

Japan

Labor Review

Volume 1, Number 1, Winter 2004

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The Japan Institute for Labour Policy and Training

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Message from JILPT

I am delighted to announce that we, the Japan Institute for Labour Policy and Training (JILPT), have launched a new quarterly journal, the *Japan Labor Review*. JILPT, established on October 1, is a research institute, successor to the former Japan Institute of Labour (JIL). Our purpose is to undertake comprehensive research and study on labor policies and circulate the findings of that research while simultaneously contributing to the effective implementation of labor policies by training personnel in labor-related administration. With increasing globalization, the aging of society, rapid technological innovation in information and telecommunications and other structural changes, the labor market is changing dramatically as are employment systems and practices in the private sector. In line with this, we have selected nine themes for intensive investigation and research, including study on ideal employment strategies in Japan, an analysis of regional unemployment structures, and so on. To tackle these themes, it is also extremely important, we believe, to have an understanding of labor policies and the state of the labor market in other countries. With this in mind, we shall be cooperating actively in joint studies with researchers and research institutes abroad.

Our new publication, the *Japan Labor Review*, will make available in English, research papers on Japan's labor policies for the benefit of a broad range of overseas readers, including researchers and people involved in industrial relations and administration. To this end, the *Review* will be distributed widely to researchers, research institutes, organizations responsible for labor policies, and other institutions overseas. And through the *Review* we hope to enhance opportunities for interaction in research activities with such individuals and organizations abroad, which in turn will give research activities in Japan an added sophisticated quality.

The editing committee responsible for the *Review* consists of foremost authorities on research into labor issues and labor policies in Japan. The editing committee will select outstanding research papers, considered worth introducing to overseas readers, from among studies by Japanese experts concerning labor issues and labor policies. In addition, where implications for future political tasks that may interest overseas readers are concerned, members of the committee will themselves write articles from their own professional viewpoint. The predecessor of the *Review*, the *Japan Labor Bulletin*, initially launched in 1959, carried articles containing information and research results on Japanese labor issues in a monthly feature entitled "Special Topics." The *Japan Labor Review*, will continue this policy and focus on "Special Topics" similar to those which appeared in the *Bulletin*. In addition to these research papers, the *Japan Labor Review* will provide summaries of the results of studies by the JILPT itself. We sincerely hope that the *Review* will provide insight into our purpose and the aims of our activities.

The *Japan Labor Review* is a small journal which has only just set sail. We will do our best to satisfy the requirements of our readers and to maintain high academic standards. May it enjoy your patronage for many years to come.

January 2004

Akira Ono

President,

The Japan Institute for Labour Policy and Training

The Changing Labor Market, Industrial Relations and Labor Policy

Tadashi Hanami
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1. Pros and Cons of the Japanese Model

The merits of Japanese-style management have become a subject of debate recently as the Japanese economy continues to suffer under persistent difficulties. Particularly since the collapse of the bubble economy, the once world-acclaimed Japanese model tends to be either discarded or ignored, regarded as inefficient and incompatible with reform. More recently, the system is being reevaluated, especially by business leaders who successfully revamped their companies amidst the general persistent serious stagnation that Japanese businesses have entered into.

Fujio Mitarai is president of Canon Inc., which is doing remarkably well internationally in the information technology industry. He advocates the fostering of genuine corporate loyalty, which would thereby increase patriotism and lead to the expansion of Japanese high-added-value products in the global market. At the same time, Mr. Mitarai warns that although corporate loyalty flourishes under the traditional lifetime employment system, it could also result in inertia among employees who consider themselves protected because they work for a large company. To avoid such stagnation, he believes that companies should reward those who achieve results through their own ingenuity.¹ Citing this article, economist Yukio Suzuki notes that the main problem Japanese companies are facing today is how to link performance evaluation to employee motivation. Japanese employees are known world-wide for their diligence, loyalty, intelligence and team-

¹ Mitarai, Fujio. "Aikokusin Naki Keizaikaikaku wa Shippaisuru" (Reform without patriotism will fail). *Bungei Shunju* July 2003.

work. The question is how best to make use of these qualities. Suzuki concludes that ultimately the question boils down to the leadership demonstrated by top management and employee trust in management.²

The most typical case of excellent top leadership and employee trust is the revival of Nissan Motor Co. As president and CEO, Carlos Ghosn in the past five years has dramatically revitalized the once seriously troubled company. In his recent writings,³ he expresses his high regard for the Japanese management model which contains "three valuable characteristics: seniority wages, lifetime employment and (relative) concentration of power in middle-class management." In his opinion, the old Nissan failed not because it was under Japanese-style management but because it was constrained by old customs and failed to adjust. He emphasizes that competitive Japanese companies have reaped high profits by retaining the strengths of Japanese-style management while adopting features of international management throughout their global operations. According to Mr. Ghosn, the companies that proved to be successful were the ones which managed to continue the process of self-reform and to deal with global challenges by introducing performance-based evaluation. Seniority-based wages and lifetime employment will produce good results when they are combined with performance-based evaluation. Ghosn highly appreciates the lifetime employment policy, but it can only be adopted by competitive companies with high profits. Thus, he concludes that "lifetime employment is a target, not a rule."

2. Are Lifetime Employment as a Target and Revitalization of the Japanese Economy Compatible?

Media attention has recently focused on two sensational cases where enterprises that were thought to be impossible to revive made

² Suzuki, Yukio. "Japanese-style Management Deserves Updated Appraisal." *Japan Times* 21 July 2003.

³ Ghosn, Carlos. "Waga Nihonteki Keiei no Shinzui wo Kataro" (Talking about the gists of my Japanese-style management). *Bungei Shunju* Aug. 2003.

spectacular recoveries: Nissan Motor Co. and the Hanshin Tigers, a professional baseball team. Nissan, once one of the most successful automobile giants, was suffering from a serious business decline in 1999. The number of cars sold dropped to about half that of Toyota. Plants were running at only slightly over 50 percent capacity. For seven out of eight years the company was in the red. The accumulated deficit at that time reached over ¥2 trillion. In the spring of 1999, Carlos Ghosn from Renault took over as CEO. Under his leadership the company recorded a profit of 4.75 percent in 2000, 7.9 percent in 2001 and 10.5 percent in the first half of FY2002. It is now planning to increase sales by one million cars in the year 2004.

The Hanshin Tigers had been struggling in recent years, always ending the season toward the bottom of the league, if not at the very bottom. After Senichi Hoshino, a successful former manager of the Chunichi Dragons, was appointed skipper in 2002, the team was dramatically revitalized under his leadership and captured the pennant during the 2003 season, 18 years after its last championship in 1985. The team mobilized 3.3 million fans to watch their games in one year, and it is estimated to have generated spending worth several hundred million dollars in the Kansai area, home of the team, including sales of Hanshin-brand goods, drinking and eating by jubilant fans, etc.

Shortly after Hanshin captured the Central League championship in September, the *Nikkei*, the leading economic newspaper, published a long article on Ghosn's Nissan and Hoshino's Hanshin Tigers, praising them as "the new business models that will lead to a rebirth of enterprises." The *Nikkei*, the Japanese version of the *Wall Street Journal*, used these two cases as typical examples of how "innovation by outsiders" could turn failing enterprises into success stories. The paper stressed five common features as the main points.

1. Both leaders, coming from the outside, introduced drastic innova-

tions: Ghosn from Renault and Hoshino from Chunichi.

2. They implanted the spirit of competition: Nissan introduced a pay system based on results and Hanshin made players compete against each other for field position.
3. Promotion and employment from outside: Nissan recruited employees from Toyota and Honda, and transferred workers to different departments while Hoshino hired coaching staff as well as players from other teams.
4. Bold restructuring: Nissan closed five factories in Japan and laid off 20,000 workers, including in overseas facilities, and Hanshin replaced one-third of the players by outsiders.
5. Both leaders are distinguished by their ability to communicate: Ghosn shares common goals and emphasizes dialogue with employees and Hoshino encourages players for their positive contributions with delicate concern and attention.

These five features seem to be incompatible with Japanese-style management and traditional employment practices. Instead the first, third and fourth points are features of the flexibilization of the labor market. The second is a revision of the traditional notion of teamwork that is embedded in Japanese management and tends to place priority on individual initiative over the interests of the organization, an essential part of traditional Japanese corporate values. The first and fifth are signs of the globalization of human resource management. Bringing in top leaders from the outside (as seen in the first point) is a contradiction to the traditional principle of promotion from within. Promotion and employment from other companies, particularly recruitment for high-ranking managerial and professional positions (number three) would be regarded as very unusual in traditional personnel management systems. Bold restructuring (number four) is certainly a strange practice under traditional lifetime employment where

labor force reduction is regarded as the last resort for enterprises faced with economic difficulties.⁴

These two cases of innovative revival of once troubled ventures can be used to judge the future of traditional Japanese-style management. It seems pretty obvious that traditional Japanese-style management will not survive without revising, and in some cases rejecting, some of its basic premises. In this respect, it is interesting to observe recent developments by some major companies such as Hitachi Manufacturing Co., Canon Ltd., and others that point to a trend of abolishing the traditional seniority-based wage system and introducing payment-by-result and ability-based grade systems. Hitachi's case is most unique in that it entirely abolishes the traditional seniority-based wage system whereas most companies that have introduced ability-based wages have also continued with seniority-based wages at least for the younger generation. Hitachi decided to apply its rather through-going evaluation system that had originally been introduced only for higher-ranking employees to cover its 30,000 regular employees. Under the new system at Hitachi, wages could be not increased or even reduced based on the degree of negative evaluation.⁵ This is noteworthy particularly because many companies several decades ago introduced pay-by-result wage systems which modify but do not entirely abolish the traditional seniority-based wage system. It has been reported that other leading companies — including Toyota Automobile Co., Mitsubishi Motor Co., Chubu Electric Power Co. and Takeda Chemical Co. — are following suit.⁶ Such a trend that departs from the traditional Japanese wage system appears to be heading in the direction of seriously modifying if not entirely doing away with the Japanese employment system all together.

⁴ Reduction of the labor force to improve corporate finances, the so-called “active” rather than “defensive” actions to avoid bankruptcy, can still be regarded as violations of the legal principle of abuse of the right to dismiss, and therefore illegal and void under Japanese case law.

⁵ *Nikkei Shinbun* 5 Nov. 2003.

⁶ *Asahi Shinbun* 6 Nov. 2003.

3. Lifetime Employment and the Reality of the Labor Market

Regardless of the outcome of the debate on the merit of lifetime employment, there is probably no need to mention that the practice is declining both in terms of the number of workers covered by this system and the role that it plays within the contemporary Japanese labor market.

According to the *Labour Force Survey*, the number of those employed for a fixed-term increased from around 910,000 in 1992 to more than two million in 2001 (an increase of some 1.4 million). In 2001, there were 12 million part-time workers (those who worked less than 35 hours per week). The percentage of such part-time workers among the total number of employed workers has steadily increased, from 10 percent in 1980 to 22.8 percent in 2001. Although the percentage of part-time employees among male employees has constantly increased, from 5.2 percent to 12 percent during the same period, the increase in the percentage of part-time employees among female workers is much more significant, being 19.3 percent in 1980 to 39.1 percent in 2001.⁷ As a matter of fact, part-time work is concentrated mostly among middle-aged married women⁸ and partly shared by aged and young male workers.

The number of temporary workers sent from manpower agencies (called dispatched workers) has tripled in the past decade (from 503,000 in 1992 to around 1.45 million in 2001 according to the number registered).⁹

⁷ Ministry of Public Management, Home Affairs, Posts and Telecommunications, *Report on the Labour Force Survey*.

⁸ Percentage of female part-time employees among the total number of female employees was already as high as 31.1 percent in 1987 and increased to as high as 42.9 percent in 2001 (Ministry of Public Management, Home Affairs, Posts and Telecommunications, *Report on the Special Survey of the Labour Force Survey*). The proportion of women in part-time employment has consistently been around 70 percent since 1990 (OECD, *Labour Force Statistics*).

⁹ The Japan Institute of Labour, *Japanese Working Life Profile*, 2003, p.41.

This means that the number of non-regular employees in 2001 reached 13.8 million, comprising 26 percent of the total number of employed people, excluding executives, while the number of regular employees has dropped by 2.1 million (10.4 million males and 10.5 million female) since 1992. Thus, non-regular employment now accounts for about one-third the total number of employed people.¹⁰

The October 28, 2003 issue of the *Nikkei* reported on a survey regarding future employment strategies of the top 1,000 companies. According to the survey, Japanese companies plan to reduce employment of new graduates by seven percent while increasing employment of outsiders by 9.3 percent. This trend is most conspicuous in the electronics industries where employment from the outside will be increased by 24.1 percent while the number of new graduates hired will be reduced by 12.1 percent. This much-heralded report by a major economic newspaper symbolizes the general changes that are taking place in employment practices in Japanese industries.

Thus, the reality of the labor market suggests that in spite of differing opinions on the merit of lifetime employment, both the scope of its coverage and its role is definitely declining and policymakers should face this reality regardless of whether they agree or not.

4. Negative Legacy of Lifetime Employment

As a serious decline of the Japanese model is noticeable, we have to evaluate its legacy in Japanese industrial relations. Japanese-style lifetime employment has two serious defects. First, it has created a distinctly discriminatory employment structure. Traditionally, the privileges associated with lifetime employment, such as ensured job security and better working conditions, were given only to male workers employed directly from school. Women, minorities, foreigners and those who failed in education or in their first job were excluded from

¹⁰ Ministry of Public Management, Home Affairs, Posts and Telecommunications, *Basic Survey on Employment Structure and Report on Labour Force Survey*.

such privileges. Various non-regular workers have always been effectively used as shock-absorbers during business fluctuations and were sacrificed for the employment security of regular workers. Thus, the discriminatory employment structure in postwar Japan is an integral part of the Japanese-style employment system.

Because of the inadequate anti-discrimination laws¹¹ and the negative role of trade unions in the effort to change such discriminatory employment structure, this discriminatory nature of the Japanese labor market has not been overcome throughout the postwar history of Japanese industrial relations.

As already described, women workers are concentrated in part-time employment. In addition, women, minorities and foreigners (especially undocumented ones) dominate other types of non-regular employment, such as temporary or dispatched employment. Such non-regular employment provides less job security and lower wages without the fringe benefits enjoyed by regular workers. The wage gap between full-time and part-time workers has grown in recent years. The hourly income level of part-time workers dropped to as low as 66.4 percent that of full-time workers for female workers in 2001, from 70.9 percent in 1989 and 50.7 percent from 55.7 percent during the same period for male workers.¹²

Secondly, Japanese-style employment created a unique type of trade union known as enterprise unions which in turn accepted and buttressed this discriminatory system. In principle, enterprise unions have organized only privileged regular employees covered by lifetime employment, mostly in larger enterprises. In recent decades, these unions have suffered from a declining unionization rate and have

¹¹ About the inadequate nature of anti-discrimination laws in Japan, particularly that of Equal Employment Opportunity Law, see Tadashi Hanami, "Equal Employment Opportunity in Japan — The Crossroad of Japanese Corporate and Legal Culture." *Labour Law and Industrial Relations at the Turn of the Century*. Ed. Chris Engels and Manfred Weiss. Hague: Kluwer, 1998 and "Equal Employment Revisited." *Japan Labor Bulletin* 39.1 (2000): 5-10.

¹² Ministry of Health, Labour and Welfare, *Final Report of Study Committee on Part-time Work*, Table 20, July 2002.

only started to try to organize non-regular workers, mostly in vain. It is reported that less than three percent of part-time workers are organized.¹³

Facing a serious drop in the unionization rate (from 28.9 percent in 1985 to 20.7 percent in 2001), and the role and influence of trade unions in general, Rengo (Japanese Trade Union Confederation), the nation's top labor federation, established an Evaluation Committee composed of outside experts to evaluate its activities and comment on and make recommendations to the union movement. The Committee's report, published in September 2002, bluntly admitted that the organization faced serious difficulties, such as losing ties between leaders and rank-and-file union members, as well as ethical problems as a series of scandals rocked some unions, such as Jichiro (All Japan Prefectural and Municipal Workers' Union), one of the most powerful unions affiliated with Rengo. The report said that Rengo seems to only be concerned with the interests of privileged male workers who have job security at large corporations and is neglecting the disadvantaged who badly need help.

As a matter of fact, people without job security and those suffering from poor working conditions including part-time and temporary workers, not to mention the unemployed, are all left unprotected and outside this powerful union organization. As has been frequently pointed out, union organization in Japan is concentrated heavily in larger companies and the public sector. The unionization rate at companies with less than 100 employees is only 1.3 percent in contrast to a rate of some 20 percent for all industries. As already mentioned, less than three percent of over 10 million part-time workers are organized. At a major supermarket chain where part-timers account for more than 80 percent, only one percent of the workers are organized.

Rengo's annual convention in the fall of 2003 symbolized the sense of crisis that the Japanese trade union movement is facing. Kiyoshi

¹³ *Ibid.*

Sasamori was re-elected chairman, beating Tsuyoshi Takagi, leader of UI Zensen Domei (Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Union). *Japan Times* columnist Kiroku Hanai wrote, "Takagi should have been elected its leader. Sasamori's re-election shows that Rengo's member unions have become complacent about the leadership of big-company unions."¹⁴ Hanai pointed out that Rengo neglects the interests of women who should take part in union activities to help reinvigorate unions.

5. Changing Labor Market and Inadequate Labor Policies

An amendment to the Labour Standards Law adopted in late June 2003 concerned a provision requiring just cause to dismiss workers. This amendment restricts the employers' right to dismiss workers more than previous case law, which actually required just cause for dismissal by the legal principle of the abuse of the right to dismiss. It is generally acknowledged that this amendment is definitely more restrictive than previous policy. Although the actual effect of such a statutory provision is disputed, the amendment could work more or less to restrict employers' freedom to terminate workers. If this turns out to be the case, such an amendment may provide additional protection for those who already enjoy the status of being employed and may damage opportunities for those who are seeking employment. Particularly with fewer new job opportunities amidst a serious economic depression, such legislation may inhibit employers from hiring workers for regular job and may encourage them to refrain from hiring altogether, or to hire only part-time or temporary workers for unsteady jobs. It may turn out that this legislation will damage job opportunities in general or reduce the number of better opportunities

¹⁴ Hanai, Kiroku. "Resuscitating Japanese Labor." *Japan Times* 27 Oct. 2003.

by discouraging employers from committing to stable employment.

For several decades, the government has been encouraging employers to re-elevate their retirement age programs. In 1994, legislation was introduced which set the age of 60 as a compulsory retirement age. Soon after the successful introduction of the restrictive provision on the right to dismiss in the summer of 2003, the Health, Labour and Welfare minister expressed his intention to raise this retirement age to 65.¹⁵ Apparently government policy is headed toward offering more protection for already employed aged workers with privileges. A leading economist, Naohiro Yashiro, notes that the present strict regulation on dismissal (by case law) discourages employers from hiring and restricts job creation and closes employment opportunities for non-regular and aged workers.¹⁶

Another amendment introduced in 2003 includes the extension of maximum periods for several kinds of short-term employment contracts and the periods for various kinds of dispatch work, and loosens requirements for the flexible working hour system.¹⁷ There was an attempt to introduce most of these amendments in 1998 when other major amendments were introduced, but they were dropped due to strong opposition from unions. Their main argument was that longer periods of short-term employment would negatively affect regular employees. Union leaders are so concerned with the vested interests of privileged workers that they do not care much about job opportu-

¹⁵ *Nikkei* 30 Oct. 2003.

¹⁶ Yashiro Naohiro. *Koyoh Kaikaku no Jidai* (Era of Employment Reform). Tokyo: Chuoh Kohron Co., 1999.

¹⁷ The amendments include (1) the maximum period for employment contracts was extended from one to three years (from three to five years for professional jobs and for people older than 60), (2) the discretionary-work system for working at headquarters was extended to include working outside of the headquarters, (3) the maximum period that one can be dispatched was extended from one to three years, (4) the types of jobs workers could be dispatched to was broadened to cover manufacturing industries, previously prohibited, (5) the three year maximum period for dispatching in 24 different professional jobs was abolished, (6) employers are obliged to employ dispatched workers continuously if the latter wish to stay when the dispatching period is over.

nities for those badly in need of any kind of job, whether it be for a longer or shorter period. They do not understand the rather simple premise that strict regulations on employment periods and strict restrictions on flexible working systems may discourage flexible arrangements that innovative businesses come up with and thus damage the venture spirit of ambitious entrepreneurship.

As long as unions only represent the interests of secure workers and male employees at larger corporations and they are complacent about labor-management cooperation, as Hanai pointed out,¹⁸ it is only natural that they will defend labor policy which provides more protection for privileged workers who make up their membership and ignore the interests of underprivileged non-members. Here we have to take into consideration the legislative mechanism of postwar Japanese industrial relations. Under the present administrative system, labor policy decision-making, including proposals and drafts of legislation and major labor policies, takes place at trilateral committees established by the Ministry of Health, Labour and Welfare. These committees consist of representatives from labor and employers, and also public (neutral) individuals with knowledge and experience. Both labor and employer representatives are appointed by the Ministry based on recommendations by the most representative organizations on each side. Labor members are mostly recommendations from Rengo or its affiliated unions. The result has been a complacent “good” relationship among the members of the commission in recent years.

Thus it is only natural that labor policies approved by such a body tend to give priority to the interests of union members who have rather comfortable jobs while ignoring unorganized workers who really need help from the government. And it can hardly be expected to introduce any drastic measures which would change the status quo. For instance, what is needed most is legislation that effectively prohibits all kinds of discrimination in hiring, job assignment, promo-

¹⁸ Hanai, *op.cit.*

tion based of race, nationality or family origin, sex, age, disability, etc. It would be more preferable to introduce concrete statutory provisions prohibiting such discriminatory treatment than introducing not very effective abstract prohibitions against dismissal without just cause.

The author of this article has been trying to attract attention for such legislation inside and outside such committees in vain. For decades, simply no one has been interested. Of course, such legislation also might discourage job opportunities for disadvantaged groups if it were introduced directly without careful consideration about the effects. But, at the same time, the Japanese approach of "soft law" which relies on administrative guidance instead of direct enforcement through court order or penalty is not very effective, as shown by the miserable history of governmental efforts to enforce the Equal Employment Opportunity Law since its introduction in 1985.¹⁹ In the past 10 years, we have experienced almost the same failure to improve the working conditions of part-time workers through administrative guidance. As already mentioned, the wage gap between part-timers and regular workers not only has not been narrowed, it has expanded. Thus, an adequate policy is not very easy to find. However, in the recent history of policymaking in Japan, no serious effort has been undertaken to arrive at such a policy with strong determination based on the lofty idea of equality.

The question is, who could promote such efforts? Public individuals, including scholars and government officials, could, provided unions join them in such efforts or at least do not resist such attempts. For the desperately needed labor policies for disadvantaged groups whose interests have been so unreasonably ignored for so many decades to materialize, unions must change or they should be replaced by something else.

¹⁹ See Hanami, Tadashi. "Equal Employment Opportunity...", *op.cit.* and "Equal Employment Revisited," *op.cit.*

Employment Strategies Required in an Aging Society with Fewer Children

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1. Changes in the Economic Environment and the Relationship between Firms and Workers

Entering the last decade of the 20th century, the economic environment affecting Japanese firms changed substantially. The long-term growth rate had been on a downward trend before then, but accelerated even further in the 1990s. The annual average growth rate, which stood at 10.5 percent in the 1960s, fell to 5.1 percent in the 1970s, 3.9 percent in the 1980s and eventually to around one percent in the 1990s.

Japanese firms can no longer expect constant economic growth, and have come under pressure to take measures such as downsizing or closing branches or factories. Consequently, they are obliged to avoid fixed labor costs and are beginning to outsource. At the same time, they are cutting back on regular employees and increasing the number of part-time, dispatched and other types of workers with fixed-term labor contracts. In addition, as an increasing number of large firms enter into bankruptcy, the employment security of existing employees has been undermined, irrespective of the wishes of employers.

Intensifying competition among firms, both domestically and on an international scale, together with a declining economic growth rate, is having a considerable impact on company employment practices. Japanese firms have been, and remain, fully aware of global competition and the need to enhance their export strength. As a result, it has been noted that, particularly in industries producing

manufactured goods, wages tend to stay low (Higuchi, 1989). However, until the first half of the 1980s, these firms were not active in direct foreign investment and relied on production in domestic factories, concentrating on joint labor-management efforts to heighten competitiveness.

From the latter half of the 1980s, however, an increasing number of Japanese firms began to directly invest in developed countries in North America and Europe. In the 1990s, a growing number of firms shifted production to developing countries in Asia and other regions. Unlike the era of globalization, with its emphasis on trade, the expansion of borderless capital mobility enables firms to select production sites, and wage levels and productivity have become the main determinants in selecting production bases.

While economic globalization intensified inter-corporate and international competition in the manufacturing sector, the shift of government policies toward deregulation in various fields heightened competition among firms in many industries, such as the retail sector, services, transportation, telecommunications and so on, putting pressure on these sectors to cut labor and other costs.

A direct factor that requires Japanese firms to revise their wage system is the aging demography of their employees. During the period of high economic growth, large companies hired large numbers of new graduates, then subsequently reduced recruitment, which contributed to raising the age level of employees. Under the seniority-based wage system, the aging of a company's employees results in an increase in total labor costs. In addition, an increasing number of firms, seeing that the seniority-based wage system created a harmful "equality" among employees, tried to motivate workers by revising their wage systems to greater reflect an individual's achievements and abilities.

The determination of firms to curb labor expenditures and to prevent them from becoming a fixed cost placed greater emphasis on the individual responsibility of workers, in terms of employment security and wage systems. A similar tendency can also be seen in the development of employee potential. Traditionally, many Japanese firms provided training courses designed for all employees. Nowadays, an

increasing number have started to replace this kind of "bottom-up training" with courses that concentrate on a small number of potential leaders, placing emphasis on the importance of self development.

In Japan there has traditionally been a "security" and "bonding" link between companies and their employees. Firms have provided the security of employment and living expenses for employees, while employees have "bound" themselves to the companies and accepted such obligations as overtime and sudden job transfers. However, now that external circumstances affecting firms have changed, they have begun to ask workers to take more responsibility. Undoubtedly, in the future, workers will be required to respond to changes in the economic environment and attempt to take on more responsibility. However, asking workers suddenly to bear all the responsibility is impossible; there will be many aspects that traditional employment practices and government labor policies will not be able to handle.

Traditional labor policies have been designed to achieve employment stability by granting subsidies to existing firms and protecting the jobs of existing workers. But now, and in the future, labor policies will be required to strengthen the mechanism of the external labor market and to directly assist individual workers. It is incorrect to think that a truly laissez-faire policy, which leaves everything to free interaction between companies and individuals, means that the labor market will evolve naturally and begin to function on its own accord, allocating personnel where necessary and, in so doing, achieve efficient use of labor resources. For the labor market to demonstrate its functions within this new relationship between firms and workers, it is necessary to design a market that is different from the conventional one, and various systems and policies will need to be revised. The following sections will describe concrete reforms of systems and policies.

2. Employment Strategies Geared Toward Increasing Employment

Traditional Japanese employment measures have largely taken the form of policy packages to boost the economy, with only the faintest

suggestion of policies aimed at establishing fundamental principles for the labor market. For example, when the economy deteriorates and there is the possibility of mass unemployment, the government will implement emergency measures that designate specific industrial sectors as in recession, will seek to maintain employment levels in individual firms and will grant subsidies to train employed workers. The Subsidy Scheme for Employment Adjustment is a good example of this type of precautionary measure against unemployment. Job creation measures resulting from high fiscal expenditure in public works have been, in a wider sense, considered employment policies. A large number of such measures have been undertaken, but most amounted only to economic stimulus packages, with only a small number aimed at structural reform of the labor market (Higuchi, 2001).

In the mid-1980s, however, various laws were enacted, including the Equal Employment Opportunity Law (1986), the Revised Law concerning Stabilization of Employment of Older Persons (1986), and the Revised Law for Employment Promotion of Disabled Persons (1986). In addition, in the 1990s, the Part-time Workers Law (1992), the Worker Dispatching Law (1991), the Child-care Leave Law (1991), the Family-care Leave Law (1992) and the Shorter Working Hours Law (1992) were enacted. Also, the Employment Security Law obligated firms to try and not set an upper age limit when recruiting new employees. By seeking uniformity in the labor market, these laws related to employment policies worked toward structural reform of the market. Where further training was concerned, the Vocational Training Law enacted in 1978 was revised and renamed the Human Resources Development Law in 1985. Through this, the government embarked on active labor market policies by directly committing itself to developing the abilities of individuals as a means of achieving full employment (Higuchi, 2003).

Most of these measures aimed at structural reforms in the labor market fall within the confines of policies set forth by the former Ministry of Labour. For example, in various related areas — such as the taxation system, the social security system and industrial policies — structural reform of the labor market was not taken into account,

nor posited as a basic government policy set forth by all ministries. In the mid-1980s, in fact, although the Equal Employment Opportunity Law had been enacted to facilitate the participation of women in the labor market, the income tax system was revised so that a special exemption scheme was established to favor housewives, and a new type of pension scheme — the so called Type-3 — was established to allow spouses of employees who were included in the Employees' Pension Funds (a major corporate pension scheme) to be covered without additional pension premiums. In other words, inconsistent measures were taken simultaneously. On the one hand, policies were implemented to encourage and facilitate the employment of women, while other measures held women back from entering the labor market.

If firms want workers to become more independent, it will be necessary to draw up and execute a package of coherent employment strategies, not only in the areas of tax and social security systems, but also in various related fields, including macroeconomic policies and industrial policies affecting trade, construction, transportation, telecommunications, agriculture and pharmaceuticals. The areas of education and child-care should also be tackled. Employment strategies differ from conventional employment policies in the sense that the former have a wider coverage and establish numerical targets, with different measures designed to achieve these targets, regularly monitor progress toward the target, and, if the target is not achieved, investigate and remedy the problem. Such employment strategies are distinct from conventional policy measures, particularly in that the evaluation of policies plays a vital role.

Taking into account the fact that Japan is set to become a society with a declining population due to a sharp increase in the number of elderly and few children, it might be appropriate, as a target for tax policies, to raise the employment rate by establishing a work environment where everyone can acquire skills and demonstrate their commitment regardless of gender or age. It is frequently said that the policy target should be the lowering of the unemployment rate. However, lowering the unemployment rate may, in certain cases, be realized by

the large number of people who give up looking for work due to reduced employment opportunities. If an increasing number of people rely on social security services and live without earning their living, fiscal expenses will expand, which will, in time, undermine social vitality.

On the other hand, the employment rate equals the number of those who work compared to the total population, and the reciprocal rate would indicate the number of non-working dependents per worker within a particular country. Thus, an increase in the employment rate will reduce the number of dependents in society. In an aging society, inevitably the number of dependents is on an upward trend. To keep this trend within certain bounds and avoid a decline in corporate competitiveness and the hollowing out of industries, raising the employment rate will be an urgent task. In line with this, a social security system and labor market must be constructed that emphasize incentives for individuals.

3. Specific Employment Policies to Maximize the Market

3.1 Policies to Create Opportunities for Sustainable Employment

To place importance on individual incentives and to raise the employment rate, it is necessary to increase employment opportunities by opening up the job market to those who wish to work. But these employment opportunities should not come as a result of fiscal expenditure. Even if job creation requires a temporary fiscal outlay, the level of such opportunities should be sustained even after fiscal expenditure is reduced. Otherwise, without permanent or fairly long-term fiscal spending, there will always be unemployment.

The stable and constant creation of employment opportunities should match market and societal demand. Thus, the government will need to change its current methods whereby it draws up and implements measures on a nationwide scale and grants subsidies to local administrations that agree with its policies, and instead switch to a mechanism that respects and takes advantage of the efforts of public

sectors and local authorities. The government should review unnecessary regulations and seek a new mechanism in which individual local governments draw up and implement their own measures, with the central government assisting them.

Because local governments have no experience in drawing up and putting into effect their own measures, they will naturally make some mistakes at first. But they will be able to learn from this experience and eventually discover the best measures for the future. At the very least, the transfer of authority to firms and local authorities located closer to the needs of consumers and local residents will be appropriate for a future society with a diminishing population.

Since the 1980s, the rate of business start-ups has been declining, eclipsed by the number of business closures, resulting in an overall reduction in the number of firms and business establishments. An increasing number of older firms are reducing their workforce and overwhelm the number of fledgling firms that are, presumably, taking on workers. It is necessary, therefore, for the government to support venture capital businesses, as well as people who are eager to open up new businesses in industries closely related to everyday life. Also, to help such new businesses achieve sustainable growth, the government should provide information on U.S. and European experiences, where education for entrepreneurs on the law, accounting, taxation systems and so on has been effective. It is important to make it easier for new businesses to take on experienced personnel whose input and assistance is invaluable, as well as establishing social fundamentals such as systems that certify occupational ability.

3.2 Tax and Social Security Reform, and Measures to Achieve Equality

If employment opportunities increase but the general inclination to work does not, the result will simply be additional positions in companies. To raise the employment rate requires reform of the tax and social security systems that are undermining the inclination to work. For example, the income tax special deduction for spouses and the Employees' Pension Plan Type-3 scheme are linked to the salaries of

spouses who work for companies, and have the same effect as subsidies for housewives or those whose income is lower than a certain level. These systems in effect penalize those who earn more than a certain amount. The upper limit of eligible incomes for the pension scheme for the working elderly; payments to older people who continue to work; conditions concerning the income level at which the Employees' Pension Plan can be applied to part-time workers; and the high replacement rate under unemployment insurance all effectively hinder people from working, and need immediate revision.

To build a society where anyone can demonstrate their willingness to work and their abilities regardless of gender or age it is important to ensure equal treatment. Without such security, people will not be encouraged to seek self-improvement. It is vital to strengthen the functions of the Equal Employment Opportunity Law, to do away with indirect discrimination, to balance treatment for those who work shorter hours and for dispatched workers, and to establish a legal basis for dealing with subsidiary contract workers.

In creating a society where anyone can demonstrate their eagerness to work and their abilities, it is important that more people can become "regular employees with shorter working hours," thereby demonstrating their advanced specialities and professional skills even though they work shorter hours. The realization of such a society will make it possible to create job opportunities through work-sharing.

Current legislation requires that firms try not to impose an upper age limit in their recruitment activities. In the future, it will be necessary to strengthen these laws, as well as improve employment management in terms of age, especially in relation to the mandatory retirement system.

3.3 Policies that Support Individual Development

If a labor market that can supply the right personnel in the right places is to be formed, many factors in the field of human resource development will need to be reviewed. So far, with firms and workers locked in a "security and binding" relationship, firms have invested a large amount of money on the bottom-up training of all workers. But

as seen in the results of a questionnaire, a majority of firms tend to concentrate their training allocations on specific personnel in order to train leaders for the future, while leaving general and non-regular employees to train themselves.

Governmental support measures for training and education have traditionally been carried out via public organizations that provide various training and educational courses, and have also taken the form of indirect support, such as subsidies to firms that hire the workers in question. In the future, however, if the government requires that workers become more independent, it will have to switch from indirect measures supporting the development of abilities to emphasizing and further strengthening support measures that directly target individual workers.

In an era of substantial changes in technology and social structure, support measures must be adaptable enough to meet such changes. An inflexible system — for example, training and educational courses that cannot easily be altered once they are launched, should be avoided as much as possible. Governments in many countries have predicted the skills and knowledge they will need, and have introduced various measures for education and training — "manpower policies" — most of which, unfortunately, have yet to bear fruit. Taking such experiences into account, it is obviously important for the government to assist individuals in terms of finance and consulting, and then to let these individuals decide, with the advice of experts, what type of training they should take.

In Japan, tax exemptions for further training have not been fully utilized because it is difficult to specify actual expenses. Nor are there many scholarship programs to aid in career formation. In the future, though, such measures of direct support will have to be reinforced and it is worth considering the concept of "career break schemes," where individual workers are allowed to take a leave to improve their skills (Higuchi and Kawade, 2003).

3.4 Strengthening the Function of Job Introductions

Many workers are jobless due to the lack of job information or a

mismatch between the conditions requested by job seekers and firms. In order to shorten the length of unemployment and to make it possible to allocate the right worker to the right job, it will be necessary to strengthen employment services and assist in career planning. Currently, fee-charging job introduction agencies are available for most job categories, and in principle there are no restrictions regarding what such job introduction activities entail. In the future, to make it easier for job seekers to have access to good information, it will be necessary to continue to protect workers while relaxing regulations concerning annual salaries and so on in order to create an environment in which job introduction agencies can ask for handling fees, as contingency fees, from successful candidates.

Public job introduction services are necessary to guarantee that people receive information on jobs and ability-development opportunities. These services are best effective when combined with unemployment payments. In line with this, to improve the efficiency of job introduction services, the nature of such services should be adjusted — for example, by locating private consulting services on the premises of public job introduction services in order to reduce the number of visits job seekers must make to such agencies.

To facilitate the re-employment of jobless workers and reduce the number of long-term unemployed, it is necessary to devote more resources to the training of career consultants who give advice on career formation on an individual level, as well as on further training and other issues. Such consultants should be seen as “navigators” for those who are seeking re-employment. The unemployed have also requested advice on the tax and social security systems (sometimes they have to make immediate decisions concerning these systems), together with advice on mortgages, education expenses and so on. To reduce the number of times job seekers visit such service agencies, it may be appropriate to consider an institution that provides comprehensive information, if not directly related to job searching, at least about such job-related issues.

3.5 Remodeling Safety Nets to Provide Job Seekers with Additional Opportunities

Unemployment benefits are the last resort for workers in protecting their livelihood, but if their creation or operation is flawed, they may, conversely, work against the interests of job seekers and delay re-employment. Japanese workers, in particular middle-aged and elderly workers, face a substantial reduction in wage levels when they switch jobs. Unemployment benefits under the current system are 50 to 80 percent of the wages a worker received in his/her previous job. In some cases, wages in the new job are less than unemployment payments. In other words, such workers could receive less income after being re-employed than when they were jobless and received benefits.

The Employment Insurance Law was revised last year to take into account such problems, lowering benefits from 60 percent to 50 percent of the previous income for those with a high income before becoming unemployed. However, I believe that in order to protect the livelihood of individuals immediately after losing their jobs and to facilitate re-employment, a somewhat different unemployment benefit system might be effective. Under such a system, the jobless person would, at first, receive 60 to 80 percent of the salary he/she received immediately before losing their job, and the benefit would be reduced in tandem with the duration of unemployment.

Nevertheless, care must be taken in extending the period during which one receives unemployment benefits, as the extension may lead to longer periods of unemployment. To encourage the unemployed to take up a new challenge, it might be more effective to introduce a mechanism where, for example, unemployed job seekers are given three choices after receiving benefits for a certain period: apply to a firm suggested by a career consultant; take a training course while continuing to receive benefits; or give up receiving the benefits.

For society to maintain its vitality at a time when it is aging and has fewer children than before, it is necessary to provide an environment where individuals can demonstrate their enthusiasm and abilities. As Japan’s process of aging is progressing much faster than that of any other advanced country, it is vital that employment strategies

and solutions are tackled from this perspective to strengthen the functioning of the labor market.

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Unemployment, Underemployment and Overemployment: Re-establishing Social Sustainability

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Little more than a decade ago many labour specialists in Japan were agonizing over what to do about Japan's chronic labour shortage. Evident during the heady bubble years, the problem was projected to get worse as the number of school leavers began to drop and the number of pensioners rose. Clearly, ways had to be devised to keep the ageing population in work longer, if more babies could not be produced, or more migrants allowed to enter. To many outside observers, used to wrestling with intractable unemployment issues in their own countries, the debates seemed somewhat surreal.

A decade later, we know that Japan is not immune to the problems which bedeviled other industrialized countries as they faced their post-industrial transitions. The success of Japan's manufacturing champions may have delayed transition, but "hollowing out" — especially the movement of large chunks of manufacturing off-shore — and even competitive problems on the part of some of these champions, eventually took its toll. Employment in manufacturing dropped from just over 15 million in 1990 to 13.2 million in 2000, and continues to fall.¹ Unemployment rose to over five percent, unemployment duration lengthened, and became particularly problematic for both young and old workers. The number of job openings per applicant plummeted from 1.5 to close to 0.5 — less for older workers.²

¹ Conversely, employment in "community, social and personal services" rose from 13.2 million to 15.6 million over the same period: www.jil.go.jp/kokunai/statistics/databook/documents

² In 2002 the official unemployment rate for 15-19 year old males was 14.1 percent, and for females 9.8 percent. For those aged 60-64 it was 10.4 percent and 4.8 percent respectively: JIL (2002) *The Labor Situation in Japan 2002/2003*, p.21.

The proportion of part time workers has risen to well over a fifth of all (non-agricultural) employees, and if other non-regular workers are included, the figure reaches almost 30 percent, a similar figure to the UK. Relaxation of the Worker Dispatching Law in March 2004 will no doubt send this figure higher. Again, the increase in young people, who used to feed the lifetime job ladders, in non-regular employment has been pronounced, raising fears of whether such employment can support career development and family aspirations.³

Those in regular, full-time employment face other problems, apart from job uncertainty, namely long working hours, work intensification and rising levels of stress. Aggregated statistics show a graceful decline in scheduled working hours and overtime throughout the 1990s, but the experience of many regular employees, especially white collar workers, is quite different. Surveys show a sharp rise in unreported overtime from the mid-1990s, concentrated in white collar occupations and among male workers.⁴ As the Ministry of Health, Labour and Welfare (MHLW)'s 2003 *White Paper* notes, birth rates are lowest in regions where working hours are longest.

This paper explores the following conundrum. Japan has begun the 21st century facing simultaneous challenges to continued economic prosperity and social sustainability.⁵ In the early postwar period it faced the simultaneous challenges of rebuilding a shattered economy and ameliorating intense social conflict. New micro and macro-level institutions were forged which powered Japan's postwar growth and eventually resolved much of the conflict. Can it rise to the new challenges once again, through new — or adapted — micro and macro-level institutions or mechanisms? What might these look like?

³ In 1991, 8 percent of (non-student) males aged 15-25 were in part time, temporary or other non-regular work. By 2001 the proportion had risen to 20.4 percent. The corresponding figures for females were 10.8 percent and 28.8 percent: Kosugi, 2002: 10.

⁴ E.g. Dai-ichi seimei kenkyujo (2003); also JTUC RIAL's Suzuki (2003). On white collar work intensification, see Morishima (2003).

⁵ By social sustainability I mean conditions conducive to demographic, civil and (widely distributed) economic well-being.

1. Changing Employment and Governance in Large Firms

While Japan's industrial structure is changing in familiar ways, there has been little of the large-scale redistribution of employment between large and small firms that characterized the transitions in the UK and US. This is often attributed to a lack of entrepreneurial startups. It *is* problematic that closure rates have exceeded startup rates since the early 1990s, but it must be remembered that on the one hand, Japan already had a higher proportion of employees in small and medium-sized enterprises than the US and especially the UK, and on the other, that many of its large firms have proved relatively adept at adapting to changing competitive conditions. The desire to protect employment may impede rapid response to changing conditions, but it also provides a powerful incentive to move into new areas of business as old ones decline.

Nonetheless, employment in large firms has undergone substantial change, particularly since 1998. Japan's experience of declining unionization and collective bargaining, which with de-regulation were key factors in the reshaping of employment relations in the Anglo-Saxon countries, has been more muted. But the general trend of "individualization" has been similar, spurred by greater emphasis on the performance of white collar workers.⁶ Indeed, since the late 1990s many companies have deliberately sought to recast employment relations with these employees, as their future increasingly depends on their creative performance.

Hitachi Ltd, for instance, introduced a new package in 1998 featuring a more transparent qualification system and linked wage system, as well as a new work system to extend flexibility of working time and place. The package was aimed at encouraging individual responsibility, initiative and creativity. Management by objectives (MBO)

⁶ Cf. Nakata, 1999.

was extended, self-responsibility was emphasized in education and training, and individual choice in welfare through a “cafeteria” scheme. Long-service awards were converted into cafeteria points, and loyalty de-emphasized in pension calculations. Diversity was increased through a rise in mid-career hiring, new “family friendly” options and the beginnings of HRM differentiation by business group. An internal job posting system was introduced, followed by a “free agent” system by which employees could seek to change jobs internally.⁷

By emphasizing self-responsibility and de-emphasizing loyalty per se, the company was taking a calculated risk that greater conditionality in the employment relationship would produce a positive rather than a negative change in the way white collar employees approached work. By and large the changes were supported by the union, and the union by its membership. Individualization’ at Hitachi was not the result of unilateral management imposition.

Large companies such as Hitachi have found themselves under intense competitive pressure in recent years. They have implemented organization and HRM reforms in response. While white collar (including managerial) creativity is vital for new value creation, however, a more immediate response in many companies, or workplaces, is to seek to reduce costs through reducing headcounts. The temptation is to cover gaps by having the remaining employees work harder and longer (which might actually undermine the long-term objectives). These pressures can be especially intense in smaller, non-unionized workplaces, and extension of discretionary work schemes aimed at boosting creativity might exacerbate this. These pressures are behind the rise in working hours of regular workers, especially non-reported overtime, and have prompted a clampdown by the Labour Standards Office. Partly as a result of these pressures, and partly as a result of downward pressures on wages, the number of pay-related

lawsuits rose rapidly in the late 1990s.

Dismissal-related suits also rose. In the early 1990s companies were pilloried in the business media if they failed to protect employment. By the late 1990s they were more likely to be criticized for not acting more decisively to reduce it. Until the early 1990s most companies only shed employees in exceptional circumstances, and their share price generally dropped. By the late 1990s, labour shedding had begun to exert a positive effect on share prices. As consciousness of share prices itself was rising — spurred in part by a rise of foreign share ownership — this may well have encouraged more pro-active labour shedding. A statement on dismissal was inserted into the revised Labour Standards Law in 2003 for the first time, but its effects remain to be seen.

Even if they do not indicate an outright abandonment of long-term employment, these changes indicate greater conditionality in employment relations, and perhaps changing priorities in “employee favouring” Japanese firms. Favoured management performance indicators began to shift in the 1990s from sales growth and market share to profits, which had dwindled significantly in many companies. And this shift, as the above suggests, indicates (at least on the part of large, listed companies) a growing awareness of investor relations amidst the tide of accounting standard and corporate governance reform, which reached Japan in the late 1990s. US stock market euphoria contrasted starkly with prolonged stagnation in Japan’s markets, enhancing claims of the “US model” as the “global standard”. The spectacular fall of Enron and similar scandals eventually undermined these claims, and take-up of the US-inspired committee system of governance legalized in 2003 was relatively low, but interest in corporate governance itself remained high, along with corporate social responsibility (CSR) following a string of scandals involving consumer deception.

⁷ These observations are based on extensive interviews at Hitachi, 1996-2003. Further, HRM reforms are planned for 2004.

The 2003 *White Paper* of the Keizai Doyukai (Japan Association of Corporate Executives) was titled “Market Evolution and Corporate Social Responsibility Management: Toward building integrity and creating stakeholder value.” It began with the importance of profitability and competitiveness, and then argued that managers should not prioritize shareholder interests over those of other stakeholders. Performance should be measured as the “total impact of corporate activities on stakeholders, as seen in the context of the corporation’s own mission.”⁸ This is based on the view that corporations are public bodies, with public responsibilities, a view with a long history in the Keizai Doyukai.

Such thinking could conceivably be embodied in a Code of Practice, like the “soft law” Codes introduced in the UK to spur corporate governance reform in the 1990s, except that the latter attempted to align management behaviour with shareholder interests. All the more reason if, as is reported, Japanese executives are leery of European-led attempts to create an ISO “global standard” on CSR.⁹ A Japanese Code which established tangible goals for responsible employment, and more broadly, a commitment to social sustainability, might be one micro-level means of counterbalancing the waning power of unions, and increasing emphasis on short-term competitiveness regardless of the long-term consequences. Berle and Means (1932), no less, argued that corporations should ultimately be subject to the claims of communities, and that managers should be subject to the claims of various groups, but they failed to establish a clear conception of such responsibilities.¹⁰ Perhaps the Doyukai and other business organizations could take up this challenge.

⁸ p.12, English summary version.

⁹ Cf. *Nikkei Weekly* 27 Oct. 2003.

¹⁰ Cited by Learmount and Roberts, 2002.

2. Complementary Macro Institutions

Micro-level measures alone are insufficient. In fact they can be part of the problem if employers and unions pursue a narrow agenda of shared, vested interests.¹¹ They must be complemented by macro-level institutions capable of facilitating both economic vitality and social sustainability. In the postwar years, bodies like the Japan Productivity Centre played a significant role in spreading knowledge of best productivity practice, and attempting to reduce social conflict. Notable were the JPC’s three principles of employment security, joint consultation and a fair distribution of the fruits of productivity gains (between management, labour and the consumer — shareholders were not mentioned). Today the issues are different, and perhaps even more complex, even if they arouse fewer passions. What institutions might address them?

One clutch of recent efforts to revive economic vitality has coalesced around the banner of technology management (or techno-entrepreneurship), which features education programmes to promote awareness of linking technology resources with marketable — and profitable — products, fostering new startups and entrepreneurship, greater public support for scientific research, and assigning universities a more prominent role in all of these.¹² These efforts represent a significant reorientation of industrial policy.

Another set of debates has focused on employment and social sustainability, and features the resurrection of work sharing, across generations and between regular and non-regular workers. In 2002 the MHWL and peak employer and union organizations agreed on a broad agenda, and in 2003 the MHLW set up a central and prefectural structure to promote implementation. Progress is likely to be tortuous, however, as both employers and unions have strong interests to pro-

¹¹ James Meade, among others, argued that the growing advantages of privileged insiders is one cause of intractable unemployment. Citing Meade, Dore (1996/2001) argued that the enterprise-based union structure in Japan offers a poorer platform for breaking the insider-outsider impasse than, for instance, that of German unions.

¹² Cf. Whittaker, 2003.

tect, including the breadwinner's ("living") wage in the case of unions. This makes it difficult to tackle the entrenched but often arbitrary divide between regular and non-regular employees, which constitutes a barrier to the spread of substantive work sharing.¹³ Whether the IMF-JC's recognition in September 2003 that work sharing could be accompanied by wage reductions (for regular employees) signifies a shift on this issue remains to be seen.

More immediately, efforts have been made to improve the quality and effectiveness of job placement mechanisms, both in the network of 600 Public Employment Security Offices, and through a partial opening up of job placement to the private sector. On-line job searching has been streamlined, and the government is seeking a massive boost in the number of qualified career development advisors, aiming for 50,000 by 2006.

But efficient job placement and career development officers alone are unlikely to break the "disconnect" that exists between, for instance, the large number of "freeter" and discouraged youths on the one hand, and many of the jobs on offer on the other, even — or especially — career jobs. The so-called "7-5-3" phenomenon (of 70 percent of middle school leavers quitting their first job within three years, 50 percent of high school leavers and 30 percent of university graduates) reflects a gulf in values, such that unemployment can co-exist with worker shortages or problematic turnover, particularly for blue collar jobs.

The list could go on. A critical question is how the slew of initiatives is to be co-ordinated and adapted to suit regional and local needs. Business creation and labour market realities are very different in rural Aomori than in urban Tokyo. Many OECD countries have undertaken decentralization in policy implementation, and even designing policies or fleshing out framework policies, which have resulted in new institutional arrangements.¹⁴ In the UK, for instance,

¹³ "Part timers" frequently do similar work and even similar hours to regular employees but with significantly inferior pay and conditions. Inferior pay is frequently attributed to distortions caused by spouse tax and social security regulations. See, for example, Nagase, 2002.

¹⁴ Cf. OECD 1998; 1999.

Birmingham struggled with rapid de-industrialization and high unemployment in the 1980s with a variety of unco-ordinated efforts, but from the early 1990s it forged a number of overlapping "partnerships," first targeting economic-regeneration, and then spreading to encompass labour markets, lifelong learning, social inclusion, etc.¹⁵

Japan has embarked on decentralization, but has been hampered by ministerial rigidities (or rivalries) at the national level which inhibit co-ordinated regional and local responses, even within public administration. It might learn selectively from the partnerships which characterize Birmingham's approach. And it might contemplate regional and local Vitality and Sustainability Councils, with participation of various "stakeholders," including local government, employers, unions, education and training institutions, NGOs and voluntary sector organizations. If and when public works expenditure, which transfers resources to rural areas but at a cost of deteriorating public finances, is reined in, these efforts will be all the more important.

Ending deflation will certainly relieve some of the pressures on Japan's labour markets and bring relief to ailing companies, like a rising tide. It will not resolve many of the problems listed in this paper, however. Unnecessary regulations should be rescinded, but marketization is no panacea, either. Neither, conversely, is new legislation, though some might be needed, for instance for non-regular workers. In which case, serious consideration should once again be given to micro and macro (or meso)-level institutional innovation and mechanisms to address Japan's simultaneous challenges to economic prosperity and social sustainability.

¹⁵ The initial partnerships were formed between the City Council, the Chamber of Commerce and the newly-formed TEC (Training and Enterprise Council, which was restructured into a Learning and Skills Council in 2001). They were not formed simply to implement central government policy, but in part to ensure that the welter of central initiatives, often with start-stop funding, could be implemented for long-term needs. Eventually a City Strategic Partnership was created to co-ordinate the various partnerships.

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Changes in the Employment System and Future Labor Policies

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For quite a few people, talk of changes in the employment system suggests the end of the lifetime employment system, a fall in the number of those self-employed, an increase in the number of part-time workers and other atypical areas of employment, and increased flexibility of employment patterns and mobility in the labor market. To other people, it might suggest the end of Fordism (Supiot Report, 1998) or the "end of work" (Rifkin, 1994). Depending on how far into the future you are looking and on which industrial sector you are focusing, neither the end of Fordism nor the end of work appears likely, as far as the present situation in Japan is concerned. Moreover, there is no move "from employment to self-employment" and the lifetime employment system is not finished. Let us begin with a brief look at some statistical data.

1. Japanese Trends in the Fourth Quarter of the 20th Century

The employment structure in Japan experienced substantial changes in the fourth quarter of the 20th century (1975-2000).

First, the labor force expanded by 27.1 percent from 53.23 million to 67.66 million. A particular increase was seen among female and elderly workers, whereas there was a substantial drop in the number of young workers.

Second, the number of employees grew at an extremely rapid rate. The figure increased from 36.46 million to 53.56 million during the period, a substantial growth rate of 46.9 percent. This raised the proportion of employees to the workforce as a whole from 69.9 percent to 83.1 percent, an indication of the development of a society of employees rather than a trend toward self-employment.

Third, the number of self-employed and family workers fell considerably. The former fell by 22.1 percent from 9.39 million to 7.31 million, while the number of family workers decreased sharply by 45.9 percent from 6.28 million to 3.4 million.

Fourth, in contrast, the number of part-time employees, i.e., employed workers in sectors other than agriculture and forestry who work less than 35 hours per week, increased dramatically from 3.53 million to 10.53 million. Among these, the number of female workers increased by 3.8 times from 1.98 million to 7.54 million.

Fifth, the unemployment rate increased in the latter half of the 1990s, having previously stayed at a low level over a considerable period of time.

Sixth, regarding changes in industrial structure, the number of employees in the service sector increased from 6.59 million to 14.78 million, while the figure rose from 7.11 million to 11.97 million in the wholesale and retail sectors and food and drink establishments. The Japanese economy has increasingly shifted towards a service economy. But at the same time, the number of employees in the manufacturing sector increased from 11.38 million in 1975 to a peak of 13.82 million in 1992, though it has since fallen and stood at 12.05 million in 2000.

Seventh, concerning the structure of occupation, there was a notable increase in the number of workers engaged in professional or engineering work from 3.61 million to 8.56 million, as well as those engaged in clerical work from 8.15 million to 12.85 million. But at the same time, the number of manual workers (skilled workers, construction workers and laborers) also increased, from 17.11 million to 19.27 million.

Eighth, despite all these changes, the average length of tenure for employees, according to statistics covering all industries and all company sizes, rose from 10.1 years to 13.3 years among males, and 5.8 years to 8.8 years among females. The figure rose from 8.8 years to 12 years among workers as a whole. This indicates that lifetime employment is far from finished.

As the above data indicate, the fourth quarter of the 20th century saw a conspicuous increase in the labor force and the number of

employees. In both cases, the numbers of female and elderly workers grew, while the number of young workers shrank. The number of self-employed and family workers also dropped substantially. The industrial structure itself moved toward that of a service economy and the proportion of white-collar workers increased. How long an employee worked for a particular company varied according to industry, company size, gender and age, but as a whole, tenure became longer.

In 2002, according to a *Labour Force Survey* by the Ministry of Public Management, Home Affairs, Posts and Telecommunications (MPHPT), the number of workers by category was as follows: out of a total of 63.19 million workers, the number of employees stood at 53.37 million (84.4 percent of the total), while self-employed workers and family workers, as well as other non-employees, accounted for 9.73 million or 15.4 percent. Of the employed workers, regular employees totalled 38.86 million (72.8 percent) and non-regular employees 14.51 million (27.2 percent). The non-regular employees consisted of 7.18 million part-time workers, 3.36 million *arubaito* workers, 430,000 dispatched workers, 2.3 million contract and specially contracted (*shokutaku*) employees and 1.25 million non-regular employees of other types. Altogether, workers on a part-time basis accounted for 72.6 percent of all the non-regular employees. This means that one-quarter of all employed workers in Japan are atypical workers, and this tendency is likely to increase, at least for a while (MHLW, 2003).

More and more companies are increasing their number of atypical workers to cut labor costs and to adjust workforce levels, to respond to fluctuations in workload, and to cope with the increase in casual work and short-term specialized duties. For the workers themselves, maintaining part-time or *arubaito* status enables them to combine housework or studies with some kind of employment, provides supplementary income and also makes it possible to work shorter hours with a shorter commuting time. Although an increasing number of dispatched and contract workers are obliged to accept their status because, for example, they cannot find regular jobs, they also find their status has positive benefits and they are often able to use their professional abilities.

2. Some Experiences of the Post-industrialization Era

In order to understand the significance of many of these facts, it is essential to know the background of the post-industrialization era.

First, a post-industrial society means an aging society. Every society with an advanced economy experiences aging as people live longer and the number of births decrease.¹ A significant question here is whether or not a declining birth rate should be the subject of political measures, and, if so, what kind of measures can halt such a decline. At the same time, taking into account the long-term reduction of the labor force, it is necessary to consider whether or not workers from abroad should be allowed to enter the Japanese labor market.²

Second, an aging society means a pension society. Even if quite a few elderly people retain an active work ethic, they will not be able to continue working forever. Some day they will retire. Pensions paid to those who have retired come from the wages of those currently working. The level of pensions to be paid in the future is a matter of great concern in many ways³ for those currently in work. Elderly Japanese have quite a strong will to continue working by international standards, but it remains a pressing socio-political task in Japan, as in

¹ In Japan, a shift of considerable magnitude in demography occurred: between 1940 and 1950, both the birth rate and the mortality rate were reduced by almost half. Also, there was a baby boom after World War II. The baby-boom generation is now reaching its late 50s. Japan is experiencing, by international standards, an extraordinarily rapid graying of its society. Apart from addressing the issue of falling numbers of younger people, it has to tackle an important task related to labor policies: that is, how to maintain and increase job opportunities for the elderly. Fortunately, the elderly in Japan have a very strong wish to continue working. In fact, the proportion of males in their 60s who work is higher than in any other advanced country. In 2001, 72 percent of those aged 60-64 and 32.9 percent of those aged 65 or above were still part of the labor force.

² *The 2003 White Paper on the Economy and Public Finance*, taking into account the situation envisaged up to 2050, estimates that Japan will need to accept an annual average of 640,000 workers from abroad to compensate for the decreased number of those who fall in the productive age category.

other advanced economies, to address issues concerning the length of time that the elderly can and will continue working, and how pension and medical systems can be reformed to allow retired elderly people to live without worry.

Third, as international competition increases, labor costs rise, and the young generation adopts negative attitudes toward dirty, dangerous and difficult jobs, post-industrialization promotes the international dispersal of industries, in particular manufacturing sectors, on a global level, and accelerates the creation of higher value-added products by domestic industries and the strengthening of their competitiveness in quality and price. Consequently, both industrial and occupational structure change.

Fourth, such changes in industrial and occupational structures result in more diversified employment patterns and lead to an increase in both the number of workers who engage in casual work as well as those of a more professional nature. This process culminates neither in an end to long-term employment contracts⁴ nor in the “end of work,” but increases the number of atypical workers and at the same time gives office workers and workers in laboratories greater value and a more professional status. In Japan, an increase in the number of people who work casually does not necessarily result in short-term employment contracts. In fact the average length of service among part-time workers has steadily lengthened. An increase in the number of professional workers, therefore, is not incompatible with lifetime employment (Inagami and Whittaker, forthcoming). The proportion of those working on the basis of long-term contracts may well

³ In Japan, pensions for retired workers have been drawing attention because of the substantial premiums that have to be paid by the current generation of workers; the introduction of the defined-contribution pension system; the need to take care of parents; the dwindling awareness of social security; and trust in the public pension system.

⁴ Cf., Auer and Cazes eds. (2003); Jacoby (1999). Among large Japanese firms, the *shukko* and *tenseki*, a virtual type of lifetime employment, that became common in the 1980s, allowed for employees to continue working until the mandatory retirement age of 60 by transferring them to companies within the same group. Cf., Inagami, 2003.

fall in future, but the practice of such long-term employment in itself will not cease to exist.

Fifth, the simultaneous increase in the numbers of casual workers and professionals or engineers, together with the consequent diversification of employment patterns, will widen the wage gap and reduce the number of “company men” or at least modify their outlook.⁵

In addition, this simultaneous process is likely to hinder structurally the entry to the labor market of people at lower levels. An example of this is the increase in unemployment among young people, which suggests a crucial need for positive structural adjustment between school education and labor demand.

Of course, the magnitude of the seriousness — or otherwise — of the widening wage gap will largely depend on people’s preferences between equality and heterogeneity.⁶ Also, the nature of changes (not the end) in the outlook of “company men” — brought about by a combination of the reallocation of time in their daily lives and changes in their personal network — and the magnitude of the changes (not the collapse) in the nature of corporate communities are not clear.⁷

Sixth, an increase in the number of workers who view jobs casually and those who follow a profession raises once more the issue of working hours and balancing family and working life. The amount of time spent working as a professional, unlike working hours at, say, factories, is likely to encroach limitlessly on private time.⁸ On top of that,

⁵ The “company man” is not unique to Japanese society. For this, see Whyte (1956), Kanter (1977) and Heckscher (1995).

⁶ In general, raising awareness of heterogeneity reduces problems arising from inequality. For the differences between inequality and heterogeneity — the two basic patterns of social differentiation — see Blau (1977).

⁷ The corporate communities that have developed in large firms in Japan are not collapsing but are turning into “corporate communities of professionals”. Cf., Inagami and Whittaker, forthcoming.

⁸ “Unpaid overtime” still prevails in Japan. This is attributable to the concept of corporate communities and the fact that blue-collar workers are paid on a monthly basis. Other important factors are the amount of work, not enough workers, tight schedules and performance-based management.

some professionals are convinced that working as a professional necessarily involves the sacrifice of their private time. On the other hand, even if you accept that working casually is a strict trade-off of time for wages, if part-time workers devote longer hours to their work, they will become a type of full-time worker. An international comparison shows that part-time workers in Japan have employment contracts with longer working hours from the beginning. According to the *Labour Force Survey* of the MPHPT, part-time workers who worked for 35 hours or longer per week in 2002 accounted for 30.9 percent of all such workers on average.

Seventh, in a post-industrialized society, which follows an “affluent” mass society, people’s value orientation is individualized and diversified. Generally speaking, in such a society, the centripetal force towards homogeneous equality weakens as the centrifugal force towards fair differentials and heterogeneity strengthens.

In Japan, on the other hand, in seeking to eliminate sexual, age, racial and ethnic discrimination and pursuing equal treatment for part-time and full-time workers, the social inclination towards equality is not necessarily negligible. Moreover, while working towards the diversification and individualization of values, the understanding that the creation, through industrialization, of an “affluent” mass society involved the destruction of the ecological balance has heightened awareness of the need to preserve the environment in post-industrialized society. In line with this, greater attention to socially responsible investment (SRI), corporate social responsibility and “socially responsible management (SRM)” became evident in the 1990s (Keizaidoyukai, 2003).

Eighth, individuation and diversification generate an impetus for various kinds of individualism.⁹ Abolition of discrimination where gender, age, race or handicaps are concerned, together with the

⁹ In *The Protestant Ethic and the Spirit of Capitalism* (1904-05), Max Weber made the classic observation that the term “individualism” had been used in a considerable number of ways, sometimes even in utterly different and conflicting senses. For a perspective of individualism in the 21st century, see also Dore (1990).

heightening of, and realization of, a preference for resource allocation based on achievement are all signs of individualization. The diminishing role of collective action is surely another form of progressive individualization. Specific examples include the decline in the rate of unionization, an increase in individual labor disputes, the spread of personnel management focused on the performance of the individual worker and intensifying competition among employees.

Ninth, post-industrialization accelerates to some extent the “financialization” of society.¹⁰ As has already been seen, the pension society and pension funds no longer stand on the outside but have their own significance as powerful institutional investors. This trend towards financialization can be observed in a series of developments such as the Employee Retirement Incomes Security Act (ERISA) enacted in the U.S. in 1974, the introduction of Article 401(k) in 1981, a sharp increase in mutual funds, a sudden rise in stock prices from 1982 on, the placing of asset management on a stable long-term basis and rising shareholder activism based on the principal-agent theory. What should be noted here is that the spread of the defined-contribution pension system reflects the emergence of “employee shareholders” (working employees are concurrently shareholders). This embodies one of the most crucial structural trends, which strongly suggests the increased balance between shareholders and employees (Inagami, forthcoming).

Nevertheless, the interests of shareholders are not necessarily compatible with those of employees. In addition, in a society following the Rhein model of capitalism, management that emphasizes the interests of shareholders prompts severe restructuring measures and is likely to generate substantial changes in employment practices.¹¹

Tenth, post-industrialization facilitates globalization. It increases conspicuously the borderless and free interaction of people, goods, services, capital and information. While the globalization of people is relatively slow, capital globalization is the swiftest of all due to dereg-

ulation, marketization, the financialization of society and the development of digital information technology.

These experiences during the post-industrialization era are observable, more or less, in any advanced economy.

3. From Full-Employment to Fair Employment

It was the Law for Employment Measures of 1966 that formed the classical model for Japan’s labor policies. This epoch-making law, which was designed to achieve full employment¹² as a government policy target, stated that a comprehensive adjustment between economic-industrial policies and labor market policy was indispensable. The law marked a turning point, leading to the Basic Plans for Employment Measures from which the current plan began to take shape. In 1974, the Employment Insurance Law was enacted with the establishment of three employment insurance projects (the Employment Stability Project, Ability Development Project and Employment Welfare Project) to grant subsidies to employers (Inagami, 1998). On the one hand, this classical model relied on Japanese-style employment practices, such as employment stability, ability development and “livelihood insurance,” and, on the other, sought to provide supplementary measures to correct the structural imbalance between labor supply and demand, which could not be solved by Japanese-style employment practices, and thus achieve full employment. This structural imbalance is thought to be attributable to industrial and regional factors as witnessed by terms such as “structurally recessionary industries or regions” as well as to ascriptive factors such as the elderly, the handicapped or females.

However, it was in the latter half of the 1980s that full employment as a guiding principle was first held. The Basic Plans for Employment Measures launched subsequently bore the following titles: “Structural adjustment and the realization of a comfortable working life” (Sixth

¹⁰ On the subject of “financialization,” see Dore (2000).

¹¹ Concerning the phenomenon as it occurred in the 1980s in the U.S., see Kanter (1993), Heckscher (1995) and Cappelli (1999).

¹² In the case of Japan, a policy guideline for the achievement of full employment was already incorporated in the Five-Year Plan for Economic Independence launched in 1955.

Plan, 1988-1992); “Development of individual workers and fulfillment of their abilities” (Seventh Plan, 1992-96); “The enhancement of individualization and the establishment of a social environment for a stable working life” (Eighth Plan, 1996-2000); and “The realization of a society that correctly reflects structural changes in the labor market, aims at positive creation and stability of employment, and allows people to make full use of their enthusiasm and abilities” (Ninth Plan, 2000-2010).

As seen in these themes, the focus of the Japanese government’s labor policies has been shifting from quantitative measures, such as achievement of full employment, to qualitative and indirect measures that bring out and utilize the abilities and characteristics¹³ of individual workers and leans towards subjective selection, together with the establishment of appropriate conditions¹⁴ for such.

How should these changes in policy be described? Let us, for the moment, label them “from achieving full employment to realization of fair employment.” But what does this in fact mean? Subjective selection and the reduction of discrimination are valued in terms of opportunities, but in terms of results, differentiating factors are regarded — and rewarded — more highly than maintaining some kind of egalitarian system. Thus, the first critical factors in fair employment policies are “minimum guarantees and subjective choice.” Second, the nature of “fairness” varies substantially not only between labor and management, but also between different generation and gender. “Fairness” can never be free from ambiguity. Its definition requires discussion and consensus among those involved so

¹³ Sugeno and Suwa (1994) argued the necessity of transforming labor law, which has so far restricted market trading and labor-management autonomies, into a “system of laws that provide various supporting schemes to help smooth trade (negotiations) involving workers in the labor market” by means of introducing the concept of “worker as individual.”

¹⁴ Along with the argument of Durkheim’s thesis in *De la division du travail social* (1893), the development of individuality should spontaneously form an “organic solidarity” with social coherence. For this purpose, Durkheim indicated two requirements: voluntary participation and standardization of external competitive conditions.

that labor-management relations or individual labor contracts are more than just a simple uniform regulation. Hence, the second factor for a fair employment policy will be “a shift in emphasis from uniform regulations to labor-management relations and individual labor contracts.” Of course, the aim of relaxing such legally determined regulations and increasing the emphasis on labor-management relations and individual contracts must be the realization of fair employment. If such a shift led to the creation of unfair labor practices, the demand for an expansion of legal safety nets would increase and a retreat from deregulation to re-regulation would occur. In this sense, it is necessary, in considering the nature of labor legislation, to have some clear prospect of how labor-management relations and individual labor contracts will play their roles. Thirdly, the measurement of fairness will vary according to the nature of the job or occupation in question. Taking a fair wage payment system as an example, a considerable difference exists between professional work and casual labor. If a wage payment system based on the regulations in a factory, or equivalent criteria, which measures the achievement of workers in terms of working hours, was applied to professional work, “fairness” would be conversely impaired. An emphasis on multi-dimensional aspects of fairness arising from different kinds of occupations and employment patterns will be the third factor in fair employment policies. Fourth, fairness must be compatible with efficiency. If you plot a fair social system on a horizontal line and economic efficiency on a vertical line, the relationship between the two forms a pattern that looks like a palm with fingers extended, that is, a multiple peak model (Freeman, 2000). In other words, different social systems can produce approximately equivalent degrees of economic efficiency. If this is an accurate picture and if global financialization progresses quickly, the question of how to integrate various social systems and how to determine what kind of capitalism should be chosen will be the fourth factor for fair employment policies.

As in corporate governance, there is no global standard for fair employment policies. The question to be asked is how fair models for the world of labor can be drawn up that is compatible with efficiency.

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The Transition from School to Work in Japan: Understanding the Increase in *Freeter* and Jobless Youth

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1. *Freeters* and the Jobless

Up until the early 1990s, a majority of young people in Japan entered the labor market as “regular employees” — that is, full-time workers with no fixed-term labor contract — immediately after graduation from a high school or university. The majority of firms considered these newly graduated young workers as cheap sources of labor with a high potential for training, and hired new graduates en bloc right after graduation. At the same time, personnel departments treated workers who joined the same company in the same year as “contemporaries,” in line with the seniority system, and utilized the mechanism of competition among such employees. These employment practices in the transition from school to workplace were synchronized with systematic support from secondary education, the whole constituting a comprehensive mechanism which allowed young people to achieve entry into the labor market steadily, without failure, and to be trained as professional workers and members of society.

Since the economic recession in the early 1990s, many companies have switched their employment strategies, hiring fewer new graduates while increasing the number of part-time employees with fixed-term labor contracts. This change in corporate behavior has undermined the traditional transition mechanism “from school to workplace.”

Among those in the stage of transition to the workplace, the first rather problematic workers include *freeters*. The latest *White Paper on the Labour Economy* estimated the number of *freeters* at 2.09 million, a twofold increase in the last decade. A different estimate was presented in the *White Paper on the National Lifestyle*, but this is because estimates are subject to different definitions. The definition of *freeters* is

ambiguous at any rate, but all definitions commonly include, as a major component, young people working on an *arubaito* (casual work) or part-time basis. The number of *arubaito* and part-time workers aged 15 to 34 (excluding married females) is estimated at 1.92 million, according to a 2002 *Labour Force Survey*.

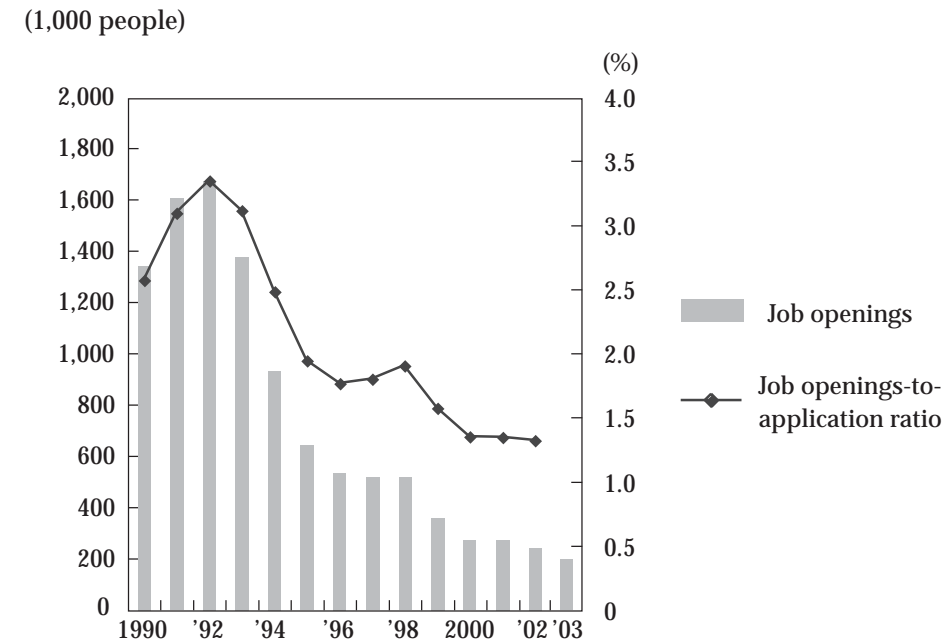
Another group in the throes of transition — more serious in the sense that *freeters* are, at least, working — is unemployed young people who are searching for work without success. The above-mentioned 2002 *Labour Force Survey* estimates the number of unemployed people between the ages of 15 to 34 at 1.68 million. In addition, there are quite a few young people who are identical to this group of unemployed people in the sense that they do not work, but they have given up job hunting and thus are no longer considered part of the labor market. The same *Labour Force Survey* also shows that the number of such young people outside the labor market, excluding students or those engaged mainly in housework, was 640,000. The rough estimate of young people who are in the crucial process of transition to workplaces was 4.2 million. Particularly remarkable is the increase in the number of those who have in effect withdrawn from the labor market. It is likely that the extreme difficulties encountered in job searching are making an increasing number of young people lose their motivation to find a job.

2. Background to the Increase in *Freeters* and Jobless People

2.1 Changes in Labor Demand

The increase in the number of the young people described in the previous section is, firstly, attributable to the behavior of companies, *i.e.*, the labor demand side. Companies have been reducing their recruitment of new graduates. Above all, the figure for recruitment of high school new graduates, after reaching a peak of 1.67 million in 1992, shrank to one-eighth, 220,000, in 2003 (see Figure 1). On the other hand, recruitment of new university graduates saw a contraction of just about two-thirds of the figure at its peak (Works Institute,

Figure 1. Changes in Labor Demand
(Demand for new high school graduates)



Recruit Co., 2002). This shows that the magnitude of decline in recruitment varies substantially with educational level. In line with this, observations indicate that both unemployment rates and the proportion of *freeters* in terms of age and educational level are higher among the younger generation and among those with lower educational levels. This reflects changing trends in the quality of workers required in industries (see Tables 1 and 2, and Figure 2).

Changes in labor demand are occurring not only in Japan. Since the latter half of the 1970s, many developed countries have experienced a rise in unemployment among young workers with lower educational attainment. This is attributable to a structural factor: with the scale of economies expanding worldwide, a transition to higher value-added industries can be seen in the more advanced countries, and the demand for higher value-added labor is greater in such countries. Put differently, younger workers with a lower educational level, since they have less accumulated skills and work experience, are only eligible for limited job opportunities.

Table 1. Unemployment Rate by Educational Level (%)

	Male		Female	
	1990	2001	1990	2001
Total	1.5	5.1	1.3	4.9
Junior high	2.2	7.4	1.1	5.3
Senior high	1.5	5.6	1.3	5.6
Junior college, Technical college	1.0	4.5	1.4	4.3
University, Graduate school	0.6	3.1	1.4	3.2

Source: Labour Force Survey.

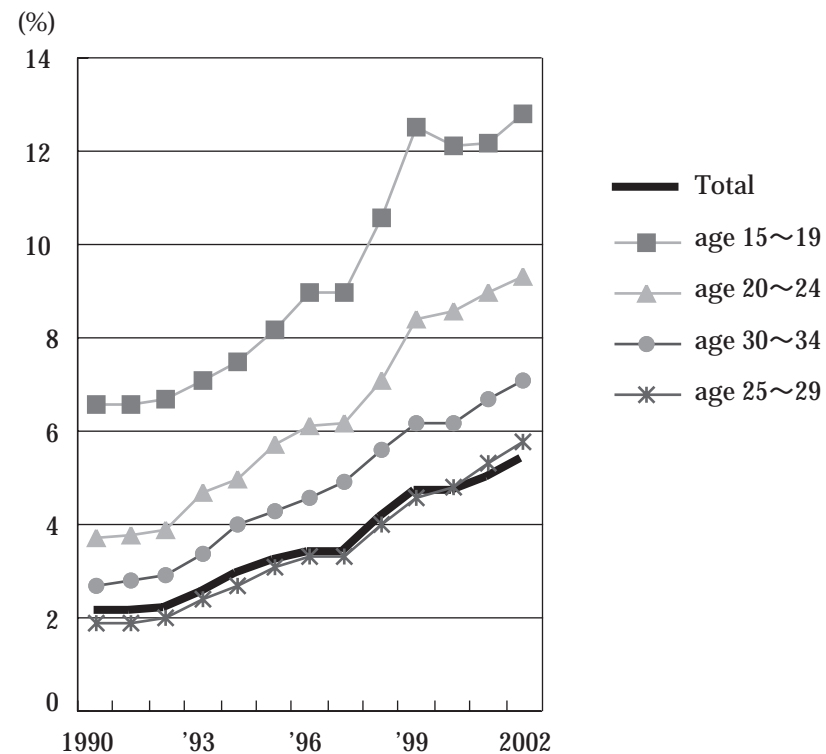
Table 2. Trends in Percentage of Freeters (%)

	1982	1987	1992	1997
Male Total	2.4	4.0	4.4	6.4
Age 15~19	7.8	14.8	15.7	24.4
Age 20~24	3.8	6.1	6.6	10.6
Age 25~29	1.7	2.5	3.0	4.4
Age 30~34	1.3	1.6	1.5	2.4
Junior high	4.3	9.1	12.3	15.6
Senior high	2.4	4.4	4.9	7.2
Junior college, Technical college	2.2	3.3	3.1	5.1
University, Graduate school	1.2	1.4	1.4	2.7
Female Total	7.3	10.8	10.2	16.3
Age 15~19	6.7	14.4	15.1	29.2
Age 20~24	6.1	8.9	9.2	16.9
Age 25~29	9.6	12.1	10.2	13.6
Age 30~34	10.5	13.4	10.8	14.3
Junior high	12.9	27.2	32.1	42.4
Senior high	6.5	10.7	11.1	20.0
Junior college, Technical college	7.3	8.2	6.9	12.1
University, Graduate school	8.0	8.9	6.8	9.6

Notes:

- (1) *Freeters* = Temporary or part-time employee with fixed-term labor contract, and unemployed people who want a temporary or part-time job.
- (2) *Freeter rate* = *Freeter* / employee, excluding executives and unemployed people who want one main job.

Figure 2. Trends in the Unemployment Rate by Age



Source: Labour Force Survey.

Despite this, Japan has enjoyed an international reputation as a country equipped with a smooth school-to-work transition mechanism that has kept the unemployment rate among young people low (Ryan, 1996; OECD, 2000). The mechanism referred to is the system of direct recruitment of new graduates; high schools in particular are responsible for job searching for their student graduates, serving simultaneously as job-hunting agents for the many students who wish to work after graduation. Under this system, firms actively provide the new workers with vocational training opportunities on the premise that they will continue working for them indefinitely. These cooperative activities between schools and firms have helped young Japanese acquire job skills and have served as an incentive for them to work. What is happening nowadays in Japan is that an increasing

number of young people no longer match this employment mechanism. It can be said that changes in employment practices among Japanese firms are bringing to the fore the limited number of employment opportunities young people have, already commonly observed in other advanced countries.

These changes in employment practices, on the other hand, have brought about an expansion of employment in the form of *arubaito*, part-time, and various other non-regular labor contracts. Already by the mid-1990s, business circles were emphasizing the need for a certain degree of flexibility in types of employment to ensure continued economic activity in a society in flux with an unpredictable future, and put forward the view that future Japanese-style business management would seek to make full use of non-regular employees hired on short-term labor contracts (Nippon Keidanren, 1995). The hiring of new graduates on the basis of long-term employment is now confined to a limited number, and businesses are increasing their percentage of non-regular employees, reflecting a change in their basic stance towards employment.

In conclusion, these changes in corporate behavior are the primary factor behind the increase in the unemployment rate among young people, and the increase in non-regular employees at the expense of regular employees.

2.2 Problems on the Labor Supply Side

At the same time, several problems have been pointed out concerning young people, including a tendency among high school and university students to not enthusiastically look for work and become *freeters* or do nothing after graduation, and a high number of young workers who quit their jobs voluntarily. Therefore, the high unemployment rate and the expansion of non-regular employment are probably attributable to changes in outlook and behavior among young people.

The Japan Institute of Labour (2000) monitored high school students residing in metropolitan areas to see if there was a common process whereby such students became *freeters*. The survey found that

about half of all *freeters* initially wished to get a job but were obliged to give up halfway. In the first case, this is attributable to a drop in the number of job offers, and also to institutional problems in the job allocation system for high school students. Job allocations are conducted at individual schools, and because firms make job offers to selected schools only, the number of offers is extremely low at certain other schools. (High schools located in large cities in particular are stratified in accordance with the difficulty of their entrance examinations, so that lower-grade comprehensive and commercial schools experience larger drops in the number of job offers.) Also, because schools systematically allocate job offers to job-seeking students in accordance with their academic performances and school attendance records, those with poor performances and attendance records naturally give up job-searching at an early stage and consequently stop seeking school career counselling. Until the early 1990s, the systematic job allocation system by firms and schools had effectively functioned for a smooth school-to-work transition, but currently the system has actually become an adverse factor, alienating quite a few students.

The other half of the students who chose to become *freeters* are those who in practice did not think about their future career or can not make up their minds what to do. In theory, school career counselling aims to help students achieve an understanding of the nature of various occupations, and also of themselves, and form ideas about the meaning of work. But in practice, school counselling has merely acted like a job placement agency, finding ways for graduating students to exit school. So long as students followed the routine set by their school, they succeeded in getting a job without thinking about their own career or the path they wished to follow. Perhaps the traditional employment mechanism for high school graduates was excellent in that it did not let students fall into the unemployment pool after graduation. But in another sense it did not develop an understanding of the value of various occupations among individual students. The recent changes in labor market conditions affecting these high schools are beginning to highlight the deficiencies of the mechanism.

Now let us look at how high school students see the situation. The same survey asked students the major reasons why they choose to become *freeters*. Many answered “because I have no idea what kind of jobs suits me,” or “I have other things I would like to do.” Both answers reflect a “what I would like to do” approach, *i.e.*, an emphasis on self-realization in an individual’s working career (see Table 3). On the other hand, however, somewhat different tendencies appear when

Table 3. Why High School Students Become *Freeters* (%)

	Main reason			MA
	Total	Male	Female	Total
Total (N=)	100.0 773	100.0 296	100.0 432	100.0 773
I have other things I would like to do	22.8	28.7	18.8	33.8
I have no idea what type of job suits me	14.9	17.9	12.7	38.3
Higher education is expensive	8.0	6.4	9.0	41.4
My parents do not approve of higher education	4.8	3.7	6.0	22.5
I have not had a good job offer	8.3	5.4	10.4	40.1
I have not been hired as a regular employee	3.0	1.4	4.2	12.4
<i>Freeters</i> have more free time than regular employees	6.2	4.1	7.4	42.8
<i>Freeters</i> take relationships more easily than regular employees	0.1	0.0	0.2	16.8
<i>Freeters</i> can switch jobs more easily than regular employees	0.5	0.7	0.5	18.6
I need money immediately	6.3	5.1	7.2	43.1
<i>Freeters</i> have higher incomes than regular employees	0.5	0.7	0.5	9.1
My results were not good enough to go onto higher education	2.6	4.4	1.4	26.8
I did not want to continue my education	3.2	3.4	3.2	27.6
If I like the work, being a <i>freetier</i> is okay	7.2	4.1	9.3	33.2
Some of my friends are <i>freeters</i>	0.1	0.0	0.2	9.2
Other reasons	5.8	6.4	6.0	4.7
NA	5.6	7.8	3.0	1.0

reviewing the results of a questionnaire asking individuals to select only one answer among a number of choices. The answers most frequently chosen are “*freeters* have more free time than regular employees,” and “I want money immediately.” What is more, a factor analysis was conducted on the results which found that those who chose one of these two answers tended at the same time to choose “*freeters* take relationships more easily than regular employees,” and “*freeters* can switch jobs more easily than regular employees.” This shows the wish among *freeters* to be more free and easygoing, and to earn money without excessive efforts (see Table 4).

The desire to seek self-realization in one’s job is likely to intensify as society becomes more affluent. A preference for a free and easygoing life can be seen as a wish to avoid roles and responsibility as a member of society; the failure here to guide the next generation properly is a serious problem for us, that is, society as a whole. The point of facilitating the school-to-work transition between schools and businesses is not only forming vocational ability and encouraging the will to work, but also fostering the resolution to become, henceforth, a member of society, that is, a working adult.

3. Problems concerning *Freeters* and the Jobless

Under the circumstances affecting the labor supply-and-demand relationship, an increasing number of young people neither work nor go onto higher education after graduation, becoming unemployed or doing nothing but working simply on an *arubaito* basis. Then, what is the problem with new graduates not landing a proper job but remaining *freeters* or doing nothing?

The most desirable system for young people would be if they did not need to experience joblessness after graduation, but were able to obtain a long-term job opportunity with no fixed-term contract. With secured employment, one has a long-term prospect for one’s career, and can acquire skills and knowledge steadily. One can also expect financial support from his/her employer for investment in ability development. What is more, secured employment helps one to con-

Table 4. Why High School Students Become *Freeters* (factor analysis)

	Free and easygoing	Higher educational expenses	Hard to find employment	Dislike studying	Self-realization
<i>Freeters</i> can switch jobs more easily than regular employees	0.756	0.001	0.105	0.005	0.146
<i>Freeters</i> take relationships more easily than regular employees	0.754	-0.024	-0.042	0.064	0.186
<i>Freeters</i> have more free time than regular employees	0.678	0.030	0.000	0.234	-0.053
<i>Freeters</i> have higher income than regular employees	0.505	0.062	0.030	0.187	-0.194
I need money immediately	0.414	-0.015	0.374	0.095	-0.115
My parents do not approve of higher education	-0.032	0.845	0.005	0.007	-0.031
Higher education is expensive	0.075	0.840	0.025	-0.026	0.044
I have not had a good job offer	0.065	0.043	0.739	0.161	0.022
I have not been hired as a regular employee	0.015	0.015	0.719	-0.102	0.057
I did not want to continue my education	0.152	-0.200	0.069	0.720	-0.125
My results were not good enough to go onto higher education	0.034	0.045	-0.046	0.605	0.312
If I like the work, being a <i>freeters</i> is okay	0.139	0.094	0.281	0.512	-0.170
Some of my friends are <i>freeters</i>	0.212	0.042	-0.066	0.415	0.201
I have no idea what type of job suits me	0.081	0.073	-0.026	0.066	0.821
I have other things I would like to do	0.086	0.134	-0.435	-0.059	-0.517
Distribution	2.140	1.503	1.498	1.468	1.240
Explanation rate	0.143	0.100	0.100	0.098	0.083

struct stable human relationships, making it easier to establish him/herself as a professional. There will be good prospects to increase one's income, which subsequently enables one to stand financially on one's own and to design one's own life. A disadvantage of a working life realized along these lines, on the other hand, stems from the fact that the system has young people acquire jobs en masse. Simultaneous employment of large groups may seem efficient, but it sometimes treats lightly or even ignores individual wishes, so that things proceed without a proper consensus of individuals. Consequently, although the system produces stable job opportunities, a large number of people actually quit their jobs at an early stage. Moreover, firms also tend to conduct mass management of new employees, so that the latter cannot put their young, fresh imaginations to use, but tend to be over-timid, and are obliged to wait for 10 to 20 years until they are appointed to key posts.

The advantages of employment are in a way a mirror image of the disadvantages of not getting a proper job. First, such disadvantages include the failure to accumulate vocational ability. Working on an *arubaito* or part-time contract basis does not, in many cases, lead to the acquisition of skills, in that many duties are a repetition of temporary assignments; thus workers lack good opportunities to attain ability and skills while they are still young. Secondly, there is no prospect for career formation. Experience as an *arubaito* or part-time worker hardly counts when the individual later wishes to get a job on a regular basis, and the gaps between such workers and regular employees in terms of pay rises and promotion are tremendously wide. Third, working as an *arubaito* does not offer a secure place in society. Conscious concerns deriving from this can lead to intensified uneasiness, or even an identity crisis. Fourth, not working on a regular basis makes financial independence impossible and designing an individual life difficult. Wages are low, the possibility for pay hike is minimal, and it is likely there will be no social security or insurance coverage. Then, does becoming a *freeter* solve the problems of remaining a regular employee? The answer depends on the individual. Quite a few people choose to be *freeters* in order to make "what they really want to do" come

true, but in fact few realize this ambition through their experience as *arubaito*. Of course, there are some people who strategically work on an *arubaito* basis with a challenging spirit. But when it comes to the question of whether they can engage in *arubaito* work with inventive ideas and responsibility, only a small number of such workers actually do so — although there are a certain number of young *freeters* who manage to set up their own businesses (see Figures 3 and 4).

Personal concerns directly reflect concerns in society as a whole. An expanding mass of workers with insufficient vocational ability will be a concern in that it lowers the technological level of the country as a whole. The presence of young people with no future prospects could undermine the vitality of society and also serve as a destabilizing factor. What is more, it could also lead to the inability to sustain the social security system, and might even jeopardize the renewal of society itself. And the fact that young people with lower educational attainments lack access to stable employment opportunities also carries the possible risk of widening or perpetuating the current gap.

Figure 3. Annual Income: Regular Employees vs. *Freeters* (200 to 249 annual workdays; 20 to 24 years old)

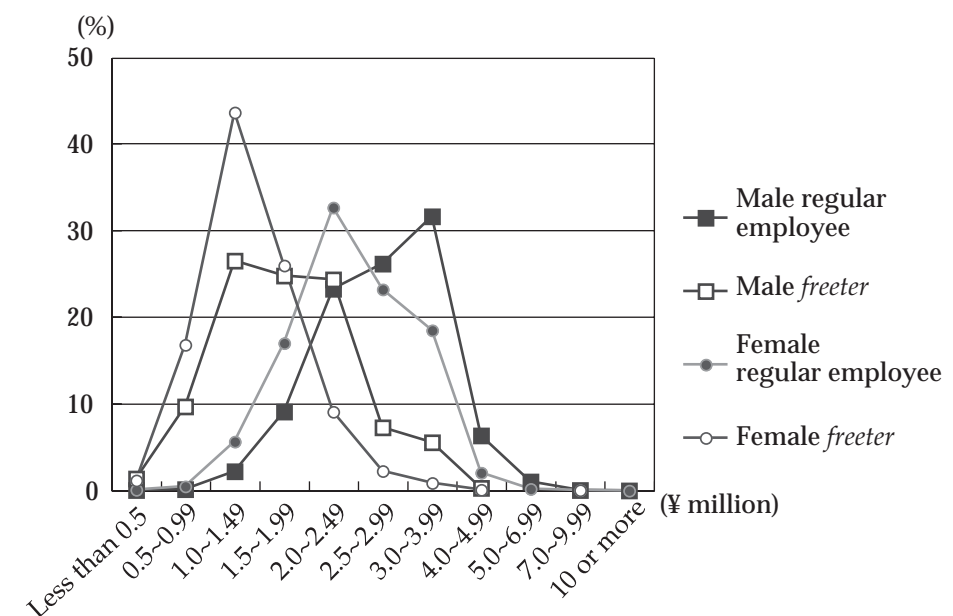
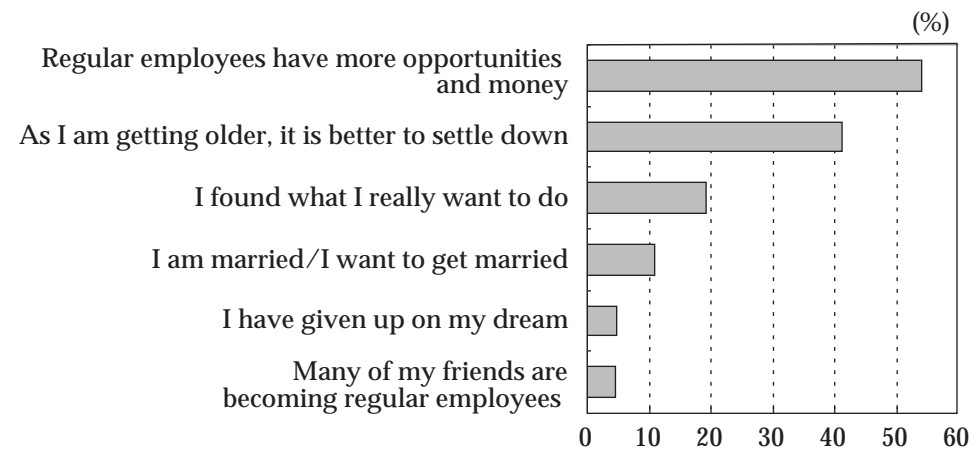


Figure 4. Why *Freeters* Want to Become Regular Employees

4. Measures to Tackle the Problems

What is important, I believe, is to tackle the issue of *freeters* as part of the fundamental issues of society as a whole, that is, how to guide the next generation. From the perception that the Japanese traditional mechanism for training new generations no longer functions, we must construct a new mechanism to reinforce the conventional way.

The first thing to tackle is building a mechanism to develop vocational ability. In this country where Japanese-style employment practices and the hiring system for newly graduated workers complemented each other, schools play a role in providing basic and fundamental abilities, whereas businesses in general have treated only regular employees as real employees, offering off-the-job training and conducting systematic reallocations as one means of training. Not only do people without jobs have no such opportunities, opportunities to develop vocational ability are limited for *arubaito* and part-time workers. Then what can serve as a substitute and offer vocational training opportunities for such non-regular workers? Vocational training or educational institutions may have to play a greater role. As training that takes place at the workplace is effective, measures to provide intern type job opportunities might also be useful. Or, if labor demand

is very limited — as it is currently — the development of vocational ability can be realized by working at non-profit organizations, or by participating in volunteer activities. Particular attention must be paid to heightening the “employability” of a group of young people with low educational attainment.

In tandem, it is important to set up counselling services offering, among other things, vocational guidance and counselling, and information about jobs. It will be essential to assist individuals in designing their future careers, to help them draw up programs that indicate appropriate steps in their vocational careers and methods of skill formation, and to provide continuing incentives. It is of course desirable that these should be undertaken through career counselling at schools while young people are still in school, but at the same time, it is also necessary to provide such services outside schools for the benefit of graduates and students.

The third issue concerns the mechanism for evaluating vocational ability. The hiring of workers other than newly graduated students — that is, mid-career recruitment — is in many cases conducted according to the work experience of applicants. In this case, however, “experience” exclusively suggests experience acquired while the workers in question were regular employees. Thus job-searching young people who are currently non-regular employees are treated as if they had no work experience. The labor market for regular employees is barred to them. If the diversification of employment patterns is to be encouraged, a system of assessing work experience and ability in a fair manner, whatever the employment pattern, is needed. Indeed, some firms with a rather high proportion of non-regular employees have already adopted personnel management systems whereby qualifications acquired on the basis of non-regular employment are rightly evaluated, and which at the same time seek to improve the vocational ability of such workers. Taking society as a whole, the further diversification of employment patterns will require, I believe, such measures be taken for better overall efficiency.

More concretely, the idea of introducing vocational certificates covering the preliminary level may be of use. Also, as provisional meas-

ures, job placement systems and counselling services linking job offers and seekers should be reinforced. Under such measures, firms looking for new workers would issue job advertisements according to various competency levels required for the jobs, while job seekers would sort out their own experience and skills into competency levels enabling them to objectively view their own ability and take steps to make up any inadequacies. It is vital to improve the functioning of intermediate agencies to help in these processes.

Another issue concerns the career advice given to future workers, that is, students. When most students wishing to work after graduation were actually able to get a job, the transition from school to work was trouble-free even if the individuals concerned had no control over their own career formation. Now that the direct employment of new graduates is no longer the sole path into the labor market, individuals require greater ability to think about their own career courses.

It would be effective to provide internship opportunities in workplaces and for a wide range of other experience in collaboration with business circles. The actual methods would vary depending on the targeted pupils and students. At the primary school level, pupils should experience something that makes them aware that they are members of society, whereas at a later stage, when students are in specialized educational courses, they may apply their knowledge in an actual work setting. This type of education cannot be achieved without the cooperation of businesses. Because the goal of such projects is to breed future members of society, the business world has a natural responsibility here.

Another vital issue is related to the coordination of assistance in job searching and the role of schools. The existing mechanism whereby a school-to-work transition is achieved needs to be revised to include young people who are slow in making the transition. At the moment, there are some support systems for young people, such as “Young Hellowork.” The more aggressive youth have taken advantage of this system, but the more passive ones are being left behind. As the existing framework for the transition has been undermined, masses of young people have lost their way to employment. The important

thing here, I believe, is to find a way of furnishing leads towards assistance in job-searching for such young people in advance — while they are still in school and thus approachable — and to build up organizations and methods of assistance which young people feel they can rely on.

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Development of a Computer-assisted Career Guidance System

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1. Evolution of CACGs

In recent years, many articles have been devoted to the subject of how young people perceive working styles and how their attitude toward work in general is undergoing change. This includes the increasing number of school graduates who do not move into steady employment and the increase in the number of employees who leave or change jobs. It has been suggested that young people do not have enough opportunities to acquire self-understanding and vocational understanding.

There are a number of concrete methods to help young people develop self-understanding and vocational understanding and provide them with vocational guidance. One method we have been watching closely is CACGs (Computer-assisted Career Guidance System).

A CACG system allows a person to go through basic steps in the vocational decision-making process using a computer. In Europe and the United States, such well-known systems as DISCOVER, SIGI-PLUS, CHOICES, and PROSPECT have been developed and utilized in career guidance and vocational counseling since the 1960s (Harris-Bowlsbey, 1974; Katz, 1971; Watts, Kidd & Knasel, 1991). These integrated systems allow the user to receive vocational guidance services via computer similar to those normally provided by counselors. The systems are equipped with basic features essential for making vocational choices, such as a self-understanding test, occupational information database, and career-planning tool.

Our institute began gathering detailed information on CACGs in the 1980s, but Japan lagged far behind Europe and the United States in this type of research, and we were unable to develop a system partly because computer use was not yet sufficiently diffused in the society. Since then, however, Japan has become an information society, and

as computer use has become more widespread, the conditions are ripe for developing CACGs. Furthermore, as the younger generation is more accustomed to using computers, computer-assisted career guidance is more effective than traditional vocational counseling methods that rely on paper-based aptitude tests.

At the same time, however, there was concern over how applicable CACGs would be. CACG systems are based on a Western conception of vocational guidance and it was not a given that young people in Japan would be comfortable with this. Excluding specialist vocations, the basic premise behind CACGs — matching vocational choice with individual characteristics — does not match the reality of the Japanese employment system. In Japan, many companies hire new employees en bloc and develop their professional expertise and skills through OJT and training sessions after they have begun work. Moreover, employees are rotated through different positions every two to three years within the company, and in some cases this might involve a shift to a different job type (for example, engineering to sales). Consequently, the jobseeker tends to focus more on selecting a company than choosing an occupation.

Therefore, we initially used a prototype to check the applicability of CACGs in Japan. The results confirmed that CACGs were effective in stimulating the vocational interests of young job seekers and helping them to take the necessary intellectual steps in choosing an occupation (Muroyama, 2002). We then developed a system in 1997 and in 2001 completed the “Career In★Sites,” equipped with features comparable to those of the Western integrated systems. This article provides an outline of the system and discusses use of the system, evaluates the system based on data analysis, and lays out proposals on how to improve the system.

2. System Contents

2.1 Target Users and Goal

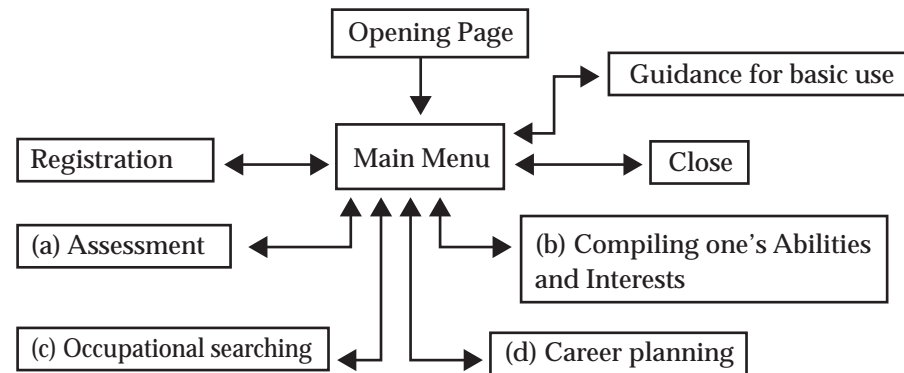
“Career In★Sites” targets those in their early 20s to around 35 years of age who are first-time job seekers and those who are plan-

ning their first job change. The goal is to assist job seekers in developing their self-understanding through aptitude assessment tests and exploring the relationship between their aptitude and the characteristics of certain occupations.

2.2 The System's Structure and Functions

The system has four main functions: Assessment, Compiling one's Abilities and Interests, Occupational searching and Career planning (see Figure 1). Before using these functions, one must register.

Figure 1. Career In Sites Contents



1) User registration: The user is asked to register his/her name, age, gender and current vocational status. Using a password, the user can save his/her assessment results. However, before being able to access the save function, the user will be informed that stored data may be used for statistical purposes in assessing the accuracy of the system's evaluation mechanism. The user needs to give his/her consent before being able to use the save function.

2) Assessment: This section contains four sub-areas for assessing vocational aptitude; Ability, Interest, Values and Behavioral traits. After answering questions, the user can view his/her profile evaluating his/her characteristics in various categories (see Figure 2). In the

Ability and Interests sub-areas, the system generates a list of occupations matching the user's individual traits.

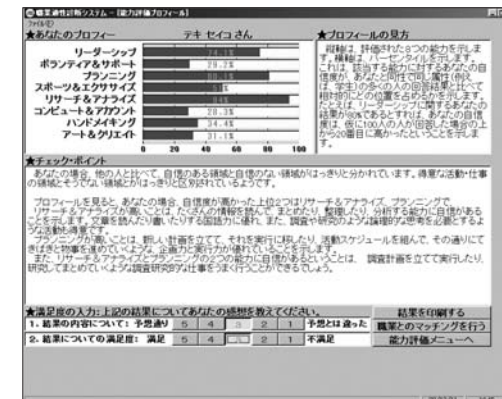


Figure 2. Profile of the Ability Sub-area in the Assessment Section

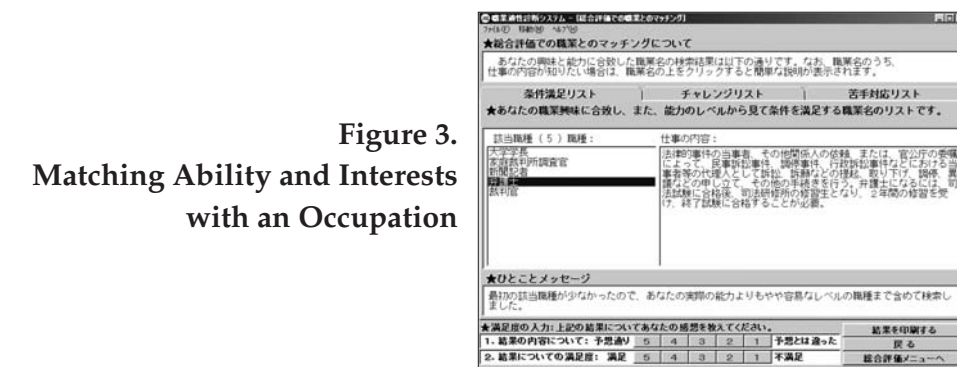


Figure 3. Matching Ability and Interests with an Occupation

3) Compiling one's Abilities and Interests: This section provides a complete analysis of the results of an aptitude assessment for both Ability and Interests, and further analyzes the user's individual traits. Based on these results, it creates a list of occupations suitable for the user (see Figure 3).

4) Occupational searching: This database contains information on 417 different occupations and information such as classification codes, a short 300-word or less description of the occupation, required aptitudes (characteristics in Interests and Ability), number of people engaged, gender ratio, necessary qualifications and certificates, and reference materials.

5) Career planning: This section contains both a short-term and a long-term career planning section. The short-term career planning section is equipped with two sub-systems. The first is “testing your compatibility with your preferred occupations.” Here, the user inputs the occupations he/she is personally interested in pursuing. Then the system indicates if the user’s personal profiles from Ability and Interests match the required Ability and Interests of the listed occupations. The second is the “vocational readiness checklist.” After answering questions, the user can check his/her vocational readiness in four areas: self-understanding, vocational understanding, actual preparations and decision-making. The long-term career planning section presents the user with a list of possible major careers and personal goals between one’s late teens and 60s and asks the user to answer by what age he/she wants to achieve each of the goals. The results are presented in chart form.

2.3 Time Needed to Use the System

About 90 to 120 minutes are necessary to use all of the system’s functions. It takes approximately 40 minutes to use only the Assessment section.

3. System Use and User Evaluation

3.1 System Use

1) Locations: We have distributed the system to student employment centers, student vocational guidance offices, employment security offices for young people, and 500 Public Employment Security Offices across Japan. In addition, public vocational counseling institutions, universities, junior colleges and technical colleges have received the system upon request. We have collected data on users with the assistance of an employment security office for young people in Tokyo. What follows is an analysis of the data collected at this office.

2) Number of users: The total number of users at this office in 2002 was 4,758 (approximately 400 per month, 20 per day). This amounts to

24 percent of the total number of newly registered clients at this office.

3) System use: The system is installed on the seven computers at the “vocational aptitude assessment booth” in this office. Everyone who is registered can freely access the system, and the user is able to consult with a counselor about his/her evaluation results.

4) Number of users by function: From the data that has been gathered, we have extracted information on users who are not yet employed and are between the ages 18 and 35 and analyzed which functions were used. The results are shown in Table 1. The number of users sampled was 853, of which 614 (approximately 72 percent) tried all of the four tests in the Assessment section (A). This suggests high interest in aptitude assessment. On the other hand, the number of users who accessed all of the system’s functions (ABCDEF) was 75 (approximately nine percent). The result indicates that about 10 percent of the users took the time to go through all of them.

Table 1. Number of Users per Function

Section or Module	Module & Number of Users										
	A	B	AB	AC	ABC	ABD	ABCE	ABCDE	ABCDEF		
A: Assessment	614										
B: Compiling one’s Abilities and Interests	485	454									
C: Occupational searching	370	328	277								
D: Short-term career planning/Correspondence between user’s aptitude and desired occupation	338	315	281	194							
E: Short-term career planning/ Vocational readiness checklist	320	293	258	179	163						
F: Long-term career planning	157	143	133	94	80	75					

3.2 User Evaluation

Table 2 shows user responses gathered via questionnaires. The number of responses and mean evaluation grade for each question are indicated. Questions No. 1 to No. 4 are for evaluating the effectiveness and credibility of the aptitude assessment function, and here it is fair to say that we were able to receive satisfactory grades, close to three out of four. Questions No. 5 and No. 6 evaluate post-assessment future career plans suggested by the system, and we received slightly lower grades for these questions. This indicates the system is inadequate in this area. Questions No. 7 to No. 10 evaluate overall effectiveness and whether the system was interesting, and we received, on average, above four out of five, indicating a high level of interest in the use of the system. We have been able to confirm that young Japanese people do find using CACGs an interesting experience.

Table 2. Overall Evaluation of System

Question	Total Number of Responses	MEAN (SD)
1. Has the system helped you understand your own aptitude?	285	2.92 (.58)
2. Does the aptitude rating supplied by the system conform with your own self-image?	277	2.90 (.52)
3. Has the system helped you understand what type of work best suits you?	268	2.83 (.56)
4. Does the type of work the system selected for you meet your image?	266	2.73 (.60)
5. Has the system helped clarify what work you should pursue?	266	2.56 (.80)
6. Has the system helped you understand the next steps you must take to find a job?	265	2.58 (.78)
7. Was the system interesting to use?	265	4.26 (.80)
8. Was the system easy to use?	261	4.18 (.88)
9. Do you want to use the system again?	258	3.83 (.99)
10. Is the system useful in selecting future occupations?	257	4.14 (.95)

Note: Questions No. 1 through No. 6 were evaluated in four stages, and No. 7 through No. 10 in five stages.

4. Issues for the Future

4.1 How to Utilize the System in Actual Counseling Situations

Unlike Europe and the United States, both of which have a long history of developing and utilizing CACGs, Japan has just started to develop these systems. Thus, we have not developed sufficient experience in using the system in real vocational counseling situations. In the West, research has been done to examine how a user's personal traits might influence the effectiveness of CACGs. This research suggests that CACGs might not be effective for everyone, and traditional methods involving a counselor might be more effective for certain individuals (Melhus, Hershenson & Vermillion, 1973). In Muroyama (2002), an experiment using university students noted that students with high vocational readiness attach importance to different functions than those with low vocational readiness. If the effectiveness of CACGs varies by individual, it would be necessary to distinguish clients who need only CACGs, those who need CACGs combined with traditional counseling services, and those who need just traditional counseling. To promote effective use of the system, we need to develop ways to offer the most appropriate type of vocational counseling by taking into account the client's compatibility with the system.

4.2 Training Sessions

Users can basically use CACGs on their own. In recent years, however, even among university students, there are those whose vocational readiness is very low. For that reason, it is possible that young users might not have the ability to fully understand and analyze information provided by the system and will have trouble using it to make actual vocational choices. To ensure that young people can effectively utilize the system, we need to train counselors who can actually advise users how to interpret evaluation results and how to apply them to their vocational choice. For that reason, high-quality training sessions for counselors are needed. We can expect individual counselors to develop more hands-on experience in advising on how to

utilize the system in the future as the system becomes more widely available. Therefore, we should also consider organizing discussion forums and workshops incorporating examples from real counseling situations which would allow counselors the opportunity to exchange information among themselves.

4.3 Regular Updating

CACGs need to be updated regularly because they contain aptitude assessment tools and occupational databases. This system is no exception, and it is essential for us to revise the contents when necessary. Moreover, as the system becomes more diffuse, there is a growing demand for new ways of applying the system, such as interactive use in school classrooms and vocational counseling meetings. There is also a demand to upload the system onto the Internet. To develop a user-friendly system that can respond to these diverse demands, it will be necessary for us to continuously revise the system.

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Diverse Working Conditions among Non-standard Employees: JIL Research Report and Policy Implications

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Introduction

The number of atypical (non-standard) employees — such as part-time workers, dispatched workers and contract workers — has been increasing in recent years. Such diversification in employment types impacts a wide range of areas, such as how individual workers plan their lives, corporate personnel management practices, labor-management relations and the basic framework of labor policy.

In the 1994 and 1999 editions of the *General Survey on Diversified Types of Employment* published by the Ministry of Health, Labour and Welfare, 15,000 business establishments with five or more employees were selected to participate in the business establishment survey, and 30,000 individuals working for business establishments with 30 or more employees were chosen for the individual survey. (The 1994 Survey for individuals targeted 30,000 employees working for business establishments with five to 29 employees in manufacturing, wholesale, retail, service, or the restaurant and services industries). This is by far the most comprehensive and extensive survey available in this country on the working conditions for those engaged in diverse types of employment. The Japan Institute of Labour published a *Research Report* taking into account the special characteristics of the *Survey* and analyzing the micro data for both years. In this article, we will report on various aspects of the diverse employment conditions that can be found among those engaged in non-standard types of employment.¹

¹ "Diverse Working Conditions among Non-regular Employees: An Empirical Analysis Based on the *General Survey on Diversified Types of Employment et al.*" *JIL Research Report* No. 158, The Japan Institute of Labour, 2003.

The first two chapters of the *Research Report* consist of a comprehensive analysis comparing the data for the two surveys on diverse employment conditions among workers engaged in non-standard types of employment. It then analyzes such important topics as working hours, the desire to become a standard employee, differences in the wage structure and the wage gap between the sexes and among different employment types, and non-standard employees and social insurance. The *Research Report* concludes with an international comparison on the diversification of employment types. A number of policy implications can be drawn from this collection of papers.

1. Analytical Framework

According to the 1999 Survey, the proportion of so-called non-standard employees is roughly 30 percent (27.5 percent) of all employees. In particular, among female employees the percent is very high, almost reaching 50 percent (47.5 percent). In the female non-standard employee population, part-time workers are prevalent. “Short-time part-time workers” constitute 28.9 percent, and “other part time-workers” comprise 10.7 percent. The proportions of both professional contract workers and dispatched workers are not insignificant either (see Table 1).

There are some differences in terms of how workers were classified in the 1994 and 1999 Surveys (see Chart 1).

Firstly, the 1999 Survey divides part-time workers into “short-time part-time workers” and “other part-time workers.” The former is defined as “those who work fewer hours per day or fewer days per week than standard workers and have employment contracts covering more than a month or an unspecified length of time.” The latter is defined as “those whose working hours per day or working days per week is comparable with those of regular employees, have employment contracts covering more than a month or an unspecified length of time, and are referred to as a ‘part-time worker’ or in other related terms.” In the 1994 Survey, the definition of “part-time worker” was:

Table 1. Workers by Gender and Type of Employment

	Standard Employees	Non-standard Employees	Types of employment for non-standard employees (%)							
			Professional Contract Workers		Short-time Part-time Workers		Other Part-time Workers		Dispatched Workers	
			Workers	Percentage	Workers	Percentage	Workers	Percentage	Workers	Percentage
Total	72.5	27.5 (100)	2.3 (8.4)	1.8 (6.7)	14.5 (52.9)	5.8 (21.0)	1.3 (4.6)	1.1 (3.9)	0.7 (2.5)	
Men	85.1	14.9	2.1	1.8	2.2	2.6	1.8	0.6	0.8	
Women	53.0	47.0	2.6	2.0	28.9	10.7	0.4	1.8	0.6	

Note: Figures in brackets indicate the proportion in relation to the entire non-standard employee population.

Chart 1. Classification of Workers in the *General Survey on Diversified Types of Employment*

- **The 1999 Survey**
 Perspective 1. Employment Arrangement
 Perspective 2. Contract Terms
 Perspective 3. Scheduled Working Hours

Perspective 1	Perspective 2	Open-ended Contract	Fixed-term Contract		
	Perspective 3				
Ongoing Employment Arrangement	Those whose work hours are almost equal to standard workers	Standard workers	Temporary workers (Those on a less than one-month contract)	Professional contract employees	Etc.
	Those who work fewer hours than standard workers	Other part-time workers*			
		(Employment transfer)			
Other Employees	Almost equal Shorter hours	Dispatched workers, transferred workers (on loan)			

* Workers who are treated as “part-time workers” despite the fact that they are almost de facto full-time employees.

- **The 1994 Survey**
 Perspective 1. Employment Arrangement
 Perspective 2. Contract Terms
 Perspective 3. Scheduled Working Hours

Perspective 1	Perspective 2	Open-ended Contract	Fixed-term Contract		
	Perspective 3				
Ongoing Employment Arrangement	Those whose work hours are almost equal to standard workers	Standard workers	Temporary workers, day laborers	Professional contract/Registered employees	Etc.
	Those who work fewer hours than standard workers	(Employment transfer)			
		Part-time workers			
Other Employees	Almost equal Shorter hours	Dispatched workers, transferred workers (on loan)			

Source: Ministry of Health, Labour and Welfare.

“Those who work fewer hours per day or fewer days per week than standard workers with or without specifications on the length of their contract,” very similar to the definition of “short-time part-time workers” used in the 1999 Survey. Therefore the *Research Report* uses the term “short-time part-time workers” for the 1999 Survey as well as the 1994 Survey.

Secondly, in the 1999 Survey the term temporary workers is limited to those on a less than one-month contract. Therefore, it is not useful to directly compare temporary workers and professional contract employees used in both Surveys.

2. Diverse Working Conditions

Katsuhiko Iwata and Takashi Fujimoto (Assistant Fellow, The Japan Institute for Labour Policy and Training) compared the 1994 and 1999 Survey data by gender, age group, and type of employment and analyzed the working conditions of those engaged in non-standard types of employment. They divided part-time workers into three groups: married women (aged 25 to 60), young people (single and younger than 24), and seniors (61 year old and older). (In the 1999 Survey, the total of the three groups constituted 76.3 percent of the entire part-time working population.) They also divided dispatched workers into “permanent-employment type” and “registration type” workers. Furthermore, they have compared highly specialized workers of different employment types.² The results of their analysis follows.

- (1) In the 1999 data, standard employees, “permanent based” dispatched workers, and older part-time workers attached greater importance to their working life while “register based” dispatched workers and young part-time workers, in particular men, attached greater importance to their private life (see Table 2).

² The agency has highly specialized workers register in advance and only concludes an employment contract with them when they are dispatched to a client company.

- (2) The number of those who have chosen their current type of employment due to negative factors is small among short-time part-time workers but relatively large among dispatched and contract workers.
- (3) There has been an increase in the number of dispatched workers with strong professional aspirations. They tend to seek positions in which they “can utilize their specialized skills and qualifications” and have high expectations regarding their workplaces.
- (4) We need to address a host of issues such as those concerning the application of employee benefits and welfare and a response to the strong demand for skill development training among workers.
- (5) In terms of how satisfied specialized workers are with their work (those who are engaged in highly specialized and technical fields), part-timer workers had a higher degree of satisfaction with their working life than standard workers, with female standard specialized workers demonstrating a particularly high degree of satisfaction.

By incorporating findings from other related surveys, such as the 2001 *Comprehensive Survey on the Situation regarding Part-time Workers* and the 2002 *Employment Status Survey*, into our analysis, we should be able to devise a report that can lead to concrete proposals vis-à-vis actual labor policy.

3. The Use of Non-standard Employees and Related Phenomena

Makiko Nishikawa (Assistant Professor, Hosei University) has analyzed the non-standard employee phenomenon from both the demand and supply side. On the demand side, a great number of business establishments have stopped hiring large numbers of standard employees in recent years, and the ones that are increasing the proportion of non-standard employees tend to be doing so primarily to cut personnel costs. Business establishments utilize different types of non-standard employees according to their various needs. Short-time part-time workers are used when companies seek to reduce per-

sonnel costs or to maintain a flexible workforce. Contract workers, *shukko* workers (workers on loan or those who transferred between affiliated firms) and dispatched workers are employed when businesses need workers with specialized skills and knowledge or when they need someone to begin work immediately.

On the supply side, based on an analysis of “attitudinal” aspects (reasons for working and satisfaction with work), Nishikawa suggests that in general short-time part-time workers — prevalent among married women — chose their jobs for positive reasons. Compared to other types of non-standard employees, they tend to attach importance to balancing working life and private life rather than the content of work, and they value short working hours and commuting time. In contrast, male workers tend to maintain a stable working life once they become standard employees.

To implement changes to the division of labor between the sexes within the family, it is necessary to create a working environment in which workers can balance their working life and family life.

4. Characteristics that Can Be Observed from Working Patterns of Part-time Workers

According to Hiroki Sato (Senior Research Fellow, The Japan Institute for Labour Policy and Training, and Professor, Institute of Social Science, University of Tokyo), part-time workers can be divided into two categories: one with fewer working days per week and another with short working hours per day. In reality, the majority of part-time workers fall into the latter category. For certain job types such as security-related, managerial, or specialized and technical ones, however, there is a possibility that the former category might increase. Concerning their degree of satisfaction with working hours and employment conditions, those who attach more importance to private life tend to prefer working fewer hours per day, while those who attach more importance to working life tend to prefer working fewer days per week but with long working hours on the days they work. From this observation, Sato stresses that we need to establish

Table 2. Preference for Private Life

	1999	(1994)		
Standard employees	4.9	(13.7)		
Men	1.8	(7.4)		
Women	12.4	(30.0)		
Permanent-employment type dispatched workers	14.2	(47.4)		
Men	-1.6	(15.2)		
Women	31.1	(72.2)		
Registration-type dispatched workers	68.1	(59.8)	Youth and other part-time workers	34.0
Men	38.6	(23.5)	Men	22.5
Women	73.1	(68.1)	Women	44.9
Youth and short-time part-time workers	80.0	(57.4)	Married women and other part-time workers	50.0
Men	93.7	(56.5)	Older and other part-time workers	15.0
Women	59.6	(57.9)	Men	-3.1
Married women and short-time part-time workers	88.7	(84.1)	Women	50.8
Elderly short-time part-time workers	26.3	(55.9)	Contract workers	12.0
Men	18.4	(57.5)	Men	-0.2
Women	39.1	(53.5)	Women	27.6

Note: The indices were calculated according to the formula given below, and based on answers to the question, “Do you attach more importance to private or working life?”. The larger index indicates a stronger preference for private life in each employment group. Index = “Attach importance to private life” (%) x 2 + “If anything, attach importance to private life” (%) x 1 + “cannot tell” (%) x 0 + “If anything, attach importance to working life” (%) x (-1) + “Attach importance to working life” (%) x (-2).

measures to accommodate the preference for fewer scheduled working days in order to promote the participation of those who attach importance to work in the part-time labor market.

Work-sharing is attracting attention in Japan at a time when the employment situation is severe. Work-sharing is a policy to create more employment opportunities by shortening the working hours of each worker. This can be an effective policy not only for creating employment in individual firms, but also for creating a society that is much easier to live and work in. The author believes we should actively promote this policy from a long-term perspective. Using Holland as an example, the introduction of a system with fewer working days, which Sato proposes, has facilitated work-sharing, and we should also consider this pattern for Japan.

5. Desire to Work as a Standard Worker

Akira Wakisaka (Professor, Gakushuin University) discusses the characteristics of part-time workers who are hoping to become standard employees. His analysis has produced the following interesting results:

- (1) More men than women indicated a desire to work as standard employees, 13.2 percent of males working as short-time part-time workers (6.5 percent for women) and 21.1 percent of male fulltime non-standard workers (17.5 percent for females) hope to become standard employees.
- (2) Among men, high-school graduates tend to have more of a desire to work as standard employees than university graduates, and this desire tends to diminish with age.
- (3) Women show similar tendencies, but compared to men, educational background is more of a significant factor in determining their desire to work as a regular employee.
- (4) The majority of part-time workers do not desire to work as standard employees. Only some 20 percent of fulltime non-standard employees, who constitute about 30 percent of the total, want to become standard employees.

- (5) At business establishments in which standard employees work more than 60 hours per week, many of the part-time employees have indicated that they do not wish to work as standard employees.

Wakisaka speculates that the reason why such a small proportion of part-time workers look forward to becoming standard employees might be attributed to the long working hours. He proposes reducing the hours standard employees work and introducing a “short-time standard employee” scheme that would allow workers to work fewer hours but still be entitled to essentially the same treatment as standard employees.

The author believes that the establishment of the “short-time standard employee” system, along with a revision of the current social insurance system in which huge gaps exist, in terms of protection level, among the different employment types, is the key to correcting the gap in the treatment between fulltime and part-time workers.

6. Estimating the Differences in Wage Structure and the Wage Gap between the Sexes and Among Employment Types

In her analysis of the wage structure of each type of employment, Nobuko Nagase (Assistant Professor, Ochanomizu University) estimates the wage functions for both men and women as well as different types of employment. Her analysis produced the following results:

- (1) Only 30 percent of the wage gap can be explained by such variables as seniority, educational background, age, rank, company size and family variables (marital status and number of children). The figure is 40 percent when employment type is included as a variable.
- (2) The most significant reason behind wage gaps is the difference in how the age factor applies to men and women. Whether standard employee or not, more importance is attached to seniority for male workers than for female workers. It has been pointed out

that in the West the wage gap grows between those with familial responsibility and those without, rather than simply between the sexes. But the wage gap between men and women is still prevalent in Japan.

- (3) Adjustment factors related to income tax and social insurance premiums have been cited as a factor for the low wages of part-time workers. Nagase observes that there is a tendency for the earnings of short-time part-timers to be twisted at the level of around ¥1 million, and adjustment factors are most notable among married women.

It is certainly difficult to provide rational explanations for many individual cases concerning the difference in treatment between standard employees and workers of other employment types. It is hoped that the government, labor and management will work steadily and purposefully toward realizing a system of “fair treatment based on merit” as outlined by the Equal Employment Sub-group report of March 2003, by the Labour Policy Council, the Ministry of Health, Labour and Welfare in which treatment will be determined by factors such as job content, motivation, ability, experience and results.

7. Non-standard Employment and Social Insurance

In the Japanese medical insurance and public pension systems, one has to work more than about three-quarters of the specified working hours per day (or per week) or working days per month of a standard worker to become eligible to be insured under the employee insurance plan. If working less than three-quarters and earning more than ¥1.3 million annually, the worker can be covered by the national pension plan. If working less than three-quarters and earning less than ¥1.3 million annually, the worker can be covered as a “dependent” under the employee’s insurance plan. In addition, the minimum income level for tax deduction eligibility is specified by the tax system.

Nagase analyzes the relationship between the social insurance system and work adjustment factors. There have been few studies cover-

ing non-standard employee participation in social insurance plans, but the 1999 Survey provides such data, and it is possible to group and analyze the data by gender, age, marital status and working hours. As a result, it has been found that the proportion of non-standard workers with social insurance coverage is very small, although there are slight variations among employee insurance, pension and medical insurance plans. Only some 40 to 60 percent of non-standard employees in their 20s are covered by a social insurance plan, and the coverage rate among single female non-standard employees is 50 to 60 percent, also very low. Nagase notes that:

- (1) the current social insurance system is premised on the collection of premiums from workers who receive monthly salaries. This system works against non-standard workers whose working hours fluctuate greatly and makes participation in social insurance plans disadvantageous.
- (2) Judging from the situation for social insurance participation among married female part-time workers, who have the right to a basic pension without paying premiums, and senior male part-time workers 60 year old and older, it appears that the way the social insurance system works does influence how an individual views work.

Nagase suggests that it is necessary to make changes to the system in order to promote participation by non-standard employees in social insurance plans: How much one has paid in premiums and for how long should be reflected in the benefits one receives. At the same time, changes should be made to protect low income groups.

We are facing the advent of an aging society with fewer children and the author agrees that we should change the tax and social security systems to enhance the motivation to work. In addition to expanding social insurance coverage among part-time workers, we should review the system of spousal exemption that encourages the adjustment of working hours among married female part-time workers. We should also change the public pension system in such a way that more advantages are given to those who have worked longer. Of course, it is important to develop support systems for those with work-inhibi-

tive factors (a child or dependent in need of care) and safety nets for those who cannot work (here, it will be important to make an appropriate response to different patterns, such as joblessness, sickness, aging and handicaps).

8. International Comparison in Diversification of Employment Type

Manabu Watanabe (Assistant to Division Manger, Insurance Business Division, Financial Services Agency) has compared the diversification of employment types in eight countries: Japan, the United States, Britain, Germany, France, Holland, Sweden, and Denmark. His findings show that employment protection regulations are weak in the United States and Britain, and few distinctions are made between regular employment and temporary employment (dispatched employment and fixed-term employment, etc.). In these countries, there is also a significant wage gap between part-time workers and fulltime workers. In continental Europe, employment protection regulations for fulltime workers remain rigid, but there have been moves toward deregulation in regards to temporary employment, and the percentage of workers with temporary employment is increasing. The wage gap between part-time workers and full-time workers is small due to such measures as the EU directive banning discrimination regarding wages and working conditions. In Japan, since the late 1990s there has been a dramatic increase in the number of part-time workers and the wage gap between them and standard employees has been widening.

Compared to other countries, Japan does not appear to possess a clear strategy for mapping out its future employment policy. By carefully analyzing the pros and cons of the Anglo-American and European models and engaging in active debate, it is hoped that we can construct a new Japanese model. Analytical comparisons of employment patterns and policies in Japan and other countries will become more and more important. (Cf. Osawa and Houseman, 2003)

Conclusion

An analysis of the conditions of non-standard workers shows that in the majority of cases employment type was based on the individual's needs, and only a small number of workers selected their current type of employment reluctantly, due to a lack of choice. This reflects "a view that private life is more important than working," but we also recognized that several problems exist, such as employment stability, development of career skills and social insurance coverage. The fact that fewer people want to become standard full-time employees can be attributed to the long hours that standard full-time employees work.

These problems arise due to the employment needs of the employers. Employers use different types of non-standard employees for different positions, depending on what their needs are. Those who actively use non-standard employees have cited the need to reduce personnel costs and adjustment of employment volume as the main reasons for this practice. Temporary employment of non-standard workers is increasing while a reduced number of standard employees must work longer hours. The widening gap in employment terms between non-standard employees and standard full-time employees is something that can not be overlooked.

While making sufficient reference to trends in other countries, we hope to see a diversity in employment types develop to meet the needs of workers in Japan and the current corporate environment. We hope this diversity promotes flexible working styles that offer a balance between career and family or individual life away from work.

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JILPT Research Activities

As mentioned in “Message from JILPT” at the beginning of this issue, the Japan Institute for Labour Policy and Training (JILPT) was established in October 2003. Upon its establishment, the Institute grouped its major research themes into nine general “research projects” and began working on them. The research projects will be carried out on a medium-term timetable (three and one-half years) ending in March of 2007. We plan to produce progress reports at the end of each fiscal year (in March) and publish the final report in March 2007.

In addition to the nine research projects, we intend to organize “individual research studies” that will be conducted by individual researchers and research groups. Our hope is to produce annual reports on their findings.

We will introduce the results of the nine research projects and individual research studies in the *Review* as they become available.

Themes and goals of the nine research projects

1. Geo-structural analysis of unemployment: Through analysis of the factors that produce regional differences in unemployment structure, this project seeks to propose measures for ameliorating unemployment including reviewing industrial policy while taking into account differences among regions.
2. Restructuring the system that determines working conditions: Taking into account the change in employment patterns and the drop in the unionization rate, this project seeks to propose a new system for determining working conditions.
3. Desirable employment strategy: The project intends to propose an employment strategy that suits Japanese society and the structure of the labor market while studying employment strategies in OECD and EU countries.
4. Environment containing employment and safety nets which would

make possible diverse workings styles: The goal of this study is to propose working environments and social safety nets that may be appropriate for those who are adopting diverse ways of working, including such novel ones as SOHO and telework.

5. Comprehensive analysis of corporate business strategies and personnel treatment systems, etc.: This project will study how to develop a personnel management system that will allow employees to fully develop their talents while maintaining equality as corporate management undergoes great changes.
6. Desirable infrastructure development for the labor market regarding vocational ability development: This project will undertake studies on how to create a human resources development system that can respond to changes in human resource demands caused by technological revolutions and the intensification of global economic competition.
7. Establishment of a social system which would harmonize individual and occupational life: This project will seek to create a social system in which workers can establish a balance between their professional and personal lives, and still take on new challenges, and pursue new possibilities.
8. Development of an integrated occupational information database: The goal of this project is the development of a database that has the capacity to contain and provide analysis on occupational information (job description, required knowledge, certificates, etc.) to support vocational choice and vocational guidance.
9. Helping middle-aged and older workers who have lost their jobs find re-employment: This project will develop new counseling techniques to help middle-aged and older white-collar jobseekers become re-employed, and devise vocational guidance techniques to assist them in finding jobs that are suitable in order to make their job-hunting more effective.

Research Reports by the Japan Institute of Labour

The Japan Institute for Labour Policy and Training is the successor to the Japan Institute of Labour (JIL), disbanded on September 31,

2003. JIL conducted and published many of its research activities, over 160 volumes since the first publication in January 1990. The *Research Reports* are written in Japanese, but we have translated executive summaries of important volumes that were published in the past year and have made them available on the JILPT website. It is our sincere hope that you will have a chance to take a look at them.

JIL Research Reports available on the Web

1. No. 150, *Formation of Labor Unions and Responses to Managerial Crises — Industrial Relations in the Late 1990s*, October 2003.
2. No. 151, *Research on a New Occupational Information Network Designed to Place the Right Person in the Right Job*, January 2003.
3. No. 152, *Research on Annual Paid Holidays*, December 2002.
4. No. 153, *Issues Related to the Work and Roles of Home Helpers*, March 2003.
5. No. 154, *From School to Workplace — Current Status and Problems of Employment of High School Graduates*, March 2003.
6. No. 155, *An International Comparative Study Regarding Protection of Workers' Personal Information and Access to Employment/Labor Information*, May 2003.
7. No. 156, *A Study on Work Assistance for Single Mothers*, August 2003.
8. No. 157, *The Child-care Leave System*, July 2003.
9. No. 158, *The Diverse Working Situation Among Workers of Non-regular Employment Type*, July 2003.

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