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General Survey

Survey on Savings Trends: Household Savings and Expenditures

According to a 1996 survey on savings trends, published on March 21 by the Management and Coordination Agency, trends in household savings and expenditures are as follows.

First, worker households had on average ¥12.79 million in savings at the end of December 1996, up 1.4 percent from a year earlier, showing a second straight year-on-year climb. Annual income showed 0.2 percent increase from the previous year. The average savings were larger than actual amounts because worker households which had large savings of over ¥24 million accounted for 13.2 percent of the total, pushing up the average. 67 percent of households had lower savings than the average and 13.5 percent, which is the highest, had 4 to 6 million in savings.

Concerning the type of savings, a larger percentage of households had savings in the form of life insurance. The ratio of households which had private life insurance was stagnant at around 20 percent. On the other hand, the percentage of households which had savings in the form of postal life insurance rose from 7.6 percent in 1992 to 10.3 percent in 1996. To prepare for life after retirement, people had a stronger tendency to buy long-term contract-based insurance, thus moving toward a postal life insurance. Meanwhile, the percentage of households which had securities such as stocks and trust investments dipped below half of the 23.1 percent recorded in 1989 which was the peak of the economic bubble.

Second, household expenditures, on the other hand, stood at an average of ¥4.84 million, 7.1 percent surge from a year earlier, of which expenditures for housing and land (the housing loan balance) were ¥13.29 million on average, posting a yearly 8.5 percent increase. This figure is approximately 1.5 times the average annual income of ¥9.04 million for worker households. Furthermore, due to many cases of switching from the Housing Loan Corporation to private financial institution that mirrored a large drop in private-sector interest rates, borrowing from public financial institutions such as the Housing Loan Corporation were up 0.5 percent from the previous year, while those from private financial institutions were up 13.2 percent over the year before.

Human Resources Management

Accelerating Introduction of Early-Retirement Program

According to a company-based survey conducted by the Institute of Labor Administration

(private research institute), 56 percent of 232 listed companies responding to the survey are implementing a better arrangement to the early retired and in particular, companies have notably adopted the program in the past few years. The survey was carried out among listed companies across the country between October 1996 and January 1997.

Companies which implement a better arrangement to the early retired have been growing in number. In 1982, 37.6 percent adopted the system but in 1988 the percentage held the majority and has hovered around the 50 percent mark in the 1990s. Regarding age at which employees are eligible for the early-retirement program, 13 percent of the companies set the age at 55, 43.1 percent set it at 50 and 28.5 percent set it at 45. The eligible age for a better arrangement to the early retired has shifted down to younger ages for reasons that the effects of employment adjustment affected youths and that employees consider it advantageous to change jobs while still young. Which eligible age for early retirement do companies adopt, over 50 or under 50? A comparison of this age in the previous survey of 1994 and 1996 showed that 18.7 percent of companies set the eligible age at 50 and older, down 9.9 percentage points from the figure recorded in the previous survey. On the contrary, 38.2 percent set it at under 50, up 5.3 percentage points over the 1994 figure.

Looking further at how well retirement allowances are paid, 69.8 percent attempted to make the severance pay higher for those who retire early than for those who quit work for personal reasons. In addition, of the companies which give such consideration, 79.4 percent offer additional payments, besides the retirement allowance, for early retirees which is not provided to those who retire at the mandatory retirement age. In the survey, the Research Institute compared severance pay for those who retired early and that for those who retired for personal reasons. For college-educated males, the gap in severance pay between those aged 50 who retire early and those who retire for personal reasons is an average of ¥9.99 million, while it is ¥7.08 million between those who retire early at 55 and those who retire at 55 for personal reasons.

International Relations

Harbor Loading Issue in Quagmire

Amidst ongoing efforts toward deregulation, Japan-U.S. consultations on Japan's system of harbor loading are in deep confusion. The difficulties stem from the Federal Maritime Committee's decision that it will impose a surcharge on Japanese shipping companies, arguing that foreign shipping companies are handicapped by "Japan's labor-management practices for harbor loading."

Japan's harbor loading practices are based on a prior-consultation system under which the Japan Harbor Transportation Association (JHTA), a trade association of harbor express service companies, act as an intermediary for shipping companies and longshoremen to coordinate and hold consultations on work berths and service changes. The system, along with container vessel service, was instituted in 1979, to secure harbor workers jobs and maintain vested rights for harbor cargo service companies. Cargo service companies are unable to load and unload cargo unless they have approval under the system. The United States argues that the system is responsible for loss of time and costs for harbor loading in Japan, which in turn keep foreign ocean vessels waiting for a month in the offing.

Meanwhile, contending that "removal of the system will generate underground brokers and deregulation will further intensify excessive competition, thus destroying employment order," the JHTA and a labor union of harbor workers showed a firm stance against the FMC and the nation's shipping companies which have a positive stance to deregulation and review of the system and is considering staging a 24-hour strike and refusing cargo loading on Sundays.

Responding to the issue, concerns are mounting over the hollowing out of the country's port and harbor functions. In recent years, high growth in Asia's newly industrializing economies has sparked growing concerns that International ports such as Pusan Port in South Korea in neighboring nations have deprived Japanese ports of their cargo. Particularly after the Great Hanshin Earthquake, parties concerned for Kobe Port who seek recovery of cargo tonnage to the level before the quake eagerly want to solve the problem, and are keeping an eye on moves of the Ministry of Transport and the harbor express service group.

Public Policy

40-Hour Workweek Fully Implemented on April 1

Starting in April, the statutory 40-hour workweek, a product of a 1987 revision to the Labour Standards Law (LSL), was fully implemented, and in line with this, postponement of the application of the 40-hour workweek for small and medium-sized enterprise was discontinued.

The transition to the 40-hour workweek had proceeded in phases. From the time the LSL was revised the Ministry of Labour implemented a phased reduction of working hours to 46 and then to 44 over the 10-year period based on the recognition that obligating employers to reduce weekly working hours by 8 hours at once from 48 to 40 hours would be too great a burden for them. However, groups of small- and medium-sized enterprises such as the Japan

Chamber of Commerce and Industry and the National Federation of Small Businesses Associations held a nationwide rally asking for further extension of the postponed application of the 44-hour workweek, arguing that "the burden of large cost increases will be unbearable." In response, the Ministry of Labour decided through revision of the Law for Promoting Shorter Work Hours, to make the next two years a period of guidance in which it provides guidance on how to reduce working hours are reduced and to offer subsidies for labor-saving investments to have the statutory 40-hour workweek take hold. Of course, non-observation of the 44-hour workweek constitutes the violation against the LSL, and offenders are to be prosecuted even during the 2-year guidance period. (They may be given a 6-month jail sentence or fined up to ¥300,000.)

Unless they have planned to take measures, employers who have yet to achieve the 40-hour workweek may be unable to adopt themselves adequately to it within the specified period. As one way of shortening to 40 hours, they will be able to adopt the variable working-hours system under which scheduled working hours are changed by the month or by the year, to adjust to the fluctuating volume of work.

The most important thing is, however, higher productivity. Freezing hourly wages along with a change from the 44-hour workweek to the 40-hour workweek and also reducing total working hours to 40 would mean smaller earnings for the worker. On the contrary, requiring the worker to work 4 hours of overtime a week would mean payment of extra overtime wages (1.25 times the hourly wages) for the employer, resulting in cost increases. Both approaches involve changes in working conditions, and it is important that labor and management reach a consensus on the relationship between shorter work hours and wages.

Individual smaller companies would face obstacles to solving this problem. For instance, subcontractors of large companies cannot change their work plans to suit their own convenience. Effective reduction of work hours will not be realized unless the larger companies contracting methods are reviewed and streamlined.

Deregulation and Labor Policy Debated -1997 Conference on Industrial Relation Studies

On March 10 and 11, Japanese researchers in the fields of industrial relations, labor economy and labor laws gathered for a conference on studying industrial relations to discuss "deregulation and labor policy." In sessions of the conference, hosted by the Japan Industrial Relations Research Association (JIRRA) and the Japan Institute of Labour (JIL), the participants, both for and against deregulation, debated private employment services and

staff-dispatch business and protective provisions for female workers.

In the discussions on liberalization of private employment services and staff-dispatch business, those who favor deregulation insisted that private agencies be liberalized in principle, arguing that "the Employment Security Law, enacted half a century ago, does not meet the present needs," On the other hand, those who are cautious about deregulation said, "As seen in Germany, we have yet to obtain research results proving that liberalization business led to a fall in the unemployment rate. Measures and policies for liberalization should be studied so that through liberalization a complementary competitive relationship between the public and the private sector will be created for the efficiency of the public sector, which is the core of services." Thus, the participants expressed various views and opinions in many facets of the discussions.

In the debate over the abolishment of protective provisions for females, the participants reported on positive research in two points. First, do protective provisions for females actually hinder expanded employment of females?; and second, supposing that the provisions were eliminated, will jobs for females increase? From an analysis of Ministry of Labour statistics, the participants reported that "the protective provisions on overtime actually curb female employment" and from questionnaire survey findings, they said that "elimination of the protective provisions will not necessarily expand female employment as long as long-hour work exist."

Special Topic

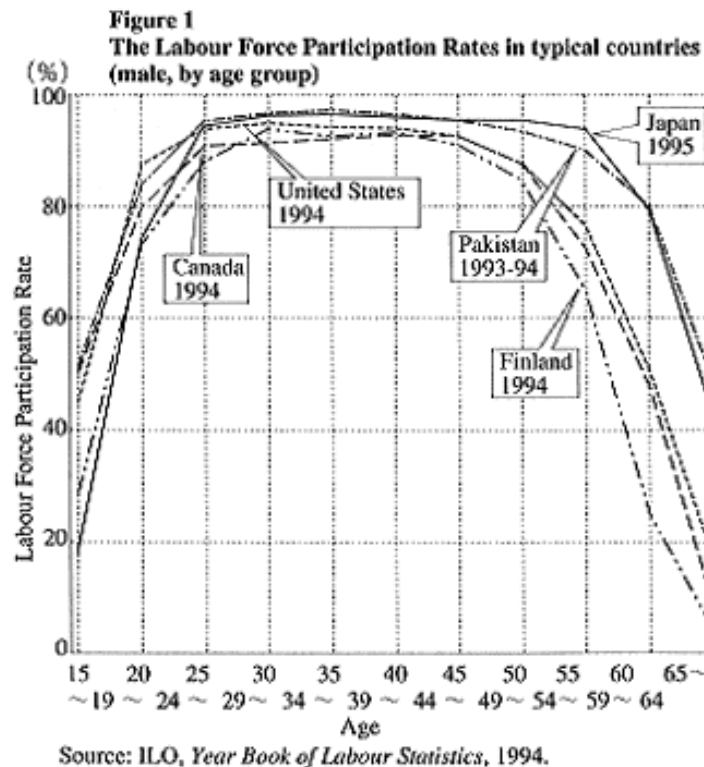
The Work of the Elderly and the Silver Human Resources Centers

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1. Transition to a Aging Society

Japan has been facing the rapid aging of its population. According to the National Census Survey in 1995, of the total population (125,570,246) elderly (age 65 and over) comprised 14.5 percent while those under 14 years old and those of working age (between 15 to 64 years old) comprised 15.9 percent comprised 69.4 percent respectively. The Ministry of Health and Welfare estimates that the aging of the population will continue and the ratio of the elderly will reach 25.5 percent in 2020. Therefore the ratio of persons in labour force will be declining and the same applies to the labour force. In Japan, elderly people have high motivation to work. It is known that many older persons remain in the labour force in Japan than in other

developed nations. However the labour force participation rate (LFPR) of elderly people has been declining year after year with the decrease of workers in the primary industry. The decline of LFPR of the elderly is also the result of the development of the social security scheme. To maintain economic development in the coming aging society, it becomes necessary to keep elderly remain in the labour force in order for them to use, with their high work motivation, their abilities and experiences to work. It is also useful for elderly people themselves to participate in economic activities to make their life meaningful.



2. Employment Situations of Elderly People

(1) Employment rate

A report of the Ministry of Labour in 1992 described the employment situation for elderly people as follows.

The employment rate of elderly males declined with age. The employment rate of persons in the age group 65 to 69 comprised 58 percent while of those in the age group 55 to 59 comprised 93 percent.

In regards to type of employment, 66 percent of elderly workers in the age group 55 to 59 were employees. The ratio of employees declined with age, and in the age group 65 to 69, the ratio of self-employed and voluntary workers outnumbered that of employees. Elderly people can engage in work properly by adjusting working conditions voluntarily because they frequently take on self-employed or family-related jobs performed in cooperation with family-workers. For example, elderly people can adjust their working hours or work load to

their physical strength and the state of health. On the other side, elderly persons may not be employed if their abilities do not meet the job requirements and working conditions. This is the reason why the ratio of employees was outnumbered by that of the self-employments at 65 years old.

(2) The duty hours

Almost all the male employees engage in full-time work. But the ratio of aged people who work full-time decreases with to age and the ratio of short-time workers is in increase. The unemployed older persons can be employed if they hold full-time work. But they prefer short-time work or voluntary work rather than full-time work. This mismatch on working time is one of the principal reasons of unemployment for the aged people, although the main reason of unemployment is condition of health.

(3) The occupations

The most frequent occupation of the aged male workers are craftsman and production worker, followed by agricultural, forestry and fisheries worker, manager and official, and professional and technical worker. In the case of the employees, the most frequent occupation are also craftsman and production worker, but followed by clerical and related worker.

Most of the aged males are employees at age 55, of the older employees aged 60 to 64 who had retired mandatory, 60 percent engaged in same work as at age 55. In terms of employees who engaged in professional and technical work, protective services other service, and clerical work showed high rate of taking same work. On the other hand, employees who engaged in agricultural, forestry and fisheries work, work in communications, and managers and officials found it difficult to take same work. These workers changed their work from the above mentioned work to craftsman and production work. This may happen because they had few opportunities to get the same job, though the job seekers generally prefer the same occupations in which they had been engaged.

(4) Why the elderly work

Many older persons work for economic reasons, but the ratio of older persons who work for economic reasons decreases with age, while the ratio of those who work for health increases. Pensions have a profound influence on the economic conditions of older persons. The rate of elderly persons who receive a pension increase with age and the employment rate of pension recipients is lower than that of non-recipients.

There are various reasons for the employment of older persons. They work mainly to earning their living, but even if they do not need the earnings, they don't retire from their jobs. This is because they work for self-satisfaction, for friendly relations with colleagues and for

the realization of their social participation. The retirement from economic activities do not necessary mean the retirement from non-economic activities. Some retired persons live alone in later years, but some participate in community activities, hobbies, religious groups, and so on. Smooth and gradual retirement means smooth transition* from economic one to such personal and social one.

*of their activities

3. The Silver Human Resources Centers

Older persons in Japan are stay in highly motivated to work and indeed many of them do work. But they may not be able to engage in full-time employment in their later 60s and 70s because of their physical and psychological conditions. Thus part-time work or voluntary work occupy important part of the work for many older persons. "Silver Human Resources Centers" have been established in many municipalities to opportunities of temporary or short-term work and to prepare and provide which for older persons.

(1) System of the Silver Human Resources Center

Faced with the extension of average life expectancy of the Japanese 70s, more elderly have become eager to eager in same work after the mandatory retirement age as they want to make their like meaningful and healthy. Older people in Tokyo established a Corporation for Senior Citizen which undertakes the several jobs on demand. Its objective is to contribute to society by the participation of older persons who had abilities and experiences. Originally, The Silver Human Resources Center was started as a voluntary organization managed by older persons themselves. This movement thereafter, spread throughout the country. In 1980, the government began to subsidized organizations in order to provide the elderly with opportunities for voluntary work.

The Silver Human Resources Centers contract with enterprises and private citizens temporary and short-term work. They provide these jobs to registered members, and distribute the profits to the members based on their actual contribution. The centers manage all kinds of work such as cleaning, weeding, gardening, carpentry, clerical, and so on.

(2) Status of projects

The Silver Human Resources Center project has been developed in the number of centers and members, and in the amount of business activities. The number of centers and members has increased from 92 centers and about 46,000 persons in 1980 to 680 and about 330,000 persons in 1994.

In 1994, the number of members was 334,346 which comprised 1.9 percent of the population aged 60 and older. The main purpose of the elderly who become members of it is to

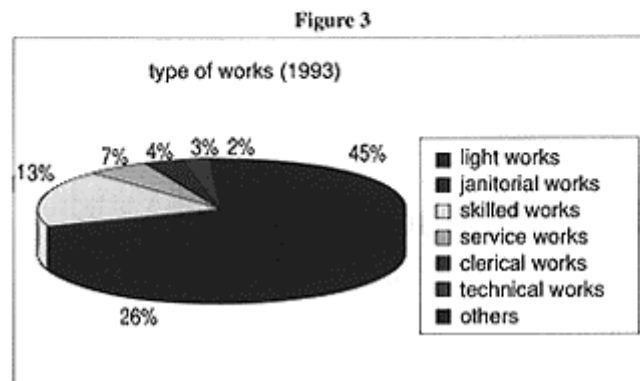
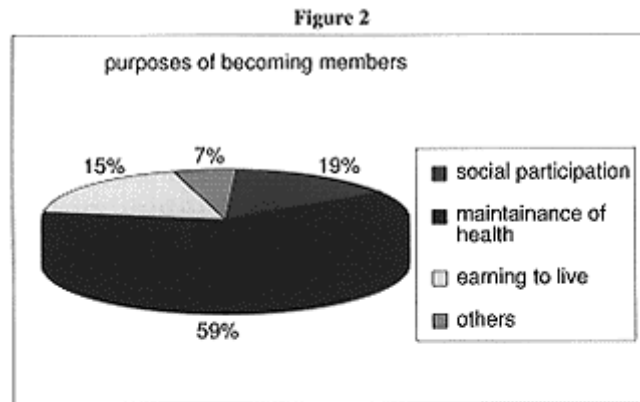
maintain their health. On the other hand, few members join it with the purpose of earning their living.

74 percent of the members were engaged in work in 1994. They worked on average 8.8 days a month. The type of jobs most frequently provided to the members were light work, such as cleaning and weeding, following by skilled work such as gardening, carpentry and craft, clerical works, service and janitorial work.

(3) Problems of the Silver Human Resources Centers

As regards skilled work the demand for exceeds the number of applicants, while there are too many applicants for available clerical works. Members who cannot get favorable jobs often do not work. In line with the change of the industrial structure, the ratio of members with white-collar experience has been increasing. Those members will not be satisfied if the centers provide them with light work or skilled work. These problems require centres to take following actions,

- 1)Contract a wide variety of jobs including clerical or professional and technical jobs,
- 2)Provide jobs which may give continuous employment,
- 3)Enlarge the areas where they work,
- 4)Enrich programs to develop job skills.



4. Employment Measures for the Elderly

In 1986, the Law for Employment of the Elderly was revised and became the Law Concerning the Stabilization of Aged Workers Employment.

To guarantee the right to work for those aged 55 years and over, the law stipulates a moral obligation for employers to set the minimum retirement age at 60. It also encourages them to provide employment opportunities for workers aged 60 and over. In addition, it authorizes the Silver Human Resources Centers to offer opportunities to participate in remunerative social activities for older people.

The Government is promoting employment measures based on this law with an emphasis on the following points,

- 1) Require enterprises to extend the mandatory retirement age to 60, and to employ older persons at the same enterprise or its affiliated companies until about age 65,
- 2) Reinforce the services at employment counseling offices to promote the early reentry of unemployed elderly,
- 3) Assist the Silver Human Resources Centers to encourage temporary and short-term employment for those who leave their jobs after the mandatory retirement age.

Furthermore, it is planning to adopt dispatch service systems for elderly workers who voluntarily offer their special knowledge and skills on part-time or temporary basis.

With the realization of these measures, a new employment system suitable for the aging society will function properly. This will make it possible for older people to engage in offered by the Silver Human Resources Centers, short-time employment or voluntary work under former half of 60's and thus leading to their gradual retirement from employment.

[References]

- Policy Planning and Research Department, Minister's Secretariat, Ministry of Labour (1994) "*Konenreisha shugyo no jittai (1992)*" (Survey on employment conditions of older persons (1992))
- National Silver Human Resources Centers Association (1995) "*Silver Human Resources Centers jigyo un-ei jokyo, 1994*" (Annual report on the projects of the Silver Human Resources Centers, 1994)

Statistical Aspects

Recent Labor Economy Indices

	March 1997	February 1997	Change from previous year
Labor force	6,723(10thousand)	6,647 (10thousand)	96(10thousand)
Employed	6,489	6,418	91
Employees	5,359	5,359	79
Unemployed	234	230	5
Unemployment rate	3.5%	3.5%	0.0
Active opening rate	0.70	0.73	0.00
Total hours worked	156.5 (hours)	158.4 (hours)	2.4*
Total wages of regular employees	288.2 (¥thousand)	287.4 (¥thousand)	1.4*

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.

Statistical Aspects for Website

- Economic Environment

Gross National Product and Real Economic Growth Rates Diffusion Indices

Monthly Economic Report and Main Economic Indicators

The figures listed above are available on the website of:

Economy Planning Agency, <http://www.epa.go.jp> (see Charts of Japanese Economy)

- Labor Force

Labor Force and Labour Force Participation Rate

Labor Force Status

Unemployment Rate

Available on the website of:

Ministry of Labour, <http://www.mol.go.jp> (see Figures and Tables)

Management and Coordination Agency, Statistics Bureau & Statistics Center,

<http://www.stat.go.jp/1.htm>

- Female Workers

Female Labor Force Participation Rate

Trends in Female Employment Structure

Number of Female Part-time Workers

Available on the website of:

Ministry of Labour (see Figures and Tables)

Japan Information Network, <http://jin.jcic.or.jp> (see Statistics)

- Working Hours and Wages

Wage Differentials by Size of Enterprise and Age of Worker

Total Annual Real Working Hours per Worker

Available on the website of:

Ministry of Labour (see Figures and Tables)

Japan Information Network (see Statistics)

- Labor-Management Relations

Number of Labor Unions

Labor Unions by Industry

Available on the website of:

Ministry of Labour (see Figures and Tables)

Economy Planning Agency (see Charts of Japanese Economy)

Japan Information Network (see Statistics)

- Elderly Workers

Outline of Employment Measures for Older Persons

Available on the website of:

Ministry of Labour (see Figures and Tables)