

JAPAN LABOR BULLETIN

ISSUED BY THE JAPAN INSTITUTE OF LABOUR

Vol.34 No.07

July 1995

CONTENTS

General Survey

- ▶ Women at National Councils Are 13.1% of Total

Human Resources Management

- ▶ Three Airline's Restructuring Hiring Programs

Labor Management Relations

- ▶ A 1994 Survey on Labor-Management Communication
- ▶ Rengo Releases Survey on Employment Check

Public Policy

- ▶ HIV-Firing Illegal

Special Topic

- ▶ Ongoing Price Reduction and Employment Adjustment in the Japanese Distribution Sector

Statistical Aspects

- ▶ Recent Labor Economy Indices
- ▶ Differential of Monthly Contractual Earnings (excluding overtime premium between) Age Groups (Distinction of sex) (age 20 to 24=100)

General Survey

Women at National Councils Are 13.1% of Total

Women accounted for 13.1 percent of national government council members, said the Prime Minister's Office in a report published in April.

The survey on female participation in national government councils has been carried out since 1975 to check how many women participate in national government councils and committees. The councils are advisory bodies established by administrative organs to reflect expertise as well as views and opinions from a variety of standpoints in planning and managing policies, with labor and management as well as informed people taking part.

At the end of March 1995, of the 4,496 national government council members, 589 are women, making up 13.1 percent of the total, up 0.9 points from the 12.2 percent posted in the previous survey taken six months ago. The percentage rose 2.4 percent in 1975 and has continued its steady increase since 1993 when it marked the first double-digit percentage. In the "new domestic action program toward the year 2000," formulated in 1991, the government has set the goal of raising the percentage to 15 percent during the current fiscal year. Toward this end, the government made elimination of councils without women members the No. 1 issue. Noting in particular that very few women fill positions recommended by organizations or designated according to job, the government has adopted a plan to ask related organizations to recommend that women head the organizations or other jobs and to study how to respond flexibly to job designations and specific qualification requirements for putting women on national councils.

Women participate in 85.7 percent of the total number of national government councils, up 2.7 points from the 83.0 percent in the previous survey. Furthermore, there are 75, or 36.9 percent, of national government councils in which women accounted for over 15 percent of all members. This percentage, which stood at 29.2 percent in the previous survey, topped 30 percent for the first time. In some cases, however, one woman fills positions in several councils, it thus appears likely to take some more time to truly achieve the government's goal.

Human Resources Management

Three Airlines' Restructuring and Hiring Programs

Japanese carriers are all witnessing their earnings shrink seriously, particularly in the area of international services due to the adverse effects of the stronger yen on foreign

currencies. Thus, all are scrambling to make it through this crisis and survive. Japan Airline Co., Ltd. (JAL), facing skyrocketing labor costs, has decided to slash 810 by July 1996, or one third of the work force in the indirect division of its head office and will transfer or farm these employees out to subsidiaries or recruit voluntary retirements. By July 1996 when it will move its head office, JAL will cut back on its workers and consolidate and abolish the divisions and departments. To make up for personnel costs, the company will reduce work volume, commission the work to outside companies or employ temps. It will examine the whole organizational setup, premised on the integration and abolition of its departments and divisions, to check for overlapping operations and an excess supply of workers on the job.

In the spring of 1994, JAL formulated a two-year restructuring program that will continue till fiscal 1997 with the objective of slashing 5,000 workers. It has slimmed down the on-site division by employment of contract-based flight attendants. Under the new program, the company aims to step up further restructuring efforts by re-engineering indirect divisions which have been left out of the initial plan.

Meanwhile, All Nippon Airways Co., Ltd. (ANA), which has been enjoying relatively good labor-management relations, is trying to launch an overhaul of its wage system. The company has already worked out a draft revision of the wage scheme, the pillar of which is review of basic pay and abolition of the "time guarantee system" for pilots and flight attendants. Consultations with labor unions are now underway. ANA wants to reach an agreement on the draft with the labor unions before adopting the revised wage system in April 1996.

Reviewing basic pay, one of the pillars of the draft revision, is intended to cover all ANA workers. ANA will revise the structure of the basic pay package, the basic component of which was composed of the fixed salary and the basic pay qualification allowance, and adopt a new composition of two parts, pay tied to age plus pay tied to job skill with consideration for annually-based performance. As for aged-based pay, the firm will suspend the regular pay increase for employees 48-year-old and over, taking into account rising labor costs to be brought on by the further graying of workers in the years ahead.

The pillar of its revision of allowances is abolition of the "65-hours guarantee system" which has maintained high wages for pilots and flight attendants. Currently, the three major Japanese carriers, JAL, ANA and Japan Air System Co., Ltd. (JAS) are offering their pilots and cabin crew members monthly flight pay of 65 hours even though they actually have shorter flight time. However, the system no longer fits the realities. ANA concentrates more on domestic services and its pilots fly an average of less than 50 hours monthly.

Moves toward personnel cutbacks and review of the wage scheme are common all three

major airlines. Meanwhile, there have emerged other moves aimed at resumption of recruitment of new employees. JAL has already decided to hire 80 new employees next spring. JAS will also resume recruitment of ground personnel next spring for the first time in three years. The carrier has been pushing ahead with measures to slim down its indirect divisions. The decision to resume recruitment of new employees stems from success in trimming the fat and an expected decrease of 100 workers by attrition such as through mandatory retirement.

Labor Management Relations

A 1994 Survey on Labor-Management Communication

The percentage of those establishments with labor unions which have a joint consultation body has been growing, the Ministry of Labor said in April in a preliminary report on the "1994 Survey on Communication between Labor and Management." But in those without labor unions, the proportion dropped below that of the year before. The joint consultation body is a standing organ for consultations on such issues as management, production, working conditions and welfare provisions. Furthermore, the overall percentage of establishments with grievance handling machinery was lower than that recorded in the previous year. Grievance handling machinery comprises representatives from both labor and management empowered to deal with and settle individual workers' grievances concerning wages, relocations and the work environment.

The survey was carried out by the Ministry of Labor to clarify the channels of communication between workers and employers within enterprises and the operation of these channels as well as workers' attitudes. The objective of the survey was to gain a comprehensive understanding of the realities of labor-management relations. The survey, conducted in July 1994, covered approximately 4,000 private business places employing 50 or more regular workers in nine major industries and about 7,000 workers(excluding managers) employed at 700 establishments of the 4,000. The previous survey was taken in 1989.

Joint consultation bodies were established at 55.7 percent of all the establishments surveyed, down 2.4 points from the figure posted in the previous survey. They were established in 80.7 percent of those "with labor unions" and in 31.6 percent of those "without the labor unions." The rate was up 2.9 points at establishments with the labor unions and was down 7.1 points at those without unions from the figure registered in the previous survey. Regarding issues to be sent to joint consultation bodies for discussion, the percentage of issues concerning working conditions was high with "working hours, holidays and vacations" (86.8%), "health and safety at work" (83.4%), "alteration of form of employment" (81.6%) and "wages and allowances" (75.3%) notably high. Of all the establishments polled, 69.8 percent had

round table discussions at the workshop, up 1.8 points from the previous 1989 survey. Meanwhile, 20.3 percent had grievance handling machinery, down 8.9 percent from the preceding survey.

Rengo Releases Survey on Employment Check

Rengo (Japanese Trade Union Confederation), the nation's largest national center, released an interim report on the outcome of a "questionnaire survey on employment check." In the report, Rengo noted that there still is much to be desired regarding labor-management negotiations on employment adjustments and about provisions of collective agreements. Also, it recommended that promotion of labor-management negotiations and consolidation of collective agreements are future tasks to be tackled by labor unions.

Rengo's latest survey, taken between December 1994 and February 1995, was intended to gain deeper insights into the present situation of employment and the efforts made by umbrella labor unions to tackle the issue of employment. The survey covered 60 Rengo-affiliated industrial organizations with 46 responding, which means about 5.48 million employees of 5,211 firms were included.

The percentage of firms which underwent some form of employment adjustment in the four years from 1991 to 1994 posted a gradual year-to-year rise, representing 12 percent in 1991, 16.5 percent in 1992, 34.4 percent in 1993 and 41.7 percent in 1994. This indicates the extent of companies' efforts to cope with the recession resulting from the economic slowdown brought on by the collapse of the "bubble" economy through employment adjustments.

The highest, or 56.6 percent of those responding cited "The effects of the recession following the bursting of the economic bubble." This was followed by "the ongoing appreciation of the yen" (21.2%), "effects of over-investment and hirings during the 'bubble' economy period" (12.2%) and "downsizing and suspension of transactions at the parent company" (10.7%). By type of employment adjustment, 29.6 percent have "placed limits on overtime work," followed by "slashing the hiring of new recruits" (27.4%), "sending workers to other divisions within the firm" (23.1%) and "redeploying workers to other divisions and enterprises" (20.2%). Only a small percentage resorted to such drastic measures as "voluntary retirements" (3.7%) and "dismissal" (1.9%). The survey, however, found that 14.6 percent stopped hiring part-time workers in 1993, while in 1994 the percentage grew to 18.8 percent, indicating that suspension of part-time hirings was becoming a major means for employment adjustment.

The survey also inquired as to those firms which implemented labor adjustments in 1994 regarding whether or not both labor and management talked with each other. Of those responding, 75.8 percent said there were some form of talks between the two sides in the early stage of employment adjustment, including on relocations and transfers to related firms or subsidiaries. But only 10.3 percent held "collective bargaining" and 43.2 percent said they had "joint consultation." "No negotiations" were cited by 16.3 percent. Even when they took such an option as personnel cuts, 8.2 percent conducted "collective bargaining," and 24 percent conducted "joint consultation." The percentage of those which had "no negotiations" represented 22.6 percent.

As for collective agreements involving employment adjustment, of those responding, a mere 60 percent had provisions on dismissal and transfers to retail firms and subsidiaries agreed upon between labor and management. Around 50 percent had no provisions regarding "*tenseki*," or transfer to a subsidiary firm, "voluntary retirements," "temporary suspension of employees with pay" and "lay-offs" in the collective agreement.

Public Policy

HIV-Firing Illegal

On March 30, the Tokyo District Court declared dismissing an employee on the grounds that he is infected with HIV constitutes a violation of law and is therefore invalid. In its ruling, the court confirmed that there are employment relations between the employee and his employer and ordered a computer software company and an affiliate to pay a total of 9 million yen in unpaid salary and 6 million yen in compensation to a 35-year-old male computer programmer fired because he has an HIV infection. The plaintiff filed a lawsuit against his former employer demanding confirmation of employment relations between the two and compensation. This is the first judicial judgment made on a suit over the issue of discrimination against HIV-infected people. With the no understanding of and prejudice against people with AIDS and HIV still rampant, the court's verdict, it is fair to say, strictly remonstrated against discrimination of HIV-infected persons in corporate society.

The plaintiff was employed by computer company A based in Tokyo in September 1992 on condition that he was to be sent to its affiliate, company B in Southeast Asia. In October that year, the employee was dispatched to the affiliate B and underwent a medical checkup at a hospital there to get a work permit. He was tested for HIV without being informed of the test. The hospital informed the president of affiliate B, not the employee himself, that the employee was HIV-positive and the president then informed the parent firm A of the test result. The parent company A suddenly called the employee back to Tokyo, told him

immediately after his return home that he was HIV-positive and recommended that he should take another test. The employee, however, was dismissed before he learned of the result of the second test.

Justification of the plaintiff's dismissal and violation of the HIV-infected persons' privacy were both issues of contention in the lawsuit. In the ruling, the court said that: first, HIV is not transmitted through ordinary contact with people with HIV infection and dismissing an HIV-infected person for this reason constitutes an unfair labor practice. Second, employer A should not have informed the plaintiff of his medical condition and also, the president of the affiliated firm B violated the employee's privacy when he told the parent company and the employee of the result of his HIV antibody test.

Special Topic

Ongoing Price Reduction and Employment Adjustment in the Japanese Distribution Sector

Shigemi Yahata
Assistant Research Director
The Japan Institute of Labour



1. Reinforcing Tendency toward Low Pricing

Following the bursting of the "bubble" economy, we have seen business conditions more stagnant than ever. The sharp appreciation of the yen during the period has compelled corporations, particularly those which are highly export-oriented, to accept lower profits and tackle restructuring programs in earnest. Under these conditions, workers are experiencing lower wage-hike levels than ever and thus, are unable to expect income to grow as before.

According to the Management and Coordination Agency (MCA)'s Family Income and Expenditure for 1994 (based upon 1994 average outcomes), the rate of change in real income showed a 1.1 percent year-on-year drop in 1994, the first negative growth since 1980. The contributing factors are: first, the wage-earning householder's regular income grew only 1.0 percent and special income, such as bonuses, showed a sharp 6.1 percent declines; second, spouse's income also showed a 5.9 percent drop; and third, corporations are implementing employment adjustments, such as suspension of re-contracting with part-timers due to the effects of recession. All these factors contributed to a scant 0.1 percent growths in real disposable income per household and the second consecutive year-on-year drops in the rate of

growth in consumption expenditure, which was 0.9 percent below the 1993 level.

Sluggish income growth has frozen consumption and consumers have shown more interest in reasonable-priced merchandise. The MCA's preliminary report on the Consumer Price Index (published in January 1995) finds that consumer prices posted a slight year-to-year growth of 1.3 percent in 1993 and of 0.7 percent in 1994. Among them, prices for furniture and household utensils were off 2.0 percent from a year earlier and for clothes and footwear down by 1.2 percent from the preceding year, thus representing a marked price reduction. Low pricing is apparent particularly in commodities furnished through suburban "home centers" and discount stores.

In the past several years, the rocketing yen has brought prices of imported commodities down dramatically. But the low-productivity in Japan's distribution system has delayed passing on the price windfall from the soaring yen to consumers. A flood of inexpensive liquors and other imports was unleashed at some discount stores. However, due to a variety of regulations and slow procedures for adjustment with import-agencies' as well as existing dealers' vested rights, the mechanism in which the price of articles sufficiently reflects the gains made by the yen and these benefits are passed on to the masses has not worked properly. From around 1993, however, the consumer trend toward lower-priced commodities has spurred in earnest the low-pricing development, dubbed *kakaku hakai*, or "price busting." An increasing number of discount stores have begun to sell commodities at lower prices. In addition, chain stores have started to develop and import lower-priced, private-brand (PB) commodities. Leading chains commissioned overseas makers to produce PB commodities and in turn sell them at half or one-third the price of national-brand (NB) articles, thus achieving "minimal savings." Beer and detergents thus produced have won explosive support from consumers.⁽¹⁾ The trend toward lower pricing has come to represent a major pressure to drastically change the labyrinthine structure of distribution in the retailing industry. Incidentally, the Ministry of Finance's Trade Statistics shows that the ratio of imports of manufactured goods rose from 44 percent in 1987 to 55 percent in 1994.

2. Sharp Decline in Small-Scale Wholesale and Retail Stores

In 1991, the number of wholesale stores was 476,000 across the country but this fell to 429,300 in 1994, a drop of 46,700 in the three years period (-6.8%).⁽²⁾ The smaller the wholesalers, the larger the decrease. Wholesale stores with 1 to 4 employees, which account for 45.1 percent of the total, dipped by 14.1 percent and those with 5 to 9 employees, which make up for 28.0 percent, fell 9.1 percent. Wholesale stores with 50 and more employees, meanwhile, represent a mere 2.8 percent of the total but have shown stable 0.8 percent growths in the three years. The wave of decline in the number of wholesale outlets is also apparent in terms of the number of employees as is shown in Table 1. In 1991, 4,773,000

persons worked with wholesalers while in 1994 the number declined to 4,581,600, a drop of around 4 percent over the three-year period. The smaller the wholesalers, the greater the decrease; and at those with 1 to 10 employees, the number of employees shrank 11.1 percent. Employees at large-scale wholesalers with 50 and more employees grew 1.4 percent, however.

Table 1. Number-of Employed Persons in Wholesale and Retail Firms by Size of Employed Persons

		(in 1000)						Growth rate over 1991
		1979	1982	1985	1988	1991	1994	
Retail trade	1~	4062.3	4218.8	4076.1	4198.7	4122.7	3901.3	94.6
	10~	1234.2	1411.5	1493.6	1833.0	1904.6	2387.7	125.3
	50~	664.0	739.2	759.0	819.6	909.2	1095.2	120.5
	total	5960.5	6369.5	6328.7	6851.3	6936.5	7384.2	106.5
Wholesale trade	1~	1141.8	1325.5	1275.4	1342.4	1463.4	1300.6	88.9
	10~	1549.5	1704.7	1688.4	1852.9	2004.1	1957.2	97.7
	50~	981.3	1060.7	1034.6	1136.3	1305.5	1323.7	101.4
	total	3672.6	4090.9	3998.4	4331.6	4773.0	4581.6	96.0

Source: Based on Ministry of International trade and Industry, Census of Commerce for figures of each year

Likewise, there were 1,591,200 retailers in 1991 while in 1994 the number fell to 1,499,900, a drop of 91,300 in the three years (-5.7%). The decrease was not so large as that of wholesalers. However, the smaller the retailers, the greater the decline in employees; and small-scale retail stores with 1 to 4 employees, which account for 75.7 percent of all the retail stores, witnessed a dip of 10.2 percent. Meanwhile, retail stores with 5 to 9 employees, which make up for 14.8 percent of the total, saw their employees rise 4.0 percent, thus showing an increase in the number of retail stores which are expanding in scale. Employees grew 24.6 percent at relatively large-scale retail stores with 50 and more employees. In short, the number of large-scale retail stores which were heavily regulated increased sharply. Thus, the number of small-scale, privately-run retail stores shrank, while that of large-scale, corporate-run stores soared.

The number of employees working for retail stores grew around 6.5 percent in the three years from 6,936,500 in 1991 to 7,384,200 in 1994. Employees grew in the retail industry as a whole but they dipped 5.4 percent at retail stores with 1 to 10 employees. At retail stores with 10 to 50 employees, the number of employees rose 25.3 percent and at those with 50 employees and more, this number grew 20.5 percent, representing a marked increase in the number of employees of large-scale retailers. The structural change in the distribution industry had a severe impact on wholesalers, particularly small-sized ones. In the retail-trades, on the other hand, smaller-scale retailers were hard hit by the wave of structural changes in the distribution industry. In contrast, large ones have grown dramatically adding many jobs and demonstrating a wider gap between sizes of the stores.

3. Price Reduction and Manufacturing

A survey conducted by the Small and Medium Enterprise Agency⁽³⁾ reveals that in the

midst of the ongoing price reduction of articles, the "proportion of enterprises slashing their selling prices in the past year" was notably higher among manufacturers of finished products (85.7% for large firms and 62.8% for smaller-scale firms) and subcontractors (82.9% for large companies and 71.8% for smaller companies) than among retailers (68% for large firms and 50.2% for small- and medium-sized firms) and wholesalers (64.3% for large corporations and 52.8% for smaller corporations). They were forced to lower the price of their products to stay competitive with low-priced imports of competitors' products rather than actively adopting low pricing strategies on their own. The effects of price busting are greater on domestic manufacturers.

As reasons for lowering unit sales prices, the highest share, or 70 percent of manufacturing firms cited "suppliers asked to reduce prices." In addition, 40 percent listed "reduction due to overhaul of manufacturing process and 30 percent said "a drop in raw-material costs," followed by "competition with low-priced overseas goods" (a little less than 30%) and "competition with imports" (20%). As we have seen, the pressure for lower sales prices is extremely strong from manufacturers of finished products and from retailers. The direct impact of low pricing is also felt at in high-quality furniture-making regions in order to compete favorably with high-quality imported furniture, beds, tables and chairs, in particular. Furniture makers there felt obliged to lower by 30 percent the average price of even uniquely-Japanese products, such as Japanese-style cabinets, which are not competitive with imported ones, to keep them salable. This is because they turned out to be high-priced in the face of price reduction of beds and tables. By making use of imported materials, manufacturers have successfully reduced unit prices without the need to reduce the quality of furniture. Needless to say they have also made such improvements in the manufacture of furniture--reducing inventory on a one-item batch basis and training workers to become multi-skilled and thus to be held responsible for many processes.

Another high-quality furniture maker, which recorded dismal business results, tied up with a large-scale furniture chain store to develop and distribute medium-class furniture of unique design targeted for young persons through its sales route thus enabling the manufacturer to expand production. Toward this end, the company reinforced the number of staff responsible for development and design as well as sales. It manufactures furniture on a 5-to-10-lot batch basis and uses equipment which is not highly automated to respond rather flexibly to produce small-lot, multi-item batches. Also, the company has improved its jigs and is now able to utilize low-wage elderly workers on the production line.

A sewing maker specialized in high-quality products to compete with imported articles; but because it is further suffering under the strong yen, the company has switched to a new processing system. Under this partial processing is done at its overseas factory and imported

half-finished products are brought back into Japan for final processing. In the final processing stage, the company has introduced sewing machines equipped with built-in computers which allow a mere initial positioning to take care of the rest automatically. Part-time operators are placed on-line to slash costs.

As shown above, low pricing rather requires drastic changes in manufacturing. Simply put, in wholesale and retail trades "reducing purchasing unit prices" is the foremost contributing factor to realizing lower prices, which directly affects manufacturing. The second greatest contributing factor is "the cut in gross profits." To earn a specific amount of profit, one must sell in large volume. It is said that costs assume 30-40 percent of retail prices in the entire chain from the manufacture to the consumer, although the difference varies depending on sectors.

Yasumori⁽⁴⁾, however, stresses that the right to set the price of a product shifts to the consumer in the consumer-led market and in the state of excess supply capacity. With the rapid progress in manufacturing technology, society is undergoing changes which result in articles being scarce, and growth of retailing hinges on how one responds to the consumer-led market. In other words, the key to successful business is realization of adequate responses to six "what-the-consumer-wants" items. These are wider choice, faster delivery, better service, more inspiration, more excitement and greater individuality- at the lowest price possible.

4. Structural Change in Distribution Industry and Development of New Types of Operation

(Shifting Price-setting right to retailers)

The nation's distribution industry has observed such business procedures as the market price system, the rebate system (the purchasing price is later reduced to allow for sales promotional costs) and the returned articles system. In the intensifying heat of competition due to emerging discount stores and deregulation, the market price system, as typified by retail prices suggested by the manufacturer, has substantially eroded and is being replaced by the open price system in the durable goods sectors such as home electric appliances. The open price system is a system under which the manufacturer does not offer a suggested price and the final price is set at the retailing stage.

In short, the price-setting function is shifting from the maker to the retailer. Fast-growing retailers in the U.S. boast several hundred to 2,000 stores across the country and many dominate manufacturers by ordering a few items in large volume to realize lower prices. In Japan, however, even large-scale chain stores have yet to go that far except in selling PB articles.

Large-scale wholesalers and retailers are tackling low-cost operations to realize sales of articles at lower prices by reducing distributing costs, while at the same time taking a commercial success into account. Wholesalers are conducting physical distribution independently to keep distributing costs down, while on the other hand, retailers are taking over some of wholesalers' functions, such as delivery, to bring down purchasing unit prices. Distributors, in cooperation with makers, are taking the initiative in simplifying costs at individual stages of production, processing, distribution and sales to achieve efficiency.

These changes have caused some of retailers to lose competitiveness because of the effects of low pricing of articles and have triggered a conspicuous tendency for consumers to utilize large retailers. This will further spur realignment of small- and medium-sized wholesalers at consumption areas in the form of simplified and shortened distribution channels.

(Convenience Stores) The growing type of retail operation industry which is currently attracting the closest attention is the convenience store. In the nine-year period from 1982 to 1991, the number of convenience stores shot up 80.1 percent, or 18,612, with sales value soaring 220.8 percent during the period. The convenience stores, located in neighborhood residential areas, carry a minimum of 2,500 items necessary for daily life. Most operate from early morning till midnight while some are open every day of the year and operate round the clock. They are characterized by convenience, which is their foremost weapon. Also, they feature POS cash-register systems for customer management, inventory control and automatic ordering and utilization of information to pursue the profits of high-volume orders that can be achieved by many chains. Because they operate for long business hours, they often utilize part-time housewives as workers in the day time and students as temporary workers in the night to keep business going smoothly.

(Road-side Retail Stores)

The road-side retail store is a new-type of retailing operation which is mushrooming along main roads in outlying areas. These are retail store which do not refer to the type of articles handled but which operates on the basis of the behavior of consumers who shop by car.⁽⁵⁾ Road-side shops have been steadily developing since the 1970s, for the following reasons. First, sky-rocketing land prices have led new residential quarters to be created in suburban areas. Second, a huge number of people now own cars and do their shopping by car in local cities where public transportation means are underdeveloped. Third, roads have been further developed and fourth, overpopulation and inaccessibility to traffic means have reduced the charm of shopping areas in the center cities. In the 1970s, such road-side shops as family restaurants, auto goods stores and home centers sprung up, whereas discount stores exclusively handling men's clothing, shoes, sporting goods, books, toys, eye glasses and home electric appliances, increased in the 1980s. In the 1990s onward, deregulation of the

Large-Scale Retail Stores has pushed up the number of road-side retail stores and raised the costs of opening such stores. Thus, these stores have undergone qualitative changes as exemplified in the power-center-type shop or shops with amusement functions.

5. Future Trends

An increasing number of double-income families arising from the advance of women's into society, habitual bulk-buying on holidays due to the diffusion of cars and the ongoing shift to late-night shopping have sustained growth of convenience stores and such supermarkets as home centers and Do-It-Yourself stores. However, privately-run stores have found themselves unable to keep up with rapid progress in technological innovation in the distribution industry. Large-scale distributors have invested much in information equipment to realize more efficient distributing services. They are also placing emphasis on overseas procurement of commercial products, production tie-ups with makers and procurement of low-cost goods using their size to their advantage.

Small and medium scale retailers should be less handicapped in the area of technological innovation if wholesalers adapted well to technological innovation and could offer their know-how to smaller-scale retailers. In actuality, however, few wholesalers can do this, triggering the withering of smaller retailers. Smaller-sized wholesalers are inexorably related to small and mid-size retailers, which means they are expected to support many smaller-scale retail stores. In the years to come, however, integration and shakeup of wholesale stores will progress rapidly.

Regarding employment, ongoing informationalization will translate the functions of wholesaling into retailing and physical-distribution firms, and thus jobs for smaller-scale wholesale stores will decrease structurally. Meanwhile, retail stores will need to devise strategies to expand their own edges. For example, department stores and large-scale supermarkets will need to further their edge in convenience and in providing a wide selection of articles. Discount stores will enhance their pricing and convenience stores will expand their edge in business hours. Meanwhile, general retail stores are expected to further their edge in providing service.

Some discount stores make active use of full-commissioned employees or contract-based workers. Like department stores and large-scale supermarkets, those which handle many items need to differentiate themselves from other stores by training their clerks to acquire knowledge about articles and the ability to cater to customers. Many tasks lie ahead for them--whether to provide in-house training to their employees or to make active utilization of outside workers, such as dispatched sales staff. Forms of employment for those engaged in the distribution sector, it is pointed out, are diversified and it is necessary to pay due heed to how

they will undergo changes in view of progress in lower pricing. Will lower pricing generate a large number of low-wage workers?

- 1) KAWASHIMA, Mitsuru, *Supermarkets vs Makers, Day When There Will be No Fixed Prices*, Toyo Keizai Inc., 1994.
- 2) MITI, Census of Commerce.
- 3) Small and Medium Enterprises Agency, *White Paper on Small and Medium Enterprises for 1995*, p.118.
- 4) YASUMORI, Toshio, *Lean Distribution Revolution*, Toyo Keizai Inc., 1995.
- 5) Small Business Promotion Corporation, ed. *Road-Side Shops- Realities and Effects on Retail Stores*, Doyukan, 1993.

Statistical Aspects

Recent Labor Economy Indices

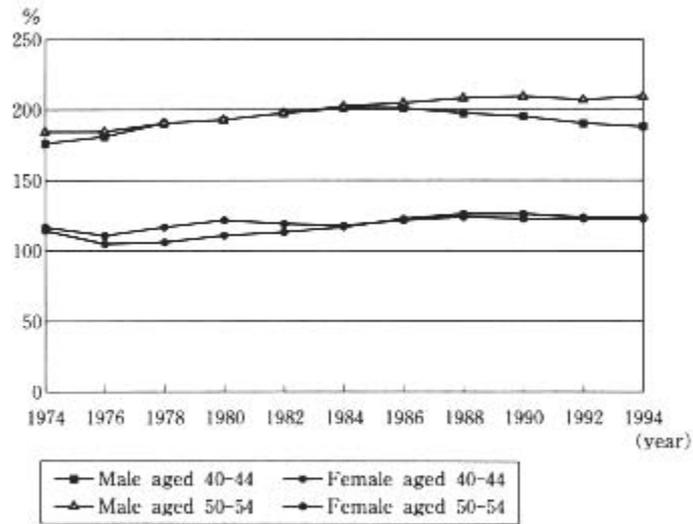
	March 1995	February 1995	Change from previous year
Labor force	6,600(10thousand)	6,514(10thousand)	27(10thousand)
Employed	6,381	6,315	16
Employees	5,217	5,178	28
Unemployed	219	199	11
Unemployment rate	3.3%	3.1%	0.1
Active opening rate	0.66	0.66	0.00
Total hours worked	160.5(hours)	159.0(hours)	0.1
Total wages of regular employees	(¥thousand) 280.4	(¥thousand) 279.1	2.0

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.

Differential of Monthly Contractual Earnings
 (excluding overtime premium between) Age Groups (Distinction of sex)
 (age 20 to 24-100)



Note: These data are calculated by totalizing all industrial sector,
 firm size, education and the length of service.
 Source: Ministry of Labour, *Basic Survey on Wage Structure*.