15.4	7.6	7.8	3.2	2.9	2.6	2.3	2.2	2.3	2.1	1.6	1.5	1.0	
Allowances															
Job-duty	4.1	3.8	4.1	4.7	4.6	4.3	3.9	4.2	4.0	4.4	4.2	3.8	3.8	3.9	8.0
Living	3.0	3.5	4.3	3.8	3.4	3.6	4.0	4.2	5.4	4.9	3.2	4.3	4.1	1.9	
Attendance	0.8	0.8	0.9	1.0	1.0	0.9	0.8	0.7	0.7	0.6	0.5	0.4	0.4	0.5	
Commuting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.8	2.9	3.1	
Others	0.1	0.1	0.2	0.3	0.7	0.2	0.5	0.2	0.2	0.2	0.4	1.4	1.3	0.2	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Wages															
Regular Wages	82.0	85.3	83.2	80.5	82.8	87.2	87.5	86.7	87.3	85.1	84.9	86.9	87.1	87.7	84.3
Others Payments	18.0	14.7	16.8	19.5	17.2	12.8	12.5	13.3	12.7	14.9	15.1	13.1	12.9	12.3	15.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : Same as Table 1.

Table 4

Composition of Wages in Electric Machinery Industry (1970-1984): by percent
(30 employees and more)

Wages Components	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Regular Wages															
Basic Wage	88.9	88.1	89.3	88.7	87.8	87.1	86.9	86.7	85.6	85.3	85.2	85.0	85.4	86.1	88.8
Type 1	25.9	10.3	16.2	19.8	19.6	16.2	15.6	19.0	16.2	14.6					9.9
Type 2	35.6	41.7	38.4	42.3	42.1	35.2	37.3	35.4	33.9	36.1					24.7
Type 3	27.4	36.0	34.7	26.6	26.1	35.7	34.1	32.3	35.6	34.6					54.1
Incentive Wages	0.6	1.1	0.6	0.4	0.3	0.3	0.2	0.2	0.5	0.3	0.2	0.3	0.3	0.4	
Allowances															
Job-duty	2.3	2.5	2.5	2.5	2.2	2.8	2.7	3.1	3.2	3.0	3.0	2.9	2.9	2.8	11.2
Living	7.0	7.3	6.5	7.2	8.6	8.6	8.8	9.0	9.9	10.7	7.4	7.3	7.3	6.7	
Attendance	1.0	1.0	0.9	0.9	0.8	0.9	1.1	0.8	0.6	0.6	0.6	0.6	0.5	0.5	
Commuting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	3.6	3.3	3.2	
Others	0.2	0.2	0.1	0.3	0.3	0.3	0.2	0.1	0.1	0.1	0.5	0.2	0.2	0.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Wages															
Regular Wages	88.1	90.2	89.2	87.9	93.3	92.5	90.3	91.0	89.1	87.6	87.5	87.8	87.8	87.0	83.2
Others Payments	11.9	9.8	10.8	12.1	6.7	7.5	9.7	9.0	10.9	12.4	12.5	12.2	12.2	13.0	16.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : Same as Table 1.

Table 5

Composition of Wages in Transport Equipment Industry (1970-1984): by percent

(30 employees and more)

Wages Components	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Regular Wages															
Basic Wage	81.2	82.8	82.3	82.3	82.9	86.3	85.8	85.1	84.8	85.3	83.3	82.8	80.7	82.9	86.6
Type 1 [2]	19.8	8.7	7.2	6.4	9.3	17.9	11.3	16.5	16.4	16.6					9.9
Type 2 [3]	8.5	19.2	37.8	50.0	48.4	33.2	35.8	32.5	33.2	32.0					25.1
Type 3 [4]	53.0	54.9	37.3	25.9	25.1	35.2	38.7	36.0	35.2	36.7					51.6
Incentive Wages	8.8	9.0	9.7	9.3	7.4	4.8	4.6	4.7	4.6	3.4	3.6	3.5	3.2	4.1	
Allowances															
Job-duty	2.6	3.2	3.1	3.5	2.9	3.1	3.6	3.7	3.6	3.9	4.4	4.1	5.8	4.3	13.4
Living	6.7	4.3	3.7	3.8	4.6	4.8	5.3	5.8	5.7	6.1	5.5	5.8	6.2	5.1	
Attendance	0.6	0.6	0.7	0.7	0.7	0.6	0.6	0.5	0.9	0.6	0.5	0.7	0.5	0.6	
Commuting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	2.7	2.9	2.8	
Others	0.1	0.1	0.4	0.4	1.5	0.3	0.1	0.2	0.3	0.7	0.3	0.4	0.7	0.3	
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Wages															
Regular Wages	80.4	82.6	82.3	80.5	86.5	89.9	85.8	84.6	86.1	84.0	80.7	82.3	85.3	84.4	79.5
Others Payments	19.6	17.4	17.7	19.5	13.5	10.1	14.2	15.4	13.9	16.0	19.3	17.7	14.7	15.6	20.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : Same as Table 1

that the basic wage has slightly decreased from 88.5 percent in 1970 to 87.6 percent in 1984. However, the regular wages of this industry account for more than 90 percent of total wages.

Table 3 shows wage components of iron and steel industry which indicates that the basic wage has greatly larger today than in the previous years, having risen to 73 percent in 1973 and to 92 percent in 1984. However, the regular wager account 80 percent of total wages. Table 4 shows wage components of electrical machinery industry which indicates that the basic wage at present and in the past is indifference.

For instance, the basic wage accounts 88.9 percent in 1970 and 88.8 percent in 1980. The regular wages account more than 83.2 percent of total wages from 1970-1984. Table 5 shows wage compositions of transport equipment industry which indicates a significant increasing of basic wage from the previous years. For example, the basic wage accounts 80.4 percent in 1970 and it increases to 86.6 percent in 1984. In terms of proportion of regular wages to total wages it shows that regular wages account around 80 percent of total wages.

In overall, it can be inferred that the basic wage today has increased more than in the past. This increased in the relative share of the basic wage is due to primarily to simplification of the wage system achieved by integrating or eliminating various payments or allowances and establishing new basic wage derive from job rates. Such a tendency indicates that the Japanese wage system is approaching Western systems but, as Table 1 to 5 show, various carryover from the earlier days, such as incentive wage and living allowances, remain. The subset of basic wage gives an important support to approach Western wage system. As shown in Table 1, the basic wage itself consists of 3 types. The first one is the basic wage bases on personal factor e.g. age, experience, duration of service and educational attainment. The second one is the basic wage bases on job or work factors e.g. job evaluation, job-performing, ability and job. The third one is the basic wage bases on overall factors.

It is noticed that the basic wage bases on job factors are relatively quite larger than the basic wage which bases on personal factors. Likewise textile, iron and steel, electrical machinery and transport equipment industries also indicate the same significance of job factors more than personal factors as can see in Table 6 to 10 which show various types of wages system in manufacturing and particularly selected industries; textile, iron and steel; electrical machinery, and transport equipment respectively. The table show an increasing of wage system which is calculated according to job-related criteria, 51.9 percent in 1971 and further to 53.1 percent in 1979, 47.6 percent in 1971 and further to 50.2 percent in 1979, 58.8 percent in 1971 and further to 61.2 in 1979 for all manufacturing, textile, and transport equipment industries, respectively. But, it slightly decreased in iron and steel and electrical machinery industries from 75.4 percent and 67.6 percent in 1971 to 73.8 percent and 64.5 percent in 1979, respectively. On the contrary, the wage system which is calculated according to seniority-based wage criteria has gradually decreased from 8.4 percent, 9.9 and 2.5 percent in 1971 to 7.9, 7.9, and 2.3 percent in 1979 for all manufacturing, textile, and iron and steel industries, respectively.

Table 6

Percentage of Industries with a Particular Type of Wage System
(All MFG> with 30 Employees and more)

Type of wage system	1971	1972	1973	1974	1975	1976	1977	1978	1979
A. System based on work criteria	75.4	68.3	78.5	75.6	71.7	69.3	76.2	66.7	73.8
1. Single criterion system	10.2	8.1	11.9	12.5	21.1	9.9	6.2	6.5	5.8
2. Multiple criterion system	65.2	60.2	66.6	63.1	50.6	59.4	70.0	60.2	68.1
B. Systems based on personal characteristics	2.5	7.7	5.5	6.2	8.5	7.1	4.2	3.6	2.3
C. Systems integrating work criteria and personal characteristics	21.5	24.0	16.0	18.2	19.8	23.5	19.7	29.7	23.8
Total of all industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source : Ministry of Labor, Year Book of Labor Statistics. (Tokyo, 1971-1979).
Note : Single criterion systems means system composes of only work wage.
Multiple criteria systems means system under which basic wage (1) or work wage (2) and other one sort of wage, or there or more sorts of wage including work wage (1) and work wage (2).
Systems based on personal characteristics means system under which basic wage is composed of only personal wage.
Systems of wage based on all factors mean system under which basic wage is composed of all factors or of wage including other two sorts than work wage (1) and (2).

Table 7

Percentage of Industries with a Particular Type of Wage System
(Textile Industry with 30 employees and more)

Type of wage system	1971	1972	1973	1974	1975	1976	1977	1978	1979
A. System based on work criteria	47.6	48.5	43.6	48.0	39.4	51.1	45.0	54.12	50.2
1. Single criterion system	20.7	31.9	27.1	34.3	19.9	31.8	23.8	29.7	29.3
2. Multiple criterion system	26.9	16.6	16.4	13.8	19.5	19.2	21.2	24.4	20.9
B. Systems based on personal characteristics	9.9	10.4	14.7	13.5	16.3	13.6	7.1	8.0	7.9
C. Systems integrating work criteria and personal characteristics	41.4	41.1	41.7	38.4	44.3	35.3	47.9	38.0	41.9
Total of all industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 8

Percentage of Industries with a Particular Type of Wage System (Iron and Steel Industry with 30 employees and more)

Type of wage system	1971	1972	1973	1974	1975	1976	1977	1978	1979
A. System based on work criteria	75.4	68.3	78.5	75.6	71.7	69.3	76.2	66.7	73.8
1. Single criterion system	10.2	8.1	11.9	12.5	21.1	9.9	6.2	6.5	5.8
2. Multiple criterion system	65.2	60.2	66.6	68.1	50.6	59.4	70.0	60.2	68.1
B. Systems based on personal characteristics	2.5	7.7	5.5	6.2	8.5	7.1	4.2	3.6	2.3
C. Systems integrating work criteria and personal characteristics	21.5	24.0	16.0	18.2	19.8	23.5	19.7	29.7	23.8
Total of all industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 9

Percentage of Industries with a Particular Type of Wage System (Electrical Machinery Industry with 30 employees and more)

Type of wage system	1971	1972	1973	1974	1975	1976	1977	1978	1979
A. System based on work criteria	67.6	65.6	68.2	60.5	63.1	66.6	63.1	64.2	64.5
1. Single criterion system	24.4	23.2	21.3	21.2	18.8	21.9	19.6	22.2	26.7
2. Multiple criterion system	43.2	42.4	47.0	39.3	44.3	44.7	43.5	42.0	37.8
B. Systems based on personal characteristics	6.0	9.6	10.4	11.2	5.9	5.0	11.4	8.9	6.9
C. Systems integrating work criteria and personal characteristics	26.4	24.8	21.4	28.2	31.0	28.3	25.6	26.9	28.6
Total of all industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 10

Percentage of Industries with a Particular Type of Wage System (Transport Equipment Industry with 30 employees and more)

Type of wage system	1971	1972	1973	1974	1975	1976	1977	1978	1979
A. System based on work criteria	58.8	61.3	62.9	56.2	49.0	53.6	53.1	56.5	61.2
1. Single criterion system	15.3	26.6	30.3	21.6	22.6	29.6	24.7	27.2	25.5
2. Multiple criterion system	43.6	34.7	32.7	34.6	26.4	24.0	28.4	29.3	35.7
B. Systems based on personal characteristics	4.2	5.5	3.0	4.0	8.1	7.0	11.0	6.7	8.3
C. Systems integrating work criteria and personal characteristics	37.0	33.2	34.1	39.9	43.0	39.5	35.9	36.8	30.5
Total of all industries	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

In contrast to declining industries like textile and iron and steel industries, the growing industries'wage system based on personal factors like electric machinery and transport equipment increase from 6 percent in 1971 to 6.9 percent in 1979 for the former one and from 4.2 percent in 1971 to 8.3 percent in 1979 for the latter one. This indicates that the seniority-based wage system still has significant influenced in the growing industries much more than their counterpart, the declining industries. However, in overall as can be seen from Table 6, it implies that an increasing in criteria of job-related will gradually narrow the differentials based upon personal factors with a given firm. Consequently, the importance of the seniority-based wage system tends to fade. Another nothworthy aspects of the wage composition pattern is that the group incentive wage, as a proportion of total regular wages, decreased to 4 percent in 1970 and further to 1.1 percent in 1983 for all manufacturing, 2.2 percent in 1970 and further to 0.4 percent in 1983 for textile, 19 percent in 1970 and further to 1 percent in 1983 for iron and steel, 0.6 percent in 1970 and further to 0.4 percent in 1983 for electric machinery, and 8.8 percent in 1970 and further to 4.1 percent in 1983 for transport equipment. This incentive wage was considerably greater in the period immediately after World War Two. For example, the Ministry of Labor's "Survey on Wage Components" in 1951 revealed that the group incentive wage (including the encouragement allowances) was 17.8 percent of total regular wages. The incentive wage at that time was a certain proportion of the total sales or production of an enterprise, distributed to individual workers on the basis of their basic wage. As the basic wage was essentially determined by length of service, the incentive wage turn out to be quite different from the original concept of reward for individual efficiency. One reason the incentive wage percentage gradually decreased is that productivity increases, resulting from technological innovation, made it unnecessary to continue such group incentive as reward for production payments. It also should be noted that the group incentive wage never really fit into the Japanese wage system, since it was designed to reward the worker for efficiency and was unrelated to his age, experience, duration of service and educational background. In Japan, however, a worker's incentive wage is affected by his duration of service, and no matter how efficient he may be he is paid less if he is younger and his service is shorter, therefore weakening the incentive aspect of the payment. Since seniority-based wage system does not conform to the original purpose of the incentive wage, as long as the system continues to be emphasized, gradually eliminated. The lack of congruence between seniority-based wage system and the incentive wage created a tendency for Japanese firms to neglect the development of standard work schedules and standard working hours. These standards are essential part for the successful operation of incentive systems, as incentive wage are based on the quality and quantity of worker's production. Scientific management may also need to be introduced into the firm if incentive wage is to be used, but if the incentive wage does not conform to the seniority-based wage system, scientific management will not be required.

5. Wage System in Large Firm

The wage system most commonly used in Japan during the 1950s was the Sogo wage system or generally determined wage which was based on considerations such as age, educational background, length of service, performance, position, rank, etc. Moreover, additional and supplementary allowances were introduced to cope with inflation. The main determinant in the system was seniority. In the 1960s, however, with rapid economic growth, rapid technological innovation

and the shortage of young workers in labor market have created condition that require a reform of the system. In response to this situation, some companies promoted a so called rationalization of the pay system. Jujo Paper and Yawata (the present Nippon Steel) introduced a Western pay system based on job evaluation. Among the reasons for introducing the new system, technological change in the steel industry may have been the most important. New equipment introduced into steel mills changed jobs from conventional manual labor to visual and control work. At the same time, the new equipment enabled workers to master their jobs in a shorter period. Such a change in the quality of the labor required accentuated the contradiction between the new methods and the seniority wage system. In the case of Nippon Steel, the largest steel manufacturer in Japan, the company has two different wage system: one for factory production employees and the other for office employees. For factory production employees, the components of the monthly wage and this respective weight had been:

1. Basic wage in accordance with the seniority : 50 percent.

2. Job wage in accordance with the seniority : 30 percent.

3. Additional job compensation in accordance with performance of the job : 10 percent.

4. Ability compensation : 10 percent.

As ability compensation was determined in accordance with the basic wage, therefore 60 percent of the total wage was determined by seniority. The wage structure was modified according to the following principles[11].

1. The basic wage is to be used to provide for the employee's stable living, stable ranking order in the organization, etc. But, an extension of the retirement age without modification of the wage system is not possible. Skill and knowledge development reaches its peak during the forties; and the costs of living reach their peak during the forties and early fifties. Therefore the basic wage increase with a high rate is not considered necessary for employees after 50 years of age. Henchforth, 30 percent of the average of increase is applied to their basic wage.

2. Ability compensation is determined independently from basic wage, and strictly corresponds to performance of the employee. On the other hand, the wage system for office employees were determined as follows:

1). Basic wage in accordance with seniority: 50 percent.

2). Job/ability compensation in accordance with qualification : 50 percent.

The wage structure for office employees were modified according to the following principles:[12].

1). The basic wage follows the pattern set for factory production employees.

2). More weight on job and ability performance will be reflected in greater job/ability compensation.

As the result of these modification, the company expects that the ratio of wage system determined by seniority and job compensation shall be 50/50 for both factory production and office employees. Another example for approaching Western wage system is the case of Yamatake-Honeywell, one of the leading manufacturers of industrial automation equipment, and a subsidiary of Honeywell U.S.A. The company has introduced job-wage and ability wage in order to respond to change in environment i.e slowdown of the economy, aging of the population, etc. The existing basic wage (about 99.3 percent of the total wage) has been determined mainly according to the number of length of service and 0.7 percent on the basis of level of responsibility. From 1979, the new total wage was derived from three independent components[13].

1. personal characteristics (years of service, educational background, etc), supposedly proportion to costs of living: 59 percent.

2. Job : 17 percent.

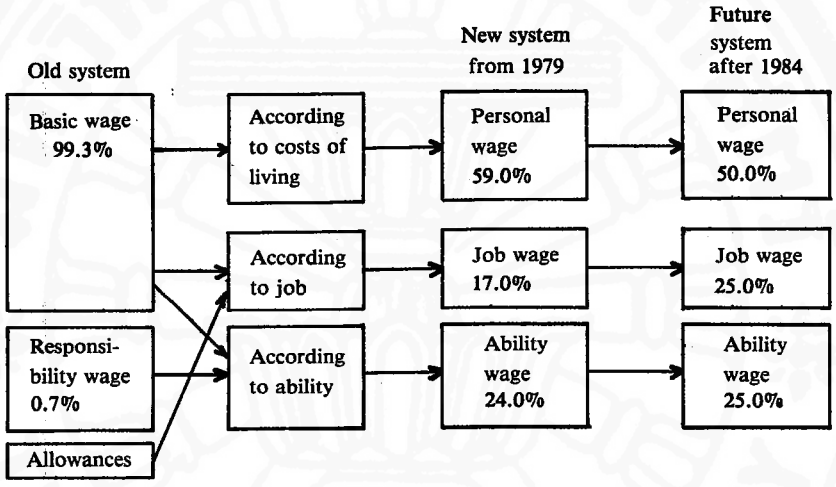
3. Ability of the employee : 24 percent.

Within 5 years, the respective percentage are expected to be 50,25 and 25 (See Figure 2). Furthermore, new wage schedules according to employees'age were established (See Figure 3).

Wages increase yearly untill age 49, are constant until 57 and after 57 decrease. The job component is determined by merit rating by superiors; it also begins to decrease after age 57.

Figure 2

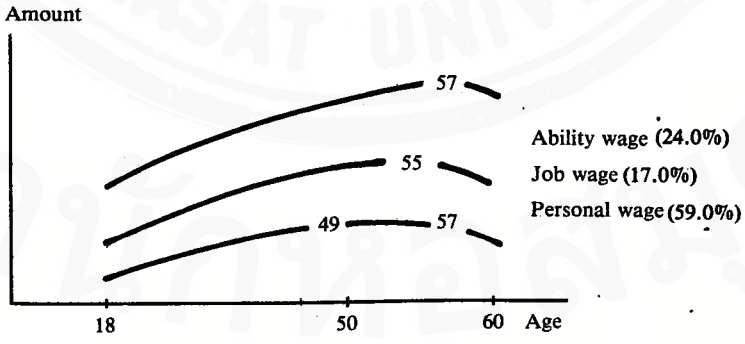
Yamatake-Honeywell : Comparison of Wage System



Source : Ujihara Shojiro, Employment Extension and Modification of Treatment System. (Tokyo, 1981), p.106.

Figure 3

Yamatake-Honeywell: New Wage Curves



Source : Company Strategy for Middle-Aged and Older Employees. (Tokyo, 1980), p.49.

6. The External Wage Structure

A major characteristics of the Japanese labor market is that the employer generally relies upon new graduates from junior high schools, senior high schools, and college or universities as the main source for recruitment. Consequently, there is severe competition between large, small, and mediumsized enterprises for these recruits. The labor market for new graduates in turn has become more or less nationwide, and national labor market has come to determine the level of starting pay. A second major aspect is that large firms employ new graduates and encourage them to stay within the company for the rest of their lives under the lifetime employment system. As a consequence, there is a little mobility among workers employed by large firms, and the labor market is internalized to a great extent. In this regard, wages tend to be determined separately, firms by firms. Third, there is far greater mobility for worker in open markets in small and medium-sized firms than in large scale firms. There is relatively little movement of workers from small and medium-sized to large firms. The labor markets of the two groups are separate and the latter has higher status. These characteristics-the internalized labor market in the large firms and stratification of the labor market by size of enterprises-inevitably tend to affect the Japanese pattern of wage determination. There is no standardized basic wage in Japan except for starting pay at the same time, wages in Japan are not standardized on the basis of types of occupations or job duties. Even if workers have the same jobs, their wages differ depending on their age and duration of service. For this reason, there is no possibility of standardizing basic wage in the external market, and this is why the problem of interfirm wage differentials is discussed in terms of differentials by size of firm, type of industry, region, sex, and occupation.

*Table 11**
Wage Differentials in Manufacturing Industry
By Size of Firm (1970 - 1985)
(Regular Wage Payments)

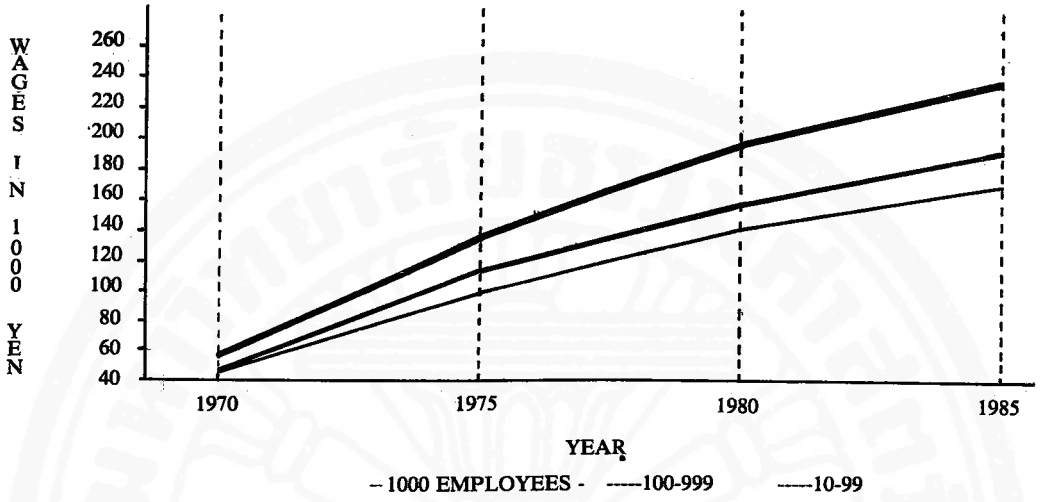
Year	1,000-	100-999	10-99
1970	56.3(100.0)	47.3(84.0)	45.6(81.0)
1975	134.6(100.0)	112.5(83.6)	100.8(74.9)
1980	193.9(100.0)	159.2(82.1)	146.4(75.5)
1985	241.6(100.0)	192.2(79.6)	178.4(73.8)

**The figure in ( ) are in percentage.*

Table 11 and Figure 4 show the trend in wage differentials by size of firm in manufacturing industries of selected years. There is a wide wage differentials by size of firm since 1970. The wide wage differentials are quite large between large firm with 1,000 employees and more and small firm with 10-99 employees. On the contrary, the wide wage differentials are smaller between medium-sized firm with 100-999 employees and small firm with 10-99 employees. This feature of inter-firm wage differentials is peculiar to Japan and is not as apparent in Western countries. It is due to mainly to the stratification of the Japanese labor market by size of firm, in which labor mobility is considerable in the small and medium sized industry sector where firms employ workers regardless of age and absorb surplus labor from both rural areas and cities. The existence of this surplus labor thus results in a lowing of the industrial wage level. On

Figure 4

Wage Differentials in Manufacturing Industry by Size of Firm



Source : Ministry of Labor, Year Book of Labor Statistics. (Tokyo, 1970, 1975, 1980 and 1985).

Table 12

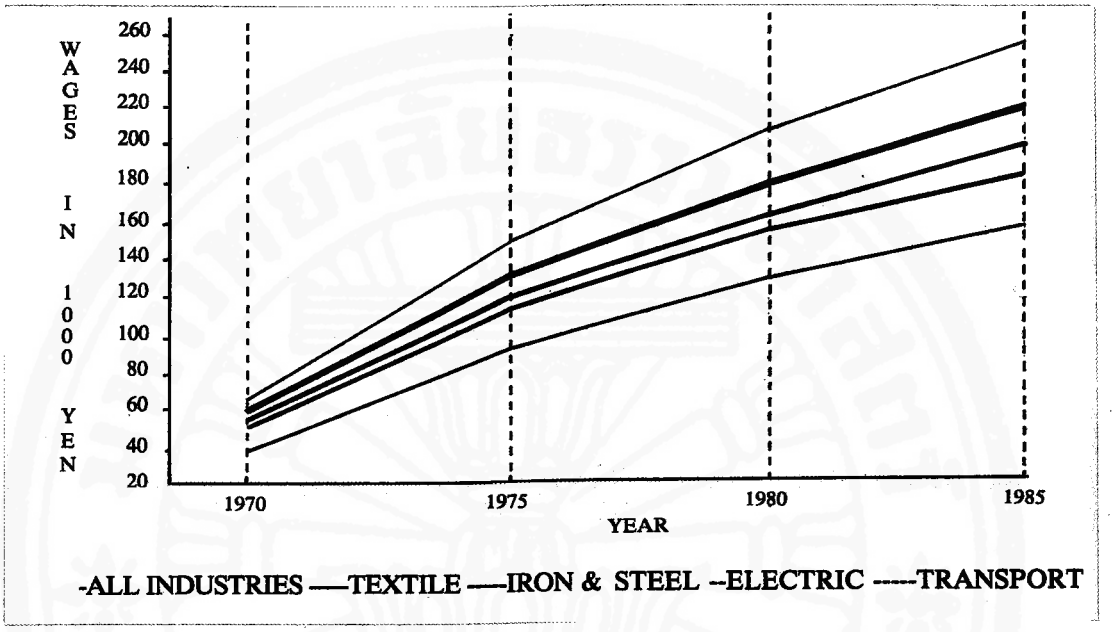
Wage Differentials By Type of Industry (1970 - 1985)
(Total for All Size of Enterprise)

Regular Wage Payments					
Year	All MFG.	Textile	Iron & Steel	Electric Machinery	Transport Equipment
1970	50.2(100.0)	38.3(76.3)	67.2(133.8)	47.7(95.0)	55.9(111.4)
1975	116.4(100.0)	94.8(81.4)	150.2(129.0)	110.7(95.1)	127.5(109.5)
1980	166.1(100.0)	130.7(78.7)	206.4(124.3)	160.4(96.6)	180.2(108.5)
1985	204(100.0)	164.3(80.5)	256.4(125.7)	190.9(93.6)	220.7(108.2)

Note : The figures in ( ) are in percentage.

the contrary, since large industry seldom employs people other than new school graduates and close itself off from the external market, the enterprise union can exert pressure for wage increases, and under these circumstances, wage differentials by size of industry tend to emerge. The trend in wage differentials by type of industry is shown in Table 12 and figure 5. Throughout 1970 - 1985 periods, iron and steel industry had the highest wage pay, followed by transport equipment, electric machinery, and textile industry; the lowest wage pay.

Figure 5
Wage Differentials In Manufacturing Industries
By Type Of Industry (1978 - 85)



Source : Ministry of Labor, Year book of Labor Statistics and Basic Wage Census. (Tokyo, 1970, 1975, 1980 and 1985).

Table 13
Wage Differentials in Manufacturing Industry by Age Group, Male Workers (1970 - 1985)

(in thousand yen)

Age Group	1,000 employees and more				10-99			
	1970	1975	1980	1985	1970	1975	1980	1985
-17	29.3	65.9	85.4	103.6	28.7	62.8	88.3	103.2
18 - 19	35.4	82.5	105.3	129.2	33.9	73.5	98.3	119.6
20 - 24	42.0	96.3	126.5	150.3	42.7	91.6	121.2	142.0
25 - 29	53.9	119.3	157.3	186.6	54.5	112.7	151.2	176.4
30 - 34	65.2	146.8	193.7	230.4	61.7	131.4	179.0	207.4
35 - 39	75.3	167.3	227.7	272.8	63.9	138.9	197.8	234.5
40 - 44	88.7	182.2	255.0	313.4	64.6	137.8	202.5	251.3
45 - 49		197.2	272.2	342.9		133.2	197.8	250.7
50 - 54	93.6	211.1	279.6	349.5	59.9	131.8	190.1	240.9
55 - 59		182.7	260.1	321.8		120.2	176.0	219.0
60 - 64	52.4	122.2	187.3	257.2	48.7	105.7	159.3	198.5
65-			230.4	268.1			143.6	176.6

Source : Ministry of Labor, Ibid.

Internal Wage Structures

The most important problem in the Japanese internal wage structure is that of wage differentials by age, the primary characteristic of the seniority-based wage system. Wage differentials by age group of different firm sizes are shown in Table 13.

In large firm employing 1,000 workers and more, the wage level of employees 50 to 59 years of age was 3.19 times as high as the wage level of employees 17 years of age and under in 1970. The wage level of employees 50 to 54 years of age was 3.2 times as high as the wage level of employees 17 years of age and under in 1975, 3.27 times as high as in 1980, and 3.37 times as high as in 1985. Therefore, wage differentials by age widened during the period from 1970 to 1985. In firm employing 10-99 workers, the wage level of employees 40 to 49 year olds was 2.25 times as high as the wage level of employees 17 year olds and younger in 1970. Again, the wage level of employees 40-44 year olds was 2.19 times as high as the wage level of employees 17 year olds and under in 1975, 2.29 times in 1980 and 2.44 times in 1985. Thus, the wage differentials have narrowed during the period from 1970 to 1975. However, these differentials have widened after 1975 up to 1985.

Table 14 shows the wage level of male production workers in the same age group are different if their length of service is different. Clearly, the longer in service, the higher the wage level, so that the length of service factor become more important than age factor. In this sense, seniority-based wage of a worker are determined by a combination of the two factors, age and length of service. As shown in Table 15, the increase rate of wages by length of service for salaried workers is much greater than for production workers. The rate of increase by age is also greater for salaried workers. Workers at age 50-54 are the best paid group.

Table 14

Average Monthly Scheduled Cash Earnings in Manufacturing Industry by Age and Length of Service, 1985 : Male Production Workers Junior High School Graduate

(in thousand yen)

Age group	Length of Services (Years)								
	0	1-2	3-4	5-9	10-14	15-19	20-24	25-29	30-
-17	100.3	107.0	-	-	-	-	-	-	-
18 - 19	120.6	117.3	116.2	-	-	-	-	-	-
20 - 24	139.3	138.5	138.3	141.7	-	-	-	-	-
25 - 29	150.9	155.2	162.1	169.6	177.6	-	-	-	-
30 - 34	164.7	171.0	178.3	188.5	203.2	212.3	-	-	-
35 - 39	174.5	186.0	193.2	205.8	220.0	234.0	244.4	-	-
40 - 44	184.9	192.5	203.4	215.5	229.0	247.5	262.4	272.4	-
45 - 49	176.3	187.7	199.4	212.9	229.2	244.1	264.3	276.7	282.3
50 - 54	169.6	181.9	190.5	200.3	220.3	237.5	254.4	270.8	287.3
55 - 59	153.7	164.5	175.0	186.5	205.4	220.9	237.6	256.7	277.9
60 - 64	136.2	142.5	150.4	167.8	179.7	189.0	199.3	215.6	221.1
65-	130.9	134.2	140.5	142.8	155.4	163.3	175.3	179.6	194.0

Source : Ministry of Labor, Ibid., 1985.

Table 15

Average Monthly Scheduled Cash Earnings in Manufacturing Industry by Age and Length of Service, 1985 : Male Salaried Workers University Graduate

(in thousand yen)

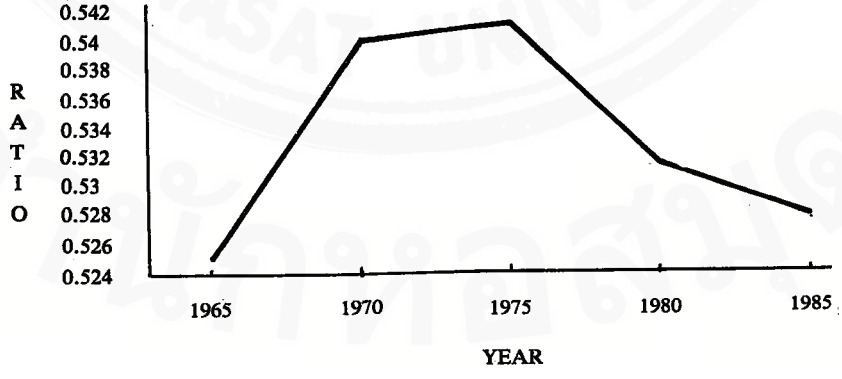
Age group	Length of Services(Years)								
	0	1 - 2	3 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30-
20 - 24	151.9	161.3	180.7	196.6	-	-	-	-	
25 - 29	170.4	173.8	183.0	200.7	217.9	-	-	-	-
30 - 34	220.5	227.8	220.5	234.2	260.9	236.3	-	-	-
35 - 39	274.2	258.5	273.7	282.8	297.2	329.2	331.4	-	-
40 - 44	302.2	299.1	300.1	319.1	342.7	374.7	412.7	410.1	-
45 - 49	337.5	369.7	338.3	361.7	388.3	412.5	455.8	499.4	431.3
50 - 54	313.5	371.1	353.8	390.9	422.5	441.5	464.8	517.8	533.9
55 - 59	202.7	371.5	335.5	389.2	383.5	441.3	481.5	476.3	537.0
60 - 64	249.5	260.6	258.0	329.3	341.0	269.9	395.7	406.2	480.0
65-	163.5	202.8	294.2	330.7	256.1	226.7	-	338.5	321.4

Source : Ministry of Labor, Ibid., 1985.

Another factors that cannot be overlooked in the internal wage structure is that of wage differentials by sex, educational background and occupation.

Figure 6

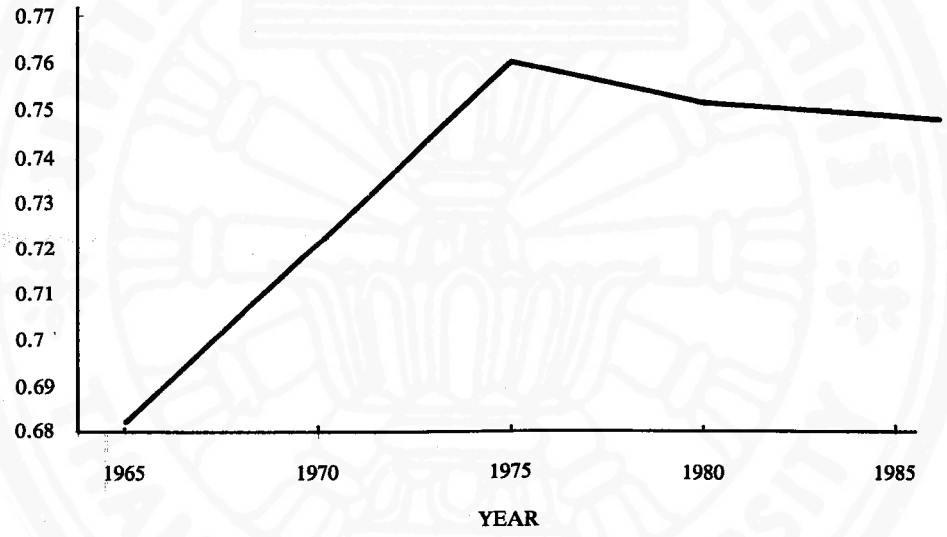
Ratio Of Female Worker Wages to Male Worker Wages In MFG. (1965 - 85)



Source : Ministry of Labor, Ibid.

As seen in Figure 6 the figure shows wage differential in manufacturing industry by sex from 1965 to 1985. The ratio of female worker wages to male worker wages is used as an index. The rate of female worker wage to male worker wages was 0.525 in 1965, 0.539 in 1970 and 0.541 in 1975. Thus, wage differentials by sex widened during the period from 1970 to 1975. But, these wages wage differentials in manufacturing have since narrowed to 0.531 in 1980, and 0.528 in 1985.

Figure 7
Ratio Of Production Worker Wages To
Salaried Worker Wages In MFG. (1965 - 86)



Source : Ministry of Labor, Ibid.

Figure 7 also shows wage differentials in manufacturing industry by occupation of production worker wage and salaried worker wages. The ratio of male production worker wages to salaried worker wages was 0.682 in 1965, 0.722 in 1970, and 0.761 in 1975. Henceforth, wage differentials by occupation widened in 1975. However, it has narrowed to 0.751 in 1980 and 0.748 in 1985, respectively.

In conclusion, it may be said that in Japanese seniority-based wage system, the factors of age together with length of service, sex, experience, educational attainment and occupation, all of which are personal properties of the workers, are still dominant in wage determination and the factor of job skill is only indirectly reflected through these major factors.

Footnote

1. James C.Abegglen, *The Japanese Factory:Aspects of Its Social Organization.* (U.S.A., 1958), p. 3.

2. Taishiro Shirai(ed.), *Contemporary Industrial Relations in Japan.* (Wisconsin, 1983), p. 8.

3. The Japan Institute of Labor, *Wages and Hours of Work.* (Tokyo, 1979), p. 11 - 12.

4. Shigeru Kobayashi, *Creative Management.* (Tokyo, 1971), p. 220.

5. The Japan Institute of Labor, *op.cit,* p. 13.

6. Robert J. Ballon, *Salary Administration in Japan* - "Regular" Workforce-. (Tokyo, 1985), p. 7.

7. Umemura Mataji, *"The Seniority-Merit System in Japan"* in Shunsaku Nishikawa, The Labor Market in Japan. (Tokyo, 1980), p. 178.

8. Nishikawa, *loc.cit.*

9. Ballon, *op.cit,* p. 9.

10. The meaning of technical terms which are used throughout Table 2-2 to 2-6 can be explained as follows:- "Basic wage" means the remuneration paid on the assessment of factors pertaining to the worker himself or his job, or his ability to perform jobs. The basic wage is paid to most employees for normal hours of work as a basic remuneration for labor, and is a fixed and basic remuneration.

"Basic wage type 1" means the remuneration paid on the assessment of one or more factors pertaining to the worker himself.

"Basic wage type 2" means the remuneration paid based on job, job evaluation, and the assessment of demonstration and its increase in job-performing ability.

"Basic wage type 3" means the remuneration paid based on the all-round assesment of all factors.

"Incentive wage" means the remuneration paid based on the quantitative results of work by measuring results performed such as amount of work by individuals or groups, hours worked, amount of shipment or amount sold.

"Duty allowance" means the additional remuneration paid on job conditions such as posts, special working conditions or specified qualifications.

"Living-cost allowance" means the allowance paid according to the change in cost of living to assist employees in livelihood, such as family allowance, regional allowance, housing allowance, allowance for income tax and social insurance contribution, allowance for living in a separate house or allowance for education of children.

"Attendance-encouraging" means the allowance paid for the attendance not less than a specified of days during a specified period of time.

"Other allowance" means those parts, such a adjustment allowance not classifiable in duty allowance, allowance for living cost, attendance encouraging of wages for the normal hours of work.

11. Masahiko Oda, *Compensation and Promotion:The Plight of Middle Managers.* (Tokyo, 1963) p. 19.

12. Ibid., p. 19.

13. Ibid., p. 21.