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LIFETIME EMPLOYMENT IN THE UNITED STATES: CAN IT WORK?

Michael Bellinger

Introduction

It is a commonly known business truth that if American businessmen would wear kimonos to work instead of grey suits, the trade imbalance in the United States would flip-flop as American competitiveness skyrocketed and wiped out the trade deficit. The Japanese today are bashing the U.S. in almost every industry they care to compete in, and American companies know that they need to find Japan's "magic formula" in order to push Japanese exports back to their side of the Pacific. Unfortunately, this goal is complicated by the fact that kimonos don't fit the large American build very well, and corporate tailors don't understand how to alter the garments to make them comfortable. As American companies fumble with the kimonos, it becomes apparent that they might have been better off modifying their grey suits to feel more like a kimono, while retaining the familiar look of business attire.

The Japanese business and management system has been central to the revolutionary changes that have occurred in American industry over the past five to ten years. American companies have been trying desperately to imitate the Japanese in their way of thinking, their policies, their management techniques, and their style of leadership. Japanese management is based on deeply rooted social traditions and values and provides a direction to the management of every business in Japan.

One of the most basic components of Japanese management is the philosophy of lifetime employment. Lifetime employment is an unwritten agreement between a corporation and a new employee which implies that the company will keep the employee on its payroll and take care of him and his dependents for as long as the employee continues to perform his duties in a satisfactory manner. In return the employee is to stay with the company and work hard towards furthering its success in the industry. Reflecting the Japanese aversion to unnecessary law and litigation, the agreement is not a legal contract but rather a moral or psychological pact between the employer and employee. This
is important because the lifetime employment relationship is cooperative rather than antagonistic, and thus maintains the necessary mutual trust between the two parties (Tung, p. 32).

Many American companies feel that the only way they can compete against the Japanese is by adopting their policies of management and employment. The purpose of this paper is to investigate whether lifetime employment could be an effective tool in the management of such companies. I will discuss a number of different aspects and effects of lifetime employment and attempt to determine which could benefit American companies that choose to follow such a policy. Although these firms have much to learn from their Japanese counterparts, I conclude that a simple imitation of Japanese employment policies would be an ineffective way of increasing competitiveness in most American companies.

Background for Lifetime Employment in Japan

Japanese Culture

In order to understand how and why lifetime employment works in Japan and how it came about, it is first necessary to develop an understanding of the culture and environment from which it grew. Japan has a very old, powerful culture which has dominated almost every aspect of its citizens' lives, including their views on success and what they can contribute to their community.

For example, the extended family in Japan plays a very important role in the everyday lives of its members. The Japanese strive to act in a way which benefits or honors the family, and upholding the respectability of the family is a primary goal of the individual in public activities and at the workplace. It is interesting to note that in Japan the family name is always spoken and written before the individual name, placing emphasis on that which is considered more important in Japanese society.

Stemming from this family orientation in Japan is the tradition of “groupism” in Japanese organizations. People view themselves as members of the group rather than as individuals, and believe that it is more effective to seek results through cooperation than to work independently. According to a Japanese proverb, “The nail that sticks up gets hit” (Tung, p. 34). In Japanese business, the individual is recognized for making worthwhile contributions to the effort of the group rather than for individual accomplishments. Managers are careful to evaluate employees based on their efficiency and ability as team players rather than on their visibility. The non-conformist is looked upon as a hindrance to the group who is bucking the progress of the organization. Ideally this orientation should keep the focus of the employees on long-term goals which benefit the company rather than on short-term goals which make the individual stand out.

Another aspect of Japanese culture which contributes to the success of lifetime employment in Japan is the attitude of balance and harmony prevalent in Japanese society. Japanese people are traditionally very patient; they are willing to work for many years knowing that their efforts might not be rewarded for many more. The Japanese worker prides himself more on performing well in his current position than on the career advancement he has accomplished.

Japanese History

In addition to these cultural conditions, Japan's history and global position have played an important role in the development of Japanese management and lifetime employment. Japan is a country which is rich in people but poor in resources, and has always relied on other countries for raw materials and markets for its products. As a result of this dependence, Japan has a very vulnerable economy; this, in addition to its military impotence, has given Japan a handicap which its people realize must be overcome through hard work and sacrifice.

Before World War II, Japan was a semi-developed nation with some military power but without a strong independent economy. Since World War II, however, it has started from utter devastation and reversed this character, developing a totally new industrial sector with a desperate need to become competitive. Modern
Japan has no military power, but due to its rapidly growing economic strength during the past three decades it has been able to exert a substantial influence in world events and protect its position and stature. The Japanese realize that their only real power lies in their economic strength, and that any loss of competitiveness could mean the loss of the stature they have and an increase in their vulnerability to outside control. This gives the Japanese people a purpose in their work, and makes them willing to accept self-sacrifice in order to remain internationally competitive.

Lifetime Employment in Japan

The History of Lifetime Employment

The origin of lifetime employment in Japan can be traced to the family practice of zaibatsu, whereby a young man would enter a firm as an apprentice and after many years of hard work would end up as a trusted manager or the founder of a new branch house. The bureaucratic structure of government and early state-owned businesses provided another vehicle for the development of a modernized master and vassal system from which the concept of a lifetime commitment and family values at work could grow (Sethi, Namiki, and Swanson, p. 43).

Lifetime employment in its modern form was developed after World War II as a response to the crisis atmosphere of the postwar period, when employers desperately needed committed, skilled workers to rebuild their industries. Developed by labor unions and workers, it was the first appearance of an actual moral corporate agreement, encompassing both blue-collar and white-collar employees (Sethi, Namiki, and Swanson, p. 43).

Lifetime employment in its modern form exists in two forms: as a "no-fire" policy, where there is an actual agreement between worker and employer, and as an informal effort to minimize turnover rates. The present turnover rate in Japan is four percent, versus twenty-six percent in the U.S. (Jones, p. 70). This is coupled with a desire among managers to keep good employees with the company and to develop the quality of their workforce. Although actual no-fire policies only cover about 40 percent of Japanese workers (mostly male college graduates who work for larger corporations), most of the remaining companies in Japan consider it the model employment relationship and strive to follow it as closely as possible (Evans, p. 32).

Lifetime employment is considered a fundamental characteristic of Japanese management because it establishes the relationship with the employee from which most of the other aspects of their management techniques are derived. Job rotation and thorough multi-task training, the seniority-based wage and promotion system, and company-oriented unionization could not exist without the assurance of labor security for both parties which lifetime employment provides.

Reasons for its Success

There are a number of factors which have contributed to the success of lifetime employment in Japan up to the present. One such factor is its universality; most of the corporations in the stronger segments of the economy follow a lifetime employment policy, making it widely accepted and expected in certain industries. This makes it difficult for an employee to leave a company once he has worked there because many companies refuse to hire anyone who has worked somewhere else and has learned different values and practices.

Lifetime employment also guarantees the employee who moves a cut in advancement potential and pay, since a worker must start from the bottom and work his entire life to attain an upper-level position. If five years are lost, it is virtually impossible to reach such a position. This lack of job mobility pervades the entire Japanese economy; although a recent survey showed that only 70 percent of Japanese employees are satisfied with their work (versus 86 percent in the United Kingdom and 92 percent in the U.S.) almost all will remain in their current jobs, because they feel that there is no difference between their company and the alternatives or that there are no alternatives whatsoever (Tung, p. 46).

Another reason dissatisfied employees are so reluctant to leave is that they are concerned...
about the reaction of their families and friends. "Saving face," especially with the family, is very important in Japanese society, and there is still a stigma associated with anyone who quits his job. Also, because of the amount of time spent at work and the importance of the company in the employee’s life, a person’s closest friends are inevitably the people with whom he works; and they would take great offense at the disloyalty of leaving them and the company (Tung, p. 47).

The continuous economic growth which has occurred in Japan since World War II has also been important to the previous success of lifetime employment policies. This growth is what has made lifetime employment possible, since industry needed ever larger workforces. For example, between 1966 and 1970 Japan’s gross national product grew at an average annual rate of 12.3 percent, and between 1973 and 1978 its GNP almost doubled (Tung, p. 43). Even when automation began to appear, there was still sufficient growth to absorb all displaced workers. During the period from 1950 to 1980, unemployment in Japan was typically below 2.5 percent, due to the growth which was occurring in its economy during that era (Sethi, Namiki, and Swanson, p. 35).

A Troubled Future?

Recent economic developments, however, have caused many companies to take strong measures to cope with falling sales. Since 1985, the yen has climbed strongly while the American dollar has fallen. In 1986 alone, the yen’s value rose by over 50 percent, going from 240 yen per dollar to 155. The negative impact of the yen’s appreciation on Japanese industry has been substantial, cutting into the export market of many of the large corporations. In 1987, 77 percent of Japanese companies were anticipating cuts in production volume due to the yen’s strength, although unemployment still averaged a mere 2.5 percent.

The Japanese government is reluctant to follow expansionary policies to combat deflation caused by the climbing yen because of its 140 trillion yen debt. As a result many companies may have to seriously rethink their employment practices and perhaps even lay off some of their lifetime employees (Keidanren, pp. 57–59).

Advantages of Lifetime Employment

Advantages to the Company

Lifetime employment has a number of direct advantages to both employers and employees, and this mutual benefit is both the key to its desirability and the reason why it fosters trust between the two parties. The advantages to the company include improvements in worker attitude and productivity, lower recruiting and training costs, and less turbulent reactions to automation and change.

Workers protected by lifetime employment develop a very strong sense of loyalty to the company because the company provides them with everything they need. Most Japanese companies offer company dormitories or housing allowances for younger employees, and most have very comprehensive benefit packages, although salaries are generally lower than in America (Tung, p. 34). The company takes care of the employee in the Japanese paternalistic tradition, where the employee is like a child in the corporate family. This paternalism and the resulting increase in morale encourages the employee to adapt to automation and change in the company with much more understanding. The employee trusts that he will not be laid off and does not fight change the way workers in many American companies do.

Lifetime employment also makes it possible for the company to thoroughly train all its employees when they enter the company without the fear that they will use their training to work somewhere else. Each recruit receives a very broad-based training so that he is able to handle a variety of jobs in the company. This is something which American companies normally avoid, keeping training very position- and company-specific so that the training is less useful in their competitor’s facilities. The company’s recruiting costs are also lowered because of the low employee turnover rate, allowing it to consider applicants more carefully and choose people who will fit in with the company philosophy. All of this leads to
much greater employee productivity, lower costs and improved output and quality control in the end.

**Advantages to the Employee**

One of the advantages that workers see in lifetime employment is the consequent steadiness in their lives—so important in Japanese culture. Employees associate lifetime employment with stability, which elicits the approval and respect of their family and friends. It is considered honorable to remain with a steady job to make the best career-long contribution possible. Lifetime employment also provides the worker with a long-run outlook and sense of security, so that he knows he will be able to care for his wife and children throughout his career. Many workers have the additional responsibility of providing for their parents—a tradition necessitated by the meager retirement incomes offered by most Japanese companies.

The employee also sees lifetime employment with one company as his only chance to be promoted into the managerial ranks because of the considerable time and experience needed to reach such a position. This is because of the seniority-based promotion system, itself a result of lifetime employment.

**Disadvantages of Lifetime Employment**

**Disadvantages for the Company**

There are also a number of disadvantages which exist for a company which has a lifetime employment policy. One of the major disadvantages is the corporate rigidity which develops because of the lack of new blood and varied employee backgrounds. Companies often become overly accustomed to their own way of thinking and too structured in their methods of organization and operation, the result being a great deal of inertia for the company in the marketplace. This in turn reduces responsiveness and flexibility, especially to large scale or revolutionary changes. It also makes it difficult for companies to learn from the past successes and failures of others, since no one brings this experience to the company from the outside.

The rigidity of a lifetime employment system also hampers the generation of new ideas from the company's present employees. Since the degree of outside influence is so low, employees become entrenched in their jobs and fewer creative ideas are produced in the organization. This is exacerbated by the fact that employees are often afraid to cause any turbulence because of the threat of becoming madogiwa-zoku, or "window-side" employees (Yang, p. 180). These are employees who have been sidelined for fighting the structure of the business operations, and who must spend the rest of their careers in meaningless "token" positions. Strong habits form after being with the company for many years; and by working with the same co-workers in the same environment, it becomes nearly impossible for workers to recognize and take advantage of opportunities for improvement and change.

Other disadvantages of lifetime employment are also beginning to plague Japanese companies. Japan has always competed on the basis of its low-cost production, but now it is receiving serious competition in this area from South Korea and Taiwan. Japanese businesses are finding that they must shift their emphasis from low-cost production to high-technology production and become "exporters of knowledge" rather than importers as in the past. This is an area to which lifetime employment and Japanese management may not be particularly well-suited (Sethi, Namiki, and Swanson, p. 36).

Yet another problem caused by lifetime employment which companies frequently face is that of complacency among employees. Although most employees are dedicated to their firm and work for its success, many are not happy with their positions or are tired of where they are and thus become a drain on corporate dynamism. In this way lifetime employment can actually make a company too stable, eliminating occasional shake-ups in the business which provide new challenges to the employees.

**Disadvantages for the Worker**

Lifetime employment as an economic institution has a number of disadvantages for the
employee as well. Most of these relate in some way to the lack of job mobility which exists for the employee. Once a college graduate decides to join a large corporation, he is assured that even if he is unsatisfied, he will be working there until he retires. Japanese careers normally lack the movement and change that characterize American careers, and the benefits of hard work for the Japanese worker are normally a long way off because of the seniority-based promotion system. Good work is usually rewarded with an increase in responsibility rather than with a promotion or an increase in pay. Promotion is a slow, deliberate process, and the majority of workers stop advancing before they obtain a position of prestige.

Other disadvantages exist as well. During recessionary times companies must sometimes take certain steps to maintain full employment which are stressful for employee morale and for the whole system of lifetime employment. Employees are frequently forced to take early retirement to reduce workforce size. This affects mainly older workers, the same ones who sacrificed to fuel Japan's growth and success in the crucial 1960s and early '70s, and who now find they must sacrifice again to support the system they created (Sethi, Namiki, and Swanson, p. 38). Companies will also put permanent employees in maintenance positions or other routine, trivial jobs normally done by temporaries (or not done at all) in order to keep the whole workforce busy.

Other techniques used to avoid layoffs include transferring employees from company to company within a corporate group, transferring employees from a parent company to one of its supplier firms, and lending workers from firms with excess workers to those experiencing shortages. This means that by guaranteeing some workers increased security, other workers not covered by lifetime employment end up with reduced job security to compensate. In 1977 it was estimated that Japan's economy had one million "extra" workers acting as messengers and doorkkeepers (Sethi, Namiki, and Swanson, p. 232). All of this puts a severe stress on the economic system and causes distrust among the employees, a problem which lifetime employment was expected to eliminate.

Lifetime employment has still other psychological effects on employees as well. Many middle-aged employees are very fearful of becoming "window-side" employees and move very carefully and quietly through the organization to avoid that fate. Lifetime employment also affects a worker's private life because he is expected to give all of his time and energy to the company, while his private life is expected to take a back seat to this work obligations.

**Lifetime Employment In America**

Now that we have seen why lifetime employment has worked in Japan in the past and why it is currently coming under fire there, it is time to look at the conditions which exist in the United States workforce. I will argue below that a universal lifetime employment policy would probably not work in the U.S., although many of the features of the lifetime employment philosophy would be very beneficial to many American companies.

**The American Culture**

Relative to the long history of Japan, the United States is culturally a very young country, without a strong, uniform heritage and set of values among its citizens. America has historically been a country of individualists who tend to avoid ties which could interfere with their own interests. Family ties are much weaker in the U.S. than in Japan, and the consequent lack of paternalism affects the American's attitude towards the organizations of which he is a member.

If an American worker does not see any opportunity for advancement in his job, chances are good that he will go somewhere else where more opportunities are available. It would be difficult to convince an American to remain with a particular company for his whole career when a few years down the road a job may become available somewhere else at twice the salary. Although job security is important to Americans, it is considerably more important in Japan, where workers tend to be much more far-sighted about their careers. The American employee normally evaluates his career on a
short-term basis, and job security in the form of lifetime employment would be considered too expensive in terms of future opportunities foregone.

**American Politics**

There are also many political and geographical factors which have contributed to the attitudes of the American worker. Because of the United States' wealth of land and resources, it has natural economic power, and has enjoyed the position of economic leader of the free world throughout the twentieth century. America has easy access to markets, both domestic and overseas, and has always been an exporter of technology and innovation. Because of its military might, the U.S. has been able to influence world affairs and protect its trading and market shares without having to struggle economically to become competitive. Workers tend to believe that the economy is healthy enough, and that there is no need for radical changes and a devoted commitment to the company to increase competitiveness.

Because of its level of development before World War II and its isolation from both World Wars, the United States began the modern economic era (after World War II) well ahead of any other nation. It also possessed a fully developed industrial sector which was already the most advanced in the world, and a diversified economy which was running smoothly and successfully. It wasn’t until the late 1960s and early 1970s that U.S. companies were forced to examine their competitiveness and make changes in an attempt to combat slipping market share. American workers are thus not accustomed to sacrificing for the sake of the economy, and still strive for personal success before the success of the company. The pressure for change is not yet strong enough to force people to alter the work culture with which they grew up.

**American Examples of Lifetime Employment**

There are many examples of American companies which currently have no-layoff policies or use other aspects of the lifetime employment philosophy in their labor relations. Many of these companies have found that these policies can have very positive effects on employee relations as well as on productivity.

One company frequently noted for its lifetime employment policy is IBM Corporation. IBM has had a no-layoff policy with its regular employees for a number of years, and has been able to support this policy through many computer sales slumps over the past few decades, despite massive automation efforts in many of its plants.

IBM’s Lexington, Kentucky plant was originally the facility which produced the IBM Selectric typewriter, which was for years the industry standard but which had been recently surpassed by a number of competing models. When IBM recognized the need to update its typewriters, it decided to redesign the model completely and integrate it with its computer keyboard and printer models. The new products were to be assembled on a fully automated production line by using robots and computer integrated manufacturing.

Five years before the new model would start production, the company began informing the employees of the changes that were to take place and explaining the needs for those changes. Due to the high degree of automation in the new plant, most of the blue-collar jobs were eliminated; but rather than being laid off, hundreds of workers were retrained as programmers, secretaries, equipment supervisors, or “owner-operators” of work stations in the new factory. Some took eighteen-month training courses in technical maintenance, while others were relocated to other IBM manufacturing facilities. Overall, a great deal of effort and investment was made to ensure that the new facility was understood by the employees of IBM as one whose aim was to increase competitiveness (Waterman, pp. 248–251).

Other American companies which have no-layoff agreements with their workers include Hewlett-Packard Corporation, Maytag, and Nucor Steel. Two other corporations—Dana Corporation and Steelcase—do not have no-layoff agreements, but the philosophy held by management is that layoffs are to be used only as a last resort. And, in fact, layoffs at both firms
have been rare and short-lived. For example, during a sales slump at Steelcase in 1982, management was forced to go through a number of workforce reductions in response to anemic sales. It cut the work week from the normal forty-five hours to forty, then to thirty-eight. When it had to cut back to thirty-six hours, Steelcase finally laid off eleven hundred people, but was very thorough in explaining its plans and needs and keeping the employees well-informed about what was happening. Within three months sales had rebounded, and all the laid-off employees were back at work. The firm's openness and efforts to maintain full employment created extremely good relations with the employees, and all are more aware of what the company must do to compete successfully (Waterman, p. 230).

At General Motors' New United Motor Manufacturing, Inc. (NUMMI) facility, management has a collective agreement with the United Auto Workers union (UAW) which states that the firm will not lay off employees unless forced to do so by severe economic conditions threatening the survival of the facility (Brown, p. 23). During sales slumps NUMMI instead reduces the salaries of officers and managers, assigns previously subcontracted work to bargaining-unit employees, and seeks voluntary layoffs. The agreement lets NUMMI make the most efficient use of its employees because the UAW has allowed the company to shuffle assignments of its employees and overstep specific job descriptions. The UAW has also agreed to allow NUMMI to subcontract work and take other measures to keep labor requirements steady.

Unlike most Japanese firms, however, the American companies with no-layoff policies will still fire employees for unsatisfactory performance. For example, Steelcase has a demerit system which gives employees points for excessive tardiness and other types of anti-productive behavior. As points accumulate, the employee first receives a warning, then must meet with his supervisor, and finally is dismissed. Steelcase frequently hires them back within a few weeks, however; and although some get fired a second time, according to Steelcase president Frank Merlotti "Every now and then one of them will turn around and become a damn good employee" (Waterman, p. 231).

Companies with no-layoff policies have both tough performance and productivity expectations and "safety nets" to assure the employees of their job security. Nucor Steel reminds its employees that it is in world competition, and that unless productivity continues to grow, there won't be jobs for anyone. Nucor also asks its employees for ideas to improve productivity, pays them for their ideas, refrains from imposing layoffs, and retrains its employees to handle new technology (Waterman, p. 229).

All of the companies which have been noted as having employment security policies are successful corporations with progressive management techniques. A less successful company would probably find it nearly impossible to promise job security to its employees due to its smaller profit margins and weaker sales. Many industries by nature have too much variation in sales or too much employee turnover to try to implement a lifetime employment policy.

Many American companies have spent the past decade trying to regain market share lost to the Japanese. They have tried to become more competitive by imitating Japanese management techniques which are derived from the philosophy of lifetime employment, even though they cannot afford to offer lifetime employment itself to their workers. This limits the effectiveness of the other Japanese techniques because of the lack of worker trust which accompanies the lack of employment security. Many companies are simply struggling too hard for their own survival to be able to afford a policy of job security for their employees, and this will continue to be the case until they get their sales back on solid ground.

A Proposal for American Lifetime Employment

The Japanese concept of true lifetime employment would not work well in most American companies. This becomes all the more obvious when it is realized that many Japanese industries themselves are beginning to phase out lifetime employment because of the increas-
ingly individualistic attitudes of Japanese workers and the shift away from simple low-cost production. There are still a number of aspects of lifetime employment, however, which could benefit American firms.

One such aspect is the idea of job rotation. By exposing the employee to many different parts of the production process, management broadens the employee's understanding of the product and the company. This increases the flexibility of the workforce and allows the company to shift its workers around to accommodate fluctuations in production and demand, thus reducing the need for layoffs. The employee's attitude also tends to improve as he begins to see his work as contributing to the successful creation of the product rather than simply as an isolated task to be performed.

A company could also benefit from structuring its production schedules and manufacturing techniques to eliminate peaks and valleys in production. This involves staggering different items on the production line rather than working in a batch format. For example, if Toyota had to make 1000 two-door models and 1000 four-door models of a particular car, it would stagger the two models on the assembly line rather than make all of the two-doors one week and all of the four-doors the next. This way the workers making doors face a constant demand of three doors per car.

Both of the above techniques would have the effect of reducing variation in the labor force needed to meet production deadlines, which in turn would greatly decrease the need for layoffs. These techniques would also cut back on inventory buildup, thus making just-in-time production more practical. When a company can reduce fluctuations in production and adhere to a no-layoff policy, its employees tend to be less suspicious of the company's actions and more willing to work harder to make the company profitable.

Another Japanese management technique which is considered part of lifetime employment is that of kaizen. This concept, which U.S. firms have overlooked for the most part, involves an effort by management to make the work of the employee easier. Under kaizen, management tries to reduce all unnecessary burden on the employee and make the work environment safer and less stressful. The Japanese have found that when employees are overworked, they become less efficient workers, and both quality problems and safety problems then arise. Management tries to find waste in machinery use, material handling, labor, and methods of production. Kaizen reduces needless waiting around, rearranging materials, handling unnecessary parts, unpacking parts, and leaving the workplace to retrieve parts and tools.

Under the philosophy of kaizen, team members (within a job rotation team) work together to plan their own jobs to make them easier to perform. As an example, "Team Taurus" at Ford received a suggestion from assembly line workers that with the addition of a locator pin on the dashboard assembly, installation of the assembly would become an easy, precise one-man job rather than an inexact two-man struggle (Waterman, p. 82). Kaizen encourages creative employees to think about how their tasks can best be performed and allows them to express their ideas without fear of being displaced by the ideas' results (Brown, pp. 27-28). At NUMMI, where kaizen is stressed, the average daily attendance rate exceeds ninety-eight percent, largely because of the high degree of employee satisfaction. Kaizen is made possible and effective only by lifetime employment intentions. According to one labor leader, "You can't expect a worker to tell you how to improve productivity if he knows he's going to lose his job" (Brown, p. 28).

Although some aspects of the lifetime employment philosophy translate very well to American companies, many other aspects of lifetime employment are impractical for use by American companies unless changes are made to accommodate the American work culture. One factor which reduces the potential effectiveness of lifetime employment in the U.S. is that it is not a universal practice. Not only are companies willing to hire employees who have left another firm, but many actually require experience with another firm before they will hire a recruit. The low job mobility which lifetime employment encourages and thrives on is thus missing in the United States, whose char-
characteristic high mobility benefits both worker and employer in the current economic system. This mobility eliminates employee complacency or feelings of being "trapped" in a job, and keeps the company apace with industry by facilitating the generation of new ideas.

Even if company policy is structured to reduce workforce fluctuations, frequently changes in the market or the economy occur which force some companies to reduce their production schedules. Rather than making up meaningless positions, sending employees to work for supplier firms, or forcing early retirement in an attempt to uphold a no-layoff policy, companies should use layoffs if they become truly necessary. This keeps employee morale higher by avoiding putting people in completely inappropriate positions just to keep them working. This is the type of agreement used at NUMMI, and is one which is acceptable to both the union and the company. Layoffs should always be a last resort, but there need not be a legal commitment to maintain employment as long as the firm is dedicated to its employees, and the employees recognize this fact.

Conclusions

So what does this mean for American business? As I attempted to show above, lifetime employment will not work in America, at least not in its Japanese form. There are simply too many differences in culture, economic conditions and industrial traditions between Japan and the U.S. for something so uniquely Japanese as lifetime employment to be effective here. In fact, even the differences between the Japan of 1970 and Japan of 1989 seem to be slowly pulling lifetime employment apart at the seams. The idea of working for the "common good" and of making the corporate family survive at all costs is no longer strong enough to support lifetime employment. The economies of the world are changing too rapidly, and most companies do not want to inhibit change by adapting inflexible policies.

There are still a number of lessons, however, that U.S. companies could learn from their Japanese counterparts. Without actually binding themselves to lifetime employment, U.S. companies might instead implement policies that maintain production at a steady level and keep employee satisfaction high in order to reduce attrition. Policies such as job rotation, broad-based training and investment in employees, simplification of work and reduction of unnecessary effort, and production-steadying techniques could all serve to improve employee relations and raise productivity. An open line of communication with the workers on the floor and in the lab could further lead to what effectively amounts to "lifetime employment" without the burdensome commitment or the negative aspects of the one-firm career.

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