

# JAPAN LABOR BULLETIN

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## General Survey

### Special Economic Package

At its Cabinet meeting regarding economic measures held on September 16, the government formally decided upon a special economic package aimed at stimulating the economy and reducing the mammoth external trade surplus.

In the face of the current faltering economy, this is the fourth package of pump-priming measures following those announced in March and August 1992 as well as in April 1993. It is the first such package since the inauguration of the coalition government led by Morihiro Hosokawa. The widespread effects of the higher yen and unusual weather "will likely reduce chances of economic recovery," according to Prime Minister Hosokawa. Therefore, the government incorporated into its new plan fiscal measures to stimulate domestic demand in addition to the package of deregulation measures and steps aimed at passing on the benefits of the yen's rise to consumers.

The newly announced package of 6.2 trillion yen in stimulus measures includes 2.9 trillion yen in additional funding for public housing loans. It has three basic components: promoting deregulation measures; passing on the windfall profits from the strong yen to consumers; and responding adequately to the severe economic situation and establishing balanced external economic relations. Deregulatory measures are relaxation of controls on 94 items, prompt processing of approval procedures for regional development projects and a review of how to relax exceptions to the Anti-Monopoly Law. Measures that are aimed at transferring gains from the yen's appreciation to consumers include 10 items-rate cuts by the nation's electricity, gas and international telephone companies (worth 270 billion yen per year). The third component, which is concerned with the improvement of social infrastructure, includes programs for areas damaged by natural disasters, promotion of housing investment, support for small and medium-size companies, measures to support firms in employment, adjustment expansion of tax breaks in the fields of education, housing and investment, smooth financing, encouraging imports, discussions by the Economic Reform Council on mid- and long-term restructuring and discussions by the Tax Commission on tax reform.

On September 21, the Bank of Japan (BOJ) decided to lower its official discount rate by 0.75 percent to 1.75 percent effective immediately, in an effort to lift the Japanese economy out of its prolonged slump through easing monetary policy. With the key lending rate reduced to the 1 percent level for the first time, the nation's economy is now entering an age of super-low interest rates. However, even with the effects of financial and monetary policy, it

appears unlikely that the BOJ's scenario (that the economy will turn up in the second half of the fiscal year) will be realized.

## Labor-Management Relations

### Rengo Annual Convention Held

At its 3rd annual convention held on October 7-8, Rengo (Japanese Trade Union Confederation) set its basic policy for the next two years including its stance toward political parties and politicians under the heading of "The Relationship Between Labor Unions and Political Parties." The pillars of the action program are: first, establishing a "labor movement center for smaller-scale firms" in order to strengthen the labor movement in small- and medium-sized companies; second, achieving annual work hours of 1800 by 1996; and third, expanding the union membership to 10 million from the present 8 million by 1997. In addition, the nation's largest labor organization decided on a wage policy for determining wages in the medium term.

President Akira Yamagishi, addressing the convention, stressed that "promotion of the labor movement for smaller-scale firms is key to strengthening of the labor movement as a whole.

Under the new policies, Rengo proposed that the labor movement be strengthened to rectify the gap in working conditions between smaller firms and large ones and also to establish job security and other rights for part-time and dispatched workers. It stated that it will seek to promote industrial policy for smaller-scale companies and realize a "visibly substantial Rengo" in regional labor movements by seeking to improve business practices between smaller scale and big firms in order that large firms will not put pressure on workers of small and midsize companies via the subcontracting relationship.

Under its new policy, Rengo established a new program to achieve shorter work hours asking "all the unions to achieve the 1800 work hour goal by 1996." Unable to realize the previous goal of 1800 hours by 1993, Rengo postponed the goal to 1996. Thus, it clearly stated "all the unions" in the new program, calling for individual affiliated organizations to set an annual goal of 1800 work hours. It will tackle achievement of the goal set particularly for smaller firms on a priority basis by actively utilizing such systems as revised standards for encouraging subcontractors to proliferate and a Law for Promoting Shorter Work Hours.

Strengthening of employment measures is another pillar of Rengo's new policy. To

establish employment and a pattern of work commensurate with the "Era of a 80-Year Life Span," the organization will formulate a medium- and long-term "Rengo Employment Vision" which will clearly project trends in the economy and industry as well as in employment. It will place special emphasis on improvement of the employment structure for the elderly in order for the 60-years-of-age retirement to become completely established. Also, Rengo will seek expanded job opportunities for those who have reached the mandatory retirement age.

Rengo sets the goal of expanding the organization to 10 million members by 1997. In order to increase the current 8 million members to 10 million by that year, the organization will need to organize 500,000 members yearly over the next four years. The reality is, however, that for the past two years Rengo organized only a little over 100,000 members, and it will need to devise more effective plans and make increased efforts toward achievement of its new goal.

Accordingly, Rengo stated in its policy that it will organize unions which have yet to be organized. Also, it will expand its organization efforts with particular emphasis in the fields of finance, medical care and mass communication which have remained largely unorganized. Toward this end, it will strengthen the fostering of organizers who will be major actors in this process. Furthermore, Rengo has unveiled its specific concept of "Rengo University" to train leaders who will shoulder Japan's labor movement in the future.

Rengo also confirmed its "political policy" centering around "relations between labor unions and political parties" which was the focus of debate. The "political policy" defines that the organization's ultimate goal is to establish a two-party system and that it will leave its political activities to cooperative relations with political parties and politicians that "share the same goal, policy and demands."

On individual organizations' party support, Rengo said that it will "review traditional inflexible relations" but will leave it to the organizations to judge for themselves for the time being." This reflects Rengo's taking into account industrial organizations which stick to support relations with the SDPJ and the Democratic Socialist Party (DSP).

Regarding who will be the central actors in political activity, Rengo said that it will stress deeper relations between organizations and political parties and active participation of each and every union member.

In addition to the abovementioned policies, Rengo finally decided on its "wage policy" which considers wages not on a yearly but on a mid-term basis. To realize a "comfortable and

ment life," Rengo recommends that real wages be raised to 1.2 times the current level in the 1993-1996 period. This will require that real wages increase at a rate that averages 2.5 percent annually. Toward this end, it will endeavor to alter the way wage hikes are demanded from average wage-hike requests to individualized pay-raise requests, thereby seeking an industry-based wage system.

## International Relations

### Japan-U.S. Symposium on Industrial Relations

On October 5, the Japan Institute of Labour (JIL), with the University of Illinois in the U.S., cosponsored a Japan-U.S. Symposium on Industrial Relations in Tokyo. The symposium, with the theme of "Change in Employment Environment in the Japanese and American Labor Market and Human Resources Management," was divided into two sessions.

The first session was the "Graying Populace and Female Workers," while the second session dealt with "Diversification of Employment and Personnel." In both sessions, two of the participants from both nations reported on each theme. Also, discussions were conducted including commentators. The Japanese participants stressed the effects of the subthemes on lifetime employment and the seniority system. The U.S. participants, on the other hand, showed strong concern over changes in the workforce composition stemming from the advancement of women and migrants into the job market, the resulting discrimination against them, and diversification of personnel management.

In Session One, Ms. Francine Brau's report focused on women's wage disparity and concluded that U.S. policies contributed to the diminishing wage gap between men and women. However, the wage gap is significant in the U.S. and workers in the low-income bracket are underprivileged regardless of sex, she noted.

Mr. Minoru Ito, JIL senior researcher, offered the following ideas:

Japan's employment system, as it is now structured especially in large firms, is currently threatened by a declining number of young workers and the overall aging of the workforce. Large companies' employment system has been characterized by a periodical recruitment of new school graduates followed by long-term in-house training. Wages rise on the basis of seniority, and employment is fairly stable.

The fast-graying populace, however, has triggered a surplus of middle-aged and elderly

workers. Measures to transfer them to subsidiaries and related firms have reached their limit. What is worse, rising the pensionable age for the Employees Pension is being studied with the increasing need for assured employment of those aged 60 and older. These conditions are endangering the Japanese employment system.

In Session Two, Takashi Kawakita, professor to Hosei University, predicted, like Mr. Ito, that the Japanese-style employment system will not be sustained because values of those from all walks of life are diversified due to a widening gap between generations. In the long-term perspective, Mr. Kawakita anticipates a growing shortage of workers stemming from the diminishing number of young people. This contrasts with the "excess employment" which now exists due to the recession. He thus proposed that personnel management methods respond to this situation through diversifying forms of employment.

"Diversification" was the key word in Session Two. Mr. Gerald Phyllis, professor at the University of Illinois, saw that participation in the job market of people different from those who have made up the traditional corporate culture-such ethnic groups as Chinese and Hispanics as well as women-would require diversified personnel management. Professor Phyllis believes that diversification is possible by transmitting to other groups political elements which have upheld promotion and influence of those homogeneous groups (white men, for instance) which are politically powerful within the traditional organization.

## Public Policy

### Pension Council Moves

On October 12, the Pension Council submitted its report on revision of the pension systems to Minister of Health and Welfare Seigo Ouchi. The Council had been studying specific details of revision of the pension programs to be made in the spring of 1994. The Ministry of Health and Welfare responded to the report by compiling a draft revision of the Employees' Pension Plan and the National Pension Plan.

Raising of the age at which a pensioner can start receiving benefits was the major focus of debate. With the rapidly aging population in the years to come, those who are presently active members of society are sure to bear heavier pension burdens, thus presenting an obstacle to healthy management of the pension programs. Therefore, by rising the pensionable age, the government is trying to curb the total sum of pension benefits paid.

In the report, the Council said "the prevailing view is that in the early 21st century 65

will be the age at which pensions begin in a full-fledged manner." The Council, however, took into account labor representatives' strong calls for "payment at age 60" and reached an agreement with them by presenting two proposals: "moving the pension age up to age 65" and "keeping the current pension age of 60."

The report also offers two flexible measures to be studied, noting that "benefits paid in the early 60s should respond flexibly in order to assure a smooth transition from work to a life dependent on a pension as well as an individual's diversified needs." One of the measures is to reduce the amount of the pension for those wishing to receive it before 65. The other is to pay another form of benefits to those in the 60-64 age bracket.

The Council proposes that the pension-payment level be revised so that it is based on the real after-tax wages of workers paying premiums rather than being based on growth of average wages including taxes and social-security premiums. Predicting that there will be a heavy tax and social-security burden in future years, the Council recommends that the pension payment level should compare favorably to the disposable income level and that higher levels of pensions should be curbed.

Employees' Pension premiums are currently calculated on the basis of monthly income alone. The Council proposes that they should also be collected from bonuses. Reasons are that this would allow the amount of premiums paid from monthly income to be curbed, while also dealing with the problem of growth in bonuses, rather than monthly pay, specifically to reduce pension premiums. Therefore, the Council recommends that the new measures be taken from the standpoint of a fair burden on workers paying pensions.

## Special Topic

### The Reality of "Rotating Japanese Staff"

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#### 1. Introduction

In the increasingly borderless economy, more and more Japanese companies do their business abroad. Accordingly, a growing number of Japanese employees

work at foreign branches and subsidiaries. As of 1991, as many as 265,565 Japanese nationals employed by companies in Japan were residing abroad for three months or more.<sup>1</sup> More often than not, these employees are sent abroad for several years and then return to headquarters in Japan when their successors arrive to take over their positions. That is why such employees are called "rotating Japanese staff." While such rotating staff are seen almost everywhere in the world, their legal status, functions in business activity, and working conditions are not very familiar to those who are outside of Japan. Thus, this article examines the reality of rotating Japanese staff and considers their future prospect.

It is necessary at the outset to note the difference between rotating staff and those who are on business trips abroad. Employees on business trips abroad belong to their home based workplaces. Even when they perform duties in foreign countries, their work stations remain the same and they work under the direction of their supervisors in Japan. In contrast, rotating staff belong to foreign branches or subsidiaries and they work under the direction of their supervisors abroad. In this sense, rotating Japanese staff may be classified as "expatriates," although the period of assignment of "expatriates" is usually longer than that of rotating staff.

## **II. The Functions of Rotating Staff**

### **1. The Purpose of Overseas Assignment**

The role that employees assigned to overseas offices (i.e., foreign branches and subsidiaries) are supposed to play varies from company to company. In general, however, it depends mainly on the role of the overseas offices of each company. The role of overseas offices, in turn, depends on the stage of development of each company's international business activities. For example, when a manufacturing company in an early stage of internationalization intends to promote the export of its products to a foreign country, it may set up an office in that country for sales activities. The role of employees assigned to such an office is to perform more efficient sales activities than those who are sent abroad on business trips. Next, when a company decides to build a plant in a certain country, it sets up a small office to prepare the construction of the plant and its operation. The staff in such an office is supposed to gather and analyze information, send it to headquarters, and make preliminary contact with potential customers, job applicants etc. Then, when the plant begins its operation, a number of employees including engineers are assigned to the plant in order to secure its smooth operation. After the initial stage of operation of foreign offices or plants, however, the domestication of business activities begins. Headquarters may delegate to local staff a number of essential roles that were formerly assigned to staff from headquarters.



## **2. Executive Staffing Policies of Japanese Companies Overseas**

According to a comparative analysis of human resource management in multinational enterprises, Japanese companies tend to use parent-company nationals for both senior and middle management positions in overseas operations. Although U.S. and European multinationals also use parent-country nationals for senior management positions in developing countries, the percentage of parent-country nationals of European companies in the United States and that of U.S. and European companies in West European countries for senior management positions are lower than that of Japanese companies. For example, as of 1982, expatriates from Japanese headquarters occupied 83 percent of senior management positions in their U.S. branches and subsidiaries, as compared with 20 percent in the case of European companies.<sup>2</sup>

The degree of domestication in terms of human resource management depends on various factors. As stated above, the stage of overseas operation is one of the most important factors. The percentage of parent-country nationals tends to be large in the early stage of overseas operation, because at such a stage the skills and experiences of the headquarters' employees are necessary to develop and control local offices. Thus, the high percentage of Japanese staff at local offices may reflect the relatively short history of direct foreign investment of Japanese companies. In fact, the percentage of local staff in management positions at local offices is gradually increasing. On the other hand, some Japanese companies may emphasize the importance of maintaining their management style abroad. They may want their local offices to be managed by those who are familiar with what they perceive is the Japanese style of management. Apart from such policies, the degree of domestication in terms of staffing may also depend on the nature of the particular industry. While manufacturing plants where a majority of employees are blue collar workers do not need to depend on many Japanese staff except positions for technology transfer, Japanese general trading companies may feel the need for managerial staff from headquarters who have experience and human networks for international trading.

## **III. Legal Issues Regarding Rotating Staff**

### **1. Legal Status of Rotating Staff**

The legal status of rotating staff depends on the relationship between the headquarters, the local office and the rotating staff. This relationship turns, *inter alia*, on the legal form of the local office. When a local office is an unincorporated branch or division of a company in Japan, the assignment of rotating staff in most cases takes place as an intra-company transfer. This means that the employee changes his/her workplace or work station within a company. Thus, unlike a business trip, the rotating staff work under the direction of their supervisor in the new workplace. Still, they are supposed to go back to their original

workplace, and often retain the status as employees of the original workplace even during the period of transfer.

When a company assigns an employee to a separate legal entity such as its subsidiary or related company abroad, this assignment can be classified as *Shukko* (*Zaiseki-Shukko*) or "firming-out." Although this form of human resource management may not be familiar to foreign readers, it often takes place in Japanese companies.<sup>3</sup> When an employee of a company (company A) is in *Shukko*, he/she belongs to the assigned company (company B) and works under the direction of supervisors of company B. However, he/she is supposed to return to company A after the period of assignment. In addition, while working at company B, the employee remains an employee of company A.

Thus, the employee has a dual contractual relationship both with company A and B. In some cases, company A even continues to pay his/her wages to the employee while company B reimburses some portion of this to company A. In other cases, however, it is company B that pays *Shukko* employee's wages, and company A is supposed to pay the differential between the wages from company B and those which he/she would receive from company A. Furthermore, it is not company B but company A that retains the power to discharge the *Shukko* employee even when he/she is working for company B. Therefore, if company B has to carry out a reduction-in-force, company B does not discharge the employee: he/she merely returns to company A. These features of *Shukko* essentially apply to the assignment of Japanese staff to foreign subsidiaries.

## **2. Procedures to Assign Employees to Overseas Offices**

Japanese companies rarely hire new employees for executive staff positions at their overseas offices. They usually send regular employees abroad based upon a certain selection procedure. Moreover, in many cases, the employer and the employee who is supposed to work abroad do not conclude a written agreement or contract for overseas assignment. Whether employees go to foreign branches or subsidiaries, procedures for such an assignment are not very different from those used for domestic transfer or *Shukko*.

In a domestic context, Japanese courts have held that a company may transfer its employees from one workplace to another unless their employment contracts, work rules, or collective bargaining agreements put a limitation on the change in workplaces. As a matter of fact, most work rules contain a provision providing the employer with broad authority to transfer employees. Thus, in such cases, it is not necessary to obtain each employee's consent for the employer to transfer him/her. On the other hand, with respect to *Shukko*, courts have held the employer's discretion to be somewhat narrower, taking into account the fact that the

employee in *Shukko* is supposed to serve a different employer than he/she originally contracted with. In addition to provisions under work rules or collective bargaining agreements regarding *Shukko*, the employer must take care of the employee's welfare in terms of working conditions at the company he/she is to be assigned, the period of assignment, and the conditions for returning.

Because of the scarcity of court decisions, it is not clear whether the same principles as in the case of domestic transfer and *Shukko* apply to overseas assignments. However, some scholars contend that such an assignment must be based on each employee's consent<sup>4</sup>. As the basis for this conclusion, they emphasize various adverse effects that foreign assignments could have on employees' work and life.

### **3. The Applicability of Japanese Labor Law<sup>5</sup>**

In analyzing the issue of the applicability of Japanese labor law to rotating Japanese staff working abroad, it is necessary to note that Japanese jurisprudence, following civil law tradition, distinguishes two aspects of labor law: public and private. Roughly speaking, public labor law is a legal system under which a government regulates the labor and employment relationship, while private labor law sets out rules or rights and obligations between employers and employees. In the area of public law, it is widely recognized that most Japanese labor laws apply only territorially. Although they may apply to employees on a business trip abroad who ordinarily work in Japan, they do not cover rotating Japanese staff working on foreign soil. So long as they belong to workplaces in a foreign country and work under the direction of supervisors there, it is the labor laws of that country that regulate their working and employment relations.

Private labor law mainly covers contractual rights and obligations between employers and employees as well as their responsibilities under tort law. In this area, the applicability of Japanese law to Japanese rotating staff is analyzed in the framework of choice of law or private international law. Although rules for the choice of law vary from country to country, a general trend is that party autonomy essentially applies with respect to employment contracts. Therefore, if an employer and an employee designate a law that applies to their contractual relationship during the foreign assignment, courts should respect their choice of law.

However, many countries including Japan recognize an exception in that party autonomy is subject to limitation in terms of public policy. If the party's choice of law is contrary to public policy of the country where an action is brought or work is performed, the court shall not defer to party autonomy. Many statutory laws that regulate labor and employment

relationships may constitute public policy in this sense, since such regulations are based on strong governmental interest in protecting workers' welfare in each country.

Under the Japanese conflict rule, when the governing law that the contractual parties chose is not certain, the law of the place where the contract was made should govern. With respect to disputes arising under employment contracts of rotating Japanese staff, the place of contract is most likely Japan, and Japanese law shall govern such disputes so long as the litigation takes place in Japan. However, when the lawsuit is brought in a foreign country, the conflict rule of the forum, which is not necessarily the same as that of Japan, will determine the applicable law.

#### **IV. Working Conditions of Japanese Rotating Staff**

Most Japanese companies that are sufficiently large to send employees abroad have written rules providing for the working conditions of such employees. Also, there may be collective bargaining agreements on these matters. The following is a brief description of the working conditions of rotating Japanese staff.<sup>6</sup>

##### **1. Period of Assignment**

The period of assignment for rotating Japanese staff depends, among other things, on the region where they are assigned. In the case of assignment to North America and Europe, the period is often three to five years with the length being extended in recent years. On the other hand, the period of assignment to other regions tends to be shorter with many companies setting it at three years or less. This difference may be influenced by the relative difficulty in living in developing countries.

The purpose of the overseas assignment may also influence the length of stay. When an employee is sent to work at top management positions of foreign subsidiaries and branches, it is likely that they will stay there for three years or longer. This may be because it takes time for top management to achieve efficient performance at a new working environment in a foreign country. In contrast, the period of assignment for overseas training is most likely to be less than three years.

##### **2. Working Hours and Holidays**

In many cases, working hours set by local offices apply to rotating Japanese staff along with local hires. This is also true of weekly and other special holidays. Unified working hours appear to be important for carrying out the systematic operation of business. With respect to paid annual leave, however, Japanese companies tend to give their rotating staff what they would receive if they were working in Japan.

### **3. Salary, Bonuses, and Severance Pay**

The compensation system for rotating Japanese staff is very complex. Moreover, the contents of the systems vary from one company to another. Generally speaking, the methods of determination and payment of salary to rotating staff working overseas can be divided into three patterns. Under the first pattern, a Japanese company continues to pay its rotating staff the base salary or the core domestic salary they would receive if they worked in Japan. In most cases this salary is paid in Japan. In addition, rotating staff receive allowances for overseas assignment. The amount of these allowances will be determined by such factors as each employee's job title and the cost of living abroad. Such a dual compensation system is apparently influenced by the fact that the family of rotating staff often choose to remain in Japan, especially when children are junior or senior high school students.

The second pattern divides base salary into two parts, one of which is to be paid in Japan and the other overseas. The ratio of the amount to be paid in Japan depends on each company's policy and the number of members in the employee's family remaining in Japan. In many cases, the amount of the base salary is determined according to the domestic standard. Like under the first pattern, however, rotating staff usually receive a certain allowance for overseas assignment in addition to the base salary.

The third salary pattern for rotating staff centers on an overseas salary. Base salary is set only for overseas payment, although some allowance is usually paid if rotating staff leave their dependent family in Japan. Even under this third pattern, the amount of domestic salary which rotating staff would receive in Japan but for the overseas assignment is often the basis for determination of their base overseas salary.

On the other hand, the practice regarding bonuses and severance pay is usually simple. In most cases, the domestic standards for the eligibility and calculation of bonuses and severance pay essentially apply to rotating staff abroad. This is designed so as not to put rotating staff at disadvantages as a result of overseas assignment.

### **4. Fringe Benefits**

Like many other foreign enterprises doing international business, Japanese companies provide a number of special fringe benefits for their employees working on overseas assignment. The purpose of providing such special benefits is to make up for inconveniences which accompany working and living on foreign soil.

In most cases, companies provide financial support for their rotating staff to go back to

Japan temporarily for congratulatory or condolatory occasions such as marriages and funerals of family members. Also, support for housing is usually available in one way or another: housing allowance, loans, leasing, and information services. With respect to health care, many companies bear the expenses of medical insurance for their rotating staff and, to a certain degree, for accompanying families. In addition, since the education of accompanying children is one of the most serious problems for rotating Japanese staff, companies often give them various forms of educational support.

### **5. Personnel Appraisal**

There is not very much information on the personnel appraisal of rotating Japanese staff working abroad. The process of appraisal appears to be diverse in terms of the evaluator as well as the evaluation system. In some cases, rotating staff are evaluated by their supervisors at headquarters, while in other cases the evaluators are supervisors at the local level, though they are often Japanese.

This phenomenon may reflect the difference in the contents of their respective jobs, especially in cases where rotating staff perform different duties from those of local employees. However, the more important reason may be that, as stated above, rotating staff retain their status as employees of headquarters even when they work abroad. Since rotating staff are still employees of the headquarters, they are covered by the job-ranking and personnel evaluation system used at headquarters.

## **V. Conclusion: Future Prospect of the Rotation System**

It has not been that long since most Japanese companies began to operate in foreign countries. Thus, their skill in human resource management in international business is still in the developing stage. Also, corporate cultures of Japanese companies are often different from those of local and other foreign companies. As a result, the domestication of overseas operations has been relatively slow compared to multinational enterprises of other countries. This has sometimes resulted in a number of problems in employee relations.

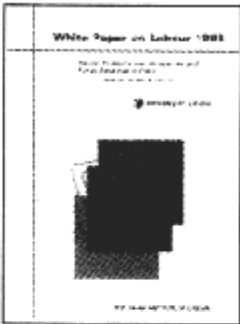
For the development of Japanese companies as multinational enterprises, it is necessary for them to further the domestication of their operations abroad. This requires the reconsideration of the roles and functions of rotating Japanese staff as well as the training and promotion of local staff. On the other hand, with respect to positions for which rotating staff are indispensable, Japanese companies should clarify the special features of such positions and explain them to local staff. The mutual understanding based on good communication is one of the necessary conditions for the successful operation of inter-cultural workplaces.

Notes

1. MINISTRY OF FOREIGN AFFAIRS, KAIGAI ZAIRRYU HOJIN SU CHOSA TOKEI (Heisei 4 nen Ban) [Annual Report of Statistics on Japanese Nationals Overseas] 14 (1992).
2. Rosalie Tung, *Selection and Training Procedures of U.S., European, and Japanese Multinationals*, 25 CAL. MGMT. REV. 59 (1982). When lower management positions and blue collar workers are taken into account, the percentage of Japanese staff at foreign offices becomes much smaller. As of 1992, only 2.3 percent of the employees of Japanese subsidiaries abroad were Japanese nationals. MINISTRY OF TRADE AND INDUSTRY, WAGAKUNI KIGYO No KAIGAI JIGYO KATSUDO (No. 22)[The Activities of Japanese Companies Overseas] 129 (1993).
3. See generally Kazuo Sugeno, *Shukko (Transfers to Related Firms): An Aspect of the Changing Labor Market in Japan*, 28 JAPAN LABOUR BULLETIN no.4 (1989).
4. Tadashi Hanami, *Kaigai Kinmu Rodo Mondai no Jittai to Hori*[The Reality and Legal Theory Regarding the Issues of Overseas Assignment] , in KAIGAI KINMU No JITTAI TO HORI, [The Reality and Legal Theory Regarding the Issues of Overseas Assignment] 9 (Hanami ed. 1987).
5. See generally Ryuichi Yamakawa, *The Applicability of Japanese Labor and Employment Laws to Americans Working in Japan*, 29 SAND. L. REV. 175 (1993).
6. Kazuko Takahara, *Wagakuni Kigyo Oyobi Rodo Kumiai Ni Okeru Kaigai Kinmu Sha No Shogu No Jittai* [The Reality of the Treatment of Staff on Overseas Assignment in Japanese Companies and Unions], in KAIGAI KINMU NO JITTAI TO HORI, supra note 4, at 35-120.


# White Paper on Labour 1993


Various Problems over Occupations and  
Future Response to Them  
—Outline of the Analysis—  
ed. Ministry of Labour  
size: 280mm x 215mm 85 pages ¥2,000



## JAPANESE WORKING LIFE PROFILE 1993-94

LABOR STATISTICS size: 95mm X 190mm 87 pages ¥1,000



 THE JAPAN INSTITUTE OF LABOUR

**Recent Labor Economy Indices**

	August 1993	July 1993	Change from previous year
Labor force	6,661 (10 thousand)	6,679 (10 thousand)	43 (10 thousand)
Employed	6,494	6,520	20
Employees	5,228	5,259	90
Unemployed	168	167	23
Unemployment rate	2.5%	2.5%	0.3
Active opening rate	0.70	0.72	- 0.33
Total hours worked	154.2 (hours)	167.2 (hours)	- 1.1*
Total wages of regular employees	270.6 (¥thousand)	272.9 (¥thousand)	1.7*

Source: Management and Coordination Agency, Ministry of Labour.

Notes: 1. \*denotes annual percent change.

2. From January 1991, date of "Total hours worked" and "Total wages of regular employees" are for firms with 5 to 30 employees.

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**International Comparison of Labor Productivity (1990)**

	Japan	U.S.	Former West Germany	France	Britain
Overall Labor Productivity	100	120	114	127	94
Labor Productivity by Industry					
Agriculture, Forestry and Fisheries	100	255	168	207	232
Mining and Quarrying	100	205	37	70	307
Manufacturing	100	104	84	97	100
Electricity, Gas and Water	100	58	53	51	70
Construction	100	78	89	93	99
Wholesale and Retail Trade	100	161	114	176	114
Transportation, Storage and Communication	100	141	113	132	136
Finance, Insurance, Real Estate and Business Service	100	82	107	98	75
Community, Social and Personal Services	100	119	106	117	79

Source: Japan Productivity Center, *An International Comparison of Labor Productivity (1991)*

Notes: 1) Labor productivity comparisons are obtained by dividing value added in terms of the 1985 purchasing power parity for the respective categories for individual nations' by number of employees.

2) Figures are indices with Japan as 100. Figures for labor productivity by industry are for 1991.