

Survey Concerning Corporate Restructuring and Employment

A. Summary of the Survey

Given the recent sluggish economy and increasingly fierce competition among companies both domestically and overseas, companies are undergoing restructuring, including reassessments of business expansion and resource distribution. The objectives of this survey were to cast light upon the current state of corporate restructuring and to provide perspectives on employment, as well as looking at the circumstances of employees who have found new jobs in the past year.

Company survey forms were sent to approximately 10,000 companies with 300 or more employees, and the companies were requested to give employee survey forms to a total of 5 regular employees who had entered the company as mid-career hires in the past year. Results were based on 1,683 company forms and 2693 employee forms returned to us. This survey was conducted between January 16 and February 8, 2002. For the composition of the companies and workers participating, please see the reference chart on p. 32.

B. Outline of the Survey Results

a) Survey Concerning Corporate Restructuring and Employment (Company Survey)

1. Directions in Corporate Restructuring

(1) The main strategies in corporate restructuring are “labor saving and rationalized investment”, “development of new products and services”, and “merger or closure of places of business.

When asked about the circumstances of their corporate restructuring efforts, the most common responses were “labor-saving and rationalized investment in order to improve production efficiency” (57.6%), “development and enhancement of new products and services” (44.1%), and “mergers or closures of places of business and reduction of or withdrawal from unprofitable areas” (43.6%). (Fig. 1)

(2) The reasons behind the corporate restructuring strategies were “increasingly fierce domestic competition”, as well as “maturing markets and stagnant demand.”

Most companies responded that the biggest influences on the economic environment that lay behind restructuring were “increasingly fierce domestic competition” (84.4%), “maturing markets and stagnant demand” (73.6%). These answers were followed by “increased burden of long-term obligations related to employment,” at about 50%. By industry, a noticeable number of companies in the manufacturing industries cited “increasingly fierce competition with companies overseas,” while a noticeable number of companies in the service industries cited “advances in technological innovation.” (Figs. 3, 4)

2. Status of Employment Strategies

(1) Less hiring of new graduates and mid-career employees, more use of contract workers, dispatched workers, and temporary, seasonal, and part-time workers

Asked about future employment strategies, most companies reported that they were moving in the direction of decreasing “hiring of new graduates” and “hiring of mid-career employees” and increased use of “contract workers and dispatched workers” as well as “temporary, seasonal, and part-time workers.” The smaller a company was, the more likely it was to take a conservative view of all forms of hiring. (Fig. 5)

(2) Nearly half of responding companies in all industries except the service industries stated that they would reduce personnel

Nearly half the companies are dealing with personnel reductions: 17.5% of companies have instituted personnel reductions in the past three years, 25.4% are in the process of reducing personnel, and 9.0% plan to do so in the future. By industry, most of the companies in all the service industries responded, “We have not instituted personnel reductions up to this point and have no plans to do so.” (Fig. 6)

(3) Most personnel reductions will take place through attrition or hiring restrictions, but 1/3 of companies have instituted incentives for voluntary retirement and early retirement.

The methods of personnel reduction with the highest percentages were “natural attrition” (81.6%) and “hiring restrictions” (76.9%), but 34.2% of companies, or 1/3, mentioned “soliciting voluntary retirement or establishing and expanding a system of incentives for early retirement.” Only 6.9% of companies resorted to dismissal. By

industry, the use of “soliciting voluntary retirement or establishing or expanding a system of incentives for early retirement” was slightly more common in the construction industry, the machinery-related manufacturing industries, the wholesale and retail industries, and eating and drinking establishments. (Fig. 9)

(4) Reasons for personnel reductions: the majority mentioned financial difficulties, and strategic personnel reductions were in the minority.

Of the reasons for personnel reductions, the most common were “to deal with current major financial difficulties” (36.4%) and “to deal with major financial difficulties that are expected to manifest themselves in the future” (35.8%). On the other hand, a minority of companies mentioned personnel reductions in the strategic sense, including “to increase profits further through such means as specializing in our strongest areas” (8.2%). (Fig. 10)

(5) Effects of Personnel Reductions

Among the effects of personnel reductions, “lower morale among employees” and “increase in employees’ working hours” were each mentioned by about 50% of respondents, followed by “improved productivity by employees” at 35.9% and “large-scale loss of superior human resources” at 33.0%. (Fig. 11)

When we looked at the size of the effects by the scale of the personnel reductions, we found that the higher the percentage of personnel reductions, the greater the number of companies citing “lower morale among employees,” “large-scale loss of superior human resources,” and “lower productivity by employees.” (Fig. 12)

3. Systems of Voluntary Retirement and Incentives for Early Retirement

(1) Criteria for systems of voluntary retirements and incentives for early retirement

The criterion most often cited for use of systems of voluntary retirement and incentives for early retirement was “age” (74.6%), followed by “years of service” at 33.1%. The average lower age limit for availing one’s self of these systems was 45.5 years. (Fig. 14)

(2) Details of the measures for systems of voluntary retirement and incentives for early retirement

The details of the measures for systems of voluntary retirement and incentives for early retirement include “a percentage increase in the retirement allowance,” the

most common measure at more than 90%. Of those, 85.6% said that they “applied these measures to all eligible persons.” The mean amount of the increase in the retirement allowance was 15.7 months’ worth, and the median was 12 months’ worth. (Fig. 15)

(3) Responses to systems of voluntary retirement and incentives for early retirement

“Responses almost as planned” were reported by 36.5% of companies, and “more than planned” and “did not meet the goals of the plan” were reported by 14.0% and 16.4% of companies, respectively. (Fig. 17)

b) Survey Concerning Reemployment Status (individual survey)

1. Circumstances at separation

(1) Reasons for separation

The reason for separation most commonly given by persons who had become reemployed during the past year was “retired at my own request” at 71.1%. This was followed by “company went bankrupt or went out of business” (6.0%) and “completion of employment contract period” (5.7%). By age, more than 10% of those over the age of 45 said that they had “responded to company’s systems of incentives for voluntary retirement and early retirement.” (Fig. 19)

(2) Circumstances of using the systems of incentives for early retirement

Reasons most often given for making use of the systems of incentives for early retirement were, “I was anxious about the company’s future” and “I had a good opportunity to give some other line of work a try,” at 40% each. (Fig. 20)

The most common statement about the details of the measures in systems of incentives for early retirement, was “a percentage increase in the retirement allowance” at 80%. This was followed by “advice and mediation on reemployment” at 40%. The median increase in the retirement allowance was 12 months’ worth. (Figs. 23, 24)

(3) Reasons for retirement at one’s own request

About 40% of respondents gave as their reason for voluntary retirement as “anxiety about the current state and future of the company.” This was followed by “I was dissatisfied by the working conditions, such as wages and working hours” and “I wanted to try out a new line of work.” (Fig. 29)

2. Circumstances of reemployment

(1) The path to reemployment

Employment at the current workplace was most often obtained by “response to an advertisement” (25.1%) or “making use of a public employment office” (23.2%). These trends differed by age, with most people between the ages of 35 and 54 responding, “an introduction from a work acquaintance or a friend” and people over the age of 55 responding “through the mediation or support of my previous company.”(Fig. 30)

(2) Elements that the company viewed most favorably

Of the elements that the company viewed most favorably upon their employment, the greatest percentage of respondents, 64.1%, felt that they had been evaluated according to their “job experience so far.” (Fig. 31)

(3) Change in wages from their previous workplace

Comparing their current wages to their previous wages, 23.5% reported “a decrease of more than 10% and less than 30%,” 19.7% reported “no change,” and 18.9% reported “an increase of more than 10% and less than 30%.” By age, the older the workers, the more likely they were to report that their wages had decreased. (Figs. 32, 33)

(4) Degree of satisfaction with current work

Over 70% of respondents reported some degree of satisfaction with their current work, 43.6% reporting “somewhat satisfied” and 24.7% reporting “very satisfied.” By size of company, the larger the company the workers had moved to, the higher their degree of satisfaction. (Fig. 34)

It was also true that the more people could make use of their previous experience in their current jobs, the more satisfied they were. (Fig. 35)

By reasons for separation, people who said that they retired at their own request were more likely to say that they were “very satisfied” than people who said that they had quit their previous jobs due to “the circumstances of the company” or “completion of employment contract period.” (Fig. 36)