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Company Paternalism and the Hidden-Investment Process: Identification of the “Right Type” for Line Managers in Leading Japanese Organizations

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Abstract

This study investigates belief in company paternalism as an indicator of the “right type” for line managers in leading Japanese corporations. In five companies, 1,075 line managers were surveyed about their belief in company paternalism, their experience with both the formal and informal career-development systems within their company, their working relationships with their immediate superior (LMX), and their overall job satisfaction. Results indicated that belief in company paternalism contributed as hypothesized to formal career investments, informal career investments (including both self-investment and supervisor investment), LMX, and overall job satisfaction. These relationships held true both before and after experiences with the formal career-development system were controlled. Implications of right type for American organizations are discussed.

An investigation of Japanese management development conducted by Graen and colleagues (Graen, Wakabayashi, Graen, & Graen, 1990; Wakabayashi, 1980; Wakabayashi & Graen, 1984; Wakabayashi, Graen, Graen, & Graen, 1988; Wakabayashi et al., 1980) spanning 13 years of Japanese line managers’ career progress from organizational entry to

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advancement into middle management has provided new insight into career progress within Japanese management systems. For example, in contrast to previous speculation that Japanese management progress is "lock-step," it was determined that Japanese line managers, analogous to their Western counterparts, experience differentiation in career progress throughout their careers (Wakabayashi et al., 1988; Wakabayashi, Graen, & Uhl-Bien, 1990). This differentiation occurs through a process of "hidden investments" (Graen, 1989). According to this career-progress model, managers who eventually vie for the executive suite are identified early in their careers and prepared for their entry into the upper echelons through hidden investments that occur throughout their careers (Wakabayashi et al., 1990).

As demonstrated in the 13-year cohort study and in subsequent studies investigating Japanese career progress (Wakabayashi & Graen, 1984; Wakabayashi et al., 1988; Wakabayashi et al., 1990), however, not all Japanese line managers are able to receive the career investments that put them on the fast track in terms of career progress. Rather, it was found that a key contributor to attainment of the fast track in Japanese organizations is the Japanese line managers' success in developing high-quality leadership relationships with their supervisors. These relationships influence attainment of the fast track through increased career investments that line managers involved in the relationships receive. In particular, by becoming involved in high-quality leadership relationships, line managers receive the types of increased career investments from their supervisors that have been found to be positively related to career progress within Japanese systems (Wakabayashi et al., 1988; Wakabayashi et al., 1990).

Given the importance of establishing high-quality leader-member relationships and attaining hidden investments in one's career for entry to the fast track, the question of interest that arises is, What types of individuals in Japanese organizations are most likely to develop high-quality LMX relationships successfully and thus receive increased investments in their careers? In other words, is there some personal characteristic that gives its possessor a competitive advantage in terms of career progress within Japanese corporations? If so, the identification of this personal characteristic would provide insight into what type of individual is able to advance successfully within the Japanese management hierarchy.

Thus the purpose of the present study is to investigate what constitutes the right type of worker for the Japanese management system. In order to understand better how career progress occurs within Japanese management systems, however, we turn next to a discussion of the characteristics of career-development systems within Japanese organizations.

Career Investments

As in most organizations, career development in Japanese corporations is contingent upon the types of career investments the developing managers receive (Yoshino, 1968). These career investments are growth opportunities bestowed upon organizational members to help them learn and develop on the job. Individuals who receive greater career investments are generally better trained and better prepared to accept the responsibilities that come with advancement through the organizational hierarchy. In Japanese organizations, career investments occur on two levels: formal career investment, carried out by the company career-development system, and informal career investments, conducted through a process of hidden investments (Graen, 1989). Formal career investments, which involve programming formal career-development activities for each organizational member, are managed by the personnel departments in these organizations. Informal career investments, on the other hand, are conducted at the discretion of individual organizational members and others around them who may take an interest in their career development.

Formal Career-Development System

The formal career-development system in Japanese organizations is quite different from that of the leading American corporations. In contrast to American systems in which the personnel department plays a reduced role in the promotion and development activities of organizational members, personnel departments in Japanese organizations play a central role in the career planning of their line managers. In particular, Japanese personnel departments are largely responsible for monitoring the career-development activities of each organizational member and determining the career paths that these individuals will take.

As part of this process, personnel sections, not departmental supervisors, take responsibility for administering the periodic performance evaluations by which employee career progress is monitored. In addition, the personnel section identifies the training requirements of each employee based on the individual experiences and needs of the employee. From this information, members of the personnel department, acting as representatives of the formal career-development system, determine the promotability of each employee and then program career paths for each organizational member based on a standard schedule modified for individual needs. By defining which career path individual managers will follow, the company career-development system may

play a significant role in establishing the career progress of each organizational member.

Informal "Hidden-Investment" Career-Development System

Along with investments made by the formal career-development system within the organization, career investments may also occur on an informal level through a process of hidden investments (Wakabayashi et al., 1988). Hidden investments represent special growth opportunities for certain individuals. These investments may originate from several sources, but their primary source is the high-quality exchange relationship (LMX) between the focal manager and his immediate supervisor (Wakabayashi et al., 1990).

As part of the high-quality leader-member exchange (LMX) relationship, supervisors invest more of their own valuable resources in the careers of the selected subordinates (Graen & Scandura, 1987; Graen, 1989). Through this investment, high-quality LMX subordinates are given greater opportunities to develop in their jobs. For example, supervisor investment in a high-LMX subordinate may involve providing the subordinate with special attention and support, offering the subordinate inside information about the organization, delegating extra influence and authority to the subordinate, offering the subordinate latitude in the performance of his job, providing the subordinate extra access to departmental resources, and allowing the subordinate to participate in critical assignments (Wakabayashi et al., 1990). As a result of these investment processes, high-quality subordinates become well-trained, trusted assistants, upon whom the supervisor may rely for assistance. For the developing line managers, these increased investments offer growth opportunities that are often essential for career progress within the organization.

In addition to supervisor investment, informal hidden-investment processes also include self-investment activities performed by the individual managers (Wakabayashi et al., 1990). These self-investment activities occur when individuals in organizations agree to grow out of their formal jobs through the acceptance of additional responsibilities not specified in their formal job descriptions (Graen, 1989; Graen & Wakabayashi, in press). Potential self-investment behaviors may include activities such as increasing technical expertise by performing new tasks, expanding one's competence network, taking risks on the job, building exchange relationships with coworkers, searching for new opportunities for self-improvement, and generally managing one's own career. In addition, line managers may become proactive in their career progress by working to develop high-quality relationships with their supervisors and

thus gain access to the valuable resources discussed earlier (Graen, 1989; Wakabayashi et al., 1990).

When taken in combination, supervisor and self hidden-investment processes are extremely beneficial to the manager receiving the investment, the supervisor, and the organization as a whole. Organizational members who receive career investments benefit from increased opportunity for advancement within the organization, whereas the supervisor and the organization benefit by employing a well-trained, highly dependable worker. Moreover, these activities may be complementary, in that self-investment activities may result in development of higher LMX relationships and, subsequently, increased supervisor investment in the developing manager. In addition to increased *informal* career investments, individuals participating in hidden-investment activities may also indirectly influence *formal* career investments through the high-potential image these activities reflect.

Although both types of career-development systems are influential in career progress, they differ in the amount of control they permit to developing managers. In contrast to formal career-development systems, in which career investments are regulated through highly structured systems, informal hidden-investment processes offer developing managers much greater opportunities for self-control over career progress. Indeed, hidden investments require line managers to take an active stance, because these investments do not come unless managers are willing to engage in self-investment activities and grow out of their jobs. In addition, any influence managers may sustain over the formal career-development system would likely be gained through hidden-investment activities in which they participate. Hence, in contrast to formal career-development systems, hidden investments allow managers a vehicle with which they can take a proactive role in career development. Consequently, it is through the hidden-investment process that right types of line managers would be expected to differentiate themselves from their less qualified co-workers.

Thus career-development systems in Japanese organizations may affect a line manager's career progress in two ways: through a more formalized public face career-development system, in which the company programs formal career-development activities for each line manager, or through a more informal hidden-investment system, in which line managers (through their supervisors) engage in career-development activities by growing out of their formal job descriptions. In the next section, these two types of career-development systems will be discussed in terms of their implications for identification of the right type of worker for the Japanese management system.

Company Paternalism

As discussed above, both formal and informal career-development systems have an impact on Japanese line managers' career progress. Although we have a general understanding of how these processes operate, however, it is still unclear which individual characteristics determine whether a line manager within this Japanese system will be successful in advancing through the Japanese management hierarchy. In the following paragraphs, one possible individual attribute of the right type of Japanese worker, belief in company paternalism, will be presented and discussed.

Japanese management systems have been described in many ways: in terms of lifetime employment and commitment, company loyalty, mutual trust, cooperation and conformity, familial management, and group harmony (Alston, 1989; Befu, 1980; Ouchi, 1981). Although it is difficult to select just one of these characteristics as being more important to the effectiveness of the system than another, it is possible to identify one characteristic of the system from which most of the others emerge: the belief in company paternalism. The mutual belief among Japanese managers and workers that the relationship between the company and employee is paternalistic in nature fosters many of the other characteristics described above: trust among workers and managers, cooperation and harmony throughout the organization (because everyone works together for the good of the whole), lifetime employment and commitment (because a family member is a family member for life), and so on. Because company paternalism is central to the effective functioning of the Japanese system, it would follow that attitudes toward company paternalism held by workers would play a significant role in determining the compatibility of the workers with the management system.

Based on this, one reasonable candidate for a right type of worker for the Japanese management system would likely be someone with strong beliefs in company paternalism (Abegglen, 1957; Befu, 1980; Marsh & Mannari, 1971; Ouchi, 1981). Such employees would place their trust, loyalty, and indeed, their careers, in the hands of the company. They would place the interests of their company above their own and take a career-long perspective on their treatment by the company. Even when temporarily disadvantaged in their career progress, they would believe that their commitment would be rewarded in the future. Conversely, individuals with weak beliefs in company paternalism, who represent a "non-right type," would feel that their relationship with the company is primarily economic and contractual and thus would not be willing to make the extra commitment to the organization made by their high-paternalism (Hi-Pat) counterparts.

It is important to note here that this conception of belief in company paternalism differs from the American view of paternalism. In contrast to Americans, who typically perceive the concept negatively, the Japanese place a very positive value on company paternalism. Americans often perceive company paternalism as making them dependent upon and subservient to the company. Among Japanese workers, however, belief in putting one's fate in the hands of the company and relating to the company as the head of one's extended family has a very positive connotation. Company housing, country clubs, paid vacations, and other benefits are seen as earned by employees rather than as gifts to retainers. Indeed, policies of lifetime employment, career-long training and development, and company paternalism have been hallmarks of the leading Japanese corporations since the 1950s (Abegglen, 1957; Sethi, Namiki, & Swanson, 1984) and have been maintained with very few exceptions since that time.

This success of Japanese corporations in promoting paternalistic feelings throughout their work force suggests that paternalism may be a key factor in identifying those individuals who are more compatible with these types of systems. For example, because those who have a strong belief in company paternalism place the interests of the company above their own and take a career-long perspective of their treatment by the company, it would follow that these individuals would demonstrate more commitment to the welfare of the company. These "high-paternals" (Hi-Pats) would thus be more likely to invest more of themselves in the company. One way in which they may demonstrate their increased commitment to the organization would be by agreeing to take on additional responsibilities outside of their formal job descriptions. In other words, because they are more committed to the organization, these individuals would be more likely to do more than they are formally required because they are concerned about the welfare of the organization. According to the hidden-investment process as described above, these individuals, by agreeing to take on additional responsibilities, would thus be engaging in greater self-investment activities in their career. In addition, by agreeing to grow out of their jobs, the Hi-Pats would also be more likely to receive greater supervisor investment in their careers. Hence, in terms of hidden career investment, it would appear that Hi-Pat line managers would be more likely to be involved in the hidden-investment process within Japanese corporations than would Lo-Pat line managers.

In addition to implications for the informal Japanese career-development system, belief in company paternalism may also have implications for the formal Japanese career-development system. Because Hi-Pat in-

dividuals are demonstrating greater commitment to the organization by taking on additional responsibilities, it is likely that these individuals would be recognized by the formal career-development system as high-potential employees. As such, Hi-Pat employees would be more likely to receive more favorable treatment from the formal career-development system, and thus once again have a competitive advantage in terms of career progress over their Lo-Pat counterparts.

It appears, then, that belief in company paternalism may have significant implications for our understanding of the "right types" of individuals for Japanese organizations. Specifically, belief in company paternalism may act as an indicant of those individuals who will be more successful in attaining increased career investments and thus advancing more rapidly and to higher levels in the Japanese hierarchy.

The Right Type of Worker for Japanese Management Systems

Because of the roles formal and informal investments play in influencing career progress within Japanese organizations (Alston, 1989; Wakabayashi et al., in press), examination of the types of individuals who benefit more greatly from these investments would provide an indication of the right type of worker for Japanese management systems. In other words, those individuals who are the right type for Japanese management systems appear to be the individuals who are better able to gain increased investments (formal and informal) in their careers, because these investments have been demonstrated to have a positive effect on subsequent career progress within Japanese organizations (Wakabayashi et al., 1990). Moreover, because the informal career-development system allows individual workers more self-control over their career progress, any differentiation between right types and non-right types would more likely be revealed in the informal hidden-investment system rather than in the formal career-development system.

As discussed, Hi-Pat workers appears to fit this description of right types of workers. Because Hi-Pats are more highly committed to the organization, they can be expected to invest more of themselves in the organization in an unselfish manner. These individuals internalize the goals and values of the organization and are interested in enhancing their career progress within the company. Because of this, Hi-Pat employees would be more likely to take a more proactive role in their career-development activities than would their less paternalistic co-workers. In particular, Hi-Pat workers would be expected to engage in more self-investment activities on the job and, subsequently, to develop higher-quality

exchange relationships with their supervisors than their Lo-Pat counterparts. These individuals would then become the high-LMX subordinates in whom the supervisor would place greater career investments. In addition, because of their greater participation in hidden-investment activities, Hi-Pat line managers would be more likely to report receiving more favorable treatment by the formal career-development system. Moreover, because Hi-Pat line managers would receive enhanced career-development opportunities both formally and informally, these individuals would also be more likely to feel more satisfied in their jobs than their less paternalistic co-workers.

Based on the preceding discussion, several hypotheses for the present investigation may be proposed:

Hypothesis 1: Belief in company paternalism will be positively related to self-investment activities among Japanese line managers.

Hypothesis 2: Belief in company paternalism will be positively related to hidden career investments from supervisors in Japanese organizations.

Hypothesis 3: Belief in company paternalism will be positively related to quality of leader-member relationships that are developed among line managers and their supervisors in Japanese organizations.

Hypothesis 4: Belief in company paternalism will be positively related to evaluations of the formal career-development system provided by line managers in Japanese organizations.

Hypothesis 5: Belief in company paternalism will be positively related to job satisfaction among line managers in Japanese organizations.

The above hypotheses address the main effects of paternalism on career-development activities within an overall model of career development. However, in order to test for the direct effect of paternalism on the hidden-investment process—a process that is expected to play a primary role in the differentiation of the right from the non-right types—it is necessary to test for the contribution of belief in paternalism to hidden-investment activities after the effects of the formal career-development system have been removed. Specifically, regardless of the line manager's perceptions of the favorability of the formal career-development system, belief in paternalism would be expected to be positively related to hidden career investments. Thus:

Hypothesis 6: The contribution of belief in company paternalism to informal investment processes will exist even after the effects of the evaluation of the formal career-development system are removed.

Method

Site and Sample

The sample used for the present study consisted of 1,075 line managers working in five of the leading corporations in Japan.¹ Three of the corporations are manufacturing firms, and two are in the service industry. To control for possible company effects, the data were standardized within each company before analyses were conducted. Within the companies, data were collected from managers at various stages of career development: 261 management trainees, 417 lower-level managers, 146 lower-middle managers, and 251 middle managers. The average age of the respondents was 39 years, and over 64% of the respondents had at least one university degree. The response rate for the study was 78.2%.

Measures

Predictor measure. Belief in company paternalism was assessed using a 5-item forced-choice measure developed for this study. This measure asked the line managers to indicate on a 5-point scale (from *strongly prefer A* to *strongly prefer B*) the extent to which they agreed with statements that described extreme levels of paternalistic and nonpaternalistic attitudes. The items addressed issues concerning the extent to which the relationship between the employee and the company was "like family" or "basically economic and contractual," the degree of loyalty between the company and the worker, the extent to which hard work for a lifetime is performed by the worker because the worker "loves the company" or because of "economic reasons," the amount of responsibility the company has for enhancing the well-being of the employee and his family, and the degree to which the employee is responsible for remaining with the company for a lifetime of employment. The Cronbach alpha for this measure is .70.

Criterion measures. To test the hypotheses concerning paternalism and the right type for Japanese organizations, several criterion measures were used. These measures provide evaluations of the formal career-development system (CDS), the informal career-development system that is conducted through hidden investments, the quality of the LMX, and job satisfaction. The measures used to operationalize these variables are presented in the following paragraphs.

Evaluation of the formal career-development system in the organization was assessed by the Career-Development System (CDS) measure. This measure contains 10 sets of bipolar adjectives asking line managers to rate (on a 7-point scale) the extent to which they would choose one adjective over the other to describe the career-development system of the organization. Items included in this measure evaluate employee perceptions of the effectiveness and usefulness of the company career-development system. The Cronbach alpha for this measure is .90.

To evaluate informal career-investment processes, two measures of hidden investments, Supervisor Investment and Self-Investment Activities Inventory, were used. Supervisor Investment is a 22-item measure developed by Wakabayashi and Graen (Wakabayashi et al., 1990) that asks respondents to rate the extent to which supervisors engage in behaviors that characterize investment activities. Respondents indicated on a 5-point scale ranging from *rarely* to *very often* how often their supervisor engages in activities such as allowing subordinates to become involved in decision making, providing subordinates with special insider information, advising the subordinate on long-range career planning, exposing subordinates to other departments' functions within the organization, introducing subordinates to others who may be influential in their career progress, and involving subordinates in special assignments. The Cronbach alpha for this measure is .95.

The Self-Investment Activities Inventory is a 19-item measure (Wakabayashi et al., 1990) that assesses how active employees are in contributing to their own career development. Items included in this measure evaluate the extent to which the employee takes part in various activities that have been demonstrated to enhance one's promotability (Graen, 1989), such as growing out of one's job, taking on added responsibilities, exercising leadership, relationship building, risk taking, and demonstrating initiative. The Cronbach alpha for this measure is .92.

Leader-member exchange was measured using the 14-item LMX developed by Graen and colleagues (Graen & Scandura, 1987). This measure assesses the quality of the relationship between individuals and their immediate supervisors (Graen, Novak, & Sommerkamp, 1982; Graen & Scandura, 1987). The Cronbach alpha for this measure is .89.

Finally, job satisfaction was measured using three items from the Hoppock Job Satisfaction Scale (Hoppock, 1935). These items ask respondents to indicate the extent to which they like their job, how often they feel satisfied with their job, and how their job satisfaction compares with that of other people. The Cronbach alpha for this measure is .78.

Analysis

To test the hypotheses, a two-step analysis was undertaken. In the first step, a correlational analysis was conducted to examine the relationship between belief in company paternalism and the criterion variables. The results of this analysis were used to test Hypotheses 1 through 5. In the second step, multiple regression analysis was performed (Cohen & Cohen, 1975). Using this technique, both the main effects for the overall model (paternalism, career-development system) and the unique effect of paternalism on the dependent variables after partialing out the contribution of the formal career-development system were determined. The results of these analyses were used to test Hypothesis 6.

Results

The results of the correlational analysis are presented in Table 1. The positive and significant relationships among belief in company paternalism and the career-relevant criterion variables indicate that belief in company paternalism is related to the activities expected to be engaged in by right types of Japanese workers. Specifically, belief in company paternalism is positively related to hidden-investment processes in Japanese organizations, including self-investment activities ($r = .20, p < .001$) and investments by supervisors ($r = .23, p < .001$). Moreover, company paternalism is positively related to the quality of LMX ($r = .27, p < .001$), indicating that Hi-Pats are more involved in high-quality LMX relationships than their Lo-Pat co-workers. In addition to informal career-development processes, belief in company paternalism is also positively related to formal career-investment processes (CDS; $r = .42, p < .001$) and to overall job satisfaction ($r = .33, p < .001$). Although not specifically hypothesized, findings also demonstrate a positive relationship between hidden-investment activities and reported favorability of the formal career-development system (CDS and self-investment: $r = .19, p < .001$; CDS and supervisor investment: $r = .26, p < .001$) and quality of LMX and reported favorability of the formal career-development system (CDS and LMX: $r = .31, p < .001$).

The correlational analyses also illustrate the relationships among the dependent variables. Not surprisingly, these criterion variables are positively related. Because they combine to form an overall system of career development, it was expected that these processes would be interrelated.

Table 1. Product-Moment Correlations among Predictors and Criteria ($N = 1,075$)

Variable	1	2	3	4	5	6
1. Paternalism	[.70]					
2. Career-development system	.42	[.90]				
3. Self-investment	.20	.19	[.92]			
4. Supervisor investment	.23	.26	.51	[.95]		
5. Leader-member exchange	.27	.31	.50	.71	[.89]	
6. Job satisfaction	.33	.28	.50	.50	.50	[.78]

All correlations are significant beyond the .001 level. Numbers in brackets represent reliability coefficients.

In particular, supervisor investment and self-investment, both activities that require subordinates to grow out of their jobs and engage in additional developmental opportunities, are positively related ($r = .51, p < .001$). These measures are different, however, in that supervisor investments are behaviors performed by the supervisor, whereas self-investment activities are behaviors performed by the subordinate. Similarly, quality of the LMX relationship and supervisor investment are positively correlated ($r = .71, p < .001$). Again, these measures are different in that LMX measures the quality of the exchange relationship and supervisor investment measures the supervisor-investment activities associated with these exchange relationships.

Table 2 shows the results of the multiple regression analyses. These findings provide support for the sixth hypothesis. In particular, even after the contribution of the formal career-development system is removed, belief in company paternalism makes a significant contribution in explaining variance in the dependent variables (F s range from 20.89 to 67.74, all significant at the .001 level). These findings indicate that regardless of the effect of formal career investments, Hi-Pat workers are more involved in hidden-investment processes within Japanese organizations (self-investment: $F = 20.89, p < .001$; supervisor investment: $F = 22.86, p < .001$). Thus this test of the hidden-investment model demonstrates that even after the effect of formal career investments is removed, belief in company paternalism is positively related to hidden-investment activities.

Table 2. Regression Analysis of the Unique Contribution of Paternalism ($N = 1,075$)

Measure	Unique Effect of Paternalism Paternalism F
Self-investment activities	20.89*
Supervisor investment	22.86*
Leader-member exchange	29.12*
Job satisfaction	67.74*

Unique effect of paternalism is the unique effect of paternalism after effects of CDS are partialled out.

* $p < .001$

Discussion

The findings of the present study provide support for the hypotheses that belief in company paternalism is positively related to enhanced career-development activities among line managers in Japanese organizations. Hi-Pat line managers reported greater participation in both formal and informal career-investment processes, greater involvement in the development of high-quality leader-member exchange relationships, and increased overall satisfaction with their job situation. Moreover, the contribution of strong beliefs in company paternalism to the hidden-investment process extends beyond the effect of the formal career-development system. This is an important finding, for it suggests that regardless of the favorability of treatment received by the formal career-development system, Hi-Pat line managers engage in more hidden-investment activities than do their Lo-Pat counterparts. Because Hi-Pat workers reported greater compatibility with the career-development systems in Japanese corporations, it appears that these workers are the right types for Japanese organizations.

Further support for the classification of Hi-Pats as the right type for Japanese organizations is provided by findings of the Japanese career progress studies concerning the contribution of high-quality leader-member exchanges to enhanced career progress within Japanese organizations (Wakabayashi & Graen, 1984; Wakabayashi et al., 1988; Graen et al., 1990). In these studies, establishment of high-quality exchange rela-

tionships was found to predict career progress of Japanese line managers over the 13 years in which they were followed (Wakabayashi et al., 1988). Moreover, LMX was found to be more predictive of Japanese career progress than the assessment center model (Bray & Grant, 1986; Bray, Campbell, & Grant, 1974) and the organizational-commitment model (Porter, Crampton, & Smith, 1976). Thus, because high-LMX relationships have been found to contribute to career progress in Japanese organizations, and the present investigation demonstrated a positive relationship between strong beliefs in company paternalism and the establishment of high-quality LMX relationships, it is reasonable to assume that belief in company paternalism is also instrumental to enhanced career progress within Japanese organizations.

The greater involvement of Hi-Pat line managers in hidden-investment processes, both self-investments and supervisor investments, also indicates that these right-type managers are receiving more from the system than their Lo-Pat counterparts. The increased developmental opportunities in which they are participating better prepare them for advancement through the organizational hierarchy. As discussed earlier, enhanced informal investments may also allow these managers to receive more favorable treatment from the formal career-development system. Findings in the present study indicating a positive relationship between the formal career-development system and hidden-investment activities are again supportive of this proposition.

Finally, the unique contribution of paternalism to the hidden-investment process after controlling for the contribution of the formal career-development system strengthens our conclusion that we have truly found a career-investment process that is hidden—a process that occurs both informally and over and above formal career-investment processes. By providing a vehicle through which line managers may take a more proactive role in their career development, these hidden-investment activities allow right types of Japanese line managers to differentiate themselves effectively from non-right types and thus extract more efficacious career investments within their organizations.

In addition to these findings, the results of the current study suggest a question of relevance to American companies: What is the American analogue of company paternalism? One reasonable candidate for the right type in American corporations is Hackman and Oldham's (1976) concept of "growth needs." According to Hackman and Oldham, growth needs are operationally defined by the Growth Need Strength (GNS) instrument as the preference for work itself (intrinsic to the work), job opportunities, and outcomes over nonwork itself (extrinsic to the work). Studies by Graen and his associates (Graen et al., 1982; Graen, Scandura, & Graen, 1986; Graen, 1989, 1990) show that high-GNS people more readily accept

the challenges of higher quality LMX relationships and respond with improved productivity than do low- or moderate-GNS people. Therefore, high-GNS people are more likely to make greater personal investments in their careers and receive greater investments, both formal and informal, from their bosses than are their lower-GNS colleagues.

A similarity between Hi-Pats in Japanese companies and high GNSs in American companies is worthy of note. Although the Hi-Pats commit themselves to their companies and strive to add value in their work for the benefit of something to which they deeply identify (their company), the high GNSs commit and endeavor to enhance the value of something to which they deeply identify (their work). Thus both find something beyond their own self-interests to justify their dedication. We may speculate that this additional job investment may be characteristic of most corporate right types.

A practical implication of this study is that it emphasizes the importance of matching potential employees with their particular company cultures. In addition, these companies should attempt to design career-development systems that will maximize the contribution of their right types. Every company has its own culture, which must be understood before it can be harnessed to make it more productive. Unfortunately, many companies expend greater effort denying their cultures and their right types than capitalizing on them for the good of their competitive positions in their markets. This is a lesson that we must learn from our international competitors—we need to make our own unique hidden systems work for our companies.

Note

1. The sample consisted of line managers from various hierarchical levels throughout the organization. To ensure that these levels were not influencing the findings, an additional analysis was conducted that tested for these effects across each hierarchical level. The results of these analyses indicated that there were no differences by job level and that the findings held regardless of hierarchical status within the organization.

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