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General Survey

1994 White Paper on National Life

The annual white paper on Japanese life, subtitled "Toward an Affluent Society with Longevity," focuses on "people's life in an aging society." With the nation facing full-fledged aging of society in the early part of the 21st century, the paper asks young people, particularly middle-aged male salaried workers, to live independently in the later stage of their life, thus urging that individual efforts be made toward sustaining life in old age.

Predicting that in a society with fewer children, and with fewer people living together with their elderly parents as in Western society, the paper points out the need to introduce a public insurance system to cover the costs of caring for the elderly, while at the same time urging heart-to-heart contact between older persons and their children.

Recognizing the 20-30 elderly years as the third stage of life, the paper stresses the importance of "independent living" for "one matured individual." The paper notes that the pattern of children living together with their parents, which is pronounced at present, will in the years ahead fade in step with changes in population structure and attitudes. The number of children (age 25-49) with parents aged 50-74 was 2.12 in 1975, but this will sink to 0.88 in 2025, the paper predicts.

Comparing the Japanese and South Korean family pattern with that of other countries, in the former two nations children living together with their parents is the traditional norm. As a result, there are few families of seniors living alone, and there is an overwhelmingly large number of "three-generation families living together."

Working Conditions and the Labor Market

Female Labor Force Participation Ratio Drops for First Time in 7 Years, 1994 White Paper Shows

The number of women not in the work force, particularly full-time housewives, increased amidst the backdrop of the prolonged recession, thus checking women's advancement into society, according to a government report. The report, entitled the "Actual Situation of Working Women in 1994," compiled annually by the Ministry of Labour's Women's Bureau, reports on the environment surrounding working women based on statistical data published by relevant governmental organs.

In Chapter 1, which statistically analyzes the situation of working women, the report shows that the female labor force in 1993 increased by 20,000 from the year before (up 0.1%). However, with the number and rate of increase falling below those for men, the proportion of women in the total labor force declined 0.2 point to 40.5 percent. The female population aged 15 and older rose 0.9 percent over a year earlier, bringing the female labor force participation rate (the percentage of the female labor force in the female population 15 and over) down 0.4 point to 50.3 percent - its first drop in seven years.

Women not on the employment rolls increased by 490,000 from a year earlier, of whom 60 percent were full-time housewives. The number of full-time housewives had continued to decrease from 1987 to 1991, but it increased in 1992 and 1993. Furthermore, female jobless persons increased particularly among those in their 20s, with the number growing to 710,000, an increase of 110,000 from the year before.

In Chapter 2, the report focuses on working women and their families. Of married women, 37.4 percent were employees and 16.3 percent were self-employed and family workers. Compared with the 1982 survey, self-employed women and women family workers decreased but female employees increased, the report pointed out. The rate of women employees tended to be high among those women living together with their parents, the report revealed.

Human Resources Management

White-Collar Workers Stress Professional Vocational Ability, a Ministry of Labour Survey Says

Off-the-job training (OFF-JT) programs geared to train white-collar workers, excluding newly-hired ones, are seen as the most important key to gaining sophisticated expertise in professional fields, said the Ministry of Labour in its survey carried out in 1994.

The survey on the realities of private-sector education and training programs, which has been taken annually since 1979, covers establishment with 30 and more employees as well as their workers in construction, manufacturing, transportation and communications, wholesale and retail trade, eating and drinking places, finance and insurance, real estate and services. The February 1994 survey covered about 4,000 establishments and their 12,000 employees and the related education and training programs for white-collar workers as well as worker self-enhancement activities currently underway.

In the survey, the Ministry found the following three major facts. First, employers are currently implementing OFF-JT to develop the vocational ability of white-collar workers but plan to increasingly recognize the importance of on-the-job training (OJT) in future years. Second, the highest percentage of employees see gaining sophisticated expertise in professional fields as the future objective of OFF-JT for white-collar workers, excluding newly hired ones. And third, slightly less than 50 percent of employers have introduced a system to evaluate vocational ability of white-collar workers.

In the survey covering 12,000 employees, the Ministry found two major facts. First, the largest percentage of employees regard the objective of undergoing OFF-JT as "responding adequately to sophisticated job content." Second, the highest percent expect the company to financially support them in self-enhancement efforts. Meanwhile, many called for provision of information on self-enhancement activities and are concerned about the time necessary to undergo educational training programs.

In 1993, 54.1 percent of white-collar workers underwent self-enhancement activity support programs. Many of them "took a correspondence course," "received education on TV and over the radio or through professional books" and "attended study sessions sponsored by the company."

Daikin to Introduce Variable Working Hours System for the Year at Production Division

Daikin Industries Ltd, a maker of office-use air conditioners with a work force of 9,000, has introduced a variable working hours system which allows the firm to change daily scheduled work hours according to seasonal changes in the length of working hours.

The company will initiate the system at its production division of home-use air conditioning, where workers will put in 9 hours a day in the spring-to-summer period and will clock 8 hours during the fall-to-winter period. By adopting the system, the corporation intends to supply workers within a given framework both in the active and the inactive period without vastly changing the size of the work force.

Under the variable working hours system, companies had to hold scheduled weekly working hours to within 40 with an average maximum variable period of three months. However, revision in April 1994 of the Labour Standards Law (LSL) allowed the variable period to be extended to one year, enabling home electronics and food products industries, in

which the length of working hours changes from season to season, to easily introduce such plans.

Daikin has adopted the new working hours scheme at its plant in Shiga prefecture, the main home-use air conditioning factory, and its related divisions, with about 540 employees benefitting from the system. In April 1994, the company extended scheduled working hours by one hour on an experimental basis and found that overtime for regular employees decreased during the peak summer period and also that the number of temporary contract workers dropped. As a result, the company set scheduled daily working hours at 9 hours with the February-July period as the active period, to make the new system take firm root. During the inactive months from August to January, workers will clock 8 hours a day as before. They take a two consecutive-week-long vacation twice a year to hold their annual scheduled hours to within statutory limit. Production of home-use air conditioning varies greatly from season. In the peak summer months, production volume nearly doubles that of the inactive months. Daikin coped with this by recruiting temporary contract workers and having regular employees work overtime. But rising labor costs these days have prompted the firm to introduce a system which responds properly to seasonal changes between active and inactive months.

Public Policy

Ministry of Labour to Scrap Emergency Unemployment Countermeasures Law

The Research Study Group for Unemployment Countermeasures (Head: Akira Takanashi, professor emeritus at Shinshu University), which advises the Minister of Labour, submitted to the Minister of Labour a report calling for "scrapping at the end of 1995 the Emergency Unemployment Countermeasures Law." Under the Law, local public bodies provide unemployed persons with temporary jobs such as cleaning. Responding to this, the Ministry of Labour will present a bill calling for cancellation of the Emergency Unemployment Countermeasures to the forthcoming ordinary Diet session. The Ministry will implement provisional relief work over the next five years starting with fiscal 1996 as it is predicted that there will be about 2,000 persons subject to the programs across the country.

Unemployment relief works were inaugurated in 1949 to assure temporary jobs for the huge number of unemployed persons created immediately after the end of WW II until they found re-employment. Regional public entities employed these persons to offer them such jobs as cleaning, weeding and road construction, while the government subsidized local public organizations' relief work expenses and a portion of wages for workers. Despite a marked

improvement in the postwar employment situation, an increasing number of people enjoyed the privilege of getting relief work, and the number reached 350,000 in 1960. Thus, the relief work lost its original function of temporarily supporting the subsistence of jobless persons until they find employment.

To cope with the newly unemployed, in 1971 and beyond the government encouraged them to find work at private firms and thus stopped accepting future beneficiaries on the unemployment relief works. Since then those on relief work decreased sharply though they grew older, with their average age topping 60. In view of this, the Study Group concludes in its report that the government should scrap the Law by the end of 1996 on condition that benefits for special cases should be increased, that provisional job opportunities be offered and that counseling services for living continue to be provided.

For those under 65 at the time of scrapping the Law, measures to cope with an abrupt change in their life should be provided. The Study Group thus recommends the following provisional steps: first, benefit payments should be raised for those subject to relief works so that they will be encouraged to retire; and second, job opportunities should be offered for five years only to those who will not leave the work. Additionally, the Study Group proposes that for jobless coal miners as well, emergency employment relief work also be scrapped by the end of fiscal 1995.

Special Topic

New Education and Training System for White-Collar Workers

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1. Introduction

April 1994 marked the inauguration of a new vocational training system for white-collar workers. The vocational ability acquisition system, dubbed the Business-Career System and authorized by the Ministry of Labour, is designed to improve white-collar workers' vocational abilities. The former Ministry-authorized vocational training program was in the main targeted for production workers. In this paper, I will introduce the background and characteristics of the new system.

2. Background for Introduction of Education and Training System for White-Collar Workers

Improving education and training programs for white-collar workers has in recent years been a major task for individual companies as well as for society as a whole. Behind the need this lie several factors that follow.

First is the quantitative increase in white-collar workers, many of whom have college educations. Fig. 1, which represents the proportion of white-collar workers in all employees, shows the ratio of white-collar workers topped 50 percent in 1982 and has continued to show a gradual upward trend thereafter. This resulted from the increase in number of white-collar workers employed in non-manufacturing, such as finance and insurance, wholesale and retail trade and services, as well as white-collar workers engaged in such jobs as research, planning, management and sales in manufacturing. Thus, the prosperity of corporations has come to be affected to a greater degree than before by the way white-collar workers work and the abilities which they have acquired. Meanwhile, there had been few opportunities for white-collar workers to undergo education and training in contrast to the numerous programs for production workers both within companies and also externally offered. Thus, the need to improve education and training programs for white-collar workers has become obvious.

The second reason is the need to increase productivity of white-collar workers. Companies have become aware of low productivity of white-collar workers, as they increase in number. Productivity of white-collar workers is notoriously hard to measure, but several surveys tell us a large number of corporations consider the productivity of their white-collar workers to be lower than that of their American counterparts or of their blue-collar Japanese workers. Thus, improving education and training measures and policies is now a task that must be tackled in order to enhance the productivity of white-collar workers.

Third, entering the 1990s a growing number of companies, aware of surplus middle-aged and older white-collar workers, have begun to talk about the utilization of these workers' potentials as an issue in personnel administration. Amidst the growing sense of unnecessary middle-aged and older white-collar workers on the payrolls lie corporate institutional factors, such as lack of positions available and an increasing burden of costs borne by corporations arising from seniority-based wages. Regarding the factor of lack of posts available, companies are asked to map out new careers for white-collar workers which will enable them to contribute to the company without taking up managerial posts. Fostering vocational abilities is one essential measure for achieving this. As for the latter factor, white-collar workers are asked to further improve their own abilities in order to be able to make a contribution to the

company commensurate with their pay.

Fourth is an increasing need for white-collar workers to develop their vocational ability in order to respond promptly and flexibly to qualitative changes in demand for personnel at corporations. Such demand stems from the shift to higher-value-added products and services and transformation of business fields.

Fifth is a greater need for sustainable improvement and re-development of white-collar workers' vocational abilities.

Sixth, the need for relocation of workers between industries and companies is predicted to grow due to changes in industrial structure, thus prompting a further increase in the number of middle-aged and older white-collar workers who change jobs. With a rapid drop in young workers entering the labor market in the years ahead, the traditional reallocation among industries of new school graduates and young workers will not function as in the past as the cure-all for changes in industrial structure. It is thus expected that more and more middle-aged and older white-collar workers will inevitably switch jobs. The urgent task is therefore to enable white-collar workers to acquire sophisticated vocational abilities and improve their adaptability to enable them to respond flexibly to new assignments.

Finally, smooth job change between industries and firms calls for improved vocational ability as well as a consolidated system for objectively appraising white-collar workers' abilities. White-collar workers have so far developed their vocational abilities mainly through intrafirm on-the-job training (OJT) programs. This made it difficult to objectively evaluate their vocational abilities when it became necessary to switch jobs, thus presenting an impediment to smooth job change. In short, there is a need to improve education and training opportunities in such a manner that a system for objectively evaluating white-collar workers' vocational abilities can be developed.

With these factors as a background, there has been a growing need to consolidate education and training programs targeted for white-collar workers. Education and training for white-collar employees have so far depended largely on intrafirm programs, especially OJT among others. Off-the-job training (OFF-JT) programs were rarely provided to develop professional abilities, except for training of the newly employed immediately upon entering the company and for subsequent status-wise education. There were very few opportunities to educate and train white-collar workers systematically in order to enable them to acquire necessary professional knowledge. Thus, corporations and workers as well are calling for systematically consolidating education and training programs for white-collar workers.

3. Structure and Characteristics of Business-Career System

The purpose of the Business-Career System is to help white-collar workers acquire professional abilities in a phased and systematic manner. To this end, the System consists of three different components: first, systematically presenting professional knowledge expected to be acquired by white-collar workers to acquire; second, providing education and training opportunities for acquiring this knowledge; and third, certifying vocational knowledge thus acquired. The third and last sub-system is intended to further objective and social appraisal of white-collar workers' vocational abilities.

Referring to the first sub-system, or presentation of professional knowledge, the professional knowledge which white-collar workers are asked to acquire is first classified by function and then classified by field and by level in each field, for systematization. Table 1 represents the contents of education for personnel matters. The contents of education for personnel and labor management practices and ability development consist of the personnel-management division, the labor-management division and the ability-development division. Of the three divisions, the personnel-management division is classified into four areas, personnel planning; staff plan and hiring; personnel evaluation, promotion, transfer and retirement; and wages and social security. Each area is divided into three levels, introductory, intermediate and advanced. The introductory level is intended for young employees with about 5 years on the job, the intermediate level for junior managers and the advanced level for middle and senior managers (section and department managers).

The fields of study specified by area and level are called "units," which constitutes the unit of study. The introductory level of the personnel-management division consists of one unit and its intermediate level of four units. Furthermore, the introductory and intermediate levels of the personnel management, labor management and ability development functions as a whole are composed of 3 units and 11 units, respectively. Three levels are offered for each function, although the advanced level will not be provided for the time being.

Fiscal 1994 witnessed the launching of the Business-Career Development Programs in two functions, personnel management, labor management and ability development and accounting and financial affairs. In future years, two additional functions per year will be added, bringing the total to 10. Six functions to be introduced in the coming years are sales and marketing, production management, judicial affairs and general affairs, public relations and advertising, information and office administration and physical distribution management. Two more functions will be added but have yet to be published. The education and training system upon completion in 10 different functions will, it is considered, cover almost all

white-collar jobs.

Regarding the second sub-system, provision of education and training opportunities, the Ministry of Labour authorizes for each unit those education and training programs, conducted at private and public education and training institutions and individual firms, which meet the authorization standards. There are three different kinds of programs, a classroom course, a correspondence course and a combination of both. The standard study hours for each unit in Table 1 indicate the number of hours for classroom courses. In March 1994, the Ministry authorized 166 education and training institutions which offer courses in two functional fields-personnel and labor management and ability development and accounting and financial affairs-and a total of 3,055 courses (number. of units).

Referring to the third sub-system, certification of vocational ability, the Central Vocational Ability Development Association will test for each unit twice a year those who took and finished authorized courses and will issue a certificate to those who have passed the test. In addition, those who have acquired all the unit courses at individual levels of specific functions (3 unit courses at the introductory level and 11 unit courses at the intermediate level for personnel and labor management and ability development) will be given a title on request. For instance, the title of business career in the field of personnel and labor management and ability development at the intermediate level, will be given to those who have acquired 11 units at the intermediate level in the function of personnel and labor management and ability development.

The final test will be given, as a rule, only to those who have finished a course or courses, but will also be given, as a provisional step, to those who have practical experience in a given function. More specifically, the test for the introductory course will be offered to those who have 3 years of experience and the test for the intermediate course to those with 5 or more years of experience. The provisional step will enable white-collar workers to have their vocational ability evaluated objectively in terms of experience.

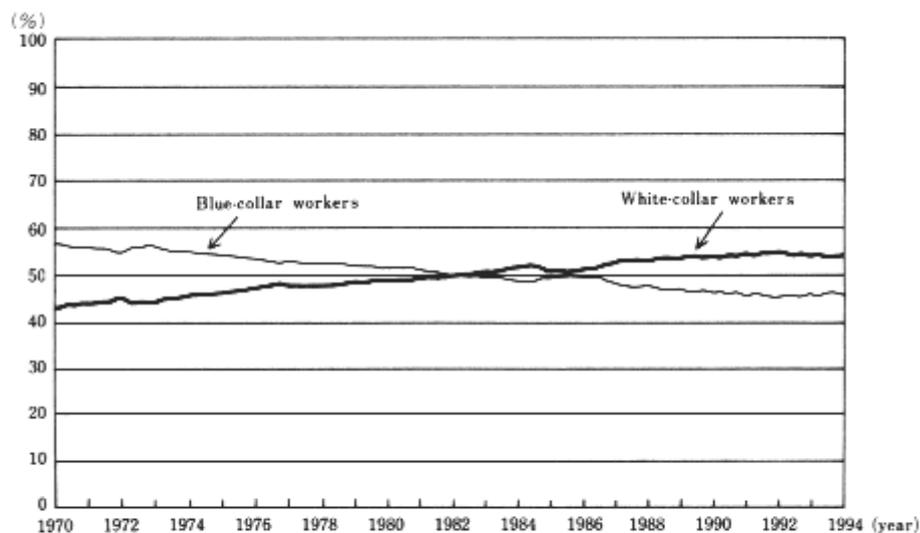
4. Business-Career Development System and White-Collar Workers' Vocational Abilities

The System has just been inaugurated, and it is too early to evaluate its results. But according to a survey which reported corporations' great interest in the System, many firms want to use authorization of vocational ability under the System for promotions and transfers. Active utilization of the System by companies will encourage more white-collar workers to take courses. What is more, an increasing number of people who have earned a certificate or title under the System will, it seems, prompt more firms to ask midcareer persons to present

their vocational abilities in line with the System.

Not only companies but also white-collar workers show great interest in their ability development. For example, in the 1990s the number of white-collar workers wanting to acquire official qualifications has been growing. Each year, approximately 800,000 persons, including students and housewives, take tests for the 9 major official qualifications. Why they acquire official qualifications varies with the type of qualifications. Many cite reasons as "to improve knowledge and ability to put them to good use in their present jobs," "to make a favorable job change" and "to become independent." In addition, night graduate schools (master course) for business people have opened in the 1990s, with the number of applicants increasing. Against the backdrop of such moves and introduction of the System, official standardization of vocational ability for white-collar workers will, it seems, progress slowly but steadily.

Fig. 1 Ratio of White-collar and Blue-collar Workers in All Employees



Notes: 1) Based on Statistics Bureau, Management and Coordination Agency, *Labor Force Survey*.
2) White-collar workers represent the total of "professional and technical workers", "managers and officials", "clerical and related workers" and "sales personnel".

Table 1
**Contents of Education under Business-Career System
(Case of Personnel-management Division in Personnel and Labor Management
and Ability Development Function)**

<p>Advanced level</p> <p>Personnel Planning(18h)</p> <ul style="list-style-type: none"> ⊙ Personnel strategies ⊙ Grand design of personnel-management system and its functions <p>Can plan and give guidance for measures and policies in response to the changing business environment both at home and abroad</p>				
<p>Intermediate level</p>	<p>Personnel Planning (27h)</p> <ul style="list-style-type: none"> ⊙ Understanding People (individual and group) ⊙ Improved morale and revolution in consciousness ⊙ CDP and personnel information systems ⊙ Organizational change and organizational survey <p>Can understand morale, CDP and personnel information systems and can plan, promote and revise/abolish major personnel-management systems</p>	<p>Staff Plan and Hiring (24h)</p> <ul style="list-style-type: none"> ⊙ Staff plan ⊙ Analysis of staff compositions ⊙ Hiring plan ⊙ Employment test ⊙ Development of jobs ⊙ Dispatch of people ⊙ Employment adjustment <p>Can analyze staff composition, draw plans for staffers and can formulate and operate hiring plans</p>	<p>Personnel Evaluation · Promotion · transfer · Retirement (36h)</p> <ul style="list-style-type: none"> ⊙ Personnel evaluation ⊙ Personnel counseling ⊙ Promotion system ⊙ Retirement and dismissal ⊙ Commendation and assignment management ⊙ Temporary transfers and change of permanent employment place of record <p>Can enact and operate personnel treatment system and provide personnel counseling</p>	<p>Wages and Social Security (24h)</p> <ul style="list-style-type: none"> ⊙ Wage system ⊙ Social insurance <p>Can plan and promote wage practices and policies and well versed in social-insurance work</p>
<p>Introductory</p>	<p>Outline of Personnel Management (54h)</p>			
	<ul style="list-style-type: none"> ⊙ Outline of personnel management ⊙ Basic knowledge of people and organization 	<ul style="list-style-type: none"> ⊙ Outline of staffing plan ⊙ Compiling statistical data ⊙ Hiring activities ⊙ Employment test 	<ul style="list-style-type: none"> ⊙ Basic knowledge of personnel evaluation ⊙ Basic knowledge of promotion system 	<ul style="list-style-type: none"> ⊙ Outline of wages ⊙ Outline of social insurance system
	<p>Can understand basic matters regarding overall personnel management and can do clerical work on personnel management</p>			
Area	Personnel Planning	Staff Plan and Hiring	Personnel Evaluation · Promotion · Reshuffle · Retirement	Wages and Social Security

(Source) Central Vocational Ability Development Association, ed.
All about Business-Career Programs Nihon Horei, April 1994.

Notes

- 1) See *Research Report on Productivity of White-Collar Workers* (Socioeconomic Productivity Center and Productivity Research Laboratories, June 1994) and *A Report by the Study Group on Productivity and Work of White-Collar Workers: Toward Work and Workplace in the 21st Century* (Study Group on Productivity and Work of White-Collar Workers, August 1994). In the former survey, questioned about whether they had thus far implemented ability-development programs and overhauled education and training systems, or whether they will do so in the years to come, to improve productivity of white-collar workers, firms were asked to select 3 each for "thus far" and "in the years to come" out of 11 choices. The percentage of those which said they had done so "thus far" ranked fifth while that of those which noted they would do so "in the years to come" placed third, with the largest increase

- rate.
- 2) See Hiroki Sato, "Employment Adjustment of Middle-aged and Older White-collar Workers, *Japan Labor Bulletin*, Vo. 33 No. 2, 1994.
 - 3) See *All about Business-Career Programs*, ed. Central Vocational Ability Development Association (Nihon Horei, April 1994).
 - 4) See Questionnaire Survey and Recommendations on the Business-Career Programs by the Planning and Public Relations Section of Sanno University (The survey was taken four times between December 1993 and January 1994).
 - 5) Nine qualification include certified public accountant, licensed tax accountant, book-keeping authorization test (1st and 2nd levels), information-processing engineer, housing land and building transactions consultant, certified social-insurance and labor consultant, administrative recorder and real estate appraiser. The number of applicants for those tests annually is based on a Research and Study Report on Labor and Management Efforts toward Employment and Treatment of White-Collar Workers in an Era of Respect for Individuals (Rengo Comprehensive Living Development Research Institute, March 1993).
 - 6) The above Report is based on the outcome of a survey covering those who study to acquire official qualifications. *A Research and Study Report on Labor and Management Efforts toward Employment and Treatment of White-Collar Workers (a Survey on Official Qualification of White-Collar Workers)* (Rengo Comprehensive Living Development Research Institute, March 1993) is a survey on four official qualifications including certified tax accountant, housing land and building transactions consultant, social-insurance and labor consultant and small business consultant.

Working Conditions and the Labor Market

Recent Labor Economy Indices

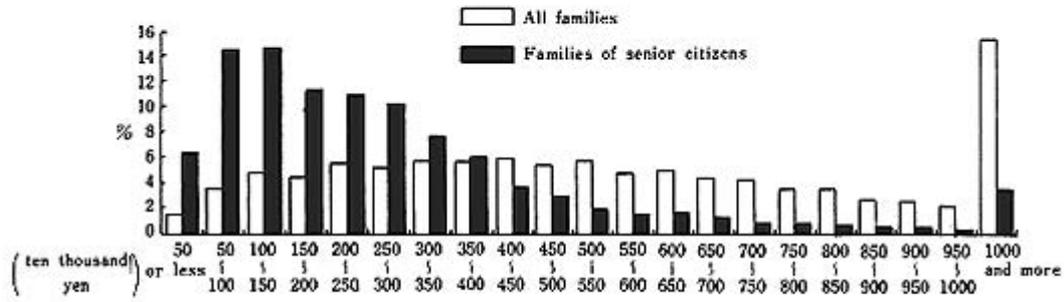
	October 1994	September 1994	Change from previous year
Labor force	6,679 (10 thousand)	6,685 (10 thousand)	2 (10 thousand)
Employed	6,480	6,484	-21
Employees	5,235	5,243	1
Unemployed	201	198	23
Unemployment rate	3.0%	3.0%	0.4
Active opening rate	0.64	0.64	-0.04
Total hours worked	160.2 (hours)	159.8 (hours)	-0.3
Total wages of regular employees	(¥thousand)	(¥thousand)	2.5

Source: Management and Coordination Agency, Ministry of Labour.

Notes: 1. *denotes annual percent change.

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

Number of Senior-Citizen Families by annual Income



Notes: 1) "Families of senior citizens" are those consisting only of males over 65 and females over 60 or those comprising males over 65 and females over 60 plus unmarried persons under 18.
 2) "Income" includes earned income, public annuities and pensions, housing and ground rental, interests and dividends, social-security benefits excluding pensions, remittances and others.
 3) Based on Ministry of Health and Welfare, 1992 *Basic Survey on National Life*.