
Current Situation and Future Direction of Employee Benefits

Koji Nishikubo

Yamanashi University

Japan's employee benefits are significantly changing under restrictions such as economic globalization and increase in legal welfare expenses accompanying the aging of the population. To begin with, there has been a strong tendency to contract welfare service plans such as "housing," "food service" and "recreational facility," and there has been more budgets allocated to "childcare/family care," "health/medical program" and "self-development" instead. On the other hand, the number of companies promoting outsourcing and introducing cafeteria plans has increased, and prioritized areas for budget allocation and the revenue-sharing system are also changing. Even under these changes, management effects from benefit programs such as job continuity, diligence and emotional commitment of employees are maintained. However, issues and problems, e.g., mismatch of employees' needs and those of employers, failure to adapt to changes in a labor market and failure to respond to new social demands such as work-life balance, have become obvious. Therefore, it is required to develop from a traditional corporate-driven employee benefits into a new program in which both management and labor take part in.

I. Introduction

The purpose of this paper is to widely confirm the current situation of Japan's employee benefits and its issues and problems using credible data. Taking this situation into consideration, I will examine the future direction of Japan's employee benefits.

It is a common global phenomenon that employee benefits officially become a part of the business activities in the wake of the Industrial Revolution. This is because the development of a large-scale factory industry brought about a separation of family life and work in time and space. Employers had to provide employees with various services such as clothes, food and houses which had been originally provided by family life. They were required to provide boardinghouses, food services, purchasing, bathhouses, uniforms, facilities for leisure and sports, etc. on a timely basis in order to obtain required workers and make business run smoothly maintaining the competitive productivity. There must have been a managerial necessity while implying beneficial, humanistic and familistic management.

After the growth period, the employee benefits would be optimized and developed in stages by pluralistic response to changes in environmental components such as stage of economic development, social security system, worker protection of the administration, workers' standard of living and competitive environment of companies which take responsibility for the employee benefits.

Japan's current employee benefits reached its present form during the period of high economic growth. James C. Abegglen says in his book "The Japanese Factory" that he was

surprised that additional welfare expenditures were more than 20% of cash wage in a Japanese spinning factory. “Company’s facilities, guidance and aid deeply sink into almost all his (employee’s) life.” He introduced the comprehensive “generous” system supporting employee’s life after retirement and his family as one of factors which made a success of Japan’s industrialization in Asia.

Since the collapse of the asset-inflated bubble economy, however, Japan suffered greatly from the effects of the long recession with the progress of globalization. It would appear that it is time to seek a revolutionary change from the traditional way based on livelihood support for food, clothing and housing to a new stage. I would like to discuss a new direction in depth finding out a sign of such change.

II. Current Situation

1. Trend of Welfare Expenditure

We need to see the following three surveys in order to obtain data on Japanese companies’ welfare expenditures; (i) General Survey on Working Conditions conducted by the Ministry of Health, Labour and Welfare: this is a nationwide survey of private companies with 30 or more regular employees, a large-scale survey with 4,416 respondents (collection rate: 82.7%) in the recent report in FY2006 and an excellent representative survey of all Japanese companies. It surveys for general labor costs and we can see the relative position of the welfare expenditures among them. (ii) Survey on Corporate Welfare Expenditures which has been conducted by the Nippon Keidanren (Japan Business Foundation) since 1959: this is a survey of major companies centered on the member companies. The 52nd survey with 668 respondents was used this time. There are relatively few reviews of the survey items and the time-series data are kept. The excellent point is to be able to see detailed costs of non-legal welfare expense. (iii) Corporation Statistics conducted by the Ministry of Finance: this survey is used for calculating Gross Domestic Product (GDP), etc. and we can comprehensively obtain financial information of all domestic profit corporations with it. Since welfare expenditures widely include legal welfare expense, non-legal welfare expense, severance cost and commutation cost, etc., the internal situation of the welfare expenditures cannot be analyzed. However, they can be compared with sales amount, operating profit, ordinary profit, added value, etc. There were 29,667 respondents (collection rate: 77.5%) in the survey in FY2008. I would like to see the actual burden of employee benefits on companies with these three surveys.

Table 1 shows breakdowns of labor cost and non-legal welfare expense by company size from General Survey on Working Conditions in FY2006. The total labor cost and cash wage are averages of 462,329 yen and 374,591 yen per month per employee respectively while non-legal welfare expense is 9,555 yen, 2.07% of the total labor cost and 2.55% compared to the cash wage. On the other hand, the legal welfare expense which shows total contribution of employers on social/labor insurance such as employees’ pension insurance

Table 1. Welfare-Related Expenditures

Labor cost items	Total	Composition ratio (%)	Company size					
			1,000 or more employees	100 to 999 employees	300 to 999 employees	100 to 299 employees	30 to 99 employees	
Total labor cost	462,329	-	544,071	428,311	477,744	382,702	375,777	
<i>Cash wage</i>	374,591	81.0	427,514	353,727	390,662	319,650	316,336	
Fixed monthly wage	301,478	65.2	328,241	290,325	314,376	268,135	273,169	
Bonus/terminal allowance	73,113	15.8	99,272	63,403	76,287	51,516	43,167	
<i>Labor cost other than cash wage</i>	87,738	19.0	116,557	74,583	87,081	63,052	59,440	
Legal welfare expense	46,456	10.0	52,813	43,187	47,601	39,114	40,917	
Non-legal welfare expense	9,555	2.1	13,670	7,575	8,745	6,496	5,707	
Cost for cash wage	989	0.2	1,197	974	1,243	727	634	
Cost for retirement benefits	27,517	6.0	44,685	19,752	25,655	14,306	10,524	
Education cost	1,541	0.3	2,259	1,300	1,635	991	668	
Recruiting cost	994	0.2	1,080	1,082	1,244	932	668	
Other labor cost*	685	0.1	853	712	957	486	322	
*Other labor cost includes cost for job transfer, in-house newsletters and work clothes (except as otherwise required to wear by the company regulation).								
Non-legal welfare expense items								
Total	9,555	Composition ratio (%)	1,000 or more	100 to 999	300 to 999	100 to 299	30 to 99	
<i>Non-legal welfare expense</i>	4,766	49.9	13,670	7,575	8,745	6,496	5,707	
Cost for housing	641	6.7	7,816	3,598	4,742	2,542	1,344	
Cost for medical care/health	871	9.1	1,137	360	402	321	260	
Cost for food	574	6.0	1,116	723	828	626	699	
Cost for culture/sports/recreation	999	10.5	794	420	456	388	461	
Contributions to private insurance system	216	2.3	449	1,212	999	1,408	1,611	
Additional benefit for industrial accident	306	3.2	188	188	153	221	377	
Congratulatory or condolence payments	238	2.5	391	244	249	240	266	
Contributions to incentive for property accumulation savings, benefits and funds	944	9.9	344	208	220	197	96	
Other non-legal welfare expense*	1,465	15.3	1,465	622	696	555	593	
*Other non-legal welfare expense includes cost for transportation of employees, support for shareholding, contributions to welfare foundation and cost for childcare facilities.								
Company size								
Total	46,456	Composition ratio (%)	1,000 or more	100 to 999	300 to 999	100 to 299	30 to 99	
<i>Legal welfare expense</i>	15,746	33.9	52,813	43,187	47,601	39,114	40,917	
Health insurance expense/care insurance expense	23,831	51.3	17,923	14,608	16,143	13,191	13,883	
Welfare pension insurance expense	4,087	8.8	27,377	22,271	24,544	20,173	20,240	
Cost for unemployment insurance	2,275	4.9	4,759	3,721	4,156	3,319	3,542	
Cost for industrial injury insurance	317	0.7	2,208	2,092	2,164	2,026	2,752	
Contributions to childcare allowance	62	0.1	363	295	325	268	273	
Payment for handicapped persons' employment	9	0.0	82	74	145	10	-	
Legal compensation cost	129	0.3	13	10	6	13	0	
Payment for coal pension, seaman's insurance expense, etc.	129	0.3	88	117	119	114	227	

Note: Created based on Ministry of Health, Labour and Welfare, *General Survey on Working Conditions 2006*.

and health insurance is 46,458 yen, nearly five times the non-legal welfare expense. The expense related to retirement benefit is 27,517 yen, nearly three times as well. Looking at changes from the previous survey in FY2002, non-legal welfare expense drastically decreased, -7.3% compared to the previous one, while legal welfare expense and expense related to retirement benefit increased by 10.8% and 6.4% respectively. Total labor cost and cash wage also increased by 2.9% and 1.9% respectively. It seems the non-legal welfare expense is left behind due to the influence of expanding legal welfare expense and expense related to retirement benefit.

As for breakdowns of non-legal welfare expense, “expense related to housing” is 4,766 yen, 49.9% of total, followed by “contribution to private insurance system” (999 yen, 10.5%) and “expense related to food” (9.1%). Although the construction still places too much emphasis on housing-related expenses, “expense related to housing” substantially decreased, -6.6% compared with the previous survey. This biased construction is obvious in major companies. The expense related to housing is 58.5% in companies with 1,000 or more employees while that is only 23.6% in those with 30 to 99 employees. “Expense related to healthcare service” also significantly decreased, -8.3%, lowering the total cost. By company size, the expense related to non-legal welfare expense of companies with 1,000 or more employees is 2.4 times that of those with 30 to 99 employees, showing a considerable disparity even compared to cash wage (1.4 times as well).

Next, according to Survey on Corporate Welfare Expenditures 2007 (average number of employees: 4,088) (Table 2), non-legal welfare expense is 27,998 yen (monthly average per employee), legal welfare expense is 75,936 yen and expense related to retirement benefit is 71,551 yen. Total cash wage (including bonuses) is 586,008 yen, and non-legal welfare expense, legal welfare expense and expense related to retirement benefit are 4.8%, 13.0% and 12.2% compared to the wage respectively. The real amount of non-legal welfare expense is nearly three times that in above General Survey on Working Conditions and nearly two times compared to the cash wage. It indicates that major companies lavish money on the benefit programs and these additional benefits greatly differ depending on company size. Total of these three expenses is 29.9% of the cash wage. The breakdown of non-legal welfare expense is: “housing” is 13,473 yen, the highest (48.1%), followed by “various livelihood support” 6,294 yen (22.5%), and “healthcare/insurance,” 2,942 yen (10.5%).

It also shows that “housing” decreased by 0.2% compared to the previous year. Instead, “others” greatly increased, +13.2%. Among other expensive items, “culture/sports/recreation” also decreased by 0.8%.

This trend is also confirmed by detailed individual services. Figure 1 shows changes in expenditures to each system and the rate of variability.

Regarding the changes in expenditures, “housing” is -1,450 yen, the greatest amount of reduction, followed by “food service (management of company cafeteria, food ticket, etc.)” (-563 yen) and “management of culture/sports/recreation facilities” (-504 yen). They are all facility services so-called “*hakomono (Facilities type)*” in Japan. Concerning the

Table 2. Welfare-Related Expenditures

	Amount (Yen)	Composition ratio (%)	Yr/Yr (%)	Ratio against cash wage (%)
Total cash wage	586,008	-	▲ 0.3	100.0
	(137)			
Expense related to welfare (a+b+c)	175,485	-	▲ 3.3	29.9
	(158)			
Legal welfare expense (a)	75,936	100.0	▲ 0.7	13.0
	(144)			
Health insurance/care insurance	26,090	34.4	0.2	4.5
Welfare pension insurance	41,227	54.3	1.4	7.0
Unemployment insurance/Industrial injury insurance	7,902	10.4	▲ 14.2	1.3
Contributions to childcare allowance	710	0.9	40.3	0.1
Others	7	0.0	▲ 79.4	0.0
Non-legal welfare expense (b)	27,998	100.0	▲ 1.2	4.8
	(205)			
Housing	13,473	48.1	▲ 0.2	2.3
Medical care/health	2,942	10.5	▲ 10.7	0.5
Various livelihood support	6,294	22.5	▲ 0.1	1.1
Culture/sports/recreation	2,223	7.9	▲ 0.8	0.4
Congratulatory/condolence, mutual aid, insurance	809	2.9	▲ 12.4	0.1
Welfare foundation	287	1.0	▲ 2.0	0.0
Representative service fee	355	1.3	▲ 6.1	0.1
Others	1,616	5.8	13.2	0.3
Severance cost (c)	71,551	100.0	▲ 6.6	12.2
	(160)			
Retirement pension	40,875	57.1	▲ 7.7	7.0
Retirement lump sum grants	30,676	42.9	▲ 5.1	5.2

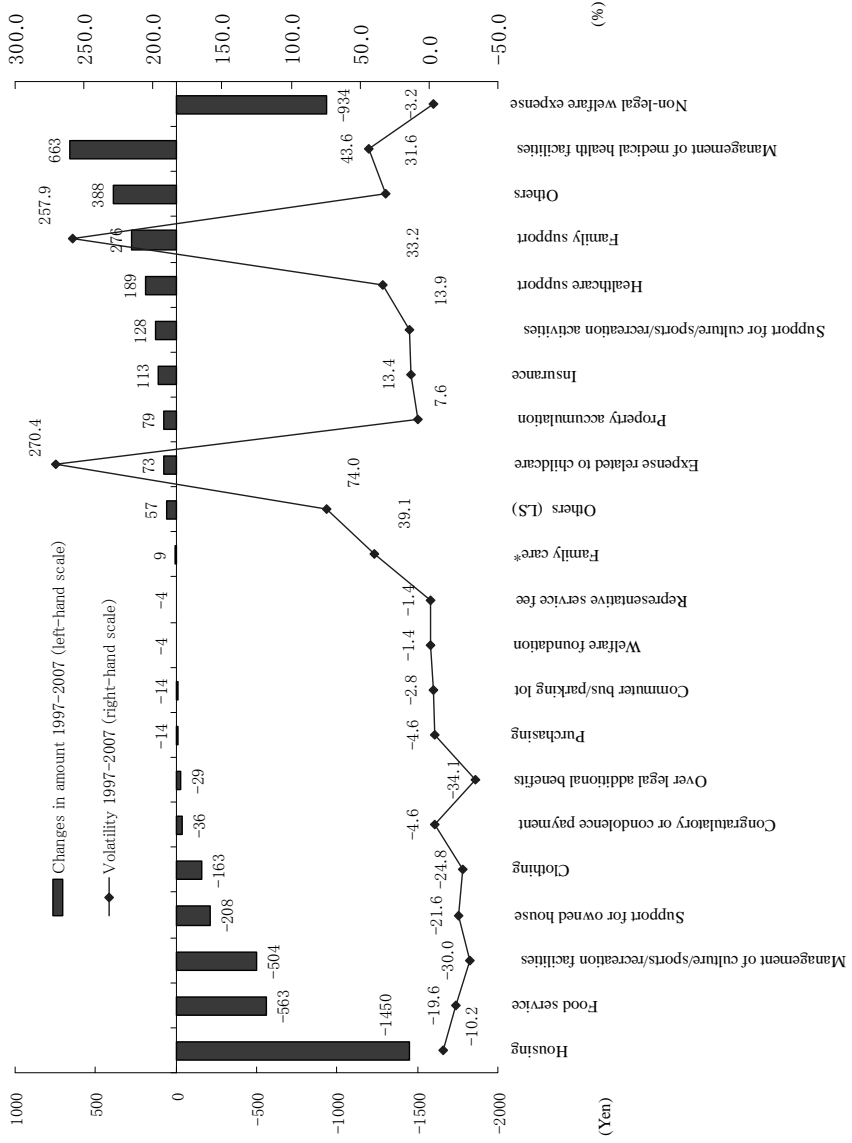
Note: Created based on Nippon Keidanren (Japan Business Foundation), *The 52nd Survey on Corporate Welfare Expenditures 2007* (668 respondents, collection rate: 39.9%). 343 respondents are manufacturers (51.3%) and 410 respondents are companies with 1,000 or more employees (61.4%).

expense related to housing, actual amount of “aid for own home” is -208 yen (the fourth greatest amount), taking a big step backward.

In contrast, “management of healthcare facilities (expenditures of medical offices, labor cost of doctors, etc.) shows the greatest increased amount, +663 yen, followed by “others” (+338 yen), “family support (life planning seminar, orphan’s pension, etc.)” (+275 yen) and “healthcare support (aid for medical examination/hospital expense, non-legal checkup expense, etc.)” (+189 yen). Among items of increased amount, “expense related to childcare” (+270.4%) and “family support” (+257.9%) show significant rates of increase, nearly three times. It is believed that the government focused on these measures with the enforcement of the Act on Advancement of Measures to Support Raising Next-Generation Children.

From the fact that the entire non-legal welfare expense decreased by 3.2%, -934 yen, we can see that high-cost facility services such as “housing,” “food service” and “recreation facility” among the internal service portfolio have been reviewed contracting or in order to contract the non-legal welfare expense overall.

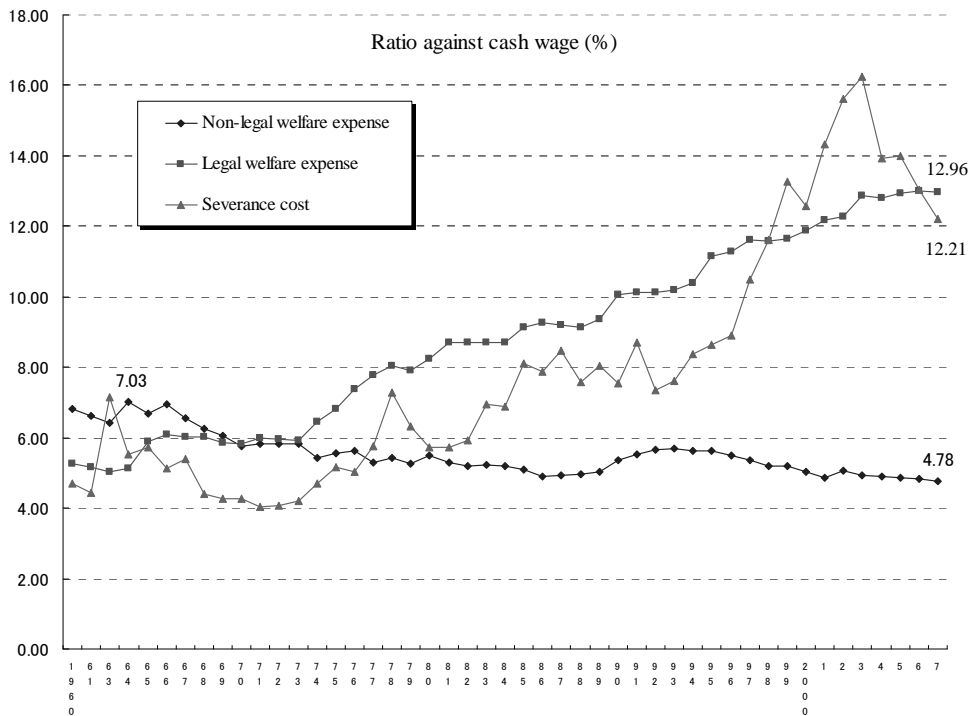
Looking at the trend of long-term expenses related to the benefit programs using the



Note: Created based on Nippon Keidanren, Survey on Corporate Welfare Expenditures, 1997-2007

* Family care shows comparison with 2002.

Figure 1. Changes in Non-Legal Specific Areas (1997-2007 comparison)



Note: Nippon Keidanren, *Survey on Corporate Welfare Expenditures*. Cash wage includes bonuses.

Figure 2. Changes in Welfare-Related Expenditures

result of the survey conducted by the Nippon Keidanren, Figure 2 shows ratios of non-legal welfare expense, legal welfare expense and expense related to retirement benefit compared to cash wage from FY1986 to FY2007. Over the long term, the burden of expense related to retirement benefit on companies has rapidly increased since the 1990s due to changes in the accounting system and the effect of low-interest rate as well as contribution of employers (legal welfare expense) which has continuously increased with the increase in rates of welfare pension insurance and health insurance caused by the country's low birthrate and the aging of the population. Both increased enforceable burdens have been factors putting pressure on the non-legal welfare expense which is a discretionary expenditure. This restrictive environment looks set to continue until the low birthrate and the aging of the population reach a peak. When recalculating with a prediction method of Nagai and Nagano (2003), the burden looks set to continue increasing until the legal welfare expense exceeds 19% of the cash wage in 2025 (currently 12.96%) and the effect would be still stronger. As a result, the non-legal welfare expense would fall below 4% according to the estimation.

Next is a broad range of welfare expenditures' trend from the Corporation Statistics. As mentioned above, we need to pay attention on the point that the welfare expenditures in this survey include commutation cost, payment for retirement allowance, estimated in-kind

wage, etc. as well as legal and non-legal welfare expenses and is the most comprehensive survey compared to foregoing two surveys. Looking at the recent trend with acceptance on this point, the welfare expenditures are still on a decreasing trend (see Table 3). As for not only the actual amount but also the percentage of total labor cost, it once exceeded the level of 12% but decreased to 10.84% in 2007. The percentage of added values also fell below 8%. As shown in Figure 3, Japanese profit corporations have rapidly brought about a recovery in sales since 2003 with increases in added values, labor cost, ordinary profit, etc. However, only the welfare expenditures are still on a decreasing trend. Given that these welfare expenditures include the legal welfare expense which should have increased, it is estimated that the allocation to the non-legal welfare expense has decreased more than this chart. The trend is in contrast with the movement of ordinary profit, i.e., it indicates that corporate governance has drastically shifted its emphasis from the employees to the market. Companies have raised awareness of consideration to the market such as an increase in the rate of dividend and they have gone to great lengths to enhance profitability, which eventually led them to cut down welfare expenditures, especially non-legal welfare expense.

Now we confirmed the trend of employee benefits from the viewpoint of employers' burden of expense on the basis of three surveys.

To conclude, Japanese companies' budget allocation to the benefit programs still shows a contractive tendency as of the end of FY2007. Furthermore, it would appear that it is not a simple contractive process as a total cost deduction but a contrast with changes in an internal institutional structure. Firstly, labor costs or allocation rates within added values decreased even though resources for the allocation to the benefit programs have obviously increased with increases in added values and total labor costs during the period of economic recovery and sales recovery before the financial crisis triggered by Lehman Shock. This was probably caused by the preventive response to continued increase in legal welfare expenses and the cost burden accompanied by the retirement of the baby-boom generation.

Second, the decreasing trend of expenses related to "housing" which accounted for over half of the non-legal welfare expense for a long time is confirmed and allocations to "medical care/health," "support for childcare," "family support," etc. are markedly increasing instead. This may be due to a large cost reduction effect by reviewing expensive housing measures. As a result, total amount of non-legal welfare expense decreases even budget allocations to other areas increase using money squeezed from that cost reduction. Concerning program patterns, the benefit programs are changing from facility ("*hako*") services such as company housing/bachelor apartment, food service facility and recreation facility to direct services to employees ("*hito*") such as checkup, support for childcare, self-development and life planning seminar.

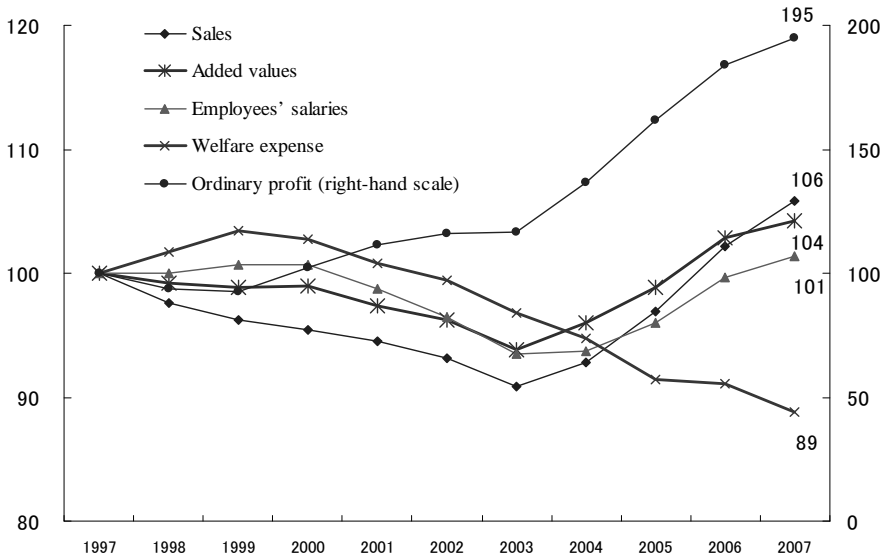
2. Development of Employee Benefits and Employees' Use of Benefit Programs

Next is individual introduction of employee benefits and actual situation of employees' use of benefit programs. We have no choice but to depend on private surveys on

Table 3. Changes in Welfare Expenditures (all industries)

Year	Unit: 100 billion yen												
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Sales	14,847	14,484	14,674	13,813	13,835	14,350	13,382	13,268	13,347	14,204	15,081	15,664	15,802
Sales cost	11,742	11,418	11,517	10,788	10,764	11,113	10,342	10,225	10,298	10,894	11,658	12,196	12,403
Selling and general administrative expenses	2,750	2,722	2,827	2,772	2,778	2,861	2,744	2,722	2,682	2,874	2,946	2,976	2,904
Sales profit	355	344	331	253	293	377	296	320	367	436	477	493	495
Ordinary profit	263	278	278	212	269	359	282	310	362	447	517	544	535
Added values	2,773	2,697	2,757	2,704	2,675	2,766	2,569	2,579	2,575	2,742	2,812	2,908	2,855
Labor cost	2,023	1,966	2,031	2,034	2,020	2,025	1,929	1,899	1,843	1,915	1,968	2,014	1,981
Directors' salaries	306	290	304	303	300	305	296	289	276	287	281	291	287
Employees' salaries	1,468	1,429	1,469	1,469	1,460	1,466	1,386	1,361	1,333	1,397	1,462	1,492	1,472
Welfare expense	249	247	259	262	259	254	247	249	234	231	225	231	215
Ratio of ordinary profit (%)	94.6	88.7	93.1	123.6	96.2	70.8	87.4	80.4	64.5	51.7	43.5	42.4	40.1
Ratio of added values (%)	9.0	9.1	9.4	9.7	9.7	9.2	9.6	9.7	9.1	8.4	8.0	7.9	7.5
Ratio of labor cost (%)	12.3	12.5	12.7	12.9	12.8	12.5	12.8	13.1	12.7	12.1	11.4	11.4	10.8
Ratio of employees' salaries (%)	16.9	17.3	17.6	17.8	17.7	17.3	17.8	18.3	17.5	16.6	15.4	15.5	14.6

Note: Created based on Ministry of Finance, *Corporation Statistics*.



Note: Created based on Ministry of Finance, *Corporation Statistics*.

Figure 3. Changes in Allocation to Welfare Expenditures (Changes with a score of 100 representing 3-year moving average deviations from 1995 to 1997)

this point. One is a door-to-door survey conducted by the Japan Institute of Life Insurance at triennial intervals since 1980 using stratified sampling by job category/number of employees with population values from the census of establishment conducted by the Ministry of Internal Affairs and Communications. Data to be used this time are from the eighth survey conducted in 2002. Valid samples are 2,014 companies, 1,802 regular employees and 300 non-regular employees. This shall be called “Survey 2002.” Another one is a quantitative survey conducted by a joint research group of Meiji Yasuda Institute of Life and Wellness, Inc. and Research Institute of Employee Benefit in December 2007. The survey was conducted with Internet system basically according to above survey conducted by the Japan Institute of Life Insurance. Valid samples are 1,504 companies, 2,052 regular employees and 920 non-regular employees. This shall be called “Survey 2007.” Actual situations of the employee benefits and employees are analyzed in this paper centered on these two surveys.

Table 4 shows the rate of introduction by service calculated from the company survey and the rate of using individual services calculated by the employee survey in Survey 2002. The rate of using services is calculated by sex and age group and non-regular employees’ average rate of using services is also calculated. There are employee benefits generally introduced by many companies and also there are a lot of different systems introduced by only some companies. The employee benefits are different depending on each company. That is, each company is required to make continued effort how to regard its own programs as a

Table 4. Introduction Rate and Usage of Individual Services

N	Introduction rate (Corporation Statistics)	Rate of experiencing welfare system							
		Regular employees							Non- regular employees
		Total	Male	Female	29 years old or younger	30 to 39 years old	40 to 49 years old	50 years old or older	
	2014	1,802	1,171	630	414	569	426	383	300
Company-owned housing/ bachelor apartment	23.7	7.3	10.2	2.1	4.8	8.3	9.2	6.5	1.0
Leased housing/bachelor apartment	26.0	6.0	8.8	1.0	5.8	6.9	6.8	4.2	0.0
Housing allowance/rent subsidy	54.9	27.2	31.4	19.5	19.6	33.0	28.6	25.8	3.3
In-house financing system for supporting owned house	13.1	3.6	5.3	0.3	0.2	2.3	6.3	6.0	0.7
Checkup (extra checkup of legal one)	71.8	52.1	51.2	53.7	54.6	57.3	48.6	45.4	33.3
Complete medical checkup subsidy from company	29.4	11.4	12.7	8.9	2.9	6.5	17.6	20.6	2.7
Health check for lifestyle- related disease	43.5	19.9	21.0	17.8	5.6	16.5	31.5	27.4	8.7
Mental healthcare	5.2	1.1	1.5	0.3	0.2	1.4	1.6	1.0	1.0
Long-term income security	2.0	0.8	0.9	0.6	0.5	0.9	0.2	1.6	0.0
Dispatch of family-care helper (including cost subsidy)	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nursing care/family care leave system	31.6	0.6	0.7	0.3	0.2	0.9	0.2	0.8	0.3
Childcare/babysitter subsidy	1.6	0.2	0.2	0.3	0.2	0.5	0.0	0.0	0.7
Day-care/childcare center (includ- ing leased ones)	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Childcare leave/short-time work- ing system (extra system of legal one)	27.3	0.9	0.3	2.1	0.5	1.9	0.9	0.0	0.7
Congratulatory/condolence/ disaster payments	92.2	29.1	31.7	24.3	14.7	27.1	35.4	40.2	12.3
Retirement allowance upon sudden death/condolence money system	88.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Survivor's/orphan's pension	14.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Property accumulation subsidy system	54.1	27.8	27.6	28.3	22.9	27.8	30.0	30.5	2.3
Employee stock ownership system	19.3	12.4	14.3	8.9	7.5	12.1	16.7	13.3	0.3
Stock option	1.2	0.7	0.7	0.6	0.5	0.2	1.6	0.5	0.0
Support for recreation activities	32.0	18.6	19.7	16.5	17.4	18.6	18.5	19.8	8.3
Company-owned leisure facilities	18.1	14.9	16.3	12.2	11.4	14.8	17.6	15.9	4.3
Contractual leisure facilities	30.1	19.4	18.9	20.3	13.0	20.7	23.9	19.1	3.7
Life planning	5.5	0.9	1.1	0.6	0.0	0.5	0.9	2.6	0.0
Money planning lecture	1.9	0.4	0.6	0.2	0.2	0.0	0.5	1.3	0.0
Education system for preparation for retirement	6.1	0.4	0.6	0.2	0.2	0.2	0.0	1.6	0.3
Studying-abroad program for universities/companies	1.9	0.2	0.3	0.0	0.0	0.2	0.0	0.5	0.7
Support for obtaining official certification/correspondence education	25.5	12.3	15.1	7.1	10.1	16.0	12.0	9.9	1.7
Long-term leave for refreshing	8.4	5.0	5.6	3.8	1.9	6.3	5.9	5.5	0.3
Food service facilities such as company cafeteria	15.0	15.5	17.2	12.5	15.9	16.7	14.8	13.6	11.3
Long-term leave system once or more a year	28.3	19.3	18.7	20.3	22.7	16.0	18.3	21.4	8.7
Cafeteria plan	1.2	2.3	2.4	2.2	3.1	3.0	1.4	1.6	1.3
Unknown	1.5	20.2	19.6	21.3	24.4	18.3	18.8	19.6	50.3

Note: Created based on Japan Institute of Life Insurance, *Survey on Companies' Benefit Programs 2003* (surveyed in 2002).

portfolio and optimize according to a purpose. Employees' using behavior also differs depending on sex and age for each program. One of factors is length of service. Employees working longer are more likely to use the programs. That is why women's and young people's rates of using them are low. Of course, many of programs are optional and needless programs are rarely used. The reason why non-regular employees' rate of using is extremely low is because they are highly likely exempt from the employee benefits in general.

In order to understand Japan's current situation of using benefit programs, we need to know outsourcing which changes intermittently and the expansion of cafeteria plan based on the outsourcing.

Regarding cafeteria plan, it did not necessarily become popular after being introduced into Japan for the first time in 1994, as Ishida (1995) pointed out the difficulty of cafeteria plan's penetration in Japan in which medical and tax systems are different from the United States. However, it has rapidly expanded in the process of penetrating integrated outsourcing services since about 2000. The cost reduction by the integrated outsourcing services is promoted simultaneously with the cafeteria plan.

Actual situations of introducing cafeteria plan are shown in Table 5. The introduction rate is 11.1% as of 2007 according to the survey conducted by the Nippon Keidanren.¹ The number of companies introducing it seems to further increase centered on the major company group and it is possible to expand to medium/small companies.

Although currently only about 10% of the non-legal welfare expense is given to the plan as a budget, there is a trend to give density to it in the elementary sense. Looking at employees' selection within the plan, "various livelihood support" accounts for over 60%, followed by "culture/sports/recreation" (about 25%). In contrast to above Survey on Corporate Welfare Expenditures, the budget is rarely used for "housing." This is because measures which require expensive procurement costs such as company housing/bachelor apartment are exempt due to difficulty of introducing the plan (preventing other services from being used, or otherwise). If the introduction of cafeteria plan progresses the budget allocation increases as a result, "de-housing" would progress. In fact, there are many cases that the budget allocation to measures is drastically reviewed including termination of services/measures when introducing the cafeteria plan. It often happens to substantially review the budget for housing in order to squeeze resources for introducing the cafeteria plan.

The option of individual benefit programs will be shifted from companies to employees by the spread of the cafeteria plan. Employees will be freely able to use the program without any program forced by the company within certain budget restrictions. It would make employees happy, but not always good for human resource management. One is that employees' "free choice" is not the best choice. Although benefit programs include many things such as various measures to support employees' long-term life planning and support systems for employee development, the reality is that younger employees cannot be

¹ "Cafeteria plan" has been added from the survey 2002.

Table 5. Actual Situations of Introducing Cafeteria Plan

	2002	2003	2004	2005	2006	2007
Number of companies introducing cafeteria plan	30	46	52	65	68	74
Introduction rate (%)	4.3	6.4	7.9	10.1	10.7	11.1
Number of samples	700	714	661	645	637	668
Monthly non-legal welfare expense (yen)	32,635	30,189	34,359	35,014	36,212	36,950
Non-legal welfare expense index of companies introducing cafeteria plan*	116	108	122	124	128	130
Monthly budget for the Cafeteria Plan (yen)	2,948	3,485	3,894	3,526	3,833	4,269
Ratio against non-legal welfare expense (%)	9.0	11.5	11.3	10.1	10.6	11.6
Breakdown of monthly budget for the plan: yen (composition ratio)						
<i>Expense related to housing</i>						
Housing/company housing/apartment subsidy	108 (3.7)	315 (9.0)	381 (9.8)	308 (8.7)	246 (6.4)	270 (6.3)
Owned house subsidy	83 (2.8)	58 (1.7)	132 (3.4)	171 (4.8)	116 (3.0)	116 (2.7)
<i>Healthcare</i>	25 (0.8)	256 (7.3)	249 (6.4)	137 (3.9)	130 (3.4)	154 (3.6)
<i>Various livelihood support</i>	20 (0.7)	30 (0.9)	20 (0.5)	29 (0.8)	39 (1.0)	53 (1.2)
Food service	1991 (67.5)	2275 (65.3)	2567 (65.9)	2352 (66.7)	2893 (75.5)	2748 (64.4)
Purchasing	951 (32.3)	790 (22.7)	637 (16.4)	582 (16.5)	572 (14.9)	676 (15.8)
Clothing	157 (5.3)	237 (6.8)	276 (7.1)	252 (7.1)	256 (6.7)	304 (7.1)
Insurance	16 (0.5)	11 (0.3)	7 (0.2)	15 (0.4)	13 (0.3)	22 (0.5)
Family care	184 (6.2)	308 (8.8)	302 (7.8)	283 (8.0)	274 (7.1)	351 (8.2)
Child care	84 (2.8)	102 (2.9)	89 (2.3)	81 (2.3)	70 (1.8)	94 (2.2)
Family support	139 (4.7)	210 (6.0)	205 (5.3)	198 (5.6)	204 (5.3)	228 (5.3)
Property accumulation	5 (0.2)	54 (1.5)	47 (1.2)	74 (2.1)	47 (1.2)	76 (1.8)
Subsidies for commutation cost	436 (14.8)	511 (14.7)	967 (24.8)	839 (23.8)	911 (23.8)	972 (22.8)
Others	2 (0.1)	7 (0.2)	4 (0.1)	8 (0.2)	5 (0.1)	5 (0.1)
<i>Culture/sports/recreation</i>	17 (0.6)	45 (1.3)	35 (0.9)	21 (0.6)	41 (1.1)	20 (0.5)
Others	696 (23.6)	824 (23.6)	857 (22.0)	741 (21.0)	880 (23.0)	1089 (25.5)
Introduction rate of welfare representative (estimate)**	134 (4.5)	41 (1.2)	69 (1.8)	88 (2.5)	71 (1.9)	110 (2.6)
	48.4	68.2	73.8	69.2	70.1	75.6

Notes: The Nippon Keidanren, *Survey on Corporate Welfare Expenditures*.

*Reference index of CP-introduced companies with average of all companies.

**Assuming representative expense as 500 yen per month per employee, it was calculated with average representative expense.

expected to have a long-term plan and the person in charge often see it as a problem.

3. Verification of Managerial Effect

Japanese companies' expenditures to benefit programs have decreased and the traditional programs centered on "*hakomono* (facility services)" have been drastically changing. What functions do Japanese employee benefits fulfill as a human resource management system? I would also verify this managerial effect on the basis of relatively new recent data.

During the period of rapid economic growth, the employee benefits played a role in Japanese style management model as "generous welfarism" and were positioned as equipment to support a strong loyalty and motivation called "company man" along with lifetime employment and seniority wage system. Does it still have such effect? Or did it lose?

The managerial effect of the program on human resources has been pointed out from the perspective of work motivation. Ota (1994) says, "A secure life is guaranteed by generous benefit programs. They satisfy a low-order desire and a hygiene factor and provide incentives in a passive manner." "The more the number of individuals who are satisfied in the company, the stronger the integration of the company and individuals becomes," Tsuchiya (1979) insists, "various shapes of fringe benefits such as a wide range of welfare measures and use of expense accounts which are generally seen in Japanese companies, especially major companies, increased the number of desires to be satisfied in the company."

It would appear that the benefit programs contributed to the integration of companies and employees, i.e., the making of organizational commitment, by directly supporting the process of employee satisfaction/solving problems taking advantage of characteristics such as benefit in kind. I agree with what the following authors point out on this point: Yashiro (1998) states, "As a result of Japanese style management system, a very strong organizational commitment was made among employees and has supported Japan's economic growth" and Tao (1997) points out, "Japan's economic growth was achieved by procuring a huge amount of organizational commitment for regular employees" based on his study on "company man" which has a strong organizational commitment. Ko (2001) also suggests, "A wide range of generous benefit programs are also one of Japanese companies' characteristics. As symbolized by company housing and various allowances for housing loan, etc., companies are deeply involved with all individual living territories" in the context of building process of "company man" with a strong organizational commitment.

In this paper, I will verify what kind of relationship exists between employees' use of benefit programs, the evaluation, the organizational commitment and particularly low dimensions which have been clarified in the past. I will also verify whether or not such relationship eventually leads to the formation of employee attitudes such as willingness to continue working and willingness to contribute which are tied to managerial effects through the organizational commitment.

There are many preceding studies on the low dimensions of organizational commitment. Representative examples are affective, continuance and normative elements presented

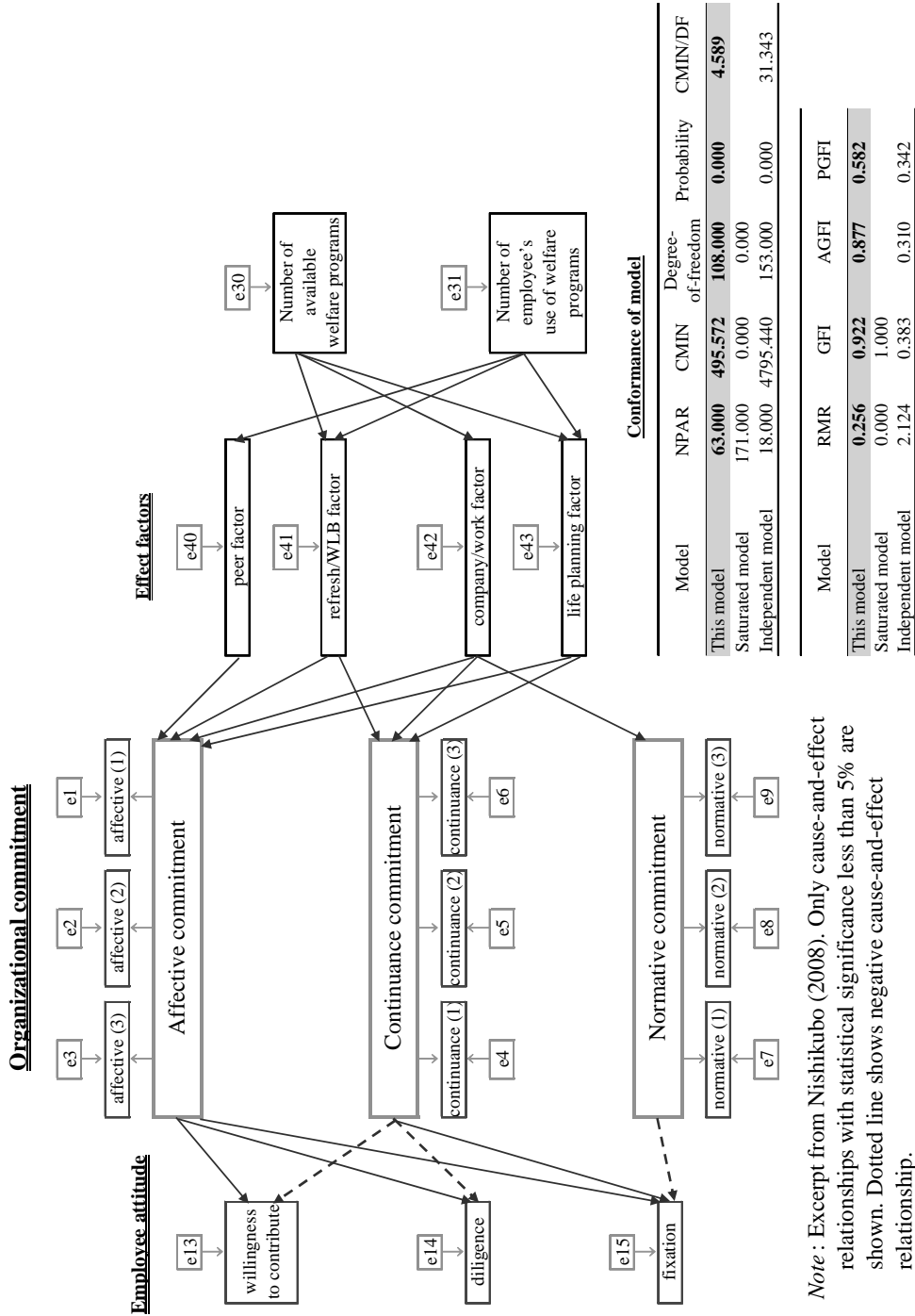
by Allen and Mayer (1990). In this paper, I verified a cause-and-effect relationship between commitment variables measured by using a scale developed by Matsumoto (1999) based on three dimensions, employees' experience of using benefit programs and usage environment (number of programs recognized as available). Samples are 1,228 male and female regular employees aged 25 to 59 years old living in the Tokyo metropolitan district.

The organizational commitment is formed by these samples' experience of using benefit programs in their companies and the recognition of the number of available programs. I will comprehensively verify a series of cause-and-effect relationship between fixation, diligence and willingness to contribute which are formed by that commitment. Covariance structure analysis models were used for the analysis. Final verification results are shown in Figure 4.

Firstly, I extracted 24 evaluation items (multiple answers) in which employees recognize with their experience of using and the provision of usage environment (recognition of the number of available programs) as four evaluating factors, "peer factor," "refresh/WLB factor," "company/work factor" and "life planning factor," by a factor analysis and parameterized. It was found that these evaluating factors have a statistically significant cause-and-effect relationship with all low dimensions of the organizational commitment, affective, continuance and normative elements, i.e., they have an effect on the formation.

In particular, a significant cause-and-effect relationship with affective element was found from all four evaluating factors, i.e., there is the most obvious relationship. Employees in an excellent program environment or using programs many times promote the formation of a high affective commitment. Second, the result shows an effect on the continuance element from three evaluating factors. There is also a certain effect on the formation of this calculating commitment. As for the normative element, only a path from company/work factor shows a significant effect, and only the provision of usage environment (recognition) has an effect on this evaluating factor. Therefore, the relationship with the employee benefits may be poor.

This organizational commitment formed by the use/recognition of benefit programs has a further effect on employee attitude. Concerning affective commitment, a reliable cause-and-effect relationship with all, willingness to contribute, diligence and fixation, is confirmed. That is, when an affective commitment to the company is formed by the experience of using benefit programs or the provision of the programs, it has a positive impact on all employee attitudes, contribution, diligence and fixation. On the other hand, continuance commitment is in contrast affective one. A negative cause-and-effect relationship with willingness to contribute and diligence was extracted while a positive cause-and-effect relationship with fixation was confirmed. It means that although calculative continuance commitment is increased by the employee benefits, it does not motivate the willingness to contribute to the company or the diligence but rather promotes the formation of negative attitude as well as increasing only fixation by bringing awareness of costs for withdrawal from the company. Regarding normative commitment, an effect on either the willingness to



Note : Excerpt from Nishikubo (2008). Only cause-and-effect relationships with statistical significance less than 5% are shown. Dotted line shows negative cause-and-effect relationship.

Figure 4. Utilization Experience, Acknowledgment of Benefit Programs and Organizational Commitment

contribute or the diligence could not be confirmed. I could only confirm a negative cause-and-effect relationship with the fixation plan.

From the above result, it was confirmed that Japanese employees increase the commitment to their organizations (companies) with their experience of using benefit programs and the recognition of the programs and especially contribute to the formation of emotional attachment to their companies such as affective commitment. To conclude, with the obtained organizational commitment, employee attitudes such as high fixation, diligence and willingness to contribute are brought to contribute to the formation of human resources which contribute to companies' medium- to long-term competitive advantage. As a whole, the system shows significant changes such as budget squeeze and changes in service contents, but I could confirm that an effect on employees, particularly a psychological effect as symbolized by affective commitment is still obtained.

III. Issues

1. Divergence of Needs between Labor and Management

Next, issues and problems in which Japan's employee benefits are currently facing should be clarified.

Figure 5 shows answers to questions for companies: "Which area of benefit programs will you focus on?" and for employees: "Which area of benefit programs will you want your company to focus on?"

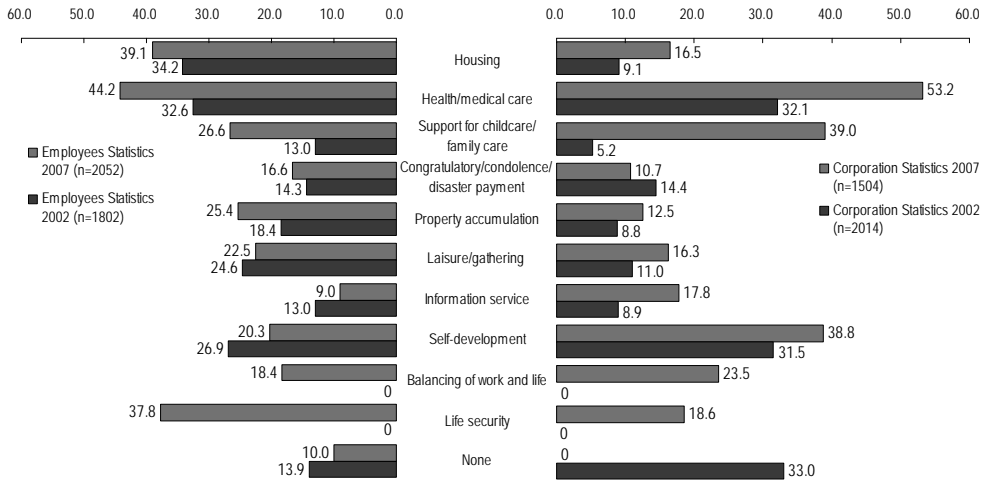
According to the answers, many companies pay attention to "health (medical care)," "support for childcare/family care" and "self-development" as priority areas. Many employees also answered the question as "health (medical care)," i.e., both focus on this area.

However, more than 30% of employees answered the question that they want their company to focus on "housing" in both surveys but the rates of companies who answered that are 9.1% and 16.5% in two surveys respectively. There is a huge gap between labor and management. Such labor-management needs gap phenomenon is seen in not only the case of "housing" but also "life security," "property accumulation" and "leisure/gathering."

The mechanism of generating these gaps is clear. Employee needs never change. Needs from life are stable and do not suddenly change. There has been more interest in "life security (medical care, pension and family care)" amid growing fear of social security facing an aging society and "housing" in which households have a heightened sense of burden. Therefore, these gaps are not generated by employees but changes in companies. In short, companies' policy toward the employee benefits has changed, as confirmed in above trend of welfare expenditures.

The points would include whether or not such gaps can be filled. If companies avoid the adaptation to employee needs, even if it is only a part of them, who would assume the role of this? Employees will be required to make self-help efforts in the area of life security, especially old-age/medical security, as well as housing amid concerns about backward of

Current Situation and Future Direction of Employee Benefits



Note: Created based on Meiji Yasuda Institute of Life and Wellness, Inc., *Quantitative Survey 2007 by Research Group on the Way of Companies' Benefit Programs in the Depopulating Society* (upper bar) and Japan Institute of Life Insurance, *Survey on Companies' Benefit Programs 2003* (surveyed in 2002)" (lower bar).

Figure 5. Divergence of Priority Areas between Companies and Employees

the social security system.

2. Response to Changes in Labor Market—Non-Regular Employees and Women

Another issue is that current employee benefits cannot respond to rapid changes in the labor market.

Firstly, regarding response to increased number of non-regular employees who account for more than 30% of total workers, as is well known, part-time workers have already become core workforce in domestic service and distribution industries. Nevertheless, benefit programs still reflect regular-employees' needs and are premised on their use. Many of companies do not even confirm the contents of needs well and do not allow non-regular employees to use the programs (see Table 6). However, the revised Part-Time Work Act which went effect in April 2008 prohibits discriminatory treatment against "part-time worker equivalent to ordinary workers" on wage determination, implementation of education/training, use of welfare facilities and others are prohibited (Article 8) and obligates employers to give part-time workers the opportunity to use welfare facilities (three facilities: food service facility, lounge and dressing room) which contribute to preservation of health and/or smooth job performance (Article 11). In order to respond to such trend, if companies expect the fixation of excellent personnel and want to obtain a stronger commitment, it would be time to open their mind to further expand the application of the programs as pointed out by Matsuura (2002).

Table 6. Gaps of Using Benefit Programs between Regular and Non-Regular Employees

	Regular employees	Non-regular employees	Gap
Currently available systems			
1. Property accumulation subsidy service	51.8	10.3	41.5
2. Congratulatory/condolence/disaster payments	73.4	32.0	41.4
3. Retirement allowance upon sudden death/condolence money system	46.9	10.0	36.9
4. Housing allowance/rent subsidy	43.4	6.7	36.7
5. Checkup (extra checkup of legal one)	69.6	45.7	23.9
6. Employee stock ownership system	24.9	1.7	23.2
7. Contractual leisure facilities	36.3	14.0	22.3
8. Support for obtaining official certification/correspondence education	24.8	4.0	20.8
9. Health check for lifestyle-related disease	35.5	16.7	18.8
10. Complete medical checkup subsidy from company	30.1	12.3	17.8
Rate of experiencing each system			
1. Property accumulation subsidy service	27.8	2.3	25.5
2. Housing allowance/rent subsidy	27.2	3.3	23.9
3. Checkup (extra checkup of legal one)	52.1	33.3	18.8
4. Congratulatory/condolence/disaster payments	29.1	12.3	16.8
5. Contractual leisure facilities	19.4	3.7	15.7
6. Employee stock ownership system	12.4	0.3	12.1
7. Health check for lifestyle-related disease	19.9	8.7	11.2
8. Company-owned leisure facilities	14.9	4.3	10.6
9. Support for obtaining official certification/correspondence education	12.3	1.7	10.6
10. Long-term leave system once or more a year	19.3	8.7	10.6

Note: Created based on Japan Institute of Life Insurance, *Survey on Companies' Benefit Programs 2003* (surveyed in 2002).

Secondly, it is one of issues in Japan to increase women's labor force participation rate and employment rate in the age of declining population and labor force. Particularly women's long fixation is expected as core employees. However, female employee needs are hardly reflected in the programs and budget allocations up to now and many of women say, "there is no program I really want to use." Surveys of women are also clarifying that the programs do not meet the requirements of women. As shown in Table 4, the gender gap of the rate of utilization experience is large in "housing" and "self-development." As for "housing," it happens due to the fact that there are many cases of using criteria for head of household and moving/transfer experience as criteria for entering company housing. Companies should widely reflect their needs in support for childbirth/childcare, etc. and make the programs easy to use.

IV. Future Directions

1. Suggestions from the Reality

I reviewed the current situation of Japan's employee benefits from various perspectives. From these facts, some directions of fundamental changes were confirmed.

Welfare expenditures had consistently increased supported by favorable corporate performance and their lock-step mentality from the high economic growth period to the

bubble period in the early 1990s. According to above Survey on Corporate Welfare Expenditures, welfare expenditures recorded a double-digit increase for eight consecutive years from 1969 to 1976 and showed a year-on-year increase of 10% in 1990, at the late stage of the bubble period. In fact, however, the contractive trend has still continued since the late 1990s.

There are some constrained conditions. One is unexpectedly prolonged recession and another one is full-scale global competition. Under such management environment, it was required to cut down total labor costs. As a matter of fact, flexible and effective use of labor costs was also strongly required. That is, the former is to enhance the interlock between labor costs and a short-term demand fluctuation/performance fluctuation (flexible labor costs) and the latter is to expect contributive returns from the investment in human resources. The recent employee benefits have not been appreciated for either flexibility or effectiveness of using labor costs.

Facing an aging populace with low birthrates, the burden of legal welfare expense on the social security system exceeds 10% of cash wage and is reaching 20%. In effect, the non-legal welfare expense has been regarded as a balancing item for it. Even after 2003 when Japan finally recovered from the recession, the non-legal welfare expense have not shown any sign of favorable turn while positive earnings are being reported one after another. There must be a dire prediction about future burden of the legal welfare expense behind such companies' cautious attitude. Under the severe budget constraint, non-urgent programs deposited in the company have been reviewed and "*hakomono* (facility type services)" which are expensive showing a uncertain cause-and-effect relationship with managerial effects and one of fixed costs, especially "housing" which is Japan's foremost characteristic, the center of the programs and a sacred cow has been deeply cut. Instead, the trend to reflect new needs such as "support for childcare/family care," "health/medical care" and "self-development" has become apparent supported by social demands.

2. Future Direction of Evolution

Japans traditional employee benefits which contributed to the high economic growth realized a long fixation and built company loyalty of entire employees by providing a generous support for a wide range of their life such as food, clothing and housing during regular employees' lifetime. This former system is less appreciated now. The causes include expensive initial cost, low asset efficiency, uncertain managerial effect, i.e., cost-effectiveness, changes in the labor market such as increased number of non-standard workers/female workers and high fluidity, and ineffective response to diversified values and lifestyles of employees. That is, companies cannot meet diversified and complicated requirements of stakeholders.

The employee benefits should compensate the weakness on the basis of the current system, be separated into three unique sub-systems which clearly set the purpose and functions and evolve into a new structure consist of those elements.

The first desired direction is “Employee’s creativity enhancement system.” It will be the most important from the viewpoint that companies can secure and strengthen their management foundation. In other words, this direction is to clearly contribute to the existence and growth of companies which take responsibility for the employee benefits and enhance a sustainable competitive advantage as a result. Japan’s domestic companies are facing a large wall of growth constraint; globalization. The BRICS countries including China which became a world factory, India and Brazil are fully competing against each other. In competing with them, Japan is no match for them in two aspects, supply of labor and labor costs. Then, what can secure Japanese companies’ world competitive advantage? There is only one way. Companies are required to have a strong creativity which constantly creates new values for business competition by globalizing themselves and establishing a strong intellectual production system consist of various human resources including foreigners.

As Nishikubo (2004) pointed out, the employee benefits should play a unique role as a system to support the building and encouragement of valued creativity which is a core competence of the company. The employee benefits need to play a role as an “Employee’s creativity enhancement system” in which other management system cannot substitute standing between two conflicting parties, organization and individuals and work and life. It is necessary to obtain a strong commitment and maximize employees’ contribution by stimulating human creativity and extracting latent potential, i.e., by providing complete health-care including mental care for individual employees, a ground for advanced intellectual practices, e.g., self-learning environment and corporate university which bring out and develop the talents, or by organizing a ground for cozy communications between employees and a comfortable and intellectually stimulating working environment. This system should also play a role of supporting childbirth/childcare and family care which make job continuity difficult.

It will be a strategic investment in human resources for companies to establish this creativity enhancement system. The system should be optimized for company’s business model, employee characteristic, personnel strategy, etc. and a flexible response is required aimed at investment efficiency and investment effect. This evolution would be deeply involved in Japanese companies’ existence and growth. At the same time, success of this system would be directly linked with securing and maintaining of employment opportunities.

Second is a direction aiming at “mutual aid/self-help system.” This is an evolution enhancing the function of “welfare program” in which efficiently realizing self-help efforts for employees and their family and mutual aid between employees, and improving the environment. Although this function also existed in the traditional welfare program, it is not initiated by companies any more. Employees sharing workplace are fellows on the same boat trying to overcome a serious aging society with fewer children and a stressful society. Individual employees independently make a strategic life planning and the welfare program as mutual aid/self-help system becomes an infrastructure to realize it. Employees advantageously develop their independent life security and life planning taking advantage of the

characteristic of workplace. The cafeteria plan which is getting popular would be also an effective mechanism to support life planning in response to diversified life styles. Of course, this system should be operated on the basis of employees' and labor union's autonomy on the premise of beneficiary liability to promote employees' autonomous utilization. An insurance-like system is utilized for wealth building for aging, economic preparations for death/injury/illness, childcare, child's education and family care. It is expected that such system functions as a strong bond between employees by realizing and sharing that system. Companies are required to play a role to engage from a complementary position, i.e., making efforts to build an institutional infrastructure, stimulating employees (making employees aware) through phased life planning seminars since they are young and supporting feasible wealth building plan from their youth, preparations for their life security and their self-development/capacity-building.

Third direction can be called "Adaptable system to societal demand." The employee benefits are likely to play a role to build a good long-term relationship between companies and society. As some keywords such as corporate social responsibility (CSR), diversity, family-friendly and development of the next generation have already presented recently, the society has required companies to engage actively in social issues and problems and contribute to the solution of them. At the same time, by meeting such requirement, a mechanism to heighten corporate values is being built through socially responsible investment (SRI), etc. Japan's CSR for working is still far behind compared to that for precedent global environment. However, there are a lot of issues to be solved by using welfare programs such as increasing number of overwork death including suicide, too long working hours of some employees, delay of recruiting female workers, office issues, e.g., sexual harassment and power harassment, and expansion of potential patient with lifestyle-related disease from the perspective of preserving human dignity of employees who are valuable social resources. The employee benefits have a certain possibility to be able to contribute to these issues as a main character or complementary role and are able to respond with a clear sense of purpose. It is time that the employee benefits which were positioned as only internal human resource management system should expand as an open system getting in touch with society.

Above three systems function as sub-systems included in the entire employee benefit system. Since these are different in purpose, standard of value and optimal operation method, separated plans and management are also required. Nevertheless, they have a synergistic relationship to be able to increase the values of each other. Excellent "Adaptable system to societal demand" and "mutual aid/self-help system" would become an attraction to external excellent personnel and, together with "Employee's creativity enhancement system," bring opportunities to obtain strong human resources for the company. Provided that "Employee's creativity enhancement system" realizes a comfortable and exciting workplace and employees can obtain opportunities for playing an active role or self-realization, the employee benefits would play a role as a social public organ.

Basically, employee benefits are independently built by will of labor and management

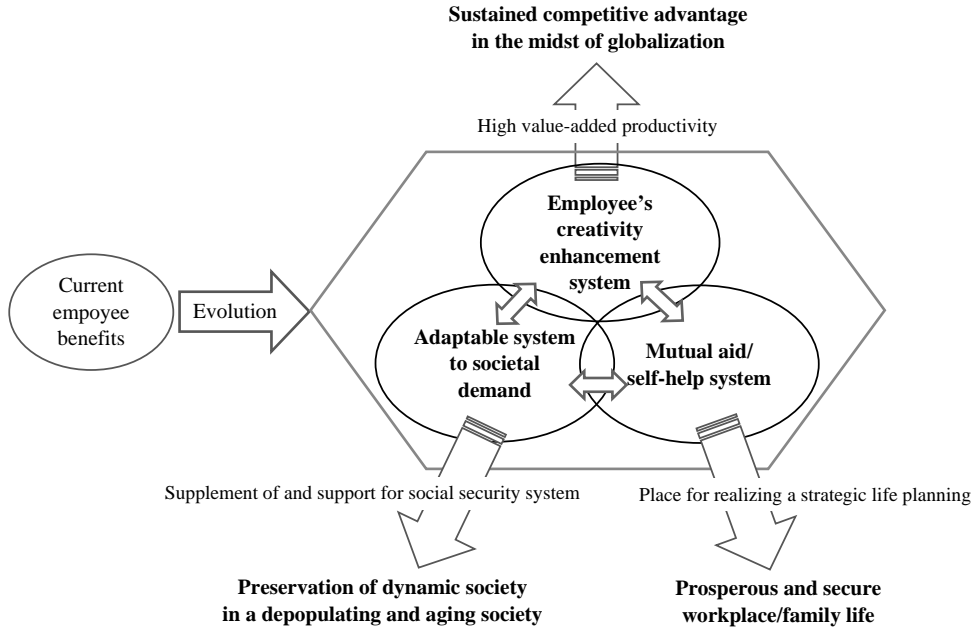


Figure 6. Future Direction of Japan's Employee Benefits

in the company. That is, both company's managerial effect and employees' life effect will be maximized by optimizing it reflecting company's business model, working environment, employee makeup and their needs. In this optimization process, it will be essential that labor and management put heads together and have exhaustive discussions. It is desirable that each company builds an individual system as a result. Three directions presented here would be positioned as fundamental pillars of each company in the future.

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