The Labor Situation in Japan 2002/2003

THE JAPAN INSTITUTE OF LABOUR

The Japan Institute of Labour

The Japan Institute of Labour (JIL) is engaged in the comprehensive research and study of labor problems, collecting and classifying information and data both domestically and internationally, and publicizing them. Another important role of JIL is to inform labor, management and the general public in order to deepen understanding and knowledge of labor problems (Article 1, the Japan Institute of Labour Law).

1. Comprehensive Research and Study on Labor Issues

Amid rapid changes in industry and the employment structure in recent years and drastic development of the international community, such as the end of the Cold War, labor issues are becoming increasingly complicated and diversified. In order to cope with such changes, the JIL carries out comprehensive research and study from mid- and long-term perspectives.

(1) Research and study for the purpose of providing foundations for assessing, analyzing, and planning of labor policies.
(2) Research and study for supporting workers' efforts to find an appropriate job.
(3) Research and study for providing foundations for forming mutual understanding between labor and management.

2. Collection and Provision of Information on Labor Issues

The Institute provides you with various types of labor-related information, systematically collected in Japan and overseas, through the Internet, newspapers, books, videos and other media.

(1) Provision of information via the Internet
(2) Operation of an open center of specialized books and materials
(3) Issuance of various publications

3. International Exchanges that Promote Understanding of Labor Issues

With progress in international cooperation and the rapid globalization of economies, it is increasingly vital that international mutual understanding be further enhanced. To this end, the JIL conducts surveys on labor issues in respective countries, sponsors seminars and lectures, invites those engaged in labor affairs from abroad. The JIL also introduces the Japanese situation to foreign audiences concerned with labor issues.

The Labor Situation in Japan 2002/2003

The Japan Institute of Labour

Contents

Contents for Tables and Figures

Chapter V

Chapter VI

Appendix (International Comparisons)

First published 2002

Introduction

The Japan Institute of Labour (JIL) has been implementing a project to introduce the situation of labor in Japan, including Japanese labor customs, the legal system of labor in Japan, and recent trends in the labor market, to persons overseas concerned with labor, and management and labor at foreign-affiliated firms in Japan, among others. In recent times, JIL has not been limited to the publication and distribution of printed materials, holding seminars in Japan and abroad designed to promote a deeper understanding of Japan's labor situation. Moreover, JIL has begun to provide on-line up-to-date information that can be accessed easily and regularly, and is constantly carrying out improvements toward the provision of more user-friendly and useful information.

This text was compiled primarily for those readers with no prior exposure to Japan's labor situation or those with a limited amount. It aims to provide all who read it with a fundamental and comprehensive understanding of Japan's overall labor situation. The inaugural edition of this text was published in 1998, since which four revised versions have been published.

Given there will be a future increase in the globalization of economic and social activities, an accurate understanding of the labor situation in Japan is becoming progressively more important. Toward this end, the text was written by researchers at JIL and officials actively involved with this issue in related divisions of the Ministry of Labour. Means were employed in the editing process to ensure the provision of accurate and just information as far as possible. We hope that this text will be of some use to its readers.

Nowadays, when information is able to make headlines around the world in a fraction of an instant, it goes without saying that we at JIL are fully aware that there remains scope for improvement in numerous aspects, such as the selection of information, and the methods and speed of its provision. We will continue to devise ways to improve this booklet, but would be delighted to receive opinions and comments from readers as to how we may achieve this.

October 2002
The Japan Institute of Labour

Chapter I The Economy, Industries and Corporations

1 The Japanese Economy: Current Situation and Outlook for the Future

Japan's Phenomenal Postwar Economic Recovery

Though the Japanese economy had been virtually destroyed by defeat in World War II, the government made institutional forms and implemented far-sighted policies, achieving a recovery that is remarkable by any standard. During the so-called period of high economic growth (1955 to the early 1970s), the economy expanded at an average rate of 10% or higher per year.

Since the 1970s, the world economy has been shaken by profound changes in the international monetary system and by two oil crises. However, the Japanese government has managed to maintain a relatively strong economic performance among advanced nations by adopting effective macroeconomic policies. Labor and management have made contributions also, by agreeing to set wages voluntarily. The industrial structure has been transformed through technological innovation, and Japan has succeeded in staving off inflation and keeping the unemployment rate under 2%.

Astoundingly Low Growth Rate

In the early 1980s, economic theories stressing the importance of the market mechanism gained support in Japan, as in other industrialized nations. Informed by these theories, the Japanese government implemented administrative and fiscal reforms, and privatized some state-run corporations. However, during this period, trade imbalances among the advanced nations worsened, leading to the Plaza Accord of 1985, after which currency reform was carried out amid growing demands for Japan to open its markets. Accordingly, the yen rose sharply against the U.S. dollar, resulting in a recession. Japanese companies, manufacturers in particular, sought to remedy this by moving some of their operations overseas.

The Japanese government attempted to promote domestic economic growth by lowering interest rates to stimulate demand. Its macroeconomic policies were influenced by negotiations with the United States, at which the removal of structural barriers to imports and the reduction of Japan's huge trade surplus were discussed. Unfortunately, this resulted in excess liquidity, which induced speculation in land and securities. The prices of land, securities, and other assets soared to abnormal levels, thereby creating the "bubble economy" of the early 1990s. When the bubble burst, the economy entered into crisis and was saddled with an enormous volume of bad debts. Japan has since struggled to dispose of these bad debts and to counter what the OECD (Organization for Economic Cooperation and Development) has described as "astoundingly and exceptionally low economic growth."

I-4 describes Japan's real GDP (gross domestic product), labor force, and real wage levels, compared with those of other advanced nations. Japan's real GDP grew at a robust and consistent rate for many years until 1992, when growth began to decline, while the labor force expanded at a relatively stable rate of 1% per year. Japan has succeeded in distributing the fruits of its high economic growth period equally, increasing both wages and the size of the workforce.

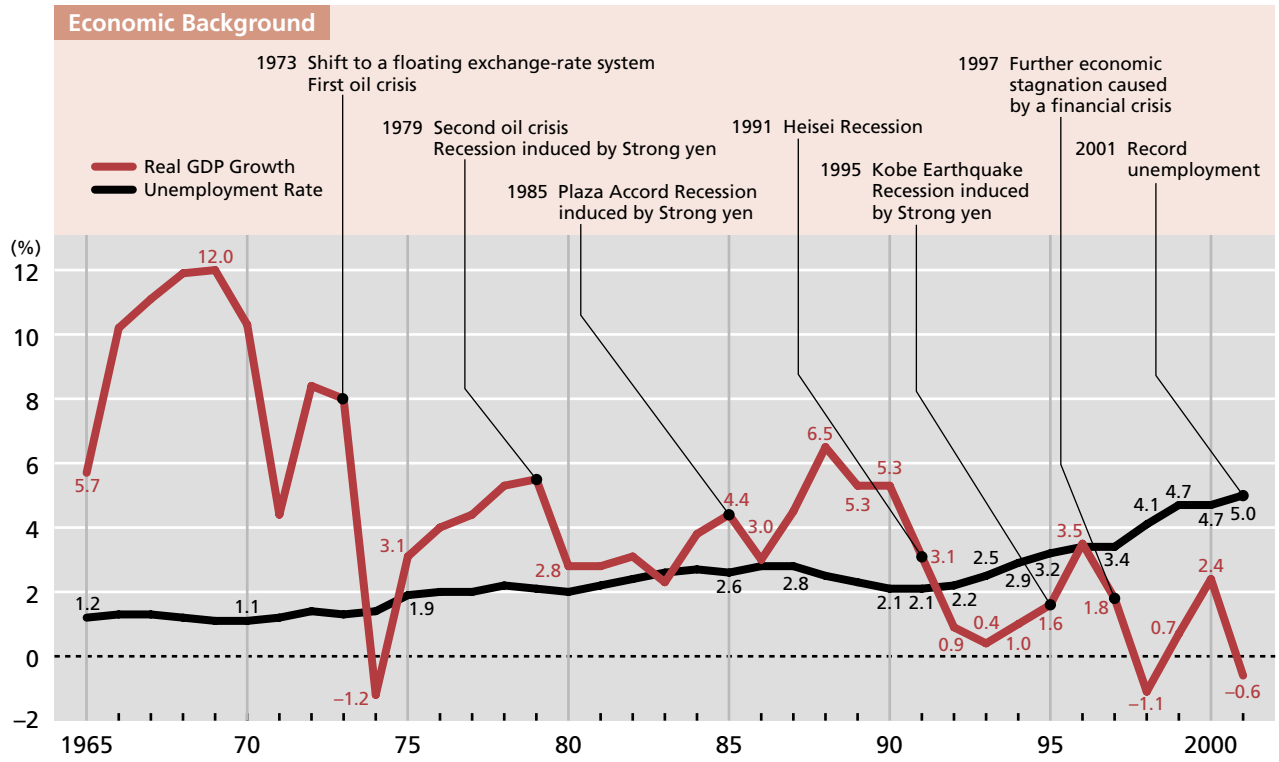
Movements Toward Self-sustained Economic Recovery

Since 1997, the Japanese economy has experienced, among other things, a rise in the rate of consumption tax aimed at fiscal reconstruction, reduced public demand, an Asian currency crisis, and the insolvency of major financial institutions, which contributed to an

acute downward economic spiral from the end of 1997. In response, the Japanese Government has attempted to shift from "administrative policies aimed at financial protection" to one of introducing market principles into financial administration. It has also supplemented public works projects by emergency economic measures and has taken measures to expand demand through steps toward permanent tax reductions. The effect of such policies brought a halt to the bottoming out of the Japanese economy in Spring 1999, and since the later half of 1999 the recovery of the Asian economy has also been partly responsible for the subsequent succession of moderate improvements.

However, the short-lived economic recovery that began in Spring 1999 has ended. The Japanese economy has been in a "slow deflation" (Cabinet office) since the beginning of 2001, and under that influence the worsening of the business situation is progressing further. Prices are not only dropping on goods affected by expanding imports from China and the influence of information technology (IT); overall price levels are also falling, and it is feared that there will be even greater deterioration in this area. Accordingly, the complete-unemployment rate continues to rise, and between July and September 2001 it rose above the 5% mark for the first time.

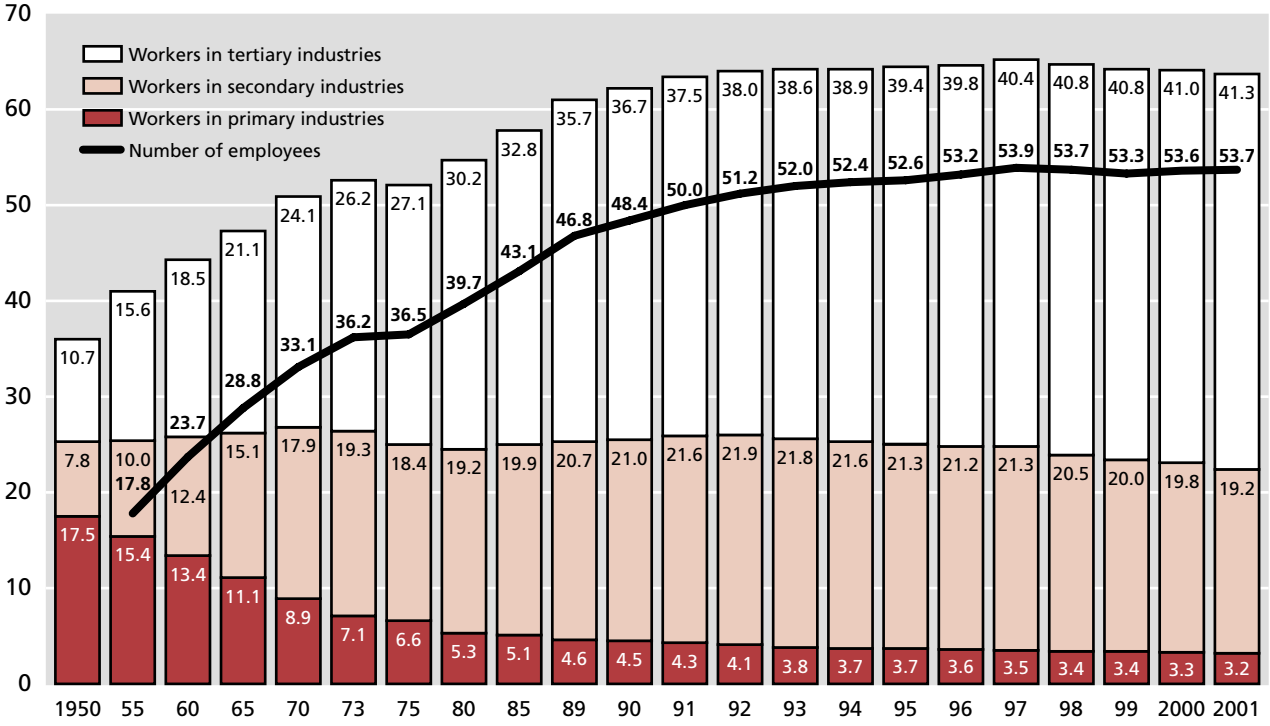
I-1 Real GDP Growth and the Unemployment Rate



Sources: Cabinet Office; Ministry of Public Management Home Affairs Posts and Telecommunications
Note: Concerning the growth ratio in GDP, since 1981, this is based on the figures of the 1995 Standard Amended System of National Accounts (93 SNA), before 1981, the figures used are based on the 1990 Standard Amended System of National Accounts (68 SNA).

I-2 Labor Force Statistics

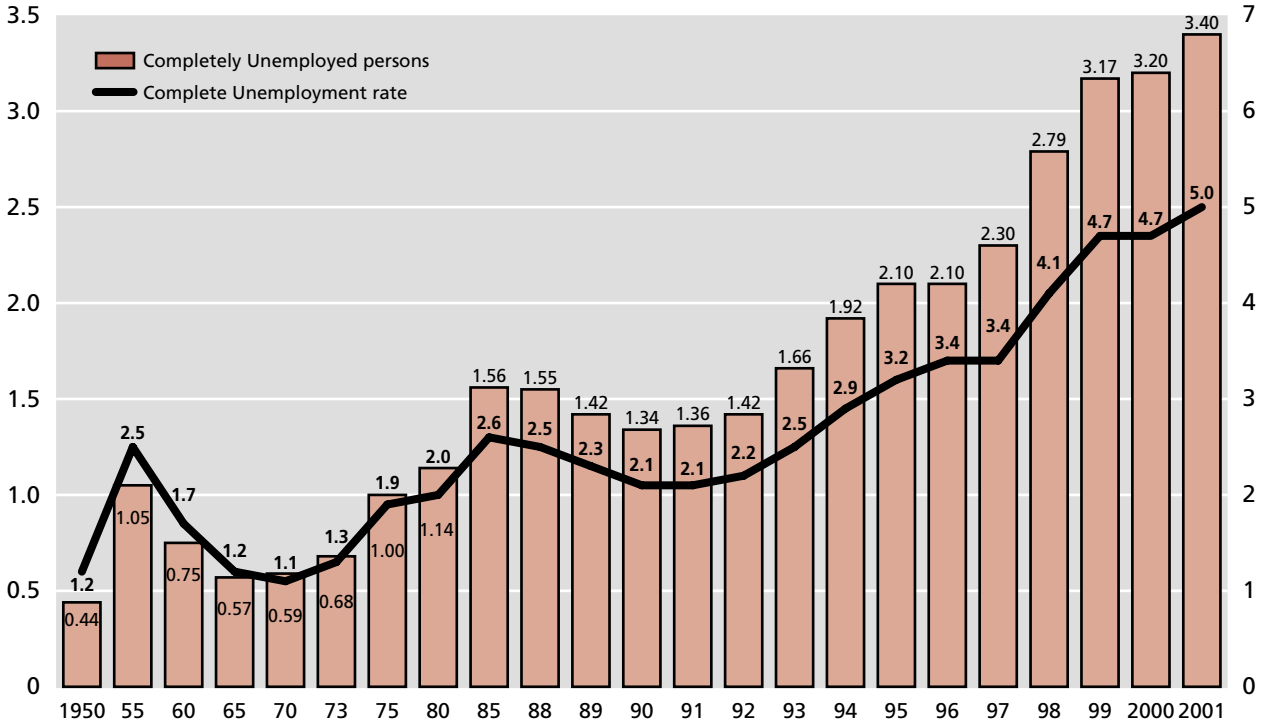
(In millions of persons)



Source: *Labor Force Survey*, Statistics Bureau, Management Coordination Agency

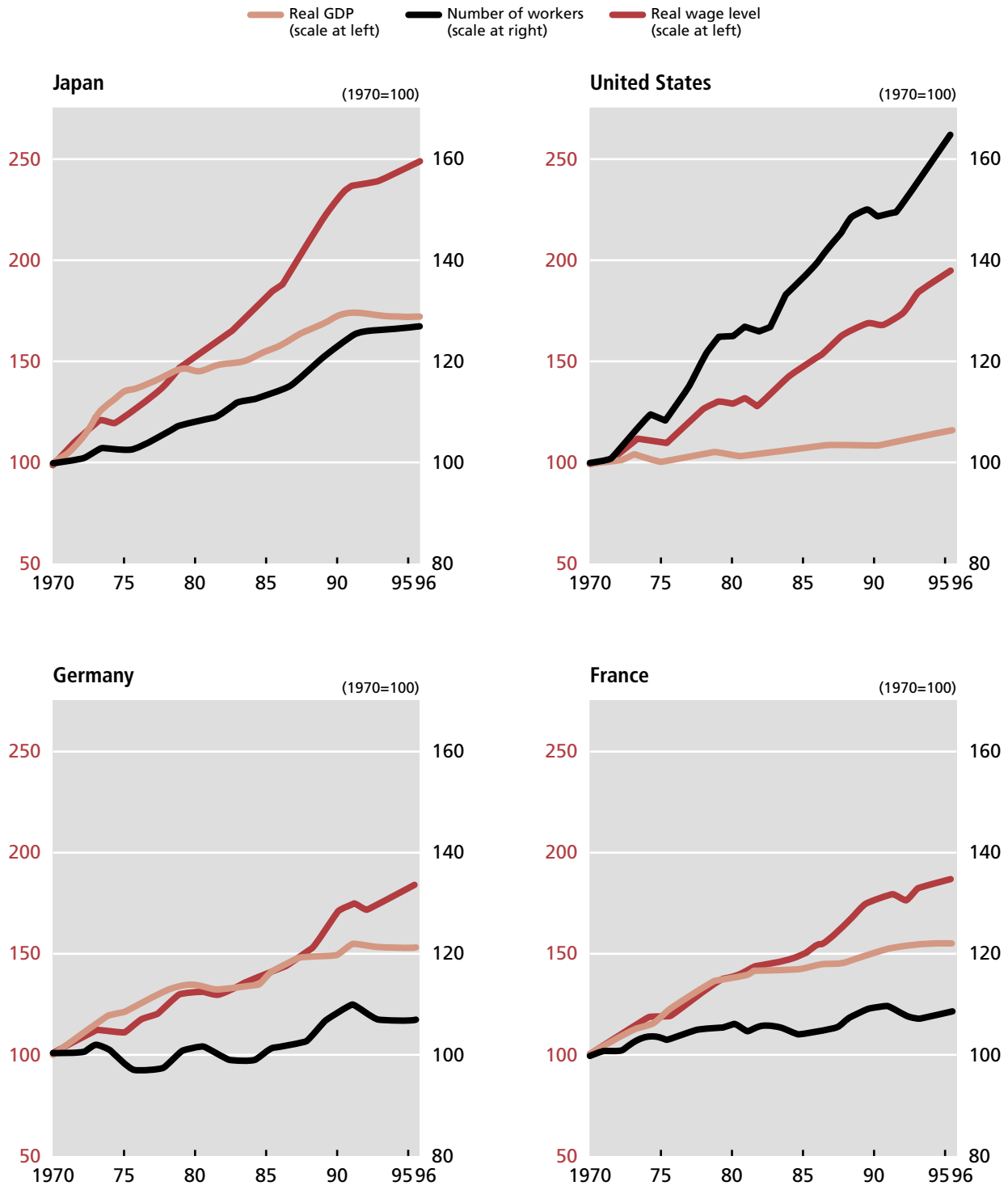
I-3 The Completely Unemployed and the Complete Unemployment Rate

(In millions of persons) (%)



Source: *Labor Force Survey*, Statistics Bureau, Management and Coordination Agency

I-4 Changes in Real GDP, Number of Workers, and Real Wage Rates in the Advanced Nations



Sources: *Labor Force Statistics*,1998; *National Accounts,* OECD, 1998
Note: In the graphs above, real wage level was calculated by subtracting a private consumption expenditure deflator from income per employee.

2 Japanese Corporate Management Systems

Japanese Management Systems

Japanese corporate management systems differ in several respects from those used in the United States, where these systems are characterized by the acquisition of and/or merger with other companies, and by bold labor adjustments. To begin with, Japanese companies pay relatively small dividends to their shareholders—due mainly to the reciprocal stock ownership system—the result of which is that a considerable portion of the shares issued by Japanese companies does not circulate in the market, but is held by other companies belonging to the same corporate group. Besides preventing takeovers (through the buying up of stock), this practice of reciprocal stock ownership has stabilized management and contributed to corporate growth through capital gains produced by continuous stock-price appreciation.

Development of Corporate Groups

Stability and growth of corporate management creates abundant funds via high stock prices—from the capital market, or as financing from banks—and through accumulation of retained profits. Using these funds, existing businesses are expanded and new businesses are developed. When Japanese companies branch out into new types of business they tend to do so by establishing affiliates or subsidiaries, and entrusting the new business to them once they are viable. Diversification of this sort can ultimately result in the formation of a corporate group.

Keiretsu: Affiliated Companies

These kind of corporate groups most typically arise in industries that compete well in the international arena, e.g., manufacturers of automobiles and electric machinery. Manufacturers of auxiliary equipment and parts, with the finished goods maker as the central figure, establish an efficient social division of labor system. They also facilitate continuous technological innovation and new product development, since group members share management and technical information. The term used to describe division of labor system is "Keiretsu."

In-house Training of Human Resources

For human resource development, Japanese companies have come to focus on in-house training and education, because the expansion of existing businesses and development of new ones has been taking place mainly within the company or the corporate group. Companies are now upgrading their training and education programs, and familiarizing their employees with new technologies at training institutes in addition to OJT (on-the-job training).

The "Lifetime Employment" Practice

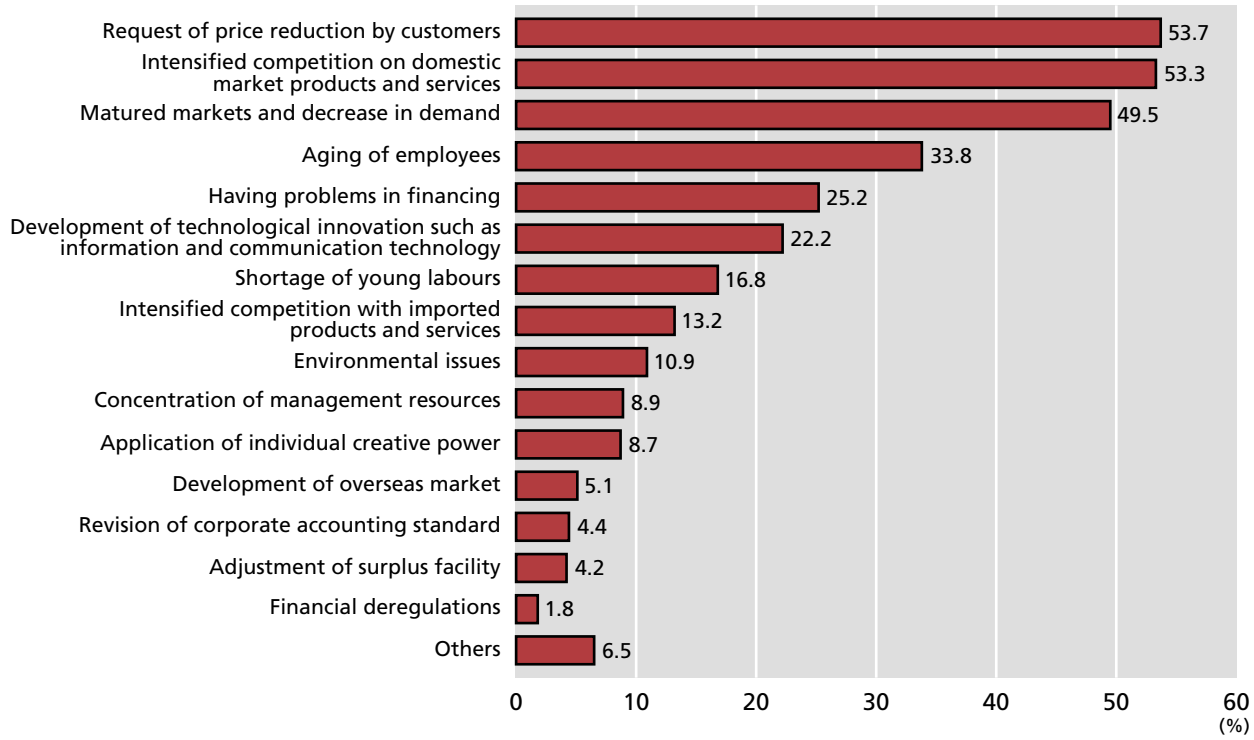
The establishment of Japan's long-term employment system (often called "lifetime employment") is owed largely to this emphasis on in-house human resource development. Under this employment practice companies are extremely careful in their personnel adjustments. They make every effort to ensure employment opportunities for their employees by transferring them from slow departments to busier ones, or to affiliates, thus retaining cumulative expertise and technologies within the company. The long-term employment system has both contributed to the development of Japanese companies and controlled the rise in unemployment.

Imminent Management System Revisions

However, as the long-term course of the recession that began in the 1990s persists, and the gap between successful and foundering firms widens, Japanese companies have been forced to address flaws in management systems. They are now beginning to sell off stock shares that are unlikely to pay dividends or rise in price, and to cancel reciprocal stock ownership agreements. Labor shifts are increasing and there is growing emphasis on mid-career recruitment—particularly of specialized skilled positions—in business spheres where technological innovation typified by IT is proceeding at a rapid pace, because companies cannot rely on their labor resources trained in-house for this type of employee. Moreover, faced with criticism from the international community that it prevents foreign companies from

entering Japanese markets, and needing to lower costs even more, the Keiretsu system is gradually changing. Japanese companies have begun to engage in more transactions with companies outside their corporate groups.

I-5 Ratio of Reasons for Requiring Restructuring of Business within 5 Years from Now



Source: *Industrial Labour Situation Survey (2000),* Ministry of Health, Labour and Welfare

I-6 Personnel Adjustment Status by Industry

(January–March 2002; %)

By industry		Total	Construction	Manufacturing	Transportation, telecom-munication	Wholesale, retail	Finance, insurance	Real estate	Services
Total		100	100	100	100	100	100	100	100
Companies implementing personnel adjustments		31	35	42	20	23	14	13	22
Personnel adjustment methods used (multiple responses permitted)	Restrict overtime work	16	14	24	7	11	4	5	10
	Increase number of paid holidays and vacation days	4	7	6	2	2	1	2	4
	Dismiss or refrain from renewing contracts of temporary, seasonal, or part-time workers	5	7	7	2	2	1	2	3
	Suspend of curtail mid-career employment	5	6	8	3	4	2	4	3
	Reassign personnel	10	8	15	4	6	3	3	7
	Employee loan	5	4	10	3	2	3	1	2
	Lay off personnel	3	3	6	—	1	—	1	1
	Recruit volunteers for early-retirement, dismissal	7	10	9	6	6	4	2	3
None of the above		69	65	58	80	77	86	87	86

Source: *Survey of Labor Economy Trends*, Ministry of Health, Labour and Welfare
Note: These figures indicate the ratio of companies planning personnel adjustment to all respondents

Chapter II The Labor Markets

1 Population

Population Growth Rate and Decline from the Late 1970s

Between November 1945 (immediately after the end of World War II) and April 2002, Japan's population increased by a factor of about 1.76, from a reported 72.15 million to 127.33 million. Naturally, this continued increase has not been at a uniform pace over the entire half century. There has been a switchover in population change from the pre-war days of high birth rates and high death rates to the post-war situation of fewer births and fewer deaths. During this transition period, we experienced a condition of high birth rates and low death rates. During the first baby boom (1947–49), the population grew at an average annual rate of over 5%, but growth rapidly slowed down to about 1% per year in the subsequent 10 years. The second baby boom occurred in the early 1970s, stimulating another rise in the rate of population growth until it once again reverted to 1% growth per year, and then began a steady decline.

Nuclear Families as the Main Reason for Decline in the Population Growth Rate

There are a variety of factors behind the decline in population growth. One of the biggest reasons is the population shift from farming villages to urban centers. As a result, the number of nuclear families headed by company employees has increased, and the birth rates has declined. This transition was also marked by the tendency to postpone marriage and child-bearing until a higher age.Along with receiving a higher level of education, women are continuing to find an expansion of employment opportunities; the resulting rise in the female employment rate is closely related to this trend.

Total Population will Peak in 2006, and thereafter Decline

Hereafter, it is predicted that we will enter a period of population decline (II-1). Looking at the latest estimates, Japan's population will peak in 2006 at 127.41 million, and then decline for the first time in history. Population distributions by age, too, will further increase with the tendency toward lower birth rates and a larger elderly population. The working population is already diminishing in both real and proportional terms. As a result, there is concern over problems such as a slow-down in economic growth, and an increasing burden of support for the younger and older segments of society. As the labor force ages, a decrease in the number of young workers and overall manpower is observable.

Post-war Period Characterized by Regional Migrations in Search of Employment Opportunities

Looking at the population shifts between three major urban areas and other areas of Japan over the post-war years shows one striking pattern—the shift from non-urban areas (farming villages) to major cities during the period of high economic growth in the 1950s and 1960s. With the exception of the eldest sons of families engaged in agriculture, people moved from farming areas (where employment opportunities were limited) to cities, where they could easily find work in the rapidly developing secondary and tertiary industries. This shift brought about the serious problems of depopulation in the countryside and overcrowding in urban centers. A subsequent shift saw a migration within urban boundaries from congested city centers to the

suburbs. Geographic shifts in population finally began to subside with the 1973 oil crisis and the subsequent tapering off of economic growth.

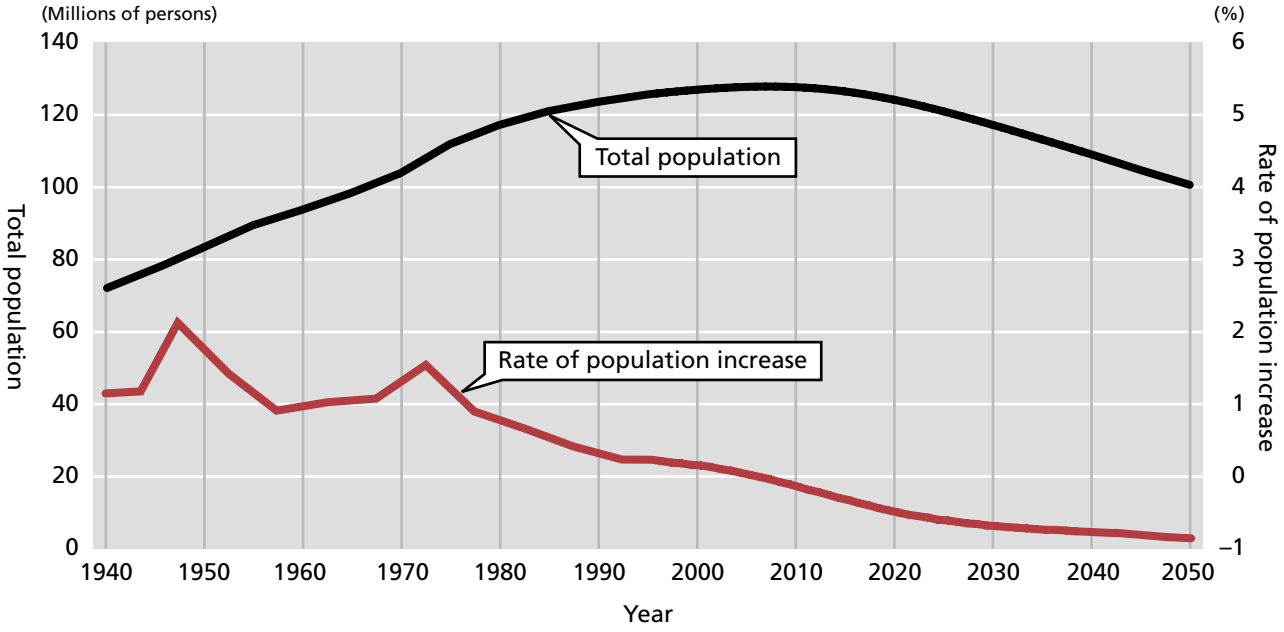
Concentration of Population in the Greater Tokyo Area

The heavy concentration of population in the Greater Tokyo area, as opposed to other urban centers, poses many difficulties. Also noteworthy (though not so much in terms of absolute population) are the so-called "U-turn" and "J-turn"—the tendency for people to move from their birthplaces in the countryside to a large urban center, and later back to their home-towns or a major regional city near their hometowns.

Globalization Brings Increase in the Foreign Population

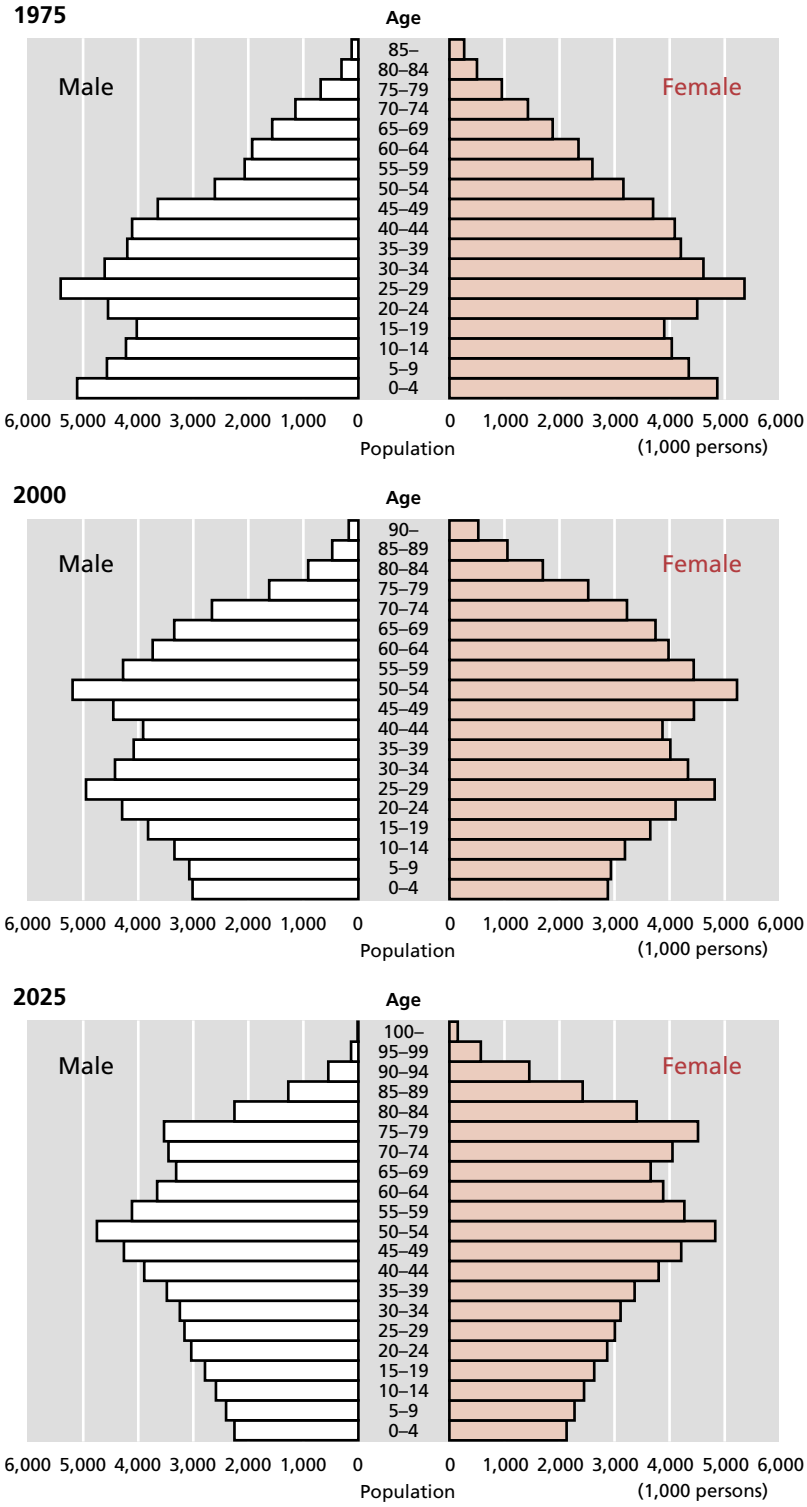
With the globalization of the economy, the foreign population in Japan is also increasing gradually. In the past, North and South Koreans accounted for the majority of Japan's resident aliens. Today, they represent only a little more than 40% of that population (II-3). On the other hand, there has been an influx of people from other Asian areas, beginning with China, and an increasing number of Central and South Americans of Japanese descent who have immigrated to Japan to work away from home after approval of their permanent-resident visas. This trend has been increasing since the days of the bubble economy in the 1980s. The influx from Brazil began to subside in 1998, but that from Peru continues to grow. The number of registered aliens has increased steadily as well, reaching an all-time high of 1.69 million persons in 2000. However, the percentage of foreigners in the total population is only about 1.33 percent.

II-1 Current Situation of the Total Population and Population Increase Ratio and Future Population Projections: 1940–2050



Sources: *Population Census*, Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications; *Population Projections for Japan*, National Institute of Population and Social Security Research, January 2002

II-2 Changes in Population Pyramids: Medium Population Growth



Sources: *Population Census*, Statistics Bureau, Ministry of Public Management, Home Affairs, Posts and Telecommunications; *Population Projections for Japan*, National Institute of Population and Social Security Research, January 2002

II-3 Changes in Registered Alien Population by Nationality

(Year end figures)

	1990	1995	2000
Total	1,075,317	1,362,371	1,686,444
North/South Korea	687,940	666,376	635,269
Distribution (%)	64.0	48.9	37.7
China	150,339	222,991	335,575
Distribution (%)	14.0	16.4	19.9
Brazil	56,429	176,440	254,394
Distribution (%)	5.2	13.0	15.1
Philippines	49,092	74,297	144,871
Distribution (%)	4.6	5.5	8.6
U.S.	38,364	43,198	44,856
Distribution (%)	3.6	3.2	2.6
Peru	10,279	36,269	46,171
Distribution (%)	0.9	2.7	2.7
Others	82,874	142,800	225,308
Distribution (%)	7.7	10.5	13.4

Source: *Statistics on Aliens in Japan*, Immigration Association, 2001

2 Labor Force

Labor Force Declines, Labor Force Ratio Remains Stable

In 1955, the number of Japanese people capable of working (which includes all persons aged 15 and older) was 59.25 million. In 2001, this number had jumped to 108.86 million. The labor force includes those people aged 15 and older who actually hold jobs and therefore qualify as "workers," as well as "completely unemployed persons" who want and seek jobs, but are not currently engaged in any work. The labor force was 41.94 million in 1955, and 67.52 million in 2001 (male: 39.92 million, female: 27.60 million); as in 2000, this figure represents a drop from the previous year's actual numbers. The ratio of the labor force to the general population aged 15 and older is called the "labor force ratio" (or the "labor force population ratio"). In 1955, Japan's labor force ratio was 71.0%, but it declined to 62.9% in 1976 after the first oil crisis, and has remained quite stable at this level until today. In 2001, Japan's labor force ratio was 62.0% (male: 75.7%, female: 49.2%).

Features of Japan Visible in the Labor Force Ratio

Figure II-5 shows the labor force ratio classified by sex and age from 1970 to 2000, and points out the following characteristics as long-term trends of Japan's labor force ratio.

(1) The ratio of males aged 24 and under in the younger bracket tends to decline, but the ratio of the elderly (age 55 and older bracket) tends to increase. The other age groups demonstrate no large change.

(2) The female labor force ratio develops in the shape of the letter "M": the labor force ratio of female workers declines for workers in their late 20s through their 30s, and increases again after that. During this period, the valley section of this letter "M" has shifted rightward and upward simultaneously. In addition, both peaks of this letter "M" have become higher, revealing an increase in the labor force ratio. Above all, the increases of female workers in the 25–34 and 55–64 age groups are prominent. The figures show that the number of female employees was 5.31 million in 1955, but that by 2000 the number of female employees had jumped fourfold to 21.64 million.

Factors Behind the Labor Force Ratio

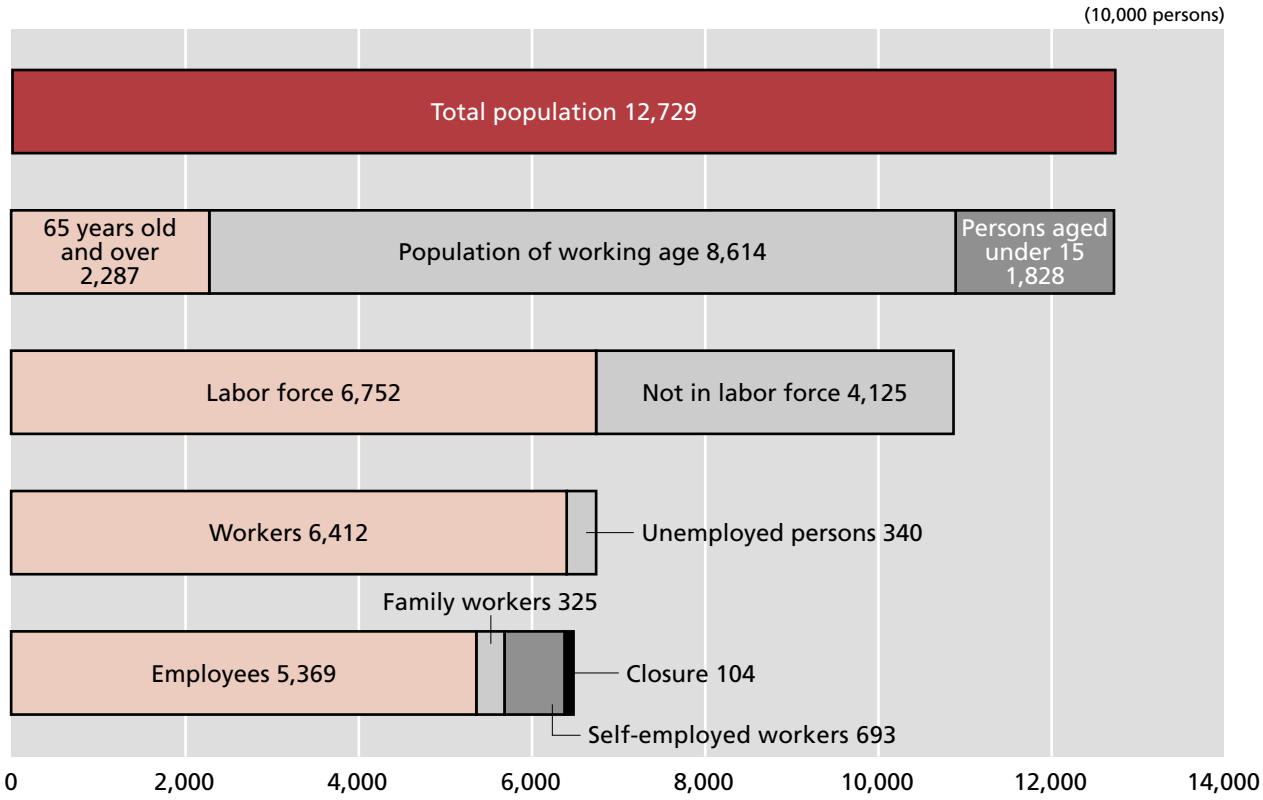
The following factors are thought to have caused these changes in the labor force ratios.

(1) Both men and women have become better educated. In 1960, the ratio of those who advanced to high school was 57.7% of junior high school graduates (male and female combined, excluding those who proceeded via correspondence courses). This figure jumped to 95.9% in 2000. In addition, the ratio of those who moved on to universities (undergraduate), community colleges (liberal arts), and so on was 10.3% in 1960 (male and female combined, including "ronin"—those who graduated from high school, but failed to enter a college and are waiting for another chance). This figure increased to 49.1% in 2000. As a result of these developments, the labor force ratio for teenagers has declined.

(2) Since women often quit their jobs during the periods of marriage, childbirth, and child rearing, the labor force ratio of those women in their late 20s declined. Recently, however, many wives and mothers have continued to hold jobs through these personal changes. Further influencing the labor force ratio, women have begun to delay marriage and childbirth, and the ratio of unmarried women has increased. Above all, women with higher levels of education have a stronger tendency to continue their jobs during marriage, childbirth, and child rearing than women with less education.

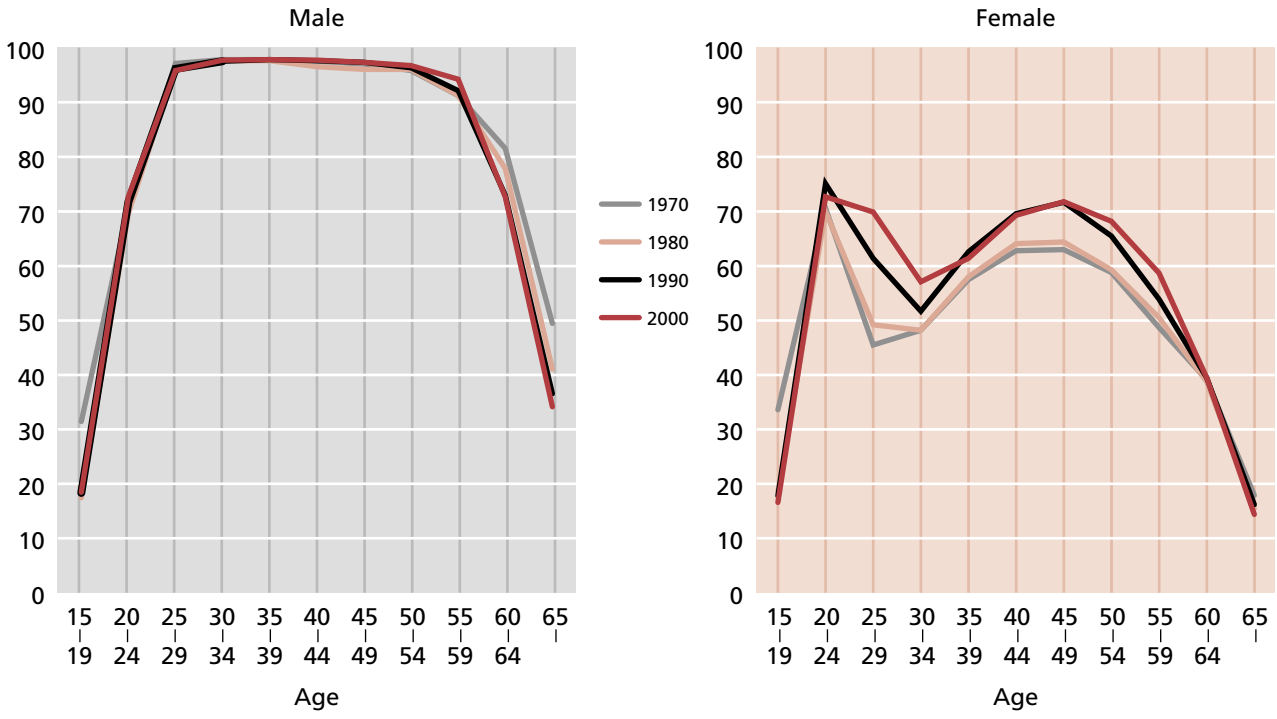
(3) In addition, women who have devoted themselves to matters at home such as childbirth and child rearing, primarily women in their 40s, are increasingly returning to the full-time and part-time job markets.

II-4 Composition of Labor Force



Note: The figures above are average values for 2001
Source: *Labor Force Survey, Population Census*, Ministry of Public Management, Home Affairs, Posts and Telecommunications

II-5 Changes in the Labor Force Participation Ratio by Sex and Age: 1970–2000



Source: *Latest Demographic Statistic 2000*, National Institute of Population and Social Security Research

3 Changes in the Employment Structure

Decreasing Numbers Employed in the Agricultural and Forestry Industries

When taking an overall look at the recent fluctuations in the employment structure by main industries (See I-2, II-6), the number of those employed in the agricultural and forestry industries continues to decline consistently, with a total of 2.86 million persons employed in 2001, representing a 4.6% share of all workers. The number of persons employed in the construction industry showed a tendency to increase from 1990 to 1995 due to the building rush in the wake of the bubble economy years; but this sector too is recently in a downward shift, having decreased for four consecutive years to employ 6.32 million persons in 2001 (representing a total of 9.9% of all workers).

Manufacturing and the Hollowing Out of Industry

The manufacturing industry has been greatly affected by the globalization of production activities in particular. In 1995, with the temporary dollar-yen exchange rate of US$1=¥80, not only large corporations but also small and medium manufacturers began to move operations overseas, leading to a sudden realization of the "hollowed-out industry problem". In 1993, with the yen continuing to appreciate rapidly, the number of workers in the manufacturing industry began a downward trend. From 1993, the number of workers in the manufacturing industry have fallen for nine consecutive years, to a level of 12.84 million in 2001. Japan's overseas manufacturing production rate began to increase after the conclusion of the G5 Plaza Accord in 1985, and by FY2000 this rate had reached a level of 13.4% (Basic Survey on Overseas Business Activities, METI, 2001). Within this figure, the share of overseas production for transport machinery manufacturers stands at 31.1% and for electric machinery manufacturers at 21.9% (both figures for FY2000), reaching levels greatly above the average and causing anxieties about the falling levels of workers in the skilled divisions of these two industries. As these types of industries are increasingly showing an international division of labor, a market shift is being contemplated in which domestic focus would be placed on strengthening research and development and high value-added divisions.

Increasing Numbers Working in Service Industries

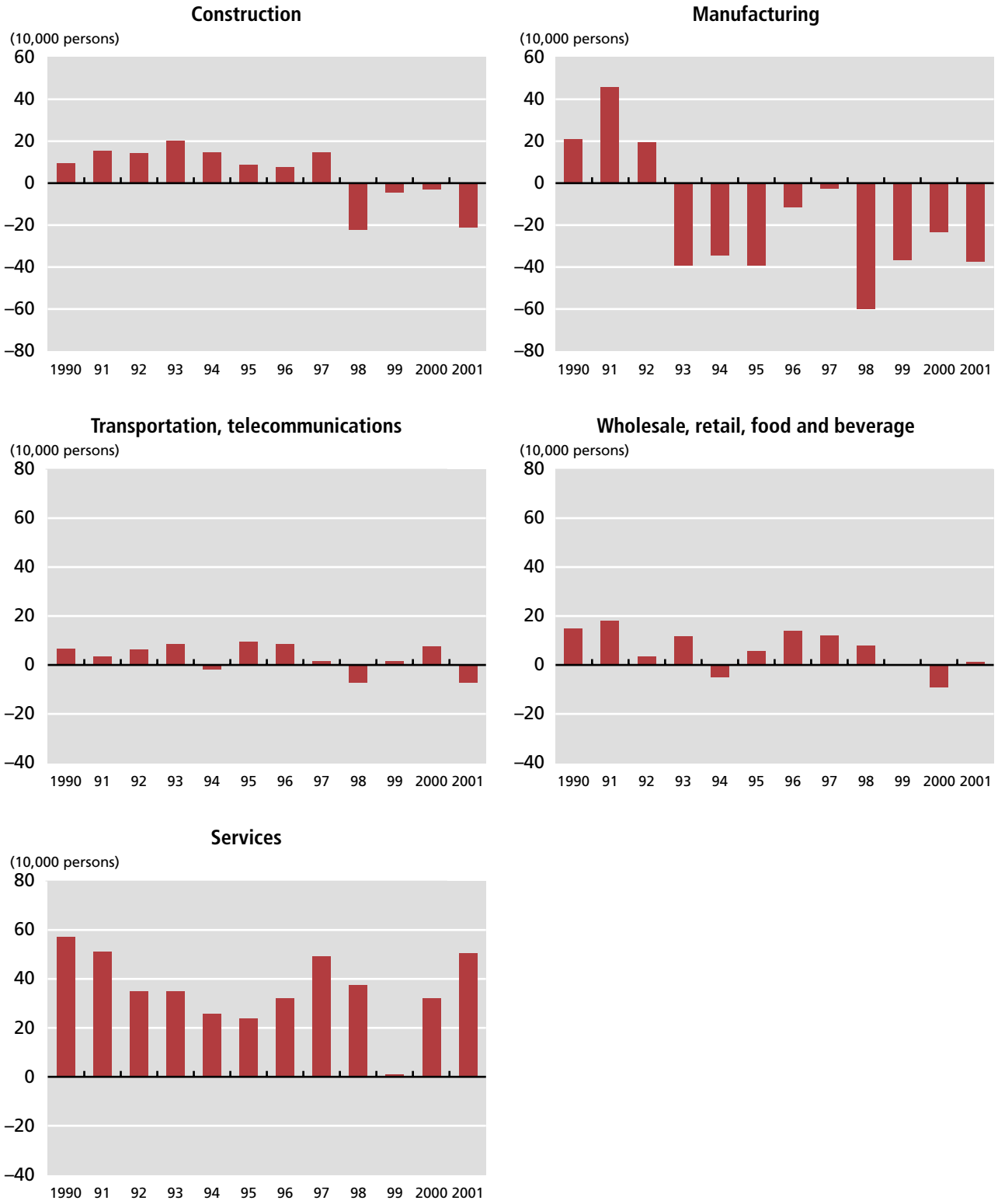
On the other hand, in tertiary industries, worker numbers are increasing in the service industries. These figures have consistently increased over a ten-year period, reaching a figure of 17.68 million in 2001, accounting for a 27.6% share of all workers. However, a downward shift is being witnessed in number of workers in the wholesale, retail, and food and beverage industries. After rising steadily until 1998, worker numbers peaked in 1999, to drop off in 2000 for the first time in five years, with worker numbers totaling 14.73 million, or a 23.0% share of all workers.

Responding to IT and Maintaining and Training Human Resources

Concerning employment structure by type of work, reflecting the changes in the industrial structure, the number of workers in the agricultural, forestry and fishery industries has fallen by half—from 10% of all workers in 1980, to 4.9% in 2001. Moreover, due to the globalization of the manufacturing industry and the construction recession, the numbers of those people engaged in skilled factory work, manufacturing and construction have also fallen, accounting for a 23.5% share of all workers in 2001. On the other hand, the number of those workers engaged in specialized or technical work has risen consistently over the last ten years, to reach 13.2% of the total number of workers (11% in 1990). In the future, with international competition becoming all the more severe, the necessity is increasing to cultivate and maintain human resources capable of responding to the IT and technology revolutions. Another important issue will be to improve treatment

of workers by basing evaluations on merit and by offering a wider variety of career opportunities, as well as to provide professional ability development opportunities at all levels.

II-6 Yearly Increases and Decreases in Employment Structure by Industry



Source: *Report on the Labor Force Survey*, Ministry of Public Management, Home Affairs, Posts and Telecommunications, 2001

4 Diversification in Forms of Employment

Non-regular Workers Comprise 27.5% of Workers

Japan's industrial structure has been undergoing a fundamental shift in orientation, moving away from secondary industries (mainly manufacturing) and toward tertiary industries (e.g., services). Behind this shift to a service economy lies a broader diversification of the employment structure, as demonstrated by the increase of part-time workers, dispatched workers (workers supplied by temporary employment agencies), and others working outside the category of permanent employee. According to the "Survey of the Diversification of Employment Status" issued by the Ministry of Labour in 1999, non-regular workers, mainly women and employees of small and medium-sized companies, comprise 27.5% of all workers. The largest group of these non-regular workers were part-time workers (20.3%), followed by temporary workers and casual workers (1.8%), and dispatched workers (1.1%) (II-10).

11.39 Million Part-time Workers

Not all part-time workers—who comprise the vast majority of non-regular workers—are the same. The survey uses two definitions for part-time workers: "official" part-time workers and "other" part-time workers. Part-time workers, as defined by the Management and Coordination Agency's Labor Force Survey, numbered 4.71 million in 1985, increasing thereafter to 11.39 million in 2000 (II-7).

Characteristics of Part-time Workers in Japan

Most part-time workers are housewives, but they are not evenly distributed among all occupational fields. Part-time workers are primarily used in three main industrial fields: wholesale, retail and food and beverage, services, and manufacturing. Furthermore, in terms of the different types of workplace, shops are the most prevalent followed by factories. We could therefore conjecture that most part-time workers are employed at wholesale, retail or food and beverage shops, but that is not so; part-time workers are also heavily employed at factories in manufacturing industries. This is said to characterize part-time

II-7 Changes in the Number of Part-time Workers and Workers Supplied by Temporary Employment Agencies

(10,000 persons)

Fiscal Year	Part-time workers	Dispatched Workers
1985	471 (11.1)	–
1986	503 (11.7)	14.4
1987	506 (11.6)	26.8
1988	533 (12.0)	31.2
1989	602 (13.1)	42.7
1990	722 (15.2)	51.0
1991	802 (16.3)	63.1
1992	868 (17.3)	65.4
1993	929 (18.2)	57.5
1994	967 (18.8)	57.6
1995	896 (17.4)	61.2
1996	1,015 (19.4)	72.0
1997	1,114 (21.1)	85.5
1998	1,113 (21.2)	89.5
1999	1,138 (21.8)	106.7
2000	1,139 (21.5)	138.6

Sources: The definition of part-time workers derives from the Management and Coordination Agency's annual *Labor Force Survey*. Part-time workers are defined as persons working an average of 1–34 hours per week. The figures in the table represent combined totals for male and female workers.
"Workers supplied by temporary employment agencies" are as defined in the Ministry of Health, Labour and Welfare's *Report on Employment Agencies* (2001). The figures in the table include ordinary and specialized temporary workers registered with temporary employment agencies.

Note: The figures in parenthesis indicate the percentage of part-time workers among employees. Unit: %

FYI

Law Concerning the Improvement of Employment Management for Short-time workers

"Official" part-time workers: According to the Labor Code official part-time workers work regular hours at one place of employment, but a shorter workweek than full-time employees.

"Other" part-time workers: ("Other" part-time workers is a term used by employers)

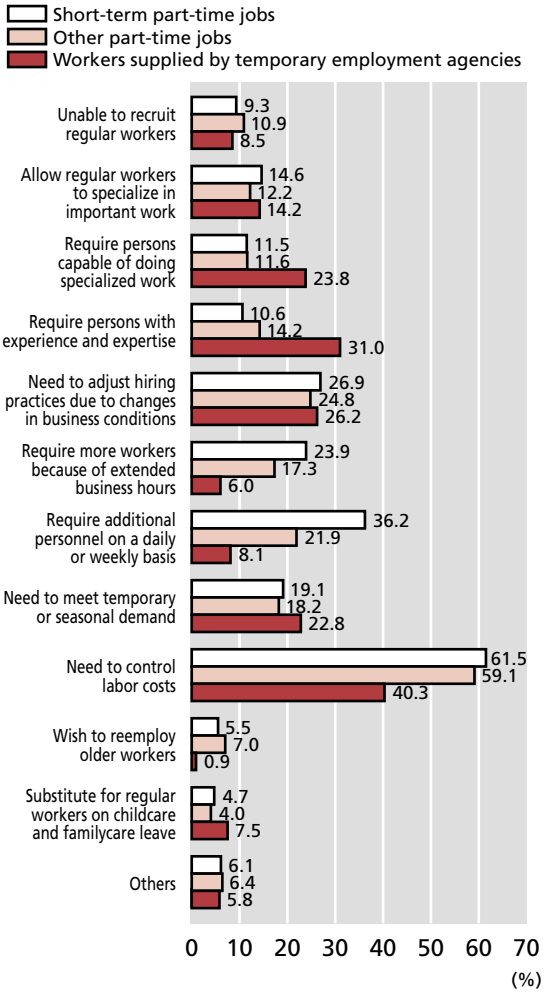
employment in Japan.

Employers make use of part-time workers for two reasons: (1) lower personnel costs and (2) the ability to meet changing business demands on a daily or weekly basis (II-8). Part-time workers largely report as reasons for choosing this form of employment that (1) they prefer work schedules that suit their convenience, and that (2) they wish to earn money to help meet house-hold or educational expenses (II-9).

1.38 Million Dispatched Workers

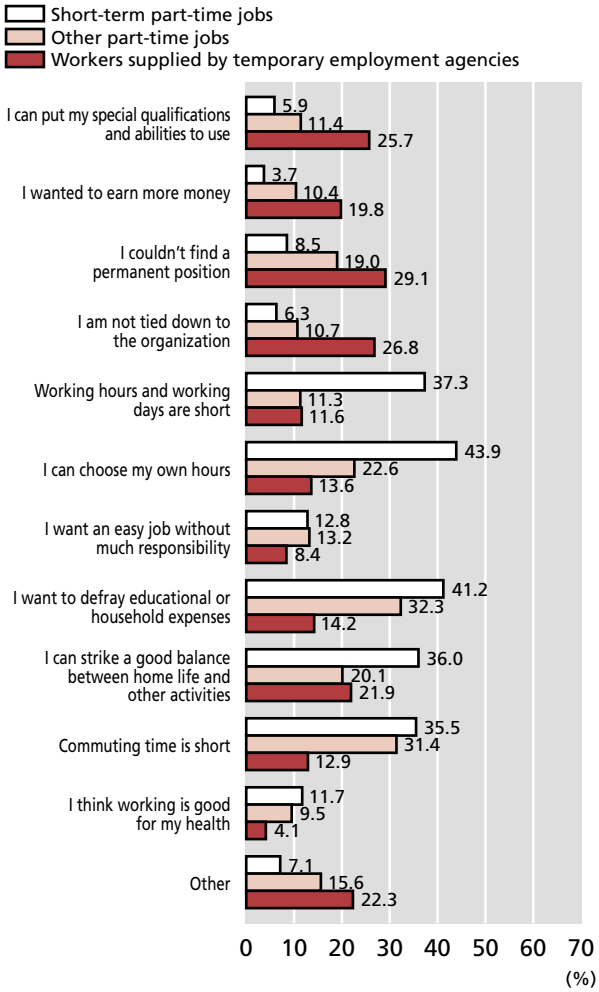
Dispatched workers are defined by the Manpower Dispatching Business Law, enacted in 1986, as "workers under contract to a dispatching agency, who are entrusted with specific duties by the companies to which they are assigned." At first, dispatched workers could only be used to perform duties that required a high degree of specialization. However, a revision made to the law in 1999 allows dispatched workers to perform any type of work, except: (1) longshoring, (2) construction work, (3) security service, and (4) work determined by orders based on opinions submitted by the Central Employment Security Council. According to the "Report on Temporary Employment Agencies" issued by the Ministry of Labour, there were 144,000 dispatched workers in 1986, increasing to 1,386,000 in FY2000 (II-7). Workplaces report that their main reason for using

II-8 Reasons for Hiring "Non-regular Workers"



Source: *Survey of the Diversification of Employment Status*, Ministry of Labour, 1999
Note: Totals do not add up to 100 because multiple responses were permitted

II-9 Reasons for Working as a "Non-regular Worker"



Source: *Survey of the Diversification of Employment Status*, Ministry of Labour, 1999
Note: Totals do not add up to 100 because multiple responses were permitted

dispatched workers is "to economize on personnel expenses" (II-8).

Future Challenges for Non-regular Workers

It is clear that the number of both part-time and dispatched workers is increasing. Looking at companies' policies for the future, there is a strong movement to combine the use of permanent and non-regular workers to lower personnel costs and handle specialized tasks more efficiently; therefore, these increases will most likely continue from now on. But, as this trend becomes the norm, the need will arise for employers to offer more social security benefits and education and training opportunities to these workers. Regulations specifying their job descriptions and clarification of working conditions will also be necessary.

II-10 Proportion of Workers by Form of Employment

(%)

	Total		Regular workers	Non-regular workers				
					Temporary and casual workers	Part-time workers	Dispatch workers	Others
Industry total	(100.0)	100.0	72.5	27.5 [100.0]	1.8 [6.7]	20.3 [73.9]	1.1 [3.9]	0.7 [2.5]
Mining	(0.1)	100.0	90.6	9.4	0.3	5.5	0.1	1.3
Construction	(10.0)	100.0	84.1	15.9	4.9	4.6	0.7	2.1
Manufacturing	(24.8)	100.0	81.3	18.7	0.4	14.4	1.0	0.4
Public utilities	(0.5)	100.0	90.8	9.2	0.1	2.5	1.0	0.7
Transportation, telecommunications	(7.6)	100.0	82.0	18.0	0.9	9.7	1.9	0.3
Wholesale, retail, food and beverage	(28.1)	100.0	57.0	43.0	3.3	36.1	0.6	0.6
Finance, insurance	(4.3)	100.0	83.3	16.7	0.3	7.8	4.3	0.2
Real estate	(0.9)	100.0	74.8	25.2	1.4	12.0	1.1	1.2
Services	(23.8)	100.0	71.4	28.6	1.0	20.7	1.0	0.7
Type of establishment								
Office	(31.6)	100.0	82.2	17.8	1.6	9.3	1.5	0.6
Factory	(26.6)	100.0	78.0	22.0	0.9	17.2	0.9	0.6
Research center	(0.8)	100.0	89.1	10.9	0.0	5.3	3.1	0.2
Sales office	(13.0)	100.0	78.2	21.8	4.4	11.1	1.0	0.5
Store	(15.7)	100.0	38.9	61.1	2.6	55.5	0.6	0.9
Other	(12.3)	100.0	71.7	28.3	0.8	21.2	0.7	1.0
Company size								
Over 1,000 employees	(27.2)	100.0	74.9	25.1	0.4	18.5	2.0	0.5
500–999	(7.8)	100.0	75.7	24.3	0.9	18.2	1.1	0.4
300–499	(8.4)	100.0	69.1	30.9	6.7	16.7	1.1	0.6
100–299	(15.3)	100.0	73.4	26.6	0.7	19.8	0.9	0.5
50–99	(11.3)	100.0	69.8	30.2	2.2	22.8	0.7	1.4
30–49	(6.7)	100.0	74.6	25.4	1.8	19.7	0.5	0.6
5–29	(23.4)	100.0	70.2	29.8	2.6	23.6	0.4	0.9
Gender								
Male	(60.8)	100.0	85.1	14.9	1.8	7.8	0.6	0.8
Female	(39.2)	100.0	53.0	47.0	2.0	39.6	1.8	0.6

Source: *Survey of the Diversification of Employment Status*, Ministry of Labour, 1999

Notes: 1) Figures in [ ] are the ratio assuming "Non-regular workers" (industries covered) as 100.
2) Figures in ( ) are the ratio in each industry, type of enterprise, sex, and enterprise scale.
3) "Others" includes temporarily transferred, and contract and registered workers.

5 Employment and Unemployment Trends

Changes in the Employment Structure

In 1950, just after the Second World War, there were 36 million workers in Japan. By 2001, there were 64.12 million, an increase of 28 million over approximately half a century. A large numbers of new workers entered the labor market during this period, and this has altered Japan's industrial and occupational structures. The following is a summary of the characteristics of these long-term structural changes, in terms of industrial structure.

1. In 1950, workers in the primary industries—which support many of the self-employed (who are likely to become potentially unemployed), accounted for about half of the labor force. Following the subsequent gradual decrease, by 1995 this figure had dropped to 6%.
2. Employment of manufacturing workers in the secondary industries increased during the period of high economic growth. By 1970, 34% of the labor force was working in these industries. The excess workforce of the primary industries was absorbed, and Japan's unemployment rate underwent a transition to the 1% level.
3. Later, employment in the manufacturing sector began to level off and, alternately, employment in the tertiary industries rose steadily, the increase in workers in the service industries being especially remarkable. More than 50% of all workers were employed in the tertiary industries by 1975, and more than 60% by 1995; it was here that a drastic increase in employment took place.

The occupational structure has changed as well, with a long-term firm increase showing in the number of white collar workers in clerical, specialized, and technical occupations.

Of the 64.12 million persons currently working in Japan, 53.69 million are employees, 6.93 million are self-employed, and 3.25 million are working in family-owned businesses. Over the past half century, the number of employees has increased, while the ranks of the self-employed and persons working in family-owned businesses have dwindled. The ratio of employees to the total labor force climbed from 39% in 1950 to 81% in 1975, and continues to increase. Unemployment is therefore occurring more easily, rising to the 2% mark (one million persons) during the oil crises of the 1970s.

Changes in the Unemployment Rate, and the Unemployment Structure

During the years of high economic growth, the unemployment rate shifted to the low level of just over 1%, but was pushed up to 2% when economic conditions worsened due to the first oil crisis. It remained at the 2% level until the collapse of the bubble economy in the early 1990s, when a long-term recession caused it to rise to 3%, and then to 4% in 1998. Recently, unemployment has shifted even higher, edging up between 5 and 5.5 percent.

We can mention the following two conditions as major factors in the long-term rise in unemployment. The first is the rising imbalance—that is, mismatch—between available jobs and job-seekers. Subsequent to the period of high economic growth, recruiting was influenced by structural changes such as the increasing prominence of the service economy, as well as informatization and globalization. These significant changes have raised the demand for workers with diverse and specialized skills. In contrast, mismatches have escalated due to the fact that the specialized vocational ability of a great number of job seekers is not high, as well as such factors as increases in younger workers changing jobs and middle-aged and older job seekers with high salary requirements.

Another factor is the changing response of businesses to personnel needs. In Japan companies with the custom of long-term employment have made efforts, even during periods of recession, to provide employment security without easily laying off workers. However, with market competition gradually intensifying, and changes in the business climate caused by several recessions following the first oil crisis, limitations have arisen in securing

employment opportunities within corporate groups, and companies are increasingly confronting situations requiring that they directly reduce their number of hires. At the same time, more companies have been forced to slim down their long-term permanent employee composition and to rely on part-time and dispatched workers to keep labor costs down. This, too, is becoming a factor in the rising unemployment rate.

High Unemployment Rate among the Young and Elderly

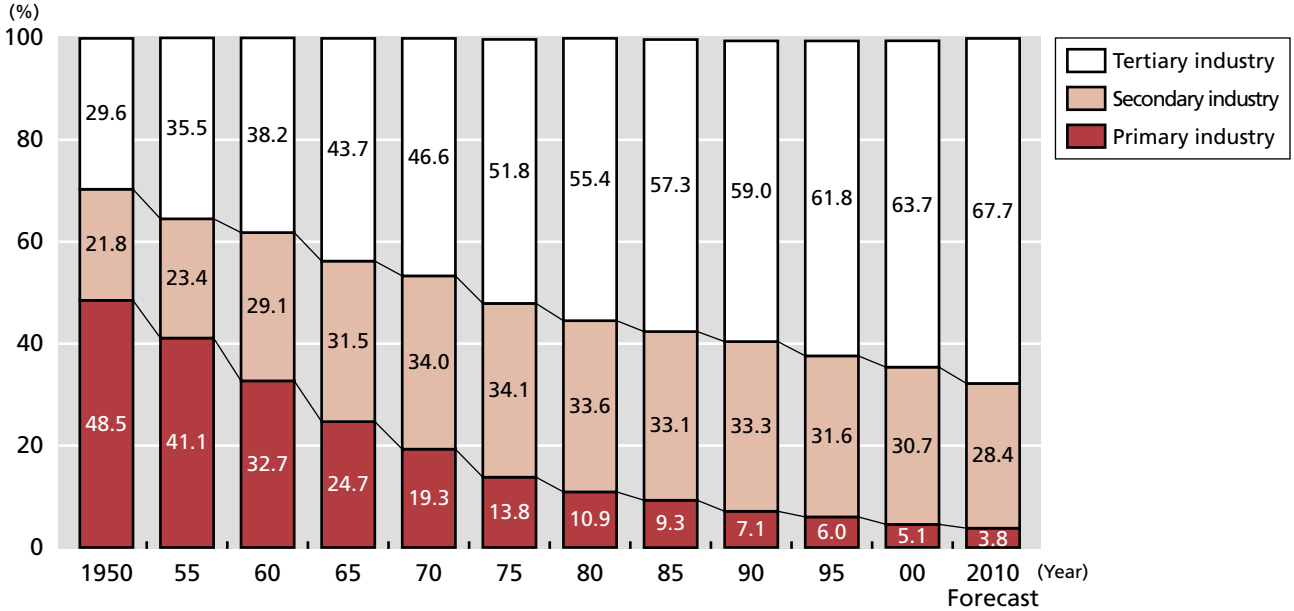
Examining the unemployment rate by age groups, unemployment is particularly high among younger males aged 15–24, and among the elderly aged 60–64; unemployment is also high for younger females aged 15–24, and for those in the 25–34 group. The fact that the unemployment rate is high for young men and women alike is largely influenced by the great many cases of young workers leaving their jobs for personal reasons, and the restrictions companies are imposing on new hires in order to try and sustain employment for current employees. Also, the remarkably high unemployment rate among men in their early 60s is affected by the extreme difficulty in re-employing retirees who left work through the mandatory retirement system.

International Comparison of Unemployment Rates

Finally, II-12 shows an international comparison of unemployment rates. ILO (International Labor Organization) sets the definition of an unemployed person that becomes the international standard. The standardized unemployment rates released by the OECD are figures from each country adjusted to fit the ILO definition, and are therefore the most suitable data for providing an international comparison of unemployment rates. There are small differences between the definitions of the unemployment rate in America, Japan and the EU, but even if adjusted these do not appear much different from the released figures. It is therefore possible to make an international comparison of the existing data.

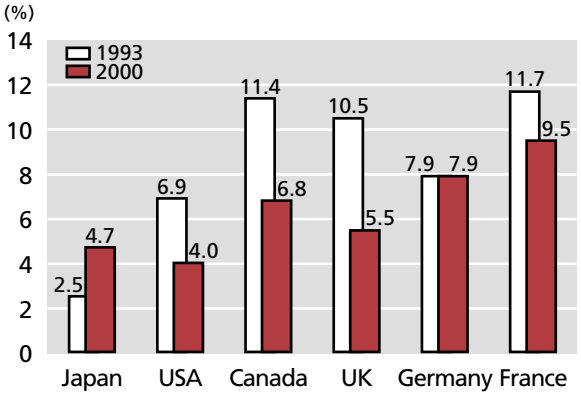
Looking at the recent changes in unemployment rates, there are broad decreases in the unemployment rates of the U.S., Canada, and the U.K., where there is flexibility in enterprise structures and the labor market. But the unemployment rate is increasing in the more rigid Japan, Germany, and France. In particular, the increase in Japan's unemployment rate is remarkable, and we are compelled to make structural reforms in the socio-economic establishment including enterprise organization and the labor market.

II-11 Shifts in the Employment Structure by Industrial Sector



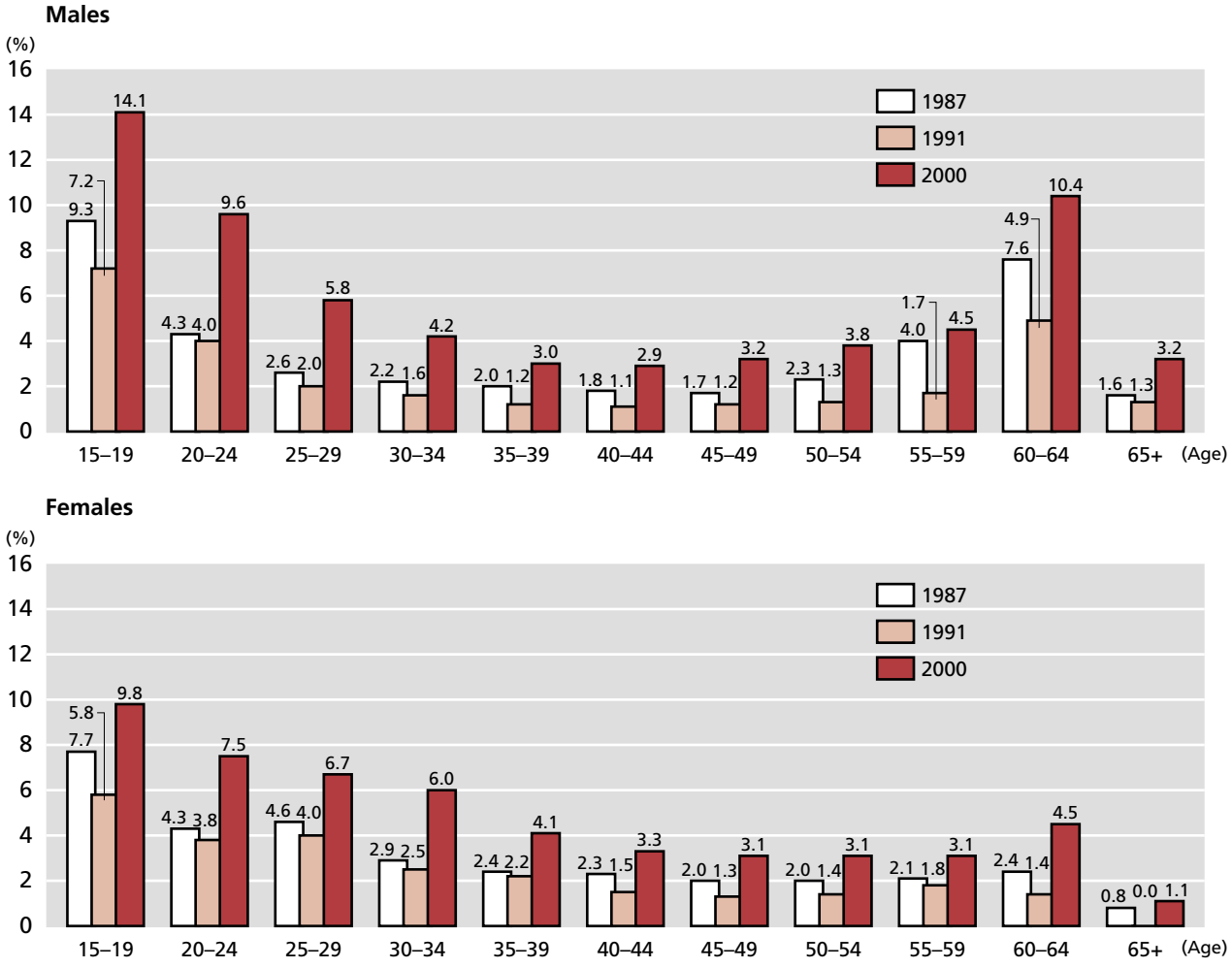
Sources: *Report on National Census; Annual Report on the Labor Force Survey*, Statistics Bureau, Management and Coordination Agency, 2001; *Outlook for and Issues Facing Labor Force Supply and Demand (Projections for 2010),* Employment Policy Research Group

II-12 International Comparison of Standardized Unemployment Rates



Source: *Economic Outlook 2001*, OECD

II-13 Changes in the Unemployment Rate by Sex and Age Group



Source: *Report on the Labor Force Survey*, Statistics Bureau, Management and Coordination Agency (issued annually)

Chapter III Human Resource Management

1 The Long-Term Employment System

The "Lifetime Employment System"

The employment system of Japanese companies is remarkable in the tendency of management to favor long-term in-house training of personnel, and is reflected in management actions such as the development in-house, or within the corporate group, of existing business and the fostering of new business. The long-term employment system of Japanese companies placing importance on in-house training is generally referred to as the "lifetime employment system."

Background of the Long-term Employment System's Establishment

The long-term employment system was established at most companies during the period of high economic growth of the 1960s. Companies found that to increase their ability to adapt to the shifting economic base and technological innovations, they needed to arm their employees with a high level of broad skills and techniques through in-house training. Stable, long-term employment was suited to accomplish these goals. Employees, in turn, welcomed a system that provided long-term job security as well as employment habits that made possible continued promotion and salary increases. Additional societal factors contributing to the establishment of the long-term employment system include labor unions' strong emphasis on job security and court precedents restricting dismissals.

Also behind the establishment of the long-term employment system is the fact that its actual operation is not rigid, but rather it has been employed very flexibly to a certain degree. Businesses that have fallen into slow times, rather than carry out large-scale layoffs over a short period as U.S. companies would, can effectuate personnel adjustments over a considerably longer period of time by in-house limitation of overtime hours, reassignment of employees, and restraint in hiring new employees. Corporate groups can also loan or transfer employees to another company within the group. When excess staff still have not been reduced, as a last resort, personnel adjustments may be accomplished through a system of early retirement incentives or by recruiting candidates for voluntary retirement.

Labor Shifts without Unemployment

Intra-group loans and transfers—in a sense a subsystem of the long-term employment system—help corporate groups shift the workforce yet avoid laying off their employees, and are responsible for much of the system's inherent flexibility. When employees are transferred they often remain on the payroll of the company that originally employed them while working at another company within the group. More of these transfers have been seen recently due to the development of management diversification, an unfavorable economic climate, and the aging of Japanese society. Young or "backbone" (middle-age employees forming the core of the enterprise) transferees in many cases return from the transfer destination company to their transferring company at some point. For older workers, however, the majority of transfers are usually permanent, involving a move also of payroll and other information to the transfer destination.

Regardless of this sort of flexibility in human resource management, only about 20% of all workers serve continuously at the same company from youth until age 60. In small and medium-sized companies,

the number of long-term continuous workers is largely dropping across the ranks of young and middle-aged employees for reasons such as resignation for personal reasons and company bankruptcy. At large companies, on the other hand, the number of long-term continuous workers aged 45 and over is rapidly dropping due to middle-age and older workers draining out of the company through loans, transfers, and the like. In this way, the "lifetime employment system" is becoming a fairly flexible system, such that the reality is not so many employees serve continuously at a specific company until retirement.

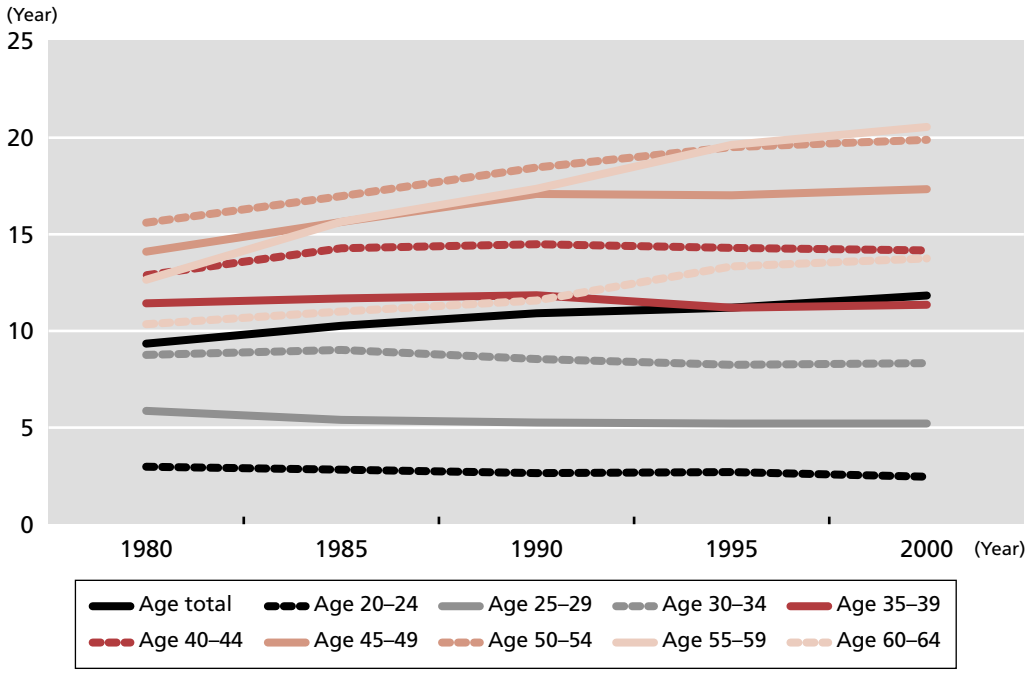
Argument over Reform of the Long-term Employment System

In recent years a debate has begun over the reform of this long-term employment system, affected by changes in the management environment such as the aging of society and poor prospects for sustained corporate growth. However, only a minority favor the complete dismantling of the long-term employment system; most proponents of reform are of the opinion that the system should continue in its current incarnation while revisions are made.

According to the "Survey of Corporate Practices" conducted by the Economic Planning Agency in 1997, traditional hiring guidelines, e.g. the long-term employment system, are still the norm at the majority of Japanese companies. Furthermore, most respondents reported that at their companies, "hiring practices geared toward long-term continuous employment would become more prominent" during the five year period between 1998 and 2003 (III-4).

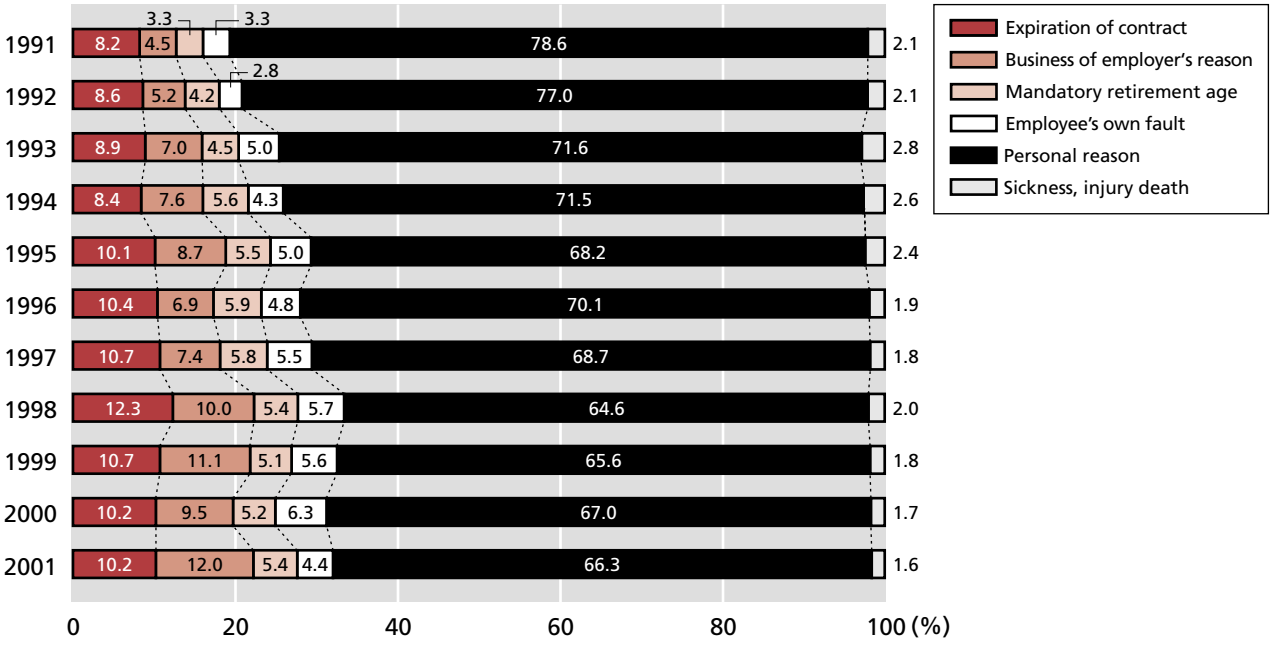
Another report entitled "Japanese Management for a New Era" (Japan Federation of Employers' Associations, 1995) divides human resources into three main categories: (1) those who accumulate abilities over a long period, (2) those with highly specialized skills, and (3) those who can be employed flexibly. The report made recommendations such as the domain of the long-term employment system be limited to those employees whose work requires skills accumulated over a long period of time. At any rate, while changes such as set revisions or restrictions in range of application may be inevitable, the long-term employment system will most likely persist.

III-1 Years of Employment by Age



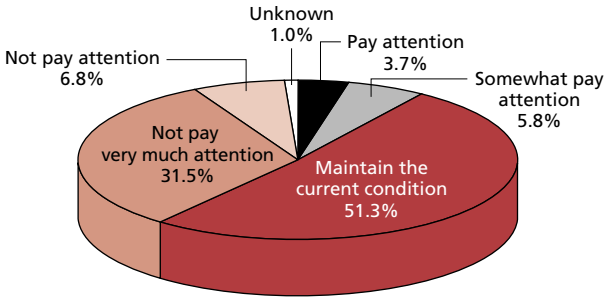
Source: "Basic Survey of Wage Structures," Statistics and Information Department, Minister's Secretariat, MHLW

III-2 Trends in Ratio of Separated Employees by Reason for Separation



Source: *Survey on Employment Trends,* Ministry of Health, Labour and Welfare

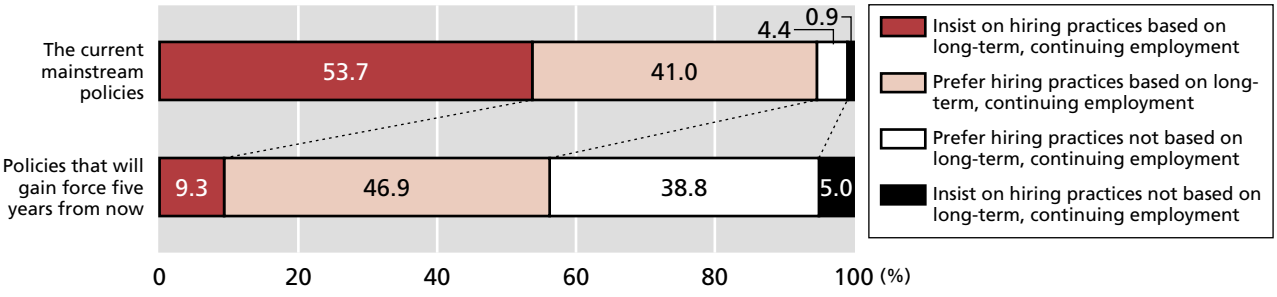
III-3 Awareness on the Practice of Lifetime Employment



Source: "Survey on Personnel Management in Performance Focused Age and on the Investment for Education and Training (Commissioned by the Ministry of Labour in 2000)." The Japan Institute of Labour

Notes: 1) Subject companies: 3000 companies with a large employee population registered in the company list of Teikoku Databank.
2) Respondent companies: 591 companies from the 3000 indicated above.

III-4 Current Hiring Policies and Directions for the Future



Source: *Survey of Corporate Activity,* Economic Planning Agency, 1997

2 Recruiting and Hiring

Because Japan's labor market can be divided into a new graduate market and a mid-career job seeker market, or into large enterprises and small businesses, there are accordingly great differences in recruiting and hiring.

The collective hiring of a group of new graduates (e.g. university) immediately upon graduation is one of the characteristics of hiring activities in Japan. However, looking at Table III-5, we see that it is in great part the large enterprises hiring new graduates, and that as the size of company decreases, the rate of hiring new graduates also decreases. On the other hand, for mid-career hires, this difference based on company size is not as large as with the new graduates; in particular, the rate of hiring mid-career workers in non-clerical positions is higher at small-scale businesses.

Methods of Recruiting and Hiring

The hiring of university graduates in the humanities and social sciences is generally carried out in the

III-5 Current Ratio of Hiring for New Graduates (multiple responses)

(%)

	Clerical	Technical, Research	Non-clerical
High school graduates			
Total of all companies	4.7	2.8	12.9
5,000 or more employees	27.1	10.9	42.4
1,000–4,999 employees	14.4	6.3	31.9
300–999 employees	11.8	4.7	31.0
100–299 employees	7.0	4.6	22.3
30–99 employees	3.0	2.0	7.8
College (including graduate school) graduates			
Total of all companies	7.9	9.2	7.0
5,000 or more employees	76.2	56.8	27.4
1,000–4,999 employees	57.5	46.0	28.5
300–999 employees	33.5	36.9	22.4
100–299 employees	13.1	17.0	11.6
30–99 employees	2.5	3.2	3.6

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

III-6 Current Ratio of Hiring for Mid-career Workers (multiple responses)

(%)

	Management	Clerical	Technical, Research	Non-clerical
Total of all companies	10.4	28.1	16.1	52.9
5,000 or more employees	20.0	51.5	43.5	38.8
1,000–4,999 employees	24.2	49.2	30.3	48.8
300–999 employees	21.5	45.6	26.3	53.6
100–299 employees	16.1	37.1	21.6	59.5
30–99 employees	7.3	23.2	13.0	51.0

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

following way. First, the hiring process starts with a request for materials from the company; some students begin requesting these materials as early as the end of their junior year. The company will then hold a seminar or information session for the students who looked at the company materials, and proceed on to the written exam and interview stages. Ordinarily, conditional job offers are decided upon after 2 or 3 interviews. While this occurs between May and July in many cases, the decision period covers a long span of time ("Hiring of College Graduates and Human Resources Management in a Period of Reform," Report No. 128, Japan Institute of Labor, 2000). The hiring of university graduates in the natural and physical sciences often takes the form of either an introduction and recommendation by the student's academic advisor (i.e. university professor), or a request to the advisor from the company for introduction of a student.

With the increasing popularity here of the Internet over the last several years, the job search process for university students (in the humanities) has been changing drastically. They seek organizational information not from company-made brochures, but on the company's homepage. E-mail has become the standard method for registration, admission, and so on for events such as company information sessions. Nevertheless, while usage of the Internet at large enterprises has topped 90%, we can see that there are also small- and medium-sized businesses that are not

III-7 Use of the Internet in Hiring Activities

(%)

	Yes	No	No Response
College (including graduate school) graduates			
Total of all companies	13.0	61.0	25.9
5,000 or more employees	94.1	4.4	1.5
1,000–4,999 employees	76.7	18.9	4.4
300–999 employees	48.1	43.0	8.9
100–299 employees	21.9	58.8	19.4
30–99 employees	5.2	64.7	30.1
Mid-career hires			
Total of all companies	9.3	80.3	10.4
5,000 or more employees	52.4	32.1	15.6
1,000–4,999 employees	38.8	43.2	18.0
300–999 employees	26.1	53.9	20.0
100–299 employees	14.0	72.1	13.9
30–99 employees	5.4	86.3	8.2

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

III-8 Methods of Recruiting New College Graduates and Mid-career Hires (multiple responses)

	First	Second	Third
College (including graduate school) graduates	Introduction or recommendation by teachers, etc. at school 38.4%	Company, etc. hosts a job fair or seminar 32.9%	Job search info-zine or job search website 29.8%
Mid-career hires	Public Employment Security Office, etc. 59.6%	"Help Wanted" advertisement or flier in the newspaper 31.3%	Personal connections 22.9%

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

using the Internet (see Table III-7). Over half of large enterprises use the Internet even for the hiring of mid-career workers, while the percentage of small businesses not using it is predictably high (III-7).

Figure III-8 shows the general methods of recruiting and hiring. For recruiting college graduates, methods such as "introduction or recommendation by professors, etc. at school," "company, etc. hosts a job fair or seminar," and "job search info-zine or job search website" are widely used. On the other hand, for mid-career hires the most common methods are "public employment security office, etc.," "'help wanted' ad or flier in the newspaper," and "personal connections."

Points Taken Seriously in Hiring, and Reasons for Practicing the Hire of Mid-Career Workers

Table III-9 looks at the points considered important when hiring new college graduates. For each of the three job categories—clerical, technical/research, and non-clerical—the number one consideration is "enthusiasm and ambition." However, large differences can be seen in the number two and number three choices. For clerical positions, importance is attached to "general common knowledge, well educated and cultured" and "cooperative spirit and sense of balance"; "technical knowledge and skills" are seen as crucial for technical/research positions; and for non-clerical work "drive and executive ability" are viewed as assets.

Looking at points considered important when hiring mid-career workers (points with a rate over 50% in III-10), "job experience" is the top consideration for both management and clerical categories. "Technical knowledge and skills" and "job experience" rank high for technical/research positions, and for non-clerical workers the most desired attributes are "enthusiasm and ambition" and "good health and stamina."

As reasons for practicing the hire of mid-career workers, "to make use of ready skills and abilities" was the most widely given reason for both management and technical/research candidates. Clerical and non-clerical mid-career workers are often hired "to fill vacancies left by retirees."

The results of several surveys have shown that, as far as hiring directors for companies are concerned, the weight of new graduates in the job market will decrease in the future and more emphasis will be attached to hiring mid-career workers. However, looking at the actual numbers ("Survey of Employment Trends," Ministry of Labour), although the hire of mid-career workers has undoubtedly increased slightly over the last 25 years and the hire of new graduates has dropped slightly, this increase and decrease is only to an extent of 10% over the 25 years—a very slow change (FY2000 "White Paper on Labor").

III-9 Points Considered Important when Hiring Recent College Graduates (up to 3 multiple responses)

	First	Second	Third
Clerical	Enthusiasm, Ambition 74.0%	General common knowledge, Well educated and cultured 39.5%	Cooperative spirit, Sense of balance 39.2%
Technical, Research	Enthusiasm, Ambition 66.7%	Technical knowledge, skills 51.1%	Understanding, Judgment 33.6%
Non-Clerical	Enthusiasm, Ambition 76.5%	Drive, Executive ability 46.6%	Good health, Stamina 38.3%

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

III-10 Points Considered Important when Hiring Mid-career Workers (up to 3 multiple responses)

	First	Second	Third
Management	Job experience 60.3%	Drive, Executive ability 45.3%	Technical knowledge, skills 43.9%
Clerical	Job experience 50.2%	Enthusiasm, Ambition 40.4%	Cooperative spirit, Sense of balance 31.3%
Technical, Research	Technical knowledge, skills 69.9%	Job experience 57.2%	Enthusiasm, Ambition 40.3%
Non-Clerical	Enthusiasm, Ambition 59.7%	Good health, Stamina 58.7%	Job experience 37.8%

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

III-11 Reasons for Practicing the Hire of Mid-career Workers (multiple responses)

(%)

	Organizational, Management-related				Personnel Management			
	Expansion of existing business	Extension into new business or new field	Attempt to vitalize the organization by making the most of a variety of experienced persons	Request by parent company or affiliated company	Fill vacancies left by retirees	Compensate for lack of recent graduates hired	Remedy an imbalance in staff composition	Make use of ready skills and abilities
Management	19.0	10.8	44.9	13.0	23.5	0.0	3.0	53.7
Clerical	11.6	5.2	12.2	3.4	68.6	2.5	4.7	30.6
Technical, Research	23.2	10.4	26.3	4.3	39.1	4.4	3.9	56.3
Non-clerical	18.3	6.3	10.6	3.4	69.2	2.7	6.5	40.5

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

3 Assignments and Transfers

Employment System Focused on Recent Graduates

Japanese companies have come to place great importance on the regular hire of recent graduates when hiring new employees. Behind this practice is the human resource management policy that, under the long-term employment system, in-house training of workers having a high level of broad skills and techniques is best suited for business development. Managers are also strongly influenced by the philosophy that new graduates who are trained in-house are more likely to fit into the corporate culture.

However, the employers capable of such regular hiring of recent graduates are the large and mid-tier corporations. Young recent graduates have a strong tendency to seek employment at these large and influential mid-sized companies, where the possibility of something like bankruptcy is low, management is stable, and wages and other working conditions are relatively high. Therefore, small and medium-sized companies have considerable difficulty in regularly hiring new graduates and so—compared with large and influential mid-sized companies—are increasingly looking to workers in mid-career. Naturally, with the recent IT boom and other rapid developments in technical innovation, large enterprises too are unable to prepare the necessary human resources through in-house training, and are quickly coming to strengthen this trend of hiring mid-career experienced workers.

Human Resource Development through Broad Rotation

New graduates are typically trained by experiencing different types of work in several departments within a company or corporate group. Most high-school graduates are posted to factories or other non-clerical departments where they gain experience in a variety of related functions and they become more versatile workers. University graduates experience a broad variety of departments and functions, which may even include being loaned to a group company; through such broad rotation, companies can evaluate employees' performance and determine the type of work for which they are best suited.

These assignments and transfers are carried out in conjunction with the management of promotions. New graduates are categorized by their academic backgrounds and the year in which they were hired. In terms of promotions, no significant difference exists among employees hired in the same year who have worked for a company for five years; it is only after 10 years that differences among employees with the same career length begin to emerge, but employees are rarely promoted ahead of colleagues who have greater seniority. Management-level positions, e.g., section chief, generally are given to university-educated employees at large companies between the ages of 35 and 40. From around this age, however, the number of workers promoted above their seniors gradually increases.

Seniority-based Promotion System

This type of promotion management is known as the seniority-based promotion system in which promotions are granted based on the order in which employees entered the company. It is not as mechanical as it seems since it allows for careful evaluation over time of an employee's abilities and achievements, and encourages long-term competition for promotion among employees. However, the recent trend toward earlier promotions is prompting an increasing number of companies to adopt a more rapid advancement system.

More companies are now introducing procedures that give serious consideration to employees' wishes when making assignments or transfers in connection with the long-term human resource training system. For instance, in the double-track personnel system, an additional course for the training of specialists in a particular field is being added to the management track that formed the heart of the old personnel system. The system of in-house solicitation of applicants enables companies to recruit from within the personnel they need for business expansion and new ventures, and allows for the selection of the most appropriate candidate from the employees who applied.

Assignment, Transfer, and Employee Motivation

This method of assigning and transferring employees differs from the existing system in its consideration of employees' wishes, rather than solely on company needs. From the company point of view, this system makes it easier to unearth hidden human resources, at the same time having the merit of serving as a motivational measure for employees.

Because an increasing number of companies is using the Internet to implement in-house recruitment systems emphasizing employee initiative, the number of recruitment opportunities and transfers is also rising. The number of companies introducing in-house venture systems that provide opportunities for establishing new businesses based on plans proposed by their employees is also rising. In addition to traditional company-initiated career development, independent career development attentive to employees' wishes is also becoming firmly established.

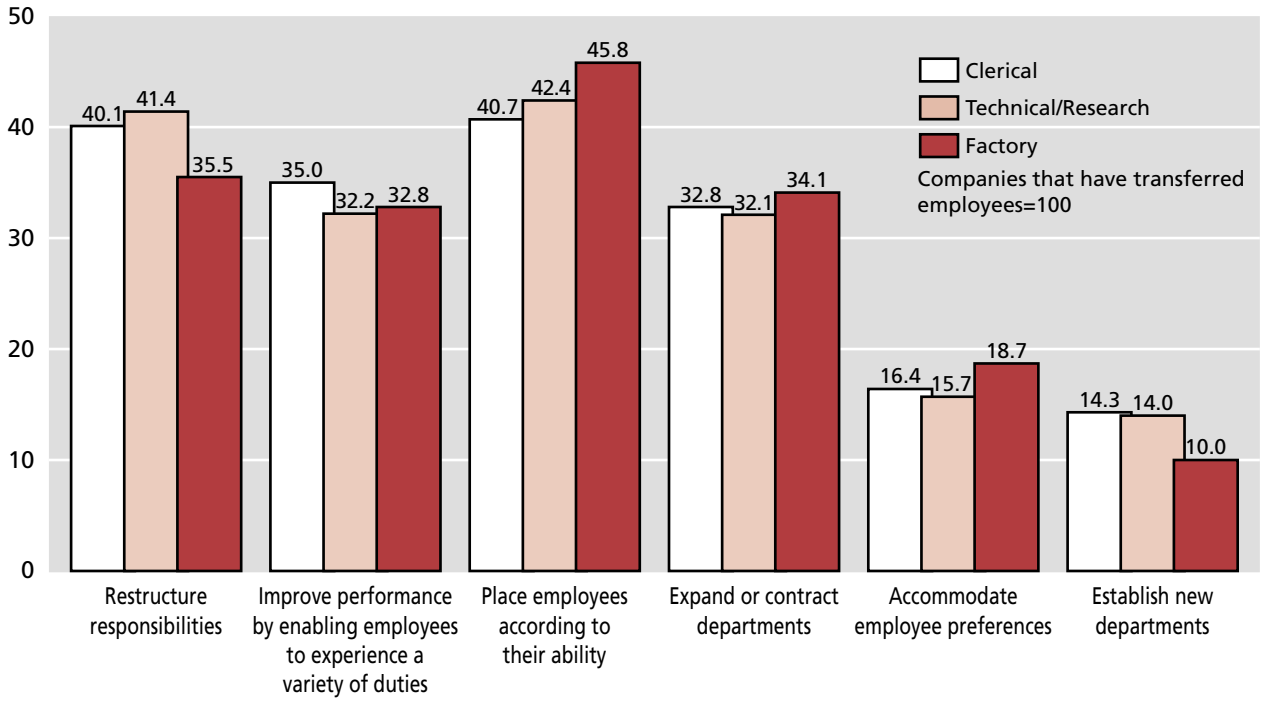
III-12 Hiring Trends (recent graduates and experienced workers)

(%)

	Percentage of companies hiring new graduates				Percentage of companies planning to employ mid-career workers		
	High-school graduates (clerical work)	High-school graduates (factory work)	College graduates (clerical work)	College graduates (technical work)	Management	Clerical	Technical
Total	4.7	12.9	7.9	9.2	10.4	28.1	16.1
Over 5,000 employees	27.1	42.4	76.2	56.8	20.0	51.5	43.5
1,000–4,999 employees	42.3	31.9	57.5	46.0	24.2	49.2	30.3
300–999 employees	11.8	31.0	33.5	36.9	21.5	45.6	26.3
100–299 employees	7.0	33.5	13.1	17.0	16.1	37.1	21.6
30–99 employees	3.0	7.8	2.5	3.2	7.3	23.2	13.0

Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2001

III-13 Reasons for Transferring Employees



Source: *Survey of Employment Management*, Ministry of Health, Labour and Welfare, 2002
Note: Respondents were permitted to provide up to three answers

4 Wages

Seniority-based Wage System

Wage systems that base remuneration on age or years of service are not unique to Japan, but it is said that these are characteristic of Japanese wage systems. This type of wage system is called a seniority-based wage system; but salary increases are not awarded based on age or years of service with total disregard of performance and ability. A merit rating is used to evaluate employees resulting in wage levels that reflect differences in performance or ability, even among employees with the same seniority.

The seniority-based wage system first appeared in Japan in the 1920s. Although considerable debate abounds regarding the reasons for its establishment, the seniority-based wage system was certainly a strategic move on the part of management who wanted to attract and retain employees. By staying at one firm, workers acquired skill with their employers' proprietary technology. Employers, in turn, used promotions to reward workers for their skill development. Additionally, the tendency of the cost of living to increase as employees aged further justified linking wages to seniority. Thus, promotions following skill improvement and increases in cost of living were connected to longer years of service, and the seniority-based wage system was established to raise wages with advancing age and years of service.

The wage profile by age (and by years of service) charts the status of seniority-based wages by plotting wages for different age groups (and years of service). One characteristic of the Japanese wage profile is the phenomenon called "the white-collarization of blue collar workers" (however, this only applies to male workers). The phenomenon of the white-collar workers' wage profile rising with age is observable not only in Japan, but in Europe and the U.S. as well. However, the situation for blue-collar workers is completely different. In other nations, the wages of blue-collar workers rise a little with age, but these wage increases are all but invisible after age 30. In Japan, however, even though the wage profile for blue-collar workers does not rise as sharply as that of white-collar workers, the two curves are similarly shaped, indicating that wages increase as workers age (III-14).

Bonus System

Another distinctive aspect of the Japanese wage system is the bonus system. Japan is certainly not the only nation in which bonuses are paid, but the peculiarity of Japan's bonuses is said to be in their large size. Companies pay biannual bonuses equivalent to several months' salary in the summer and winter. They are not legally required to do so, but after World War II the practice of providing bonuses to all employees became customary at most companies.

Performance-related Salaries

Another aspect of Japan's Performance-related Salaries come to the fore recently is the introduction of a annual salary system linked to performance. With the heightening of competition due to globalization and predictions of the further aging of Japanese society, companies have become concerned about the burden imposed by the high salaries paid to the growing ranks of middle-aged and older employees. To create a better balance between those employees' salaries and their productivity, and to further motivate workers, an increasing number of companies—mainly large corporations—are adopting a salary system based on annual performance for managers. Unfortunately, it is not easy to evaluate performance, and it is not clear whether this system of paying wages on a performance-related basis will gain momentum. Companies will need to set fair evaluation standards before performance-based wage systems can successfully improve efficiency.

Wage Composition

Incidentally, the wage composition is another unique element in Japan's wage system. The wage composition refers to a series of wage items that composes the total salary paid to a worker. Normally, the wage composition consists of base pay (compensation for labor) plus

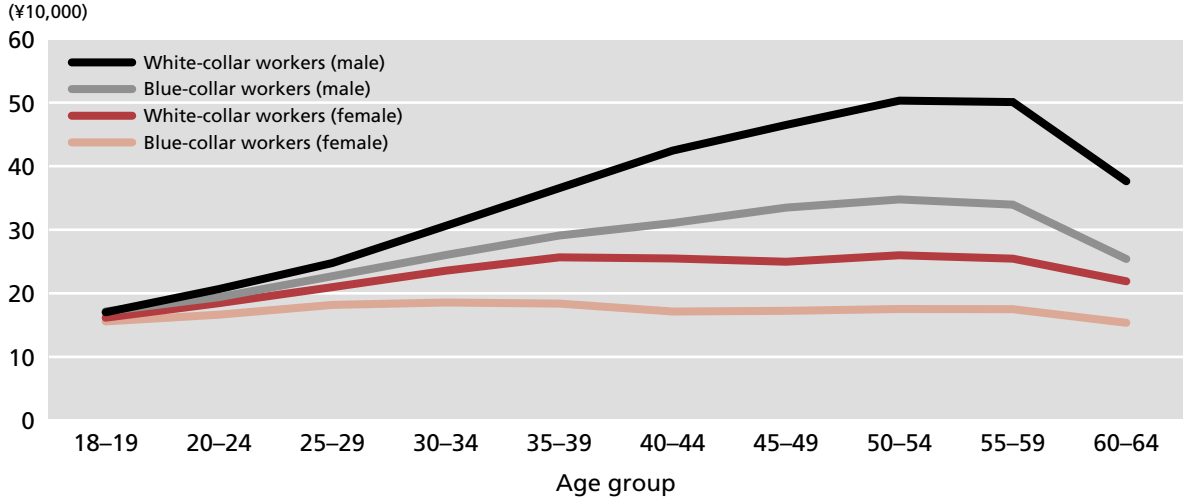
various additional allowances, such as a family allowance, commuting allowance, and housing allowance. The term "wage composition" became popular after its coinage under the Wage Control Ordinance during World War II. The "electrical power industry type of wage composition" acquired by the Council for Electric Power Industry Unions in 1946 opposed the pre-war wage pattern based on management's internal class system. The Council forced management to adopt a unified pay scale for white collar and blue collar workers. This is well-known as a wage composition based on factors such as workers' living conditions (age, years of continuous employment, family structure and commuting distance), and served as the foundation for dissemination of subsequent wage compositions.

Retirement Benefits System

Finally, mention will be made of the retirement benefits system, which provides to employees either a lump-sum allowance upon retirement or pension, and is a major pillar of enterprise welfare measures. Retirement benefits are paid in proportion to the number of years of service at a specific company, but the scheme is such that differences in the payment amount arise depending on the reason for retirement. The amount paid is lower for those who retire for their own convenience, but higher for those who retire at the mandatory age after long service, or for those who retire at the companies request (such as during a period of recession). Thus, retirement benefits have become a factor promoting long-term continuous service by Japanese employees.

Until recently, the lump sum retirement allowance has been a large amount, and many workers have received this substantial benefit when retiring at the mandatory age. However, in recent years the percentage of workers receiving a retirement pension has been rising. Behind this development is the fact that the cost burden for companies has increased as the aging of employees leads to larger payments of lump sum retirement allowances. Added to that are the benefits of converting retirement benefits to a pension system, such as the advantages a company may receive through tax codes.

III-14 Wage Profile by Age and Sex (manufacturing)



Source: *Statistical Survey Report on the Wage Structure*, Ministry of Health, Labour and Welfare, 2001
Note: Figures are based on fixed monthly wage payments.

5 Working Hours

Japan's Working Hours Legislation—40 Hours

Japan's working hours legislation is provided in the Labor Standards Law, which has been in effect since 1947. Because the shortening of working hours became a big policy issue in the latter half of the 1980's, the traditional 48-hour workweek set by the law was gradually shortened since 1988. Now, aside from the 46-hour weeks served by workers at commerce, motion picture and theatre, health and hygiene, and service and entertainment workplaces of fewer than 9 employees, the workweek across all industries and business sizes has become 40 hours long.

Comparing the estimates of annual working hours for 1999 in Table III-15, Japan is just a little shorter than the U.S., and just a little longer than the U.K., but 300 to 400 hours longer than Germany and France.

Annual Total of Hours Actually Worked

Looking at Figure III-17, annual working hours shortened by about 400 hours from the 1960's, when the GDP growth rate was high, through the first half of the 1970's. After the oil crisis of the 1970's, working hours hovered at about the same level; but they began shortening gradually once again when the 1980's came to a close. It can be considered that the effect of shortening the working hours set by law played a large role in this decrease in working hours after the end of the 1980's.

Annual Non-scheduled Hours Worked

Figure III-18 shows quarterly fluctuations in overtime hours. It is said that overtime hours in Japan increase and decrease in proportion to business fluctuations. This illustrates that businesses make use of overtime hours as a primary means to adjust employment in the face of fluctuations in production demand. That is, rather than taking on new hires during times of prosperity, overtime hours for existing employees are increased; on the other hand, without immediately resorting to measures such as layoffs when business is slow, the condition is dealt with through a reduction in overtime hours. At present, an annual maximum of 360 overtime hours per worker is prescribed by the Labor Standards Law; within this range, upper limits are set for fixed periods, such as 15 hours per week, 45 hours per month, and 120 hours per 3-month period. Further, the increment of extra pay for these overtime hours is 25% in ordinary cases, 25% for graveyard shift, and 35% for holidays. For those working graveyard hours that also happen to be overtime, the increment is 50%; and it is 60% in the case of a graveyard shift worked on a holiday.

Annual Paid Vacation

Table III-16 examines the number of days of annual paid vacation given and taken, and, with those figures as denominator and numerator, the percentage of vacation days taken. According to the Labor Standards Law, 10 days vacation shall be granted to those workers with an 80% or greater attendance rate and at least 6 months of continuous service with a business, and 20 days shall be given upon reaching 6 years and 6 months of service. But unfortunately the average number of vacation days taken throughout Japan in 2000 was 8.9. So, in actuality, only half of vacation days given were consumed.

Variable Scheduling System

Aside from that, the Labor Standards Law also provides a variable scheduling system. All within this system are: a system of monthly variation, a system of annual variation, flextime, and a free-style system of weekly variation. In the monthly and annual variation systems, the weekly scheduled working hours will be increased to over 40 hours for, respectively, a specified week(s) or specified month(s); all other weeks/months will be shorter. Therefore, this system can be applied to situations such as a manufacturing industry for which the exceptionally busy periods vary with season, and the corresponding clerical fields. For the annual variation system, it has been possible since April 1999 to plan scheduled working hours flexibly for a period

greater than one month, but maximums have been set at 10 hours per day and 52 hours per week. Flextime is a system allowing workers self-management over their comings and goings to and from the workplace during a one-month settlement period. The free-style system of weekly variation was designed for types of businesses such as retail shops, restaurants, and Japanese-style inns, where business may slow down greatly on certain days of the week. This system provides for advance changes (made by the end of the previous week) in the scheduled working hours for a particular day or days, keeping the weekly scheduled hours at a fixed constant. In 2000, 15.5% of businesses adopted the monthly variation system, 36.3% the annual variation system, and 5.6% had accepted flextime (General Survey of Working Conditions, Ministry of Health, Labour and Welfare).

De-Facto Working Hours System

In addition, the Labor Standards Law provides for a "de-facto working hours." To begin with, in the case of mining work, the working hours are deemed to cover

III-15 International Comparison of Working Hours (production workers in manufacturing industries: 1999)

(hours)

Working Hours	Japan	U.S.	U.K.	Germany	France
Annual Working Hours	1,942	1,991	1,902	1,517	1,672
Scheduled Working Hours	1,787	1,752	1,751	1,449	—
Overtime Hours	155	239	151	68	—

Source: Estimates made by the Working Hours Department of the Ministry of Health, Labor and Welfare's Labor Standards Bureau based on reports issued by the EU and each nation mentioned above.
Notes: 1) Size of workplaces surveyed: Japan, 5 employees or more; U.S., all sizes; Others, 10 employees or more
2) Includes regular part-time workers.
3) Scheduled working hours and overtime hours for France were unavailable
4) Data for Germany is from 1997; for France, from 1998

III-16 Percentage of Annual Paid Vacation Days Consumed (2000)

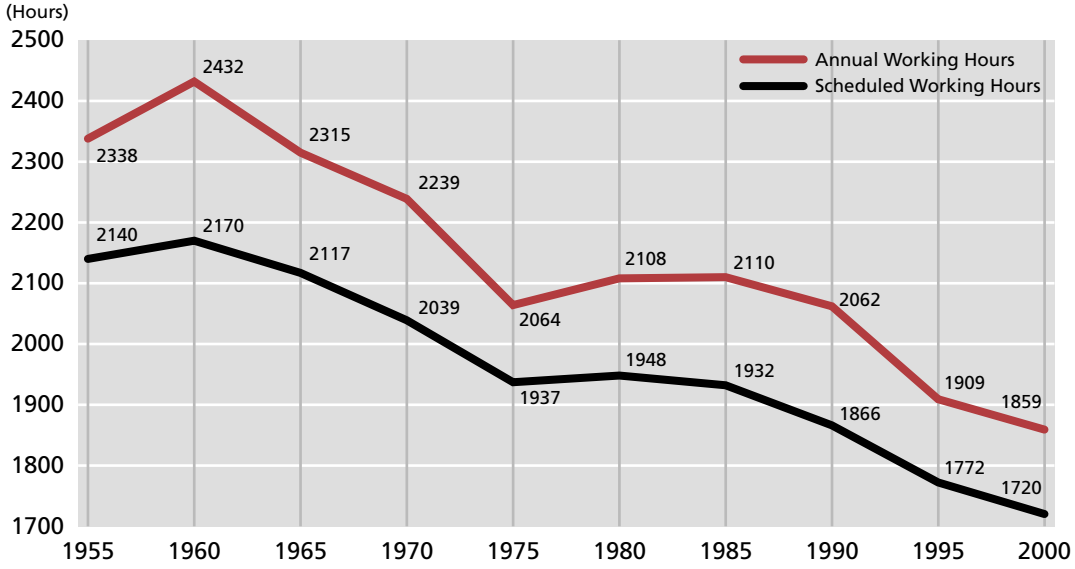
(days, %)

Industry, Size of Company	Annual paid vacation per average worker		
	Days given (A)	Days taken (B)	Percent Consumed (B/A)
Overall Total	18.0	8.9	49.5
Businesses with 1000 employees or more	19.4	10.6	54.6
Businesses with 100–999 employees	17.6	8.2	46.5
Businesses with 30–99 employees	16.4	7.3	44.6
Mining	18.0	10.5	58.3
Construction	17.7	6.2	34.9
Manufacturing	18.7	10.6	56.6
Public utilities	19.7	15.5	78.7
Transportation and Telecommunications	17.4	10.1	58.2
Wholesale, Retail, Food and beverage	17.3	6.4	37.1
Finance and Insurance	18.4	8.0	43.6
Real estate	16.8	7.8	46.5
Service industries	17.6	8.4	48.0
(Reference) Industry Totals			
1990	15.5	8.2	52.9
1995	17.2	9.5	55.2

Source: General Survey of Working Conditions, Ministry of Health, Labour and Welfare
Notes: 1) Annual Paid Vacation is the "Vacation" mentioned in Article 39 of the Labor Standards Law
2) Annual paid vacation days given, taken, and percent consumed per average worker are those from 2000, and do not include any days carried forward from the previous year.

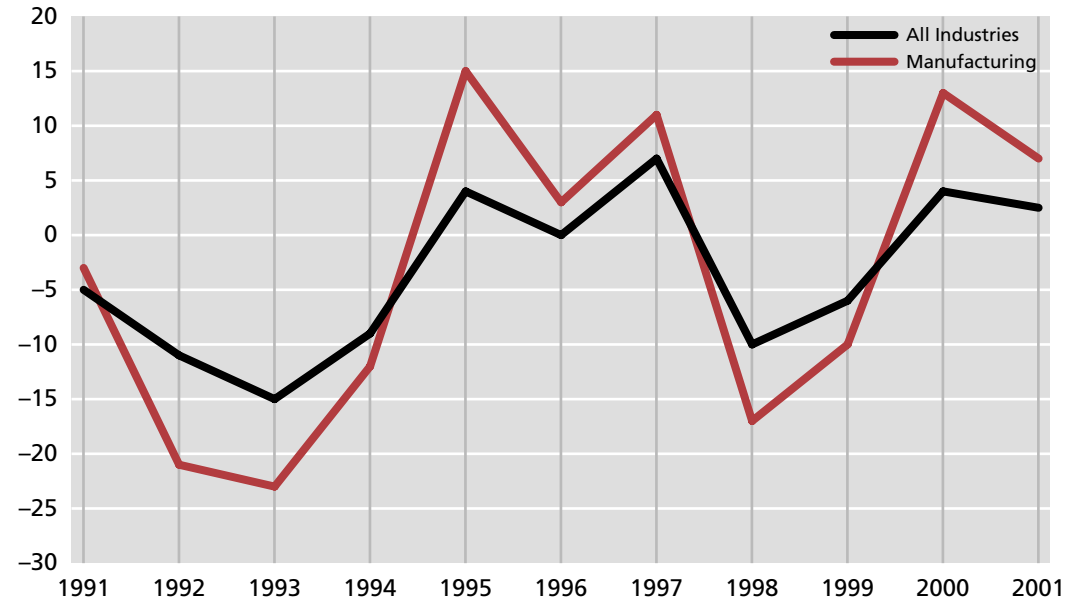
the entire time—including breaks—from the moment a worker enters the mine until that worker leaves the mine. Secondly, this system applies to "jobs for which calculation of working hours is difficult because work is done outside of the workplace and without specific command or supervision," such as the sales and reporting (or information gathering) fields. Thirdly we have what is called a discretionary scheduling system. This is divided into a "discretionary scheduling system for specialized work" aimed at specialized work areas such as research and development, computer programmers, editors in mass communications, broadcast and movie directors, and designers; and a "discretionary scheduling system for planning work" aimed at those who are engaged in planning work (such as project planning) in white collar areas.

III-17 Changes in Average Annual Working Hours per Worker



Source: *Monthly Survey of Labor Statistics*, Ministry of Health, Labour and Welfare (former) Ministry of Labour
Note: Study limited to businesses of 30 employees or more.

III-18 Percentage Fluctuations in Overtime Hours



Source: *Monthly Survey of Labor Statistics*, Ministry of Health, Labour and Welfare (former) Ministry of Labour
Notes: 1) Study limited to businesses of 5 employees or more
2) Fluctuations recorded on a quarterly basis

6 Company Benefits

Labor Cost Structure

Looking at the makeup of labor costs in Table III-19, wages occupy an 81.2% portion in Japan, and the U.S. and U.K. are at about the same level. On the other hand, wages take up a relatively low percentage in Germany and France, so that the percentage of labor costs aside from wages is high. In terms of these labor costs aside from wages, Japan's compulsory benefit costs are 9.5%—a little higher than the U.S., but lower than Germany and France. Costs for retirement benefits, etc. in Japan are 5.5% of total labor costs. The percentages for this item in the U.K., Germany and France are low; conversely, the portion of non-compulsory benefit costs in these countries is high.

Social Insurance Premium Rates

Table III-20 compares the social insurance premium rates in each country. In Japan the insurance premium rate is about 22% of total pay. This is a little higher than the rate in the U.S., and about the same as that in the U.K., but lower than that in Germany, France and Sweden. The breakdown of Japan's 22.16% is as follows: medical insurance, 7.43%; pension insurance, 13.58%; and unemployment insurance, 1.15%. However, there is a further cost that only employers pay—the system of compensation for accidents at the workplace.

Compulsory Benefit Costs' Structure

Figure III-21 shows the composition of the average compulsory benefit costs per month per regular worker in 1998. Health insurance premiums are 30.7%, and employees' pension insurance premiums are 55.2%, so that these two compose about 86% of the compulsory benefit costs that organizations are paying out for employees. Labor insurance premium occupies 12.9%, broken down as 6.6% for unemployment insurance and 6.3% for workmen's compensation insurance.

Retirement Benefits System

The cost for retirement benefits, etc. in Japan is split into lump sum retirement allowances and retirement pensions. Retirement benefits are paid in proportion

III-19 Comparison of Labor Cost Structures by Cost Item (manufacturing)

(%)

Cost Item	Japan (1998)	U.S. (2001)	U.K. (1996)	Germany (1996)	France (1996)
Total labor costs	100.0	100.0	100.0	100.0	100.0
Total wages	81.2	81.9	83.8	73.7	65.0
Wages, salary therein	(81.2)	(75.1)	(73.7)	(62.7)	(57.2)
Wages for vacation days and other paid days off		(6.8)	(10.1)	(11.0)	(7.8)
Total of other labor costs	18.8	18.1	16.2	26.3	35.0
Compulsory benefit costs therein	(9.5)	(7.8)	(8.5)	(15.9)	(21.8)
Non-compulsory benefit costs	(2.9)	(10.2)	(5.0)	(7.6)	(7.4)
Cost of retirement benefits, etc.	(5.5)		(0.0)	(0.6)	(1.8)
Wages paid in kind	(0.3)		(2.7)	(0.1)	(0.2)
Vocational training expenses	(0.2)		(0.1)	(1.5)	(1.8)
All others	(0.2)		(0.0)	(0.7)	(2.4)

Sources: *General Survey of Wages and Working Hours Systems,* (former) Ministry of Labour
Employer Costs for Employee Compensation, Bureau of Labor Statistics
Labour Costs 1988–1999, Eurostat

Notes: 1) All workers at companies employing 30 or more persons in Japan, 1 or more in the U.S., and 10 or more in the EU.
2) Numbers inside ( ) are a breakdown of figures

to the number of years of continuous service at a specific business, but differences exist based on the reason for retirement. The rate of payment for workers who retire for their own convenience will be lower, while this rate increases for those who retire at the mandatory age after long-term employment, or for workers who retire at a company's request, such as during a recession. For this reason, retirement benefits have become one factor in the perpetuation of long-term employment for Japanese workers.

Until recently, the lump sum retirement allowance has been a large amount, and many workers have received this substantial benefit when retiring at the mandatory age. However, in recent years the percentage of workers receiving a retirement pension has been rising. Behind this development is the fact that the cost burden for companies has increased as the aging of employees leads to larger payments of lump sum retirement allowances. Added to that are the benefits of converting retirement benefits to a pension system, such as the advantages a company may receive through tax codes.

In addition, we are also proceeding with a gradual switchover to what is called the Defined Contribution Pension Plan, sometimes referred to as the Japanese edition 401k. This was triggered by the problems with the conventional corporate pension (Employees' Pension Fund or Qualified Retirement Pension). In the old system, pension disbursement amounts were planned for the future (in the form of defined payments) and, because of low interest, etc. over long periods, investment profits dipped below planned levels and reserve funds were insufficient. In contrast, the Defined Contribution Pension Plan gives the

III-20 Social Insurance Premium Rates (workers)

(%)

	Insurance Premium Rate	Portion Paid by Workers	Portion Paid by Employers	Breakdown
Japan (April 1999)[2]	22.16%	10.89%	11.27%	Medical insurance (government-managed health insurance) 7.43% (standard salary monthly portion 8.5%, bonus portion 0.8%), Pension insurance (employees' pension) 13.58% (standard salary monthly portion 17.35%, bonus portion 1%), Unemployment insurance 1.15%
U.S. (1999)[3]	15.30%	7.65%	7.65%	Old age/survivors/disability pension (OASDI) 12.4%, Medicare 2.9%
U.K. (April 1997)	20% maximum	10% maximum[4]	10% maximum[5]	National insurance (retirees pension, job-hunters benefits, benefits for those unable to work, etc.)
Germany (1998)	42.20%	20.95%	21.25%	Pension insurance 20.3%, Illness insurance (average) 13.6%, Nursing care insurance 1.5%, Accident insurance 0.3% (average), Unemployment insurance 6.5%
France (January 1998)[6]	41.58%	9.61%	31.97%	Illness insurance 13.55%, Pension insurance 16.35%, Widows' insurance 0.1%, Family benefits 5.4%, Unemployment insurance 6.18%
Sweden (1998)	35.53%	6.95%	28.58%	Pension insurance 20.38%, Medical insurance (sickness benefits, parent benefits, etc.) 7.93%, workmen's compensation insurance 1.38%, Unemployment insurance 5.42%, Others 0.42%

Source: *White Paper on Health and Welfare (1999),* (former) Ministry of Health and Welfare

Notes: 1) Basically insurance premium rates are based on total salary. In Japan's case, the premium rates for medical insurance (government-managed health insurance) and pension insurance (employees' pension) use values calculated on the basis of total salary including bonuses. Figures are shown in ( ) in the case of standard salary base.
2) In addition, there is also compensation for accidents at the workplace, but the insurance premium differs with type of business
3) In addition, there are "social insurance" programs managed at the state level—unemployment insurance and accident compensation insurance—but the premium rates differ by state
4) Insurance rates differ with income. The insurance premium rates in the figure are those applying to any weekly pay over 64 Pounds.
5) Insurance rates differ with income. The insurance premium rates in the figure apply in cases when weekly pay is over 210 Pounds.
6) In addition, there are insurance premium rates paid by employers for compensation for industrial accidents and occupational diseases, but they differ by enterprise (4.0% on average). Premium rates for unemployment insurance differ with income. Also, in terms of expenses borne by workers, there is a general social contribution (7.5% of income) outside of the insurance premium paid. This is a kind of tax used specifically for illness insurance and family benefits.

responsibility of investing premium to the subscribers themselves, and the pension amounts receivable in old age change depending on the results. For companies, because they do not promise future disbursement amounts beforehand, no reserve fund insufficiencies or other additional burdens come about.

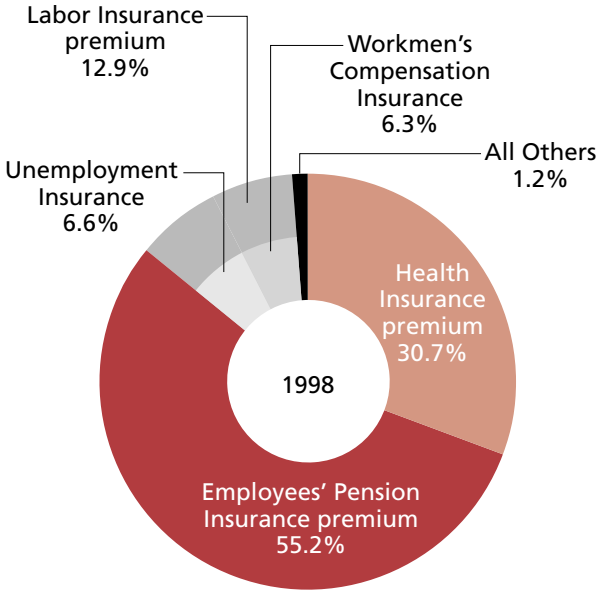
Diversification of Company Benefits

Lately, changes in corporate welfare have rested on matters like the increase in companies' cost burden for public welfare—and the diversification of employee needs—as well as the development of the social security system. Some new mechanisms are currently being introduced: 1) a retirement benefit pre-payment system will add the former welfare portion of labor costs to wages paid to individual workers; 2) a point system in retirement benefits can be combined with a merit-based wage system; and 3) a stock option system is being popularized, allowing workers the choice of purchasing stock in their companies at a price fixed in advance. According to the 1999 General Survey of Wages and Working Hours Systems by the former Ministry of Labour, 4.0% of companies with 1000 or more employees have introduced stock options, and it can be expected that the introduction of this system will continue in the future, focused on large-scale enterprises.

In addition, to mitigate the welfare cost burden and to satisfy the diversifying needs of employees, arrangements are being made for a variety of welfare choices, and a cafeteria-style plan that will allow employees to use features according to their needs is being gradually disseminated.

Furthermore, a "Family-Friendly Company" award has been created. This is to commend businesses with personnel management systems giving consideration to the household conditions of workers through such efforts as the creation of a vacation/leave system for child care and family care, and the establishment of a daycare center. The Ministry of Health, Labour and Welfare began honoring such enterprises in 1999.

III-21 Breakdown of Average Compulsory Benefit Costs per Regular Worker each Month



Source: *General Survey of Wages and Working Hours Systems (1998)*, (former) Ministry of Labour

7 Career Development through In-house Training and Education

OJT: Practical Training Predicated on Long-term Employment

A feature of professional education and training in Japan is that, predicated on the assumption that employees will stay at one company throughout their careers, in-house development of human resources at Japanese companies takes place over a long period. In-house training—central to this development—consists primarily of OJT (on-the-job training) which gives employees the opportunity to develop their skills through actual business experience. OJT fulfills an important role in educating both blue- and white-collar workers. In factories, for instance, OJT is used not only to teach personnel about the production process, but also to enable them to repair malfunctioning machinery and perform maintenance work. Clerical workers in accounting and other departments learn through OJT how to combat unreliability by, for example, analyzing divergences between budgeted and actual results.

Two Types of OJT

Because OJT often overlaps with the execution of everyday work, it is difficult to gain an understanding beyond surface appearances; however, we can divide OJT into two types—formal and informal. Formal OJT generally involves assigning instructors to train employees, and setting post-training evaluation standards. These points separate formal OJT from informal OJT.

Long-term Informal OJT Builds High-level Talent

The primary distinguishing features of human resource development in Japan are as follows.

(1) Informal OJT performs a considerably greater role than formal OJT, which is given to newly hired workers to develop low-level skills, and does not extend beyond the initial skill improvement period following introduction to the company.

(2) Informal OJT is widely used in Japan, but informal OJT carried out over the long-term is indispensable for employees to acquire high-level skills. Informal OJT usually takes the form of a gradual progression or work experiences from simple to more difficult tasks, or a rotation system that enables employees to serve in a variety of positions. OJT gives workers the opportunity to gain a wide range of experience, thus improving their business acumen.

(3) Long-term informal OJT is widely popular at large corporations, but also at some small and medium-sized businesses.

(4) OJT is not the exclusive source of training in Japan; it is interspersed with Off-JT (off-the-job training), e.g., training seminars at outside institutions. Off-JT gives added perspective to the experience employees gain through OJT, and helps them gain additional knowledge and theoretical skills that they can use to solve the problems that arise in everyday business situations.

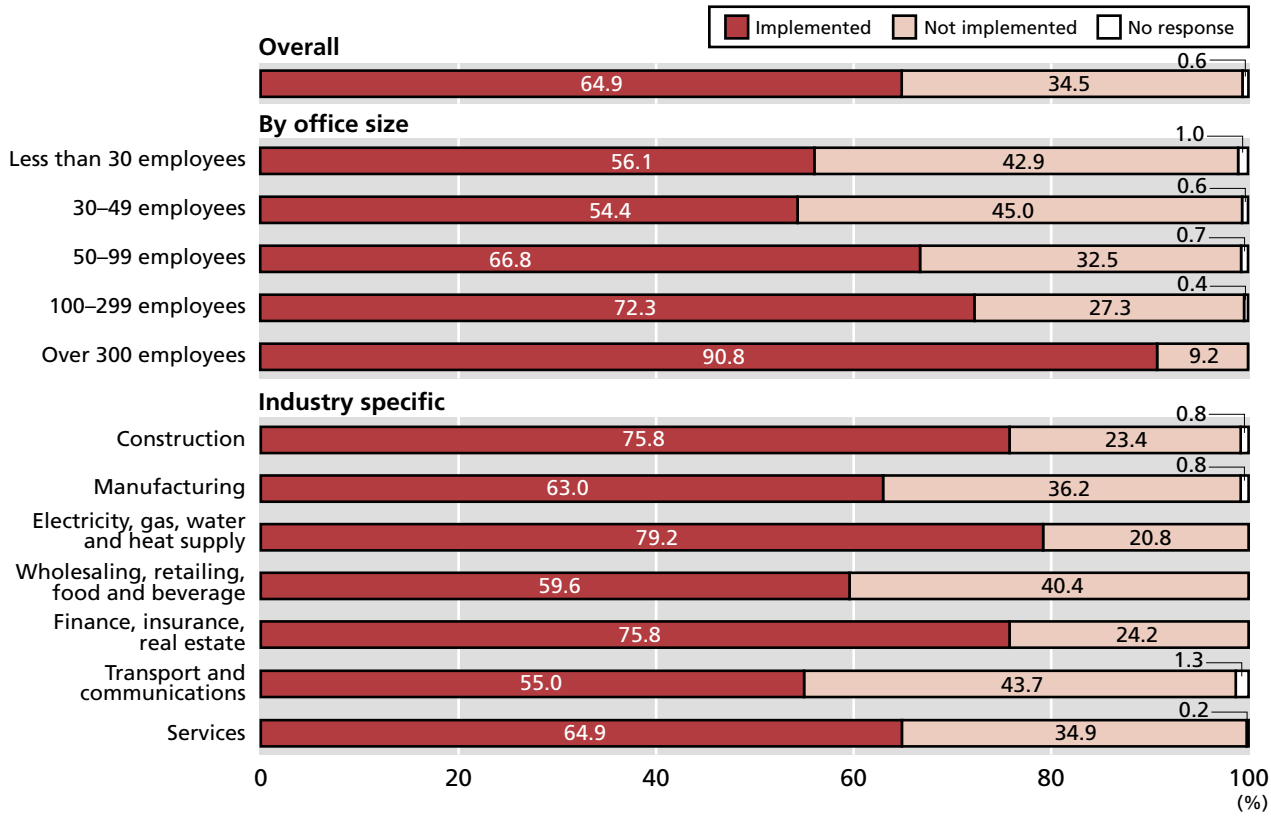
OJT is Founded on Seniority-based Promotion and Promotional Management

This type of OJT functions effectively in Japan thanks to a promotion and pay raise management system that enables senior workers to smoothly pass skills on to subordinates. Senior workers are not reluctant to train their subordinates, since they are confident that the latter will not be promoted or given raises ahead of them; this, in turn, has reinforced teamwork within the workplace. This approach to human resource development has proven to be a positive way for employees to refine their skills, and is also an aspect of Japanese corporate culture that makes Japanese companies so competitive.

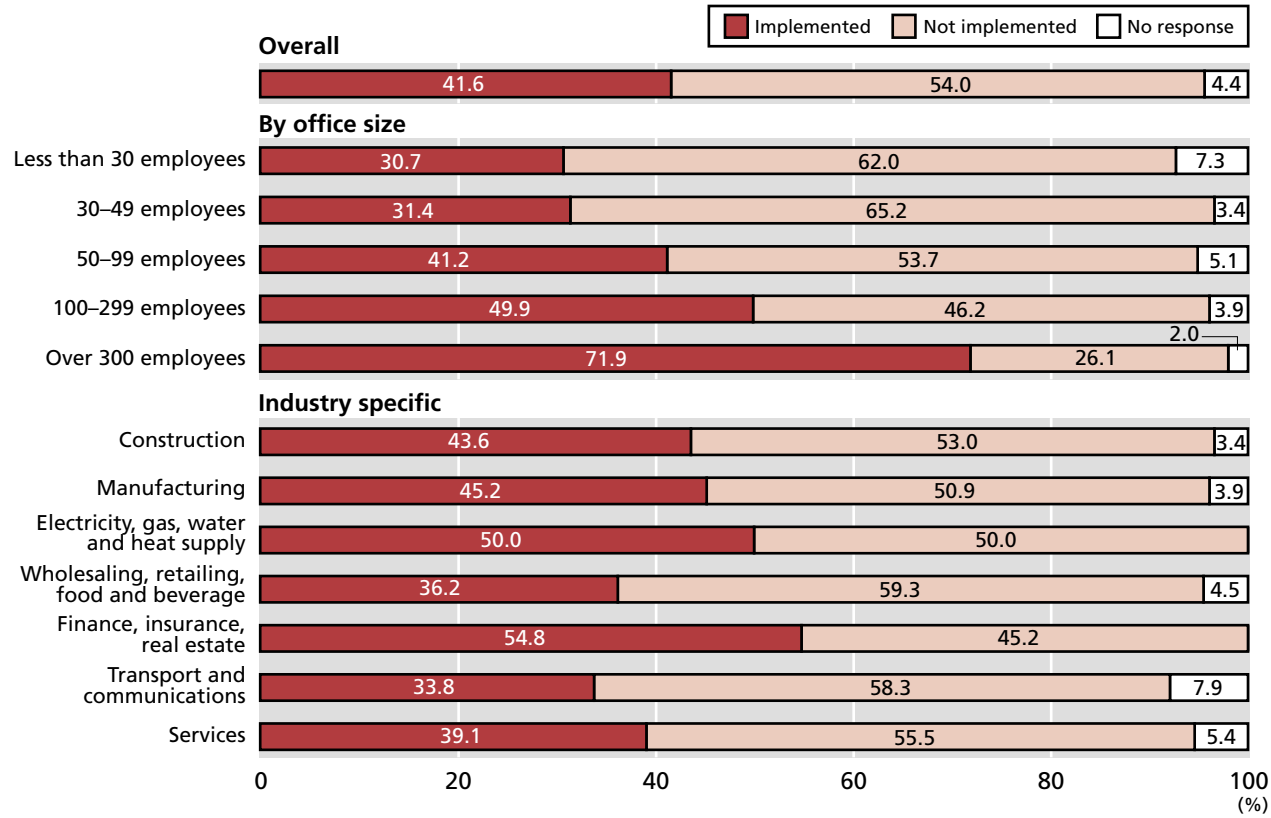
64.9% of Companies Implement Off-JT, and 41.6% Implement Planned OJT

According to the most comprehensive reference on Japanese in-house training, "Basic Survey of Human Resources Development" (Ministry of Health, Labour and Welfare), 64.9% of Japanese companies implemented Off-JT in FY2000, and 41.6% implemented "planned OJT."

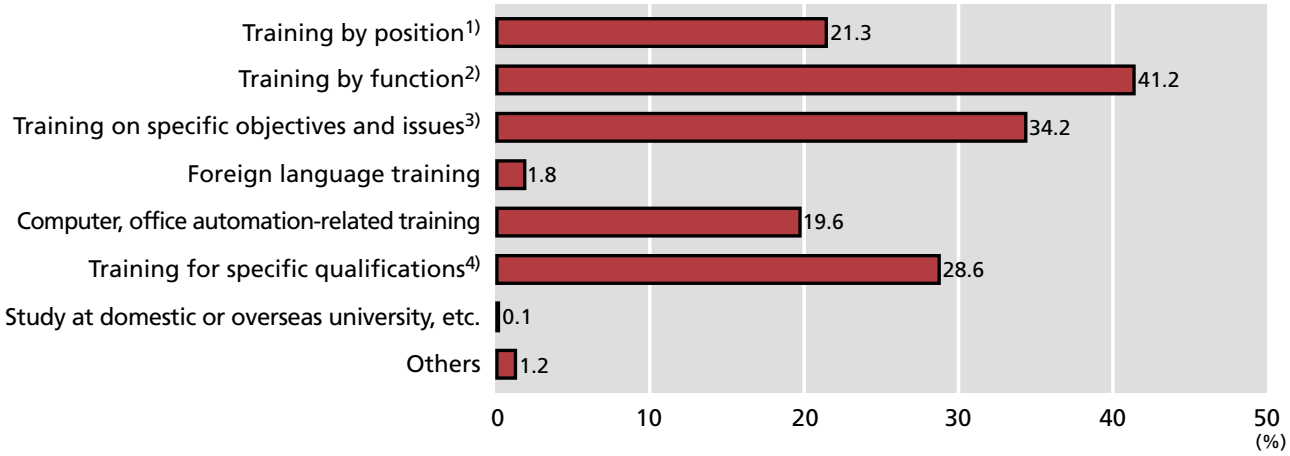
III-22 Current Situation of Off-JT Implementation



III-23 Current Situation of Planned OJT Implementation

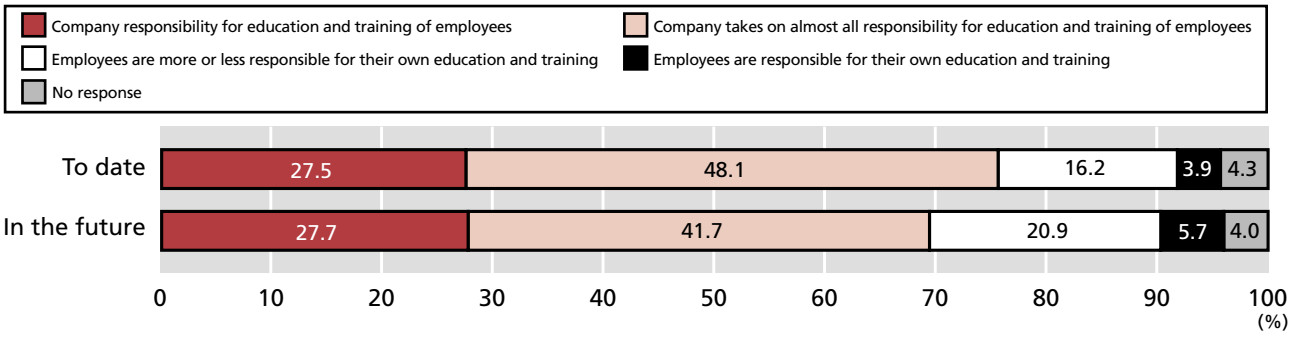


III-24 Breakdown of Implemented Off-JT (multiple responses)

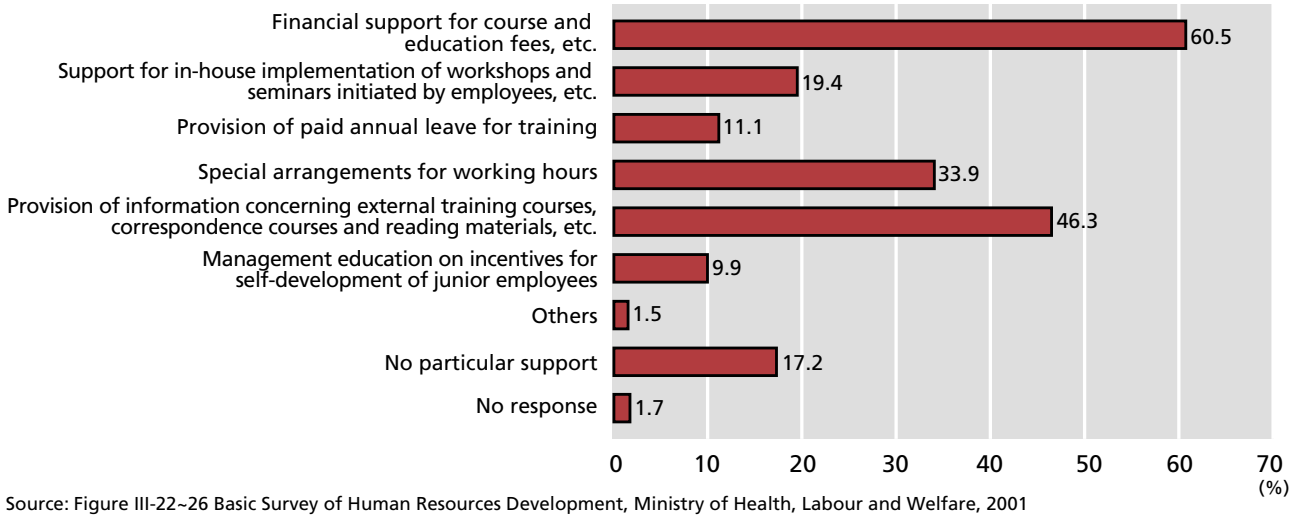


Notes: 1) Training on different employee and managerial levels, including for new managers, and new employees.
2) Training to nurture expertise and job-related skills, including accounting, marketing, production management, safety and hygiene, CAD/CAM, etc.
3) Training to respond to specific objectives and issues regardless of corporate department, including presentation methods, international business, acquisition of International Organization for Standardization (ISO) certification, business manners, job transfer, etc.
4) Training for national examinations, technical qualifications, business association qualifications, private-sector qualifications and in-house qualifications.

III-25 Responsibility for Skills Development



III-26 Support for Self-development by Employees (multiple responses)



Source: Figure III-22~26 Basic Survey of Human Resources Development, Ministry of Health, Labour and Welfare, 2001

8 Retirement, etc.

Resignation

"Retirement" is a cause for the cancellation of labor contract relations, and is a general term applying whenever a worker leaves the company where he or she is employed (excluding dismissals). There are different types of retirement: "general resignation" and "resignation for one's own convenience" take place when the worker unilaterally cancels the labor contract relationship; "resignation by agreement," "resignation by employee's request," and "voluntary retirement" all occur through consent between worker and employer; and "retirement at the mandatory age" comes about according to rules in the labor contract, work rules in the company or collective agreement.

Mandatory Retirement

According to a Ministry of Health, Labour and Welfare survey (*2002 Survey of Employment Management*), 91.5% of companies provide a mandatory retirement system; of those, 96.0% provide a uniform mandatory retirement system. Looking at the mandatory retirement age at companies with a uniform mandatory retirement system, 90.3% of companies have set the age at 60, and 99.4% of companies have a retirement age of age 60 or older. The Elderly Persons Employment Security Law provides that employers may not fix a mandatory retirement age under age 60; furthermore, the same law assigns to employers the obligation to make efforts toward developing a system of continuous employment to age 65. On this point, the previous survey shows that 71.0% of companies are taking some sort of measures like an extended service system or system of reemployment. However, about 60% of those companies where the applicable system is in-house have assigned the condition that "this is limited to those persons the company recognizes as particularly necessary." As the age for pension disbursement gradually switches to 65 in the near future, employment of the elderly will become a problem of imminent importance even in Japan.

Incidentally, the mandatory retirement system ends the working relationship by reason of a worker reaching a specific age; and, while there is strong opinion that this is unreasonable or contradicts the idea of employment security, in a long-term continuous employment system based on seniority the mandatory retirement system is generally held to be rational. In court, too, it has not been decided that the mandatory retirement system violates the law (more precisely, "it does not violate public policy"). However, the recent high unemployment rates and long periods of joblessness accompanying the prolonged recession—and in particular age restrictions on the recruiting side preventing the reemployment of middle-aged and older workers—have become social problems, and recognition is circulating among experts that it is necessary to improve legislation prohibiting age discrimination. But even if age discrimination were clearly forbidden by law, though the mandatory retirement systems in use at most companies would become illegal, many problems would remain to be resolved, such as companies' internal long-term and continuous employment systems, systems of treatment and evaluation, and the promotion of mobility in the labor market.

Dismissals

In Japan, according to enacted laws, employers have the freedom in principle to dismiss workers. Also, in the Labour Standards Law, dismissals are only prohibited 1) during a period of leave for an injury at the workplace or illness, and during the 30 days following, as well as 2) for women, during the period of leave for pregnancy and delivery (Article 65 of the Labor Standards Law), and during the 30 days following; but dismissal itself is not prohibited.

However, dismissal contrary to the legal principle of equal treatment between men and women goes against the "public order" and is therefore invalid (Article 90 of the Civil Code). A further exception by law to the freedom of dismissal is that malicious or retaliatory dismissals, asserting or employing rights given by

existing laws, are prohibited as disadvantageous treatment (Article 3 and Article 104, Item 2 of the Labor Standards Law; Article 12, Item 2 of the Equal Employment Opportunity Law; Articles 10 and 16 of the Child Care and Family Care Leave Law; Article 7 of the Trade Union Law).

In Japan, the restriction imposed by the legal principle of "abuse of dismissal rights" has attained an especially important role. This principle, which has been established by precedent of the Japanese Supreme Court from about the mid-1970's onward, is a legal theory that will examine and restrict the use of dismissal rights when an employer unilaterally cancels a labor contract with a worker. The Supreme Court stated, "the use of the right of dismissal by an employer shall become invalid, as a abuse of such rights, when lacking in objectively rational pretext or when it cannot be approved as corresponding to any socially accepted idea," formulating the content of this principle. Further, the Court expressed that "even when there is a reason for general dismissal, the employer may not always be able to dismiss the worker. If the basis for dismissal in the specific situation concerned is remarkably unreasonable, or when it cannot be approved as corresponding to a socially accepted idea, the concerned expression of intention to dismiss shall be invalid as an abuse of the right of dismissal." The court went on to present specific requisites and methods for interpretation of the principle. In short, this principle urges the careful consideration of all favorable circumstances for the dismissed worker before judgment, so as to avoid merciless dismissals.

Collective Dismissals for Economic Reasons

The adjustment of employment in Japan is focused chiefly on the regulation of overtime, and is accomplished through measures not to bring grief to employees. As a step to eliminate permanent employees from the enterprise, this adjustment has not been made as long as the management situation is not terribly bad. The basis for this situation is that dismissals are, in actuality, difficult to carry out because Japanese companies have come to view long-term continuous employment as important, and the existence of the legal principle of "abuse of dismissal rights" supports this.

Regulations relating to collective dismissals are formed based on the above-mentioned legal principle of "abuse of dismissal rights," and the following criteria must be satisfied or the dismissal will be illegal and invalid.

1) Are personnel cuts necessary?—It is not necessary for conditions to get to the point that collective dismissals must be made or the continuing existence of the company is in danger; it is sufficient that the management situation worsens such that a rational manager can adequately consider implementing collective dismissals. However, actions inconsistent with personnel cuts may considered requisites for the denial of such necessity. 2) Was every effort made to avoid dismissals?—Employers must look into implementing alternatives such as restrictions on overtime, reassignments and temporary transfers, freeze on new hires, layoffs, voluntary retirement, and cuts in part-time and other non-permanent positions. 3) Were the criteria reasonable for selection of dismissal candidates?—Criteria must be objective and impartial. Some examples are: numbers of late arrivals and absences, existence of a history of behavior in violation of work rules in company, and low impact of economic blow to workers such as those with no dependents. 4) Was every effort made to talk the situation over with workers or the labor union?—This is of course necessary when the collective agreement contains an item guaranteeing discussion of personnel matters; even when no such item exists, it is understood as necessary from the position of loyalty to the labor contract or labor-management relations. Specifically, there shall be adequate explanation and hearing of opinions regarding the events leading up to the collective dismissals, and the term and method of carrying out such dismissals.

The above legal principles of "abuse of dismissal rights" and collective dismissals are receiving criticism from radical economic scholars as being strict and rigid rules obstructing the flexibility of business activities and the labor market. On the other hand, these rules are becoming applied flexibly to individual dismissals, and there is the objection that they are neither strict nor rigid. Anyway, these legal principles are currently being examined in the debate over what dismissal regulations should be in the future.

Disciplinary Dismissals

Work rules in the company generally provide the heading "disciplinary actions" for handing down punishments to persons such as those who violate workplace orders. Disciplinary actions are the personal sanctions or punishments that a company carries out against its own employee for the reason that the employee disturbed the order of that company. These actions are, from the most minor: warning, reprimand, official reprimand, salary reduction, suspension, counseled dismissal, and disciplinary dismissal.

Dismissals lend a great disadvantage to workers, especially in the case of a disciplinary dismissal; because the worker receives the evaluation of a person thrown out of a company for violating the order, that worker is at an extreme disadvantage when again looking for a job. However, if such a violator of the order is left in the company, it is possible that the productivity and daily business of the other employees may be hindered. Accordingly, an approach is being taken that, while considering the disadvantage to the worker and the benefits to the company, rigorously judges the legal validity of disciplinary actions including the personal sanctions of disciplinary dismissal. In short, the following are necessary in the event of a disciplinary dismissal: ① the reason for action, and the type and degree of action corresponding to this reason, are specified in the workplace regulations, etc. (legal principle of *nulla poena sine lege*, or no punishment without a law), ② the issue has come up in the past, and the same type and degree of action were carried out (general principle of equal treatment), ③ the substance of the action is appropriate when held up against the type and degree of violation, and other circumstances (general principle of equivalence), and ④ the procedures of the action are fair (examination by a disciplinary committee, and an opportunity to defend given to the person in question).

III-27 Ratio of Enterprises by Industry, Enterprise Scale, Retirement Age Class in Fixed Retirement Age System, Presence of Absence of Employment Expansion System, Re-hiring System, and Future Adoption

(%)

Industry, Size of enterprise	Enterprises which have a uniform retirement age system		Enterprises with such system				Enterprises with no such system	
			Total	Employment extension system only	Re-hiring system only	with both re-hiring and extended employment	Planning to introduce system	No plans to introduce system
Industries covered	[96.0]	100.0	71.0	14.7	42.6	13.7	8.1	20.9
5000 employees and over	[94.5]	100.0	76.1	3.4	68.7	4.0	8.3	15.6
1,000–4,999 employees	[96.8]	100.0	70.1	3.7	57.0	9.5	9.3	20.6
300–999 employees	[97.9]	100.0	67.6	5.7	52.3	9.6	8.4	24.0
100–299 employees	[96.8]	100.0	73.8	11.5	50.5	11.8	5.1	21.1
30–99 employees	[95.6]	100.0	70.5	17.1	38.4	15.0	8.9	20.6
Mining	[95.2]	100.0	66.1	13.6	37.3	15.3	3.4	30.5
Construction	[95.0]	100.0	79.9	20.7	40.1	19.1	4.6	15.5
Manufacturing	[98.1]	100.0	74.3	12.3	47.4	14.6	7.4	18.3
Electricity, gas, heat supply and water	[97.5]	100.0	72.1	4.1	62.9	5.1	11.7	16.2
Transport and communications	[92.0]	100.0	74.6	17.8	41.2	15.6	7.0	18.4
Wholesale and retail trade, eating and drinking places	[96.1]	100.0	69.0	15.6	41.1	12.3	7.8	23.2
Financing and insurance	[97.9]	100.0	61.8	4.0	54.3	3.5	10.4	27.8
Real estate	[93.2]	100.0	69.7	8.9	44.0	16.8	6.4	23.9
Services	[95.1]	100.0	60.8	14.0	36.7	10.1	11.9	27.3
2001 Survey Total	[96.4]	100.0	69.9	15.1	42.7	12.1	9.4	20.7

Source: *Survey of Employment Management 2002*, Ministry of Health, Labour and Welfare
Note: Figures in [ ] shows the ratio of enterprises which adopt uniform retirement age system among the enterprises that adopt retirement age system.

Chapter IV Labor Relations

1 Labor-Management Relations

In-House Labor-Management Relations Play a Key Role

In the advanced nations of Europe, labor unions go beyond the individual enterprise level to organize workers by industry or occupation. Companies, too, often unite by industry in employer organizations which have a strong ability to impose controls. Therefore, rather than regulating the working conditions in separate businesses (internal labor market), the concerned labor and management parties aim at broad dealings of the external labor market as a whole. In countries where this kind of collective bargaining by industry is becoming fundamental, employee representative committees are being systematized in many cases to deal with working conditions in the internal labor market and problems at the workplace.

In contrast, labor-management relations in Japan rest on the foundation of the internal labor market; the organizational form of labor unions, too, revolves around the enterprise union. In addition to deciding the working conditions of the internal labor market through collective bargaining with employers, enterprise unions are strengthening the function of labor participation in management through labor-management councils. For that reason, they have a character like the employee representative institutions visible in each European country.

The Three-Tiered Structure of Labor Union Organization

Labor unions in Japan take on the three-tiered structure of affiliated unit unions (of which 90 percent are enterprise unions; seamen's unions and other such industry-related unions as seen in European countries exist in very small numbers), industry trade unions, and national centers. The industry trade unions are different from those in Europe in that they greatly resemble a federation of enterprise unions. Enterprise unions collect union dues, and use just under 90 percent of them; the rest they pay to the industry trade unions. The membership unit of national centers is the industry trade union.

The "positive side" of labor-management relations handled primarily by enterprise unions is the point that labor and management share information regarding the company and industry. Through this cooperation, needless disputes are avoided and the stage has been set for stabilization of labor-management relations. However, the "negative side" must be in the tendency of the labor union to control speech and action, leading to the problem of a reduction in the company's competitive power. Further, standardizing wage levels and working conditions, as well as preventing excessive competition that uses low wages and long working hours as weapons, are important functions of labor unions. But it is difficult to carry out these functions when negotiating at the enterprise level.

To compensate for such flaws, Japan's labor unions employ two methods. One of these is the Shunto (spring wage offensive) system, in which industry trade unions organize a unified struggle spanning across companies, and national centers perform such tasks as strategic coordination between industry trade unions and arousal of public sentiment. Even so, the actions of industry trade unions are limited to the establishment of requests, the designation of a day for joint response, guidance in settlement standards, and the like. Actual negotiations are carried out by the enterprise unions. Aside from a

very few exceptions, we do not see cases of working conditions being decided through negotiations between industry trade unions and industry employer organizations. Industry trade unions and industry employer organizations do occasionally sit down at the discussion table, but the exchange of views generally deals with such topics as information exchange regarding the condition of the industry, or the shape of industry policies.

The other method is through legislative efforts such as the Labor Standards Law and the Minimum Wage Law—led by the national centers—designed to achieve improvements in working conditions. Rengo (the Japanese Trade Union Confederation) sends members to a variety of government councils for policy planning, so their opinions can be reflected in government policies from that side as well. Rengo established a venue for periodical discussions with Japan Business Federation (the Japan Federation of Employers' Associations, which at the end of May 2002 integrated with Keidanren (the Japan Federation of Economic Organizations). There are also times when, their opinions in harmony regarding a problem, they unite to propose a policy (none thus far have determined working conditions).

FYI

Definitions

1. Enterprise-based union (One union per company): a labour union with its own constitution and independent activities that has no other unions under it.
2. Establishment-based union (independent labour union): a labour union incorporating unions functioning in the same way as enterprise-based unions and whose regulations call for all its members to join the relevant organizations as individuals.
3. Federation of labour unions: a body incorporating two or more enterprise-based or establishment-based labour unions. In this survey, permanent consultative bodies (councils) consisting of two or more labour unions are also considered federations.

In-House Mechanisms Aside from Labor Unions to Provide a Voice to Employees

In-house labor-management negotiations, aside from collective bargaining by enterprise unions and labor-management councils, are run in composite forms such as workplace meetings, small group activities, and employee suggestion systems. These in-house mechanisms to provide a voice to employees aside from labor unions may not be ignored either.

Following the downward tendency of the labor union formation rate, it was 20.7 percent in 2001. The increase in number of part-time workers and the like, and the diversification of forms of employment, have been major factors in this decline; Rengo decided its campaign policy in 2001, and held up increased labor organization as the problem of highest priority. At companies as well, the issue of how to assimilate the voices of employees not organized in a labor union is becoming a problem.

IV-1 Number of Labour Union Members[1)] by Principal Labour Bodies

(1,000 persons)

Central organization	1998	1999	2000
Total members	12,093 (100.0)	11,825 (100.0)	11,539 (100.0)
Japan Trade Union Confederation	7,476 (61.8)	7,334 (62.0) 7,483 (63.3)	7,173 (62.2) 7,314 (63.4)
National Confederation of Trade Unions	837 (6.9)	827 (7.0) 1,061 (9.0)	802 (7.0) 1,036 (9.0)
National Trade Union Council	270 (2.2)	265 (2.2) 269 (2.3)	258 (2.2) 261 (2.3)
Other National Federations	2,663 (22.0)	2,579 (21.8)	2,514 (21.8)
Others	1,078 (8.9)	1,044 (8.8)	1,005 (8.7)

Notes: 1) Aggregate sum of members of central organizations does not equal to the total because of double-affiliation of unions.
2) The figures in brackets are the ratios to the total number of labour union members (%)
3) As for number of members of Japan Trade Union Confederation, National Confederation of Trade Unions, National Trade Union Council, the figures on the upper column refer to the total of members belonging to such labour bodies through organization for each industry, and figures on the lower column refer to the total of members belonging to such labour bodies through organization for each industry and members belonging to local organization for each prefecture of each body, namely, so-called direct local members.

2 Union Organization

Unionization Rate of 20.7%

According to the "Survey of Labor Unions" issued by the Ministry of Health, Labour and Welfare, as of June 30, 2001, there were 67,706 unit labor unions in Japan. The estimated unionization rate is 20.7%, with about 11.212 million out of a total of around 54.13 million employed workers belonging to unions.

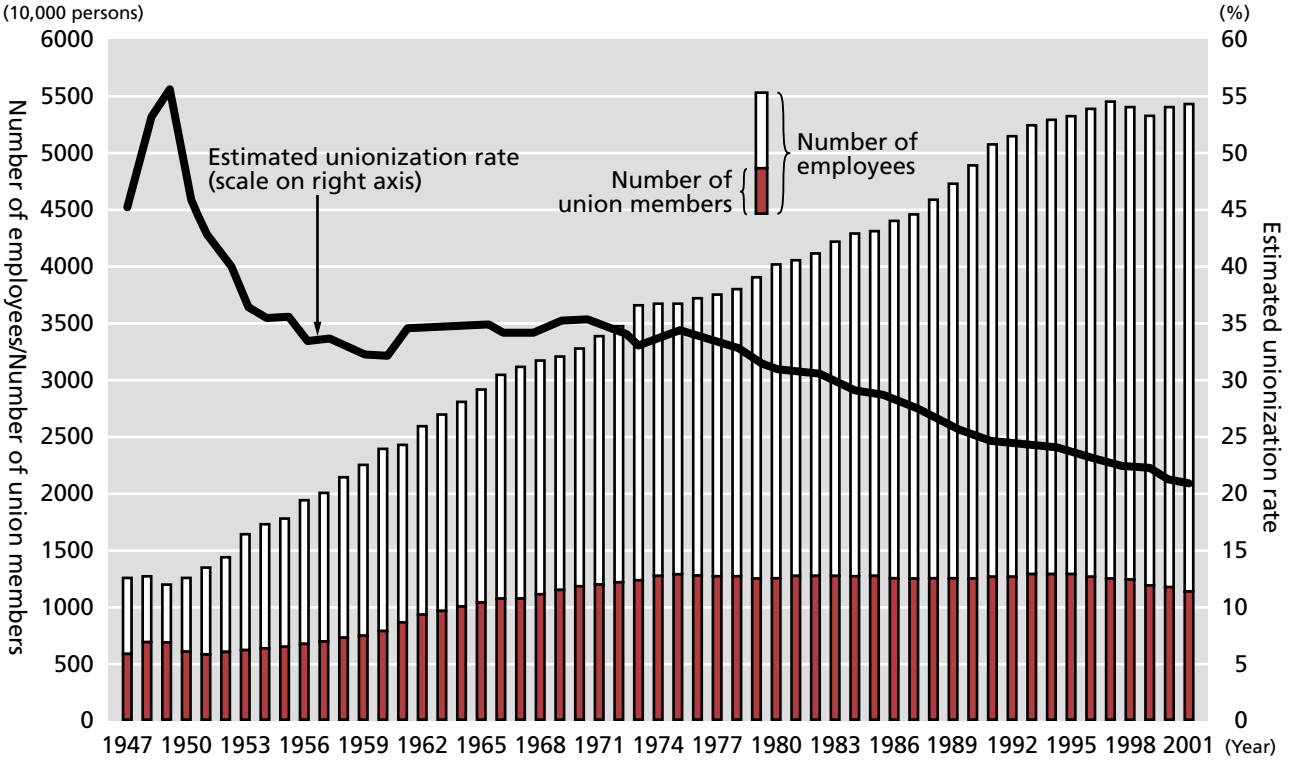
The organizational structure of Japan's labor unions is overwhelmingly dominated by enterprise unions. Craft unions and industry trade unions also exist—though in small numbers—but in Japan where long-term employment is common, over 90 percent of unions are enterprise unions.

Unionization Rate has Shown a Steady Decline Since its Peak in 1949

Since its peak in 1949, the estimated unionization rate has continuously declined because the growth in the number of union members has not kept up with the growth in numbers of employees. The unionization rate in 2001 under-performed its 2000 figure by 0.8% (see IV-2).

Industry-specific unionization rates are high in public service (61.5%); electricity, gas, heating, and waterworks (62.8%); and finance, insurance, and real estate (40.2%). In contrast, unionization rates are low in agriculture (4.4%); wholesale, retail, and food and beverage (8.6%); service industries (12.0%) and other sectors. Comparing the unionization rates of the above industries with the 2000 figures reveals a decline in all except public service and electricity, gas, heating, waterworks, and construction (see IV-4).

IV-2 Changes in the Number of Employees and Union Members, and the Estimated Unionization Rate



Source: *Survey of Labour Unions*, Ministry of Health, Labour and Welfare, 2001

Primary Reasons for the Falling Unionization Rate are the Growth of the Service Sector and Increases in Part-time Workers

There are two factors behind the lack of growth in the number of labor union members: (1) the burgeoning of development in the service economy, thereby expanding the importance of commerce and service industries where the unionization rate has always been lower; and (2) resulting from the diversification of employment, increasing numbers of part-time and temporary workers who are difficult to organize.

IV-3 Unionization Rate by Company Size

(%)

Company size	Percentage of the number of union numbers	Percentage of the number of employees	Estimated unionization rate (2001)
Total	100.0	100.0	18.0
More than 1,000 workers	58.4	19.6	53.5
300–999 workers	15.9	25.7	17.7
100–299 workers	9.4		
30–99 workers	3.5	54.1	1.3
Fewer than 29 workers	0.5		
Others	12.4	—	—

Source: *Survey of Labour Unions*, Ministry of Health, Labour and Welfare, 2001

Notes: 1) The total number of unit labor unions
2) "Others" includes members of unions that embrace more than one industry and unions whose size is not known.
3) "Number of employees" represents workers employed by private enterprises, excluding agriculture and forestry.

IV-4 Unionization by Industry

Industry	Number of union members (1,000 persons)		Percentage (%)	Number of employees (10,000 persons)	Estimated unionization rate (2001) (%)
All industries	11,099	[3,085]	100.0	5,413	—
Agriculture, forestry, and fisheries	21	[2]	0.2	47	4.4
Mining	10	[1]	0.1	4	26.0
Construction	1,036	[72]	9.3	518	20.0
Manufacturing	3,287	[578]	29.6	1,196	27.5
Electricity, gas, heating, and waterworks	220	[29]	2.0	35	62.8
Transportation, telecommunication	1,428	[146]	12.9	397	36.0
Wholesale, retail, food and beverage	1,053	[407]	9.5	1,224	8.6
Finance, insurance, and real estate	881	[464]	7.9	219	40.2
Services	1,852	[870]	16.7	1,544	12.0
Government	1,261	[501]	11.4	205	61.5
Other industries	50	[15]	0.4	—	—

Source: *Survey of Labour Unions,* Ministry of Health, Labour and Welfare, 2001

Notes: 1) The total number of unit labor unions
2) The "other industries" category covers members of unions that embrace more than one industry or whose industrial classification is unclear.
3) Figures in brackets represent female union members.

3 Labor Unions

Japanese labor unions basically have a "triplicate structure." That is, (1) enterprise labor unions organized at each business, (2) industrial trade unions organized as loose federations of enterprise union members gathered by industry, and (3) national centers (a typical example being the Japanese Trade Union Confederation) made up of the industry trade unions gathered at the national level.

Enterprise Labor Unions: Asserting Labor's Basic Rights

Enterprise labor unions are Japan's dominant form of labor organization because each enterprise union exercises labor's three primary rights: the rights to organize, bargain collectively, and strike. Each enterprise union has most of the staff, funding, and other materials necessary to exercise labor's three primary rights.

Labor unions play the role of maintaining and improving workers' quality of life and working conditions. In order to do so, they engage in three primary activities: activities with management, activities within the unions, and activities outside the organization. First of all, as individual unions, enterprise unions maintain and improve working conditions as in figure III-5 and participate in management through collective bargaining and consultation with the management. Next, as for activities within the unions, enterprise unions not only deal with organizational operations but also provide their members with services through various kinds of mutual aid activities. Finally, when it comes to activities outside the organization, enterprise unions individually seek to provide benefits to their members by using their influence for various policies on the regional, industrial, and national levels concerning employment and working conditions as well as quality of life of their members. In addition, recently, more and more labor unions are getting involved with community and volunteer activities in order to improve their public relations.

Incidentally, the enterprise unions are only intended for permanent staff employed at the concerned companies, and non-permanent employees are generally not included. The enterprise union is a mixed union organized as a single trade union for all permanent employees, without distinction between white-collar and blue-collar.

Industrial Trade Unions: The Mechanism and Roles

Enterprise unions are limited by their own resources to engage in the above-mentioned three activities. In order to expand their effectiveness, they have established industrial trade unions. Industrial trade unions support their member unions' actions against business owners by consolidating requests concerning chief working conditions such as wages and working hours on the industrial level, collecting and providing information and basic materials, and coordinating negotiation strategies. In terms of activities within the organization, industrial trade unions provide their members with a variety of services through mutual aid activities, including life insurance, pension, medical insurance and so on. In addition, industrial trade unions participate in the decision-making processes of national industrial policies, consult with economic organizations and develop international cooperation among labor unions.

National Centers: The Mechanism and Roles

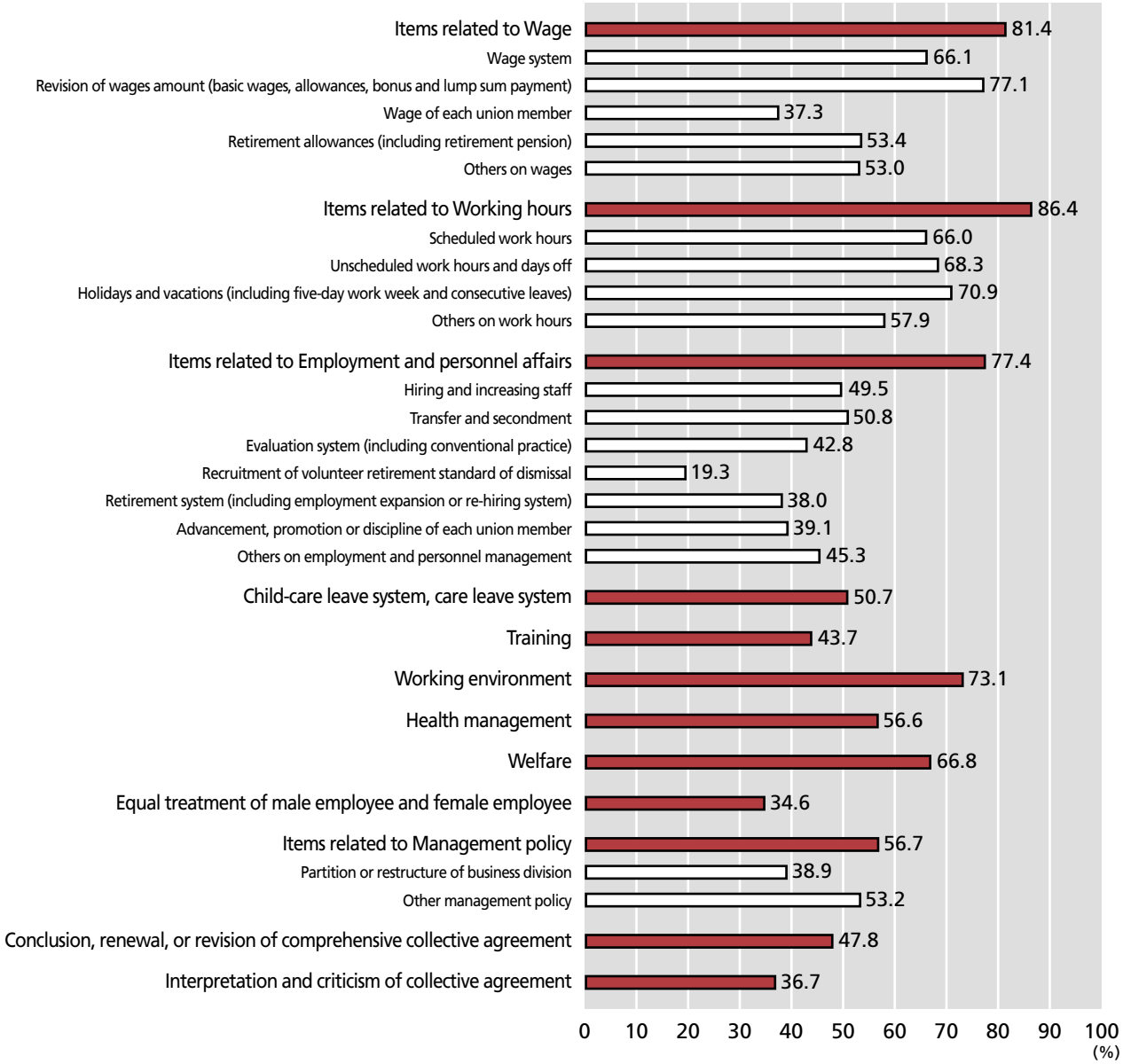
National centers (mainly Rengo—the Japanese Trade Union Confederation) provide members with support for actions against business owners by, for example, deciding comprehensive standards for requests regarding working condition issues such as wages and working hours. However, the most important role of the national centers is their participation in national politics. Rengo, the largest of the national centers, maintains and improves workers' quality of life by sending its members to various advisory bodies in the government, participating in the decision-making processes of government policy making,

and concluding and maintaining cooperative relations with political parties.

Acts of Labor Dispute Take Place at the Company Level

Japan's industrial relations are basically cooperative, but labor disputes do occur occasionally. In Figure IV-6, 12.8% of labor unions "have had labor disputes" and 8.0% "have had acts of labor dispute" in the last three years. Both figures represent declines from the those of the previous survey. There have been no labor dispute actions in large unions with

IV-5 Ratio of Labour Unions by Items Regarding Subject between Labour and Management, whether or not Negotiation was Held and Session through which Negotiation was Held (in the past 3 years)
Total Labour Unions=100, M. A.

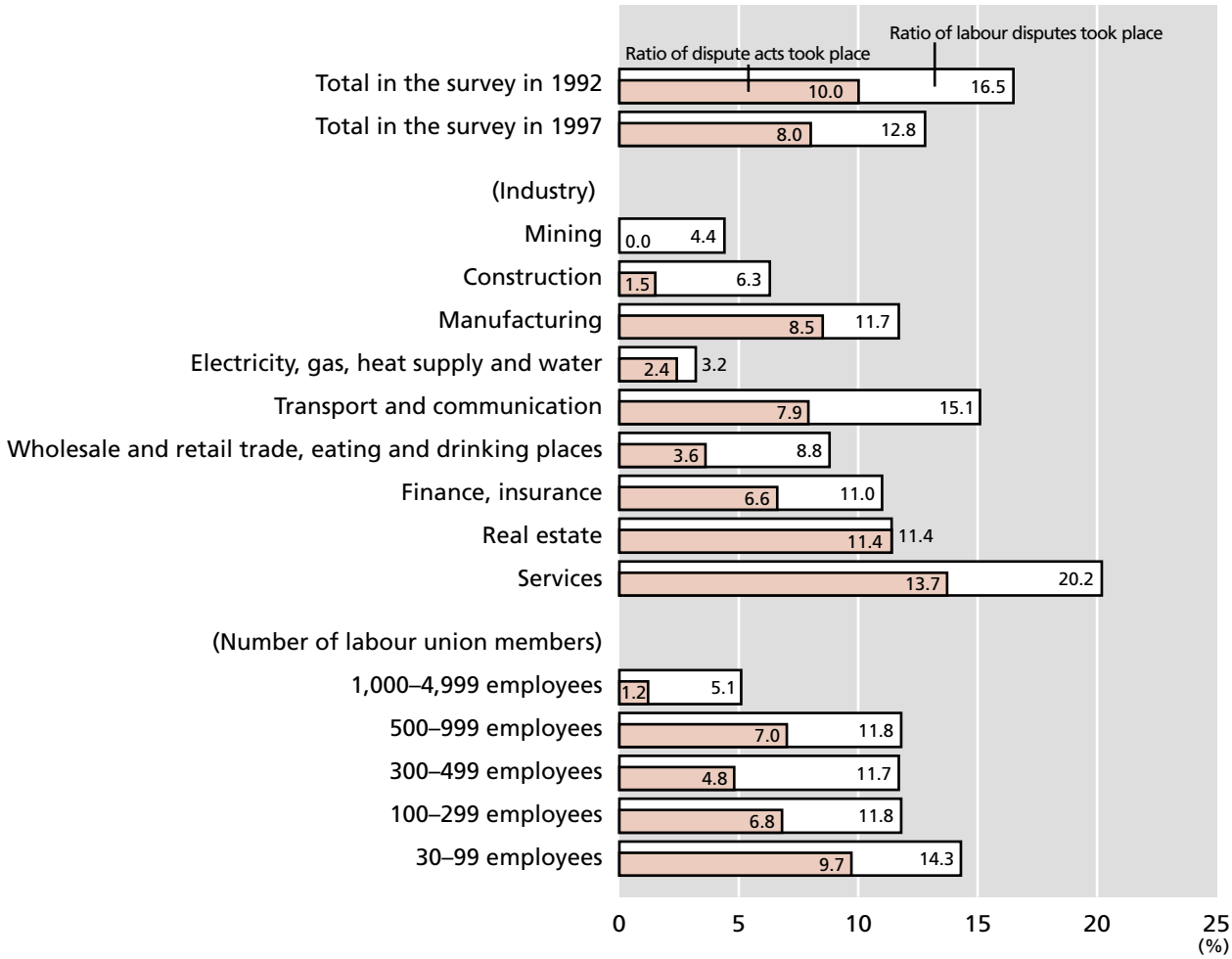


Source: *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labour Disputes*, Policy Planning and Research Department.
Note: The last 3 years means from July 1994 to June 1997.

1,000 members or more, but a relatively larger percentage of small unions (30–99 members) have seen acts of labor dispute. In industrial trade unions, more labor disputes have occurred in the service industry than in other industries. Most labor disputes and labor dispute actions take place in enterprise unions.

Above we examined the structure and function of Japan's labor unions, and labor disputes, but enterprise unions are most familiar to their members and play the most immediate role in maintaining and improving their quality of life. Furthermore, enterprise unions serve as the foundation for relations with industrial unions and national centers. For example, staff and financial resources move from individual enterprise unions to industrial unions in the form of dispatches and financial contributions, and then flow further from industrial unions to national centers. Accordingly, most board members of industrial trade unions and national centers are dispatched from enterprise unions, and hold positions at those enterprises. Moreover, union dues of major enterprise unions often exceed those of their affiliated industrial trade unions. Labor disputes occur almost exclusively at the enterprise level. However, there are also cases in which there is a reverse flow of information and policies from national centers, through industrial trade unions, to the individual enterprise unions.

IV-6 Ratio of Labour Unions by Existence of Labour Disputes and Dispute Acts (in the past 3 years)



Source: *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labour Disputes*, Policy Planning and Research Department.
Note: The last 3 years means from July 1994 to June 1997.

4 Collective Bargaining and the Labor-Management Consultation System

Collective Bargaining

According to a 1997 survey*, 65.1% of all labor unions were engaged in collective bargaining during the 3-year period from 1994 to 1997.

By industry, "Services" had the highest percentage of unions carrying out collective bargaining (78.8%) followed by "Real Estate (77.1%)"; at the other end of the scale, "Finance and Insurance" showed the lowest use (35.4%) of collective bargaining.

Looking at the size of companies surveyed, the fewer the employees at a company, the greater the chance that company engages in collective bargaining. 84.4% of businesses with "30 to 99 employees" used collective bargaining, as did 84.3% of establishments with "300 to 499 employees." On the other hand, 41.0% of companies reporting "5000 or more employees" engaged in collective bargaining (as above, refer to Fig. IV-7).

Of those businesses that carried out collective bargaining, 40.2% further responded that collective bargaining was used "5 to 9 times" per year. "Four or fewer times" was the annual count for 32.5% of companies; "10 to 19 times" for 20.7%; and 6.6% of these companies responded that collective bargaining was used "20 or more times" per year.

With respect to the form of bargaining, the greater portion of those labor unions carrying out collective bargaining (88.6%) responded "bargaining was carried out by the labor union alone." However, there were also unions responding "bargaining was carried out along with an in-house top level organization (14.8%)," "bargaining was carried out along with an external top level organization (by industry) (6.1%)," and "bargaining was carried out along with an external top level organization (by region) (1.9%)."

Examining the reasons of those labor unions that, in contrast to the above, did not engage in any collective bargaining during the three-year period (34.9%), the most common response (53.2%) was "because the top level organization carries out all collective bargaining," followed by "because negotiations have been established through a labor-management consultation organization" with a 35.4% share, while 5.7% responded "because the necessary labor agreement is well prepared." Taking a closer look at these reasons, from the point of whether or not there is an in-house top-level organization, unions where one "exists" responded "because the top level organization carries out all collective bargaining" at a high rate of 72.8%; in contrast, unions where there is "none" responded predominantly (74.7%) "because negotiations have been established through a labor-management consultation organization."

When carrying out collective bargaining, 75.5% of unions have fixed opening procedures. In terms of the substance (M.A.) of these opening procedures, 56.2% of unions responded "after advance notice," 39.7% conducted this "after prior arrangements," and 25.6% "after consultation between labor and management." Looking specifically at the response "after consultation between labor and management," labor unions with a membership of fewer than 300 responded this way in about 24% of cases; but with an increase in membership size we see a gradual rise in the rate of that response, so that for those with 5000 or more members this was the preferred method in about 55% of cases. Moreover, separating respondents based on the presence of a labor-management consultation organization, 80.3% of unions where a "labor-management consultation organization exists" have fixed opening procedures while unions where "no labor-management consultation organization exists" trail, with only 58.3%.

Further, when a labor union makes a request for collective bargaining, employers may not decline the request without good reason as this is considered an unfair labor practice; and beyond formal compliance with the bargaining, the employer must engage in the bargaining in good faith.

Labor-Management Consultation System

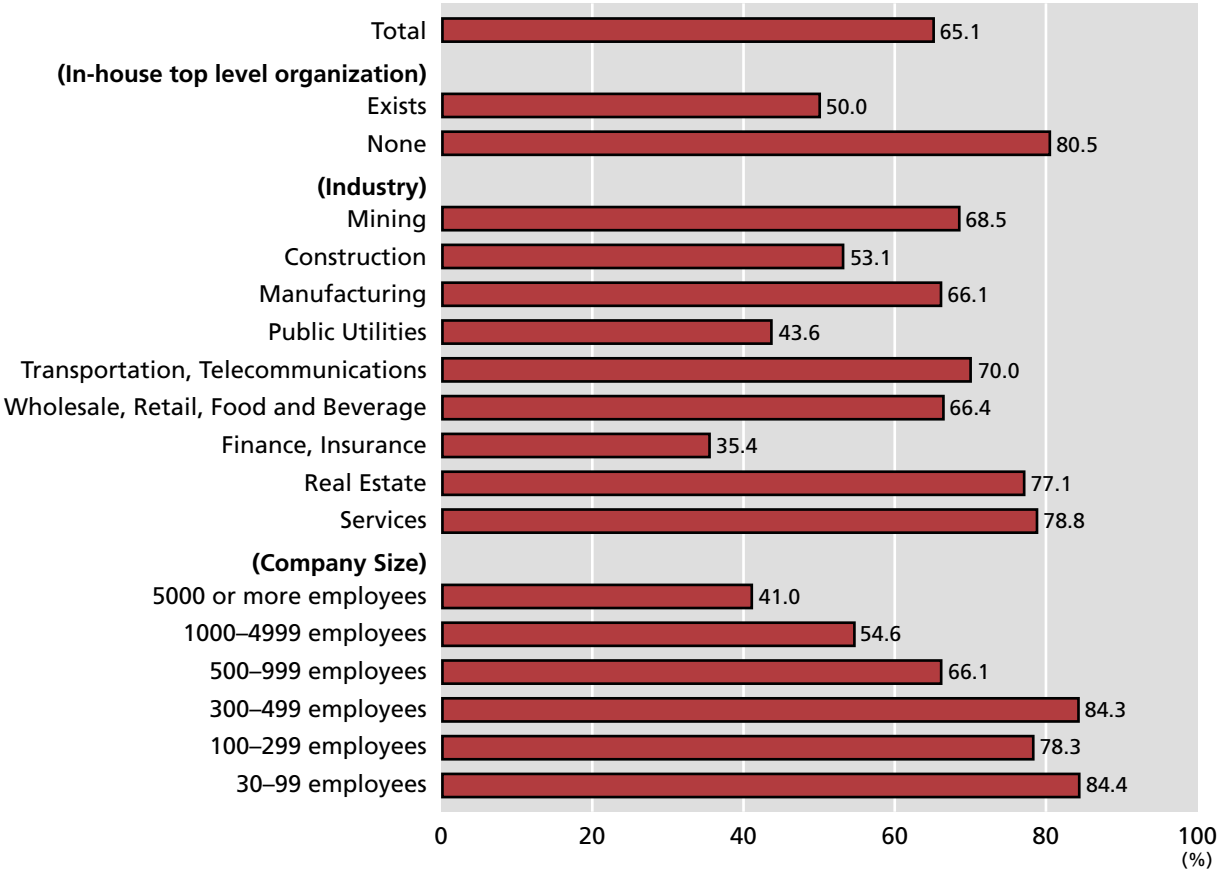
The labor-management consultation system aims at allowing workers to participate in management, and

has its origins in joint management councils that were beginning to be established after the war. Later, the labor-management consultation system gained popularity—in part because the Japan Productivity Center recommended its establishment to deal with the technological innovations taking place under a high economic growth rate, and from the standpoint of international competitiveness, and in part due to the changes in the environment surrounding businesses after the oil crisis. Still, there are no specific laws or regulations dealing with the labor-management consultation system, and it is run by the self-governance of labor and management.

According to a 1999 survey**, a labor-management consultation organization was established at 41.8% of workplaces with 30 or more employees; and of these workplaces, 84.8% had labor unions. The more employees at a workplace, the higher the rate of establishment (more than 60% of medium-sized businesses had a labor-management consultation organization); the fewer employees, the lower the rate of establishment (around 20–30% of small businesses). However, according to the 1997 survey*, labor-management consultation organizations were established at 60–70% of businesses—even small businesses—with labor unions. So it could be said that the establishment of labor-management consultation organizations is not a function of business size, but rather that businesses with labor unions have a high rate of establishment.

The ratios of labor-management consultation matters are as shown in the table IV-8, 9. Matters brought up for discussion are handled through levels of consultation ranging from a written explanation to agreement, and range broadly in content from concrete working conditions, to personnel systems, to

IV-7 Percentages of Collective Bargaining Carried Out over the Past Three Years (all labor unions = 100)



Source: *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labor Disputes, 1998 ed.*, Policy Planning and Research Department Secretariat, Ministry of Labour, 1998. Ministry of Finance Printing Bureau. Pg. 17.

matters relating to participation in management.

With respect to the connection between labor-management consultation and collective bargaining, according to the 1997 survey*, 85.6% of labor unions with a labor-management consultation organization replied that they differentiate between matters handled through collective bargaining and through labor-management consultation. Of those, 70.8% responded that they "classify by subject matter," 9.0% "classify by the possibility that an act of labor dispute may result," and 41.4% replied that they prefer to "handle the matter through labor-management consultation first, then if necessary move the issue to collective bargaining" (M.A.). Therefore, labor-management consultation can be distinguished as taking such forms as split from, united with, or blended with collective bargaining, or it can be typified as "negotiations before collective bargaining," "taking the place of collective bargaining," and so on. Further, according to the 1999 survey**, 65% of employee representatives in labor-management consultation organizations are representatives of labor unions.

For the facts on labor-management consultation, Fig. IV-10 shows the percentage of unions using each negotiation platform over the last three years, and whether the negotiations took place inside or outside labor-management consultation organizations. Even for the same matters, when a labor-management consultation organization exists it is used by a higher percentage than collective bargaining.

Labor-management consultation as a means to creating better communication between labor and management: according to the 1999 survey**, 63% of workplaces with a labor-management consultation organization estimate that "considerable results have been achieved" by the establishment of a labor-management consultation organization. It is particularly noteworthy that, of these workplaces, 63.9% claimed "communication with labor unions has improved." A relatively high percentage (41.0%) also replied "the management of company activities has become smoother."

IV-8 Percentage of Unions Utilizing Negotiation Platforms (collective bargaining and labor-management consultation organizations) over the Past Three Years, and whether the Negotiations Took Place Inside or Outside Labor-management Consultation Organizations

(%)

	Negotiations through labor-management consultation organizations	Negotiations through collective bargaining (labor-management consultation organization exists)	Negotiations through collective bargaining (no labor-management consultation organization exists)
Matters relating to salary	52.0	58.9	63.1
Matters relating to working hours	61.5	45.6	57.1
Matters relating to employment and personnel affairs	63.8	32.1	43.4
Child-care and family-care leave systems	31.9	23.3	25.7
Education and training	32.7	9.0	12.5
Work environment	57.2	17.0	31.3
Health management	41.8	8.6	19.3
Welfare issues	53.0	18.4	30.7
Equal treatment of men and women	24.6	9.7	14.0
Matters relating to management policies	49.7	15.5	20.6
Conclusion of a new comprehensive collective agreement, or its renewal or revision	31.6	19.6	18.0
Interpretation of, or doubt about, a collective agreement	25.3	11.7	14.4

Source: *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labor Disputes,* 1998 edition (pg. 15, fig. 3), Policy Planning and Research Department, Ministry of Labour

Notes: * *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labor Disputes*, 1998 edition, Policy Planning and Research Department, Ministry of Labour

** *Report on Results of the Labor-Management Communication Survey 1999*, Ministry of Labour (announcement of findings in newspapers on Sept. 19, 2000)

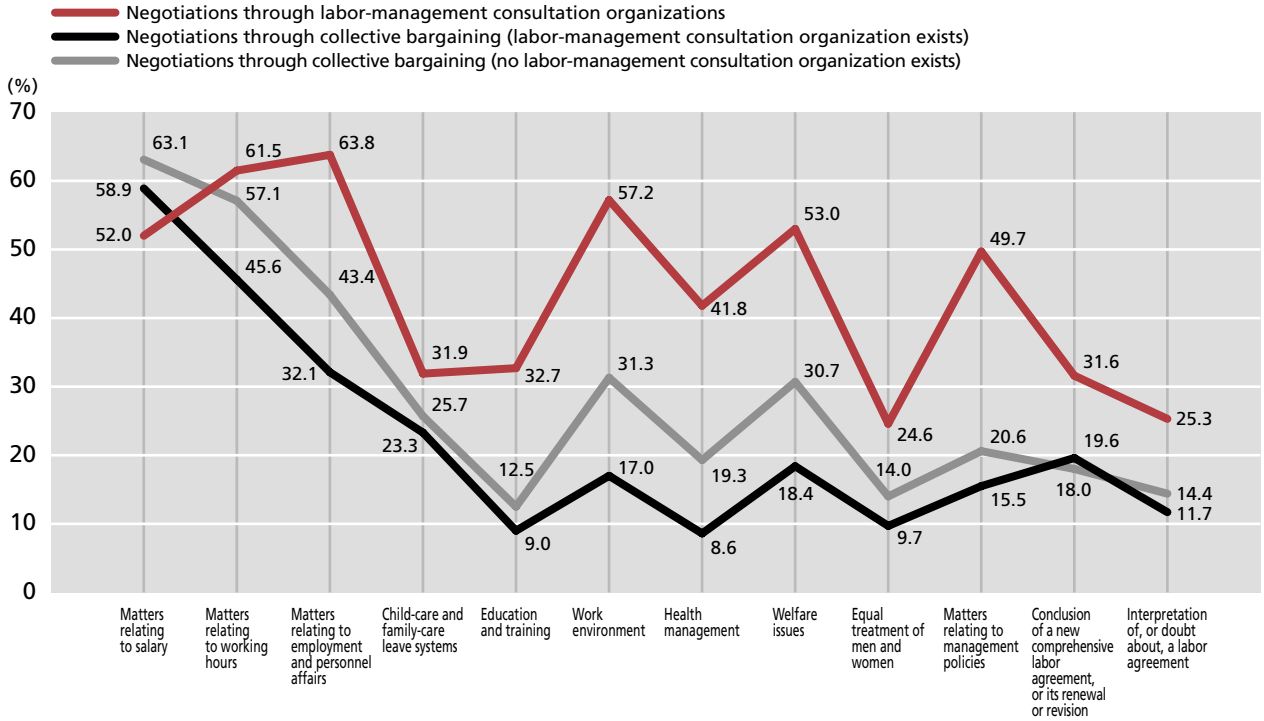
IV-9 Matters for Discussion, and Percentage of Workplaces Handling these Matters (by method of handling)

(%)

Matters	Labor-management consultation organization exists	Matters brought up for discussion					Matters not brought up for discussion	Unknown
			Written explanation	Hearing of Opinions	Labor-management consultation	Agreement		
Working hours, Days off, Leave	100.0	87.3	12.7	3.9	55.4	28.0	9.9	2.8
Change in working conditions	100.0	84.9	14.1	6.0	57.8	22.1	12.2	2.9
Health and safety in the workplace	100.0	83.1	14.3	16.4	57.9	11.4	14.1	2.8
Welfare issues	100.0	81.9	20.0	15.6	51.4	12.9	15.3	2.8
Wages, Lump sum benefits	100.0	80.4	14.3	3.7	55.3	26.7	16.9	2.8
Child-care and Family-care leave systems	100.0	78.6	21.6	6.4	48.3	23.7	18.4	3.0
Basic management policies	100.0	76.0	79.3	9.0	7.6	4.1	21.2	2.8
Overtime increment for after-hours work	100.0	75.6	16.0	2.6	54.6	26.8	21.6	2.8
Retirement age system	100.0	75.0	21.1	3.5	47.1	28.3	22.2	2.8
Temporary lay-off, Personnel cuts, Dismissal	100.0	73.3	16.4	11.4	49.2	23.0	23.7	3.0
Retirement benefits and Pension standards	100.0	73.3	16.5	3.3	54.5	25.6	23.9	2.9
Establishment or reorganization of corporate organizational structure	100.0	70.3	61.8	11.7	19.2	7.3	26.8	2.9
Basic plans for production, sales, etc.	100.0	68.8	72.5	12.1	11.7	3.6	28.3	2.9
Cultural and athletic activities	100.0	65.3	15.0	26.5	47.0	11.5	31.8	2.9
Change of assignment and Temporary transfer	100.0	64.0	37.7	14.5	30.6	17.1	33.1	2.8
Promotion and its criteria	100.0	60.6	54.6	13.8	20.3	11.2	36.6	2.8
Education and training plans	100.0	58.2	48.8	22.7	22.5	6.0	38.9	2.8
Recruitment and assignment criteria	100.0	57.0	64.8	12.6	15.8	6.9	40.1	2.9
Introduction of new technology and applied equipment, etc. Rationalization of production and clerical work	100.0	54.1	49.6	17.9	27.3	5.2	42.9	3.1

Source: *Report on Results of the Labor-Management Communication Survey 1999,* Ministry of Labour (announcement of findings in newspapers on Sept. 19, 2000)

IV-10 Percentage of Unions Using Negotiation Platforms (collective bargaining, labor-management consultation organizations) over the Past Three Years, and whether the Negotiations Took Place Inside or Outside Labor-management Consultation Organizations



Source: *Japanese Labor Unions Today II—Survey Results on Collective Bargaining and Labor Disputes*, 1998 edition (pg. 15, fig. 3), Policy Planning and Research Department, Ministry of Labour

5 Shunto: Spring Wage Offensive

The Beginning and Objective of Shunto

Shunto—the spring wage offensive—is a united campaign, mainly for higher wages, launched each spring by labor unions for each industry. In 1955, unions in the private sector established the Eight Federated Unions' Joint Struggle Council, whose membership consisted of the Japanese Federation of Synthetic Chemical Industry Workers' Unions, Japan Coal Miners' Union, General Federation of Private Railway Workers' Unions of Japan, Electric Power Workers' Union, National Federation of Paper and Pulp Industry Workers' Unions, National Trade Union of Metal and Engineering Workers, Japanese Federation of Chemical Industry Workers' Unions, and the All Japan Federation of Electric Machine Workers' Unions. The National Council of Government and Public Workers' Unions joined the organization in the following year. Thereafter, it has become customary to conduct annual spring negotiations for wage increases on a national scale. Up to the present day, the major labor unions and businesses have been holding to this model.

The main objectives behind the establishment of Shunto in the first place were to compensate for enterprise unions' lack of bargaining power as individual entities and to distribute wage increases proportionately across companies and industries through simultaneous wage negotiations. Taking the wage increase rate set by the top firm in a major industry (or pattern setter) as the standard, the influence on wage increases spreads to the other large companies in the concerned industry, followed by large firms in other industries, government agencies, medium- and small-scale businesses, and finally to workers who are not union members. Wage levels are thereby standardized nationwide.

Pattern Setter

Initially, the pattern setter role rotated among businesses such as private railways, the Council of Public Corporations and Government Workers Unions, and firms in the coal and steel industries. However, the formation of the IMF-JC (International Metalworkers' Federation—Japan Council) in 1964 served as a turning point, and four of its member industries (steel, shipbuilding, electric machinery, and automobiles) became central figures in determining the market wage rate. With the entry of the era of low economic growth—and the relative loss of competitiveness for businesses in industries like steel and shipbuilding—we can no longer find an industry capable of the strong leadership once seen in setting the wage rate of Shunto. However, the four above-mentioned metal industries producing goods for export still wield important influence in shaping the Shunto rate.

The Effect of Shunto

During the era of rapid economic growth, labor unions won substantial wage increases through Shunto, and an attempt was made to create level wage increases. Shunto was instrumental in raising the low standard of wages in industries and sectors that paid poorly. Annual negotiations between labor and management helped determine an appropriate wage level in the context of changing economic conditions. Consequently, management was able to adjust to those economic changes rather flexibly, and as a result Japan began to enjoy excellent economic performance.

Debate Over the Rethinking of Shunto

However, nominal wages in Japan today are among the highest in the world because of slow economic growth and the strong yen, and we can not count on Shunto for sizable wage increases. Moreover, differences in the business performance of Japanese companies have become conspicuous, a trend hindering the industry wide wage increases that could be expected in the past. Under conditions like these, there is considerable debate over the rethinking of Shunto. Since the huge amount of time and money devoted to Shunto yield only minor wage increases, there are also cases in which Shunto is carried out

every other year (multi-year arrangement). From the viewpoint of making corrections for age group, business, and regional differences, there is also an attempt to reconsider Shunto while maintaining Shunto's wage standardization function. This may be accomplished through such changes as a revision of the former "system of average wage increases," by moving toward an "individual wage system" that will clearly express how much the wage level of the model worker is raised.

Shift of Shunto Policy

Given today's austere economic climate in which wage increases are difficult, Shunto is also making a large shift from its former policy of wage increases as the highest priority matter, to job security as the matter of utmost importance. Japan Business Federation is advocating work sharing as an important link in job security. The contents of the work sharing program consist of such things as reduced working hours along with lower wages, and the introduction of hourly wages for permanent employees, and this is being discussed in all fields.

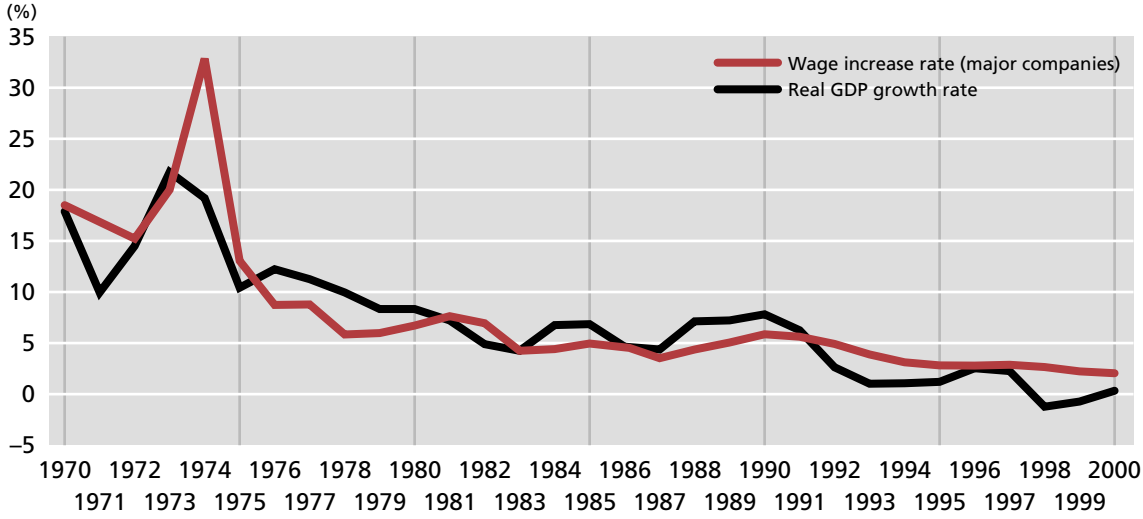
Further, to confront the step-by-step increase of the age to begin receiving pension benefits (begun in April 2001) to 65, requests such as "an extension of employment after age 60" were made by many unions at the 2000 Shunto. There were negotiations on these requests, and as a result many agreements were made between labor and management for things like the introduction of a re-employment system.

Notes: 1) System of Average Wage Increases
One method of request for higher wages by a labor union, also called the "base-up system." A method of requesting a wage increase amount (or wage increase rate) based on a broad increase in average payment per employee, dividing the total payment by number of employees or by number of union members.

2) Model Worker
Model workers are established based on the ideal of a person who serves at one company for a long period of time after graduation, with no experience of service at another company. During Shunto the labor unions create model wages, and model workers are the workers for whose benefit these model wages are created.

3) Individual Wage System
One method of request for higher wages. When making the wage request, the request is not for an average raise in the wage amount or an average increase in the wage rate; rather, it is a system for requesting wage increases for either workers on an individual basis or for established groups of workers. Generally this method involves requests for wage increases of a certain yen amount or percentage, and for a fixed group of model workers sharing a certain age or number of years of service.

IV-11 Relation between Economic Growth Rate and Rate of Wage Increases



Sources: Ministry of Health, Labour and Welfare; Cabinet Office
Note: GDP takes 1990 as standard.

Chapter V Labor Laws and Labor Administrations

1 Employment Measures and Relief for the Unemployed

The Japanese government implements employment policies to respond to changes in economic and social conditions. High priority is assigned to measures designed to provide employment opportunities, prevent unemployment, and facilitate re-employment so that all workers can make maximal use of their abilities.

As an indicator of the direction of mid-term employment policies, in August 1999 the Cabinet approved the "Ninth Project for the Stabilization of Employment and Creation of New Employment Opportunities," which will remain in effect until 2009. To respond accurately to structural changes in the labor market, the goals of the project are to stabilize employment and create new employment opportunities while motivating workers and enabling them to make effective use of their skills. To achieve those goals, a concerted effort will be made to promote the following comprehensive measures:

(1) Stabilization of employment and the creation of new jobs in accurate response to changes in economic and industrial structures.
(2) Along with the upgrading of workers' skills, promoting human resource training to support socioeconomic development.
(3) Aiming for the realization of a society in which people can make the most of their ambition and abilities.
(4) Developing employment policies from a global perspective.

The Labor Situation 2002

The current employment situation is increasingly severe, with the complete unemployment rate reaching all-time high levels while the effective job offer to applicant ratio is falling.

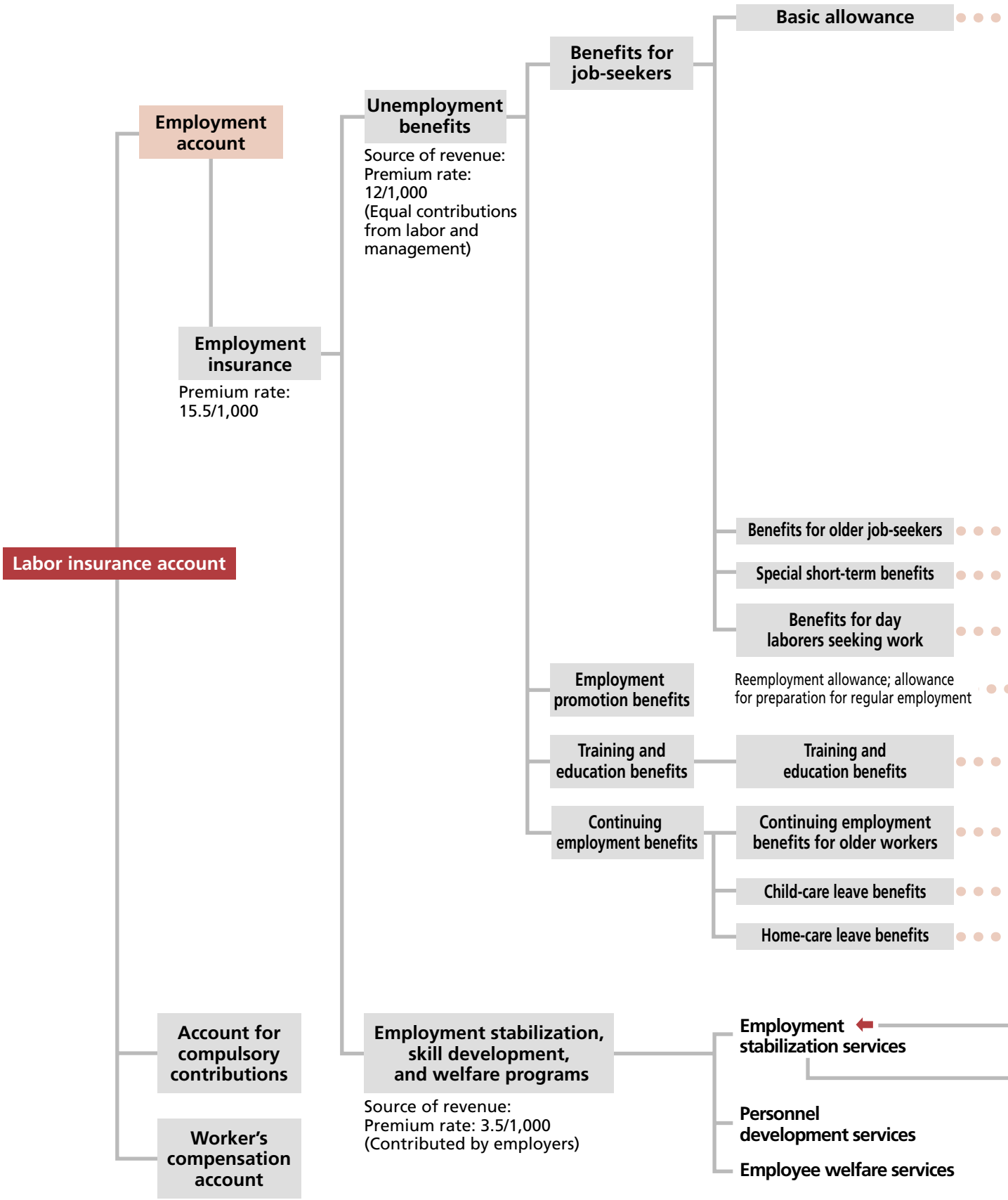
To cope with this sort of harsh employment situation, the "General Employment Measures" were laid down on September 20, 2001, taking the necessary steps in The First Supplementary Budget. The Measures contain elements such as the following:

(1) Creation of employment opportunities meeting regional needs through a new Special Emergency Regional Employment Subsidy,
(2) Support for shifts in the labor force without job loss by making effective use of resources in the private sector, such as sponsorship for re-employment assistance through private employment assistance offices,
(3) Elimination of mismatches of ability and age by the training of career counselors, etc., with a target of 50,000 such counselors trained in 5 years,
(4) Improvement of the "safety net" through the expansion of extended training allowances in unemployment insurance and the establishment of a Lifestyle Funds Loan System for specified out-of-work persons such as those self-employed who were forced out of business.

Moreover, steps such as the following have been taken, in the "Law on Employment Measures in Extraordinary Cases," as necessary legal adjustments for the implementation of the "General Employment Measures":

(1) Creating the possibility for middle-aged and older workers struggling motivationally with skill development to attend multiple training sessions aimed at re-employment,
(2) Establishing assistance for the hiring of middle-aged and older workers along with administrative reform
(3) Extending the maximum dispatch time for

V-1 Employment Insurance Program (fiscal year 2002)



Benefits System for Qualified Workers

The term of benefits for the generally insured except insured short-term workers

a The ordinary unemployed

Classification/Insured period		Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
The generally insured		90 days		120 days	150 days	180 days
Persons difficult to be re-employed	–44	150 days	300 days			
	45–64		360 days			

(1/4 from government Treasury) (1/3 is broad, extended benefits)

b The unemployed as a result of bankruptcy, dismissal, etc.

Age/Insured period	Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
Under 30	90 days	90 days	120 days	180 days	210 days
30–44		90 days	180 days	210 days	240 days
45–59		180 days	240 days	270 days	330 days
60–64		150 days	180 days	210 days	240 days

60%–80% of previous daily wage
(Under 30 ¥3,400– 8,754
30–44 ¥3,400– 9,726
45–59 ¥3,400–10,704
50%–80% for workers aged 60–64 ¥3,400– 9,725)

Term of benefits for the generally insured who are insured short-term workers

a The ordinary unemployed

Classification/Insured period		Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
The generally insured		90 days		90 days	120 days	150 days
Persons difficult to be re-employed	–29	150 days	240 days			
	30–64		270 days			

b The unemployed as a result of bankruptcy, dismissal, etc.

Age/Insured period	Less than 1 year	1 to 4 years	5 to 9 years	10 to 19 years	20 years or more
Younger than 30	90 days	90 days	90 days	150 days	180 days
30–44		90 days	150 days	180 days	210 days
45–59		180 days	210 days	240 days	300 days
60–64		150 days	150 days	180 days	210 days

60%–80% of previous daily wage
(Under 30 ¥1,728– 8,754
30–44 ¥1,728– 9,726
45–59 ¥1,728–10,704
50–80% for workers aged 60–64 ¥1,728– 9,725)

30–75 days, depending on length of time covered (30–50 days for older workers engaged in short-term employment) — (Not funded by the Treasury) — Same as above

Lump sum for seasonal workers amounting to 50 days' pay — (1/4 from treasury funds) — The same benefit as for general wage-earners under the General Job-Hunting Benefit

One day's pay for each incidence of unemployment — (1/3 from treasury funds) — Three-stage benefit: ¥7,500, ¥4,100, ¥6,200

(Not funded by the Treasury)

80% of tuition [Max-limit ¥300,000, Minimum-limit ¥8,000] — (Not funded by the Treasury)

For retaining workers aged over 60, 25% of their salary — (1/8 from government funds)

40% of salary, paid prior to leave — (1/8 from government funds)

40% of salary, paid prior to leave — (1/8 from government funds)

Apportioned from budget; distribution is flexible

Employment stabilization fund ← **Budget funding**

Surplus funding

(Employment adjustment subsidies, subsidies for designated job-seekers)

(Operation of institutions offering skill training)

(Operation of social welfare facilities)

Supplementary funding to cover insufficiencies in an accounting term

middle-aged and older temporary workers from one year to three years.

Japan's unemployment insurance system is instrumental to the stabilization of employment, and measures are designed to facilitate job-seeking activities. The system provides the following remedies:

(1) Workers receive unemployment benefits from insurance premiums paid by employers and employees when they lose their jobs, and thus, their source of income, or when employers are forced to let workers go due to unavoidable circumstances, or when workers undergo vocational training at their own expense. These benefits, which help workers maintain a decent lifestyle while they find new employment, amount in principle to between 60 and 80% of their previous salaries, and are paid for a period ranging from 90 to 360 days.

(2) Three programs are in place to prevent unemployment, improve the labor market, expand employment opportunities, develop or improve workers' skills, and promote employee welfare: employment stabilization programs, skills development programs, and welfare programs. While the main function of the unemployment insurance system is to administer unemployment benefits, these three programs (funded by insurance premiums paid by employers) play a key role in furnishing subsidies for employment adjustment (Note 1), subsidies for creating employment opportunities for specific types of workers (Note 2), and in implementing other measures designed to reduce unemployment.

Notes: 1) Employment-adjustment subsidies
The government pays employers employment-adjustment subsidies for maintaining employment and preventing unemployment when employers retain their staff in the face of economic fluctuations or industrial restructuring that calls for downsizing. These subsidies cover part of employers' expenses incurred when they avoid lay-offs or dismissals by giving workers temporary leave, training, or transfer them to other businesses.

2) Subsidies for employment development for specified job applicants
These subsidies were established to increase job opportunities for certain workers. These workers who have difficulty finding employment due to age or physical disabilities, or those who need support in locating employment in cases such as a change in labor market conditions, are referred by Public Employment Security Offices or by work introduction professionals at free or fee-based employment agencies. The subsidies cover part of the salaries paid to them.

2 Policies Designed to Secure Employment for Older and Disabled Workers

Helping Older Workers Find Employment

The rapid aging of Japan's population is a phenomenon as yet unobserved anywhere else in the world. With the dawning of the 21st century, the baby boom generation will be entering its sixth decade. In terms of total population, approximately one person in three will be over 60 years of age, while in the labor force that ratio will be approximately one person in five. To maintain socio-economic vitality under these circumstances, it will be necessary for as many elderly as possible to take an active part in supporting society and the economy. To realize this in the future, we need to create a society in which motivated and able persons can continue to work, regardless of age.

With this fundamental understanding, the government is enacting the following measures. Over the next ten years, we will endeavor to raise the standard retirement age to 65. At the very least, it is necessary for employers to hire or rehire older people who are willing and able to work, and retain them until age 65. We are, therefore, placing priority on long-term, comprehensive policies designed to secure employment for older workers, as described below, which we will promote aggressively in FY2002.

Securing Employment for Persons up to Age 65 to Benefit from Their Knowledge and Experience

Guidance and assistance are being provided at Public Employment Security Offices and the Association of Employment Development for Senior Citizens to raise the standard employment age and promote measures related to the introduction and improvement of the continuous employment system at companies.

Assisting and Promoting the Re-employment of Middle-Aged and Older Workers

To assist employers in the rehiring of retired persons and middle-aged and older workers who were forced to leave work, we are endeavoring to promote the popularization and use of re-employment assistance planning systems and are also offering guidance and assistance to business owners who provide re-employment assistance for older workers.

Promoting Diverse Work and Social Participation for the Elderly

(1) We will broaden the scope of current programs at Silver Human Resource Centers by, for example, functionally enriching those Centers' ability to provide employment opportunities. We will also expand the Senior Work program, which sponsors skills training and group interviews at the Federation of Silver Human Resource Centers, with the cooperation of business owners' associations.

(2) Since it is extremely difficult to secure employment opportunities for older workers, we will encourage older workers to put their abundant work experience to use by opening their own businesses and engaging in entrepreneurial activities. Specifically, we will provide financial support to groups of persons aged 60 and over who cooperate in creating self-employment opportunities, to help defray expenses incurred in acquiring skills necessary to find or create jobs.

Note: Silver Human Resource Centers were established to help revitalize community life by providing temporary or short-term jobs or other light jobs to retired workers who wish to remain involved in community activities, and by creating more employment opportunities for these workers. Any worker aged 60 or over who is in good health and desires employment may become a member of a Silver Human Resource Center. Members accept temporary or short-term work and other light jobs that are closely connected with community life, offered by private citizens, businesses, and government agencies, and for which they are paid a set wage. As of March 2001, approximately 640,000 persons were members of Silver Human Resource Centers.

Propelling Policy for the Realization of a Society

For the realization of a society in which people can work regardless of age, we will hold a conference of

experts as well as a research group with the purpose of exchanging a wide range of opinions on how employment systems should be used in such a society and how to improve conditions from hire to retirement; and we will proceed with the study.

Employment Measures for Persons with Disabilities

Several programs aim to help persons with disabilities lead normal lives, such as the New Long-Term Project for Support of the Disabled (formulated in March 1993), and the Seven-Year Normalization Plan for the Disabled (formulated in December 1995). These programs are designed to help persons with disabilities achieve "equality and full participation in society," which was the motto of the International Year of the Handicapped, by enabling them to participate in the same activities as other members of society. Those objectives are best attained by finding job for the disabled. It is important for persons with disabilities to hold the same jobs as workers without disabilities, as far as possible. Our policies are based on this principle, as well as on the provisions of the Law for Employment Promotion, etc. of the Disabled, and Fundamental Policy for Employment Measures for Disabled Persons.

Employment Quota System for Disabled Persons and Levy and Grant System for Employing Persons with Disabilities

The Law for Employment Promotion, etc. of the Disabled stipulates that quotas be established for the hiring of the physically and or intellectually disabled, specifying the percentage of a company's workforce to be occupied by persons with disabilities. Business owners are required to hire persons with disabilities in numbers equivalent to or greater than the legally mandated quota.

The current legal employment quotas are:

- Private corporations: 1.8%
- Special government corporations: 2.1%
- National and local public corporations: 2.1%
- Designated school boards: 2.0%

Public Employment Security Offices promote the employment of persons with disabilities by directing the following to submit a hiring plan: (1) business owners whose hiring practices fall significantly below the quota, (2) business owners who need to meet the quota by hiring a large number of persons with disabilities, and (3) business owners in the private sector who plan to hire a large number of workers in the future. A warning is issued to any business owner who does not implement a submitted plan.

The Levy and Grant System for Employing Persons with Disabilities was established to ease the economic burden on business owners who hire persons with disabilities, and to increase job opportunities for the disabled. Levies are collected from companies that fail to fulfill the employment quota, and distributed as bonuses to companies that employ more physically or intellectually disabled persons than the quota. A number of grants are also awarded to encourage the hiring of the disabled. By informing business owners of these requirements and dispensing grants, we seek to stabilize employment of persons with disabilities and maximize their employment opportunities.

Future Direction of Measures for the Employment of Disabled Workers

Amid current severe employment conditions, the number of applicants with disabilities is expected to remain at a high level. This requires urgent attention to provide support for the disabled who are unemployed by enabling them to find new jobs as soon as possible.

To create employment opportunities for persons with disabilities, we have been making every effort by assigning people to find job offers for the disabled and sponsoring group interviews etc. In addition, we started "Program for Creating Employment Opportunities" from fiscal year 2001, which supports probationary employment for three months.

In the medium and long term, in accordance with "The Fundamental Policy for Employment Measures for Disabled Persons", etc., we will make additional efforts to promote the employment of the physically and intellectually disabled persons by strictly enforcing the above employment quotas, and we also need to gradually and systematically advance comprehensive and through polices that meet the needs of persons with all types of disabilities, such as establishing environments to promote the employment of the mentally disabled persons and to maintain their employment relationship.

V-2 FY2002 System of Employment Measures for Older People

1. Measures to secure employment for people aged up to 65, tapping their expertise and experience

❍ **Promotion of a raised retirement age, or the introduction, etc. of a continuous employment system**
- Guidance, and careful consultation and assistance for business owners by Public Employment Security Offices
- Consultation, assistance, etc. using elderly employment advisors at employment security centers for the elderly, etc. (comprehensive promotional services for the improvement of the work environment (Jump 65 promotional services))
- Subsidy measures for business owners who raised the mandatory retirement age and introduced a continuous employment system (Subsidy for Promotion and Establishment of Continued Employment)

❍ **Support for older workers (Grants For Employment of Older Workers)**

❍ **Promotion of job development for older persons through cooperation with regional economic organizations**

2. Support and Promotion of Reemployment of Older People

❍ **Guidance and Assistance for Employers, etc. who assisted in the rehiring of retired persons and older workers who were forced to leave work**
- Promotion of support by business owners for current middle-aged and older employees who are planning to leave work (popularization of a system of re-employment assistance plans, and promotion of their effective use)
- Counseling and assistance activities using reemployment support consultants at employment security centers for the elderly, etc. (comprehensive promotional services for the improvement of the work environment (Jump 65 promotional services))
- Subsidy measures for business owners, etc. who assisted in the reemployment of older workers who were planning to leave work (Subsidy to Help Workers in Office Find Employment)
- Subsidy measures for business owners who accept middle-aged and older workers within the enterprise group (employment security subsidies for the transfer of older workers)

❍ **Job counseling and introduction of work at Public Employment Security Offices**
- Careful consultation and assistance by the Professional Assistance Department
- Consultation and assistance together with elderly welfare services by a job counseling room for the elderly managed in cooperation with the local government.

❍ **Guidance and Education for the easing of age restrictions in recruiting**

❍ **Promotion of the hiring of older persons through Public Employment Security Offices and employment agencies in the private sector (Subsidies for Employment Development for Specified Job Applicants)**

3. Promotion of Social Participation of Older People

❍ **Promotion of business at Silver Human Resource Centers**
- Promotion of short-term and temporary work for the elderly
- Promotion of living assistance support services for the elderly
- Promotion of senior work programs (aimed at the elderly, implementation of skills classes, group interviews and workplace experience courses, etc. with employer groups)

❍ **Support for older persons starting their own enterprises**
- Support measures for businesses started by 3 or more senior citizens (support programs to create joint employment opportunities for older people)
- Consultation, assistance, etc. on self-management by Industrial Employment Security Centers

❍ **Promotion of short-term employment for the elderly (services providing employment and work opportunities for the elderly)**

❍ **Consultation, assistance, etc.—on employment and work for the elderly—for business owners and middle-aged and older workers who are planning to leave work by Elderly Employment Support Centers/Corners.**

4. Approach to Realization of Society According Job Opportunities Regardless of Age

❍ **Hold a conference of intellectuals on development of society with job opportunities regardless of age**

V-3 System of Employment Measures for Persons with Disabilities

Comprehensive promotion of employment measures for disabled persons, aiming at the realization of a society in which persons with disabilities and persons without can participate similarly in their places of employment, according to ability and aptitude.

New Long-Term Project for Support of the Disabled, Plan for the Disabled

The Fundamental Policy for Employment Measures for Disabled Persons

Comprehensive Promotion of Employment Measures for Persons with Disabilities

(1) Guidance and assistance for business owners

❍ **Employment quota system for disabled persons**
- Stipulated employment rate
  Private enterprise: General—1.8%, Special government corporations—2.1%
  National, Local government: 2.1% (selected school boards—2.0%)
- Guidance in fulfilling quotas through order to prepare "A Plan for Hiring Disabled Persons"

❍ **Support, etc. for employers through the system of levy and grant system for employing persons with disabilities.**
- Adjustment of the imbalance of economic burden between employers by levy and grant system for employing persons with disabilities
- Support for employers who improve facilities, equipment and so on for disabled employees; assign assistants; give consideration toward housing and transportation; and continue to employ persons who become disabled while on the job
- Assistance in paying wages through bounty for the employment development for specified job applicants

❍ **Provision of expertise regarding employment for persons with disabilities**
- Provision of positive examples and employment administration expertise regarding employment for persons with disabilities

(2) Implementation of occupational rehabilitation based on the characteristics of each persons with disabilities

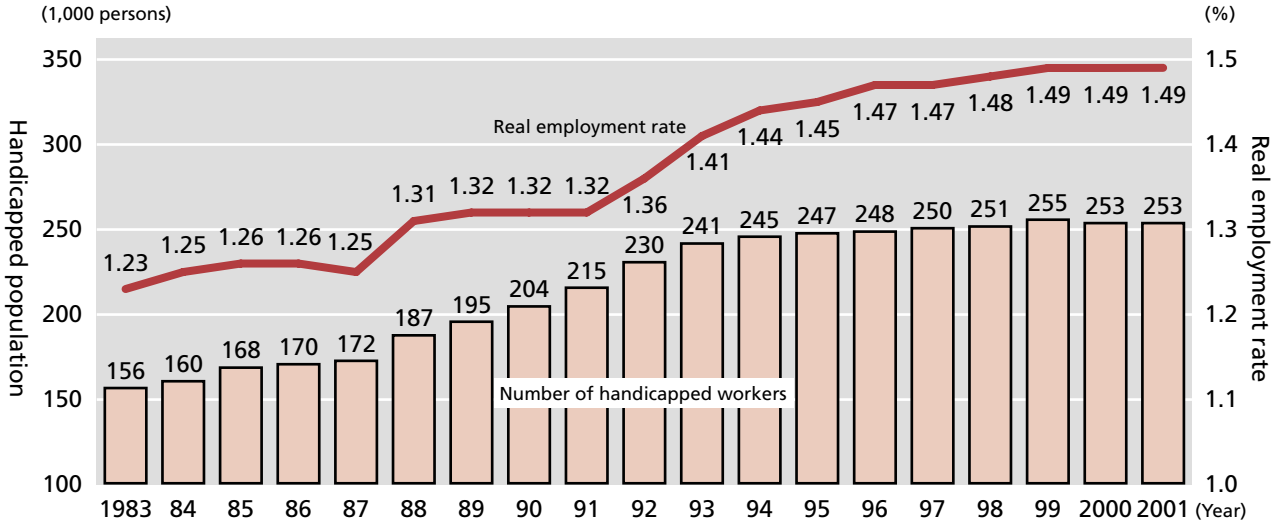
❍ **Offer of advice, referrals, and guidance for adaptation to the workplace according to the needs of persons with disabilities, at Public Employment Security Offices**
❍ **Provision of specialized occupational rehabilitation services to persons with disabilities (e.g. performance evaluations) at vocational centers for persons with disabilities (operated by the Japan Association for Employment of Persons with Disabilities)**
- Personal support by Job Coaches for adjustment in the workplace

❍ **Promote the combined assistance of employment and living support within the living area**
❍ **Strengthening of cooperation with institutions related to health, welfare, etc.**

(3) Education related to employment of persons with disabilities

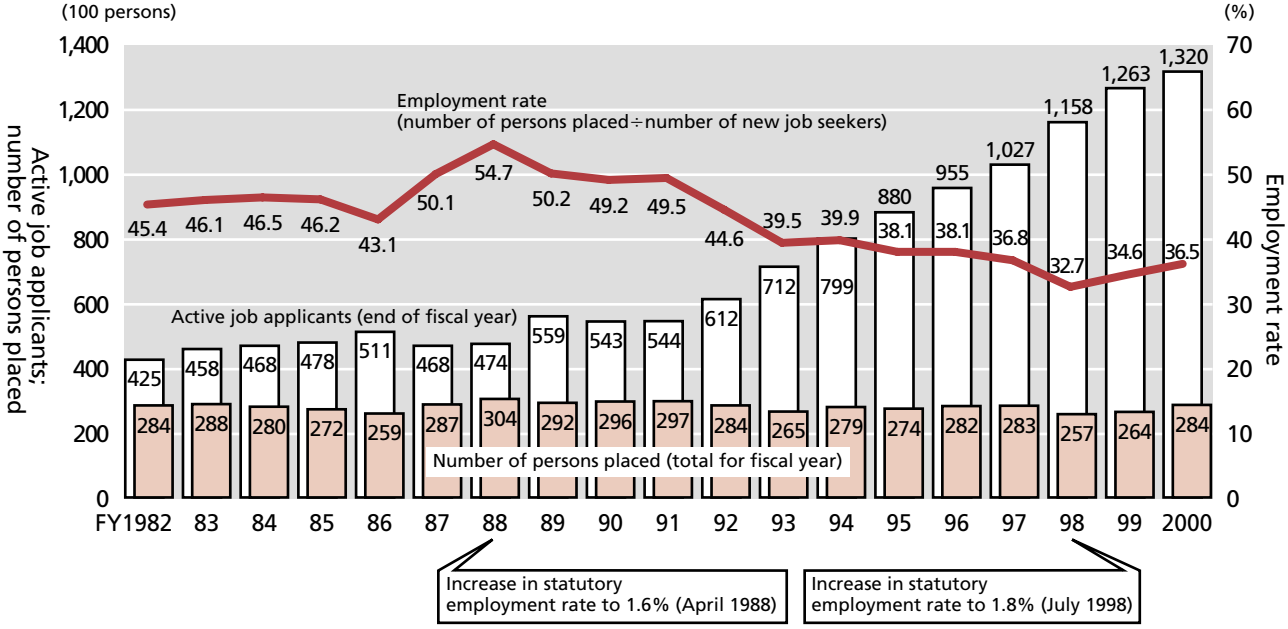
❍ **Creation of an opportunity for enterprises to employ persons with disabilities through trial employment**
❍ **Institution of a promotional month (September) for the employment of persons with disabilities**
❍ **Cooperation with the disabled groups in public information and education activities**

V-4 Employment Situation of Disabled Persons (report on employment conditions, 1 June each year)



Source: *Employment Security Bureau Statistics*, Ministry of Health, Labour and Welfare

V-5 Employment Situation of Disabled Persons (transactions handled by public employment security offices)



Source: *Employment Security Bureau Statistics*, Ministry of Health, Labour and Welfare

3 Public Job Introduction System

The basic purposes of Public Employment Security Offices, which are located in approximately 600 locations all over Japan (including branch offices), are to provide job seekers with the most suitable job opportunities according to their wishes and abilities and to introduce the most appropriate personnel to employers who are looking for employees.

The Public Employment Security Offices are connected online throughout Japan, and offer service using the Comprehensive Employment Information System to provide information about job vacancies and job searches immediately through computers.

In addition, in order to make appropriate responses to various needs in recent years, we have strengthened our agencies by introducing services such as the following:

(1) Bank of Human Resources

The Public Employment Security Offices established 26 Banks of Human Resources in major cities to introduce able personnel to medium- and small-sized companies and to promote the employment of the elderly. The Bank of Human Resources deals primarily with administrative, professional, and technical positions.

(2) Part-time Job Bank and Part-time Job Satellite

The Public Employment Security Offices established 97 Part-time Job Banks and 117 Part-time Job Satellites in convenient areas, such as station terminals in major cities, in order to offer comprehensive job introduction services for part-time employment.

(3) Hello Work to Support Combining Work and Family

The Public Employment Security Offices changed "Ladies' Hello Work," established in 1999, in both name and services offered to form Hello Work to Support Combining Work and Family. The Public Employment Security Offices established a Hello Work to Support Combining Work and Family at 12 locations throughout the country to support users in the combination of childcare, nursing care, domestic duties, and work. This service is geared toward those who have the willingness and ability to work but cannot do so because of responsibilities related to child care, nursing care, and domestic duties.

(4) Hello Work Information Plaza

The Public Employment Security Offices began establishing Hello Work Information Plazas in each prefecture in 1999 to help job seekers find employment. Job seekers may easily and effectively find job information by using searchable devices for themselves at the Hello Work Information Plazas.

(5) Comprehensive Employment Support Center for Students, Employment Center for Students, and Counseling Room for Students

The Public Employment Security Offices established these institutions for the specific purpose of providing employment support to graduating students as well as unemployed graduates. These institutions offer employment counseling to provide not only a variety of employment information but also to offer supplemental assistance to job introduction services offered by universities and other institutions.

V-6 The Organization and Functions of the Public Employment Service Institutions (as of March 31, 2002)

The Public Employment Security Offices

Main offices (478 offices)
Branch offices (109 offices)
Supplementary offices (28 offices)

A. Employment counseling and assistance, job introduction (for the general public, the elderly, graduates, the disabled, day workers, etc.)
B. Job instruction (providing employment information, implementing vocational aptitude tests, etc.), instruction about vocational training
C. Instruction to improve employment management (providing and managing employment information, continued employment system for the elderly, employment of the disabled, securing personnel for small and medium-sized businesses, etc.)
D. Providing information on employment, job seeking, and the labor market
E. Business transactions concerning employment insurance (applicability and payment)
F. Business transactions concerning subsidies
G. Business transactions concerning demand-supply coordination among the private labor force (acceptance of application of job introduction project for fees, etc.), and others

Institutions to provide specific services

Bank of Human Resources (26 Banks)
The Bank of Human Resources introduces able personnel to small and medium-sized companies and promotes the employment of the elderly. The Bank of Human Resources focuses primarily on administrative, professional, and technical positions, offers job consultation, provides information, etc.

Part-time Job Bank (97 Banks) and Part-time Job Satellite (117 Satellites)
The Part-time Job Bank and Part-time Job Satellite implement job introduction, job consultation, information sharing, and vocational training for the benefit of part-time workers.

Hello Work to Support Combining Work and Family (12 institutions)
The Hello Work to Support Combining Work and Family implements job introduction, job consultation, information sharing, and other services to those who have the willingness and the ability to work, but cannot do so immediately because of responsibilities for child care, nursing care, and other duties.

Hello Work Information Plaza (47 institutions)
Job seekers can find a wide range of job information by using searchable devices at the Hello Work Information Plaza.

The Comprehensive Employment Support Center for Students (1 center), Employment Centers for Students (6 centers), and Counseling Rooms for Students (40 centers)
These institutions implement job introduction, job counseling, information sharing, vocational aptitude tests, etc. for the benefit of newly graduating students as well as unemployed graduates.

Note: In addition to the institutions listed above, there are Local Region Employment Support Centers and Employment Service Centers for Foreigners.

4 Measures to Shorten Working Hours

Working Hours

During the era of rapid economic growth, annual working hours steadily declined due to a tight labor market and higher productivity. In the mid-1970's, this trend leveled off. Since the revised Labor Standards Law became effective in 1988, establishing a 40-hour workweek as the norm, working hours have continued to decrease.

In FY2000, scheduled working hours remained at 1,714 while overtime hours were 140 (an increase of 6 hours over the previous fiscal year), so that total working hours increased by 6 to 1,854 hours.

The five-day workweek is gradually taking root in Japan, with 95.8% of all workers on that schedule in 1999. However, only 58.7% of all employers have adopted it on a regular basis; small and medium-sized businesses have made little progress in this direction.

Most workers use only 50% of the paid holidays and vacation days to which they are entitled each year. In 2000, the average worker was entitled to 18.0 paid annual leave, but generally used only 8.9 days (49.5%).

Efforts by Public Administration to Shorten Working Hours

The entire nation must address the issue of reduction of working hours since leisure time is crucial to a comfortable lifestyle. The government has set a firm goal of a 1,800-working-hour year (in economic plans, for example). To this end, it has placed importance on encouraging workers to take paid annual leave and reducing the number of overtime hours, and is coping with these issues now.

The Cabinet issued a resolution in July 1999 entitled "Policies for the Ideal Economy and Society and an Economic Rebirth." The resolution recommends shortening the number of working hours to 1,800 per annum over the next 10 years by curtailing overtime work.

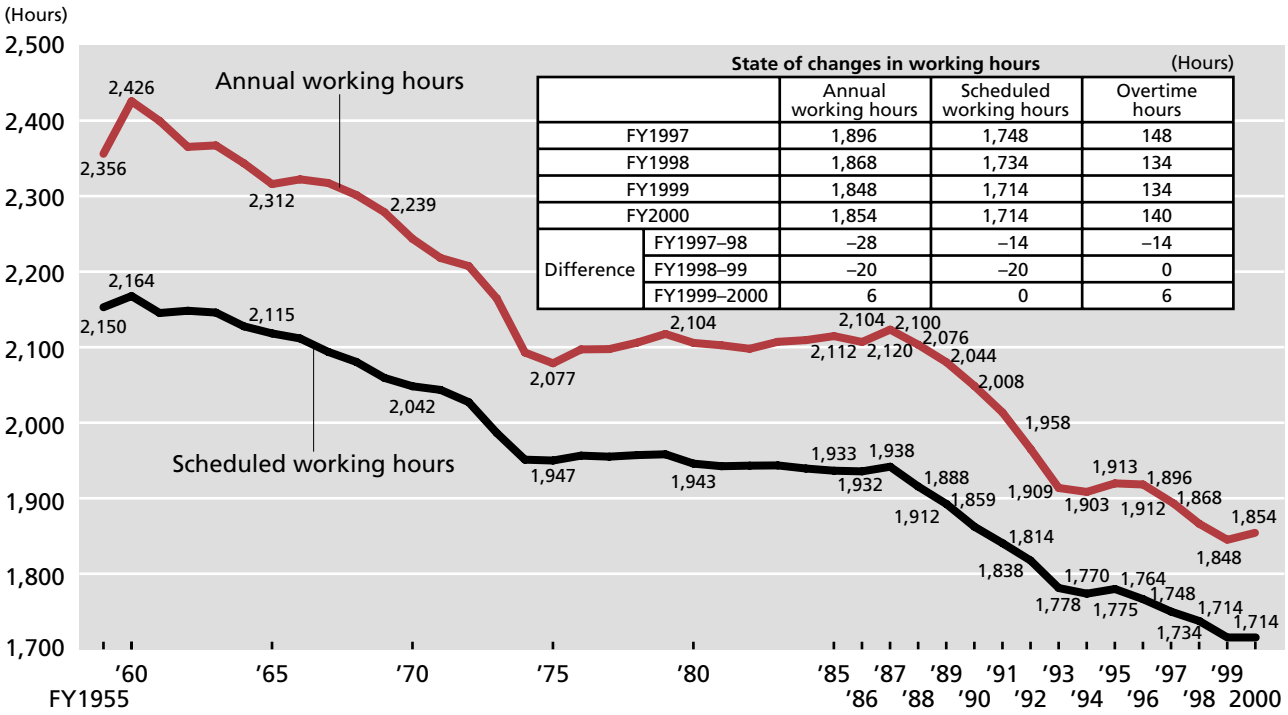
The revised Labor Standards Law prescribes that legal working hours be gradually shortened. Accordingly, all but exempt businesses would shift to a 40-hour work week beginning in April 1997. The government has encouraged the adoption of the Variable Scheduling System (note 1) and the Discretionary Scheduling System (note 2) in some sectors, to limit working hours to 40 per week.

In addition, with the goal of public consensus on the widespread application of extended vacation time, the "National Convention on Extended Holidays and its Effect on Home Life" was held five times since January 2000, and a report on the topic was issued in July of the same year. Currently, we are aiming at realizing the long-term holiday (L Holiday) system referred to in that report within a short time, and are striving to promote its popularization with the understanding and cooperation of interested parties, starting with labor and management.

Notes: 1) Variable Scheduling System
This system involves distributing working hours over a fixed time period, thus accommodating business priorities and ensuring that the total number of hours worked per week does not exceed 40.

2) Discretionary Scheduling System
Working hours are determined in this system based on a collective agreement rather than setting a fixed schedule, when the duties in question require significant worker discretion. It can apply to both specialized work and creative work.

V-7 Shifts in Average Total Annual Working Hours per Worker

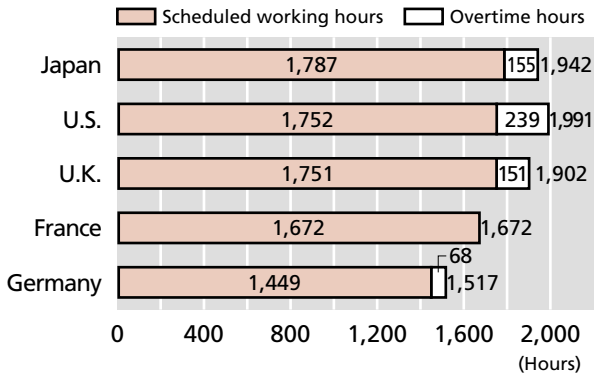


State of changes in working hours (Hours)

		Annual working hours	Scheduled working hours	Overtime hours
FY1997		1,896	1,748	148
FY1998		1,868	1,734	134
FY1999		1,848	1,714	134
FY2000		1,854	1,714	140
Difference	FY1997–98	–28	–14	–14
	FY1998–99	–20	–20	0
	FY1999–2000	6	0	6

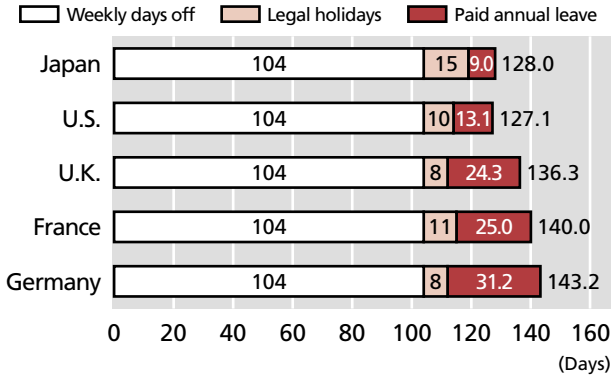
Source: *Monthly Survey of Labour Statistics*, Ministry of Health, Labour and Welfare
Notes: 1) This study was limited to businesses that employ more than 30 workers.
2) Figures were obtained by multiplying monthly averages by 12.
3) Overtime hours were obtained by subtracting prescribed working hours from annual working hours.
4) Figures from FY1983 and earlier were obtained by adding up all monthly figures.

V-8 International Comparison of Annual Working Hours (workers in the manufacturing industry: 1998)



Source: Estimates were made by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Health, Labour and Welfare, based on reports issued by the EU and the other nations listed above.
Notes: Figures for Germany are from 1997 and from 1998 for France. Overtime hours for France were not available.

V-9 International Comparison of Annual Holidays



Sources: Survey of Paid Working Hours. Estimates based on statistics from the EU and reports from other nations, compiled by the Working Hours Division, Working Hours Department, Labour Standards Bureau, Ministry of Labour.
Notes: 1) "Weekly days off" refers to company-prescribed weekly days off, e.g., Saturday and Sunday, under the assumption that employees are allowed two days off per week.
2) "Paid annual leave" refers to the number of vacation days granted to employees. Figures for some countries were estimated by the Working Hours Division. Figures for Japan represent the number of vacation days granted.
3) Survey dates for paid annual leave are as follows.

Japan	1999
U.S.	1997
U.K.	1996
France	1992
Germany	1996

5 The Minimum Wage System

The Minimum Wage Law

With the enactment of the Minimum Wage Law, drafted to improve working conditions and guarantee a minimum wage to low-paid workers, Japan's minimum wage system came into being in 1959. The law also sought to promote the sound development of the national economy by raising the quality of the labor force and fostering fair competition among companies.

Setting Minimum Wages

Minimum wages are determined in Japan through (1) Minimum Wages Councils, composed of members representing labor, management, and the public interest, that set minimum wages subsequent to research and deliberation; and (2) local minimum wages set by collective agreements.

When minimum wages are determined by (1) above, details such as how much the minimum wage should be, and how widely it should be applied, will be decided based on discussion by a Minimum Wages Council composed of members representing labor, management, and the public interest.

In its deliberations, a Minimum Wages Council will examine statistical data to ascertain the current wages earned by workers under consideration for a particular minimum wage. Its members also visit and inspect workplaces to investigate prevailing working conditions and wages. They ask workers and their employers for their opinions. The Council makes a decision after considering the local cost of living, starting salaries paid to new graduates, any collective agreement on minimum wage, the distribution of workers along the wage scale, and the effects of setting a minimum wage.

Since FY1978, the Central Minimum Wages Council has been providing guidelines to prefectural Minimum Wages Councils for minimum wage increases to ensure national uniformity. The local councils, in turn, use the guidelines to revise minimum wages to accord with the local situation. The majority of minimum wages are set as described in (1) above (298 cases). Only two cases have been set in accordance with (2).

Types of Minimum Wage

Minimum Wages Councils rule on two types of minimum wage—local and industry-specific minimum wages.

One local minimum wage is determined for each prefecture, regardless of the type of industry or occupation. Usually, the minimum wage in a given prefecture applies to all workers in all workplaces in that prefecture, and to all employers who have one or more workers.

There are two types of industry-specific minimum wages: prefectural and national. The prefectural industry-specific wage is determined by prefectural labor authorities for certain industries, while the national industry-specific minimum wage applies nationwide. Both are limited to particular industries, as the terms imply.

Minimum Wages vs. Actual Wages

Minimum wages are set both by day and hour. Minimum daily wages follow guidelines issued by the Central Minimum Wages Council, which bases its decisions on workers' cost of living, wages earned by other workers engaged in similar employment, and employers' ability to pay. Minimum hourly wages are set in the same way. Minimum hourly wages apply mainly to workers who are paid by the hour, and minimum daily wages to workers who are paid according to other methods, e.g., by day or month.

V-10 Methods Used to Set Minimum Wages (minimum wages set through minimum wage council investigation and deliberation)

V-11 Minimum Wages (weighted national average)

(As of January 1, 2002; yen)

	Daily rate	Hourly rate
Minimum wage by prefecture	5,292	664
Minimum wage by industry	6,022	

6 Industrial Safety and Health

Occupational Accidents

Though industrial accidents have steadily been decreasing in a long run, there are still approximately 550,000 cases annually.

The number of deaths in these cases was 1889 in FY2000, a decrease of 103 compared with FY1999, resulting in the third consecutive year with fewer than 2000 deaths.

According to the results of periodical health screening test, more than 40% of all workers have some positive-findings. It is also observed that increasing the number of workers who feel some kind of stress on their job.

Present Conditions and Issues in Industrial Safety and Health Measures

Since 1958, the Ministry of Labor has implemented eight 5-year plans to prevent industrial accidents. In accordance with the Ninth Industrial Accident Prevention Plan (1998–2003), we are striving toward the following goals:

(1) Eradication of fatal accidents at the workplace
(2) Assuring safety and health in small and medium-scale enterprises
(3) Assuring safety and health as aging society develops
(4) Introduction of new safety and health management methods

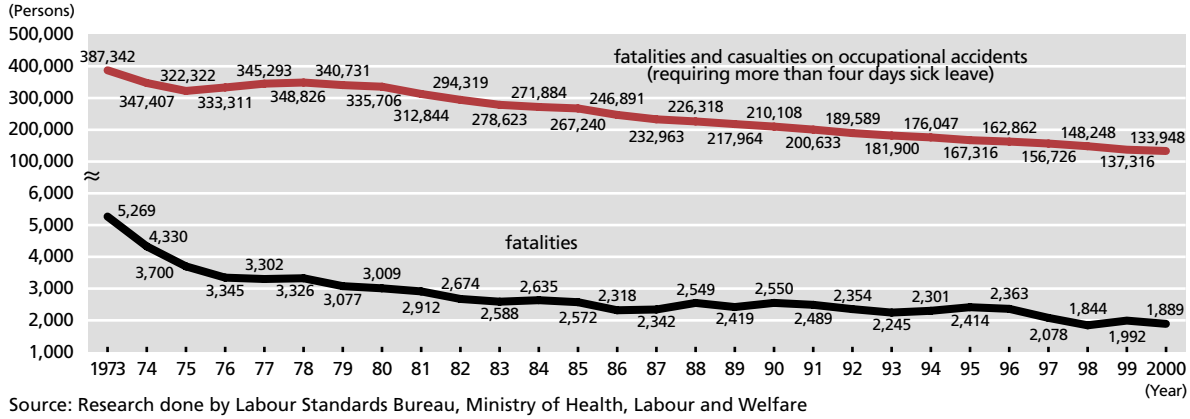
Workers' Compensation Insurance System

This government insurance system pays the necessary insurance benefits to workers to give them prompt and equitable protection against injury, illness, disability, death, etc. resulting from employment or commutation. The system also provides welfare services to injured workers to promote their smooth return to society (see V-13).

(1) Eligibility

Any business that employs workers may participate in the Workers' Compensation Insurance system, excluding government employees (except local government part-time employees engaged in blue-collar labor) and seamen who are eligible for the Mariners Law. Certain businesses engaged in agriculture, forestry or fishery, and employing five or fewer workers may be eligible on a temporary basis. Additionally, special enrollment may be granted to smaller business owners and their family employees, sole proprietorships, and workers dispatched on overseas assignments. In those cases, they are entitled to receive benefits for injuries sustained at the workplace and, in some circumstances, for injuries sustained while commuting to or from the workplace.

V-12 Changes in Reported Cases of Occupational Accidents

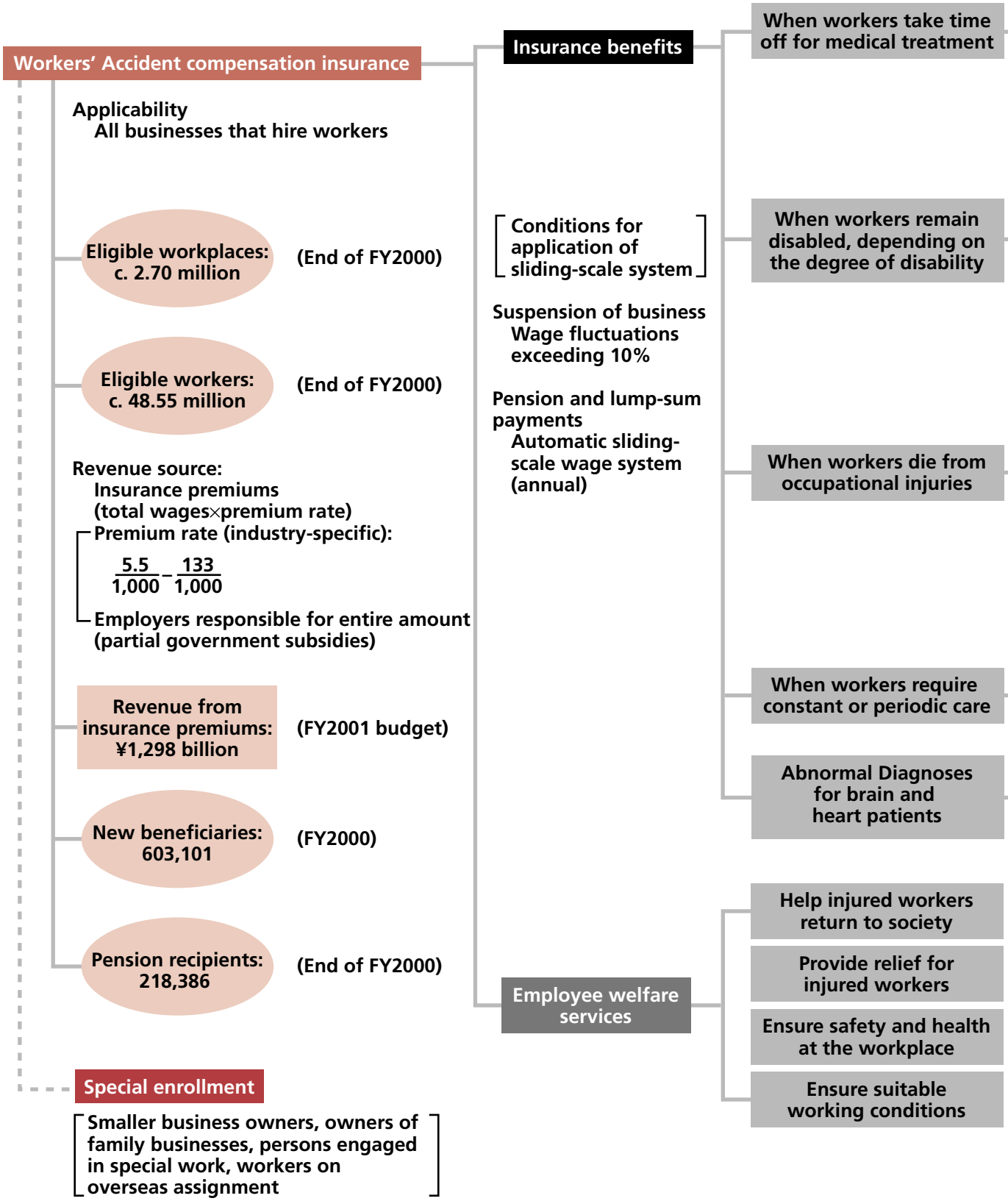


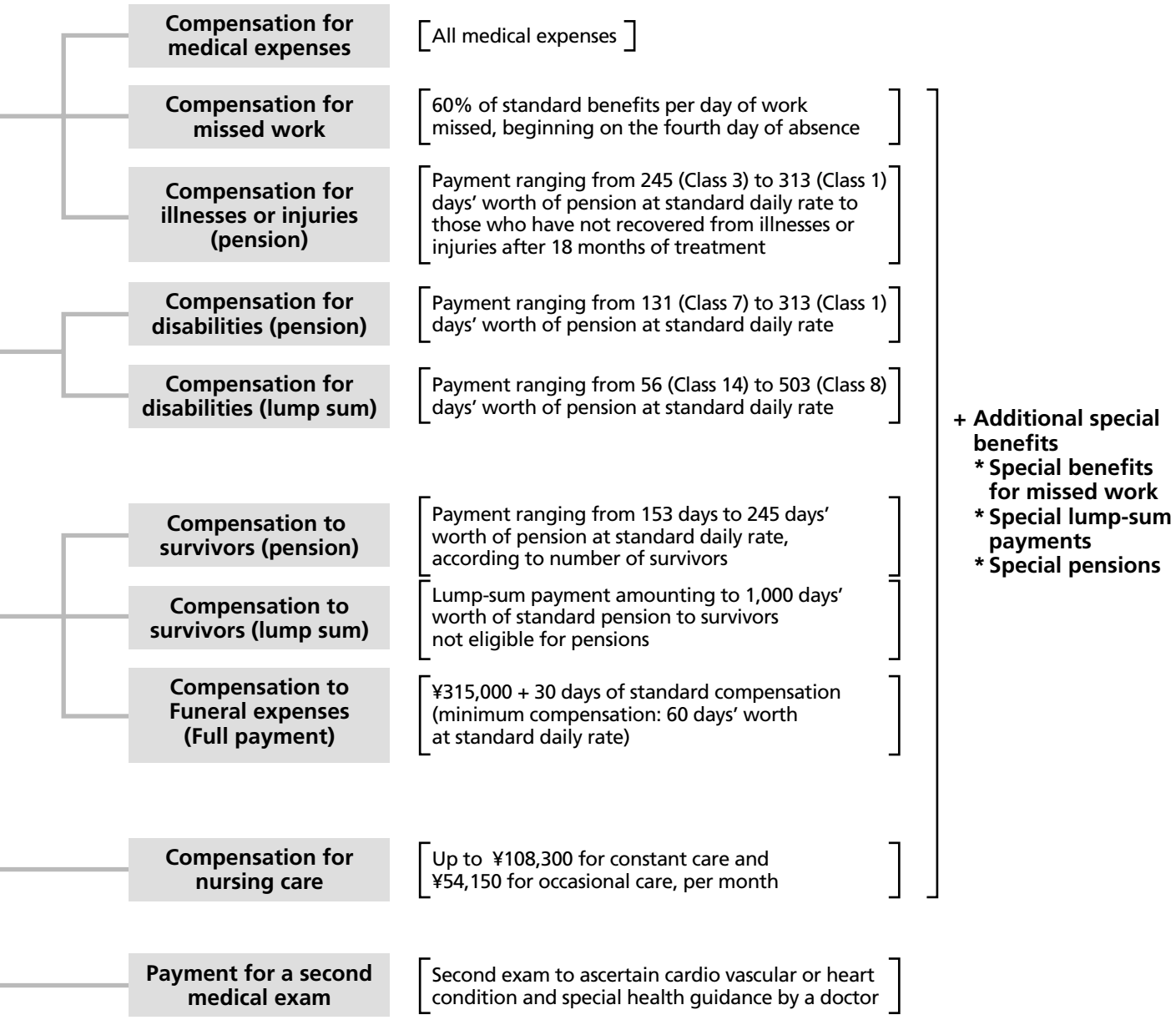
Source: Research done by Labour Standards Bureau, Ministry of Health, Labour and Welfare

(2) Insurance Premiums and the Burden of Expenses

Employers are required to pay insurance premiums, which are calculated by multiplying total payable wages by the accident rate determined for each business category (5.5/1,000–133/1,000). Companies larger than a specific size may participate in a so-called merit system, whereby premium rates or total premium (excluding those related to accidents occurring while in commute or benefits for a second physical exam) are based on relevant accident rates at each company.

V-13 Outline of Workers' Compensation Insurance System





(Provision of artificial limbs, establishment and administration of industrial accident hospitals)

(Special benefits for injured workers; benefits to defray the cost of educating injured workers' children)

(Implementation of measures for preventing accidents at the workplace and promoting occupational medicine)

(Remuneration of unpaid wages on employers' behalf)

Notes: 1) Standard daily rate is calculated by dividing total wages paid to a worker during the three calendar months preceding the injury by the number of calendar days in that period. (minimum compensation: ¥4,230).
2) Minimum and maximum standard daily rates for pensions and long-term (18 months) medical treatment are determined according to age group.

7 Gender Equal Employment Policies

The role of women in society has become more prominent as in increasing numbers they enter the labor force and participate in community activities. Changes in the social environment are therefore necessary to facilitate their participation in the labor force while providing working conditions that enable them to achieve a reasonable balance between their careers and family lives.

Over ten years have elapsed since the Law on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment (hereinafter referred to as the Equal Employment Opportunity Law) was enacted in 1986. Now that more women are in the work force and increasing the length of their careers, the public attitude toward working women has altered dramatically, along with employers' efforts to undertake their full participation. However, women are not afforded the same opportunities as their male counterparts in some instances.

Accordingly, the Equal Employment Opportunity Law was revised and strengthened in June 1997. While it had previously been employers' obligation to direct efforts toward the prohibition of discrimination against women in recruiting, hiring, assignment and promotion, the new version promotes positive action and the establishment of rules for the prevention of sexual harassment in the workplace. In addition, a system was created whereby violating organizations' names will be made public. Brought into effect everywhere in April 1999, the law also revises the mediation process, nullifies regulations against female employees' working overtime, on holidays, and graveyard shift, and respects the necessity of maternity leave.

In order to ensure the execution of the revised Equal Employment Opportunity Law, the Equal Employment Opportunity Departments of the Prefectural Labor Bureaus—branch offices the Ministry of Health, Labor and Welfare established in each prefecture—have implemented the following measures:

(1) The Department disseminates the Equal Employment Opportunity Law thoroughly, and also provides counseling about sexual discrimination in recruitment, hiring, assignment, promotion, and dismissal, as well as sexual harassment in the workplace.

(2) Advice and guidance will be provided by the Director of the Prefectural Labor Bureau, or mediation by the Equal Opportunity Mediation Committee, to ensure prompt resolution of individual disputes between female workers and their employers regarding equal treatment.

(3) The Bureau actively provides positive administrative guidance based on the Equal Employment Opportunity Law to grasp the real state of a company's employment management and to help private companies treat men and women as equally as possible.

Further, the Ministry and the Bureau encourage understanding among the top echelon of management and consensus within companies to promote positive action for the dissolution of the existing gap between male and female workers caused by employment management based on customary practices and a static sense of sex roles. And, in cooperation with management groups, we are trying to promote efforts for companies themselves to take this positive action independently.

Additionally, the Ministry of Health, Labor and Welfare has implemented measures to enable workers to achieve the proper balance between their working and family lives. They include encouraging employers to allow workers to take time off for childcare and home care for family members.

8 The Child Care Leave and Family Care Leave Systems

Passing of a Bill to Amend in Part the Child Care and Family Care Leave Law

With the development of the declining birthrate in recent years as background, there are strong indications that the feeling of burden is increasing for those who are combining work with childrearing. Therefore, because the employment environment needs improvement to facilitate bringing up children while working, and it is necessary to reduce the burden in this combination of work and childrearing, the bill of revision was submitted to the 151st Diet. This bill incorporates such items as the prohibition of disadvantageous treatment based on the reason that a worker took child care leave, etc.; restriction of overtime work for workers who take care of children or other family members; establishment of an obligation to strive toward vacations for looking after children.

This bill was carried over from the 151st Diet for later consideration, and results of the deliberation were reached during the 153rd Diet, on November 9, 2001.

Except for the portions of this amended law that went into force on the day of promulgation, such as the prohibition of disadvantageous treatment, the amendment is effective as of April 1, 2002.

Outline of the amendment partially revising the law regarding the welfare of workers carrying out child care or family care, such as child care leave and family care leave

1 Outline

(1) Prohibition of disadvantageous treatment based on reasons such as child care leave
Disadvantageous treatment by an employer because a worker took child care leave or family care leave, or applied for such leave, is prohibited.

(2) Restrictions on overtime work
Workers who are bringing up pre-school age children or taking care of family members may request exemption from any overtime exceeding 150 hours in a year and 24 hours in a month.

(3) Raising of the age of children for whom workers can take steps such as shortening office hours
The age of children for whom employers are obliged to take steps toward the shortening of office hours shall be raised from under 1 to under 3.

(4) Duty of making efforts to create a vacation system for looking after children
Employers must now strive toward the introduction of a vacation system for workers to look after pre-school age children.

(5) Giving careful consideration to transfers
Employers must take child care and family care circumstances into account when considering the transfer of an employee.

(6) Raising of awareness and enlightenment by the government
The government shall promote awareness and enlightenment regarding the coupling of work and family by workers

Child Care Leave

Workers may take child care leave upon application to their employer. Child care leave entitles workers to take vacation time for childrearing purposes until the child reaches one year of age.

Family Care Leave

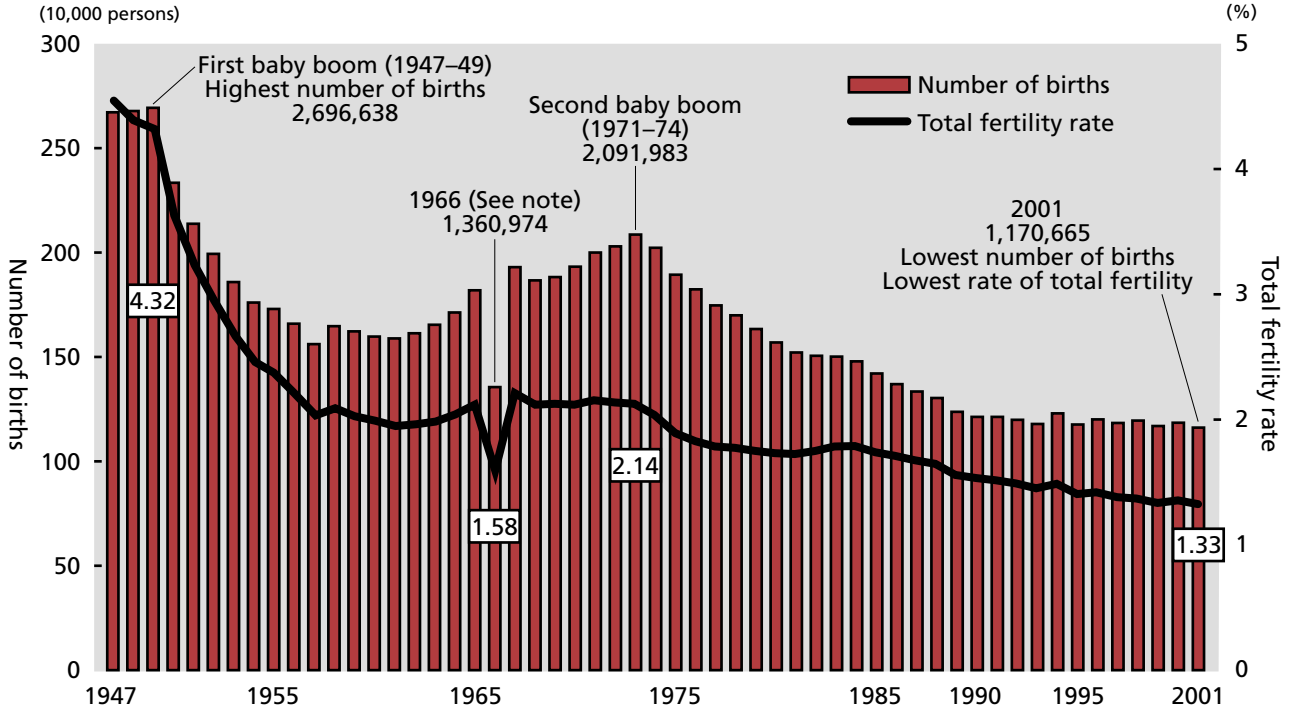
Workers may take family care leave upon application to their employer. They are entitled to be absent from work for a maximum of three months to care for family members (spouse, parents and children [also, grandparents, siblings, and grandchildren living in the same domicile as the worker requesting leave], and spouse's parents) who need constant care. Workers may not take more than one family care leave.

Efforts Toward the Firm Establishment of these Systems

According to a survey conducted in 1999, 56.4% of working women took child care leave after giving birth. Spouses of working women who gave birth took child care leave in 0.42% of cases. The same survey reveals that 0.15% of female workers and 0.01% of male workers took family care leave.

The Ministry of Health, Labor and Welfare has consistently endeavored to foster these systems by providing guidance and support to business owners who have not yet implemented them. We are considering several types of benefits as an incentive to facilitate workers' taking child care and family care leave, and to create a smooth return to the workplace after taking leave.

V-14 Continuing Decline in the Birth Rate
(annual changes in number of births and the total fertility rate)



Source: *Vital Statistics*, Ministry of Health, Labour and Welfare
Note: There were many fewer births in 1941, an unlucky year in the Chinese astral calendar, which Japan adopted centuries ago.
2001 data is round.

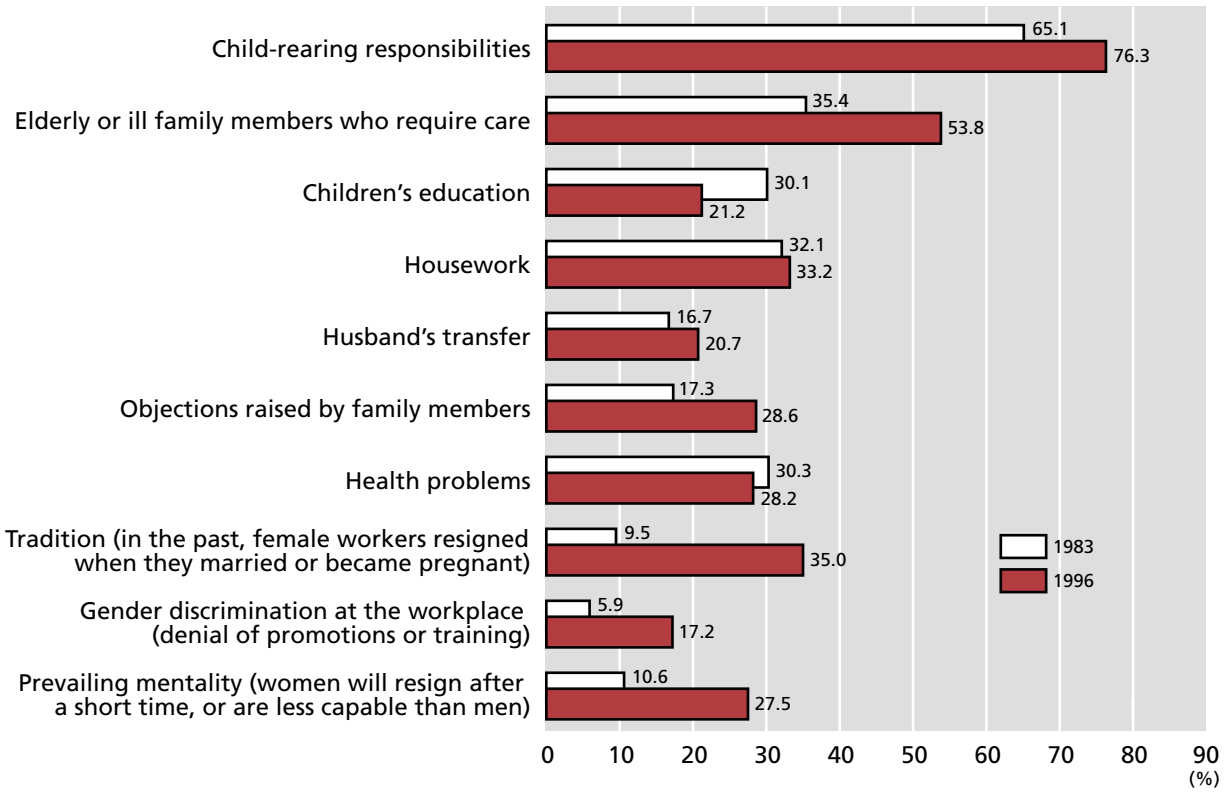
V-15 The Aging of Japanese Society

(%)

Age group	1975	1995	2000	2025	2050
Senior citizens (65+)	7.9	15.9	17.4	28.7	38.7
Potential workers (15–64)	67.7	69.4	68.1	59.7	53.6
Juveniles (Under 15)	24.3	14.5	14.6	11.6	10.8

Sources: *National Census,* Management and Coordination Agency; *Population Projections for Japan: January 2002*, National Social Security and Population Problem Research Institute

V-16 Factors that Discourage or Prevent Women from Working on a Continuous Basis



Sources: *Public Opinion Survey on the Employment of Women*, Prime Minister's Office, 1983
Survey of Japanese Lifestyle Preferences, Economic Planning Agency, 1996
Notes: 1) There were 2,418 respondents to this survey (women aged 20–59).
2) The *Survey on Japanese Lifestyle Preferences* targeted women aged 15–74.
To compare it with the 1983 survey, we have included responses to that survey from 1,490 women aged 20–59.

V-17 Percentage of Workers Using Child Care Leave and Home Care Leave

Percentage of Workers Using Child Care Leave by Gender

(%)

Percentage of men and women using child care leave			Percentage of female workers who took child care leave when they gave birth	Percentage of male workers taking child care leave
Total	Women	Men		
100.0	97.6	2.4	56.4	0.42

Note: At all places of business, the proportion of workers who took child care leave during the period until 1 October 1999, among workers who gave birth themselves or whose wive's gave birth during the one year from 1 April 1998 to 31 March 1999.

Percentage of Workers Using Home Care Leave by Sex

(%)

Percentage of men and women using home care leave			The proportion of workers taking home care leave among regular employees
Total	Women	Men	
100.0	90.7	9.3	0.06

Source: *Basic Survey of Employment for Women*, Ministry of Labour, FY1999
Note: The proportion of workers who took home-care leave between 1 April 1999 and 30 September 1999 among regular employees.

9 Public Vocational Training Policies

The term "public vocational training," in a narrow sense, refers to vocational training conducted at public vocational training facilities. However, more broadly, public vocational training includes the disbursement of subsidies to defray educational expenses, and is based on the following three policies:

(1) Providing vocational training at public vocational training facilities (the narrow definition of public vocational training).
(2) Encouraging employers and employer associations in the private sector to offer vocational training by awarding subsidies, disseminating information, and providing consulting services.
(3) Motivating workers to acquire skills voluntarily by granting subsidies and providing informational and consulting services.

V-19 shows the ways in which public vocational training has been implemented in Japan. Young people are offered mainly long-term training lasting one to two years, while persons separated from their jobs receive mostly training of six months or less and persons currently employed primarily receive short-term training of only a few days. By law, vocational training is offered to those changing occupations (and currently unemployed) and the physically disabled free of charge, but the cost of texts and other materials is borne by trainees. Some training courses for those changing occupations (and currently unemployed) are entrusted to private education and training institutions. Training subjects taught at public vocational training facilities are mostly vocational and technical subjects for industries such as manufacturing and construction, but among the training commissioned to the private sector, courses are established in various subjects like computers and social welfare. Short-term vocational training for the employed is more likely to be tailored to the needs of employers or employers associations. There are also universities that specialize in skill development, educating the vocational training instructors of the future and preparing textbooks for that purpose. Furthermore, among the facilities illustrated in V-19 is the Lifelong Human Resources Development Promotion Center, which acts as a central base facility for the human resource development of white-collar workers.

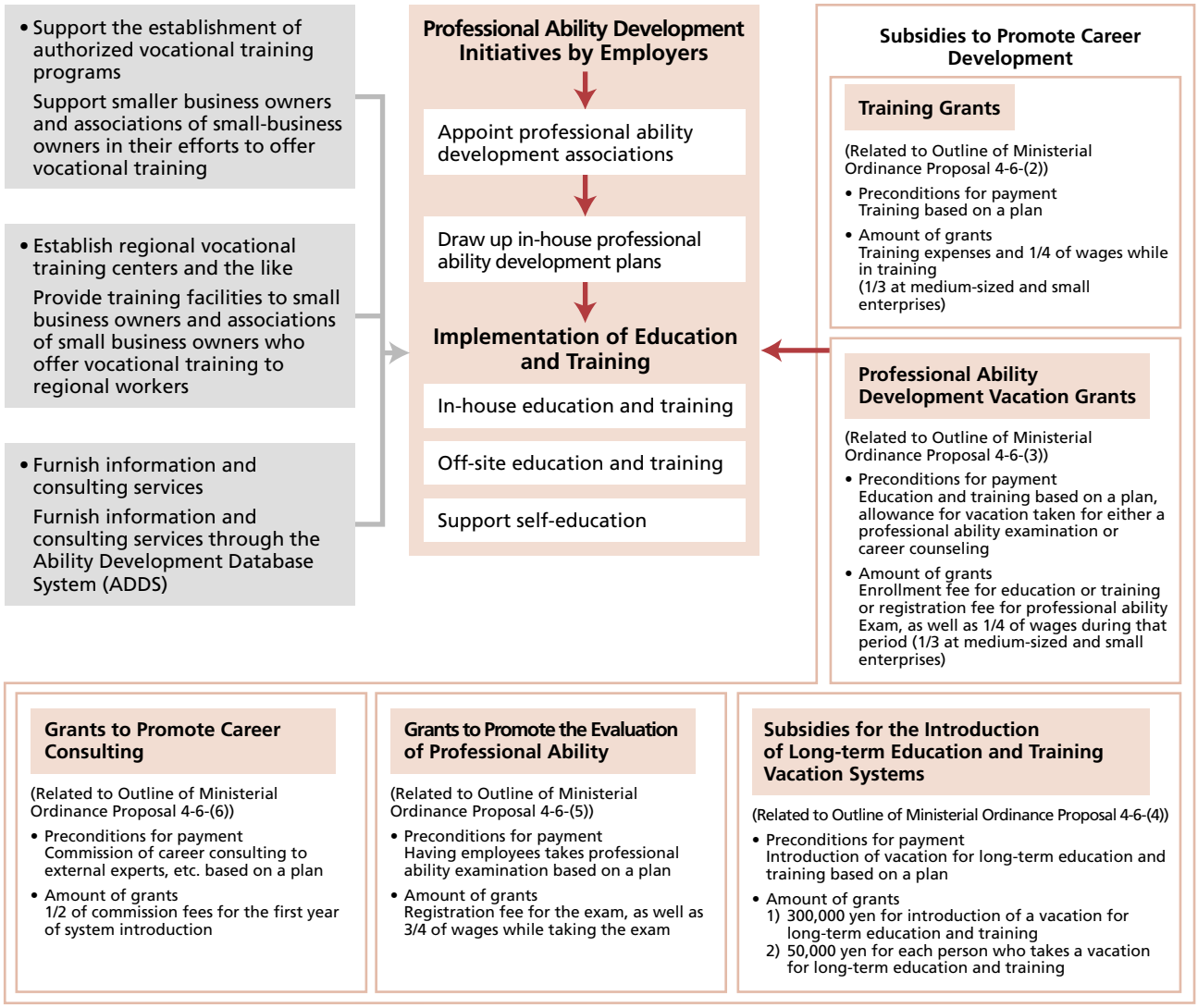
Steps taken to promote education and training in the private sector are outlined in Figure V-18. The Subsidy to Promote Career Development appearing therein is intended to promote effective career development for employees within the organization. Employers will be subsidized to cover part of the wages and expenses associated with the conduction of educational and training activities they provide, based on a plan created within the business, for the workers employed there. The financial resources for the Subsidy to Promote Career Development come from a separate body established under the employment insurance umbrella and, being funds collected universally from business owners, shall be returned (again, universally) to Employers in the form of subsidies for education and training.

In terms of support for self-education, V-18 also shows the Education and Training Benefits System introduced in December 1998. This is for workers who have been enrolled in unemployment insurance for at least five years, and provides assistance to the amount of 80% of class expenses (maximum of 300,000 yen) paid by workers who attended and completed education or training designated by the Minister of Health, Labor and Welfare. As of October 2001, eligible courses numbered 22,183 at 2,527 facilities, and it has become possible to receive benefits for many courses, such as in computers and bookkeeping, as well as preparation for a variety of certifications. Furthermore, starting in April 2002, we are trying to launch the construction of a new system for human resources training—Pushing ahead with Leading Efforts to Create a human resources superpower—with cooperation, etc. of industry, academia, and the government.

In addition, the Comprehensive Employment Measures were laid down in September 2001; the

three main Programs are creation of employment opportunities by fostering the development of new markets and new industries, corrections in employment mismatches, and improvement of the employment safety net. To deal with certain measures immediately, this program was incorporated in the First Supplementary Budget (2001) and shall receive appropriations in the FY2002 budget as well. Of these urgent steps for development of professional ability, certain measures have already been put into effect. For example, the promotion of professional ability development for persons like middle-aged and older white-collar workers separated from their jobs, making use of all educational and training resources such as private education and training institutions, universities and graduate schools, business owners and non-profit organizations. Another measure is the placement at public employment security offices of advisors to support development of abilities. These advisors will do such things as provide consultation for job seekers on ability development connected with the job search process, based on understanding their work experience and aptitude.

V-18 Outline of Self-education and Training in the Private Sector



V-19 Public Vocational Training Programs

Facility	Human resource development centers
Established by	Prefectural government
Number of facilities	207

Category	Courses offered	Objectives	Training period	Total hours	Number of trainees (total available slots per year)
General	General courses	Provide middle- and high-school graduates with long-term training enabling them to acquire the basic skills and knowledge needed to secure employment	One year (high-school graduates); two years (middle-school graduates)	At least 1,400 hours, At least 2,800 hours	19,820
	Short courses	Provide the employed and unemployed with short-term training enabling them to acquire the basic skills and knowledge needed to retain or find the jobs	Six months or less	At least 12 hours (at least 10 hours for management courses)	132,652
	Technical courses	Provide new graduates with short-term training enabling them to acquire the basic skills needed for technical work	Six months (high-school graduates); one year (middle-school graduates)	800 hours At least 1,600 hours	6,260
Advanced	Special courses	Provide high-school graduates with long-term training enabling them to acquire basic skills and knowledge necessary for their future careers	Two years (high-school graduates)	At least 2,800hours	—
	Applied courses	Provide persons who have completed special technical courses with the technical and applied skills necessary for future careers as high-level technical workers	Two years (persons who have completed technical courses)	At least 2,800 hours	—
	Short special courses	Provide workers with short-term training enabling them to acquire advanced skills or knowledge	Six months or less	At least 12 hours	—
	Short applied courses	Provide workers with the advanced technical and applied skills necessary for the jobs	One year or less	At least 60 hours	—
Total					158,732

Junior colleges		Junior colleges	Job skill development promotion centers	Human resource development centers for the disabled		Total
Employment and Human Resources Development Organization of Japan	Prefectural government	Employment and Human Resources Development Organization of Japan	Employment and Human Resources Development Organization of Japan	National government	Prefectural governments	
1	7	10	60	13	6	304
—	—	—	100	2,370	380	22,670
180	—	1,980	223,240	1,480	—	359,532
—	—	—	—	—	—	6,260
280	1,400	4,600	—	—	—	6,280
—	—	1,120	—	—	—	1,120
1,800	—	14,040	50,330	—	—	66,170
—	—	2,640	—	—	—	2,640
2,260	1,400	24,380	273,670	3,850	380	464,672

Chapter VI Japan's Social Security System

1 The Subject of Japan's Social Security System

Dwindling Birthrates and Aging Population

The social security system draws upon tax and social insurance for its revenue, and is a system that carries out social welfare programs to cope with the various risks in life faced by people such as those whose health has been damaged by illness or disability, and those who have been deprived of their source of income as a result of job loss or retirement. Japan's social security system is similar to those in Europe and the U.S. in that, to satisfy each stage of people's lives, it is composed of such elements as medical insurance, public health services, social welfare services, income maintenance, and employment measures (VI-1). Of these, medical insurance, health systems for the elderly, long-term care insurance and pension systems—as well as unemployment insurance and workmen's compensation insurance—are social insurance programs. In contrast, child welfare, welfare for single mothers and widows, welfare for the elderly, welfare for the physically disabled, welfare for the poor and public health services are all public policies drawing upon taxes for funding.

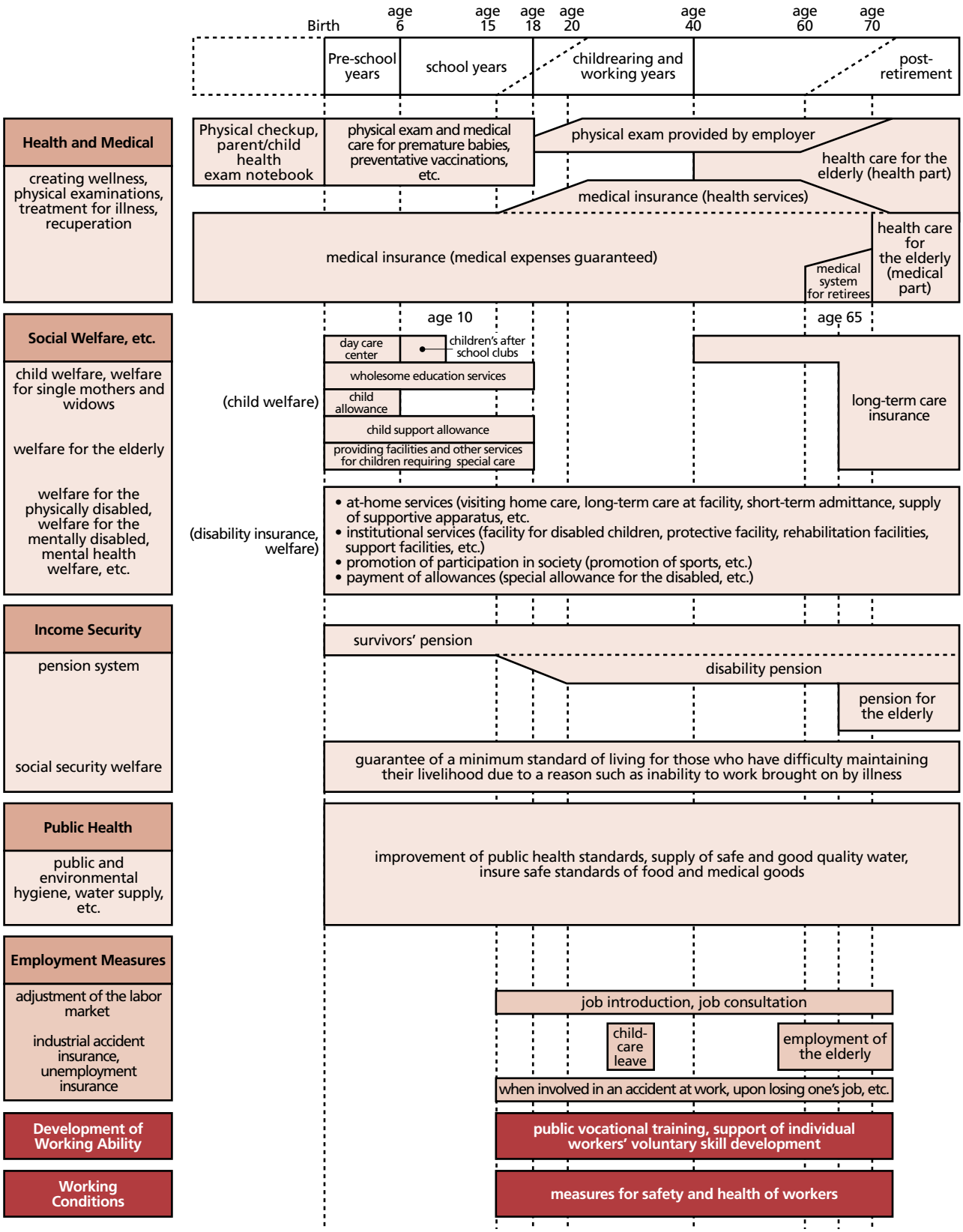
Social Security Cost

The percentage of Japan's national income occupied by social security benefits and the percentage of national income occupied by social security costs are each low when compared with Germany and Sweden, but at a little higher level than those in the U.S. (VI-2). The reason for the increase in social security outlays compared with 1996 is that the total fertility rate dropped and the percentage of elderly in the population grew (VI-3), leading to an increase in outlays for pension benefits and medical benefits (VI-4). The total fertility rate was 2.13 in 1970—close to the rate for maintaining population—but by 1999 it had fallen off to 1.34. Consequently, according to the 2000 census, the portion of elderly persons (age 65 or older) in Japan's total population (about 128 million) has reached 17.4 percent. On the other hand, the portion of young population is 14.6 percent, and 68.1 percent of the population is of working age. According to the January 2002 future population projection (National Institute of Population and Social Security Research), the percentage of elderly in the total population is forecast to increase into the future—reaching the 25 percent mark in 2014—so that one out of every four persons in Japan will be aged 65 or older (VI-3).

The Relationship Between Social Security Benefits

As VI-4 shows, since the aging of Japan brings about increased social security outlays, the decreasing percentage of working population implies that the per-person social security cost burden for the working generation will continue to rise, assuming per-person benefit costs for the retired generation are constant. To avoid this kind of inter-generational inequity in the relationship between social security benefits and costs, "An Outline of Principles for the Aging Society" (Cabinet Office) was created in December 2001. To strengthen solidarity between the generations, guidelines are given in this outline for the future of the social security system—to plan for balance between benefits and costs that consider inter-generational equity, and to request a fair cost burden from those who have the ability to pay social security costs, corresponding to their ability to pay.

VI-1 The Social Security System by Life Stage



Source: *2001 Ministry of Health, Labour and Welfare White Paper*, Figure 3-1-1

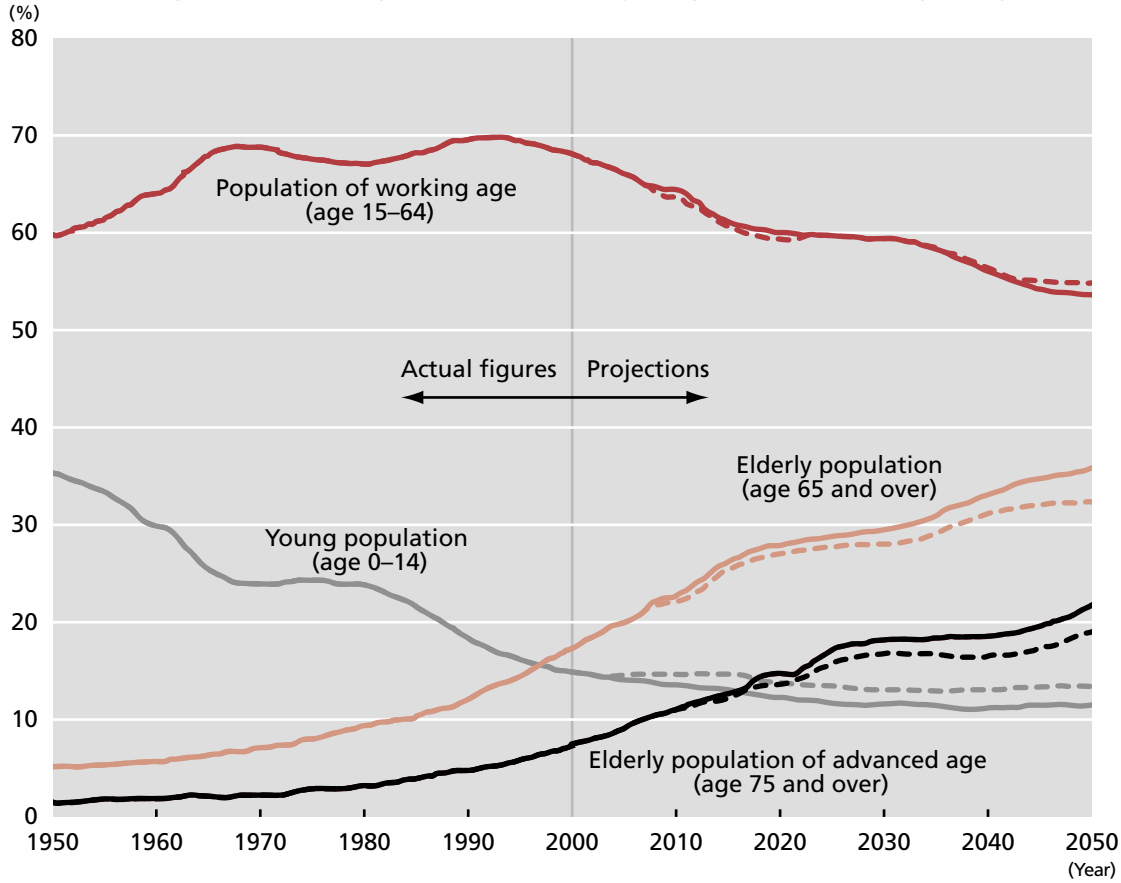
VI-2 Percentage of National Income Occupied by Social Security Benefits and Social Security Costs

(%)

	Japan (1999)	U.S. (1995)	U.K. (1999)	Germany (1996)	France (1999)	Sweden (1996)
Social security benefits						
As percentage of national income	19.6	18	n.a.	37.7	n.a.	45
(as percentage of GDP)	14.6	15	n.a.	28.2	n.a.	33
Portion of national income occupied by social security costs						
Tax Burden ①	23.4	26.1	38.4	29.2	36.7	51.2
Social Security Cost ②	13.6	9.7	n.a.	26.7	28.6	n.a.
National burden rate ①+②	37.0	35.8	n.a.	55.9	65.3	n.a.

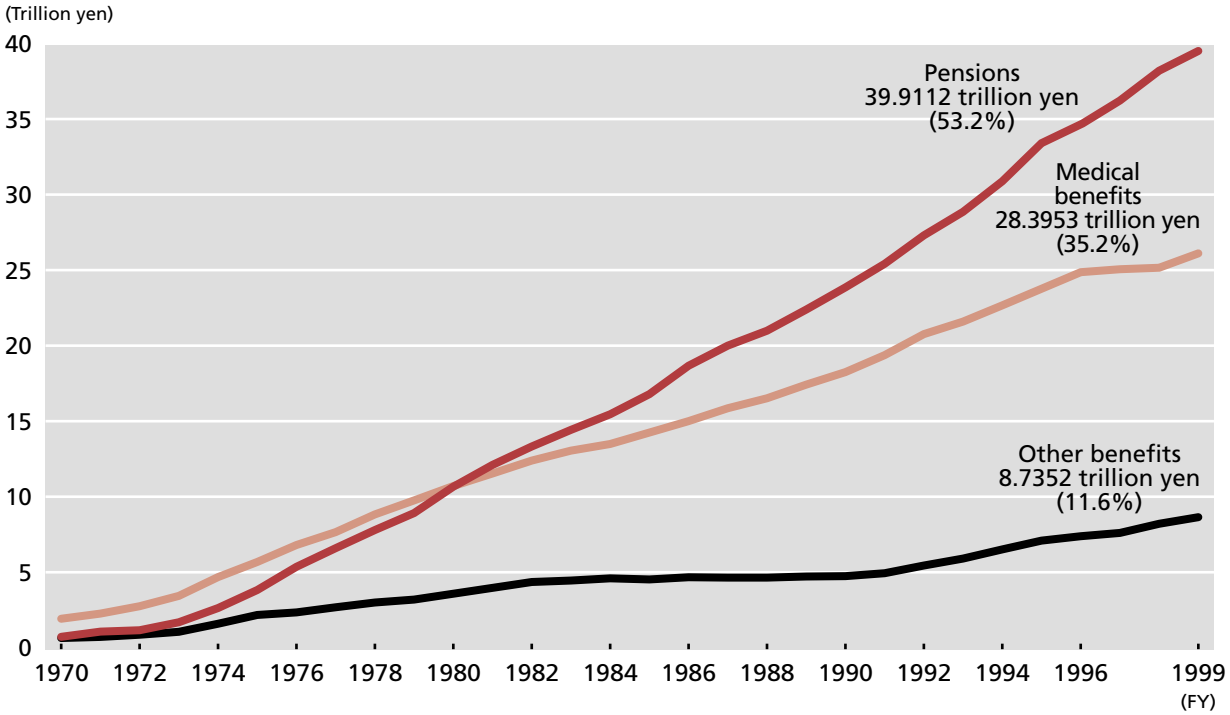
Source: *1999 Social Security Benefit Costs*, National Institute of Population and Social Security Research

VI-3 Changes in Percentage of Population by 3 Age Groups: Average Projections



Source: *Population Projections for Japan (Jan. 2002 Estimates)*, National Institute of Population and Social Security Research
Note: dotted line is the previous average

VI-4 Changes in Social Security Benefits by Category



Source: *1999 Social Security Benefit Costs,* National Institute of Population and Social Security Research

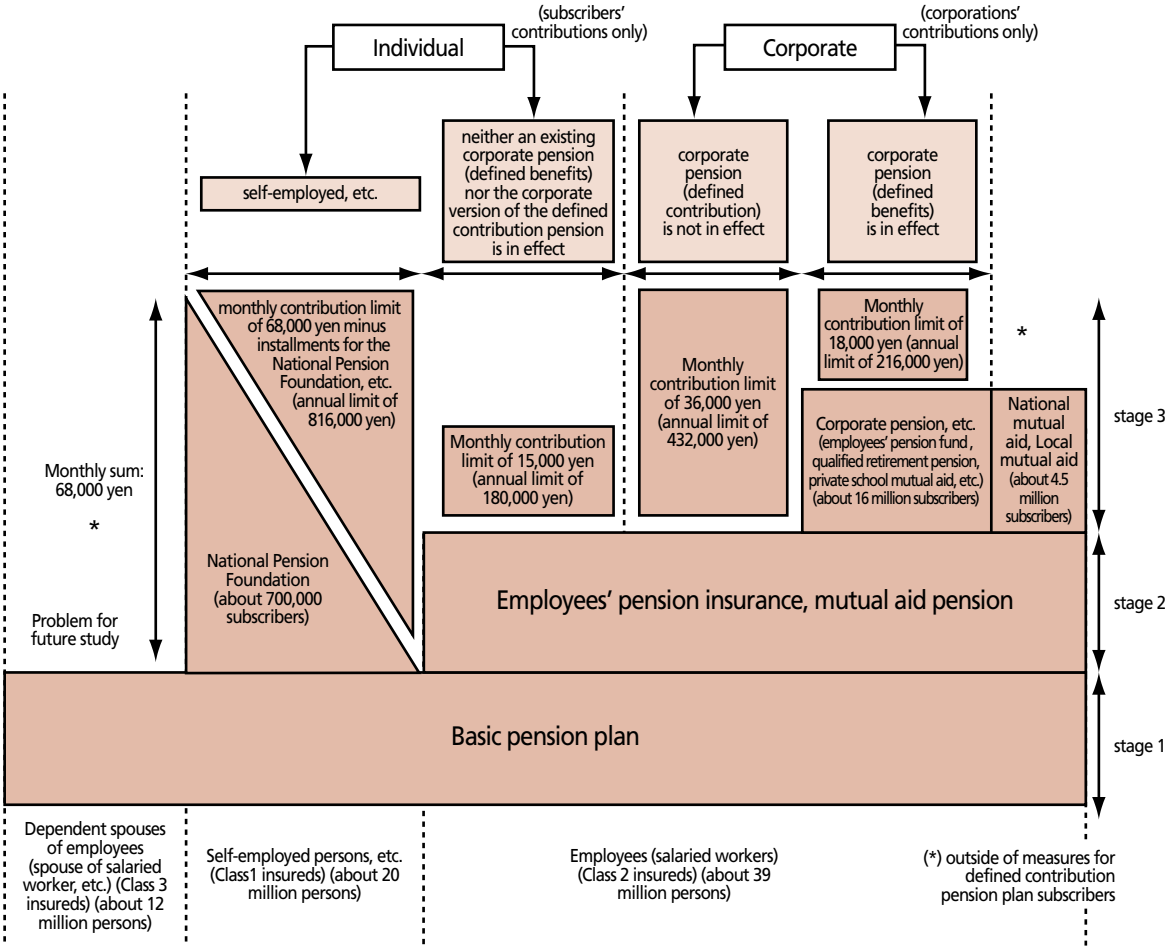
2 Pension System

The Characteristic of Japan's Pension System

All Japanese citizens are insureds in the medical insurance and pension systems, which are run under the principle (insurance for all, pensions for all) that medical services or pension benefits be receivable upon becoming ill or reaching old age. Within Japan's pension system (VI-5) is a basic pension; all citizens (persons aged 20 to 59) become members of this basic pension plan and receive pension benefits upon reaching the age for payment of benefits to begin (age 60 at present, age 65 for men from 2013, and age 65 for women from 2018). For salaried workers and government employees, respectively, there are employees' pensions and mutual aid pensions to provide pension monies proportionate to salaries in addition to the basic pension. While basic pension premiums for the self-employed are fixed amounts, the pension premium rate for salaried workers and government employees is 17.5% of their salaries (in 2000).

In terms of corporate pension plans to supplement these public pensions, up to now there were the Employees' Pension Fund and tax-qualified pensions for salaried workers. Added to these, to more fully protect persons with the right to receive corporate pension benefits and to substantiate portability of

VI-5 The Pension System



Source: *Annual Report on Health, Labour and Welfare, 2001,* Ministry of Health, Labour and Welfare

reserve funds, a defined payment corporate pension and defined contribution corporate pension were introduced in 2001. Also, for the self-employed, there is the National Pension Foundation—equivalent to the corporate pension system—to supplement the basic pension. Further, there is a survivors' pension for the bereaved families of pension plan subscribers or of pension beneficiaries; and disability pensions may be provided under specific conditions when subscribers have disabilities. Developments in the numbers of pension beneficiaries and benefit amounts are as in VI-6.

The characteristic of Japan's pension system relating to the labor market is the point that it cooperates with unemployment insurance. That is, for older workers between ages 60 and 64, elderly employment continuation benefits and elderly re-employment benefits are provided when wages fall below a specific level. Further, to support female workers' combining of childrearing and work activities, payment of employees' pension insurance premium is excused for both the worker and employer during the period of child care leave.

VI-6 Annual Changes in Numbers of Public Pension Plan Subscribers and Public Pension Recipients

	Number of Public Pension Plan Subscribers					Number of Public Pension Recipients				
	Total	Class 1 Insureds	Class 2 Insureds		Class 3 Insureds	Total	National Pension	Employees' Pension	Mutual-aid Association	Welfare Pension
		(self-employed, etc.)	Employees' Pension (salaried workers)	Mutual aid Pension (government workers)	(dependent spouses of salaried workers)					
1987	64,105	19,292	28,216	5,299	11,299	22,523	10,077	8,910	2,048	1,488
1990	66,313	17,579	31,493	5,285	11,956	25,001	11,001	10,643	2,390	964
1995	69,952	19,104	33,275	5,327	12,201	32,363	14,751	14,254	2,958	400
1996	70,195	19,356	33,462	5,362	12,015	33,940	15,611	14,956	3,044	329
1997	70,344	19,589	33,468	5,339	11,949	35,765	16,585	15,778	3,134	268
1998	70,502	20,426	32,957	5,302	11,818	37,404	17,469	16,503	3,218	215
1999	70,616	21,175	32,481	5,273	11,686	39,062	18,362	17,233	3,296	171

Source: *Annual Report on Health, Labour and Welfare, 2001,* Ministry of Health, Labour and Welfare

3 Medical Insurance and Long-Term Care Insurance

Features of the Medical Insurance System

Within Japan's medical insurance there is association-managed health insurance for employees (and their families) of workplaces of five or more workers, government-managed health insurance for employees (and their families) of workplaces with fewer than five workers, national health insurance for the self-employed, etc., and medical insurance provided by mutual aid associations for national government employees and local government employees (VI-7, upper part). Subscribers in medical insurance programs pay the insurance premium themselves, but the subscribers themselves and their families may receive medical services at the medical institution of their choice by paying only a portion of the medical expense. Moreover, the health insurance association, government-managed health insurance association, and national health insurance have an elderly insurance system for elderly aged 65 or over requiring long-term care and for all elderly aged 70 or over. In this system (VI-7, lower part), the medical cost burden borne by the elderly is mitigated by contributions from the respective insurance associations, according to the number of elderly subscribers to each system; the fewer the elderly subscribers, the greater the contributions.

As VI-4 shows, due to the continuing rise in medical expenses, medical insurance finances have gone into deficit status, and lively discussion on health insurance reform is taking place with stress on elements such as the strengthening of the function of insurers, regulation of risk structures, and raising the portion of expenses paid by recipients of medical care.

Long-Term Care Insurance System

Long-term care insurance has been in operation since April 2000 to provide public assistance to lighten the care burden for long-term care recipients' families. This assistance makes it easier for bedridden elderly and other elderly requiring long-term care to receive this care at home, and for others to receive long-term care at a facility outside of home. Under the long-term care insurance system, citizens aged 40 and older pay long-term care insurance premium. In return, persons 65 and older who need long-term care may receive specific long-term care services, such as the dispatch of a home helper, according to the assessment of committees established locally to approve the necessity of long-term care. While the insurance premiums and standards for approval of long-term care necessity are determined uniformly by the national government, the above-mentioned local committees do the approving based on these standards. For the provision of long-term care services as benefits in kind, selection by the person requiring long-term care shall be regarded highly; services will be carried out by a provider chosen by the recipient of the care from a list of locally approved long-term care service providers (VI-8).

VI-7 The Medical Insurance System

Plan			Insurer (As of 31 March 2000)	Subscribers (As of 31 March 2000) and subscriber's dependents (Unit: 1,000 persons)	Insurance Benefits: Medical Benefits, Payment in part	Insurance Benefits: Cash Benefits	Financial resources: Insurance premiums (As of 31 March 2000)	Financial resources: Government subsidies (2000 budget)	Percentage of elderly population insured for health and medical care (As of 31 March 2000)
Health insurance	Ordinary employees	Government-managed	National government	37,321 [19,527 17,794]	❍Subscriber— 20 percent Family— inpatient 20 percent, outpatient 30 percent ❍Outpatient medicine (children under 6 exempt) • internal use medicine, per prescription: Daily portion: 1 type 0 yen; 2–3 types 30 yen; 4–5 types 60 yen; 6 or more types 100 yen • external use medicine, per prescription: 1 type 50 yen; 2 types 100 yen; 3 or more types 150 yen • one-shot medicine, per administration: per type 10 yen	• Sickness benefits • Lump-sum payment for childbirth, child care etc.	8.5% Special insurance premiums 1%	13.0% of benefits (16.4% of benefits for the elderly)	5.7
		Association-managed	Health insurance associations 1,780	32,115 [15,394 16,721]		Same as above (additional benefits)	Approx. 8.5 % (Association-wide) average	Subsidies (Budgetary Aid)	2.8
	Insured parties, as stipulated in Article 69, Par. 7, Health Insurance Law		National government	51 [34 17]		• Sickness benefits • Lump-sum payment for childbirth, child care etc.	Daily rate (Class 1) ¥140 Daily rate (Class 13) ¥2,750	13.0% of benefits (16.4% of benefits for the elderly)	6.6
Seamen's insurance			National government	244 [89 155]		Same as above	8.8%	Subsidies: ¥30 billion	7.6
Mutual aid insurance	National government employees		Mutual aid associations (24)	10,091 [4,522 5,570]		Same as above (additional benefits)	Approx. 7.8%	None	4.3
	Local government employees		Mutual aid associations (54)				Approx. 8.6%		
	Private school instructors		Mutual aid associations (1)				Approx. 8.5%		
National health insurance	Farmers; the self-employed		Municipalities 3,245	46,581 Municipalities 42,242 Health insurance associations 4,340	❍30 percent ❍Outpatient medicine (children under 6 exempt) *same substance as health insurance	• Lump–sum payment for childbirth, child care • Funeral Expenses etc. (conditional benefits)	Each household is assessed a fixed amount based on ability to pay Calculations vary somewhat according to insurer	50% of benefits	23.7
			Health insurance associations 166					32–52% of benefits (see note 2)	
	Retired workers eligible for employees' insurance benefits		Municipalities 3,245		❍Subscriber— 20 percent Family— inpatient 20 percent, outpatient 30 percent ❍Outpatient medicine (children under 6 exempt) *same substance as health insurance			None	
Mutual aid associations for the elderly			[Administrator] Municipalities	14,502 Employees' insurance 3,470 National Health insurance 11,032	❍Outpatient care— pay 10 percent, establish a monthly maximum applicable to each medical institution and pharmacy ❍Inpatient care— pay 10 percent, establish a monthly maximum applicable to each medical institution 37,200 yen	Provided by each medical insurance provider	[Bearer of expenses] • National government 12/60 • Prefectures 3/60 • Municipalities 3/60 • Insurers 42/60		Average 11.4 [Insurance Department Survey] As of March 2000

Source: *Annual Report on Health, Labour and Welfare, 2001,* Ministry of Health, Labour and Welfare

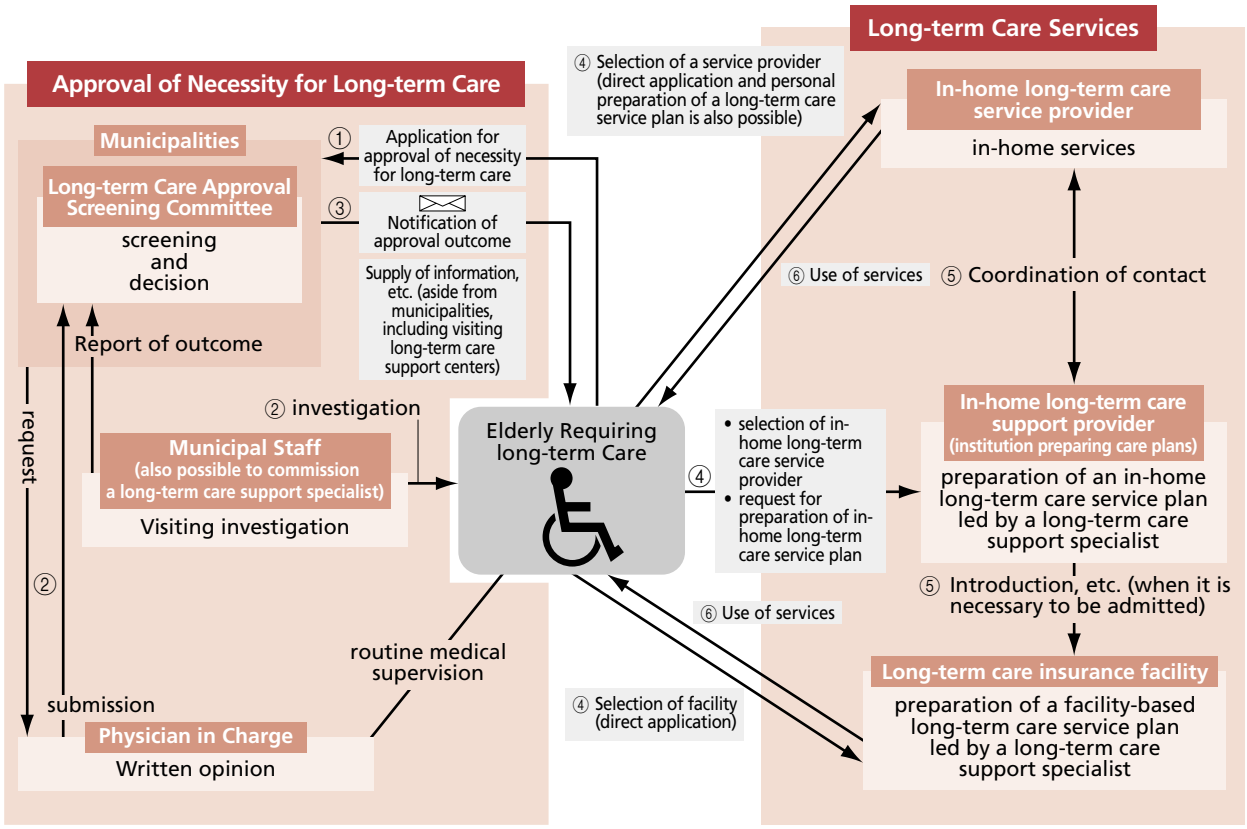
Notes: 1) Anyone aged 70 or older who subscribes to a medical insurance plan (excluding members of a household receiving Welfare, to whom the National Health Insurance Law does not apply), as well as those aged 65–69 who have been bedridden for an extended period of time, is eligible for health and medical-care services for the elderly.

2) Insurance premium rates for each type of mutual aid are as of March, 1999.

3) Fixed-rate government subsidies granted to persons who subscribed after September 1, 1997 after having been deemed ineligible for medical insurance, and their dependents, are equivalent to [government employee benefits].

4) Low Income Earners: Beneficiaries of old-age welfare pensions who belong to households exempt from municipal taxes.

VI-8 Long-term Care Insurance: Approval of the Necessity for Long-term Care and Method of Using Services



Appendix (International Comparisons)

Appendix 1 Population

(1,000 persons)

Country, Region	1970	1980	1990	1995	2000	2010	2025
WORLD	3,690,925	4,429,747	5,254,820	5,661,862	6,056,715	6,825,736	7,936,741
AFRICA	356,340	466,871	619,477	703,487	793,627	996,960	1,358,118
LATIN AMERICA AND THE CARIBBEAN	284,750	361,328	440,354	479,780	518,809	594,312	694,761
NORTHERN AMERICA	231,932	255,034	282,598	298,222	314,113	341,904	383,678
ASIA	2,142,049	2,630,746	3,164,081	3,423,285	3,672,342	4,144,937	4,776,599
EUROPE	656,655	693,232	728,586	727,304	727,304	713,211	683,533
OCEANIA	19,200	22,536	26,330	28,502	30,521	34,411	40,052
JAPAN	104,331	116,807	123,537	125,472	127,096	128,220	123,798
UNITED STATES OF AMERICA	210,111	230,406	254,076	268,744	283,230	308,557	346,822
CANADA	21,717	24,516	27,701	29,354	30,757	33,216	36,717
UNITED KINGDOM	55,632	56,330	57,561	58,606	59,415	60,262	61,243
GERMANY	78,169	78,289	79,433	81,661	82,017	81,353	78,897
FRANCE	50,772	53,880	56,735	58,139	59,238	61,203	62,753
ITALY	53,822	56,434	56,719	57,301	57,530	56,390	52,364
SWEDEN	8,043	8,310	8,559	8,827	8,842	8,703	8,518
CHINA	830,675	998,877	1,155,305	1,219,349	1,275,133	1,366,215	1,470,787
CHINA, HONG KONG SAR	3,942	5,039	5,705	6,210	6,860	7,659	8,678
REPUBLIC OF KOREA	31,923	38,124	42,869	44,952	46,740	49,623	52,065
SINGAPORE	2,075	2,414	3,016	3,476	4,018	4,604	4,998
MALAYSIA	10,853	13,763	17,845	20,017	22,218	26,146	31,326
THAILAND	36,145	46,015	54,736	58,729	62,806	69,681	77,480
INDONESIA	120,086	150,341	182,474	197,622	212,092	237,711	272,911
PHILIPPINES	36,553	48,035	61,040	68,341	75,653	89,888	107,073
INDIA	554,911	688,856	844,886	927,102	1,008,937	1,164,020	1,351,801
AUSTRALIA	12,535	14,569	16,888	18,072	19,138	21,029	23,523
NEW ZEALAND	2,820	3,113	3,360	3,604	3,778	4,041	4,302
BRAZIL	95,988	121,616	147,957	159,481	170,406	191,444	218,980

Source: UN "World Population Prospects 2000"

Appendix 2 Population, Labour Force and Labour Force Participation Rate by Gender and Age

(1,000 persons, 1,000 persons, %)

JAPAN[1] 2001

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–9	6,098	5,803	—	—	—	—
10–14	3,270	3,112	—	—	—	—
15–19	3,767	3,583	674	627	17.9	17.5
20–24	4,198	4,004	3,018	2,883	71.9	72.0
25–29	4,923	4,780	4,697	3,399	95.4	71.1
30–34	4,716	4,611	4,584	2,711	97.2	58.8
35–39	4,044	3,967	3,955	2,471	97.8	62.3
40–44	3,905	3,851	3,815	2,700	97.7	70.1
45–49	4,276	4,251	4,156	3,090	97.2	72.7
50–54	5,498	5,520	5,295	3,765	96.3	68.2
55–59	4,092	4,235	3,842	2,473	93.9	58.4
60–64	3,840	4,078	2,765	1,611	72.0	39.5
65–	9,618	13,251	3,164	1,829	32.9	13.8
Total (15–)	52,877	56,131	40,028	27,616	75.7	49.2
Total	62,244	65,047				

UNITED STATES OF AMERICA[2] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–15	—	—	—	—	—	—
16–19	8,151	7,890	4,317	4,051	53.0	51.3
20–24	9,154	9,257	7,558	6,788	82.6	73.3
25–29	8,746	9,226	8,085	7,111	92.4	77.1
30–34	9,543	9,902	8,988	7,485	94.2	75.6
35–39	10,851	11,207	10,112	8,499	93.2	75.8
40–44	11,100	11,447	10,222	9,005	92.1	78.7
45–49	9,707	10,140	8,749	8,022	90.1	79.1
50–54	8,297	8,761	7,202	6,493	86.8	74.1
55–59	6,298	6,828	4,856	4,181	77.1	61.2
60–64	4,959	5,530	2,718	2,219	54.8	40.1
65–69	4,274	4,988	1,288	969	30.1	19.4
70–74	3,801	4,746	682	472	17.9	9.9
75–	5,850	9,045	469	321	8.0	3.5
Total (16–)	100,731	108,967	75,246	65,616	74.7	60.2

UNITED KINGDOM[3] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–9	3,827	3,639	—	—	—	—
10–15	2,361	2,242	—	—	—	—
16–19	1,484	1,418	949	873	63.9	61.6
20–24	1,768	1,705	1,447	1,174	81.8	68.9
25–34	4,455	4,287	4,177	3,227	93.8	75.3
35–49	6,341	6,250	5,856	4,863	92.4	77.8
50–	8,706	10,166	3,899	2,947	44.8	29.0
Total	28,942	29,708	16,327	13,084	56.4	44.0

GERMANY[3] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–14	6,469	6,095	—	—	—	—
15–19	2,393	2,262	859	633	35.9	28.0
20–24	2,308	2,147	1,769	1,451	76.6	67.6
25–29	2,423	2,338	2,120	1,747	87.5	74.7
30–34	3,281	3,174	3,120	2,414	95.1	76.1
35–39	3,509	3,314	3,369	2,579	96.0	77.8
40–44	3,108	3,060	2,964	2,454	95.4	80.2
45–49	2,850	2,867	2,685	2,274	94.2	79.3
50–54	2,486	2,459	2,247	1,760	90.4	71.6
55–59	2,765	2,733	2,102	1,527	76.0	55.9
60–64	2,943	3,013	893	389	30.3	12.9
65–69	2,054	2,284	152	76	7.4	3.3
70–74	1,634	2,182	62	35	3.8	1.6
75–	1,857	4,152	29	21	1.6	0.5
Total (15–)	33,611	35,985	22,371	17,360	66.6	48.2
Total	40,080	42,080	22,371	17,360	55.8	41.3

FRANCE[3] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–14	5,683	5,419	—	—	—	—
15–19	1,994	1,910	228	114	11.4	5.9
20–24	1,898	1,859	1,053	872	55.5	46.9
25–29	2,045	2,038	1,876	1,616	91.7	79.3
30–34	2,104	2,121	2,012	1,651	95.6	77.9
35–39	2,156	2,194	2,076	1,738	96.3	79.2
40–44	2,096	2,152	2,001	1,736	95.5	80.6
45–49	2,063	2,112	1,958	1,676	94.9	79.3
50–54	2,090	2,104	1,899	1,552	90.8	73.8
55–59	1,401	1,420	922	739	65.8	52.0
60–64	1,283	1,379	199	186	15.5	13.5
65–69	1,234	1,446	46	36	3.7	2.5
70–74	1,072	1,396	18	8	1.7	0.5
75–	1,559	2,812	10	8	0.6	0.3
Total (15–)	22,995	24,943	14,296	11,930	62.2	47.8
Total	28,668	30,362	14,296	11,930	49.9	39.3

ITALY[3] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–14	4,254	4,017	—	—	—	—
15–19	1,585	1,511	348	225	22.0	14.9
20–24	1,880	1,841	1,196	924	63.6	50.2
25–29	2,225	2,188	1,804	1,352	81.1	61.8
30–34	2,388	2,336	2,235	1,497	93.6	64.1
35–39	2,273	2,239	2,177	1,411	95.8	63.0
40–44	2,002	1,994	1,922	1,203	96.0	60.3
45–49	1,867	1,879	1,759	1,013	94.2	53.9
50–54	1,888	1,923	1,560	800	82.6	41.6
55–59	1,653	1,732	890	420	53.8	24.2
60–64	1,617	1,767	508	142	31.4	8.0
65–69	1,421	1,661	151	46	10.6	2.8
70–74	1,176	1,536	53	22	4.5	1.4
75–	1,567	2,768	39	25	2.5	0.9
Total (15–)	23,542	25,375	14,642	9,080	62.2	35.8
Total	27,796	29,393	14,642	9,080	52.7	30.9

EU[3] 1997

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–14	32,616	31,003	—	—	—	—
15–19	11,890	11,581	3,460	2,794	29.1	24.1
20–24	11,985	12,104	8,362	7,235	69.8	59.8
25–29	14,010	13,616	12,461	9,993	88.9	73.4
30–34	14,614	14,307	13,874	10,296	94.9	72.0
35–39	13,722	13,675	13,080	9,865	95.3	72.1
40–44	12,635	12,811	11,989	9,320	94.9	72.7
45–49	12,682	12,740	11,823	8,737	93.2	68.6
50–54	11,132	11,270	9,672	6,650	86.9	59.0
55–59	10,720	10,959	7,359	4,604	68.6	42.0
60–64	9,506	10,325	3,106	1,559	32.7	15.1
65–69	8,504	9,839	798	409	9.4	4.2
70–	15,080	24,187	503	261	3.3	1.1
Total (15–)	146,480	157,414	96,487	71,723	65.9	45.6
Total	179,096	188,417	96,487	71,723	53.9	38.1

RUSSIA[4] 1999

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–14	14,231	13,599	—	—	—	—
15–19	5,836	5,675	1,207	660	20.7	11.6
20–24	5,384	5,267	4,065	3,351	75.5	63.6
25–29	5,208	4,847	4,734	3,852	90.9	79.5
30–34	4,876	4,834	4,475	3,970	91.8	82.1
35–39	6,169	6,237	5,616	5,380	91.0	86.3
40–44	6,105	6,385	5,510	5,625	90.3	88.1
45–49	5,335	5,802	4,726	5,036	88.6	86.8
50–54	3,264	3,733	2,784	2,944	85.3	78.9
55–59	3,091	4,003	2,015	1,348	65.2	33.7
60–64	3,391	4,714	990	754	29.2	16.0
65–	5,718	12,618	367	320	6.4	2.5
Total (15–)	54,379	64,115	36,489	33,240	67.1	51.8
Total	68,610	77,717	36,490	33,241	53.2	42.8

CHINA, HONG KONG SAR[5] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–9	376	351	—	—	—	—
10–14	225	214	—	—	—	—
15–19	234	223	42	35	17.9	15.7
20–24	224	215	170	161	75.9	74.9
25–29	232	271	224	234	96.6	86.3
30–34	260	337	254	253	97.7	75.1
35–39	316	381	309	239	97.8	62.7
40–44	317	346	308	196	97.2	56.6
45–49	265	276	253	151	95.5	54.7
50–54	209	201	191	93	91.4	46.3
55–59	143	126	111	39	77.6	31.0
60–64	133	124	59	14	44.4	11.3
65–	342	399	37	7	10.8	1.8
Total (15–)	2,677	2,898	1,960	1,423	73.2	49.1
Total	3,277	3,463	1,960	1,423	59.8	41.1

REPUBLIC OF KOREA[6] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
15–19	1,904	1,828	221	229	11.6	12.5
20–24	1,153	1,751	595	1,065	51.6	60.8
25–29	2,026	1,928	1,698	1,077	83.8	55.9
30–34	1,914	1,880	1,826	911	95.4	48.5
35–39	2,141	2,053	2,048	1,213	95.7	59.1
40–44	2,073	2,043	1,957	1,296	94.4	63.4
45–49	1,559	1,558	1,444	1,007	92.6	64.6
50–54	1,311	1,210	1,169	668	89.2	55.2
55–59	1,057	1,097	822	557	77.8	50.8
60–64	968	1,040	612	473	63.2	45.5
65–	1,402	2,241	559	505	39.9	22.5
Total (15–)	17,508	18,629	12,951	9,001	74.0	48.3
Total	—	—	12,950	9,000	—	—

SINGAPORE[7] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
15–19	123	117	22	24	18.0	20.1
20–24	162	181	123	143	75.9	78.7
25–29	240	212	232	180	96.5	84.9
30–34	230	190	226	140	98.3	73.6
35–39	211	181	208	114	98.2	63.0
40–44	181	168	176	102	97.5	60.8
45–49	143	138	138	79	96.3	57.4
50–54	111	110	101	51	91.3	46.7
55–59	67	69	50	20	74.4	29.6
60–64	57	62	28	10	49.6	15.3
65–69	44	49	13	4	29.5	7.6
70–	63	88	7	2	10.8	2.2
Total (15–)	1,633	1,564	1,327	868	81.3	55.5
Total	—	—	1,324	868	—	—

THAILAND[8] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
0–12	6,972	6,798	—	—	—	—
13–14	1,112	1,083	97	77	8.7	7.1
15–19	2,881	2,794	1,095	862	38.0	30.9
20–24	2,942	2,850	2,271	1,891	77.2	66.4
25–29	2,878	2,780	2,718	2,217	94.4	79.7
30–34	2,684	2,626	2,581	2,173	96.2	82.8
35–39	2,429	2,450	2,371	2,058	97.6	84.0
40–49	4,051	4,138	3,952	3,399	97.6	82.1
50–59	2,553	2,718	2,378	1,906	93.2	70.1
60–	2,642	3,101	1,211	717	45.8	23.1
Total (15–)	23,059	23,457	18,577	15,222	80.6	64.9
Total	31,142	31,338	18,674	15,229	60.0	48.6

INDONESIA[9] 1999

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
15–19	11,130	10,417	5,059	3,495	45.5	33.6
20–24	8,483	9,111	7,688	4,901	90.6	53.8
25–29	8,155	9,221	7,688	4,901	94.3	53.2
30–34	7,577	8,144	7,407	4,607	97.8	56.6
35–39	7,807	8,178	7,690	4,926	98.5	60.2
40–44	6,703	6,127	6,622	3,831	98.8	62.5
45–49	5,630	5,244	5,517	3,261	98.0	62.2
50–54	4,120	4,027	3,943	2,415	95.7	60.0
55–59	3,233	3,245	2,831	1,762	87.6	54.3
60–	7,086	7,461	4,708	2,540	66.4	34.0
Total (15–)	69,922	71,174	59,153	36,640	84.6	51.5
Total	—	—	59,153	36,640	—	—

PHILIPPINES[10] 2000

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
15–19	4,489	4,026	1,870	1,001	41.7	24.9
20–24	3,292	2,955	2,573	1,536	78.2	52.0
25–34	4,693	4,677	4,543	2,530	96.8	54.1
35–44	4,465	4,707	4,372	2,738	97.9	58.2
45–54	3,365	3,483	3,245	2,067	96.4	59.3
55–64	2,041	2,272	1,744	1,218	85.4	53.6
65–	1,597	2,008	890	581	55.7	28.9
Unclear	2	5	1	1	50.0	20.0
Total (15–)	23,944	24,133	19,238	11,672	80.3	48.4
Total	—	—	19,238	11,672	—	—

AUSTRALIA[11] 1998

Age Group	Population		Labour Force		Labour Force Participation Rate	
	Men	Women	Men	Women	Men	Women
15–19	690	659	407	397	59.0	60.3
20–24	690	668	597	521	86.5	78.1
25–29	734	733	674	532	91.9	72.6
30–34	706	716	654	479	92.6	66.9
35–39	740	749	678	510	91.6	68.1
40–44	719	725	661	540	91.8	74.4
45–49	670	673	597	502	89.1	74.6
50–54	632	615	537	407	85.0	66.1
55–59	488	473	354	223	72.5	47.2
60–64	392	390	183	85	46.5	21.8
65–69	330	345	61	28	18.6	8.1
70–	707	975	43	13	6.0	1.3
Total (15–)	7,498	7,719	5,446	4,236	72.6	54.9
Total	—	—	5,446	4,236	—	—

Source: Annual Report on Labour Force Survey, Statistics Bureau, Ministry of Public Management, Home Affairs, Post and Telecommunications.
EU: Eurostat "Labour Force Survey Result 1997"
Others: ILO Yearbook of Labour Statistics

Notes: 1) Population figures are provided by the Statistics Bureau of the Ministry of Public Management, Home Affairs, Post and Telecommunications in "Population Estimates—The Population Estimate of 1 October 2001." Labour force figures are provided by the Ministry of Public Management, Home Affairs, Post and Telecommunications in "Annual Report on Labour Force Survey."

2) Excludes military.

3) Labour force is the total numbers of employed and unemployed persons.

4) Population figures are the official estimate at the beginning of 1995.

5) According to household statistics. Excludes military.

6) Labour Force Survey (Sample survey). Excludes resident foreigners and military.

7) Labour Force Survey (Sample survey). Includes persons of no fixed abode.

8) Labour Force Survey (Sample survey). Excludes military. Labour force figures include persons who are not employed and seasonal workers at the time of the survey.

9) Labour Force Survey (Sample survey).

10) Family Income and Expenditure Survey. Includes military residing in private housing.

11) Labour Force Survey (Sample survey). Excludes military.

Appendix 3 Number of Employed Persons by Industry

Country, Region	All Industries[1]		Agriculture, Hunting, Forestry and Fishing		Mining and Quarrying		Manufacturing		Electricity, Gas and Water		Construction		Wholesale and Retail Trade and Restaurants and Hotels		Transport Storage and Communication		Financing, Insurance, Real Estate and Business Services		Community, Social and Personal Services	
	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000	1990	2000
JAPAN	62,490	64,460	4,510	3,260	60	50	15,050	13,210	300	340	5,880	6,530	14,150	15,740	3,750	4,140	5,160	6,160	13,320	15,640
UNITED STATES OF AMERICA[2]	118,793	135,208	3,394	3,457	724	521	21,346	19,940	1,289	1,123	7,764	9,433	26,440	29,422	6,340	7,817	13,421	16,516	38,074	46,979
CANADA[3]	13,165	14,909	550	522	188	156	2,105	2,217	142	116	824	769	3,163	3,438	853	1,104	1,527	2,272	3,813	3,938
UNITED KINGDOM	26,818	27,677	573	426	—	101	5,928	4,740	598	200	2,141	1,996	5,415	5,448	1,652	1,905	3,046	4,272	7,276	8,516
GERMANY[4]	27,988	36,715	990	1,013	190	196	8,841	8,605	254	329	1,847	3,204	4,636	6,275	1,620	1,934	2,375	3,840	7,235	10,319
FRANCE	22,082	23,375	1,262	946	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
ITALY	21,215	20,874	1,895	1,120	229	64	4,757	4,918	—	167	1,859	1,618	4,537	4,191	1,146	1,190	895	2,140	5,897	5,467
NETHERLANDS[11]	6,268	7,622	289	240	11	9	1,185	1,116	41	37	409	472	1,104	1,530	382	467	646	1,188	2,142	2,352
DENMARK[5]	2,638	2,692	147	90	3	3	532	510	20	15	172	184	391	443	189	176	247	335	909	930
SWEDEN	4,449	4,158	153	98	12	9	933	757	36	30	310	226	643	636	313	279	371	584	1,671	1,533
RUSSIA[6]	75,325	60,408	10,449	7,145	1,236	1,210	19,964	11,514	930	1,577	8,168	3,445	6,210	8,046	5,818	5,487	6,415	2,594	15,917	19,390
CHINA[7]	639,090	711,500	341,770	333,500	8,820	5,970	86,240	80,430	1,920	2,840	24,240	35,520	28,390	46,860	15,660	20,290	2,620	4,270	16,730	20,250
CHINA, HONG KONG SAR	2,712	3,214	23	9	1	0	751	338	19	17	226	303	703	985	268	359	209	449	512	754
REPUBLIC OF KOREA	18,085	21,061	3,237	2,288	79	18	4,911	4,243	70	63	1,346	1,581	3,935	5,279	923	1,265	945	2,085	2,638	3,788
SINGAPORE[8]	1,537	2,095	—	5	—	1	—	435	—	7	—	274	—	401	—	197	—	323	—	451
MALAYSIA	6,685	9,322	1,738	1,712	37	27	1,333	2,126	47	48	424	799	1,218	1,790	302	423	258	462	1,329	1,935
THAILAND	30,842	33,001	19,726	16,096	54	39	3,133	4,785	109	173	1,026	1,280	2,976	4,802	733	951	—	—	3,065	4,865
INDONESIA[9]	75,851	88,817	42,378	38,378	528	726	7,693	11,516	135	188	2,060	3,415	11,067	17,529	2,313	4,207	478	634	9,070	12,224
PHILIPPINES[8]	22,532	27,775	10,185	10,401	133	106	2,188	2,792	91	116	974	1,430	3,145	4,587	1,137	2,024	444	678	4,220	5,636
INDIA[10]	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
AUSTRALIA	7,808	9,048	427	444	95	79	1,177	1,144	104	65	587	713	1,913	2,220	542	594	974	1,400	1,989	2,389
NEW ZEALAND[10]	1,481	1,750	157	166	5	4	253	278	14	9	92	110	312	372	93	110	146	220	404	479
BRAZIL[11]	62,100	71,676	14,181	17,372	860	783	9,410	8,279	—	—	3,823	4,743	7,976	9,618	2,440	2,815	1,716	1,344	21,694	26,721

Sources: OECD "Labour Force Statistics", ILO "Yearbook of Labour Statistics"

Notes: 1) "All Industries" includes "others."
2) From 1990, calculation methods differ.
3) From 1998, calculation methods differ.
4) Until 1990, figures are for the former West Germany region. 1998 figures are used for 2000.
5) 1981 figures are used for 1980.
6) Until 1990, figures are for the number of employed persons in the former Soviet Union. 1999 figures are used for 2000.
7) State-run enterprises
8) Population 15 years old or more
9) Population 10 years old or more
10) Public sector and non-agricultural private sector establishments employing 10 or more persons.
11) 1999 figures are used for 2000.

Appendix 4 Ratio of Employment by Industry (2000)

(%)

Country	Agriculture, Hunting, Forestry and Fishing	Mining and Quarrying	Manufacturing	Electricity, Gas and Water	Construction	Wholesale and Retail Trade, Restaurants and Hotels	Transport, Storage and Communications	Financing, Insurance, Real Estate and Business Services	Community, Social and Personal Services
JAPAN	5.1	0.1	20.5	0.5	10.1	24.4	6.4	9.6	24.3
UNITED STATE OF AMERICA	2.6	0.4	14.7	0.8	7.0	21.8	5.8	12.2	34.7
CANADA	3.5	1.0	14.9	0.8	5.2	23.1	7.4	15.2	26.4
UNITED KINGDOM	1.5	0.4	17.1	0.7	7.2	19.7	6.9	15.4	30.8
GERMANY[1)]	2.8	0.5	24.1	0.9	9.0	17.6	5.4	10.8	28.9
ITALY	5.4	0.3	23.6	0.8	7.8	20.1	5.7	10.3	26.2
CHINA	46.9	0.8	11.3	0.4	5.0	6.6	2.9	0.6	2.8
CHINA, HONG KONG SAR	0.3	0.0	10.5	0.5	9.4	30.6	11.2	14.0	23.5
REPUBLIC OF KOREA	10.9	0.1	20.1	0.3	7.5	25.1	6.0	9.9	18.0
SINGAPORE	0.2	0.0	20.8	0.3	13.1	19.2	9.4	15.4	21.5
MALAYSIA	18.4	0.3	22.8	0.5	8.6	19.2	4.5	5.0	20.8
INDONESIA	43.2	0.8	13.0	0.2	3.8	19.7	4.7	0.7	13.8
PHILIPPINES	37.4	0.4	10.1	0.4	5.1	16.5	7.3	2.4	20.3
AUSTRALIA	4.9	0.9	12.6	0.7	7.9	24.5	6.6	15.5	26.4

Sources: OECD "Labour Force Statistics", ILO "Yearbook of Labour Statistics"
Note: 1) Year 2000 is 1998

Appendix 5 Ratio of Part-time Workers[1)] to Number of Employed

(%)

Country		1980	1985	1990	1995	1996	1997	1998	1999	2000
JAPAN	Total	15.7	16.6	19.2	20.1	21.8	23.3	23.6	24.1	23.1
	Male	7.5	7.8	9.5	10.0	11.7	12.9	12.9	13.4	11.8
	Female	28.6	30.0	33.4	34.9	36.7	38.3	39.0	39.7	39.4
UNITED STATES OF AMERICA	Total	14.2	14.4	13.8	14.1	14.0	13.6	13.4	13.3	12.8
	Male	8.1	8.4	8.3	8.4	8.4	8.3	8.2	8.1	7.9
	Female	21.9	21.5	20.0	20.3	20.2	19.5	19.1	19.0	18.2
CANADA	Total	14.4	17.0	17.0	18.6	18.9	19.1	18.9	18.5	18.1
	Male	6.8	8.8	9.1	10.6	10.7	10.5	10.6	10.3	10.3
	Female	25.9	28.2	26.8	28.2	28.9	29.4	28.8	28.0	27.3
UNITED KINGDOM	Total		19.7		22.3	22.9	22.9	23.0	22.9	23.0
	Male		4.3	5.3	7.3	7.7	8.2	8.2	8.5	8.4
	Female		41.1		40.7	41.4	40.9	41.2	40.6	40.8
GERMANY	Total		11.0	13.4	14.2	14.9	15.8	16.6	17.1	17.6
	Male		1.7	2.3	3.4	3.7	4.1	4.6	4.8	4.8
	Female		25.4	29.8	29.1	29.9	31.4	32.4	33.1	33.9
FRANCE	Total		11.2	12.2	14.2	14.3	14.9	14.8	14.7	14.2
	Male		4.3	4.4	5.6	5.7	5.9	5.8	5.8	5.3
	Female		20.3	21.7	24.3	24.1	25.2	25.0	24.7	24.3
ITALY	Total		7.5	8.8	10.5	10.5	11.3	11.2	11.8	12.2
	Male		3.5	3.9	4.8	4.7	5.1	4.9	5.3	5.7
	Female		16.0	18.2	21.1	20.9	22.2	22.4	23.2	23.4
SWEDEN	Total			14.5	15.1	14.8	14.2	13.5	14.5	14.0
	Male			5.3	6.8	6.7	6.5	5.6	7.3	7.3
	Female			24.5	24.1	23.5	22.6	22.0	22.3	21.4
REPUBLIC OF KOREA	Total			4.5	4.4	4.4	5.1	6.8	7.8	7.1
	Male			3.1	2.9	2.7	3.3	5.1	5.9	5.2
	Female			6.5	6.7	6.9	7.8	9.2	10.5	9.9
AUSTRALIA	Total	18.1	20.4	22.6	25.0	25.2	26.0	25.9	26.1	26.2
	Male	8.3	10.1	11.3	13.5	14.0	14.6	14.4	14.3	14.8
	Female	34.9	36.9	38.5	40.2	40.0	41.0	40.7	41.4	40.7

Source: OECD "Labour Force Statistics"
Note: 1) "Part-time workers" refers to those who usually work less than 30 hours per week in their main job. However, figures for Australia are based on actual working hours. Figures for Japan are for those who have less than 35 actual working hours per week. Figures for the United States of America are for wage and salaried workers.

Appendix 6 Unemployment Rate (levels announced by each country)

(%)

Country, Region	1985	1990	1995	1998	1999	2000	2001
JAPAN	2.6	2.1	3.2	4.1	4.7	4.7	5.0
UNITED STATES OF AMERICA[2)]	7.2	5.6	5.6	4.5	4.2	4.0	4.8
CANADA	10.5	8.1	9.5	8.3	7.6	6.8	7.2
UNITED KINGDOM[2)]	—	6.9	8.8	6.3	6.1	5.7	4.9
GERMANY[1)]	8.2	6.4	9.4	11.1	10.5	9.6	9.4
FRANCE	10.2	8.9	11.6	11.6	11.0	9.5	8.8
ITALY[2)]	10.3	11.0	11.6	11.9	11.4	10.6	9.5
SWEDEN[2),3)]	2.8	1.6	7.7	6.5	5.6	4.7	—
RUSSIA[2)]	—	—	9.5	13.2	12.6	9.8	8.9
CHINA[4),5)]	1.8	2.5	2.9	3.1	3.1	3.1	—
CHINA, HONG KONG SAR	3.2	1.3	3.2	4.7	6.3	4.9	5.1
TAIWAN	2.9	1.7	1.8	2.7	2.9	3.0	4.6
REPUBLIC OF KOREA	4.0	2.4	2.0	6.8	6.3	4.1	3.7
SINGAPORE[4),6)]	4.1	1.7	2.0	3.3	3.5	3.1	3.5
MALAYSIA	6.9	5.1	2.8	3.2	3.4	3.1	3.6
THAILAND[2),3),4)]	3.7	3.5	1.7	4.4	4.2	3.6	3.3
INDONESIA[7)]	—	2.8	7.2	5.5	6.4	6.1	8.1
PHILIPPINES[4)]	6.1	8.1	9.5	10.1	9.7	11.2	11.2
AUSTRALIA[8)]	8.3	6.9	8.5	8.0	7.2	6.6	—
NEW ZEALAND[3,9)]	4.0	7.8	6.3	7.5	6.8	6.0	—
BRAZIL[2),4),10)]	3.4	3.7	6.1	9.0	9.6	—	—

Sources: ILO "Yearbook of Labour Statistics"
Cabinet Office "Overseas Economic Data"
Bureau of Statistics, Ministry of Public Management, Home Affairs, and Posts and Telecommunications, Japan "Labour Force Survey"
United Kingdom National Statistics "Labour Market Trends"
See Table 4-8 for a definition of "unemployed workers."

Notes: 1) 1985 and 1990 figures are for the former West Germany.
2) Ages: United States Of America and United Kingdom, 16 and above; Italy, 14 and above; Thailand, 13 and above; Brazil, 10 and above; Sweden, 16–64; Russia, 15–72; all other countries, 15 and above.
3) 1985 ages: Sweden, 16–74; Thailand, 11 and above; New Zealand, 15–60.
4) Figures: China, as of December; Singapore, as of June; Philippines, as of October (fourth quarter in 1985); Brazil, as of September; Thailand, as of August.
5) Figures in urban areas.
6) 1990 figures are based on population survey.
7) Figures obtained by subtracting employment rate from 100%.
8) 1985 figures include unpaid family business working less than 15 hours
9) 1985 figures include students on vacation seeking jobs.
10) Average among the six largest cities

Appendix 7 Foreign Population[1)] and Ratio of Foreigners to Total Population in Major OECD Countries

(1,000 persons)

Country		1985	1990	1993	1994	1995	1996	1997	1998	1999
JAPAN[2)]		850.0	1,057.3	1,320.7	1,354.0	1,362.4	1,415.1	1,482.7	1,512.1	1,556.1
	Ratio	0.7	0.9	1.1	1.1	1.1	1.1	1.2	1.2	1.2
UNITED KINGDOM[3)]		1,731.0	1,723.0	2,001.0	1,846.0	2,060.0	1,972.0	2,066.0	2,207.0	2,208.0
	Ratio	3.1	3.2	3.5	3.4	3.4	3.4	3.6	3.8	3.8
GERMANY[4)]		4,378.9	5,342.5	6,878.1	6,990.5	7,173.9	7,314.0	7,365.8	7,319.6	7,343.6
	Ratio	7.2	8.4	8.5	8.6	8.8	8.9	9.0	8.9	8.9
FRANCE[5)]		—	3,596.6	—	—	—	—	—	—	
	Ratio	—	6.3	—	—	—	—	—	—	
ITALY[6)]		423.0	781.1	987.4	922.7	991.4	1,095.6	1,240.7	1,250.2	1,252.0
	Ratio	0.7	1.4	1.7	1.6	1.7	2.0	2.2	2.1	2.2
NETHERLANDS[7)]		525.5	692.4	779.8	757.1	725.4	679.9	678.1	662.4	651.5
	Ratio	3.8	4.6	5.1	5.0	4.7	4.4	4.4	4.2	4.1
BELGIUM[8)]		846.5	904.5	920.6	922.3	909.8	911.9	903.2	892.0	897.1
	Ratio	8.6	9.1	9.1	9.1	9.0	9.0	8.9	8.7	8.8
LUXEMBOURG		97.9	110.0	124.5	132.5	138.1	142.8	147.7	152.9	159.4
	Ratio	26.7	28.6	31.1	2.6	33.4	34.1	34.8	35.6	36.0
DENMARK		117.0	160.6	189.0	196.7	222.7	237.7	249.6	256.3	259.4
	Ratio	2.3	3.1	3.6	3.8	4.2	4.7	4.7	4.8	4.9
SWEDEN		388.6	483.7	507.5	537.4	531.8	526.6	522.0	499.9	487.2
	Ratio	4.6	5.6	5.8	6.1	5.2	6.0	6.5	5.6	5.5
AUSTRIA[9)]		304.4	436.1	689.6	713.5	723.5	728.2	732.7	757.3	748.2
	Ratio	4.0	5.9	8.6	8.9	9.0	9.0	9.1	9.1	9.2
SWITZERLAND[10)]		919.7	1,110.3	1,260.3	1,300.1	1,330.6	1,337.6	1,340.8	1,347.9	1,368.7
	Ratio	14.3	16.3	18.1	18.6	18.9	18.9	19.0	19.0	19.2
FINLAND		17.0	26.3	55.6	62.0	68.6	73.8	80.6	85.1	87.7
	Ratio	0.3	0.5	1.1	1.2	1.3	1.4	1.6	1.6	1.7
IRELAND[3)]		79.0	80.0	89.9	91.1	96.1	118.0	114.4	111.0	117.8
	Ratio	2.3	2.3	2.7	2.7	2.7	3.2	3.1	3.0	3.1
NORWAY[11)]		101.5	143.3	162.3	164.0	160.8	157.5	158.0	165.0	178.7
	Ratio	2.4	3.4	3.8	3.8	3.7	3.6	3.6	3.7	4.0
SPAIN[12)]		242.0	278.7	430.4	461.4	499.8	539.0	609.8	719.6	801.3
	Ratio	0.6	0.7	1.1	1.2	1.2	1.3	1.5	1.8	2.0

Sources: OECD "Trends in International Migration, Annual Report 1998, 2001," "Labour Force Statistics," and statistics of each country.

Notes: 1) Excluding United Kingdom and France, figures are based on registered data of resident foreigners as of December 31 each year.
2) Based on foreigner registration records of those staying beyond 90 days. Includes those who have obtained permanent resident status in Japan.
3) Figures are estimated from each year's labor force survey.
4) Until 1990, figures only represent the former West Germany. Figures from 1992 are for the entire unified Germany.
5) Data from the 1990 population census. 1982 census data = 3,714,200.
6) 1987, 1988 and 1990 data are adjusted in consideration of normalization measures.
7) 1994 figures are estimates.
8) A significant number of foreigners gained Belgian citizenship with amendments of the Nationality Law in 1985 and 1992. As a result, from 1984–85 and 1991–92, the number of foreigners decreased.
9) Annual averages.
10) The number of foreigners who have permission for full-year residence and foreigners who have permission for domiciliary residence (permanent residence). Numbers of seasonal and cross-border workers are excluded.
11) Excluding those from 1985, figures include asylum seekers who have filed for asylum. Their numbers were extremely low in 1985.
12) The number of foreigners who have permission for residence. Those with permission for short-term residence (less than six months) and students are excluded.

Appendix 8 Wages (manufacturing industries)

(Total Male/Female)

Country, Region		1985	1990	1995	1998	1999	2000
JAPAN (E)[2)]	(Yen/month) (Yen/day) (Yen/hour)	299,531 14,129 1,667	352,020 17,006 1,909	390,600 19,727 2,383	407,789 20,806 2,506	399,088 20,362 2,465	406,707 20,645 2,469
UNITED STATES OF AMERICA (E)[3)]	(Dollars/hour)	9.54	10.83	12.37	13.49	13.90	14.38
CANADA (E)[4)]	(Dollars/hour)	11.64	14.2	16.2	17.2	17.2	—
UNITED KINGDOM (E)[5)]	(Pounds/hour)	3.64	6.05	7.85	9.10	9.49	9.72
GERMANY (E)[6)]	(Marks/hour)	16.2	20.07	25.48	27.39	27.53	27.78
FRANCE (E)[7)]	(Francs/hour)	37.75	45.46	52.78	—	—	—
ITALY (R)[8)]	(1990 figure = 100)	—	100.0	128.7	108.6	110.9	113.1
SWEDEN (E)[9)]	(Kroners/hour)	58.58	87.33	106.95	105.07	106.85	111.30
RUSSIA (E)[10)]	(Rubles/month)	—	—	464,792	1,026	—	—
CHINA (E)	(Yuan/month)	92.58	172.25	430.75	588.67	649.50	729.00
CHINA, HONG KONG SAR (R)	(Dollars/day)	98.3	179.5	278.0	335.3	334.7	335.4
REPUBLIC OF KOREA (E)[11)]	(Won/month)	270	590.76	1,123.9	1,284.5	1,475.5	1,601.5
SINGAPORE (E)[12)]	(Dollars/month)	—	1,395.0	2,157.3	2,716	2,803	3,036
THAILAND (R)[13)]	(Baht/month)	2,826	3,357	4,994	6,389	5,921	—
PHILIPPINES (E)[14)]	(Pesos/month)	1,951	4,263	6,654	—	—	—
INDIA (E)	(Rupees/month)	740.2	988.4	1,211.0	—	—	—
AUSTRALIA (E)[15)]	(Dollars/hour)	9.45	12.89	15.59	17.38	—	—
NEW ZEALAND (E)[16)]	(Dollars/hour)	8.36	13.31	14.78	16.33	16.90	16.99
BRAZIL[17)]	(Real/month)	1,607.2	26.08	504.9	—	—	—

Sources: ILO "Yearbook of Labour Statistics"
Ministry of Health, Labour and Welfare "Monthly Labour Survey"

Notes: 1) (E) = Actual wages (R) = Wage ratio
2) Regular employees at establishments with more than 30 employees according to the Monthly Labour Survey. Special wages such as bonuses are included. Working hours are the total actual working hours.
3) Manufacturing and construction workers on a non-management level in the private sector (from 1985). From 1988 the industrial classifications were changed.
4) Employees paid an hourly wage.
5) Figures for April each year, showing the wage ratio for adult, full-time employees, excluding Northern Ireland, but including quarry workers (1985).
6) Figures prior to 1998 are for the former West Germany, including family allowances paid directly by the employer.
7) Figures for October each year. From 1988 the method of survey was changed.
8) Using 1990 = 100, from 1996, 1995 = 100.
9) Figures are for adult employees in the second quarter each year, and before 1996 include holiday allowances, allowances for sick leave and appraisal value for wages in kind. From 1993 the industrial classifications were changed.
10) From 1997 the figures are for the new ruble.
11) In units of 1,000 (from 1985). Includes appraisal value for wages in kind and family allowances. From 1993 the industrial classifications were changed.
12) From 1998 the industrial classifications were changed.
13) Figures for March each year. Wage ratio against fixed working hours, excluding publicly owned enterprises (from 1994).
14) Companies with more than 10 employees. Calculation based on annual salary.
15) Figures for May each year for full-time non-management staff (from 1990). Figures for 1985 are for November. In 1994 and from 1996 the industrial classifications were changed.
16) Companies with more than 0.5 (equivalent) full-time employees (from 2000). Figures from 1989 to 1999 are for companies with more than 1 (equivalent) full-time employee. Figures prior to 1988 are for companies with more than 2 (equivalent) full-time employees. From 1994 the industrial classifications were changed.
17) Unit of 1,000 (prior to 1990). Figures prior to 1994 are Cruzeiro.

Appendix 9 Yearly Actual Working Hours (estimates, in principle for manufacturing industry and production labourers)

(Hours)

Year	Japan	US	UK	Germany	France
1980	2,162 (209)	1,893 (146)	1,883 (125)	1,719 (104)	1,759
1985	2,168 (230)	1,929 (172)	1,910 (161)	1,663 (83)	1,644
1990	2,124 (219)	1,948 (192)	1,953 (187)	1,598 (99)	1,683
1994	1,966 (139)	2,005 (244)	1,920 (171)	1,542 (83)	1,679
1995	1,975 (152)	1,986 (234)	1,943 (198)	1,550 (88)	1,680
1996	1,993 (168)	1,986 (234)	1,929 (182)	1,517 (68)	1,679
1997	1,983 (179)	2,005 (250)	1,934 (187)	1,517 (68)	1,677
1998	1,947 (152)	1,991 (239)	1,925 (177)	1,525 (57)	1,672
1999	1,942 (155)	1,991 (239)	1,902 (151)	1,525 (57)	1,650
2000	1,970 (175)	1,986 (239)	1,902 (151)		1,589

Sources: Ministry of Health, Labour and Welfare "Monthly Labour Survey;" statistics of EU and other countries; estimates by Wages and Working Hours Division, Labour Standards Bureau, Ministry of Health, Labour and Welfare.

Notes: 1) Figures in parentheses are hours worked out of fixed working hours. The figure for this is not available for France.
2) The scale of enterprises included is in Japan: companies with over 5 employees, in the USA: all companies, and in other countries: companies with over 10 employees.

Appendix 10 Unionization Rate

(1,000 persons, %)

Country		1985	1990	1995	1998	1999	2000	2001
JAPAN	Members	12,418	12,265	12,614	12,093	11,825	11,539	11,212
	Unionization Rate	28.9	25.2	23.8	22.4	22.2	21.5	20.7
UNITED STATE OF AMERICA	Members	16,996	16,740	16,360	16,211	16,447	16,258	
	Unionization Rate	18.0	16.1	14.9	13.9	13.9	13.5	13.5
UNITED KINGDOM	Members	—	8,835	7,309	7,152	7,257		
	Unionization Rate	—	38.1	32.1	29.6	29.5	29.4	28.8
GERMANY[1)]	Members	9,324	9,619	11,242	10,270			
	Unionization Rate	41.9	37.7	36.0	32.2	30.0	29.0	—
REPUBLIC OF KOREA	Members	1,004	1,887	1,615	1,402	1,481		
	Unionization Rate	12.4	18.4	13.8	12.2	12.6	12.0	—
SINGAPORE	Members	—	—	235	273	290		
	Unionization Rate	—	—	13.8	14.5	15.3	15.0	—
THAILAND	Members	—	309	242	265			
	Unionization Rate	—	3.8	2.3	2.0	—	—	—
PHILIPPINES	Members	—	3,055	3,587	3,687	3,731	3,778	
	Unionization Rate	—	—	—	27.0	27.1	27.2	—
AUSTRALIA	Members	—	2,660	2,252	2,038	1,878	—	
	Unionization Rate	—	41.0	32.7	28.1	25.7	24.7	—

Sources: Japan: Basic Survey of Labour Unions, Ministry of Health, Labour and Welfare
Others: Kaigai Jousei Houkoku, Ministry of Health, Labour and Welfare

Note: 1) Prior to 1990 data refer to F.R. of Germany.

Appendix 11 Number of Labor Dispute, Workers Involved, and Working Days Lost

(Cases, 1,000 persons, 1,000 days)

Country, Region		1985	1990	1995	1997	1998	1999	2000
JAPAN[1]	Number of Disputes	627	284	209	178	144	154	—
	Workers Involved	123.4	84.3	37.5	47.2	26.3	25.7	—
	Working Days Lost	264.1	144.5	77.0	110.2	101.5	87.1	—
UNITED STATES OF AMERICA[2]	Number of Disputes	54	44	31	29	34	17	39
	Workers Involved	323.9	184.9	191.5	338.6	386.8	72.6	393.7
	Working Days Lost	7,079.1	5,925.5	5,771.2	4,497.1	5,115.7	1,995.8	20,419.4
CANADA[3]	Number of Disputes	829	579	328	284	379	413	376
	Workers Involved	162.2	270.5	149.2	257.7	232.9	158.6	143.5
	Working Days Lost	3,125.6	5,079.2	1,583.1	3,609.8	2,460.8	2,445.7	1,660.8
UNITED KINGDOM[4]	Number of Disputes	903	630	235	216	166	205	212
	Workers Involved	791.3	298.2	174.0	130.0	92.7	140.9	183.2
	Working Days Lost	6,402.0	1,903.0	415.0	234.7	282.4	241.8	498.8
GERMANY[5]	Number of Disputes	—	777	361	144	67	200	46
	Workers Involved	78.2	257.2	183.3	13.5	7.4	187.7	4.3
	Working Days Lost	34.5	363.5	247.5	52.9	10.7	78.8	16.1
FRANCE[6]	Number of Disputes	1,901	1,790	2,066	1,607	1,475	2,319	—
	Workers Involved	22.8	18.5	43.5	12.2	10.1	15.0	—
	Working Days Lost	726.7	528.0	783.8	392.6	345.8	705.1	—
ITALY[7]	Number of Disputes	1,341	1,094	545	923	1,103	753	966
	Workers Involved	4,842.8	1,634.0	445.0	737.3	435.4	935.0	687.0
	Working Days Lost	3,830.8	5,181.3	909.3	1,185.6	580.4	909.1	884.1
CHINA, HONG KONG SAR[8]	Number of Disputes	3	15	9	7	8	3	5
	Workers Involved	0.4	1.5	1.3	0.4	0.6	0.2	0.4
	Working Days Lost	1.2	3.5	1.0	0.8	1.4	0.3	0.9
REPUBLIC OF KOREA[9]	Number of Disputes	265	322	88	78	129	198	250
	Workers Involved	28.7	133.9	49.7	43.9	146.1	92.0	178.0
	Working Days Lost	64.3	4,487.2	392.6	444.7	1,452.1	1,366.3	1,893.6
MALAYSIA[10]	Number of Disputes	25	17	13	5	12	11	11
	Workers Involved	9.0	98.5	1.7	0.8	1.8	3.5	3.0
	Working Days Lost	36.0	302.0	4.9	2.4	2.7	10.6	6.1
THAILAND	Number of Disputes	4	9	39	23	8	16	13
	Workers Involved	0.6	4.3	16.8	11.9	2.1	7.9	6.0
	Working Days Lost	13.1	71.6	219.9	150.6	213.6	142.9	225.8
INDONESIA[11]	Number of Disputes	78	61	276	234	—	—	—
	Workers Involved	21.1	31.2	126.9	145.6	—	—	—
	Working Days Lost	557.0	262.0	1,300.0	1,250.4	—	—	—
PHILIPPINES[12]	Number of Disputes	371	183	94	93	92	58	60
	Workers Involved	111.3	68.4	54.4	51.5	34.5	15.5	21.4
	Working Days Lost	2,457.7	1,344.6	584.2	672.7	556.8	229.2	319.2
INDIA[13]	Number of Disputes	1,755	1,825	1,066	1,305	1,097	565	—
	Workers Involved	1,078.8	1,307.9	989.7	981.3	1,288.9	647.7	—
	Working Days Lost	29,239.5	24,086.2	16,289.6	16,971.4	22,062.0	8,857.7	—
AUSTRALIA[14]	Number of Disputes	1,895	1,193	643	447	519	731	698
	Workers Involved	570.5	729.9	344.3	315.4	348.4	461.1	325.4
	Working Days Lost	1,256.2	1,376.0	547.6	534.2	526.3	650.5	469.1

Sources: Japan: Ministry of Health, Labour and Welfare, "Annual Report on Labour Disputes Statistics;" Germany: Statistisches Jahrbuch 1997;
Others: ILO Yearbook of Labour Statistics

Notes: 1) The figure excludes disputes lasting less than half a day. The number of participants is the actual number of employees who took part in the dispute.
2) Figures exclude disputes involving less than 1,000 persons or lasting less than one day. The number of disputes and number of people taking part is the figure from the start of the year in question.
3) Disputes lasting longer than half a day and resulting in the loss of more than 10 working days. The number of participants is the actual number of employees who took part in the dispute.
4) In cases where the number of lost working days due to strikes exceeds 100, disputes than last less than one day, or involve less than ten people are included. The figure excludes politically motivated strikes.
5) The figures up to 1990 are for the former West Germany. Prior to 1990 the number of participants and number of working days lost due to strikes is for West Germany. In cases where the number of lost working days due to strikes exceeds 100, disputes that last less than one day are included. From 1993 the public sector is excluded. The number of participants is the actual number of employees who took part in the dispute.
6) Figures exclude localized disputes (company level) and agricultural and civil servant disputes. Number of disputes are in units of establishments. The number of participants is calculated by means of a monthly average.
7) Working days lost due to strikes are calculated on the basis that one-day is seven hours.
8) In cases where the working days lost due to strikes exceeds 100, disputes than last less than one day, or involve less than ten people are included. The public sector is excluded. The number of participants is the actual number of workers who took part in the dispute.
9) The number of participants is the actual number of workers who took part in the dispute.
10) Figures only include strikes. The number of participants is the actual number of employees who took part in the dispute.
11) Figures for working days lost due to strikes for 1985 are calculated on the basis that seven hours is equivalent to one working day lost.
12) Figures exclude disputes that lasted less than one day. The number of participants is the actual number of workers who took part in the dispute.
13) Figures exclude political and sympathy strikes and those disputes that involve less than 10 people. Figures for 1999 are provisional.
14) Figures exclude disputes where less than 10 working days were lost. Figures for 1994 are obtained through a new industrial classification. The number of participants is the total number of employees whose company is involved in the dispute.

Appendix 12 Number of Injuries (including deaths)

(1,000 persons, 1,000 days)

Country, Region		1985	1990	1995	1997	1998	1999	2000
JAPAN	Number of persons injured	—	—	165.0	154.5	144.8	135.8	134.0
	Number of deaths	2.6	2.6	2.4	2.1	1.8	2.0	1.9
UNITED STATES OF AMERICA[1]	Number of persons injured	2,540.8	3,126.7	—	—	—	—	—
	Number of deaths	3.8	2.9	6.3	6.2	6.1	6.0	—
CANADA[2]	Number of persons injured	571.3	594.9	411.2	380.7	376.2	380.2	—
	Number of deaths	0.7	0.9	0.7	0.8	0.8	0.8	—
UNITED KINGDOM[3]	Number of persons injured	—	184.0	150.3	167.3	164.0	168.0	—
	Number of deaths	0.4	0.4	0.2	0.2	0.2	0.2	—
FORMER WEST GERMANY[4]	Number of persons injured	1,174.6	1,860.3	—	—	—	—	—
	Number of deaths	2.6	2.3	—	—	—	—	—
FRANCE	Number of persons injured	731.8	761.0	672.2	658.6	679.2	701.2	—
	Number of deaths	1.1	1.2	0.7	0.7	0.7	0.7	—
ITALY[5]	Number of persons injured	794.1	923.0	657.4	607.0	618.4	612.8	—
	Number of deaths	1.4	1.4	1.2	1.2	1.2	1.0	—
SWEDEN[6]	Number of persons injured	98.3	87.2	33.7	32.2	35.8	37.8	—
	Number of deaths	0.1	0.1	0.1	0.1	0.1	0.1	—
RUSSIA[7]	Number of persons injured	706.7	432.4	270.4	185.2	158.4	153.1	—
	Number of deaths	16.7	8.4	6.8	4.7	4.3	4.3	—
CHINA[8]	Number of persons injured	—	—	28.5	26.4	—	—	—
	Number of deaths	—	—	20.0	17.6	—	—	—
CHINA, HONG KONG SAR[9]	Number of persons injured	79.6	94.9	59.4	62.7	63.5	58.8	—
	Number of deaths	0.2	0.2	0.2	0.2	0.2	0.2	—
REPUBLIC OF KOREA[10]	Number of persons injured	141.8	132.9	78.0	66.8	51.5	55.4	—
	Number of deaths	1.7	2.2	2.7	2.7	2.2	1.4	—
SINGAPORE	Number of persons injured	4.4	4.9	3.9	4.4	4.2	4.0	3.5
	Number of deaths	0.1	0.1	0.1	0.1	0.1	0.1	0.1
MALAYSIA[11]	Number of persons injured	61.7	121.1	105.8	86.6	85.3	81.0	—
	Number of deaths	0.2	0.4	0.8	1.5	1.3	0.9	—
THAILAND[12]	Number of persons injured	40.4	80.1	216.3	230.4	186.5	51.4	50.1
	Number of deaths	0.4	0.6	1.0	1.0	0.8	0.6	0.6
INDONESIA[13]	Number of persons injured	5.7	4.6	14.2	8.7	—	—	—
	Number of deaths	—	1.4	0.9	1.1	—	—	—
PHILIPPINES[14]	Number of persons injured	5.0	40.9	48.7	—	—	—	—
	Number of deaths	0.0	0.7	0.3	—	—	—	—
INDIA[15]	Number of persons injured	201.6	1.6	1.4	1.3	—	—	—
	Number of deaths	0.9	0.2	0.3	0.2	—	—	—
AUSTRALIA[16]	Number of persons injured	—	161.0	144.7	123.9	117.5	111.2	—
	Number of deaths	—	0.4	0.3	0.3	0.3	0.2	—
NEW ZEALAND[17]	Number of persons injured	—	49.2	29.0	23.0	18.5	14.8	—
	Number of deaths	—	0.1	0.1	0.1	0.1	0.1	—
BRAZIL[18]	Number of persons injured	938.5	646.1	422.3	383.8	353.0	344.2	—
	Number of deaths	4.4	5.0	4.0	3.5	3.8	3.6	—

Source: ILO Yearbook of Labour Statistics

Notes: 1) Including occupational diseases. Until 1990 figures were for companies with more than 11 employees.
2) Including occupational diseases.
3) Figure for employees. Excluding traffic accidents. Figures for 1985 are from June to May 1986. Figures from 1990 are from April to March of the following year.
4) Excluding accidents while commuting to work.
5) Including accidents while commuting to work. Figures are for those employees who did not come to work for more than three days. The number of days lost is the compensation period excluding the first three days.
6) Figure for employees. The number of injuries includes dental injuries not arising from working hours lost.
7) Figures for 1985 are for the former Soviet Union. Figures from 1990 are for the Russian Federation.
8) Figures only for state-run industries.
9) Including accidents while commuting to work and occupational diseases.
10) Including accidents while commuting to work and occupational diseases. The number of injuries includes those which entailed more than four days of medical care not causing loss of working hours.
11) Including accidents while commuting to work and occupational diseases.
12) Including accidents while commuting to work and occupational diseases. Including cases of injuries that did not cause loss of working hours.
13) Including accidents commuting to work.
14) Figures for 1985 are for industrial statistics.
15) The figures from 1990 include both deaths and persons with disabilities.
16) Including occupational diseases. Figures are for the fiscal year that ends in the year indicated.
17) Including accidents while commuting to work and occupational diseases. Figures for 1990 are from April to March of the following year. From 1991 figures are from July to June of the following year. Includes examples that did not cause a loss of working days.
18) Including accidents while commuting to work and occupational diseases.

Index

R

S

T

U

V

W

Contributing Authors

Tetsu Sano, The Japan Institute of Labour
Chapter I Section 1 The Japanese Economy: Current Situation and Outlook for the Future
Chapter II Section 3 Changes in Employment Structure

Minoru Ito, The Japan Institute of Labour
Chapter I Section 2 Japanese Corporate Management Systems
Chapter II Section 5 Employment and Unemployment Trends
Chapter III Section 1 The Long-Term Employment System
Chapter III Section 3 Assignments and Transfers

Ryoji Nakamura, The Japan Institute of Labour
Chapter II Section 1 Population

Hiroaki Watanabe, The Japan Institute of Labour
Chapter II Section 2 Labor Force

Atsushi Sato, The Japan Institute of Labour
Chapter II Section 4 Diversification in Forms of Employment

Shinsaku Matsumoto, The Japan Institute of Labour
Chapter III Section 2 Recruiting and Hiring

Haruhiko Hori, The Japan Institute of Labour
Chapter III Section 4 Wages
Chapter IV Section 5 Shunto: Spring Wage Offensive

Kazuya Ogura, The Japan Institute of Labour
Chapter III Section 5 Working Hours
Chapter III Section 6 Company Benefits

Kazunari Honda, The Japan Institute of Labour
Chapter III Section 7 Career Development through In-house Training and Education
Chapter IV Section 2 Union Organization

Sumio Egami, The Japan Institute of Labour
Chapter IV Section 1 Labor-Management Relations

OH, Hak-Soo, The Japan Institute of Labour
Chapter IV Section 3 Labor Unions

Hirokuni Ikezoe, The Japan Institute of Labour
Chapter III Section 8 Retirement, etc.
Chapter IV Section 4 Collective Bargaining and the Labor-Management Consultation System

Employment Security Bureau, the Ministry of Health, Labour and Welfare
Chapter V Section 1 Employment Measures and Relief for the Unemployed
Chapter V Section 2 Policies Designed to Secure Employment for Older and Disabled Workers
Chapter V Section 3 Public Job Introduction System

Labour Standards Bureau, the Ministry of Health, Labour and Welfare
Chapter V Section 4 Measures to Shorten Working Hours
Chapter V Section 5 The Minimum Wage System
Chapter V Section 6 Industrial Safety and Health

Equal Employment, Children and Families Bureau, the Ministry of Health, Labour and Welfare
Chapter V Section 7 Gender Equal Employment Policies
Chapter V Section 8 The Child Care Leave and Family Care Leave Systems

Human Resources Development Bureau, the Ministry of Health, Labour and Welfare
Chapter V Section 9 Public Vocational Training Policies

Yoshihiro Kaneko, The National Institute of Population and Social Security Research
Chapter VI Section 1 The Subject of Japan's Social Security System
Chapter VI Section 2 Pension System
Chapter VI Section 3 Medical Insurance and Long-Term Care Insurance

URL: http://www.jil.go.jp/index-e.htm

First published in 2002 by THE JAPAN INSTITUTE OF LABOUR
Shinjuku Monolith, 3-1, Nishi-shinjuku 2-chome,
Shinjuku-ku, Tokyo 163-0926, JAPAN
Telephone: (03)5321-3092　Facsimile: (03)5321-3125

Printed in Japan

The Labor Situation in Japan 2002/2003
（日本の労働事情2002/2003）

2002年10月30日　第1刷発行

編　集　日本労働研究機構

発行者　伊地知　干城

発行所　日本労働研究機構

〒163-0926　東京都新宿区西新宿2丁目3番1号　新宿モノリス
電話：03-5321-3092（編集）　ファクシミリ：03-5321-3125
03-5321-3074（販売）

製　作　株式会社アーバン・コネクションズ

Printed in Japan

THE JAPAN INSTITUTE OF LABOUR

Printed on Recycled Paper