

GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

KOBE UNIVERSITY

ROKKO KOBE JAPAN

Discussion Paper Series

2 0 0 3 . 8 . 9

**Employment Situation and Measures for Increasing Employment Opportunities;
The Case of Japan**

Koji Okubayashi

Professor

Graduate School of Business Administration

Kobe University

Rokkodai 2-1, Nada, Kobe, 657-8501

JAPAN

E-mail : okusankj@rose.rokkodai.kobe-u.ac.jp

**Paper presented at the Forum on Labor-Management Cooperation:
Challenges to Increase Employment,**

**By Asian Productivity Organization and National Productivity and Development Center
of Mongolia**

At Bayangol Hotel, on September 9-12,2003

**Employment Situation and Measures for Increasing Employment Opportunities;
The Case of Japan**

**Koji Okubayashi
Professor
Graduate School of Business Administration
Kobe University**

1.Introduction

2.Recent trends of economy and employment

- 1) **Slow economic growth**
- 2) **Unemployment rate**
- 3) **Increase of service sector**
- 4) **Increase of temporary workers**

3.Recent trends of industrial relations

- 1) **Reduced rate of unionization**
- 2) **Small number of labor disputes**
- 3) **Trends of wage levels**
- 4) **Development of labor- management consultation organizations**

4. Issues predicted in recent industrial relations

- 1) **Employment**
- 2) **Working conditions**
- 3) **Management strategies**

5.Work sharing; a new target

- 1) **Four types of work sharing**
- 2) **Merits and demerits of the four types**
- 3) **Union attitudes towards work-sharing**
- 4) **Some cases of work sharing**

6.Recent Issues in employment

- 1) Employability of regular employees**
- 2) Positive action for female workers**
- 3) Supports for young workers**
- 4) Encouragement for senior workers**

7. Measures for increased employment opportunities

- 1) Differences of the measures between rapidly growing and slowly growing countries**
- 2) Promotion of frontier industries**
- 3) Promotion of various types of employment**
- 4) Equal treatment of regular and short working employees**
- 5) Many supports for female workers**
- 6) Extended employment of senior workers**
- 7) Social supports for young workers**

8 Concussing remarks

- 1) Work sharing in slowly growing countries**
- 2) Balance among employment opportunities, working hours and wages**
- 3) Balance between short and long term policies (End)**

2003/08/17

Employment Situation and Measures for Increasing Employment Opportunities Case of Japan

1. Introduction

Japanese economy faced a severe depression after the brake-out of “bauble economy” to the result that big banks went on bankruptcy and merged each other for survival. Under this financial crisis, even big companies presenting Japanese business have to restructure their business and reduce their employees.

Medium-sized as well as large multi-national companies moved their factories especially to Asian counties to find out new market for their products and avoid high labor cost in Japan. These direct investments may stimulate Japanese economy, but reduce employment opportunities within domestic labor market.

At the same time, the baby boomer after the Second World War is reaching to the retirement age of 55 or 60 years old. These senior workers were the targets of the “restructuring” of many companies. The unemployment rate of senior workers was one of the main purposes of social policies.

Female workers moved into labor market not only as part-time workers but also as regular workers especially after 1986 when the Equal Employment Opportunity Law was enacted. However, female workers have to face many “glass ceilings” of traditional social customs.

Under these severe labor market conditions, it is the controversial arguments among government, industrial leaders and trade unions how we can recover the economy and increase the employment opportunities for all of the workers. “Work sharing” was a kind of key word to answer this request. This paper intends to address this concept to discuss the main subjects of this Forum.

2. Recent trends of Japanese economy and employment

1) Slow economic growth

In 1990s, Japanese economy exhibited high competition in the world market. However, In 1990s, after the end of bubble economy, Japanese economy could not recover smoothly in the short period of time. The table 1 identified the rapid decrease of per capita national income in 1990s compared with its steady increase

of United States and UK.

Table 2 indicates recent trends of real economic growth rate some countries in Europe and Asia from 1997 to 1999. Japan shows negative growth in 1998 and the growth rate in the same period were among 1.8—0.8, which is very low compared with other Asian countries. This is the one of the main backgrounds when we discuss the employment opportunities in Asian countries.

2) Unemployment rate

The unemployment rate in 1990s increased drastically under these unfavorable economic conditions compared with that of 1980s. As is indicated in Table 2, unemployment rate in 2001 is 5.0 in total against 2.0 in 1980. This figure presents serious social problems to Japanese industrial relations although the number may be small compared with that of European countries.

One of the characteristics of recent trends of unemployment is the high rate among young people, which is showed in the number of around 10 % of unemployment rate after 1999. Young graduates of senior high schools can not sometimes get regular jobs and take part-time work or odds jobs with living at their parents expense.

Another characteristic of unemployment rate is high rate among senior workers after 55 years old which is former retirement age. Senior people over 55 or 60 years old still want to work so long as they are healthy and able to work.

3) Increase of service sectors

Industrial structure of Japanese economy also changes according further industrialization or post-industrialization. Table 3 shows the trends of Japanese industrial structure from 1950 to 2001. It is clear that number of employees in agriculture and forestry declined drastically in 1970 and keep almost the same level. On the other hand, manufacturing industry increased rapidly in 1960s and reached at the top in 1999. Under the slow growth in manufacturing industry, wholesale and retails trade, financing and insurance, real estate, transport and communication, electricity, gas, water, heat supply and services industry grew steadily. These structural changes of Japanese industry stimulated movement of workforce from industry to industry and from firm to firm.

4) Increase of temporary workers

Another trend of recent employment is the increase of non-regular workers who

covers part-time workers, contracted workers, temporary workers, and daily workers. A company restructuring their employees intends to decrease regular employees to avoid fixed cost of labor and to increase non-regular workers who can be fired flexibly according to demands of work. Table 4 shows the number of employees by form of employment or status of employment. It clearly identified the rapid growth of temporarily workers especially after 1990. Among the temporary workers, 68.9% are female workers. Female workers are usually hired as temporary workers although they sometimes want to be regular workers.

3. Recent trends of industrial relations

1) Reduced rate of unionization

Under the economic depression in 1990s, trade unions could not strongly demand higher wages and maintenance of number of employees without lay-off. Figure 2 indicates trend of union members since 1950. The union members came to the peak in 1980, but then the total unions members are declining slowly even in Japan. The decline of trade union member is also found out in developed countries like USA and UK.

Figure 4 indicates estimated unionization rate from 1950 to 2001. The unionization rate was high just after the Second World War, but it declined even in 1980s because unions are confined mainly in manufacturing and public sectors and among large companies. Due to the increase of non-regular workers and employees in service sectors, the unionization rate could not grow corresponding to the increase of employees.

2) Small number of labor disputes

According to the decrease of unionization, labor disputes like strikes and lockouts also decreased. Table 5 shows trends of labor disputes from 1985 to 1998 Europe, USA, and Asia. It indicates that the number of disputes, employees involved, and working hours lost in Japan declined drastically especially after 1990. The same trend can also be identified in Europe and USA. Indonesia and Thailand may have another political reasons for large number of labor disputes. Generally speaking, under the economic depression in developed countries, union may not be able to rely on labor disputes to realize their demands against management.

3) Trends of wage levels

Under the economic depression and low unionization rate, workers can not easily demand drastic increase of wages in Japan. Figure 4 indicates the absolute amount of monthly cash payment from 1960 to 2000. Absolute amount of cash payment increased drastically from 1960 to 1980 due partially to high inflation and bargaining by unions. However, in 1990s, absolute amount of nominal wage cannot be increased, but sometimes decreased on average. Some large companies did not accept the union demands of annual increase of basic wage, which was formal consensus between unions and managements after the rapid economic growth period. Therefore unions and workers have to face severe choice between wage increase and job keeping.

4) Development of labor management consultation organization

Low unionization rate of Japanese companies does not mean that many employees do not have any method to communicate with management concerning working conditions. Many Japanese companies with or without unions arrange so-called labor management consultation organization like work counsel. Under this organization, representatives of employees of a company can discuss many problems such as wage level, bonus, wage increase, working hours, leaves with payment, training, and management policies concerning production and sales, and so on which may affect working conditions and future life of the employees. The main difference from collective bargaining is that the labor management consultation does not permit any strikes to employees.

Figure 5 shows the agendas of labor management consultation organization in the last three years ending in 1997. Employees and management exchange a lot of information concerning their mutual interests so that they can discuss any problems on the base of real information. It is true that Japanese companies are quite successful to keep stable industrial relations with this consultation system.

4. Issues expected in recent industrial relations

Rengo Institute of Life Development published a recent report concerning the changes of company organization and working life of employees in 2002. Figure 6 indicates responds from companies based on questionnaires survey.

In the field of employment, main issues predicted in the discussion of industrial relations are job security (51.8%), job security up until 65 years old (43.9), dispatch and separation, and number of employees. Management and employees have to talk frankly

and find out some solutions to keep job security of regular employees and extension of work opportunity of senior workers until 65 years old when national pension will start to be paid.

In the field of working conditions, they concern about reforms of retirement allowance and company pension (64.0), changes of bonus and allowance (57.5), reforms of wage system (50.0), and mental health (36.0). Under the severe economic conditions companies intend to reduce total labor cost and flexible use of wage fund to stimulate talented employees. However, employees want to maintain former income level to keep their family and secure company pension.

In the field of management policy, the main arguments are reforms of wage system and performance evaluation system (61.4). Companies cannot follow the traditional wage system of *nenkoutinnginn* and *syuusinnkoyou*. They try to transform employment system and company-employee relations. Trade unions also cannot insist on the traditional wage system and employment system under the severe global competition of their company. The traditional employment system might change slowly by the initiative of management.

5 Work sharing; a new target of increased employment

1) Four types of work sharing

Ministry of health, labor and welfare made a questionnaire survey to 4,000 employees in 200 companies in November 2000 for obtaining information about work sharing. According to that report, four types of work sharing are identified as is shown in Table 6.

The first type is a kind of emergency measure to avoid dismissing employees of a company with sharing jobs within the employees. This type is usually applied to companies in low performance and to all employees of that company. To share jobs, they accept shorter regular working hour, reduced overtime, increased holidays and short period of lay-off with reduced wages, although labor productivity would be maintained.

The second type is a device to keep especially the employment of senior workers under high unemployment rate of senior workers. This type of work sharing is confined to senior workers at the age of 55--65 within a company. Their work opportunity will be created by their shorter regular working hour, abolishment of their overtime and longer holidays.

The third type is a measure to create jobs by reducing regular working hour of many workers by law or regulations under long unemployment of a country. This measure means sharing work between employees and unemployed workers by reducing regular working hour, and between senior and young workers by reducing working hour of senior workers and promoting employment of young workers. This method usually needs subsidiary to companies applying shorter working hour from government.

The fourth type is a policy to use many forms of employment by utilizing various working style of life. It promotes supportive working environment for female and senior workers, work and family balance, choice between free time and income, and keeping talented workers to their company. The devices to realize these types of work sharing are job sharing (two persons share the same job.), transforming the full-time work into part-time work, and flexible working hour and day.

One or plural types of work sharing mentioned above can be used according to the concrete situations of company or country. We need to access pro and corn of these types.

2) Merits and demerits of the four types

According to the same report, companies discussing the first type are only 19.5% of companies researched. 77.3% of the companies answered no intention of introducing that type of work sharing. They points out not so mush decrease of labor cost as shorter work hour as its demerit. Workers themselves points out the worry of reduced wages. Therefore the first type doses not attract the much interests of both companies and workers.

The second type obtained positive response from 48.4% of companies and 66.0% of workers. 41.5% of companies answered that they are discussing or intend to discuss in near future. Therefore, companies and workers support the second type of work sharing.

The third type of work sharing does not obtain support from both companies and workers. Only 14.0% of company and 27.5% of workers answered that work sharing by shorter regular work hour with enactment will work effectively. Japanese companies usually do not like to be regulated in shorter working hour with enactment.

36.7% of companies answered that they are discussing or intend to discuss this type of work sharing in some future. However, 61.2% of them said that they cannot introduce job sharing and 34.5% of the companies answered that job sharing can be applied depending on the kind of jobs. 75.3% of workers support the fourth type of work

sharing.

The main reasons why companies support the fourth type of work sharing are, first, they can keep talented workers, and second, it helps the image-up of the companies.

On the other hand, workers support the fourth type due to the promotion of work-family balance, increased leisure time, more time for skill and education.

On the other side of the coin, 36.7% of companies point out of its demerits that they cannot identify the responsibility of the two persons, and that it will decrease the productivity and increase the labor cost. Some of the companies already applying the job sharing indicate that it brings some problems in promotion of the applicants. Workers points out some worry about the treatment of wages and pension.

Among the four types of work sharing, both companies and workers under severe economic conditions in 1990s positively accept the second and fourth types. However, we need further discussion about better social and economic environment for defusing the many types of work sharing.

3) Some cases of work sharing

There are many companies and local governments, which introduced some types of work sharing in the last few years. Tokyo Factory of Sanyo Electric Co., Anritu, Hino Auto Manufacturing Co., Citizun Mekatoronics Co. in private sector and local government like Hyogo prefecture, Aich prefecture, Oita prefecture are some examples. Here, we will explain Tokyo Factory of Sanyo Electric Co. in private sector and Aichi prefecture in public sector.

- (1) Sanyo Electric Co. Sanyo intended to transfer their plant of air conditioner and refrigerator to China. About 2,000 employees at Tokyo Factory were to be redundant. She has to transfer 400-500 employees at Tokyo Factory to another plants in Japan, and dispatch 200 employees to auto Manufacturing companies outside Sanyo. At the same time she applied work sharing to 1,000 employees at Tokyo Factory among 10,000 employees from October 2002. The 1,000 employees share the same job with two persons. The wage of these employees reduced at maximum by 20 %. The trade union of Sanyo accepted this work sharing to protect the job security of whole Sanyo employees.
- (2) Aichi prefecture. Aichi prefectures divided simple jobs from standard job content of the public employees and give them to temporary employees within local government office. The wages of these temporary workers comes from former overtime payment to regular employees. Therefore, regular employees do not have

to work overtime, but reduced the overtime payment.

4) Union attitudes towards work sharing

Rengo, the representative federation of Japanese trade unions, clearly understands the difficult economic as well as employment situation of Japan. Commenting on work sharing supported by government and employers organizations, she points out that devices to reduce total amount of labor cost by transforming regular work to temporary work can not be named "work sharing." She still insists on the necessity of abolishing the differences of working conditions based on the differences of working hours and employment forms before introducing work sharing. Or it is prerequisites for work sharing that they do not plan production based on overtime work, and that employees can use all of the paid holydays, and that they clear up unpaid overtime work.

Denkirengo (Federation of Electric Trade Unions) insists the importance of establishing the concept of payment for working hour because Japanese workers are not accustomed to that concept due to the traditional idea of lifetime employment and seniority wage. Zensenndoumei also insists that the type of keeping senior workers and the type of various work style would be the most important measures for the Japanese workers to increase employment opportunity.

The opinions of Rengo concerning work sharing are summarized in the appendix of this paper.

6. Recent issues in employment

1) Employability of regular employees

Under the severe economic conditions in 1990s, companies realized that they cannot guarantee lifetime employment to all of their employees and cannot give all of the education and training periodically. They started to say that employees themselves try to get training and knowledge for their working life and that the companies will help employees to develop their employability, which can be evaluated in the labor market.

Under the new concept of employability, companies tried to provide many training and education courses to their employees with request to pay some amount of money to the companies. The employees who intend to take a certain career path for their working life have to pay some money to the lectures provided by their companies. It will stimulate spontaneous efforts of industrious employees to improve their skill and knowledge. The companies will reward these

industrious employees by higher wage for their high performance or by promotion.

2) Positive actions for female workers

With the law of equal employment opportunity enacted in 1986, government makes a lot of efforts to stimulate companies to hire and promote many female employees to management positions. Companies also tried to hire and keep talented female workers to their companies. Government, companies and trade unions started social campaign to change anti-female atmosphere at shop floors and offices. Companies are prohibited to treat female employees unequally with male employees.

One of the unequal treatments of female workers is shown in the low rate of female managers among management positions. The new equal employment law supports companies to take a positive action to choose more female employees to management positions. Some companies gave additional training for female employees to obtain enough qualifications to be selected to a manager. Government often advocates choosing female representatives to administrative committees.

3) Supports for young workers

Many graduates especially from senior high school face difficulty to find out jobs suitable to them. Companies prefer university graduates under high demands of new technical knowledge and quick training for practices at work. They have to wait to find out regular job with taking some temporary work in uncertain period of time. They can live with such temporary job so long as they live with their parents.

Some senior high school tried to provide internship to their students to make them realize the actual working life. Japanese national government built a museum to show what some professions are like. Students can experience job activities of any professions at the museum named “watashino sigotokan”(house for my profession).

Another device to make successful matching between young students and their job is to increase career counselor at schools and employment security offices. At the first stage, we need to develop the new professionals of career counselor. They will advice many workers who intend to change their job after graduating their school.

4) Encouragements for senior workers

Senior workers over 60 years old in Japan still want to work so long as they are healthy and strong enough to move as ordinary people. Work is a good chance to have good human relations with other people and to confirm their contribution to society. Therefore they want to work with even less than the standard wages. Government is expected to provide opportunities for senior workers to work or to make some activities.

Companies also try to utilize skill and knowledge of senior employees, but hardly pay the same amount of wage as young workers to senior workers. They continue to hire the senior employees with shorter working hour and less responsibility so that senior employees can continue their work in good health until 65 years old when they start to obtain pensions.

There are social organizations named "silver human resource center" in every city and town. After senior workers register at that organization, they are asked to work at some place near their residence and can get some rewards for their service. The center is not a company but a kind of local association, which take care of senior people. The center sometimes arranges some social events to promote good human relations among senior people in residential area. They can enjoy social life and work with their friends.

7. Measures for increased employment opportunity

1) Differences of measures between rapidly and slowly growing countries

Measures for stimulating employment opportunity would differ depending on the economic conditions. Countries under rapidly growing need many workers who can accept any jobs. Government has to provide many training courses and vocational schools as well as good elementary schools. The main problems for increasing employment opportunity might be vocational training and education of young people.

However, slowly growing countries cannot provide many employment opportunities for different groups of age. They have to share the limited number of employment opportunities among many types of workers. Work sharing would be one of the solutions under that situation.

2) Promotion of frontier industries

One of the best solutions for increased employment is the rapid economic growth of a country. Economic growth brings demands for many jobs and

workers. In Japan at this moment, information industry, medical industry, welfare industry for aged people, biotechnology industry are expected to grow up in near future. These industries need high level of professionals who requests long period of education.

3) Promotion of various types of employment

Regular employment is the typical form of employment. But it is a fixed cost for companies, which brings a big burden in economic depression. Companies want to change the fixed cost of labor into variable cost, which can be flexible according to economic conditions. Therefore, they hired more part-time workers, contract workers, temporary workers instead of regular employees.

At the same time, the workers who want shorter working hours at schooling, for example, prefer non-regular employees because they are not requested to work overtime. Therefore, many forms of employment also help workers to arrange their own work style. That is one of the main reasons why temporary workers grow rapidly in 1990s in Japan.

4) Equal treatment of regular and short working employees

One of the worst problems of non-regular workers is the big difference of hourly wage rate between regular and non-regular employees. Hourly wage rate of part-time workers at almost same job content at store, for example, is around 70-80 % of that of regular workers. Companies usually insist the difference of working conditions and responsibility of regular employees. However, workers and trade unions request the equal payment for equal-value work.

5) Many supports for female workers

Many social supports for workingwomen are requested. Under the concept of equal participation of men and women into social activities, husbands are also asked to take care of their children at home and at school. Now in Japan, young couples take their children on the street with a baby carriage. Government plans to extend the nursery leave for 1-3 years and push a campaign for male workers to use nursery leave. We need to promote favorable environment for female workers not only at work place but also at home to increase the employment opportunity of women.

6) Extended employment of senior workers

In the aged society like Japan, it will be a social target to prepare some opportunity for senior people to take part in social activities. Longevity of Japanese people is already more than 80 years old. Senior people over 60 years old have to find out some kind of social activities including work. Pension for senior people is to be postponed to 65 years old in a few years. Therefore, senior people over 60 years old, which is compulsory retirement age at lifetime employment.

Some companies offer extended employment for their employees over 60 years old with fewer amounts of wages. The senior employees may continue their former job with less responsibility and working hours. Or they may be transferred to easier job until 65 years old. Employees often choose this kind of extended employment because they are accustomed to these shop and people of their company.

7) Social supports for young workers

Recent young students are not so familiar with working life of their father and mother. They do not have a chance to visit factories or office outside their school and cannot grow up enough to work as regular employees without vocational training. Companies cannot afford to provide long in-house training for all new comers.

To make the young students accustomed to working life, some companies introduced a provisional employment system, which means that some students work in three months at a company as test employment. If the company and the students find out to be suitable each other, the students are officially hired. If they do not like each other, then a new provisional employment will start. This practice intends to avoid to easily hire and fire young workers.

8. Concluding remarks

1) Work sharing in slowly growing countries

Work sharing is a new policy to increase employment in slowly growing countries including European countries. However, this practice has some difficulty in its technical aspects and needs many preconditions to implement successively. The idea can be accepted among government, employers and employee, but its

realization faces many difficulties, which were resolved in the long period of time in Holland.

2) Balance among employment opportunity, working hours and wages

One of the difficulties of work sharing is that workers have to reduce wages by the shorter working hours. Companies often ask workers to choose whether they want to keep their job or lose their wage. Under high unemployment rate at labor market, employees have to accept fewer wages instead of firing some friends of the same company. Therefore, the important point of the arguments of work sharing is how to make a new balance of employment opportunity, working hours and wages in a new economic situation of each country. Social conditions of Japanese economy cannot follow at this moment the structures of "part-time economy" like Holland. The best solution to create employment in Japan would be to provide many forms of employment and working style for female, senior, and young workers. They would create a kind of secondary labor market against male and active workers. But they will find out employment opportunity by themselves.

3) Balance between short and long term policies

One of the best solutions to create employment opportunity would be to stimulate national economy to grow up rapidly. However changes of national economy and social structures take long time and need much effort of government and economic organizations. We have to establish a strategy to move national economy upwards steadily.

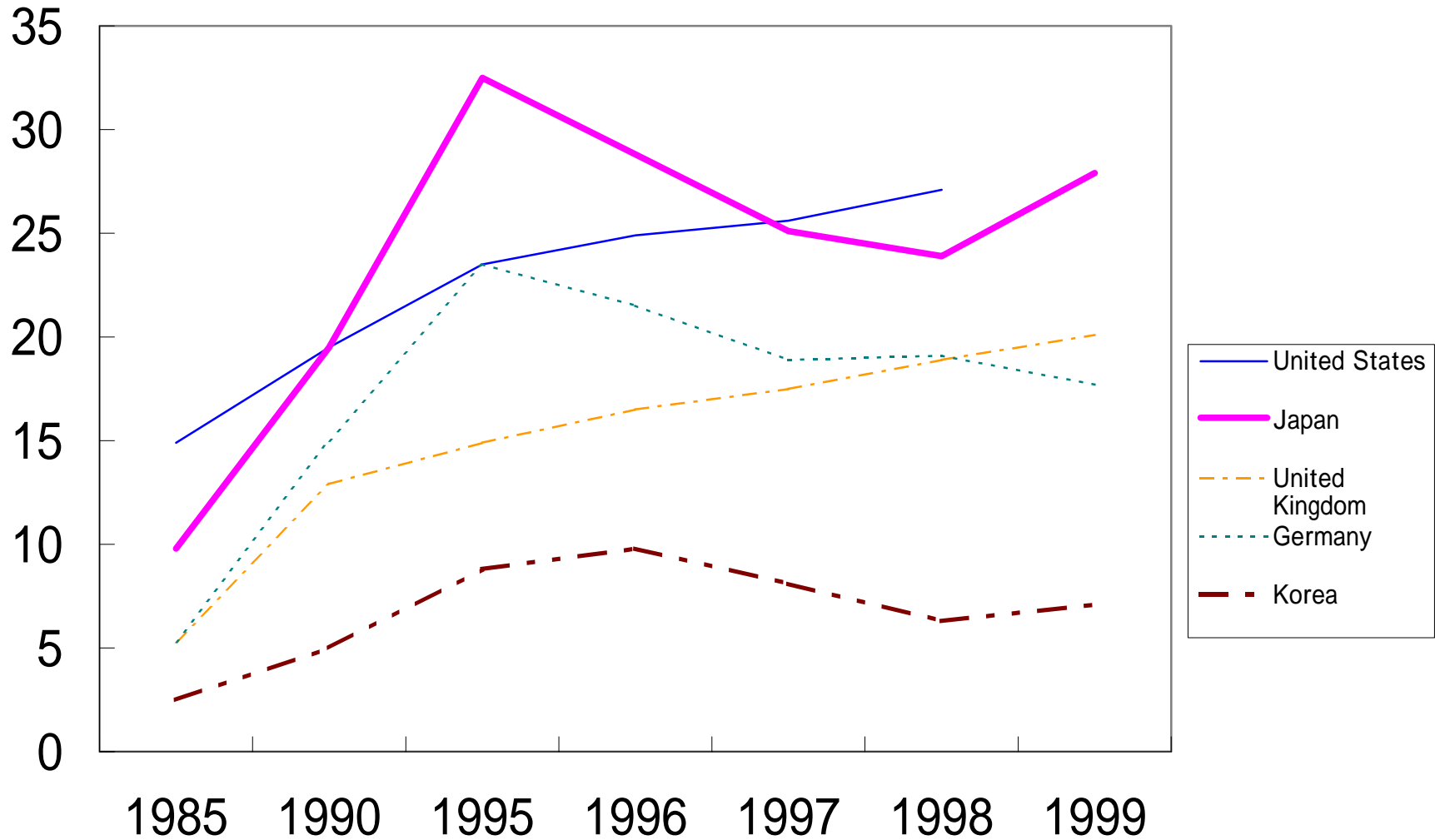
But at the same time, we have to solve urgent problems to save unemployment of employees caused by bankruptcy, for example. The policies to promote employment of senior, female, young workers will also take long time to accomplish their targets. We need both aspects of long and short-term policies.

(the end)

[2003.8.17 658]

Figure1 Per Capita National Income 2000

(1000 US \$)



Source: OECD, *National Account Vol.2*, Economic Social Research Institute Cabinet Office Government of Japan. *National Account for FY2000*.

Table 1 Real Economic Growth Rate 1999
(%)

Country	1997	1998	1999
Japan	1.8	-1.1	0.8
United States	4.2	4.6	4.2
France	1.9	3.2	2.7
Germany	1.5	2.2	1.5
Italy	1.8	1.5	1.4
United Kingdom	3.5	2.6	2.3
China	8.8	7.8	7.1
Indonesia	4.7	-13.1	0.8
Malaysia	7.3	-7.4	5.8
Singapore	-6.4	9.3	5.4
Thailand	-0.4	-10.2	3.3

Source:

OECD,National Account Vol.2,Economic Social Research Institute Cabinet Office, Government of Japan,National Accounts for FY2000

IMF,International Financial Statistics May 2001

IMF,International Financial Statistics Yearbook2000

JETRO,White Paper on International Trade Japan2000

Table 2 Unemployment Rate by Age and Sex

(%)

		1980	1990	1997	1998	1999	2000	2001
Total		2.0	2.1	3.4	4.1	4.7	4.7	5.0
Male	Total	2.0	2.0	3.4	4.2	4.8	4.9	5.2
	15 - 24	4.0	4.5	6.9	8.2	10.3	10.4	10.4
	25 - 34	1.9	1.8	3.3	4.1	4.8	5.0	5.5
	35 - 44	1.2	1.2	2.1	2.8	3.1	2.9	3.4
	45 - 54	1.4	1.1	2.1	2.5	3.2	3.5	3.7
	55 - 64	4.0	3.4	5.0	6.3	6.7	6.8	7.0
	65 and over	2.2	1.4	2.0	2.6	2.9	3.2	3.2
Female	Total	2.0	2.2	3.4	4.0	4.5	4.5	4.7
	15 - 24	3.2	4.1	6.3	7.3	8.2	7.9	8.7
	25 - 34	2.9	3.1	5.5	6.2	6.6	6.4	6.9
	35 - 44	1.7	1.8	2.4	3.3	3.7	3.7	4.1
	45 - 54	1.5	1.5	2.0	2.3	3.0	3.1	3.2
	55 - 64	1.2	1.4	2.5	0.9	3.3	3.6	3.7
	65 and over	0.0	0.0	0.6	0.6	0.5	1.1	1.1

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications,
Annual Report on the Labour Force Survey

Table 3 Number of Employees by Industry

(10 000 persons)

	1950	1960	1970	1980	1990	1996	1997	1998	1999	2000	2001	Male	Female
Total	1,265	2,370	3,306	3,971	4,835	5,322	5,391	5,368	5,331	5,356	5,369	3,201	2,168
Agriculture and forestry	56	94	29	30	29	35	33	33	33	34	38	21	17
Non - agricultural industries	1,208	2,276	3,277	3,941	4,806	5,287	5,358	5,344	5,298	5,322	5,331	3,180	2,151
Fisheries	22	26	18	15	13	10	9	8	7	8	9	7	2
Mining	48	42	18	15	13	10	9	8	7	8	9	4	1
Construction	88	198	305	427	462	551	563	548	544	539	520	440	80
Manufacturing	451	799	1,144	1,135	1,306	1,307	1,307	1,258	1,223	1,205	1,185	793	392
Wholesale and retail trade; financing and insurance; and real estate	162	449	731	1,003	1,288	1,399	1,407	1,426	1,428	1,426	1,423	699	724
Transport and communication and electricity, gas, water and heat supply	161	237	340	362	384	426	426	422	423	427	421	341	80
Services	175	388	558	788	1,142	1,361	1,408	1,432	1,434	1,478	1,536	718	818
Government	120	-	161	199	195	214	215	217	214	214	211	166	46

Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications, **Annual Report on the Labour Force Survey**

Note: Figures for 1980 and thereafter include Okinawa prefecture

Table 4 Employed Persons by status in Employment

(10,000 persons)

			1950	1960	1970	1980	1990	1998	1999	2000	2001	Male	Female	
Total			3,572	4,472	5,094	5,536	6,250	6,514	6,462	6,446	6,412	3,783	2,629	
Agricultural			1,741	1,492	842	532	411	317	307	297	286	155	131	
Non - agricultural	Total		1,831	2,979	4,251	5,004	5,839	6,197	6,155	6,150	6,126	3,628	2,498	
	Self - employed workers	Total	404	537	614	698	682	605	602	585	554	391	164	
		With employees	-	-	-	180	185	180	175	172	166	134	32	
		Without employees	-	-	-	518	498	425	427	414	389	257	132	
	Family workers		224	306	354	354	330	240	234	224	215	215	41	174
	Employees	Total	1,202	2,132	3,277	3,941	4,806	5,334	5,298	5,322	5,331	5,331	3,180	2,151
		Ordinary Regular employees 1)	-	1,966	3,005	3,567	4,296	4,726	4,666	4,660	4,649	4,649	2,953	1,696
		Temporary employees 2)	-	84	162	252	389	488	510	546	564	564	175	389
		Daily employees 3)	-	82	109	123	121	121	121	116	1.9	1.9	52	66

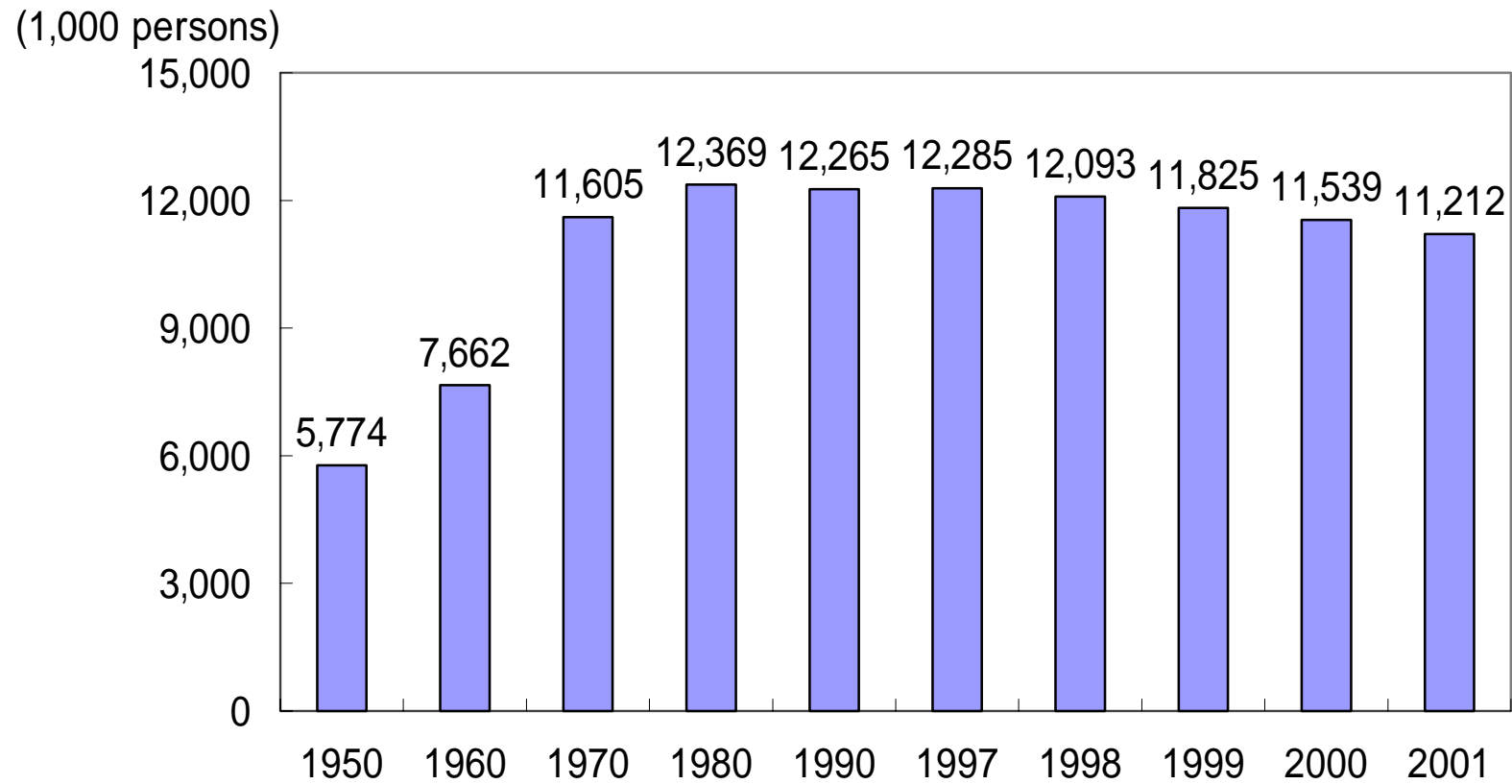
Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications,
Annual Report on the Labour Force Survey

Notes: 1) Ordinary regular employees refer to persons who are employed for more than a year or who work on contracts of no specific period excluding directors.

2) Temporary employees refer to persons who are employed for specific periods of a month or more but not more than a year.

3) Daily employees refer to persons who are employed on a daily basis or for specific periods of less than a month.

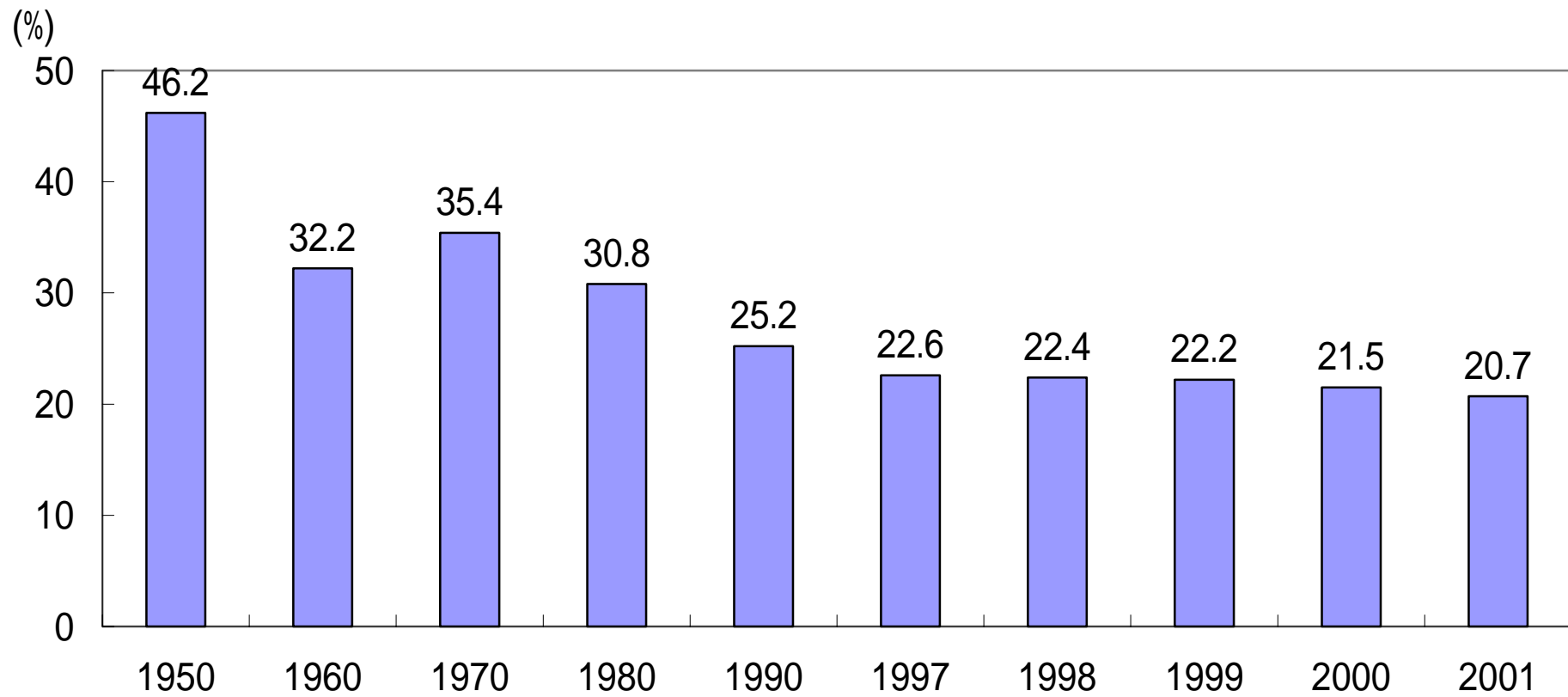
Figure 2 Members of Labour Unions



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Labour Unions*.

Notes: Members; Based on Enterprise Labour union which, in most cases, are comprised of the unions of a single enterprise.

Figure 3 Estimated Unionization Rate



Source: Ministry of Health, Labour and Welfare, *Basic Survey on Labour Unions*.

Table 5 Trends in Number of Labour Disputes, Employees Involved, and Working Days Lost

(Disputes,1,000employees,1,000day)

		1985	1990	1996	1997	1998
Japan 1)	Disputes	627	284	193	178	145
	Employees involved	123.4	84.3	23.2	47.2	26.0
	Working days lost	264.1	144.5	42.8	110.2	98.0
United States 2)	Disputes	54	44	37	29	34
	Employees involved	323.9	184.9	272.7	338.6	387.0
	Working days lost	7,079.1	5,925.5	4,888.6	4,497.1	5,116.0
France 3)	Disputes	1,901	1,529	-	-	1,745
	Employees involved	22.8	18.5	-	-	121.0
	Working days lost	726.7	528.0	-	-	346.0
Germany 4)	Disputes	-	777	200	144	46
	Employees involved	78.2	257.2	165.7	13.5	4.0
	Working days lost	34.5	363.5	98.1	52.9	2.0
Italy 5)	Disputes	1,341	1,094	791		1,103
	Employees involved	4,842.8	1,634.0	1,689.0		435.4
	Working days lost	3,830.8	5,181.3	1,930.0		580.4
United Kingdom 6)	Disputes	903	630	244	216	166
	Employees involved	791.3	298.2	364.3	130.0	91.0
	Working days lost	6,402.0	1,903.0	1,303.0	234.7	282.0
Indonesia 7)	Disputes	78	61	346	234	-
	Employees involved	21.1	31.2	221.3	145.6	-
	Working days lost	557.0	316.6	2,496.5	1,250.4	-
Malaysia 8)	Disputes	25	17	9	4	12
	Employees involved	9.0	98.5	1.0	0.7	1.8
	Working days lost	36.0	302.0	2.6	2.1	2.7
Thailand	Disputes	4	9	18	23	-
	Employees involved	0.6	4.3	8.7	11.9	-
	Working days lost	13.1	71.6	92.1	150.6	-

Sources:

Japan: Ministry of Health, Labour and welfare, **Annual Report on Statistical Surveys of Labour Disputes**.
Germany: German Federal Statistical Office, **Statistisches Jahrbuch 1997**.
Others: ILO, **Yearbook of Labour Statistics**.

Notes:

1) Disputes that last under a half day are excluded. The employees involved is the number of workers who actually took part in the dispute.

2) The number of disputes and the employees involved are for disputes that began during the year in question, excluding disputes involving under 1,000 employees and disputes lasting under one day.

3) Localized (disputes on the single-enterprise level), agricultural, and civil service disputes are excluded. Starting in 1985, the number of disputes is in establishment units. The number of employees involved is calculated from the average number of empl

4) Prior to 1992 data refers to former F.R. of Germany. After 1993 data refers to All Germany. The employees involved and working days lost on March 10, 1990 and earlier are for former F.R. of Germany. When the working days lost exceeds 100, disputes lasting unde

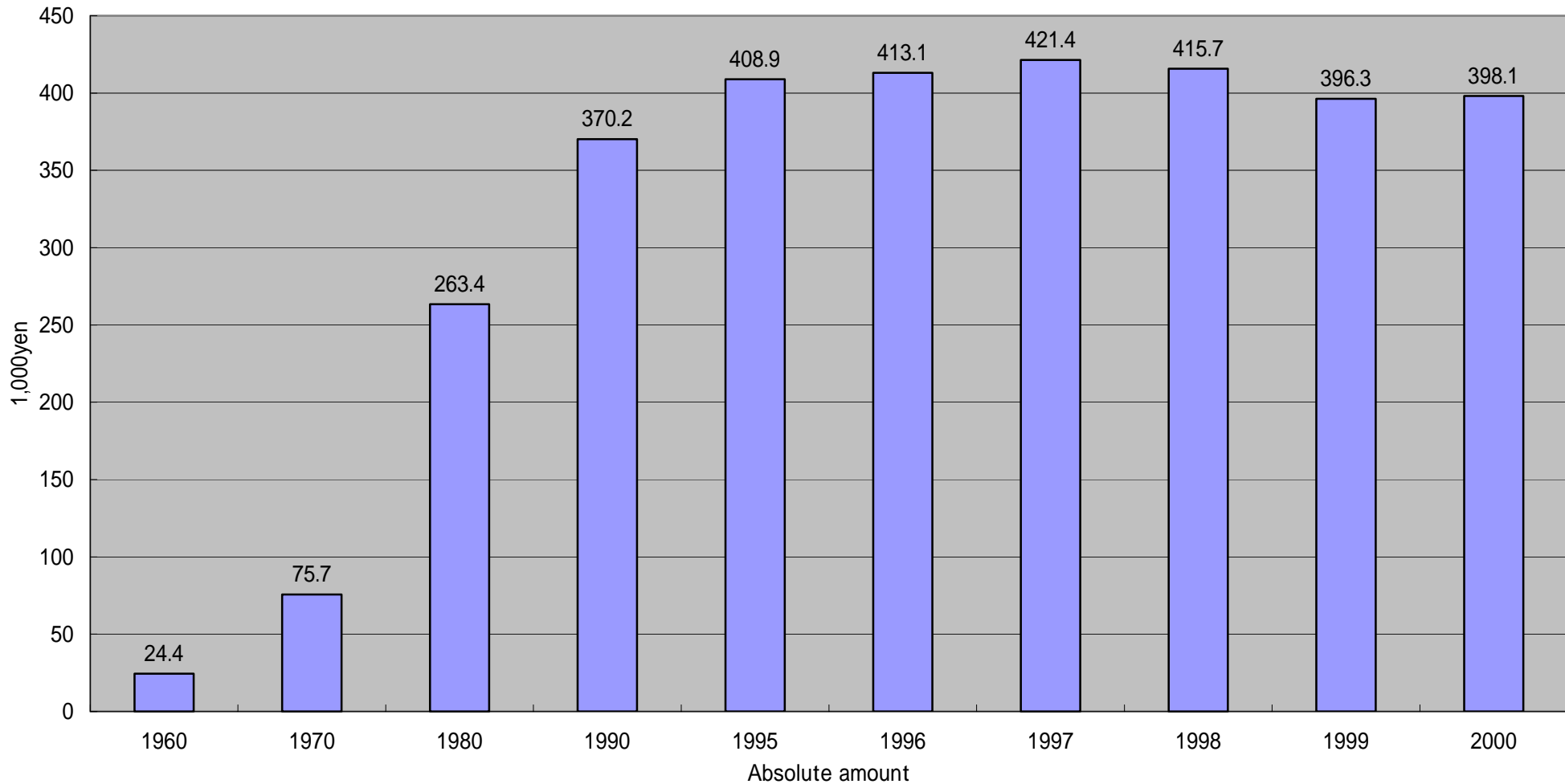
5) The working days lost is calculated by the standard of a 7-hour working day.

6) When the working days lost exceeds 100, disputes lasting under one day and those involving under 10 employees are included. The number of disputes excluded political strikes.

7) The working days lost is calculated by the standard of a 7-hour working day.

8) Only strikes are included.

Figure4 Trends in Wage Levels-Monthly Cash Payment(Norminal and Real)
amount



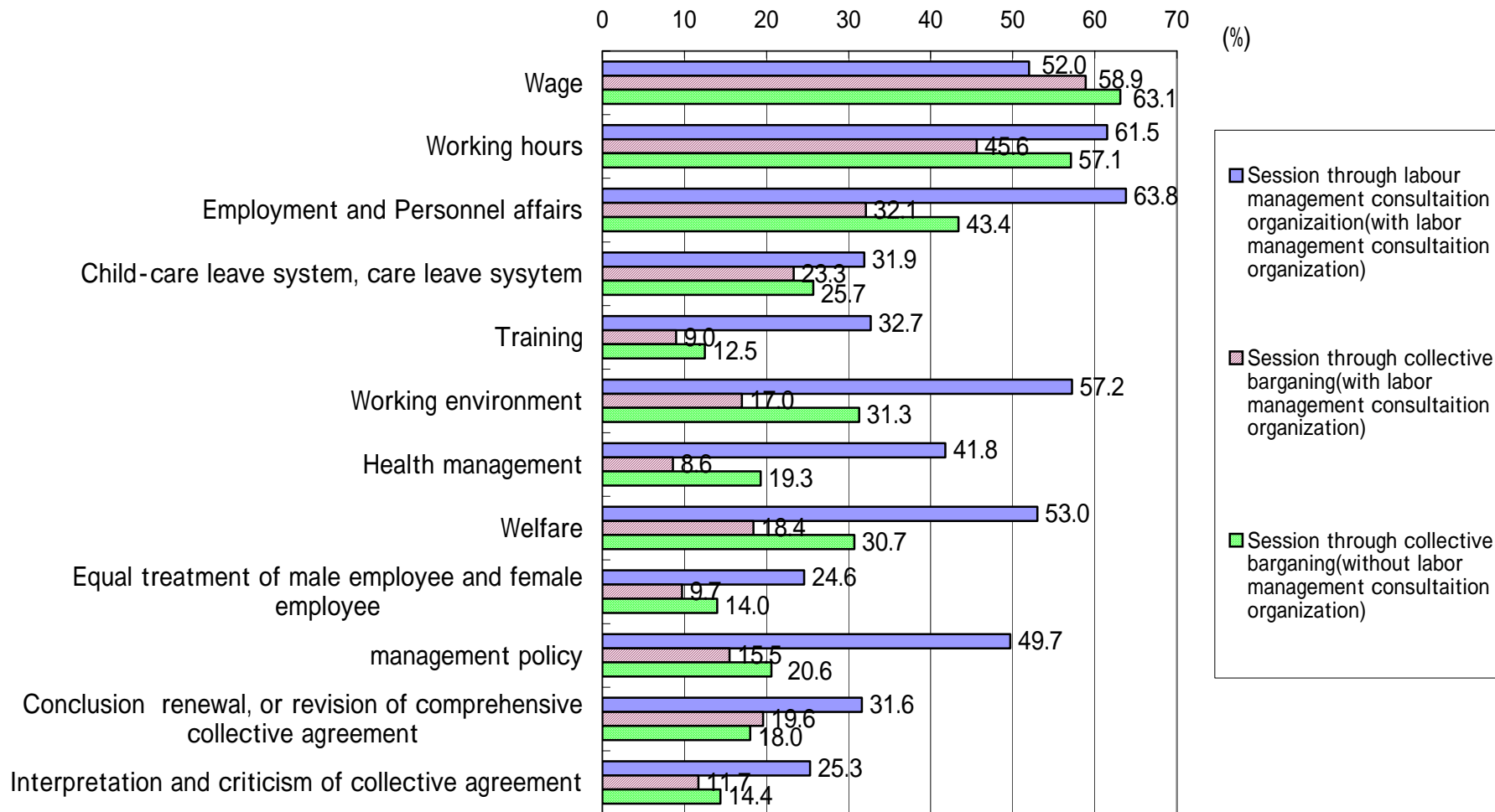
Source: Ministry of Health, Labour and welfare, *Monthly Labour Survey*

Notes: 1) Real wage indices calculated from real wage index = Nominal wage index / CPI

2) "Absolute amount" prior to 1969 and "rate of increase" prior to 1970 are exclusive of wages of service workers

3) Figures are for regular employees in establishments with 30 employees or more.

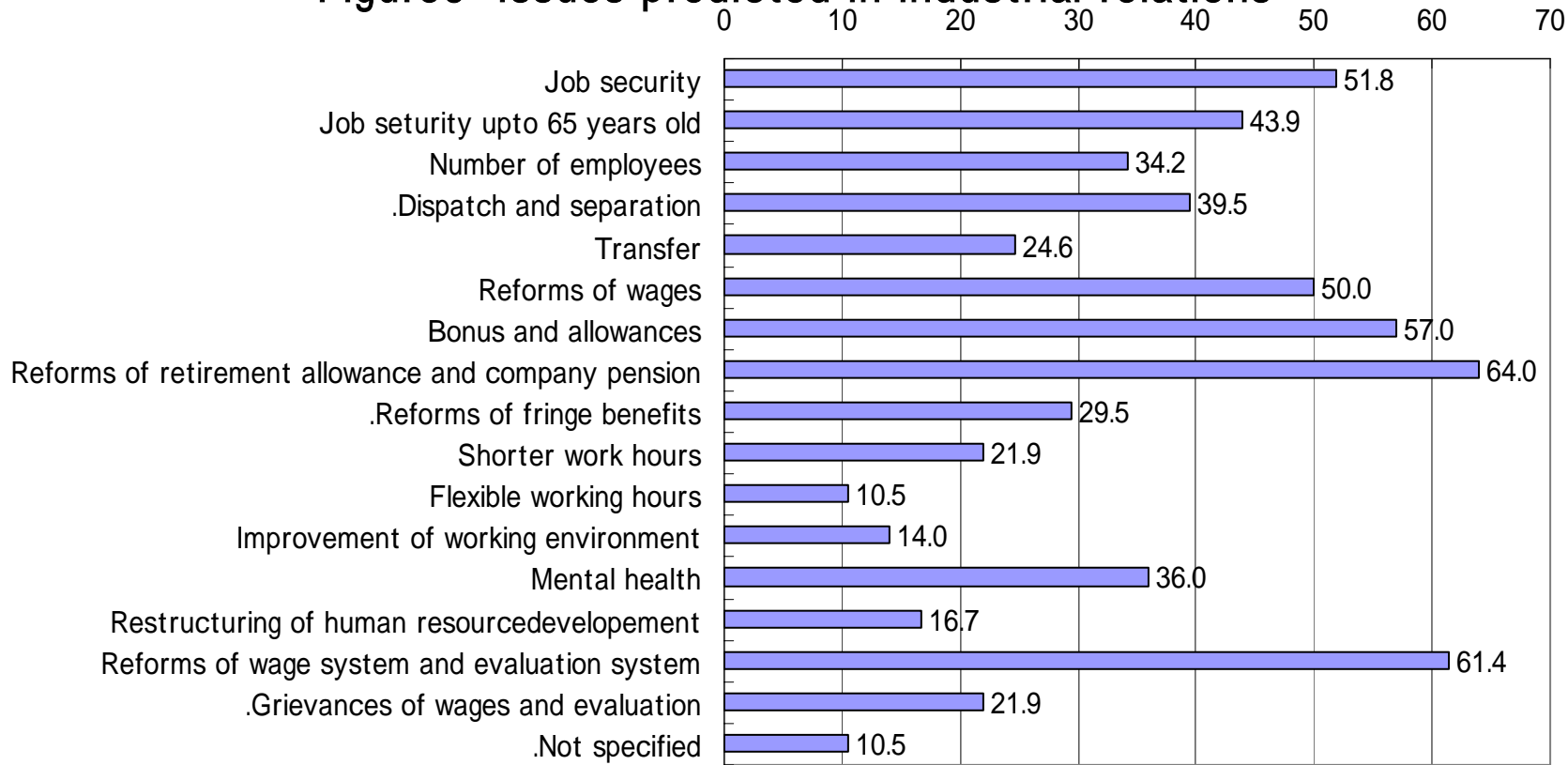
Figure 5 Ratio of Labour Unions by Subjects of Negotiation and Sessions Through which Negotiation was Held (Collective Bargaining & Labour Management Consultation Organization) and by Whether With or Without Labour Management Consultation Organizations in the Past 3 Years¹



Source: Ministry of Health, Labour and welfare, *Survey on Collective Bargaining and Labour Disputes, 1998*.

Notes: 1) The last 3 years means from 1 July 1994 to 30 June 1997.

Figure6 Issues predicted in industrial relations



Source: Research report on changes of organization and work, Institute of Rengo Life Development, July 2003.

Table 6 Four Types of work sharing

Types by purpose	Backgrounds	Sharing among whom	Methods of sharing	Change of wages	Terms corresponding
1) Emergent Measure: work sharing among employees to avoid dismiss positive: 19.5% negative: 77.5%	<ul style="list-style-type: none"> Low economic performance of firms 	<ul style="list-style-type: none"> among all employees in a company 	<ul style="list-style-type: none"> shorter overtime work shorter regular work hours increased holidays lay-off 	<ul style="list-style-type: none"> decrease keeping the former level by increased productivity 	<ul style="list-style-type: none"> abolition of overtime payment, decreased bonus, stopping the increased payment
2) Keeping Senior Workers: Shorter work hour among senior employees to maintain their job positive: 41.5%	<ul style="list-style-type: none"> Redundant workers among senior workers Extension of employment until 65 years old 	<ul style="list-style-type: none"> among a senior worker group among before - and - after 60 years old workers 			
3) Creation of Job: increased work opportunities by shorter work hour of every workers no support	<ul style="list-style-type: none"> Long terms of high unemployment rate 	<ul style="list-style-type: none"> between employees and unemployed workers 	<ul style="list-style-type: none"> shorter regular work hour by laws 	<ul style="list-style-type: none"> often keeping the former wages 	
		<ul style="list-style-type: none"> between senior and young workers 	<ul style="list-style-type: none"> shorter work hour for senior workers and hiring of young workers 	<ul style="list-style-type: none"> decrease 	
4) Various Work Styles: increased work opportunities by many forms of working style positive: 36.7%	<ul style="list-style-type: none"> Creation of positive conditions for female and senior workers Balance between work and family life Various preference of income and leisure balance Desire of workers, 'self-actualization' Keeping talented workers for firms 	<ul style="list-style-type: none"> between present and future workers 	<ul style="list-style-type: none"> job sharing (two persons sharing one job) transform of full-time work into part-time work flexible working days and hours 	<ul style="list-style-type: none"> wages according to work styles 	<ul style="list-style-type: none"> Autonomous work hour, flex-time

Source: Research report on work sharing, Ministry of Welfare and Labor, April 2001.

【 6 】 Toward a New Modes of Work _____The Challenge of Work Sharing

【6-1】 While unemployment is increasing, working time is growing longer.

Japanese workers suffer from an extreme imbalance between their mode of working and mode of living.

Quantitative imbalance stands out. There are so many unemployed workers on the one hand, but on the other hand those who have jobs are forced to work for long, including those who have to put in service overtime (unpaid overtime).

Labor force surveys show that workers who have to put in long working time have increased significantly in the past several years.

More than half of the workers covered by RENGO's livelihood survey are performing "service" overtime. This number is still increasing.

The imbalance between increasing unemployment and growing working time is becoming more serious as employment restructuring proceeds.

【6-2】 Gaps in working conditions between typical and atypical workers are expanding

In qualitative terms, an imbalance of Working conditions exists between typical and atypical workers. As unemployment rises, the gap is becoming even wider.

Taking advantage of this gap, employers are replacing typical workers with atypical workers for the sake of cost reduction. Blatant assaults on working conditions are frequently reported. There have been cases like one company which, having fired all of its regular workers, immediately hired other workers through a subsidiary as lower-paid regular workers to do the same job.

【6-3】 Even by international standards, the imbalance between working and living conditions is large in Japan.

Thirdly, there is serious imbalance between working life and daily living. In a survey by the Tokyo Metropolitan Government, 70% of female and 40% of male respondents said that they found it difficult to balance their working and family life. While compatibility between these two aspects of life is an ideal for society, the real situation is moving in the opposite direction.

An international comparison reveals that working time is longer and family time

shorter in Japan than in other countries. This imbalance can be attributed at least partly to the low premium rate of overtime work and weak regulations on overtime.

【6-4】 Lets us remove this imbalance through work sharing and create new modes of work!

Work sharing is one of the means to remove the imbalance that affects working life and family life.

Here we are not talking about employment adjustment by individual enterprises. We are talking about work sharing through working time cuts, implemented as national policies based on a social consensus.

It has quantitative and qualitative aspects: (1) reducing unemployment by cutting overtime (service overtime, in particular) and (2) expanding choices of working modes by the through application of the principle of equal treatment for all.

On the first issue, the Japan Productivity Center for Socio-Economics Development (JPS-SED) estimated that 900,000 jobs could be generated by abolishing service overtime, and 1,700,000 jobs with the abolition of all type of overtime. What matters is how this macro possibility can be translated into enterprise-level reality. In this regard, social mechanisms are needed to support companies that practice work sharing. For instance, it may be useful to subsidize firms that increase employment through cuts in working time.

It is also important for trade unions to check if management is not utilizing the work sharing slogan simply as a means to cut wages. Strict control of working time and the abolition of service overtime are necessary predictions for work sharing.

As regards (2), new social rules should be gradually introduced to abolish the distinction between “typical” and “atypical” workers. At present, typical workers are increasingly being replaced by atypical workers. Unless this tendency is stopped, it will be difficult to practice work sharing as a way to expand workers’ choices of work modes.

【6-5】 In order to create new modes of work, social work rules should be established and the social infrastructure improved.

To introduce the desired new modes of work, existing employment practices as well as the labor market structure should be critically reviewed, since existing systems fail to clearly define jobs, and end up preserving working condition disparities between typical and atypical workers. Social infrastructure should be strengthened, including proper worker training systems.

RENGO and Nikkeiren previously worked out a joint declaration on the

promotion of a social consensus on employment issues. They jointly set up a study group on multiple modes of work and work sharing, in order to conduct studies on related issues. Similar joint studies are being constructed by local government offices, unions, and employers at the prefectural level.

【6-6】 Let us move forward from the transformation of work to the transformation of society

By introducing new modes of working, we are transforming Japanese society.

By modifying the work-centered distribution of time in favor of spending more free time with our families and for other activities, we will be stimulating demand and thus invigorating the economy. Also, we will become able to develop our capacities under our own initiative. On the company side, the acceptance of new modes of work will make through reviews of company performance inevitable with a view to raising operational efficiency. This in turn will increase the free time available to workers.

Greater free time will facilitate the spread of new lifestyles in which both men and women can work and share family responsibilities equally. People will be able to spend more time in community activities and enjoy hobbies with their friends. Thus, workers will be able to develop social relationships through channels other than their companies. All this will contribute to the development of civil society and the improvement of the quality of life.

We are challenging the approach of market supremacy by transforming our mode of work. There can be no security or stability in societies where the pursuit of profit through cut-throat competition is seen as the supreme value. Such societies generate only conflict and poverty. We must now set out to change the status quo in order to introduce a society where work is given the highest value.

Discussion Paper

No.	Author	Title	Date
2002 • 1	Nobuyuki Isagawa	Cross Holding of Shares, Unwinding Cross Holding of Shares, and Managerial Entrenchment	(in Japanese) 1 / 2002
2002 • 2	Nobuyuki Isagawa	A Theory of Stock Price Behavior following Repurchase Announcements	(in Japanese) 1 / 2002
2002 • 3	Mahito Okura	An Equilibrium Analysis of the Insurance Market with Vertical Differentiation	2 / 2002
2002 • 4	Elmer Sterken Ichiro Tokutsu	What are the determinants of the number of bank relations of Japanese firms?	3 / 2002
2002 • 5	Mahito Okura	Review Article : Adverse Selection in Insurance Market	(in Japanese) 3 / 2002
2002 • 6	Mahito Okura	Welfare Effect of Firm Size in Insurance Market	3 / 2002
2002 • 7	Nobuyuki Isagawa	Does Investment Horizon Affect Investment Strategy ?	(in Japanese) 3 / 2002
2002 • 8	Koji Okubayashi Toshinori Takashina	Research Report of Careers and Employment Process of Workers over 60 years old : a Case of a Japanese Manufacturing Company	(in Japanese) 4 / 2002
2002 • 9	Hajime Shimizu	On the Existence of Tax Equilibrium : Incomplete Market with Capital Income Tax	(in Japanese) 4 / 2002
2002 • 10	Nobuyuki Isagawa	Cost of Financial Distress and Debt Restructuring : Debt Forgiveness and Equity-for-Debt Swap	(in Japanese) 4 / 2002
2002 • 11	Nobuyuki Isagawa	Open-Market Repurchase Announcements, Actual Repurchases, and Stock Price Behavior in Inefficient Markets	5 / 2002
2002 • 12	Kenji Kutsuna Richard Smith	Why Does Book Building Drive Out Auction Methods of IPO Issuance? Evidence and Implications from Japan	5 / 2002
2002 • 13	Kunio Miyashita	International Logistics and Modal Choice	6 / 2002
2002 • 14	Hajime Shimizu	Incomplete markets with capital income tax and public goods	(in Japanese) 6 / 2002
2002 • 15	Hajime Shimizu	On the possibility of Pareto improving of tax-equilibrium	(in Japanese) 6 / 2002
2002 • 16	Koji Okubayashi	China-Japan Comparison of Work Organization	7 / 2002
2002 • 17	Fumitoshi Mizutani Shuji Uranishi	The Post Office vs. Parcel Delivery Companies: Competition Effects on Costs and Productivity	7 / 2002
2002 • 18	Kazuhisa Otogawa	revised version of No.2001 • 36 Earnings Forecast and Earnings Management of Japanese Initial Public Offerings Firms	8 / 2002
2002 • 19	Atsuo Takenaka	The Classification of Foreign R&D Units	(in Japanese) 8 / 2002
2002 • 20	Tsuneo Nakano	The Dutch East India Company and its Corporate Governance	(in Japanese) 8 / 2002
2002 • 21	Tsuneo Nakano	revised version of No.2000 • 40 The British East India Company and its Corporate Governance	(in Japanese) 8 / 2002
2002 • 22	Fumitoshi Mizutani Shuji Uranishi	Privatization Effects on TFP Growth and Capital Adjustments	8 / 2002
2002 • 23	Atsushi Takao Mahito Okura	Some Notes on the Privatization of Postal Life Insurance in Japan	(in Japanese) 9 / 2002
2002 • 24	Fumitoshi Mizutani	Privately Owned Railways' Cost Function, Organization Size and Ownership	9 / 2002
2002 • 25	Fumitoshi Mizutani Takuya Urakami	A Private-Public Comparison of Bus Service Operators	9 / 2002
2002 • 26	Yasuyuki Miyahara	Principal-Multiagent Relationships with Costly Monitoring	10 / 2002
2002 • 27	Nobuyuki Isagawa	Unwinding of Cross Shareholding under Managerial Entrenchment	10 / 2002
2002 • 28	Mitsutoshi Hirano	Contingency Model for Personnel Grading System Issues on Design and Management for Qualification System and Job Grading System	(in Japanese) 11 / 2002

Discussion Paper

No.	Author	Title		Date
2002・29	Atsushi Takao	On the “ Emergency Effect ” of the late FUKUZAWA, Yukichi in Introducing of Modern Insurance into Japan	(in Japanese)	11 / 2002
2002・30	Yasuhiro Shimizu	Amortization of Intangible Assets before <i>Newark Morning Ledger</i>	(in Japanese)	11 / 2002
2002・31	Hideki Murakami	An Economic Analysis of Duopolistic Competition between Gulliver and Dwarf airlines: The case of Japanese Domestic Air Markets		11 / 2002
2002・32	Atsushi Takao	Simulation Model to Consider the Penetration of Modern Insurance in Japan - Confirmation of Emergence and Phase Transition of New Japanese Risk-Bearing System by Evolutional Economics	(in Japanese)	12 / 2002
2002・33	Nobuyuki Isagawa	Mutual Shareholding and Unwinding of Mutual Shareholding as Stockpile for Business Recovery		12 / 2002
2002・34	Takuji Hara	TLOs in Japan in the life science area : present and future	(in Japanese)	12 / 2002
2003・1	Katsuhiko Kokubu	Environmental Accounting for Corporate Management	(in Japanese)	1 / 2003
2003・2	Kazuhiro Tanaka	Embeddedness and Entrenchment of Managers	(in Japanese)	2 / 2003
2003・3	Fumitoshi Mizutani Shuji Uranishi	The Effects of Privatization on TFP Growth and Capital Adjustments		2 / 2003
2003・4	Yang Jia Yin Koji Okubayashi	Labour Turnover of Japan-Affiliated Companies in Shanghai	(in Japanese)	3 / 2003
2003・5	Mitsutoshi Hirano	Generation and Resolution of Asymmetric Information in Human Resource Management –In the Cases of Job Rotation in Two Retailers in Japan-	(in Japanese)	3 / 2003
2003・6	Kazuhiro Otagawa	Market Liquidity around Quarterly Earnings Announcements		3 / 2003
2003・7	Nobuyuki Isagawa Tadayasu Yamashita	Lender’s Risk Incentive and Borrower’s Risk Incentive	(in Japanese)	3 / 2003
2003・8	Kenji Kutsuna Marc Cowling	Determinants of Small Business Loan Approval: Evidence from Japanese Survey after 1997 Financial Crisis		3 / 2003
2003・9	Noriko Masumura	Voluntary Corporate Disclosure and the Cost of Debt: The Case of Quarterly Reporting	(in Japanese)	4 / 2003
2003・10	Nobuyuki Isagawa Katsuhiko Okada	Corporate Financial Strategy and Stock Price Behavior in a Noise Trader Model with Limited Arbitrage		4 / 2003
2003・11	Mitsutoshi Hirano	Two Modes of Economic Organization in the Duality Principle and Asymmetric Personal Information	(in Japanese)	5 / 2003
2003・12	Kenji Kutsuna Richard Smith	Why Does Book Building Drive Out Auction Methods of IPO Issuance? Evidence from Japan (Revised version)		5 / 2003
2003・13	Kenji Kutsuna Janet Kiholm Smith Richard L. Smith	Banking Relationships and Access to Equity Capital Markets: Evidence from Japan’s Main Bank System		5 / 2003
2003・14	Hideya Kubo	The Present Condition and Problem of Japanese Corporate Pension Systems	(in Japanese)	6 / 2003
2003・15	Hideki Murakami	An empirical analysis of the spillover and dynamic effects of low-cost airline’s presence on rival’s price: US duopoly case	(in Japanese)	7 / 2003
2003・16	Norio Kambayashi	Japanese Style of Management Education	(in Japanese)	7 / 2003
2003・17	Nobuyuki Isagawa	Unwinding of Cross Shareholding for Business Restructuring	(in Japanese)	7 / 2003
2003・18	Nobuyuki Isagawa	Unwinding of Cross Shareholding: A Signalling Approach	(in Japanese)	7 / 2003
2003・19	Huang Lin	Strategies and Store Development of Carregour in the Chinese Continent	(in Japanese)	8 / 2003
2003・20	Koji Okubayashi	Employment Situation and Measures for Increasing Employment Opportunities; The Case of Japan		8 / 2003