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General Survey

Japanese Corporate Groups and Flexible Workforce: Establishments and Enterprises Census

Companies with subsidiaries account for 3.5 percent of all companies, those with related companies for 5.7 percent and those with parent companies for 6.8 percent, the Management and Coordination Agency (MCA) said in a preliminary report released on August 29. The second preliminary figures of the MCA survey for 1996 indicate that both enterprises with overseas subsidiaries and those with related companies abroad make up 0.4 percent of the total. The establishments and enterprises census (which used to be called establishments census) also shows that nearly half of companies with subsidiaries overseas and about 40 percent of those with related companies abroad are in the manufacturing sector. New survey items were added to grasp the realities of the activities of companies as a whole, globalization and utilization of dispatched workers.

The number of establishments with workers subcontracted and dispatched from other enterprises was 234,000, and the number of dispatched or subcontracted workers was 191.7 million. By industry, the percentage of establishments staffed with dispatched or subcontracted workers was 24 percent for electricity, gas, heat supply and water supply, 13.7 percent for finance and insurance, 9.6 percent for mining, and 9.4 percent for transport and telecommunications. The percentage by industry of dispatched or subcontracted workers was 5.6 percent in construction, 4.7 percent in finance and insurance and 4.6 percent in transport and telecommunications.

Working Conditions and the Labor Market

Forty Percent at Local Companies are "U-Turners": JIL Survey

Forty percent of male employees working for local companies are "U-turners" who finished school in prefectures other than those in which they were born and then returned to their hometowns, according to a survey by the Japan Institute of Labour (JIL). U-turners are those from rural areas who move to big cities to attend school or find work and then later return to their hometowns. In June 1996, the JIL sent out questionnaires to 1,447 establishments and their 13,737 employees, selected from establishments in 10 different regions across the nation. It received replies from 559 establishments (38.6%) of the 1,447 surveyed and from 4,132 employees (30.1%) of the 13,737 surveyed. The employee survey was targeted at 3,458 employees with fewer than 15 years of service. Of those, 60.8 percent were

males and 39.2 percent were females.

Looking at the movement of male employees, those who graduated from school and found work in their home prefectures comprised the highest, or 50.9 percent, followed by 37 percent who finished school in metropolitan areas and then returned to their hometowns to find jobs. They are known as those "who made a U-turn to find jobs," and the majority of them first found employment in prefectures other than their home prefectures and then later relocated to their home prefectures.

Asked why they work in their home prefectures, 45.9 percent said, "because I was born and brought up here" and 31.5 percent said "to look after my parents" 20.5 percent said "found a good company". The first two reasons were cited more by those who made their "U-turn" to find employment than by those who finished school and found work in their home prefectures. Local companies will be welcoming workers back to their hometowns. They are desperately seeking quality workers such as "those engaged in skilled jobs" (39.9%), followed by "those in sales" (31.9%), "those in research and development" (30.9%) and "those in information processing" (30.4%). Workers returning home may enable local companies to resolve their future managerial concerns. "Expansion and strengthening of sales networks and strengthening of sales and rank" (40.1%), "high value-added existing products" (39.4%) and "use of formation and office automation in business operations" (34.9%) and "development of the new products" (33.6%) were among the top future concerns of management.

Average Scheduled Weekly Work Hours Down Below 40 Hours

According to a 1997 general survey on work hours released by the Ministry of Labour, scheduled weekly work hours averaged 39 hours and 26 minutes, one hour and 41 minutes less than the year before. This marked the first drop below 40 hours since the Government started compiling statistics. Officials of the Labour Standards Inspection Offices across the country visited 16,932 enterprises to conduct the survey, to which 100 percent responded.

With the 40-hour statutory work-week that began in April 1997, the Ministry of Labour set a two-year from April 1997 to March 1999 for giving guidance and assistance to enable smaller businesses to realize of the 40-hour work-week.

How shortening of their work hours was progressing at the targeted smaller enterprises attracted much attention in the survey. Of all the targeted enterprises which were allowed to continue with a 44-hour work-week till March 1997, 76.3 percent achieved 40 weekly hours, far exceeding the previous figure of 36.4 percent. Even among enterprises staffed with fewer

than 10 employees in stores, and movie and entertainment businesses which are allowed to continue with a 46-hour work-week, 56.4 percent achieved the 40-hour work-week. The figure for 1996 was 42 percent.

Overall, 77.8 percent of the enterprises achieved a 40-hour work-week, up 37.5 percent from the year earlier. This meant that 87.5 percent of the workers could benefit from a 40-hour work-week, up 33.8 points from the previous figure. By enterprise size, 98.6 percent (94.5% in 1996) of enterprises with 301 or more employees and 95.3 percent (66% in 1996) of those with 101 to 300 employees could achieve a 40-hour work-week. The figure was 89.5 percent (48.4% in 1996) for enterprises with 31 to 100 employees and 76.2 percent (38.7% in 1996) for those with 1 to 30 employees.

Labor-Management Relations

Washio Appointed New Rengo Chief

Etsuya Washio, who served as General Secretary of Rengo (Japanese Trade Union Confederation) for four years, was appointed the new president of the group at its fifth annual convention held on October 2 and 3. In the first-ever run-off round of balloting since the founding of the organization in 1989, Washio won 90 percent of all votes, defeating Mitsuharu Shibata, president of JR Soren (Japan Confederation of Railway Workers' Unions) and the only contending candidate. Tsuneo Enomoto, president of Jichiro (All Japan Prefectural and Municipal Workers Union), was named deputy president and Kiyoshi Sasamori, former president of Denryoku-Soren (Federation of Electric Workers Union of Japan) was appointed general secretary. The new leadership will hold office for two years.

New Rengo President, Etsuya Washio: Born in 1938. Graduated from the Faculty of Economics, the University of Tokyo, and entered Yahata Steel Corp (now Shin-Nippon Steel). Served as vice president of Shin-Nippon Steel Corporations union, president of Tekko-roren (Japan Federation of Steel Workers' Unions) before becoming Rengo's secretary general in 1993.

New Deputy President, Tsuneo Enomoto: Born in 1940. Joined Tokyo's Minato Ward Office in 1959 after graduating from Urawa Commercial High School in Saitama Prefecture. Jichiro president in September 1997 after serving as its vice president.

New General Secretary, Kiyoshi Sasamori: Born in 1940. Graduated from Kawagoe High School in Saitama Prefecture and joined the Tokyo Electric Power Co., Inc. Served as president of Tokyo Electric Power Co.'s Union and then as the president of Denryoku-Soren in

1993 (retired in September 1997).

Public Policy

1996 Reports to Labour Standards Inspection Offices Hit 10-year Record High

In 1996, Labour Standards Inspection Offices throughout the country accepted 21,494 reports, the highest number in the past 10 years, according to the Ministry of Labour. Due in part to the effects of the recession, the number of reports has been increasing for six years running. Workers may report to a Labour Standards Inspection Office workplace violations of the labour standards law or related legislation, asking for benefits stipulated by law. The Labour Standards Inspection Office then investigates the claim, and if it acknowledges that violation of the law occurred, it provides guidance to the employer to correct it. By industry, the largest number of reports came from construction (20.3%), followed by commerce (19.5%), manufacturing (17.4%), service and entertainment (15.2%) and transportation (8.2%). The number of reports has been increasing also in education and research (2.3%) and staff-dispatch business (1.5%), including software development which has been a fast-growing business in recent years. As for the content of the reports accepted, matters pertaining to payment of wages accounted for three-fourths (74.8%) of all reports made, followed by those concerning dismissal procedures (25.3%), those relating to working conditions (4.8%) and those concerning industrial safety and health (1.6%). Recently, reports pertaining to foreign workers, dispatched workers and part-timers have been increasing.

Of the 25,537 reports which include the 21,494 received in 1996 plus the 4,043 carried over from 1995, 20,110 were solved as a result of inspections and the 4,433 were carried over to the following year.

In 1996 Labour Standards Inspection Offices across the nation conducted 150,000 workplace inspections, provided guidance to 15,000 individual proprietors to determine causes of industrial accidents, and prevent new accidents and provided group guidance for employees 50,000 times, to enforce laws and make the laws thoroughly known to the employers and the workers.

Special Topic

Flexible Working Hours System and Conditions for its Active Utilization

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1.0 What is the Flexible Working Hours System?

Under the provisions of the Labour Standards Law (LSL), which regulate hours of work for regular collective factory labor, Japan had for a long time set upper limits on daily and weekly hours of work. The 1987 and 1993 revisions of the LSL, however, introduced flexibility so that working hours could more easily be adjusted to changes in the level of business activity and labor process brought about by changes in the industrial structure. Two types of flexibility hours systems are enhanced. The first type (type A) concerns the ability of the firm to fine tune its demand as its need for the seasonally fluctuated volume of work (the flexible working hours system for the firm). The second type (type B) concerns the ability of the worker to independently set his or her hours of work (the flexible working hours system for the individual worker).

The type A working hours system allows the demand for labor to be better matched to the supply of labor services as the hours-averaging scheme. The type B working hours system allows the worker to allocate work hours in accordance with the rhythm of his or her life, and to adjust the pace of work to his or her own needs. Type B consists of flexitime (*furekkusutaimu seido*), or the discretionary work system (*sairyo-ro-do-seido*).⁽¹⁾

The type B working hours system contributes to the well-being of both the individual and the firm when the worker allocates his or her hours of work in a manner which fits in with the needs of the firm. In this sense, the type A working hours system and the type B working hours system overlap in the context of flexibility. However, the flexibility of the type A work hours system comes from the fact that predicting fluctuations of labor demand, the firm changes allocation of work hours beforehand in step with them. The worker is not expected to manage his or her work hours independently, and in this regard, the type A work hours system is fundamentally different from the second one in terms of flexibility. Also, under the type B system, the worker is given the right to independently determine his or her work hours to ensure that by relaxing the heteronomous management of working hours, his or her

willingness to work is enhanced and that goal consciousness in regard to time management is awakened to increase time efficiency, thus realizing working life in harmony with the rhythm of his or her life.

2.0 The Effect of the System of Flexible Working Hours on Employees

Two different surveys (Survey I and Survey II) were recently conducted by Rengo Soken (the JTUC Research Institute for the Advancement of Living Standards) to determine whether flexible working hours have contributed to shorter working hours and more latitude in the way workers use their time.⁽²⁾

Survey I was conceived as a means of determining how persons working under the flexible working hours system evaluate the system and how their hours of work have changed as a result of the flexible working hours system having been adopted. According to the survey, 27.8 percent of the respondents indicated that hours of work became shorter. Another 54.9 percent responded that their hours of work remained about the same, while 4.5 percent felt their hours of work had become longer and 12.6 percent claimed that they did not know. The survey seems to indicate that the flexible working hours system has contributed to a reduction in the number of hours worked.

Based on data from the second survey, Table 1 shows the flexible working hours system has also served to create a sense of well-being in terms of the worker feeling that he or she has more time and feeling less psychological pressure both at home and at work. This result is perhaps not only unrelated to the figures on changes in working hours given above but also to the ability of workers to autonomously manage their hours of work in accordance with the requisites of the work being done and the needs of their own life style.

Table 1: Changes in the Worker's Sense of Well-being as a Result of the Flexible Working Hours System

	A greater sense of well-being	No change in the sense of well-being	A drop in the sense of well-being	No reply
At the place of work with regard to the psychological pressure one feels	36.6	55.7	6.5	1.2
with regard to the amount of free time one has	35.4	56.3	7.1	1.2
At home with regard to the psychological pressure one feels	40.5	53.5	4.4	1.6
with regard to the amount of free time one has	44.7	48.7	5.0	1.6

Note: Those to whom flextime and discretionary work system are applied (636 workers).

Source: Survey II

The flexible working hours system has contributed to a net reduction in the hours of work and to a net improvement in the overall sense of well-being at work and at home. However, the flexible working hours system does not necessarily lead to greater flexibility in all circumstances. The type A working hours system depends on the firm being able to predict its demand for labor. Firms cannot allow employees to work flexibly if they do not know how their labor needs are going to fluctuate. However, firms which can predict correctly will have little difficulty in providing their employees with flexible hours. Flextime and the discretionary work system also require that workers be able to independently manage their work hours and their assigned workloads. Survey I asked workers about the full utilization of flextime and discretionary work system in terms of their lives and work. The responses are given in Table 2. In short, those who felt they could hardly utilize the flextime "effectively" or "not at all" totaled 21.8 percent. For the discretionary work system, the figure was 15.2 percent. In the sections below, each of these two systems, is analyzed in terms of factors which account for how the system operates and then is considered in terms of the conditions which allow for it to be actively utilized in accordance with the goals set for the system.

Table 2: Extent to which Flextime and Discretionary Work System are Used

Response	Workers employed with a flextime (560 workers)	Workers employed with a discretionary work system (61 workers)
Was able to actively utilize system	16.1	15.2
Was able to utilize system to some extent	50.5	63.0
Can hardly utilize the system	17.9	15.2
Cannot utilize the system at all	3.9	0.0
Don't know	11.4	6.5
TOTAL	100.0	100.0

Source: Survey I

3.0 Factors Hindering the Active Utilization of the Flexible Working Hours System

Table 3 lists 15 aspects of the work which is done by those covered by either the flextime or the discretionary work system, and indicates whether they affect the ability of workers to utilize these schemes. Less than 15 percent of the employees having access to either scheme replied that none of the 15 descriptors applied to their workplaces.

The Survey results suggest that many workplaces do not suit the introduction of the flexible working hours system. Do these workplaces present an obstacle or obstacles to

utilizing the flexible working hours system, then? As discussed earlier, a small 15 percent responded their workplaces present none of the 15 factors. Questioned about whether these factors impeded their utilization of the system, however, 49.8 percent of those working with flextime and 42.6 percent of those with a discretionary work system answered that none of the 15 factors negatively affected the use of the schemes found in their own workplace. Less than half of the sample answered that more of the 15 factors impeded their use of the flexible work system at their own firm.

Factors pointed out as problems respondents with a flextime includes items "Having to have lots of contacts and to engage in lots of coordination with other divisions in the firm" (19.8%); "having more work to do than there are people available to do it" (19.6%); "The extent to which my job affects the way work is done by other employees" (14.6%); "The failure of the supervisor at allocation of work and providing guidance in an appropriate manner" (12%); and "Having to participate in many meetings" (11.4%). Factors cite as problems hindering the active utilization of discretionary work system included items "The extent to which my job affects the way work is done by other employees" (24.6%); "Having to have lots of contacts and to engage in lots of coordination with other divisions in the firm" (21.3%); "Having to participate in many meetings" (19.7%); "Having more work to do than there are people available to do it" (18%); "The extent to which individual jobs and responsibilities are not clearly defined at the workplace" (11.5%); and "The failure of the supervisor at allocation of work and providing guidance in an appropriate manner" (11.5%). In summary, flexible working hours system are more difficult to use when the work involves shared responsibility for work which cannot be completed by one person alone, and allows only for narrow discretion; when the volume of work is unreasonably heavy; and when work directives are not adequately given by the supervisor.

Surveys I and II also point to the conditions for the effective utilization of a flexible working hours system. Clear directions as to how the work is to be evaluated, a firm work target, and the increased portion of work performed individually were among the top four conditions cited by those working with the flextime and discretionary work system. Clear work directives from the supervisor and increasing the discretion of employees to manage their own work were among the top conditions cited by those working with the flextime. Training for supervisors was seen by those with a discretionary work system as important marker that evaluations did not vary from one supervisor to another. Considering these responses with those factors hindering the active utilization of flexible working hours systems underlines the importance of giving employees more discretion and of increasing the portion of work which can be done by individual employees on their own. It also follows that clarifying the criteria by which work will be appraised, the deadlines and the volume of work to be

achieved are considered necessary if individual employees are to improve their ability to manage their own work. These are steps for firms to take in order to utilize the flexible working hours system more effectively.

In order for flexible working hours to be utilized in a positive manner, two other conditions are important: giving employees both the authority and the training to manage their workload and to select the best means of doing their work autonomously.

Table 3: Factors in the Workplace which Make it Difficult to Fully Utilize a Flexible Working Hours System
(in percentages; multiple answers accepted)

	Workers employed with a flextime (560 workers)		Workers employed with a discretionary work system (61 workers)	
	Problems which have to do with the workplace	Items mentioned which hinder the utilization of flexible working hours system	problems which have to do with the workplace	Items mentioned which hinder the utilization of the fixed workload scheme
1. Having to hold many interviews with business clients and customers	25.7	10.2	13.1	8.2
2. Having to have lots of contacts and to engage in lots of coordination with other divisions in the firm	1) 52.0	1) 19.8	2) 45.9	2) 21.3
3. Having a lots of work which cannot be done in the workplace	5) 29.8	7.9	31.1	9.8
4. Having lots of work which requires planning and judgment	4) 38.8	3.0	4) 34.4	3.3
5. Having lots of work which is done outside of the firm	9.6	3.9	8.2	4.9
6. Having to participate in many meetings	28.8	5) 11.4	27.9	3) 19.7
7. Having more work to do than there are people available to do it	2) 46.3	2) 19.6	3) 39.3	4) 18.0
8. Excessively strict time management	6.8	3.4	3.3	1.6
9. Too much attention on the amount hours worked and on work processes than on work actually accomplished	7.1	4.1	4.9	4.9
10. The extent to which my job affects the way work is done by other employees	3) 40.5	3) 14.6	1) 59.0	1) 24.6
11. The extent to which individual jobs and responsibilities are not clearly defined at the workplace	20.5	8.0	4) 34.4	5) 11.5
12. The failure of the supervisor of allocation at work and providing guidance in an appropriate manner.	25.9	4) 12.0	26.2	5) 11.5
13. Too much non-paid overtime	7.1	5.0	8.2	4.9
14. Cumbersome procedures for utilizing the flextime and set workload schemes	2.3	2.0	0.0	0.0
15. Inadequate understanding by employees of the main purposes of flextime and the set workload schemes	11.8	6.8	3.1	4.9
16. Items 1 to 15 are not important issues	13.0	49.8	14.8	42.6

Source: Survey I

4.0 Flexible Working Hours Systems and the Personnel Appraisal System

For there to be more flexibility in hours worked, many personnel appraisal systems need to be revamped to give greater weight to the actual outcomes which flow from each worker's efforts. The data from Survey I shows that flexibility in work hours was correlated with higher levels of openness in terms of the amount of information on the personnel appraisal system made available to the public and with greater recognition of the appraisal criteria those covered by the system. The percentage of those who said they had some idea of the criteria by which their work was assessed was highest among those with a discretionary work system, next highest among those with a flextime without core time, then among those with a flextime with core time. As for the method of personnel appraisal, the percentage of those who

felt they were evaluated by the work actually accomplished increases as we move toward the categories in which workers have more flexible working hours. As work hours become more flexible, information about how work is evaluated is more generally available and there is more emphasis on the actual work performed.

The data from Survey I also reveals that there is a relationship between satisfaction with the personnel appraisal system and recognition of it. Those who know the criteria by which their work is assessed are more satisfied with their appraisal system than those who do not know the criteria. From this, we might project that the spread of flexible working hours system will be accompanied by more information about the personnel evaluation system being more openly shared with employees and by changes in the system which place more emphasis on work actually performed. The result should be workers who are more satisfied with the system.

5.0 Conclusion

The flexible working hours system has contributed to a shortening of work hours and seems to have resulted a greater sense of comfort and well-being both at workplace and at home. However, the following measures are essential for flexible working hours systems to be more actively utilized: (1) clearly setting targets concerning the quality and volume of work and deadlines; (2) giving workers the authority to manage the flow of their work and to select how they will do the work; (3) evaluating the worker according to the work actually performed; (4) being clear about the criteria by which work will be evaluated; and (5) establishing mechanisms which will cultivate the ability of workers to engage in self-management. Also, the more flexible working hours system will further the disclosure of information on the personnel appraisal system as well as promote evaluations based on the result in terms of the work done, and this in turn will give employees more satisfaction with the system.

Notes:

(1) For a discussion of the discretionary work system, see Araki, Takashi, "Regulation of Working Hours for White-collar Workers Engaging in 'Discretionary Activities,'" Japan Labor Bulletin, 35.7 (1996) 5-8.

(2) The two surveys are "Shigoto no Henka to Ro-do-jikan no Danryokuka ni Kansuru Cho-sa Kenkyu-" (Survey Research on Changes in Work and Flexible Work Hours)(1996) and "Shinjidai no Ro-shikankei ni Kansuru Cho-sa Kenkyu- ˆ Jikankanri no Ju-nanka ni Okeru Kankyo- Seibi ni Kansuru Cho-sa Kenkyu-" (Survey Research on Industrial Relations in a New Era ˆ The Survey on the Environment for Flexible Working Hours System)(1996). Both surveys were conducted by Rengo Soken (The JTUC Research Institute for the Advancement of Living Standards). The first has been referred to as "Survey I", the second as "Survey II". The surveys for individuals were administered to workers at 21 firms who were working under a flextime, or the discretionary work system or the hours-averating scheme and who were introduced by one of Rengo's 21 affiliated industrial unions federations. The two surveys were administered between December 1994 and January 1995. Twenty copies each of the two surveys were sent to the firms through the branches of the industrial federations. Survey I was returned by 609 individuals through the mail. For Survey II, the figure was 771 respondents. In this paper, only those workers covered by the flextime and the discretionary work system were analyzed. Many of the respondents were in a research and development division at their

firms (45.8% for Survey I and 39.3% for Survey II), in a administrative services division (12% for Survey I and 13.6% for Survey II) or in a business operations and sales division (13% for Survey I and 11.4% for Survey II).

Statistical Aspects

Recent Labor Economy Indices

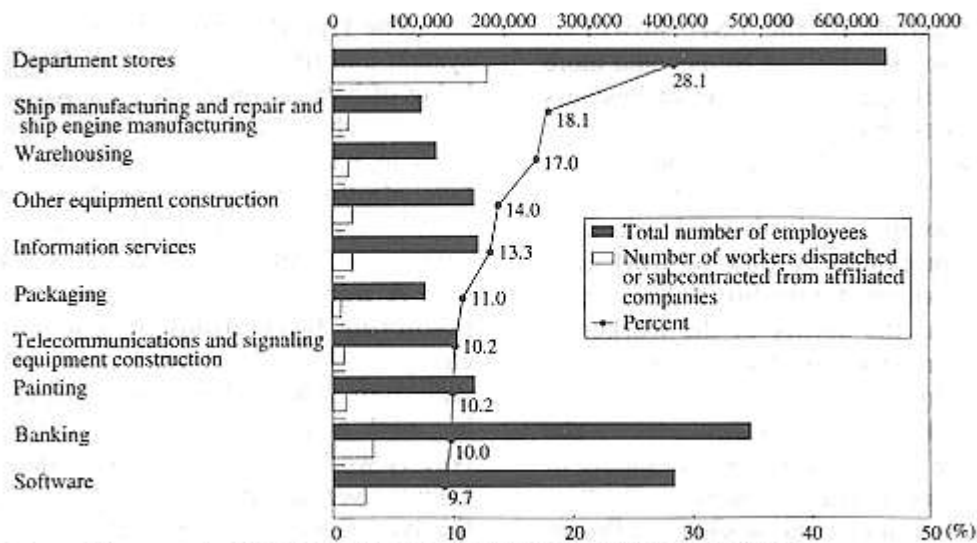
	September 1997	August 1997	Change from previous year
Labor force	6,832 (10thousand)	6,821 (10thousand)	40 (10thousand)
Employed	6,596	6,590	27
Employees	5,382	5,377	36
Unemployed	236	231	12
Unemployment rate	3.4%	3.5%	0.2
Active opening rate	0.7	0.72	0.01
Total hours worked	157.9 (hours)	149.7 (hours)	0.7*
Total wages of regular employees	(¥ thousand) 292.3	(¥ thousand) 329.2	1.0*

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 to 30 employees.

Source: Management and Coordination Agency, Ministry of Labour.

Industries with High Percentage of Dispatched or Subcontracted Workers (private sector, top 10 industries)



Source: Management and Coordination Agency, *Establishments and Enterprises Census*