

# JAPAN LABOR BULLETIN

ISSUED BY THE JAPAN INSTITUTE OF LABOUR

*Vol.36 - No.07*

*July 1997*

## CONTENTS

### **Working Conditions and the Labor Market**

- ▶ JVADA Survey: Sufficient Supply of Highly Skilled Workers at One Third of Establishments
- ▶ Unemployment Rate Reaches a Record High of 3.3 Percent in 1996
- ▶ Deaths Due to Industrial Accidents Rise for Third Consecutive Year

### **Human Resources Management**

- ▶ Trends in the Contracting of Flight Attendants

### **Labor-Management Relations**

- ▶ Collective Agreements Concluded by 89.2 Percent of Labor Unions

### **Special Topic**

- ▶ The Early Career Development of High-school Graduates

### **Statistical Aspects**

- ▶ Recent Labor Economy Indices
- ▶ Trends in Number of Fully Unemployed and in the Unemployment Rate

## Working Conditions and the Labor Market

### **JVADA Survey: Sufficient Supply of Highly Skilled Workers at One Third of Establishments**

The Japan Vocational Ability Development Association (JVADA) has established a Research Committee to study the transfer of high-level skills to the next generation. Headed by Prof. Shigeru Tsuji (Tokyo Institute of Technology), the committee has been funded by the Ministry of Labour to conduct a survey of firms concerning highly-skilled workers. The survey was administered in May 1996 to 19,792 manufacturing firms which employed four or more employees. Of the 2,177 establishments which responded to the survey, 34 percent felt they had a sufficient number of highly-skilled employees. Over 60 percent predicted they would face a shortage of highly-skilled labor in the foreseeable future. The survey classified highly-skilled workers into two types: "super-skilled workers" and "supra-skilled workers." The first category was for those who possessed "an extremely high level of skill and could not be replaced by a machine" and those who possessed the "skill to make products with equal or better precision and quality than a machine could do." The second category was defined to include "those who had the broad range of skills necessary to meet the wide-ranging need in manufacturing for flexibility and to contribute to technological development."

The survey showed that nearly 90 percent of the respondent firms required highly-skilled labor. Demand was especially strong among firms involved in small batch production with multiple products, in manufacturing prototypes, in product planning, and in production planning method and skills development. Highly-skilled workers accounted for five percent of all employees at the 2,177 firms whi

9.8 for "supra-skilled workers." The survey revealed that on average 16 years were required to acquire these kinds of advanced skills. Another finding was that 24 percent of the firms replied that their younger workers were not acquiring the same skills as previous generations. Three quarters of those having difficulty in this regard (about 18 percent of the sampled firms) reported that the situation had grown out of the difficulties they were having in recruiting or hiring talented people."

Many manufacturing firms continue to rely on the skills of highly trained skilled workers, numerous manufacturers are beginning to worry about the serious shortage of skilled workers, and about their ability to retain and to generate their skills in the future. The shift to offshore production and the aging of the skilled labor force were cited as major concerns in this regard. Some private companies have begun to tackle the issue. Kubota Corporation, a leading manufacturer of agricultural machinery has a labor force of about 9,000 skilled

workers. About 40 percent are in their 50s and only 10 percent are in their 30s. Over the next nine years, 40 percent of its skilled workers will leave the company at the mandatory retirement age. To deal with this situation, the company has instigated a number of programs to ensure that the necessary skills are being passed on to its younger workers. It has developed a system for checking each individual's skills and is now hiring retirees as instructors for many of its training programs.

---

### **Record Unemployment Rate of 3.3 Percent in 1996**

The nation's unemployment rate averaged 3.3 percent in 1996, up from 3.2 percent the previous year. An all-time high was recorded for the third straight year. These findings were announced in a preliminary report on the Labor Force Survey by the Management and Coordination Agency (MCA). The number of unemployed persons increased by 90,000 to 2.25 million.

The Labor Force Survey for March (which was released on the same day) showed that the unemployment rate for March dropped 0.1 point from the February figure to a seasonally adjusted 3.2 percent. The number of employed persons rose for the thirteenth consecutive month to 64.89 million, and the unemployment rate fell for the first time in four months. According to the MCA, the severe unemployment situation was continuing although signs of recovery may be seen in the growth in the number of employed persons. Moreover, those leaving work voluntarily to switch to another job increased by 40,000 from the year before to 910,000, while those who quit for other reasons decreased by 50,000 from the previous year to 550,000. By age, the unemployment rate for those between the age of 15 and 24 was a seasonally adjusted to 8.1 percent, up 1.3 percentage points from a month earlier. Unemployment has improved overall, but the situation remains critical for Japan's youth.

### **Deaths Due to Industrial Accidents Rise for Third Consecutive Year**

The number of fatalities from industrial accidents has increased substantially over the past three years, according to a Ministry of Labour report. The number of such deaths has increased from 2,245 in 1993, to 2,301 in 1994, 2,414 in 1995 and 2,363 in 1996. In 1996, the figure actually dropped slightly from 1995 which was artificially driven up by the Great Hanshin-Awaji Earthquake (in January 1995) and the sarin nerve gas attack on the Tokyo subway system (in March 1995). Correcting for these unusual events, the real figure for 1995 has been get at 2,348 deaths. Accordingly, in 1996 it could be said that the number of deaths increased by 15, showing a rise for the each of the last three years. This was the first time

that such a sustained rise has occurred since the Industrial Safety and Health Law was enacted in 1972. The Ministry of Labour is on the watch for future trends in industrial accidents. By industry, the number of deaths in construction totaled 1,001. That accounted for 42.2 percent of all deaths owing to work. Manufacturing tallied 405 deaths (17.1 percent of the total); land cargo transport, 333 (14.1 percent).

The sharp increase in the number of deaths in land cargo transport (from 281 in 1993) constituted a major factor accounting for the recent increase in deaths. The Ministry attributes this to the deregulation of trucking in 1989, a move which intensified competition in that industry. It is currently implementing a program to lower the incidence of such accidents in the land cargo transport industry.

## Human Resources Management

### Trends in the Contracting of Flight Attendants

As previously mentioned in the Bulletin (November 1994 and July 1995), the nation's airline industry has worked hard to restructure since the spring of 1994. The result has been personnel cuts and organizational change. In January 1994 Japan Airlines (JAL) introduced a new system by which flight attendants would be hired on a contract basis. Since then other carriers have introduced similar systems to rationalize further their operations.

Recently, Japan Trans Ocean Airlines (JTA), a subsidiary of JAL, decided to employ contract-based flight attendants. This July and November, it will hire a total of 20 new employees on a contract basis to work with its cabin crews as the first batch of new recruits. This means that all of the nation's seven airlines now employ flight attendants on a contract basis. JTA will recruit females who have graduated from universities, junior colleges and special training schools and were aged 23 or younger on April 1997. Successful applicants will undergo four months of training before serving on board. Contract flight attendants will receive a basic hourly pay of 1,000yen (900yen during their training period) and 700yen per hour as a service allowance. The contract period will be basically one year and will be renewed twice. Also, the company will provide those who have worked for three years a channel for promotion to regular status based on aptitude and job performance.

Meanwhile, each airline has stopped hiring cabin crew as regular employees. Instead, they are moving to promote contract stewardesses to regular employment status. All Nippon Airways (ANA) plans to promote 275 of its first group of contracted attendants to regular status in one of three promotion rounds. It will promote 154 to full-time status by April,

another 37 on May 1 and the final 84 on June 1. In principle the company is promoting all contract cabin crew to full-time status three years after hiring them. Because more regular attendants quit than had been expected, ANA is promoting its first group of contract attendants to regular employee status ahead of time in order to maintain a stable supply of core employees in those positions.

## Labor-Management Relations

### Collective Agreements Concluded by 89.2 Percent of Labor Unions

The percentage of unions concluding collective agreements dropped below 90 percent, the Ministry of Labour said in a preliminary report. The Survey of Collective Agreements, conducted once every five years by the Ministry, was administered to about 5,000 labor unions with 30 or more union members. The response rate was about 80 percent.

The preliminary report found that 89.2 percent of the surveyed unions had concluded collective agreements, down 2.1 points from the findings five years earlier. The percentage of collective agreements which involved personnel matters such as dismissal, *shukko* (on secondment to another company) and disciplinary action rose by about five points. The percentage of collective agreements concluded on dismissal rose from 41 percent five years ago to 47 percent. By union size, 98 percent of unions with over 500 members had concluded a collective agreements, only 70 percent of small unions with ten or fewer members had done so. Around 90 percent of the unions in many industries had an agreement, but only 70.8 percent of the unions in the service industries had done so.

The survey specifically asks whether collective agreements provide leave for child-care and looking after invalid family members and the extent to which part-timers are covered. It found that 48.6 percent of labor unions have concluded agreements which allow for leave for child-care, up from 20.9 percent five years ago. The figures for invalid nursing-care leave rose from 12.2 percent to 35.7 over the same five years. Regarding part-time workers, 73.8 percent of the responded labor unions said that all or part of their collective agreements applied to part-time employees.

Approximately 10 percent of the surveyed unions failed to conclude a collective agreement. However, over 60 percent of those unions felt it was necessary to have a collective agreement in place. Many indicated they were currently negotiating to conclude an agreement or were planning to do so in the near future.

## Special Topic

### The Early Career Development of High-school Graduate

|                                  |                               |
|----------------------------------|-------------------------------|
| Keichi Yoshimoto                 | Reiko Kosugi                  |
| Associate Professor of Education | Senior Resercher              |
| The Kyushu University            | The Japan Institute of Labour |

#### 1 Introduction

For over 20 years more than 90 percent of junior high school graduates in Japan have gone on to complete senior high school. The result is that a high school education is now seen as a necessity by most Japanese. High-school graduates have several choices. Over the past 20 years, around 40 percent of all high-school graduates have found employment and about 35 percent have advanced to institutions of higher learning. The number of those attending the special training schools (which were brought into a unified system in 1976) has grown steadily. However, the absolute number of high school graduates has been declining and the economy has slowed down in the 1990s. As a result, only 24 percent of graduates entered employment in 1996, while the percentage of advancing to an institution of higher learning rose.

Meanwhile, the average rate of joblessness among young persons aged between 15 and 24 rose to a record high of 6.6 percent in 1996. Japan's public sector and large private enterprises employ new school leavers each April. These employers are in close contact with secondary schools, and school teacher counselors and the Public Employment Security Offices have come to play a key role in the labor market for new graduates. School leavers were able to obtain the most tenable job through this labor market which sets the date for commencing employment in early April. Given the smooth function of that labor market, the national unemployment rate among new graduates has traditionally been low by international standards. Accordingly, the high unemployment rate among young people in recent years might suggest that changes are beginning to occur in this labor market. On the one hand, many observers have pointed to the changing consciousness of the young generation. The increase in the number of young employees who voluntarily leave their employer might be mentioned in this regard. At the same time, with more of the population obtaining higher levels of education, high-school graduates are finding it increasingly difficult to find good jobs at Japan's more stable enterprises which offer the better working conditions.

In order to probe changes in the work behavior and consciousness of young employees toward work as well as the changing labor market for their skills, a group at the Japan

Institute of Labour has been observing the processes through which choices are made in selecting work and the way in which their thinking about work develops in a number of specific periods starting in high school. A follow-up survey on their initial careers provided an overview of how school guidance and working conditions they got after graduation influence their selection of career course and how their working attitude develop. A questionnaire was administered to about 2,000 10th grade students in high-school in 1985 in six regions. The regions were selected nationwide by taking into account characteristics of the job market. Questionnaires were sent to the 2,000 participants six times in 1985 (in their 10th grade at high school), in 1986 (in their 11th grade), in 1987 (in their 12th grade and final year at high school), in 1988 (the first year after graduation), in 1990 (the third year after graduation) and in 1993 (the sixth year after graduation).

Based on the responses to these questionnaire surveys, we will zero in on those graduates with only a high school diploma who found employment, in order to consider the process by which their careers developed and their attitudes toward work evolved.

## **2 Differentiated Careers: Looking at the Time of Employment, Employment Status, and Job Separations**

Of 962 respondents to the survey in 1993 (the sixth year after graduation), 614 had high-school diplomas or had dropped out of a post-secondary institution. Ninety percent of the 614 found jobs immediately after graduation in March 1988; of the remaining graduates 8.5 percent had found work by November 1993 and are called "mid-career (*chutoshugyosha*)."

The mid-career entrants included entrants who switched from being *ronin* (high school graduates who continue to study for university entrance exams after failing to gain entry to a suitable university upon graduation) and those who left college or a special training school midway through their course of study. Many found their employers through personal connections, and 35 percent were employed on a part-time or a temporary basis by small and medium-sized companies with employed fewer than 100 employees. This group contrasted to that of the graduates who took employment immediately upon graduating from high school. Nearly all in the latter group were hired through their school's offices as regular employees. One third found employment in the public sector or in large companies. Many of those who did not become employed upon graduation had taken the general course (*futsuka*) at their high school. With male graduates from a general course alone, approximately 30 percent of male graduates were mid-career entrants.

The Government statistics have not allowed for an accurate estimate of how many graduates gained mid-career employment. They did not reveal how many persons dropped out

of school, the number who found work in a given period after graduation, or the number who gained employment after graduating from special training schools. Perhaps it is time for us to have an appropriate means of knowing about trends of young people making the transition from school to work.

Among those who found employment upon graduation (mostly as regular employees) over time a growing number were ending up in non-regular employment as part-timers, temporaries or dispatched workers. At the time the sixth survey was administered, 20 percent had experienced non-regular employees. Furthermore, 53 percent of those in that group had left their employer at least once, and only 41 percent were regular employees and had stayed on at the same company for the full six years following graduation.

The above findings are summarized in Table 1. Below we will examine each of the career paths in more detail and consider the relation between each career path and the development of each student's consciousness regarding work.

**Table 1: The Early Work Experience of High School Graduates Following Graduation By Course of Study and Gender**

| Employment Type   |         | Regular with Single Employer | Regular with Experience of Job Separation | Experienced Casual Employment | Late Entrants in the Labor Force | Other | Totals | N   | Yardstick (3) | Yardstick (2) | Yardstick (1) |
|-------------------|---------|------------------------------|---|-------------------------------|----------------------------------|-------|--------|-----|---------------|---------------|---------------|
|                   |         |                              |   |                               |                                  |       |        |     |               |               |               |
| All Students      | total   | 40.7                         | 31.6                                      | 17.8                          | 8.5                              | 1.5   | 100.0  | 614 |               |               |               |
|                   | males   | 45.8                         | 27.4                                      | 13.0                          | 11.3                             | 2.4   | 100.0  | 292 |               |               |               |
|                   | females | 36.0                         | 35.4                                      | 22.0                          | 5.9                              | 0.6   | 100.0  | 322 |               |               |               |
| General Course    | total   | 31.9                         | 25.7                                      | 16.8                          | 24.8                             | 0.9   | 100.0  | 113 |               |               |               |
|                   | males   | 32.7                         | 20.4                                      | 14.3                          | 30.6                             | 2.0   | 100.0  | 49  |               |               |               |
|                   | females | 31.3                         | 29.7                                      | 18.8                          | 20.3                             | 0.0   | 100.0  | 64  |               |               |               |
| Commercial Course | total   | 39.9                         | 33.5                                      | 21.7                          | 4.6                              | 0.4   | 100.0  | 281 |               |               |               |
|                   | males   | 42.9                         | 23.8                                      | 20.6                          | 12.7                             | 0.0   | 100.0  | 63  |               |               |               |
|                   | females | 39.0                         | 36.2                                      | 22.0                          | 2.3                              | 0.5   | 100.0  | 218 |               |               |               |
| Industrial Course | total   | 50.0                         | 31.2                                      | 10.2                          | 5.4                              | 3.2   | 100.0  | 186 |               |               |               |
|                   | males   | 50.6                         | 30.6                                      | 10.0                          | 5.6                              | 3.3   | 100.0  | 180 |               |               |               |
| Home Economics    | females | 25.5                         | 38.2                                      | 29.4                          | 2.9                              | 2.9   | 100.0  | 34  |               |               |               |

Note: Yardstick (1)= Time the first job was taken(until April of Graduation year-after May of graduation year-other: unknown)  
Yardstick (2)="Those entering employment as new high-school graduates" who experienced non-regular employment(yes-no)  
Yardstick (3)="Those new high-school graduates experiencing regular employment only" who once left work(continue first job-quit first job)

### 3 The Employment Situation Six Years After Graduation

Of the 614 high-school educated persons, 541 (88.1 percent) had worked at the time when the sixth survey was conducted. By gender, 96.2 percent of the 292 males and 80.7 percent of the 322 females had jobs. Among the males, 86.5 percent were regular employees; 5.3 percent were part-timers and temporaries; and 7.8 percent self-employed or family workers. Among the females, 88.1 percent were employed on a regular basis; 8.5 percent were employed on a part-time or a temporary basis; and only 1.9 percent were self-employed or family workers.

Among the males who had remained as regular employees at the same company, there



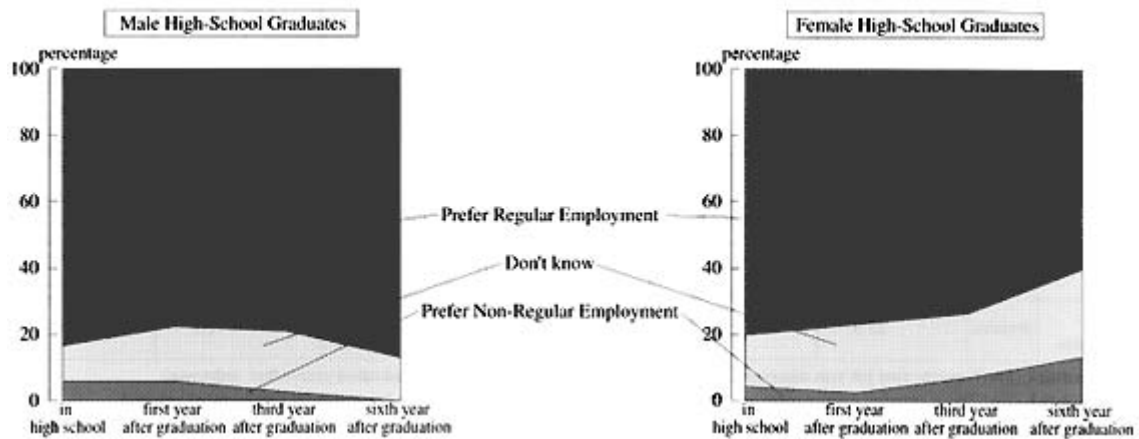
was a large number of blue- or white-collar workers who were employed by large companies and the public sector. One third of the females who were regular employees with a single employer were in white-collar jobs and worked at large companies or in the public sector.

When asked about the number of years necessary to do their present jobs as a full-fledged worker, the largest number of males said from three to five years and the largest number of females said from one to three years. Many males and females replied that they were fairly well qualified to do their work. However, a good number of males also indicated that they were still training.

As for the experience necessary to do the jobs, over three years was required for "high-skilled jobs" and under three years for "low-skilled jobs." Respondents were also asked to indicate whether they recognized themselves as full-fledged workers. Both male and female regular employees with a single employer were in high-skilled jobs and most perceived themselves as full-fledged workers. Many regular male employees who had experienced job separation and non-regular male employees were training for "high-skilled jobs." It is thus likely that many males were nevertheless trying to acquire certain high skills. For females, however, the picture was not so encouraging. Excepting regular employees with a single employers only about 30 percent of females had found jobs that required over three years of experience. They seemed to have had difficulty acquiring skills.

A good number of the males felt they were "full-fledged workers in high-skilled jobs" after three or four years of continuous employment with the same employer but after five years the number decreased. Seventy percent of the females came to consider themselves as "full-fledged workers in low-skilled jobs" after three or four years. However, after four or five years with the same employer, a number of the women found themselves in high-skilled jobs, with more sophisticated contents. It seems that there may be a job change after 3-5 years in most companies, and young employees can challenge new or more skilled jobs. The data from this survey points to the importance of staying at the same company in the first six years after graduation.

Figure. 1: The Preference for Regular and Non-Regular Employment



#### 4 Changes in the Attitudes Toward Work

It is generally told that people's attitudes toward work begin to form while they are in highschool and will evolve as they enter employment and accumulate on-the-job experience after graduation. The survey showed that young persons have no clear awareness of employment and careers while in school. Most students wanted to have a regular job and to stay employed at a single company. The survey put to each respondent six questions regarding views of work. The questions were framed in the same fashion in repeated rounds of the survey beginning in the high school years. Below attention is focused on the responses to these questions as they relate to the importance of career and employment.

- (1) Between 10 and 20 percent of males and females felt that persons did not need to stick to a regular job (Figure 1). This was true both for high school graduates and for those with higher educational qualifications. Over time, increasing numbers of female graduates did not feel a need to stick to a regular job while the number of males wanting to have a regular job increased. When we trace each one's response through the survey period, more of the men found that their attitude toward work changed. Furthermore, the changing tendency was that many did not stick to a regular job ~ they experienced non-regular jobs and were once engaged in sales and service jobs at smaller-scale companies.
- (2) In response to a question about whether they prefer to work for a company or for themselves, many respondents indicated a preference to work for the company. However, over time a growing number of males was gradually wanting to work for themselves. A look at each respondent's views over time shows that male views of work tended to change after graduation. Many of those who come to want to be independent had gone to special training schools or were those who avoided regular employment upon graduation. Many were gray-collar or blue-collar workers at small or medium-sized companies.
- (3) Asked whether they want to work only for "the same company" or for "more than one

company", the largest number of students answered that they consider it best to work for a single company. However, after they graduated, many changed their thinking, and very few continued to feel they wanted to work only for the one company. Many males who attended special training schools, and took non-regular employment or changed jobs, and many male gray-collar or blue-collar workers in small or medium-sized companies prefer to work for more than one company.

The rising unemployment rate among young persons and the changing consciousness which has accompanied that are reflected in the results to this survey. The report on the survey surmised that the preference for a non-regular job and secure employment germinated in the minds of students while they were still in high school, and was reinforced as they gradually acquired working experience. This pattern was particularly pronounced among men.

Those with this consciousness were particularly numerous in sales and the service industries, and in the smaller companies. Many of these types of employees added to their skill base by changing jobs or by working independently rather than staying with the same company for extended periods of time. One could say that workers were readjusting their expectations for work in order to bring them into line with the realities they were actually experiencing at work. It is quite natural that this thought process would occur mainly outside the normal progression from school to stable long-term employment with a single employer. The research supported the notion that the attitudes towards work held by Japan's youth were shaped to a considerable degree by their life experiences at work and depended upon the opportunities in front of them at any given time.

The views which students have about employment and careers was underdeveloped and remained rather stereotyped while they were in high school. However, once they had graduated, their stereotypes were changed by the environment they experienced after graduation. Many of the graduates who stayed as "continuous regular employees with a single employer" upon graduation found such employment in large companies through the placement service of the career guidance offices at their schools. Many of those who took this path held their views of preferring regular jobs and continued to work for a single company throughout the period studied. On the other hand, those who entered the job market without the intervention of their schools, switched jobs and/or worked at casual jobs acquired more varied work experience and sought careers which seemed to offer greater opportunity. A similar conclusion could be drawn on which higher education one goes to, many for the other participants in this study: (1) the males who graduated from college and found white-collar employment at Japan's largest companies, (2) the male and female graduates from the special post-secondary training schools who entered small and medium-sized companies, and (3) the few female college graduates who found regular tenured positions. Their views of work and career evolved according to the situation they found at their places of work.

As for the graduates who found employment right out of high school, the sharp drop in the number of positions for high-school graduates is declining sharply. Moreover, the number of positions at large enterprises is also declining. In response to these changes in the labor market, Japan's high school graduates are likely to look harder at their job prospects. More will be changing jobs. The study also underlines the importance of having institutions to help high-school graduates make smooth and stable "career transitions" once they are in the labor market. As society seems increasingly to reward those with more education and higher levels of skill, further discussion will be necessary in society as a whole to enable young people to function smoothly as adult members of society.

[References]

Nihon Rôdô Kenkyû Kikô (Japan Institute of Labour), Kôsotsusha no Shoki Kyaria to Kôkô Kyôiku: Shoki Shokugyô Keireki ni Kansuru Tsuiseki Chôsa Kekka (The Early Experiences of High School Graduates in the Labour Market and High School Education ÷ Results of the Longitudinal Survey on Initial Career Paths), Japan Institute of Labour Research and Study Report No. 89 (Tokyo: Nihon Rôdô Kenkyû Kikô, 1996).

**Human Resources Management**

Recent Labor Economy Indices

|                                  | April 1997         | March 1997         | Change from previous year |
|----------------------------------|--------------------|--------------------|---------------------------|
| Labor force                      | 6,805(10thousand)  | 6,723 (10thousand) | 74(10thousand)            |
| Employed                         | 6,574              | 6,489              | 78                        |
| Employees                        | 5,383              | 5,359              | 81                        |
| Unemployed                       | 231                | 234                | 4                         |
| Unemployment rate                | 3.4%               | 3.5%               | 0.1                       |
| Active opening rate              | 0.71               | 0.70               | 0.02                      |
| Total hours worked               | 164.5 (hours)      | 156.5 (hours)      | 1.3*                      |
| Total wages of regular employees | 291.9 (¥ thousand) | 288.2 (¥ thousand) | 1.8*                      |

Source: Management and Coordination Agency, Ministry of Labour.

Notes: 1.\*denotes annual percent change.

2.From February 1991 the data for "total hours worked" and "total wages of regular employees" are for firms with 5 or more employees.

