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General Survey

Total Fertility Rate Drops to 1.38: 1998 Vital Statistics of Japan

According to the 1998 Vital Statistics of Japan conducted by the Ministry of Health and Welfare, the total fertility rate (the average number of children a female gives birth to in her life) was 1.38, below the 1.39 which set the lowest record in 1997.

In 1998 there were 1,203,149 live births, a one percent increase from the previous year. The number of live births among women in their 30s increased by around four percent over the previous year. However, the figure for women in their late 20s (who were born during the second baby boom between 1971 and 1974) decreased by 0.8 percent. The drop in the overall fertility rate is attributable to a drop in the number of live births among the second baby boomers, who tend to defer marriage or to stay single. In 1998 the average age of the first marriage was 28.6 for males and 26.7 for females, both record highs. The average age of females giving birth for the first time was 27.8, another record high.

Japan's total fertility rate has continued to decline since 1973, when it reached 2.14 during the second baby boom. The 1998 White Paper on Health and Welfare, published prior to the results of this survey, predicted that the population would start to contract early in the 21st century. Assuming the fertility rate remains the same, it projected that the population would decrease to about 67 million by 2100.

The same white paper suggested that the smaller population would result in a smaller labor force, thereby curbing economic growth. The result would be an increased burden on the economically active population and a decrease in its disposable income. The white paper surveyed the prospects for a society with fewer children. On the one hand, it recognizes the value of Japan's traditional employment practices as a source of long-term stable employment. It pointed to the mass hiring of new graduates each year, on-the-job training, the seniority wage system, and so on. On the other hand, it also noted some of the problems involved in those practices: the tendency to put women at a clear disadvantage when they temporarily leave their jobs for marriage or childcare, and the excessive focus on men as reflected in the traditional reliance at firms on a gender-based division of work. The white paper concluded by emphasizing the necessity of developing employment practices and employment patterns which could better accommodate a more varied lifestyle among workers.

Working Conditions and the Labor Market

Registered Foreigners Exceed 1.5 Million

As of the end of 1998, the number of registered foreign nationals* in Japan reached a record high of 1,512,116. The Immigration Bureau of the Ministry of Justice reported the figure which represents an increase of two percent over the figure for the end of 1997. Exceeding 1.5 million for the first time, the foreign population accounted for 1.2 percent of the total population of Japan (126,486,430).

In terms of resident status, “permanent residents” (who are granted permanent residence by the Minister of Justice) totalled 626,760; “non-permanent residents” (who are given residential permission for a fixed period of time) totalled 885,356. The category “non-permanent residents” includes spouses of Japanese nationals, long-term residents, the spouses or children of permanent residents, and overseas students. By nationality, 42.2 percent of all registered foreigners are from one of the Koreas; 18 percent from China; 14.5 percent from Brazil; seven percent from the Philippines; 2.8 percent from the U.S.; 2.7 percent from Peru; and 12.6 percent from other countries. Females account for 51.3 percent, and people in their 20s and 30s for 51.8 percent of the total.

Note: *Diplomats and foreigners who come under the Status of U.S. Forces Agreement (such as military officers, army civilian employees and their family members) are not required to register as aliens. Also, many foreigners who leave the country within 90 days of landing do not apply for registration.

Human Resources Management

1999 Survey on Employment Management

The Ministry of Labour conducts an annual survey to collect information about employment management practices in private companies. Some 6,000 private establishments with 30 or more employees from each industry (excluding agriculture, domestic services, education, and overseas government services) are included in the survey. The 1999 survey (with an 82.2 % response rate) focused on the way companies recruit, employ, and retire employees — topics which are dealt with every three years.

Enterprises with official personnel performance evaluation systems accounted for 50.8 percent of all enterprises. A little over half of those firms (26.7% of the total) had reconsidered or revised their system for evaluation during the previous three years. To a question allowing for multiple answers concerning the nature of the reconsideration and/or revision, 65.8 percent were attaching greater importance to achievement; 46 percent were introducing individual targets for employees; 24.9 percent bring in training for personnel in charge of

running the personnel performance evaluation; and 24.6 percent had made evaluation criteria openly available.

However, 89.5 percent of enterprises with official personnel performance evaluation systems felt their systems had problems: 59.4 percent pointed to difficulties in evaluating workers in charge of different types of duties; 54 percent felt that the training of staff engaged in the evaluation was insufficient; and 45.7 percent felt that their evaluation criteria was not clear or was inconsistent.

On the other hand, 25.3 percent of enterprises with evaluation systems made their personnel evaluations public. In enterprises with 5,000 or more employees, the figure was 60 percent. When asked about what they had made public, most of the enterprises mentioned the evaluation criteria and the results of the evaluation.

Around 30 to 40 percent of enterprises surveyed had fixed criteria for promotion in office work, technology, research, and outdoor work. Most firms indicated that “ability” was the main criterion for promotion regardless of the job. Firms hoped that even those who were not suited to management-track would contribute to the company's overall performance if they had certain specialized skills. About 18 percent of the enterprises surveyed treated employees as specialists. However, more than half of the enterprises with 5,000 or more employees did so. Looking at the reasons for treating employees in production, sales, and other specific branches as specialists, 35.7 percent of the firms answered that it was in order to make full use of each employees' ability by treating him or her as an individual.

Just over 90 percent had set a retirement age, of which 97.1 percent adopted a uniform mandatory retirement age. Of the firms with a uniform mandatory retirement age, 91.2 percent set it at 60; 6.2 percent set it at 65.

Among the enterprises with a fixed mandatory retirement age, 37.2 percent had a scheme for extending the retirement age; 46.8 percent had a scheme for rehiring retired employees; and 27.7 percent had both schemes. Among enterprises with the age-limit set at 60, 36.9 percent had a scheme for extending the retiring age; 46.3 percent had a scheme for rehiring retired employees; and 29.2 percent had both schemes.

Labor-Management Relations

1999 Spring Offensive: Lowest Pay Hike on Record

The wage increase agreed to in the 1999 spring wage offensive was the lowest since the practice of having annual wage negotiations in the spring started in 1956. According to the Ministry of Labour, the average pay hike in 272 major companies in the private sector amounted to ¥7,005, a 2.21 percent increase — ¥1,318 or 0.45 percentage points lower than was recorded the previous year. The wage increase was below the previous low of 2.26 percent in 1998.

The present economic recession is said to be the worst in postwar Japan. This spring, management produced a series of counterproposals calling for wage cuts and the shedding of the labor force. Many observers felt that management was constantly on the offensive while the unions remained locked into defending their demands. According to Rengo (Japanese Trade Union Confederation), around 40 percent of all labor-management negotiations had not been concluded by the middle of May, an unusual delay. In Rengo's words, "The unions, particularly small and medium-sized unions, were in the most difficult situation they had experienced since the beginning of the spring wage offensive in the 1950s."

One feature of this year's negotiations was that management even objected to having the regular annual wage increment. The message to the labor unions was that management aimed to cut as much as possible costs associated with scheduled wages. Behind this message was management's insistence that regular wage increases cannot be regarded as a vested right of workers. This reflects the desire of management to tie the wage system increasingly to job descriptions and to achievement. In taking that stance, they aim to get away from preconceived notions that each employee's wages must increase automatically each year with age and tenure.

Another feature of the negotiations was management's emphasis that company pension reserves and provisions for retirement allowances were insufficient. From March 2000, the international accounting standard in these matters is to be introduced gradually to Japan's enterprises. In particular, from March 2001 companies will be obliged to make public the situation concerning their reserves for pensions and retirement allowances. In recent times, the low interest rates and the ageing of the labor force has put pressure on company pension funds. Some plans have gone into deficit and companies have had to inject large amounts of additional funds into their pension programs. Negotiations in the automobile, electronic, and other industries forced management to counter union demands with the claim that the company was having a hard time making up shortages in the pension funds, and that wage increases would only make the situation worse.

Accordingly, one might conclude that the forces of globalization had been reflected in this year's spring wage negotiations through the alterations which will be made to accounting practices. The reconsideration of the accounting system in order to meet international standards has affected the wage talks. In this sense, it can be said that the spring wage talks are at a turning point as an institutionalized framework for wage determination which is unique to Japan.

Public Policy

Fundamental Law for a Gender-equal Society

On June 15, the Fundamental Law for a Gender-equal Society was unanimously approved in a plenary session of the House of Representatives. The law lays down the basic ideals which define the gender-equal society. The legislation was enacted so that the human rights of men and women would be respected in order to create an affluent society filled with vitality which would be capable of responding to changes in society and the economy. The law also aims to provide a comprehensive and systematic framework upon which a gender-equal society might be created. To that end, it seeks to clarify the responsibilities of the government at various levels, public bodies, and the general public. It also lays out some basic guidelines which will shape the formation of the “new society.”

The fundamental law is premised on the basic idea that the dignity of both men and women as individuals should be respected, sexual discrimination be prevented, and the opportunities for men and women to realize their full potential as individuals be secured. The law assigns to the government and to local public authorities the duty of devising and implementing comprehensive measures that will promote the formation of a gender-equal society. The law also assigns to the general public the responsibility of working toward the formation of such a society at work, at school, in the local community, at home and in every other sector of society.

The law obliges the government to devise a “basic plan for a gender-equal society.” Local self-governing bodies, too, are required to set up their own basic plans in response to the government's plans. In addition, the law obliges the government to establish a procedure for handling complaints concerning its measures to establish a gender-equal society and to aid people whose human rights are violated (e.g., as a result of discriminatory treatment based on sex). The government is further obliged (i) to research the effects of social systems and practices on realization of a gender-equal society, (ii) to promote international cooperation which contributes to the formation of a gender-equal society, and (iii) to provide information

and to carry out other necessary measures which support the activities of public or private organizations to promote the realization of a gender-equal society.

Given that Japan is an ageing society with fewer children and a developed economy experiencing rapid change, the fundamental law was enacted to enable men and women to respect each other and to share responsibilities equally in order to realize their individualities and full abilities regardless of gender.

Revised Worker Dispatching Law: Worker Dispatching Has Generally been Liberated

On June 30, the amended Worker Dispatching Law was enacted. The current law allows jobs in 26 specific types of work, such as operating OA equipment and filing, to be filled by dispatched workers. The revised law now allows in principle the use of dispatched workers in all occupations, with only a few exceptions in port, transport, construction, guard services and others designated by the Cabinet Order as prohibited types of dispatched work. Under the new law, the worker-dispatching period is limited to one year strictly for the newly allowed types of work. If the one-year limit is violated, the Labour Minister may advise the client company to employ the dispatched worker if the worker wants to be employed at the client company. Also, if the one-year rule is violated, then the temporary labor agency concerned may be penalized by fine. The revised law will come into effect by the end of the year. For more details regarding the legislation, readers are referred to the “Special Topic” in this issue.

Special Topic

1999 Revisions of Employment Security Law and Worker Dispatching Law: Drastic Reforms of Japanese Labor Market Regulations

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1. Introduction

Two bills to amend the Employment Security Law of 1947 (hereinafter “ESL”) and the Worker Dispatching Law of 1985 (hereinafter “WDL”) were passed by the Japanese Diet on

June 30, 1999. The revision of the ESL has lifted general prohibition on private fee-charging placement businesses and has placed private placement services as a coexisting player with public placement services engaging in the supply-and-demand adjustment of the Japanese labor market. The current WDL designates 26 dispatchable types of work which can be dealt with by the dispatching agencies. The revisions to the WDL have abolished such restrictions on dispatchable work types. Therefore, these revisions, both of which are scheduled to take effect within 1999, denote a drastic modification of the Japanese labor market regulations.

This article analyzes the background to the 1999 reforms, explains the contents of the 1999 revisions⁽¹⁾ of the ESL and the WDL, and makes brief comments on the significance of the new labor market policy envisaged by the 1999 reforms.

2. Background to 1999 Reforms

The reforms were driven by various factors such as deregulation drives in Japan, international trends including the adoption of ILO Convention concerning Private Employment Agencies Convention (C-181, 1997), Japan's record high unemployment rate, and structural changes to the Japanese labor market which necessitate a new form of safety net.

2.1 Deregulation Drives under the Economic Slump in Japan

As the author's previous article⁽²⁾ in the *Japan Labor Bulletin* explained, labor market regulations were one of the major targets of the Japanese government's deregulation policy. In the beginning, labor related regulations were regarded as social regulations, and thus were beyond the scope of the deregulation campaigns. However, faced with tardy recovery from the business slump after the bubble boom, it was thought that the inactive external labor market was impeding the flow of workers from declining industries to emerging new businesses and slowing the restructuring of the economy. Since 1995, therefore, the government explicitly named labor market regulations, especially regulations on fee-charging placement services and worker dispatching businesses, as an urgent target for deregulation.

2.2 International Trends and the Adoption of ILO Convention No. 181

International deregulatory trends also spurred on Japan's domestic deregulation drive. Many European countries changed their regulatory attitude towards fee-charging placement services and worker dispatching services (temporary services) since the late 1980s.

On June 19, 1997, the International Labor Organization also revised the Convention on Fee-Charging Employment Agencies Convention (revised) (C-96, 1949) which prescribed the principle of the state monopoly of employment placement services, and adopted the Private

Employment Agencies Convention (C-181, 1997) which dropped state monopoly principle and recognized the important role of private employment agencies in the labor market.

The content of the ILO's Private Employment Agencies Convention was referred to and taken into consideration in the deliberations of the 1999 revisions of the ESL and the WDL.

2.3 Functioning the External Labor Market as a New Form of Safety Net

Since Japan reached a record-high unemployment rate (4.1%) in April 1998, it broke new records almost every month (4.9 % in June 1999). It was thought necessary to activate the external labor market, especially the middle and old white-collar workers market, to absorb the unemployed. Though public employment security offices have functioned well for the placement of blue-collar job seekers in the past, in accordance with the increase in the number of white-collar workers, their function is diminishing and currently only 20 percent of new recruits come via public employment security offices. It was thus thought necessary to encourage the utilization of private fee-charging placement services which provide consulting and market research taking the individual job-seeker's characteristics into consideration.

More fundamentally, if the structural changes in Japan's economy inevitably cause the increased dismissal of employees, it is vitally important to provide an active external labor market. Traditionally, restricting dismissals was the employees' safety net. In the era of restructuring where dismissals are inevitable, an active labor market which can provide the unemployed with suitable new employment opportunities swiftly and smoothly functions as a new safety net. Various employment opportunities and career development choices which an active external labor market can provide are also important for a diversified Japanese work force.

In response to these factors, the ESL and the WDL were drastically revised.

3. 1999 Revisions of the Employment Security Law

The 1999 revisions of the ESL are comprehensive and cover various subjects. Major reforms include the following:

3.1 From State Monopoly to Co-existence System of Employment Placement Service

Under the current ESL of 1947, employment placement services were, in principle, monopolized by the state, i.e. by public employment security offices. Private employment placement businesses were generally prohibited and exceptionally allowed for 29 permissible occupations⁽³⁾ designated by the Enforcement Ordinance of the ESL with a permit from the

Labor Minister (Art. 32, Para. 1, ESL of 1947).

The general prohibition on private fee-charging placement services was de facto lifted by the revision of the ESL Ordinance (not ESL itself) in 1997⁽⁴⁾. Though the current ESL of 1947 ostensibly maintains the general prohibition on private placement services, the 1997 revision of the ESL Ordinance regards all occupations as permissible except for those specifically prohibited occupations by the Ordinance.

As far as deregulation of the scope of permissible occupations is concerned, therefore, the 1999 revision of the ESL is confirmatory rather than creative in nature⁽⁵⁾.

However, it is important that the 1999 revision of the ESL has manifestly recognized a change of the basic idea of the Law. Under the revised ESL, private employment services shall function not as a supplementary service to but as a coexisting mechanism with the public placement service for the proper and swift adjustment of the supply and demand in the Japanese labor market (Art. 1, ESL of 1999). Public and private placement services are to cooperate with each other in order to attain the proper and swift adjustment of the supply and demand of labor force (Art. 5-2, ESL of 1999).

3.2 Relaxation of Fee-Charging Employment Placement Service Regulations

3.2.1 From Positive List to Negative List System

Corresponding to the change of the basic idea of the ESL, regulations on fee-charging placement services have been relaxed in a drastic way. General prohibitions on fee-charging private placement services are abolished (Art. 30, ESL of 1999). Though a fee-charging private placement service is still required to obtain a permit from the Minister of Labor, there is no occupational restriction anymore except for port transport, construction and other designated occupations by the administrative order (Art. 32-11, ESL of 1999). Therefore, the current so-called “positive list” system in which permissible occupations were enumerated by the administrative ordinance has been changed into the “negative list” system which removes general prohibitions and lists prohibited occupations individually.

3.2.2 Clarification and Simplification of the Administrative Procedures

Under the current system, unclear administrative discretion and procedural complexity was criticized. The ESL of 1999 clarifies requirements for obtaining a permit from the Labor Minister and excludes administrative discretion by inserting a provision stipulating that “the Labor Minister must provide a permit when the submitted application meets the requirements” (Art. 31, ESL of 1999). The new Law also contains numerous provisions to clarify administrative procedures concerning a permit, disqualifying causes, and the

revocation of a permit (Art. 30, 32-4 to 32-10, ESL of 1999).

The valid period of a permit is currently restricted to one year but, under the ESL of 1999, it is valid for three years for the first permit and good for five years for the renewed one (Art. 32-6, ESL of 1999).

3.2.3 Regulations of Placement Fees

As for regulations of placement fees from job offerers, the ESL of 1947 set a stringent upper limit on chargeable fees until March 31, 1997. The 1997 revision of the ESL Ordinance partially relaxed the regulations⁽⁶⁾. The 1999 revision has succeeded the 1997 revision.

The ESL of 1999 stipulates fee-charging employment placement agencies shall not receive actual expenses or other commissions or compensation under any guise whatsoever, apart from the two following cases: 1) charging fees with an upper limit to be determined by the administrative order and 2) charging fees based on a chargeable fee table submitted to the Labor Minister (Art. 32-3, Para. 1, ESL of 1999). In the second type of fee, there is no upper limit regulation on the chargeable amount or percentage of fees. In principle, private fee-charging placement agencies cannot charge job seekers any fees for placement services under the ESL of 1999 in the same way as the current regulations. However, an administrative order can allow charging job seekers in exceptional cases where it is deemed necessary to do so in the light of job seekers' interest (Art. 32-3, Para. 2 Proviso, ESL of 1999).

3.3 Regulations Concerning Personal Information and Secrets

In accordance with the individualization and increased interests in privacy protection, the ESL of 1999 introduces regulations on personal information and secrets. Public employment security offices are required to collect, keep and utilize a job seeker's personal information⁽⁷⁾ within a limit of being necessary to perform their functions (Art. 5-4, ESL of 1999). Furthermore, a duty is imposed to employees and ex-employees of fee-charging placement agencies to keep individual's secret obtained in the course of performing their functions (Art. 51 Para. 1).

A violation of this duty is sanctioned by fines up to ¥300,000 (Art. 66, No. 9, ESL of 1999). Employees and ex-employees of public employment security offices, fee-charging and non-fee-charging placement agencies also owe a duty not to disclose personal information obtained in related to their business though there is no criminal sanction for its violation (Art. 51 Para. 2, 51-2, ESL of 1999).

3.4 Strengthening of Implementation Mechanism

In order to secure implementation of the new regulations, the Labor Minister can issue an order to redress fee-charging agencies' violations of the Law and related administrative orders (Art. 48-3, ESL of 1999). Job seekers are entitled to report the fact that a fee-charging agency has violated the Law and/or other administrative orders (Art. 48-4, ESL of 1999). Fines against violations are also aggravated (Art. 63 to 66, ESL of 1999).

4. 1999 Revisions of the Worker Dispatching Law

4.1 Developments of Worker Dispatching Regulations and Deregulatory Measures

Until 1985, worker dispatching businesses (temporary work business) sending their workers to a client company to conduct work under the direction of the client company was prohibited under the ESL of 1947 as one form of the labor supply business. In practice, however, underground or legally questionable dispatching businesses spread under the guise of contract work which is differentiated from the labor supply business. In order to properly regulate these businesses and to provide legal protection for dispatch workers, the Worker Dispatching Law of 1985 (WDL) was enacted⁽⁸⁾.

The WDL of 1985 did not liberalize dispatched work completely but lifted the ban solely for 16 allowable types of work designated by the Cabinet Order to avoid eroding regular employment (so-called "positive list" system). Allowable types of work were those requiring professional knowledge, skills or experience (e.g. computer programmers, production of broadcast programs, interpretation, translation and shorthand, etc.) and those necessitating special employment management (e.g. cleaning of buildings, operation and maintenance of building equipment, etc.) .

After the enactment of the WDL of 1985, business circles criticized that the present restriction of allowable work to 16 types of designated work was too narrow and did not match real situations in practice. As a result of such criticism, the government deregulation plan listed the WDL as one of the primary targets in labor laws.

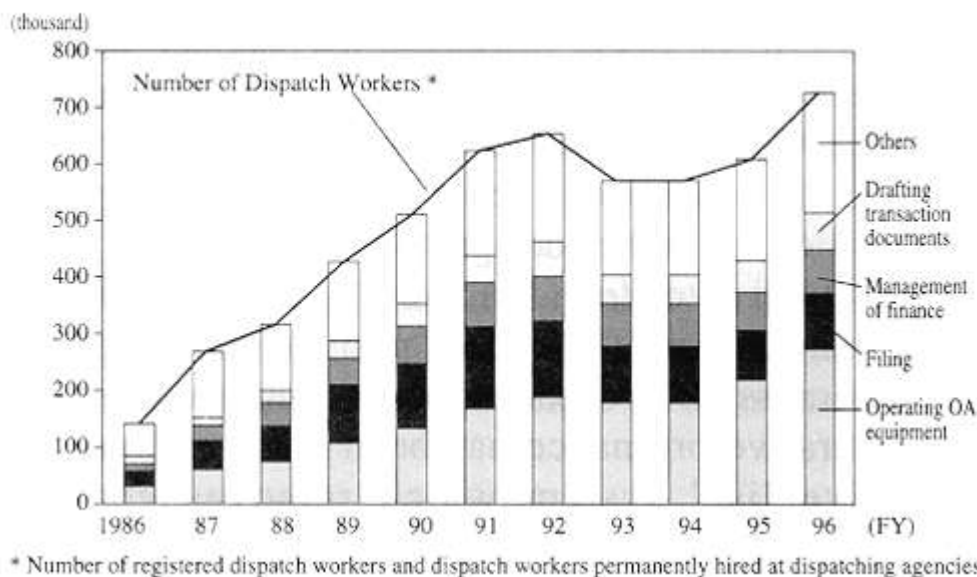
Before the 1999 revisions, several deregulatory measures had been already taken. First, in 1994 when the Older Persons Employment Stabilization Law was amended, the general occupational restriction on worker dispatch was lifted for those older than 60 and only listed activities were prohibited (Negative list system: port transport services, construction, guard services and production services).

In a similar vein, the 1996 amendment of the Child Care and Family Care Leave Law lifted restrictions on activities when a worker is dispatched to replace a worker who takes

child or family care leave on the condition that the dispatched period is not longer than one year (Art. 40-2, the Child Care and Family Care Leave Law). Thirdly, in 1996 a Cabinet Order added 10 new allowable activities and widened one activity which was already allowed under the previous regulations. In total, therefore, 26 forms of activities are allowed under the current WDL⁽⁹⁾.

In spite of these partial deregulatory measures, pressure for deregulation of worker dispatching increased in government and business circles. After a heated debate in the Employment Security Council, a tripartite advisory body in which labor market policies are deliberated, as well as in the Diet, drastic revisions to the WDL were adopted.

Figure 1. Number of Dispatch Workers by Type of Work



4.2 Contents of 1999 Revisions

The 1999 revisions of the WDL, among other things, contain the following three major reforms. Firstly, the new WDL has drastically relaxed regulations of worker dispatching businesses by lifting restriction on allowable activities designated by the Cabinet Order and by simplifying administrative procedures. Secondly, the new WDL treats dispatched work as a temporary adjustment mechanism of supply and demand of labor force, and thus, under the new Law, the worker-dispatching period is limited to one year strictly with the exception for currently allowed worker dispatching. Thirdly, the 1999 reform has strengthened dispatch worker protection.

4.2.1 Relaxation of Worker Dispatching Regulations

The 1999 revisions have dropped the current positive list system enumerating allowable

types of work and have adopted the negative list system naming prohibited types of work. Art. 4 Para. 1, WDL of 1999 lists port transport, construction, guard services and others designated by the Cabinet Order as prohibited types of dispatched work. Art. 4 of the Supplementary Provisions of the revised WDL also prohibits production work for the time being. Therefore apart from these types of work enumerated in the negative list, worker dispatching has generally been liberated.

However, the 1999 revisions are not a total deregulation of the worker dispatching business. Worker dispatching agencies for registration-type worker dispatching⁽¹⁰⁾ must obtain a permit from the Labor Minister in the same way as under the current WDL (Art. 5). The revised WDL has added a new requirement that an agency should not be established for supplying dispatched workers exclusively to a specific client (Art. 7, Para. 1, No 1).

The procedures for obtaining a permit (Art. 5 Para. 2, Art. 16 Para. 1) and those for modifying the content of the permit (Art. 11 Para. 1, Art. 19 Para. 1) have also been simplified. However, to prevent abusive usage of dispatch workers, the revised WDL has added new disqualifying reasons: those who have been penalized within five years by committing a violent crime or by violating social insurance regulations (Art. 6 Para. 1 No. 1 and 2).

4.2.2 Dispatched Work as Temporary Work

When the general restriction on types of allowable dispatched work was abolished, it was feared that dispatch work might replace and erode regular workers' employment. To avoid such situations, the Law characterizes newly admitted dispatched work without work-type restriction as work forces to meet temporary needs and treat it as temporary work in a strict sense.

The revised WDL prohibits a client company from receiving a dispatch worker at the same post in the workplace for more than one year continuously (Art. 40-2 Para. 1). To a client company violating one-year limitation, the Labor Minister can provide necessary guidance and suggestion (Art. 48 Para. 1).

When the client company still continues the violation or is feared to do so in spite of such Labor Minister's guidance and suggestion, the Labor Minister can advise the client company to take necessary measures to redress the violating situation (Art. 49-2 Para. 1). Furthermore, the Labor Minister can advise the client company to employ the dispatched worker if the worker want to be employed at the client company (Art. 49-2 Para. 2⁽¹¹⁾). The Labor Minister can publicize the name of the company which have not followed the Minister's advice (Art. 49-2 Para. 3).

The one-year limit also applies to a dispatching agency. A dispatching agency must not dispatch its worker after the date of which a client company would violate the one-year period limitation if it receives the dispatched worker (Art. 35-2). A violating agency can be penalized by fine up to ¥300,000 (Art. 61 No. 3). A client company must inform the dispatching agency of the date on which receiving the dispatched worker shall constitute the violation of Art. 49-2 Para. 1 at concluding dispatching contract with the agency (Art. 26 Para. 5). When a client company does not inform of the said date, the dispatching agency may not conclude a dispatching contract with the client (Art. 26 Para. 6).

The one-year limitation of dispatch period, however, does not apply to the following three cases of dispatching: 1) the currently permitted 26 types of dispatchable work; 2) work for starting, transforming, enlarging, reducing or abolishing business which is scheduled to be terminated within certain period; and 3) work to replace an employee at the client company who takes maternity leave and child care leave (Art. 40-2 Para. 1 No. 1 to No. 3).

Since the second and third exemptions are rather exceptional, there will be two major types of dispatch workers: currently permitted dispatch workers with special skills or knowledge whose dispatch period at a client company is not necessarily confined to one year⁽¹²⁾, and newly admitted temporary dispatch workers whose dispatch period is restricted to less than one year.

4.2.3 Strengthening of Dispatch Worker Protection

4.2.3.1 Proper Working Environments for Dispatch Workers

The revised WDL has also strengthened dispatch workers protection. First of all, in order to assure appropriate working environment of dispatch workers, a dispatching agency must inform a client company whether the dispatched worker is enrolled in social and labor insurance or not (Art. 35 No. 2), and a client company must endeavor to ensure a proper working environment and afford facilities such as clinics and dining rooms which are usually accorded to the client's employees (Art. 40 Para. 2).

4.2.3.2 Dispute Resolution Procedures

Second, dispute resolution procedures are improved. A dispatch worker can report to the Labor Minister the fact that a dispatching agency or client company has violated provisions of the WDL and its administrative orders. Retaliatory treatment against the reporting worker is prohibited (Art. 49-3). Employment Security Offices are to counsel a dispatch worker and provide necessary advice and other assistance (Art. 52). Dispatch work counselors are to be nominated to counsel dispatch workers (Art. 53).

4.2.3.3 Regulations on Personal Information and Secrets

In recent years, leakage and dissemination of personal information of dispatch workers made the headlines and realized the necessity of legal regulations on personal information. Accordingly the revised WDL introduced provisions requiring proper administration of personal information and secrets.

As one of the requirements to obtain a permit for registration type worker dispatching, an agency must have taken necessary measures to administer personal information^(1,3) properly and to keep dispatch workers' secrets secret (Art. 7 Para. 1 No. 3).

As for personal information, a dispatching agency is required to collect, keep and utilize it within a limit of being necessary for business purposes (Art. 24-3). Accordingly, the administration of personal information is added to the duty of the responsible employee designated by the dispatching agency (Art. 36 No. 4). Client companies often request photos of dispatch workers or interview prior to concluding a dispatch contract with the dispatching agency. Since complaints have been made that they select dispatch workers for their looks and other non-performance related reasons, the revised WDL creates a duty of a client company to endeavor not to engage in such actions for the purpose of identifying dispatch workers (Art. 26 Para. 7).

As for dispatch workers' secret information, the revised WDL has established a more stringent duty. A duty not to reveal secrets obtained in the course of performing its functions is imposed on a dispatching agency, its proxy, and its employees. The same applies to a person who ceases to be a dispatching agency, its proxy, and its employee (Art. 24-4)

4.2.3.4 Application of Sexual Harassment and other Special

Provisions to Client Companies By an amendment of the House of Representatives, client companies are regarded as employers in the sense of Chapter three of the Equal Employment Opportunity Law (Art. 47-2). As a result, provisions concerning sexual harassment (Art. 21, EEOL), and special arrangement of working hours and job assignment for pregnant employees for health checks and following instructions based on its outcome (Art. 22 and 23, EEOL) apply to client companies.

4.3 Remaining Issues

There are several issues which were not clarified by the 1999 revisions of the WDL. For instance, the supplementary resolution adopted in the Labor Committee in the House of Representatives requires the Ministry of Labor to establish a guideline including the

following: When a client company terminates a dispatching contract with a dispatching agency mid-term, the former should find new work opportunity, provide 30 days notice or 30 days wages. As for the interpretation of the one-year limitation of the dispatching period, the Social Policy Committee of the House of Councilors requires the Central Employment Council to clarify the criteria to decide “the same post” and the meaning of receiving a dispatch worker more than one year “continuously”.

These issues are to be clarified by the guidelines issued by the Ministry of Labor before the two revised Laws will take effect by the end of 1999.

5. Implication of the 1999 Reforms to the Japanese Labor Market and Employment Relations

Finally several comments on the significance and implication of the 1999 reforms can be made.

5.1 Deregulation or Relaxation?

First, the basic *raison d'être* of the 1999 revisions was deregulation and to activate the external labor market. However, the legislature thought that once rules were revised, the adopted new rules should be strictly implemented for the improved functioning of the labor market. Therefore the 1999 revisions contain in some parts strengthened regulations concerning implementation of the Laws. Furthermore, to prevent harm caused by deregulation, the revised Laws also introduced new regulations such as protection of personal information and secrets, strengthened dispute resolution procedures, and a maximum duration of dispatch work. Therefore the 1999 reforms of ESL and WDL are not simply a form of deregulation but rather a mixture of both relaxing the current regulations, and introducing new regulations.

5.2 Policy Shift from Employment Security to Labor Mobility?

Second, it is important to note that Japan has started to activate the external labor market. The argument that activating the external labor market functions as a new form of safety net for employees in the era of restructuring is especially noteworthy. Then, has Japan dropped its traditional employment security oriented policy⁽¹⁴⁾ and shifted to a mobile labor market policy completely? The author's opinion is in the negative.

It is true that Japan's employment policy is shifting its *emphasis* from avoiding dismissals and securing employment to smooth reallocation or transfer of work force without unemployment. Typically, the government is introducing and enlarging subsidies to employers who accept middle and old employees over 45 years of age to encourage work force mobility without unemployment. However the government continues to provide traditional

subsidies to maintain redundant employees though those for declining industries are reducing. It is more precise to state that the Japanese government is *adding* expenditure to encourage labor mobility in order to cope with increasing unemployment while maintaining traditional employment securing policy. Case law rules restricting dismissals both for individual reasons and for economic reasons also remain intact. In the light of such total picture of employment policy, therefore, the 1999 reforms activating the external labor market can be evaluated as a partial adjustment of Japan's employment policy which has, in the past, been too slanted towards employment security or the internal labor market.

5.3 Implication of Worker Dispatching Deregulation to Employment Practices

Thirdly, however, the 1999 reforms, especially those of the WDL, may have a significant impact on future employment practices in Japan. Whereas the revisions of the ESL were basically a confirmation of the 1997 deregulation measures implemented by the ESL Ordinance, the 1999 revisions of the WDL were substantial and fundamental. It denotes a significant policy change of Japan's unique treatment of worker dispatching.

In legalizing and regulating dispatched work, how to mitigate its impact on regular or typical employment is the most significant concern in advanced countries. In most European countries, dispatch work is called “temporary work” and subject to similar regulations and restrictions as fixed term contracts. By contrast, the WDL of 1985 adopted a unique approach to avoid the erosion of regular employment. Instead of confining dispatch work to temporary demand, the WDL of 1985 confines dispatchable work to those jobs which require specialized knowledge or skills and those which require special treatment in employment. These restrictions tend to result in a dispatch worker being a technically skilled professional. Though typically a temporary worker in European countries is a male blue-collar worker, the Japanese counterpart is a female white-collar worker⁽¹⁵⁾.

The 1999 revisions of the WDL have drastically changed the policy. Like European policy, the revised WDL generally treats dispatched worker as a temporary work force to meet temporary demand of less than one year. Currently dispatch workers enjoy a considerably higher wage level than part-timers because the dispatching business was confined to jobs requiring special skills and knowledge. However, under the revised WDL abolishing restrictions on dispatchable work and imposing short-term employment, there is a fear that dispatch work will turn out to be cheap labor without employment security.

Therefore it remains to be seen whether the 1999 reforms concerning worker dispatching will be able to strike a good balance between the regular workers' interest in employment security and the dispatch workers' interest for employment opportunities and better career

development.

Notes:

- (1) Some parts of the new regulations amended by the 1999 revisions are, however, not clear at this moment since the details will be prescribed by the enforcement administrative orders.
- (2) Takashi Araki, "Changing Japanese Labor Law in Light of Deregulation Drives: A Comparative Analysis," *Japan Labor Bulletin* vol. 35, no. 5, p.5 (1997) [<http://www.jil.go.jp/jil/bulletin/year/1997/vol36-05/06.htm>]
- (3) 29 permissible occupations included artists, nurses, designers, housekeepers, cooks, models, interpreters, etc.
- (4) See Takashi Araki, *supra* note 2.
- (5) Some parts were newly liberalized by the 1999 revisions. For instance, under the 1997 modification, fee-charging placement of those who have not yet passed one year after their graduation from school was still prohibited if the placement was for clerical and sales jobs. This restriction has been abolished by the revised ESL.
- (6) Concerning the reasons and details of the 1997 relaxation, see Araki, *supra* note 2.
- (7) Art. 4 No. 9, ESL defines "personal information" as "information which concerns individuals and enables to identify an individual by itself or by collating with other information."
- (8) See Takashi Araki, "Characteristics of Regulations on Dispatched Work (Temporary Work) in Japan," *Japan Labor Bulletin* vol. 33 no. 8, p. 5 (1994). [<http://www.jil.go.jp/jil/bulletin/year/1994/vol33-08/05.htm>]
- (9) Araki, *supra* note 2.
- (10) The WDL admits two types of dispatching business and establishes corresponding regulations. Regular-employment-type worker dispatching (specified worker dispatching), where a dispatch worker is hired on a permanent basis, is required to notify the Labor Minister. The second type is registration-type worker dispatching (general worker dispatching [Precisely, an agency dealing both regular-employment-type and registration-type dispatching is regarded as general worker dispatching]), in which the agency has workers register with it in advance and concludes an employment contract with the worker when he/she is dispatched to a client company. The second type of worker dispatching is more unstable because the existence of employment relations depends on the contract between a dispatching agency and a client company. Therefore, rather than mere notice, a permit from the Labor Minister is required (Art. 5). If the dispatching agency violates the conditions attached to the permission, the Labor Minister may revoke the permit (Art. 14).
- (11) This paragraph was inserted by the amendment in the House of Representatives (the Lower House).
- (12) Current regulations stipulate a one-year term as the maximum period for most permissible worker dispatching. However, renewal of these one-year contracts is not prohibited though dispatching agencies are advised not to continue dispatching the same worker to the same post at the client company for more than three years by administrative guidance.
- (13) Alike in the ESL, personal information in the WDL is defined as "information which concerns individuals and enables to identify an individual by itself or by collating with other information" (Art. 7 Para. 1 No. 3).
- (14) For details of the development of Japan's employment policy and its characteristics, see Takashi Araki, "Promotion and Regulation of Job Creation Opportunities, National Report: Japan," in *International Society of Labour Law and Social Security, XIV World Congress of Labour Law and Social Security Theme I*, pp. 385 (1994).
- (15) Takashi Araki, *supra* note 8.

The 1999 White Paper on Labor

The 1999 White Paper on Labour : A Summary of the Analysis

On July 2, the Ministry of Labour submitted its 1999 White Paper on Labour to the Cabinet and released it to the public. The four chapters in Part I of the white paper present an analysis of trends and changes in the labor economy, with emphasis on 1998. Part II, which is titled "The Rapidly Changing Labor Market and the Creation of New Jobs," analyzes labor market situation with a focus on unemployment and job creation, and discusses ways to

transform and to stabilize employment at the beginning of the new century.

1.0 Part I: Trends in and Special Features of the Labor Economy in 1998

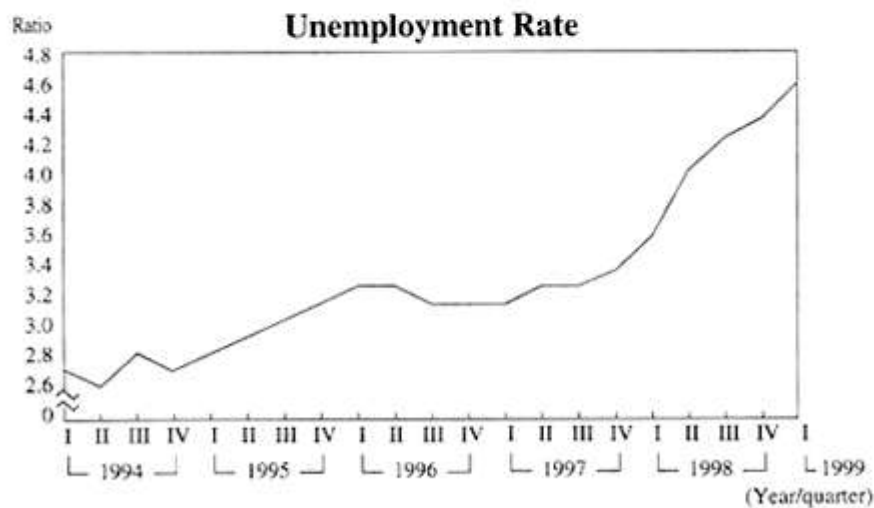
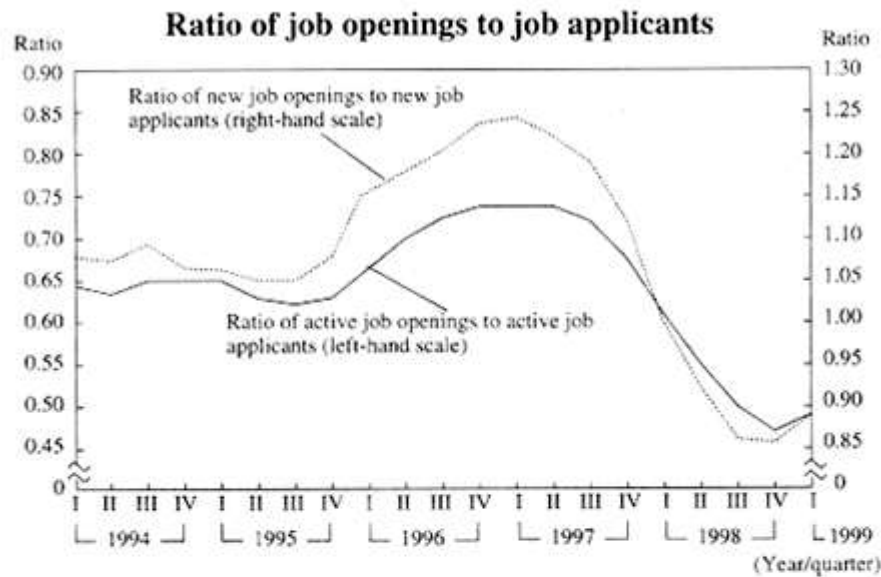
1.1 Chapter 1: Trends in Employment and Unemployment in 1998

(1) Trends in Labor Supply and Demand: As Figure 1 shows, the unemployment situation in 1998 was characterized by a substantial decrease in the number of job openings and a substantial rise in the number of job seekers as the ratio of job openings to job applicants declined sharply in the first half of the year and then at a slower pace in the latter half. As a result, the annual mean ratio for 1998 was 0.53, the lowest recorded since 1963 when comparable data first became available. Figure 1 also shows a similar pattern in the willingness of companies to hire new university graduates.

(2) Trends in the Number of Employed: The number of employed declined significantly in the construction and manufacturing sectors, while growth slowed in the service sector. This resulted in the first drop in the number of employed people over the previous year in terms of the annual average since 1954, the first year for which comparisons are possible. This was due primarily to companies not hiring or limiting the number of new employees in the spring when they normally hire from among new graduates coming into the labor market.

(3) Trends in the Unemployment Rate: The average unemployment rate for 1998 was 4.1 percent, up from 3.4 percent in the previous year. This was the first time the unemployment rate exceeded four percent since 1953 when comparable data became available. As Figure 2 shows, the unemployment rate rose sharply on a monthly basis from February to April 1998; it subsequently rose at a slower rate for the rest of the year, and then again rose substantially from February 1999, rising to 4.8 percent in March 1999. The sharp rise in the unemployment rate in the first half of 1998 resulted from (1) the strong restraints firms have put on hiring, (2) the marked increase of those who newly became unemployed, and (3) a sizable increase in the number of the long-term unemployed. Insufficient demand for labor and the increase in structural and frictional unemployment have also been contributing factors.

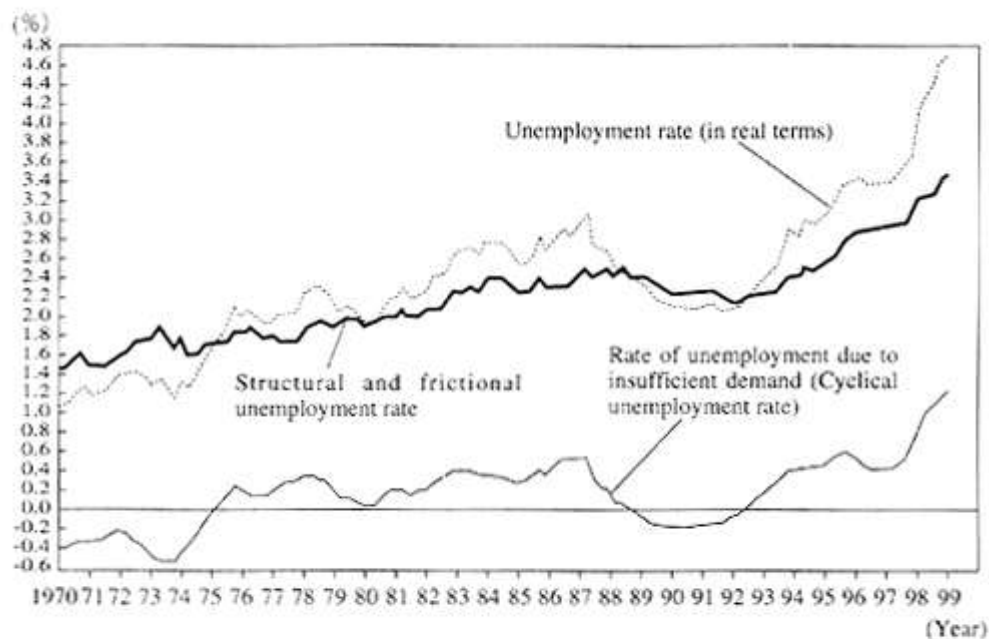
Figure 1. Trends in the Ratio of Job Openings to Job Applicants and Proportion of Unemployed in Labor Force (Seasonally Adjusted)



Note: Quarterly figures for the unemployment rate are estimates provided by the Labour Economy Affairs Division of the Ministry of Labour.

Sources: *Shokugyō Antei Gyōmu Tōkei* (Report on Employment Service), Ministry of Labour, *Rōdōryoku Chōsa* (Labor Force Survey), Statistics Bureau, Management and Coordination Agency.

Figure 2. Changes in Structural and Frictional Unemployment Rates and in the Rate of Unemployment Due to Insufficient Demand (Cyclical Unemployment Rate)



Note: The unemployment rate due to insufficient demand is equal to the actual unemployment rate minus the structural and frictional unemployment rate.

Source: Estimates by the Labour Economy Affairs Division, Ministry of Labour, based on the *Shokugyō Antei Gyōmu Tōkei* (Report on Employment Service), Ministry of Labour, and *Rōdōryoku Chōsa* (Labor Force Survey), Statistic Bureau, Management and Coordination Agency.

1.2 Chapter 2: Trends in Wages, Working Hours, and Occupational Safety and Health

(1) Wages: At establishments with five or more employees, scheduled cash earnings grew by the smallest amount since the surveys of wages began. Non-scheduled cash earnings (e.g., from overtime) and special cash earnings (e.g., bonus allowances), fell substantially. As a result, the total amount of cash earnings declined by 1.3 percent over the previous year, the first decline in the history of the survey. Accordingly, despite stable consumer prices, real earnings fell by two percent compared with the previous year.

(2) Working Hours: At enterprises with five or more employees, the total number of hours worked in 1998 declined by 1.1 percent compared to the previous year. This was the second consecutive drop, following a decrease of 1.4 percent in 1997. The figure reflects a continued decline in number of scheduled hours worked mainly in small enterprises. At the same time, non-scheduled hours worked which increased in 1997 also declined due to the continuing economic slump.

(3) Industrial Accidents: The number of industrial accidents (deaths and injuries resulting in an absence of four or more days from work) continued to fall, declining 5.4 percent from the previous year, to 148,248. The number of deaths stood at 1,844 (down 11.3 percent from 1997). This was the first time that figure fell below 2,000.

1.3 Chapter 3: Trends in Prices and Workers' Households

(1) Prices: In the first quarter of 1998, the overall consumer price index was two percent above the index for the same quarter in the previous year. However, prices settled down throughout the remaining quarters, and the CPI for 1998 was only 0.6 percent over that for 1997 on an annual basis.

(2) Workers' Households: Household income dropped in real terms more sharply than at any time since the current statistical survey started. The propensity to consume also dropped substantially due to the insecurity workers felt regarding their employment and to uncertainty about the future. The result was a decline of 1.8 percent in actual consumption expenditure.

1.4 Chapter 4: Trends in Labor-Management Relations

Spring wage negotiations in 1999 saw an overall drop in the level of pay hikes compared with the previous year. The major industrial unions in the electronics industry settled for an average increase of ¥500 in the basic wage for 35-year-old workers. In the automobile industry, the union settled for an increase of ¥6,626 (to include the regular pay raise calculated by the average wage method).

2.0 Part II: The Rapidly Changing Labor Market and Creation of New Jobs

2.1 Chapter 1: The Economic and Employment Situation in the Era of Stable Economic Growth

(1) The Present State of Unemployment and Its Social Cost: The unemployment rate for younger people is high partly because of an increase in voluntary quits. Although the unemployment rate for middle-aged people (aged 45 to 59), or for households heads, is relatively low, the middle-aged are likely to be unemployed for a longer period when they do become unemployed. For older people (males aged 60 to 64), labor demand is insufficient, and their unemployment rate is high. Those who have left jobs in the manufacturing and construction tend to stay out of work for longer periods. The lower unemployment rate achieved in the U.S. (which is below Japan's for the first time) reflects differences in the business cycles of the two countries and improved efficiencies in the U.S. labor market.

The increase in unemployment has various effects on society. They include the declines in

production and consumption, the loss of skills among unemployed workers, and psychological stress. When the household head becomes unemployed, the household must depend on the spouse's income and draw upon its savings in order to stop its consumption level from declining.

(2) **Structural Change in the Labor Market and Its Causes:** There are two types of unemployment: (i) unemployment due to an insufficient demand for labor owing to fluctuations in the business cycles, and (ii) structural and frictional unemployment which is determined by the labor market structures. Structural and frictional unemployment has been rising on a mid- and long-term basis. It rose particularly sharply after the first oil shock in the 1970s and again after the collapse of the bubble economy in the early 1990s. The substantial rise in structural and frictional unemployment after the collapse of the bubble economy arose from widening mismatches among industries and among age groups and from the diversification of employment types. The duration of unemployment is strongly correlated with the extent to which mismatch occurs in the labor market. It grew longer after the first oil shock and the collapse of the bubble economy. At the same time, the frequency of unemployment — a phenomenon closely associated with frictional unemployment — tended to increase consistently except the period of the bubble economy.

(3) **Economic Fluctuation and Employment:** The major reduction in the number of employed people in 1998 is largely attributed to the drop in the construction and manufacturing sectors. Mass labor-shedding in manufacturing is a result of on-going adjustments and the drop in production after the bubble years. Since the collapse of the bubble economy, enterprises have accelerated the speed with which they adjust employment levels when production levels and profits fluctuated. Adjustments have been implemented mainly by reducing hiring, but this strategy may run into problems as industrial restructuring proceeds (Figure 3).

2.2 Chapter 2: The Job Creation Situation

(1) **Changes in Employment Structure:** Even after the collapse of the bubble economy, the number of people employed in tertiary industries has continued to grow. In particular, new job openings have occurred in information technology; in services for businesses; in medical and social welfare; in other leisure-related services; in the wholesale and retail trade which includes supermarkets and convenience stores; and in food and drink establishments. In terms of firm size, the proportion of employed people in medium-sized enterprises, which are concentrated in the tertiary sector, has seen a slow but steady growth.

(2) **Job Creation:** The number of new jobs created by the formation of new business

establishments is roughly the same as that associated with newly-expanded existing establishments. Three-quarters of Japan's new business establishments are independent enterprises and one-quarter are subsidiaries. The fluctuation of employment levels in existing establishments reflects primarily changes in the rate of job creation. However, individual enterprises rarely substitute part-time workers for regular employees. Companies establish new businesses mainly in areas related to their main activities. Furthermore, they tend to utilize their internal labor force to man such activities. At the same time, they are tending increasingly to hire workers with skills and abilities which are not available within the company.

(3) Sectors with Growing Employment and Their Future Tasks: Sectors which have been characterized as having a strong demand for labor in recent times and seem likely to create a large number of jobs include information and telecommunications; medical and social welfare; education and leisure; and business support services. In the future, these four sectors will need to secure their human resources and to establish better working conditions for their employees. One challenge will be to utilize middle- and older-aged workers in a society that is ageing and having fewer children. Another will be to provide their employees with training and education in accordance with their increasingly sophisticated and diversified needs and with the increasing complexities of technology.

2.3 Chapter 3: Transformation of Employment Structures

(1) Smooth Transformation of Employment Structures: Although employment structures are rapidly changing with respect both to industries themselves and to the particular jobs they require, so far job switching has not greatly affected employment structures. In the future, however, as society ages and there are fewer young people, firms will not be able to wholly rely on the conventional inflow of younger people and outflow of older ones from the labor market as the main ways in which employment structures can be altered, so that job switching will play an increasingly important role. As for the development of vocational skills, on-the-job training is still the dominant approach, although more attention is now being paid to the role of self-development.

(2) Employment Policies: The focus on employment policies is broadening from the adoption of ex post facto measures to the introduction of new policies specifically designed to combat mismatch, to maintain employment, and to create new jobs. There is also an increasing emphasis on adjusting the rules by which the labor market operates and on enhancing the ability of firms to adjust labor supply and demand. Here a new importance is being attached to the development of vocational skills. Unemployment insurance helps households with an unemployed member to keep going without cutting expenditure. Solutions

to employment problems are sought internationally as they are often being tackled by more than one nation in cooperation with other nations.

(3) Changes in Employment Structures and Long-term Tenure: A chief feature of long-employment in Japan is that individuals are hired by one particular company upon graduation and then remain employed with that company until mandatory retirement. Companies do not easily shed excess labor even during a recession. Rather they try to keep all of their regular employees employed. Long-term employment has advantages and disadvantages for both the enterprise and its employees (Table 1). It is believed that employment practices are now beginning a process of gradual change. Nevertheless, a large proportion of enterprises and workers continue to see that such practices have a certain merit. Accordingly, any rash measures to adjust levels of employment in ways which erode the practice of long-term employment are likely to damage a firms' credibility and cause difficulty for it when it later needs to secure human resources.

(4) Future Tasks: In order to facilitate the smooth flow of labor in the labor market as gradual change occurs, it is crucial that the employability of workers be improved, that the workings of the labor market be enhanced, that adequate safety nets be provided and that job openings be created. At the same time, the maintenance of employment levels is also important. To lessen the insecurity that many middle-aged people feel with regard to their employment, it is particularly important to implement the measures mentioned above (e.g., taking steps to improve workers' employability) but also to assist them to take advantage of the skills and abilities which they already have. Future challenges include the development of vocational skills. They will require that investments to that end be increased, that the needs of society be adequately understood, that adequate mechanism for classifying and evaluating the careers and ability of workers be established, and that the vocational ! skills of younger people be developed.

Table 1. Advantages and Disadvantages of Long-term Employment PracticesItem

Item	Advantages	Disadvantages
From the viewpoint of economy as a whole	Minimizes fluctuations in employment level and stabilizes economy as a whole Minimizes the need to pay unemployment benefits	Slows changes to the industrial structure
From the enterprises'	Allows for the accumulation of skills and abilities and for	Discourages prompt management action and slows the speed with

viewpoint	<p>long-term evaluation of human resources</p> <p>Facilitates co-operative relationships and inter-dependence among employees and between labor and management.</p> <p>Improves the efficiency with which information is shared</p> <p>Creates a sense of belonging among employees and heightens morale</p>	<p>which businesses response to outside change</p> <p>Increases the wage bill when employees are ageing as long as the seniority wage system is still in place</p>
From the enterprises' viewpoint	<p>Provides stability and financial security</p> <p>Facilitates the establishment of life-cycle planning</p>	<p>Makes it difficult to switch jobs or to find new jobs when unemployed because skills are often tied to a particular company</p> <p>Contributes to long working hours and a company-centered lifestyle</p> <p>Disadvantages female and older workers who are likely to be left outside the system</p>

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Focus on Japan's Labor Policies (4)

Summary of Policies on Improvement of Workers' Welfare

When the socio-economic structure of a country is undergoing change — for example, the ageing of society, the lowering of the birth rate, an increase in labor mobility — and workers' outlook and sense of values are diversifying, it is important in the interest of workers' welfare to provide lifelong satisfaction in the workplace, local community, and family while maintaining a balance among the three. It is also important to alleviate pressures and worries while preserving workers' vitality. Toward this end, the Ministry of Labour is implementing various workers' welfare measures. Explained below are the Promotion System of Workers' Property Accumulation and the Small and Medium Enterprises' Retirement Allowance Mutual Aid System.

The Promotion System of Workers' Property Accumulation, based on the Law for the Promotion of Workers' Property Accumulation enacted in 1971, is a scheme whereby workers are encouraged to save for security after retirement, to purchase a home, or to accumulate assets for other purposes. These efforts are supported by entrepreneurs and the government. (For example, entrepreneurs support workers' savings by deducting a fixed amount of money from salaries in advance, providing various benefits, and so forth, while the government gives, for instance, tax exemptions on savings or helps with the interest on

housing loans.) The General Savings System allows employees to contract with a financial or other institution for a fixed amount of money to be deducted regularly from their salaries in advance by their company. This money is then directly transferred to the workers' account at the financial institution. Another scheme, the Loan System, gives financial backing to workers who are utilizing the General Savings System and wish to invest in housing.

The aim of the Small and Medium Enterprises' Retirement Allowance Mutual Aid System, based on the Small and Medium Enterprises' Retirement Allowance Mutual Aid Law enacted in 1959, is to support small and medium-size enterprises that have difficulty in establishing a retirement pay system themselves. They are allowed to use the enterprises' mutual aid and also receive aid from the government to set up retirement systems, thus improving the welfare of workers in small and medium-size enterprises, and contributing to the prosperity of small and medium-size enterprises.

The idea of the system is that entrepreneurs in small and medium-size companies contract with the Organization for Workers' Retirement Allowance Mutual Aid in respect to the retirement allowance mutual aid for individual employees, and pay a fixed amount of money on a monthly basis to the organization, which in turn pays retirement allowances directly to retiring workers.

For entrepreneurs, there are measures such as preferential tax treatment and subsidies for the payments to the organization.

In addition to the system described above, the organization is also in charge of a retirement allowance mutual aid system for particular industries which covers seasonal workers in construction, saké manufacturing and forestry.

Statistical Aspects

Recent Labor Economy Indices

	June 1999	May 1999	Change from previous year
Labor force	6,848 (10 thousand)	6,866 (10 thousand)	-44 (10 thousand)
Employed	6,519	6,532	-89
Employees	5,321	5,342	-70
Unemployed	329	334	45
Unemployment rate	4.8%	4.9%	0.7
Active opening rate	0.42	0.42	-0.06
Total hours worked	159.1 (hours)	145.8 (hours)	1.9
Total wages of regular employees	(¥ thousand) 265.0	(¥ thousand) 262.0	-0.5

Note: * Denotes annual percent change.

Source: Management and Coordination Agency, Ministry of Labour

Web Site for Statistical Aspects

Economic Planning Agency

<http://www.epa.go.jp/e-e/doc/menu.html>

- Summary of Economic Outlook for FY 1999
- Outline of Emergency Economic Package
- Revised Estimates of Economic Outlook for FY 1998
- Indexes of Business Conditions
- Annual Report on the Asian Economies 1999
- Monthly Economic Report & Main Economic Indicators
- Economic Survey of Japan
-

Management and Coordination Agency, Statistics Bureau & Statistics Center

<http://www.stat.go.jp/1611c.htm>

- Growth of Population and Future Population
- Projections of Total Population and Elderly Population
- Households and Household Members by Type of Household
- Registered Foreigners in Japan
- Key Indicators on Employment
-
- Labor Force
- Unemployment Rates
- Employed Persons by Industry
- Employed Persons by Occupation
- Wages: Average Monthly Cash Earnings per Regular Employee by Industry
- Working Hours: Average Annual Hours Worked per Regular Employee by Industry
- Economic Conditions
- Indexes of Wholesale Prices, Consumer Prices and Land Prices
- Consumer Price Indexes
- Average Monthly Receipts and Disbursements of All Households
- Average Amount of Savings and Liabilities of Employees' Households
-

Ministry of Labour

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- Changes in Number of Part-time Workers (Non-agricultural Industries)
- Changes in Total Annual Real Working Hours per Worker
- Changes in the Number of Employees (All Industries)
- Changes in the Rate of Diffusion of a Five-day Workweek System

- Human Resources Development for the Disabled
- Incidence of Disputes
- Number of Members in Major Labor Unions
- Occupational Abilities Development for Older Persons
- Outline of Employment Measures for Older Persons
- Ratio of Married Women to Total Women Employees
- Share of Part-time Workers by Industry (Non-agricultural Industries)

Rengo (Japanese Trade Union Confederation)

<http://www.jtuc-rengo.or.jp/english/index.html>

- Rengo White Paper, 1999