

**Human Resource Management
in Local Government:
Japanese Challenge
for Performance Management**

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Abstract

Local governments in Japan preserve a traditional seniority-based personnel management system. It might have been legitimized in the age of a centralized 'developmental state' in the 20th century however, traditional personnel management is no longer effective for local government in the age of decentralization. Compared with national government, steps toward modernizing public services in local government seem slow. Local governments have promoted a series of New Public Management reforms such as outsourcing, contracting-out, and privatization since the 1990s. Nevertheless, as survey data shows, local governments remain passive in the promotion of performance management and personnel evaluation. It must be a tough challenge for local public managers to change the bureaucratic culture of local government. However, not only public managers but also public employees should recognize that modernization of human resource management is a necessary step to improve the capabilities of local public officials in service delivery in order to increase public trust of local government in the age of decentralization.

Introduction

Under the worsening of government finances since the 1980s, most OECD countries have attempted to streamline public bureaucracies through various measures such as de-regulation, outsourcing, market testing, private finance initiatives, etc. These reform measures are packaged under a label of 'New Public Management' or 'NPM' (Hood 1991; Pollitt and Bouckaert 2000). Traditional approaches to bureaucratic reform have emphasized professionalization of government. To the contrary, NPM proposes the promotion of 'de-bureaucratization' and the application of business management practices in public organization (Osborne and Gaebler 1993). It brought in a chorus of 'performance management' or 'result-based management' around the globe. It gave a chance for reform-minded political managers to take a radical step toward civil service reforms around the world. The OECD published a series of reports to introduce 'best practice' in performance management and civil service reform to encourage modernization of public service systems (OECD 1995; 2005a, 2005b). The list includes the establishment of Senior Executive Service (SES), contracted employment, broadbanding of job classification, performance-related payment, and the reform of industrial relations (Christensen and Gregory 2008). In the 1990s and the first decade of 21st century these reform measures were adopted rather selectively country by country. This resulted in the modest reform of existing 'Weberian' bureaucracies. It can be pointed out that the distinction between public and private organizations in terms of personnel management has become

blurred in many countries. Nevertheless, it is hard to say that employment of public sector workers has been transformed to be equal to that of private sector workers either in terms of labor relations (Kearney 2009) or working motivation (Wright 2001). Even though public service systems in the world share a common principle of 'merit', configuration of public services is embedded in the political and administrative system of a nation. It makes public service systems different from each other. It is unquestionable that the outcome of civil service reform depends greatly on endogenous factors such as a tradition within the civil service and public perception of the role of public service in a given society. In other words, strategies for modernizing the civil service should be based on the recognition of the configuration of public 'institutions' in the governing of the nation. The institutional choices made early in the development of a civil service system will have a pervasive effect on subsequent policy choice (Peters 1996: 210). It will lead us to a conclusion that not only in theory but also in practice, a 'convergence' in public service reform is an oversimplification (Pollitt 2001).

Diversity in public service modernization has also emerged in the realm of human resource management (HRM) in local government around the world (Sanderson 2001). Under the pervasive NPM, local governments have been under pressure to promote efficiency in the use of public resources. At national level, central governments have introduced reform measures such as outsourcing, compulsory competitive tendering, E-government, etc. to promote efficiency in local public service delivery. Furthermore, decentralization reform has pushed local public managers to introduce a concept of 'performance' both in the organization and in personnel management. In decentralized governance, local public managers are held accountable for efficient public management to community members. In this situation, a passive attitude toward management reform leads to the declining of public trust in government.

However, it should be noted that the promotion of management reform often brings conflict and confrontation inside government. Even if adopted, it may generate conflict between central management and line departments in the implementation of performance measurements. If there is a lack of information on performance management, line managers will be skeptical on the use of an evaluation result, and think it a 'nuisance' (Sanderson 2001 : 308).

Nevertheless, public managers should think that a promotion of performance management is a chance to change old-fashioned administrative culture to remove obstacles to innovation. Japan is not an exception. An observer might think that the Japanese government is efficient in the use of human resources in terms of the number of public employees. Even though this is true, modernization of public service systems is unavoidable in the age of globalized economies. In the process of reform, however, reform measures should be compatible with the configuration of public institutions in Japan. It has been suggested that public managers should seek for a 'Japan model' of public personnel management that contributes to the development of ability and performance of public organizations and to the recovery of public trust in government in Japan.

1. Public Service Reform in Japan

It was in the late 19th century that the government of Japan established a modern public service system based on a principle of 'merit' or professionalism. The examination for higher civil service was the most difficult exam in the nation. Those who passed were likely to reach privileged positions in the Ministries. As is widely known, most of the higher level civil servants positions were occupied by graduates from the Law Faculty of Tokyo University. These legal elite were regarded as the 'generalist' bureaucrats engaged in lawmaking, policymaking, and decision-making in central ministries. Throughout the pre-War period (1868–1945), elite bureaucrats had controlled state power in the name of the sovereign, the Emperor. It was in the 1920s that emerging political parties challenged the bureaucratic government through appointing party members to the higher positions in Ministries. However, party based government was short lived. It was replaced with a military government in the 1930s. Under the military government, public service was under the control of the military cabinet. After World War II, the GHQ (General Headquarters) of occupational forces commanded the Government of Japan to restructure government machinery based on democratic principles. In the new Constitution, public service is defined as a 'servant of all the people.' The Government enacted the National Public Service Act in 1947 and the Local Public Service Act in 1950 respectively. These laws introduced democratic principles in personnel management both in national and local government modeled after the American civil service system. Based on the National Public Service Act the Government established the National Personnel Authority (NPA) in 1948 to promote the merit principle in ministries and protect the benefits of national public employees. Following that, the Government enacted the Job Classification Act in 1950 in order to establish a scientific personnel management system based on position classification. On the other hand, the GHQ attempted to strengthen political control over bureaucracies by replacing the position of administrative vice-minister with a political appointment. However, such a bold attempt to change the civil service system was less successful due to the resistance of civil servants. Bureaucrats put pressure on the ruling party to revise the National Public Service Act to keep the position of administrative vice-minister as the top position of career bureaucrats. They also disregarded the implementation of the job classification system, this together resulted in the survival of traditional 'rank-in-person' system of government, and a continuation of 'generalist' orientation in personnel management.

It may be possible to say that an unchanged bureaucracy might have contributed to the small size of government in Japan. In fact, Japanese government has the smallest number of government employees per population among the OECD countries.¹ If the job classification system were implemented, the number of government employees might have increased in relation to the expansion of government functions. At any rate, a tradition of 'generalist' bureaucracy has survived. The Ministries have been competing with each other to employ 'the best and brightest' for

policy making. These young bureaucrats have contributed to the 'miracle' economic development of the 1950s and 1960s, that Chalmers A. Johnson (1982) described.

Needless to say, the age of bureaucratic government ended at the end of 20th century. Under the worsening of the economy, political leaders finally noticed the urgent need for administrative reforms in the 1990s. It was the same at the local level. Since the late 1990s, various reform ideas have been published for public discussion. And it is still goes on.

In the following sections, we will observe public service reform at a national level first. It will be followed by observations on the current model of personnel management in local government. In the final section, the author attempts to submit lessons for better performance management in local government.

2. Personnel Management Reform in National Government

It is in the 1990s that public service modernization emerged into the political agenda in Japan. In 1996, the Prime Minister Hashimoto established the Administrative Reform Council to reorganize national government machinery. As scholars observed, Japan was a delayed participant in the 'New Public Management' reform in OECD countries (Pollitt and Bouckaert 2000; Muramatsu and Matsunami 2003). The Council aimed to establish political leadership over bureaucracies to initiate a reconstruction of national administration. Based on the final report of the Reform Council, the LDP (Liberal Democratic Party) Government enacted the Comprehensive Administrative Reform Act in 1998. Accordingly, the Government reduced national ministries from 22 to 13 in 2001. At the same time, the Government established the Cabinet Office to strengthen policy coordination in the Cabinet. In addition, the LDP government introduced the Independent Administrative Institutions (Executive Agencies) to separate service delivery functions from the ministries. Finally, the Government enacted the Government Policy Evaluation Act in 2001 to make national ministries more accountable for performance (Koike, et al. 2007; Kikuchi 2010).

In this stream of administrative reform in the 1990s, the government stepped in to reform the traditional civil service system (Nakamura 2003). In 1997, the Government established the Research Council on Public Service System Advisory Council on the Reform of Civil Service System. Two years later, the Research Council submitted the report to the Prime Minister. Although the report proposed a comprehensive reform of national service such as the revision of the entrance examination system, introduction of a merit pay principle, establishment of ethics, extension of retirement, and the promotion of personal exchanges between the public and private sectors, only incremental change has been achieved in the following decade.

It was in 2007 that the Prime Minister Shintaro Abe established a Panel on the Civil Service System to propose a blueprint of a civil service reform plan. The Panel submitted a report to the Prime Minister in February 2008. After the resignation of Abe, under the new Prime Minister Yasuo Fukuda the Government drafted the Basic Act on Reform of National Public Service System. The Bill included the establish-

ment of the Cabinet Personnel Agency to manage the top of the civil service outside of the boundaries of the ministries. The Bill passed the Diet on June 2008. In the election of 2009, the Democratic Party of Japan (DPJ) won a landslide victory. Under the leadership of Prime Minister Yukio Hatoyama, the ruling DPJ Government created a new reform plan that included establishment of the National Public Service Agency in the Cabinet Office and abolition of the National Personnel Agency. However, the public service reform bill became stuck in the Diet due to ongoing deliberations and discord among the political parties.

During political confrontation on the Public Service Reform Bill, the Government promoted the reform of the personnel management system. In 2007 the Government revised the National Public Service Act to outline the new principle for personnel management. It states that “personnel management concerning appointments and remunerations after the recruitment of public employees shall not be bound by the year of recruitment or the kind of recruitment examinations that have been passed, but shall be conducted based on appropriate personnel evaluation.” In 2009, the National Personnel Authority introduced a new Rule concerning the utilization of personnel evaluation results for remunerations and appointments. It was clear that the new Rule attempted to shift from seniority and recruitment year-based system to a system reflecting the abilities and performance of individuals. The new Rule says that “the personnel evaluation results shall be utilized so that they are reflected in step increases, bonuses, standards for promotions and grade increases, and human resource development.” A new system was established in which if public employees fail to produce a good performance record, they will be subject to a reduction of pay (lowering of pay steps), and if employees score the lowest mark in the ability evaluation or performance evaluation, they may face a lowering of grades of duty or a lowering of pay steps (NPA 2008).

To move public service reform forward, the DPJ Government submitted a bill that aims to grant the right for collective labor agreements to the public service labor unions in 2010. However, it raised further political conflict between the right and the left. This reform bill has also become stuck in the Diet.

On the other hand, the Ministry of Internal Affairs and Communications drafted a bill to revise the Local Public Service Act to encourage local government to promote personnel management reform. However, this bill has also become stuck in the Diet.

In the next section, the author will analyze the characteristics of personnel management in local government.

3. Local Public Service Reform in Progress

On December 25, 2001, the Cabinet made a decision to implement ‘the Reform of the Civil Service’. It was a declaration that the national government had launched a reform of national and local public service systems as a part of administrative reform package. It stated,

"It is necessary for local government to maximize the ability of local public employees for challenging emerging problems. It will not be allowed for local public service staying in the secured positions in order to provide quality services to the local population with efficiency and stability. ... In the local public service system, the Government will implement necessary reform measures following national public service reform. Measures include the ability-based promotion and displacement, the performance-based payment, the training for policy competency, and the increase of the employees who has experiences working at the private sector organizations." (Cabinet Decision, 25, December 2001).

As mentioned before, the Government submitted a bill to revise the Local Public Service Act to the Diet in 2008. It requires local governments to modernize 'old fashioned' personnel management systems. The first pillar of this legislation is the establishment of ability-based appointment (promotion and dismissal/demotion) system. The bill states that the appointment of officials should be based on the evaluation of individual personnel. In the evaluation, the employer should standardize the abilities necessary for the accomplishment of the task.

The second pillar is the establishment of a new personnel evaluation system. The bill defines it as "the evaluation of performance record based on the recognition of the ability and performance in the implementation of the assigned task shall be utilized for the foundation of personnel management such as appointment, remuneration, and disposition." It emphasizes that the personnel evaluation must be fair for all employees.

It is obvious that the Ministry of Internal Affairs and Communication intended to establish ability and performance based personnel management systems in local government following national public service reform. However, the reasons for reform are different between central and local government. National public service reform aims for the reduction of bureaucratic power in the promotion of administrative reform. On the other hand, local public service reform emphasizes the modernization of old-fashioned personnel management in the age of decentralization.

Table 1 shows job performance evaluations for employees in local government in Japan. It reveals that all of 47 prefectural governments and all of 19 designated cities (cities with population over 700,000) implement some kind of performance appraisals. However, the implementation declines by 59.4% in other municipalities. Among municipalities (cities, towns and villages), with smaller population size, the ratio is as follows: regular cities (72.4%), towns (49.3%), and villages (30.4%). It indicates that small local governments are passive in the introduction of job performance appraisal.

Among local governments that implement some job performance evaluation in personnel management, performance appraisals in term of 'ability evaluation' is implemented by all of 47 prefectures, 94.7% of designated cities and 85.2% of municipalities (Table 2). Performance evaluation based on 'Management by Objectives' is introduced by 72.2% of prefectures, 89.5% of designated cities, and 41.0% of munici-

Table 1 Introduction of Job Performance Evaluation (as of April 2010)

| | | Numbers | Introduced | Not introduced | Ratio (%) |
|--|------------------------------|---------|------------|----------------|-----------|
| Prefectures | | 47 | 47 | 0 | 100.0 |
| Designated cities | | 19 | 19 | 0 | 100.0 |
| Cities and Special wards | Core cities ¹⁾ | 40 | 40 | 0 | 100.0 |
| | Special cities ²⁾ | 41 | 39 | 2 | 95.1 |
| | Regular cities | 686 | 497 | 189 | 72.4 |
| | Special wards ³⁾ | 23 | 23 | 0 | 100.0 |
| Towns ⁴⁾ | | 757 | 373 | 384 | 49.3 |
| Villages ⁵⁾ | | 184 | 56 | 128 | 30.4 |
| Subtotal of cities, special wards, towns, villages | | 1,731 | 1,028 | 703 | 59.4 |
| total | | 1,797 | 1,094 | 703 | 60.9 |

1) Cities with populations of more than 300,000 that have been designated by cabinet order are known as 'core cities'. Core cities are allowed to establish health care centers.

2) Cities with populations of more than 200,000 that have been designated by cabinet order are known as special cities. Special cities are given some authorities on land development.

3) The 23 wards of Tokyo (Chiyoda Ward, Shinjuku Ward, etc.) are currently the only special wards. Mayors of Special Wards are popularly elected. Special Wards also have a Special Wards Assembly with elected members.

4) Legal status of towns is the same as cities. In population size, towns are usually above 8,000 persons.

5) Legal status of villages is the same as cities and towns. Population on villages are less than 8,000 persons.

Source: Ministry of Internal Affairs and Communications (2010)

palities. On the other hand, performance evaluation based on results or outcomes is implemented by 61.7% of prefectures, 57.9% of designated cities, and 45.0% of municipalities. Table 2 shows that ability evaluation is more popular than performance evaluation in terms of Management by Objectives and result-based in all of local government. We can also observe that the smaller local governments are passive in the evaluation of performance of employees.

However, as shown in Table 3, only 37.3% of local governments use the results of personnel evaluation to decide pay increases. In terms of bonus allowances, 87.2% of prefectural governments use evaluation results as criteria for calculating allowances, with only 21.7% of municipalities (except designated cities) doing so. With promotion, 89.4% of prefectures and 62.1% of municipalities use personnel evaluation as criteria in promotion (Table 4). With deployment, 91.5% of prefectures use evaluation results, while 51.6% of municipalities use it. In case of its utilization in human resource development (HRD), the rate decreased to less than half. Interestingly only a few municipalities replied that they use personnel evaluation for demotion or dismissal of employees.

The above data suggest that not a small numbers of local governments are still quite passive in the application of performance results to human resource management (HRM) in particular among small municipalities like towns and villages.

Table 2 Types of Evaluation introduced (as of April 2010)

| local government type | | ability | | Performance (Management by Objectives) | | Performance (Result, outcome) | | Ability and performance (MbO) | |
|---|----------------|---------|-------|--|------|-------------------------------------|------|-------------------------------------|------|
| | | number | % | number | % | number | % | number | % |
| Prefectures | | 47 | 100.0 | 33 | 70.2 | 29 | 61.7 | 33 | 70.2 |
| Designated cities | | 18 | 94.7 | 17 | 89.5 | 11 | 57.9 | 17 | 89.5 |
| Cities and Special wards | Core cities | 35 | 87.5 | 21 | 52.5 | 13 | 32.5 | 21 | 52.5 |
| | Special cities | 37 | 94.9 | 20 | 51.3 | 17 | 43.6 | 20 | 51.3 |
| | Regular cities | 435 | 87.5 | 233 | 46.9 | 213 | 42.9 | 214 | 43.1 |
| | Special wards | 22 | 95.7 | 21 | 91.3 | 22 | 95.7 | 19 | 82.6 |
| Towns | | 301 | 80.7 | 114 | 30.6 | 169 | 45.3 | 101 | 27.1 |
| Villages | | 46 | 82.1 | 12 | 21.4 | 29 | 51.8 | 10 | 17.9 |
| Subtotal of cities, special wards, towns, villages | | 876 | 85.2 | 421 | 41.0 | 463 | 45.0 | 385 | 37.5 |
| total | | 941 | 86.0 | 471 | 43.1 | 503 | 46.0 | 435 | 39.8 |

Source: Ministry of Internal Affairs and Communications (2010)

Table 3 Utilization of evaluation results in remuneration (as of April 2010)

| local government type | | number | Wage increase based on performance results | | Bonus allowance based on performance results | |
|---|----------------|--------|---|-------|---|-------|
| | | | introduced | % | introduced | % |
| Prefectures | | 47 | 47 | 100.0 | 41 | 87.2 |
| Designated cities | | 19 | 18 | 94.7 | 14 | 73.7 |
| Cities and Special wards | Core cities | 40 | 29 | 72.5 | 16 | 40.0 |
| | Special cities | 41 | 28 | 68.3 | 20 | 48.8 |
| | Regular cities | 686 | 253 | 36.9 | 162 | 23.6 |
| | Special wards | 23 | 23 | 100.0 | 23 | 100.0 |
| Towns | | 757 | 238 | 31.4 | 141 | 18.6 |
| Villages | | 184 | 35 | 19.0 | 13 | 7.1 |
| Subtotal of cities, special wards, towns, villages | | 1,731 | 606 | 35.0 | 375 | 21.7 |
| Total | | 1,797 | 671 | 37.3 | 430 | 23.9 |

Source: Ministry of Internal Affairs and Communications (2010)

Those local governments that introduced personnel evaluation systems use it mostly for pay and allowances. It suggests that most local public managers do not see personnel evaluation systems as a tool for improving human resource develop-

Table 4 Utilization of evaluation results in promotion, deployment, and demotion/dismissal (as of April 2010)

| local government type | | Promotion | | Deployment | | HRD | | Demotion/ Dismissal | | |
|---|----------------|-----------|------|------------|------|----------|------|------------------------|----|-------|
| | | utilized | % | utilized | % | utilized | % | Executed | | |
| | | | | | | | | utilized | % | |
| Prefectures | | 42 | 89.4 | 43 | 91.5 | 38 | 80.9 | 8 | 4 | 50.0 |
| Designated cities | | 16 | 84.2 | 16 | 84.2 | 17 | 89.5 | 1 | 0 | 0.0 |
| Cities and Special wards | Core cities | 35 | 87.5 | 31 | 77.5 | 24 | 60.0 | 7 | 3 | 42.9 |
| | Special cities | 34 | 87.2 | 29 | 74.4 | 25 | 64.1 | 4 | 1 | 25.0 |
| | Regular cities | 345 | 69.4 | 295 | 59.4 | 251 | 50.5 | 30 | 10 | 33.3 |
| | Special wards | 19 | 82.6 | 18 | 78.3 | 19 | 82.6 | 6 | 2 | 33.3 |
| Towns | | 189 | 50.7 | 148 | 39.7 | 144 | 38.6 | 14 | 8 | 57.1 |
| Villages | | 16 | 28.6 | 9 | 16.1 | 18 | 32.1 | 4 | 4 | 100.0 |
| Subtotal of cities, special wards, towns, villages | | 638 | 62.1 | 530 | 51.6 | 481 | 46.8 | 65 | 28 | 43.1 |
| Total | | 696 | 63.6 | 589 | 53.8 | 536 | 49.0 | 74 | 32 | 43.2 |

Source: Ministry of Internal Affairs and Communications (2010)

ment. It reveals the fact that there is a gap between different local governments in their recognition of the need for modernizing public services in Japan.

Quest for ability and performance-based human resource management

How can we explain such a passive attitude towards performance-based personnel management in Japan? First, we can point out that there is an apathetic attitude about performance-based human resource management in local government. It is mainly due to a traditional 'seniority rule' in local personnel management. For a long time, local government has been placed at the bottom of the hierarchy in the levels of government. Major jobs in local government are mostly paperwork in accordance with legal procedures or window services. In such a situation, it might be difficult for personnel managers to evaluate ability and performance of public employees. It has strengthened dependence upon seniority rule in personnel management. It also reduces costs of evaluation both for the evaluator and the evaluated. On the other hand, a reliance on seniority when deciding promotions weakens public commitment to better service for the customer. This is because they are not motivated to work hard if their wages are proportional to the length of years spent working. In recent years, however, such an old-fashioned form of HRM has been criticized as part of the promotion of decentralization. Decentralization has increased local decision-making power for local public programs in areas such as local economy, employment, education, safety and security, and so on. In these competitive circumstances, modernizing HRM is critical for local government.

In the promotion of the new form of HRM, consultants both at national and local levels have recommended application of HRM measures popular in the private sector. One measure is a 'Management by Objectives' that encourages both individuals and organizations to define their objectives and goals to be achieved in a fixed duration. Another is an introduction of key performance indicators to measure output and the outcome of programs. Using indicators for evaluation criteria managers can evaluate performance of individuals and the organization based on the results achieved. Then, personnel managers can utilize performance information when making judgments on appointments, deployments, promotions, wages, and allowances. This is an application of the 'result-based' management of human resource development in a public sector organization. However, public managers should note that the main objective of personnel evaluations is not a screening or discrimination of employees based on performance but an improvement of the development of human resources over a long time frame.

In evaluating the abilities of public employees it is important to define the ability required for the assigned task within the individual ranks and thus the required criteria so as to measure achievement. These abilities can include ability to make critical decisions, comprehensive planning, leadership, good human relations with subordinates, toughness, cooperative behavior, self-discipline, etc. The level of ability depends on rank. For instance, leadership will be more important for managers and senior officials. If a public manager would like to put more weight on the professional skill of an employee, he or she should define the necessary skills in their job description. In the capacity development process, it is useful for local governments to attach education and training programs to the performance management process.

For organizational performance, program managers have the opportunity to set up performance goals. In the process it is natural to connect performance evaluation with program evaluation. Program evaluation is not only a tool to measure how expected goals are achieved, but also a necessary step for improving programs. It can be conducted either in-house or by third parties, or both. It is essential for performance evaluation to establish the capability of managers for effective program evaluation and linking evaluation results with program improvement (Koike, et al. 2007).

In order to make ability and performance evaluation effective, it is important for public managers to make evaluation as reliable as it possibly can. It requires the establishment of a fair and objective system of personnel evaluation. It is also important for evaluators to participate in training programs on how to conduct an evaluation. If the evaluators do not understand the philosophy and theory of performance evaluation, it is impossible for employees to do their best to improve the quality of the program. In the process of performance evaluation, it is important for evaluators to hear the opinion of their peers to make evaluation fair.

Personnel evaluation is a kind of organizational learning tool to be shared among employer and employee. The purpose of personnel evaluation is not to check the delinquency or mistakes of employees but to find out opportunities for development. If any improvements are found, managers should give positive evaluation and

use it when making appointments, deployments, promotions, and deciding remuneration. Such an incentive system will enhance endogenous development of human resources and be an engine to improve performance of public organizations.

4. Capacity building and social learning

Along with decentralization, local public programs have been provided by civil society organizations as well as private enterprises. In the emergence of 'new governance' in Japan, it is more important for local public officials to cooperate with various local organizations including civic associations, community-based organizations, local business firms, higher education institutions, and so on. In such a situation it is not enough for local public services to depend on in-house training in human resource development. In the process of public-private collaboration, local public officials should pay more attention to emerging problems and define the role of public organizations through communication with local stakeholders. It is popular among the municipal governments to use the Internet for 'Public comment'. In essence, however, in the new form of governance, local government needs to strengthen ties with local stakeholders to establish mutual trust in governance. It will be achieved through interaction, inter-learning, and co-production with communities (Klijn and Teisman 2000). An application of 'social learning' to HRM in local government will enhance commitment of local public officials through the practice of 'working together.' It will result in the establishment of ties between local government officials and community members. Even though the promotion of E-government may cut costs, it may reduce opportunities for face-to-face relations in local governance. The practice of 'working together' will provide chances both for public employees and citizens for 'social learning' for democratic governance in the age of 'new governance.' It requires openness in performance management at local level. It might be a tough challenge for public managers in the traditional personnel management system, but we should recognize that it is a necessary step to make local government trusted in an age of networked governance in the 21st century.

5. Concluding remarks

In Japan there is a conventional wisdom that the personnel evaluation is a measure to discipline workers rather than a method to develop human resources. However, in the progress of decentralization and the rise of managerialism, it becomes necessary for public managers to improve performance of government not only for public accountability but for the establishment of a workable bureaucracy. Guided by the Ministry of Internal Affairs and Communications, most local governments have moved to introduce new personal evaluation systems for the basis of appointments, promotions, and pay increases. However, it requires a shift in the understanding of personnel evaluation. Performance evaluation is a chance for employees to develop their hidden power. This means that performance evaluation is part of the education of employees. When conducting personnel evaluations, the evaluators

measure the ability and performance of the evaluated personnel and whether they have achieved their expected goals. This is nothing but a learning process and provides lessons for further human resource development. If he or she thinks it is necessary, employees can engage in training programs for further development. When managers utilize evaluation results for personnel management including appointments, deployments, promotions, and remuneration, it is important to invite local community members into the evaluation of the performance of local public service. It contributes to the establishment of government-community collaboration.

There is no doubt that the time has come to modernize old-fashioned personnel management systems in Japan. As shown in the above tables, most local governments in Japan still preserve traditional seniority-bases personnel management systems. It might have been legitimized in the era of centralized government in the 1960s and 1970s, and it is also true that the seniority is still pervasive in the public personnel administrations of developed countries (Derlien and Rouban, 2008). However, seniority rule is no longer effective for local government in the age of decentralization and 'new governance'. Comparing with national government, steps toward modernizing public services seems slow in most local governments. As a result of neoliberal reforms since the 1990s, local governments have been streamlined through outsourcing, contracting-out, and privatization. Nevertheless, most of them are still fairly passive in the promotion of performance management and personnel evaluation. It must be tough for these governments to take the steps needed to change the old culture of bureaucracy. Both public managers and employees should recognize that public trust of local government has been declining due to old structures of public management. It is a time for change. Modernization of personnel management systems based on performance will be a gateway for governance reform in the age of globalization. However, there is no 'one size fits all' for public service reform all around the world. It requires more detailed study of public personnel management in various countries. This is another social learning tool both for scholars and practitioners in public administration around the globe.

Note

- 1 In terms of population, there are 32 public officials per 1,000 Japanese. The ratio is 77 officials per 1,000 in UK, and 87 officials per 1,000 in France (as of 2008).

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