

# JAPAN LABOR BULLETIN

ISSUED BY THE JAPAN INSTITUTE OF LABOUR

*Vol.39 No.06*

*June 2000*

## CONTENTS

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

- ▶ Survey on Labour Economy Trend
- ▶ Hellowork Internet Service

### **Labor-Management Relations**

- ▶ 2000 Spring Offensive: Signs of Change

### **Public Policy**

- ▶ Pension Reform Legislation Passed by Diet
- ▶ Supreme Court Rules that Company is Responsible for Suicide from Overwork

### **Special Topic**

- ▶ Unemployment among Young People in Okinawa

### **JIL News and Information**

### **Statistical Aspects**

- ▶ Recent Labor Economy Indices
- ▶ Percentage Distribution of Firms with Employment Extension or Re-employment Schemes, and of Firms with Plans to Set Up Such Schemes

## Working Conditions and the Labor Market

### Survey on Labour Economy Trend

The results of the February Survey on Labour Economy Trend were released on March 3 by the Ministry of Labour. About 33 percent of the firms surveyed reported that they were hiring March's high school graduates. That figure was down from 41 percent for the same month in 1999. The survey revealed the prevailing reluctance of firms to hire new graduates.

This trend was particularly conspicuous in manufacturing, wholesale and retailing, including food and drink establishments, and the service sector. The proportion of business establishments planning to hire the March high school graduates was the lowest since the survey was first instituted in 1989. While only 33 percent of firms planned to hire high school graduates, the figure was not very different for university graduates in liberal arts (33%, down six percentage points from the previous year); and for university graduates in natural science (34%, down five percentage points). The rate for high school graduates represented the sharpest drop ever over the previous year. The proportion of business establishments in manufacturing which planned to hire high school graduates has come down from a peak of 89 percent in 1991 to 45 percent in 2000; from 76 percent to 28 percent in wholesale and retailing including food and drink and from 65 percent to 22 percent in the service sector. Moreover, about 40 percent of firms planning to hire high school graduates indicated they were hiring fewer than in 1999. Only 20 percent indicated an intention to hire more graduates.

The diffusion index (DI), a measure of excessive staffing of regular employees, is calculated by subtracting the percentage of establishments which answer that they have "an excessive number of regular workers" from the percentage of firms which claim they are experiencing a "shortage of regular employees." The DI for March was minus 12, up three points from the minus 15 registered in November 1999 for the surveyed industries as a whole. This represented a moderate improvement in the labor market. The DI rose for the second consecutive quarter in manufacturing, and quite a few establishments expected to increase production and sales. In wholesaling and retailing including food and drink establishments, the DI increased for the first time in two and a half years. On the whole, firms were still cautious about hiring university graduates, but were beginning to feel less anxious about their employment levels and seemed more optimistic about the future prospects for their business.

This survey was implemented to gain a picture of production and sales activities and their influence on employment, working hours and so on. The survey was mailed nationwide to 5,342 private businesses with 30 or more regular employees as of February 1, 2000 in construction, manufacturing, transportation and communications, wholesaling and retailing,

including food and drink establishments, finance, insurance, real estate, and services. Replies were received from 3,031 firms (57%).

---

### **Hellowork Internet Service**

Fifteen months have passed since the Ministry of Labour began providing on-line information on job openings through “Hellowork” (<http://www.hellowork.go.jp>), which lists jobs registered at its Tokyo Public Employment Security Offices. The service, which began in March 1999, was extended nationwide in April 2000 to include jobs in other large cities such as Sapporo, Nagoya, Osaka, Fukuoka, and Sendai. With a computer at home, job seekers can search for job openings and access information on how to apply for job-training subsidies, on the latest data on the labor market, and on a variety of related matters.

Information for each job opening includes pay, working hours and holiday entitlements, type of job, type of employment contract, location and other related aspects. However, company names and addresses are withheld in order to prevent abuse of the system. Job seekers can search for suitable job openings and obtain information about working conditions via the Internet, but must go to a Hellowork office in order to receive an introduction to the company.

The number of hits recorded for this service was 1,052,858 (3,230 per day) from the beginning of the service until the end of February 2000. The figure has been growing as more Hellowork offices start offering such services: for the three months between December 1999 and February 2000 the number of hits per day averaged 4,620.

Of those using the service, 67.2 percent of the users accessed the search for job openings. People aged 25-34 accounted for 45.7 percent of the job seekers. Those aged 35-44 accounted for 19.7 percent. Those aged 55 or older accounted for a mere 5.4 percent of the inquires. As for the type of job opening, office work accounted for 36.5 percent of the jobs, and specialized or technical jobs for another 29.5 percent. The majority of jobs being sought were white-collar jobs. There were not so many job vacancies in sales (11.5%), in skilled production work (6.8%), or in managerial posts (3.5%).

## **Labor-Management Relations**

### **2000 Spring Offensive: Signs of Change**

In several respects, the spring wage offensive in 2000 was different from previous years.

The most prominent change was that the five major steelmakers offered different basic wage hikes. In 1998 labor and management in the steel industry decided to adopt multiple-year agreements whereby they would negotiated a basic wage raise every two years instead of every year. This year's wage talks were the second time that wage negotiations occurred under this new arrangement. The reply of Nippon Steel Corp., Kawasaki Steel Corp., and Sumitomo Metal Industries, Ltd. to wage demands made by their several unions called for a basic wage increase of ¥1,000 in fiscal 2000 and no increase in fiscal 2001. Kobe Steel Ltd. and NKK Corp. offered no increase in fiscal 2000 and a raise of ¥1,000 in fiscal 2001.

Ever since they joined the spring wage negotiation system, the five steel companies had the same wage system and had always agreed to offer the same wage increase. However, although the labor unions again insisted throughout on exactly the same amount of wage increase for fiscal 2000 and fiscal 2001, management declined, and finally compelled the unions to give in and accept different answers. The collapse of the unified answer system was largely attributable, it seems, to increasing competitiveness among the companies over market share. In the past, management has taken the union position into account in order to maintain a stable relationship between labor and management. The collapse of the previous arrangement will have a great impact on the unions. "If this kind of thing persists, then labor-management relations will be greatly affected," said Takeshi Ogino, president of Japan Federation of Steel Workers' Unions (Tekko-roren). Since labor-management relations in the steel industry have been regarded as a model for all large companies, any change in that industry will have widespread repercussions.

Another feature of this year's spring offensive was the number of firms where there was no basic wage hike. This was seen in many large companies in shipbuilding and heavy machinery, electricity, and at NTT. Masayuki Yoshii, president of Japan Confederation of Shipbuilding & Engineering Workers' Unions (Zosen-juki-roren) claimed that changes are occurring which will place more emphasis upon the position of the labor union as a stakeholder in the company.

A Ministry of Labour survey suggests it is likely that the average pay hike in percentage terms will be around two percent, lower than the previous record low of 2.21 percent last year.

Many labor leaders believe that the outcome of this year's wage talks reflects an on-going shift in the priority which management is now giving to shareholders at the expense of employees, a situation they view with alarm. Etsuya Washio, president of Japanese Trade Union Confederation (Rengo), commented that one characteristic of globalization is the increased priority given to the interests of shareholders, but added that he did not expect this

shift would be so pronounced.

## Public Policy

### Pension Reform Legislation Passed by Diet

On March 28, 2000 a package of bills designed to reform the nation's pension system was passed by the Diet. The new legislation has been designed to forestall any increase in pension premiums caused by the reduced number of children in the population and the graying of the population. Demographic change has left the pension system financially strapped.

The new legislation provides specific reforms of the Employees' Pension Plan (a public pension system for salaried employees). The legislation calls for (1) a reduction by five percent in the salary-linked portion of payments for new pensioners (to start in fiscal 2004); (2) a gradual rise in minimum pensionable age from the current 60 to 65 for males between 2013 and 2025 (2013 and 2030 for females); and (3) from April 2000 an end to the mechanism which tied payments to pensioners aged 65 and over under the Employees' Pension Plan and the National Pension Plan to increases in the overall wage level. The result for the Employees' Pension Plan in 20 years' time will be a 20 percent reduction in the overall lifetime pension benefit. At the same time, pension premiums will rise from the current 17.35 percent to 26.7 percent in fiscal 2025, a burden to be borne both by companies and by employees.

Changes to the Employees' Pension Plan will produce a certain dilemma. The current Law concerning Stabilization of Employment of Older Persons assigns to firms the "duty to endeavor" to continue hiring workers aged between 60 and 65. The lifting of the pensionable age to 65 will create a financially insecure gap between the present mandatory retirement age of 60 and the commencement of the pension payments at 65. In some large companies, management and labor unions have successfully reached agreement on the extension of employment in line with the pension reforms. For many workers, however, it will be difficult to safeguard their jobs and incomes between the age of mandatory retirement and the pensionable age of 65.

To deal with this difficulty several approaches have been incorporated as follows. Employees aged between 65 and 69 who are still employed will be covered by a system of old age pensions. However, they will still have to pay the pension premiums. Moreover, if the sum of wages and the salary-linked portion of the pension per month exceeds ¥370,000, an amount equivalent to 50 percent of the income in excess of ¥370,000 will be deducted from the pension payment. With regard to the National Pension Plan, students over 20 with little income will

be allowed to delay paying pension premiums for up to 10 years. Also, people with incomes lower than a certain amount will be exempt from paying half the pension premium. In addition, the government's contribution to the basic portion of the pension program will be raised from the current one-third to one-half by fiscal 2004, though it is not yet clear how the government is to secure a stable source of revenue for the scheme. Finally, management of pension fund reserves will be entrusted to private organizations by a statutory corporation, the Pension Funds Management Foundation.

---

### **Supreme Court Rules that Company is Responsible for Suicide from Overwork**

On March 24, 2000 the Supreme Court ruled for the first time that a company has a legal responsibility for an employee's suicide caused by depression from overwork. The case was filed by the relatives of Ichiro Oshima who committed suicide at the age of 24. The parents claimed that the former employee of the advertising giant Dentsu Inc., committed suicide as a result of depression owing to exhaustion after working extraordinarily long hours. They demanded compensation from the company for their son's suicide (See the June 1996 issue of the Japan Labor Bulletin for the rulings of the District Court).

The Supreme Court judges acknowledged that employers, in general, have a duty to organize the work of their employees so that mental and physical illness would not result from the accumulation of excessive fatigue or stress. Although the company was aware of Oshima's chronic overwork and worsening health, the court ruled that it did not fulfill its responsibility concerning the former employee's excessive workload. The Supreme Court also reversed the High Court decision concerning the reduction in the amount of compensation for Mr. Oshima, whose death was ruled by the high court to be partly attributable to his mental and physical state, including a proneness to depression. In so ruling, it overturned the previous decision that Mr. Oshima's parents (who lived with him) also bore some responsibility for his overworking.

Having made its ruling in favor of the plaintiffs, the Supreme Court returned the case to the High Court. It will now be reviewed by the High Court, which is expected to increase the amount of compensation reduced to about ¥89 million in the previous ruling.

At present, 20 similar cases are before Japan's courts. The Supreme Court's decision will substantially influence these trials. Moreover, under Japan's workers' accident compensation scheme, unlike equivalent schemes in many other countries, workers or their relatives are still allowed to file cases and ask for civil court compensation even if they have been

acknowledged as eligible for labor-related accident compensation. Thus the Supreme Court's latest decision is likely to encourage families of workers who have killed themselves as a result of overwork to bring civil suits for compensation. At the same time, there will be increasing pressure on enterprises to show more consideration for the health of white-collar employees whose work is performed on a discretionary basis, and is likely to have a major effect on how corporations manage their human resources.

## Special Topic

### Unemployment among Young People in Okinawa

Jun Kayano  
Researcher,  
The Japan Institute of  
Labour



#### 1.0 Introduction

Okinawa Prefecture, Japan's southernmost and westernmost prefecture, consists of 160 islands of various sizes (including 50 inhabited ones), extending over 1,000 kilometers from west to east and 400 kilometers from south to north<sup>(1)</sup>. For a period after World War II, the U.S. military controlled the prefecture, but it was returned to Japanese administration in 1972. Since then, it has been reducing its economic dependency on the U.S. military bases, but has been slow in shaking off its dependency on public investment and financial support. There have been calls for the prefecture to overcome its dependency and high unemployment rates and to establish an independent economy based primarily on private economic activities.

Okinawa has been actively promoting the extension of social overhead capital and infrastructure in accordance with two previous Okinawa Promotion and Development Plans<sup>(2)</sup>. The Third Plan, launched in fiscal 1992 and due to be completed in fiscal 2001, aims, in line with the computerization and globalization of economies, at promoting the development of industries that would enable the prefecture to utilize its regional characteristics and advantages. In addition, the prefecture has put forward policies that give a higher added value to existing industries and foster the growth of strategic industries. For example, the Basic Plan for the Cosmopolitan City Formation Concept and the Okinawa Prefectural Industrial Creation Action Program have created a special free trade zone and a scheme for a “multimedia island.”

These measures are directed at developing the economic independence of the prefecture. However, human resources, including skilled labor, are crucial to achieving this objective. It is therefore essential to take full advantage of the prefecture's young labor force, which is relatively large. However, in contrast with the development and industrial promotion plans, the young labor force is not being effectively used nor its quality improved because of high unemployment and high rates of labor mobility among young people. This report aims at gaining a picture of the employment situation and labor conditions affecting young people in Okinawa from existing statistical data. It also seeks to analyze their job-seeking behavior by means of a questionnaire survey. A survey was conducted of the occupational careers (employment experience/history) of young people who were unemployed or working part-time immediately after completing school education were surveyed concerning occupational careers.

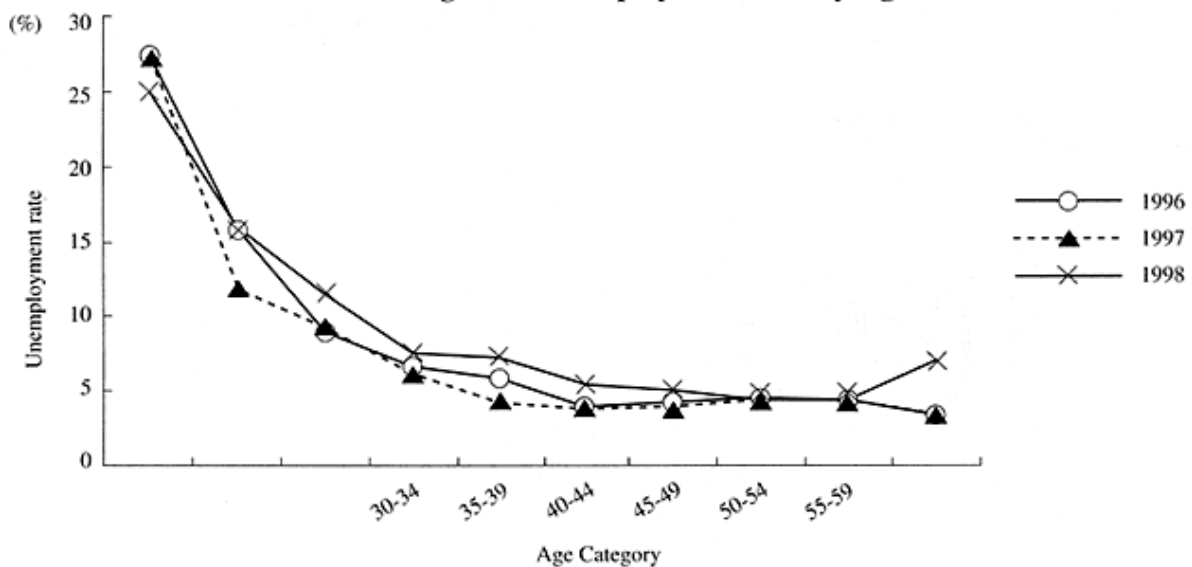
## **2.0 The Employment Situation and the Labor Market among Young People<sup>(3)</sup>**

### **2.1 Trends in the Unemployment Rate**

According to the monthly *Labour Force Survey*, the unemployment rate in Okinawa Prefecture in 1999 stood at 8.3 percent, the highest among the Metropolitan and Prefectural Governments in Japan. The figure has continued to increase at a rate twice the national average. In 1998, the 15-19 age group had the highest unemployment rate at 25.0 percent. This was followed by those aged 20-24 (15.9%) and 25-29 (11.4%) (Figure 1). The national unemployment rates were 10.6 percent for people aged 15-19, 7.1 percent for those aged 20-24, and 5.6 percent for the 25-29 age group. The unemployment rate for people in their late teens and 20s was therefore twice as high in Okinawa Prefecture as for the nation as a whole. The unemployment rate for people aged between 15 and 19 in Okinawa has generally exceeded 20 percent since 1975. Over the same period, unemployment among those aged 20 to 24 has been over 10 percent, implying that Okinawa has a chronic youth unemployment problem.



Figure 1. Unemployment Rate by Age



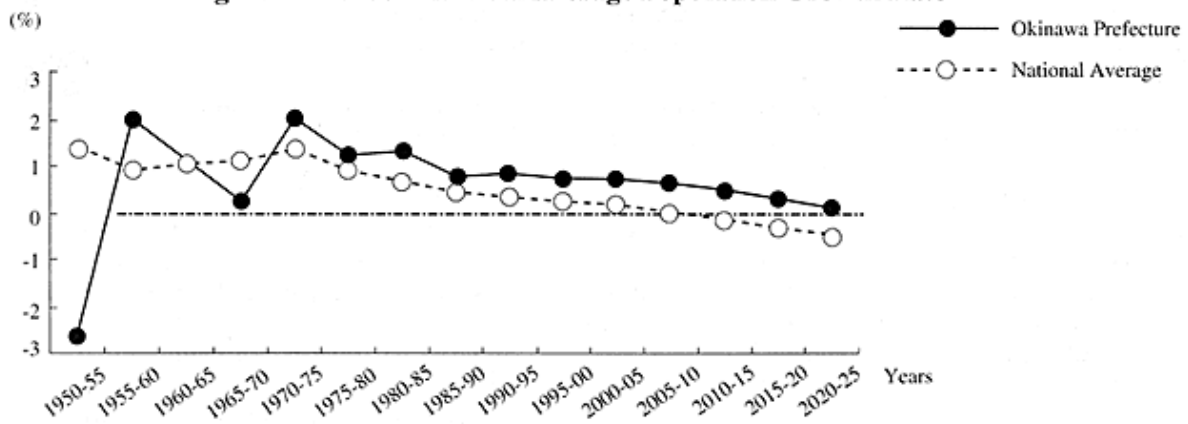
Source: Statistics Division, Department of Planning and Development, Okinawa Prefecture, *Labour Force Survey*.

## 2.2 Changing Labor Supply

The Population Census shows that the population of Okinawa Prefecture in 1995 totaled 1,272,612. The 0-14 age cohort accounted for 22.1 percent of the population in Okinawa, compared with 15.9 percent for Japan as a whole. The working age population (those aged 15-64) comprised 66.2 percent of the Okinawa population and 69.4 percent of the national population, while the ratio of people aged 65 and older was 11.7 percent in Okinawa compared with 14.5 percent nationally. Compared to the nation as a whole, Okinawa Prefecture has a lower ratio of elderly and a higher ratio of young people. The ratio of the working age population is lower than the national average by some three percent.

The annual growth rate of the population in Okinawa has substantially exceeded the national average since the 1970s (Figure 2). This tendency is expected to continue in the future. While the national population is expected to experience negative growth between the years 2005 and 2010, the population in Okinawa is expected to keep growing until around 2025.

Figure 2. Trends in Annual Average Population Growth Rate



Note: The figures for 1995-2025 are estimates by the National Institute of Population and Social Security Research.

Figure 3. Trends in the Labor Force and the Ratio of the Labor Force to the Population of Working Age by Gender



Source: Statistics Bureau & Statistics Center, Management and Coordination Agency, Labour Force Survey.

Figure 3 shows trends in the labor force and the ratio of the labor force to the working age population. The labor force in Okinawa shows a slight decrease following the collapse of the bubble economy in 1992, but increases steadily afterwards for both males and females. The growth rate between 1993 and 1998 was 5.2 percent for males and 10.2 percent for females, reflecting the participation of an increasing number of females in the labor market.

The ratio of the labor force to the working age population in 1998 stood at 59.1 percent, lower than the national level of 63.3 percent. In recent years, it has remained at around 58 percent. The ratio for females has been showing a slight upward trend since the collapse of the bubble economy, but the rate for males has been steadily decreasing<sup>(4)</sup>.

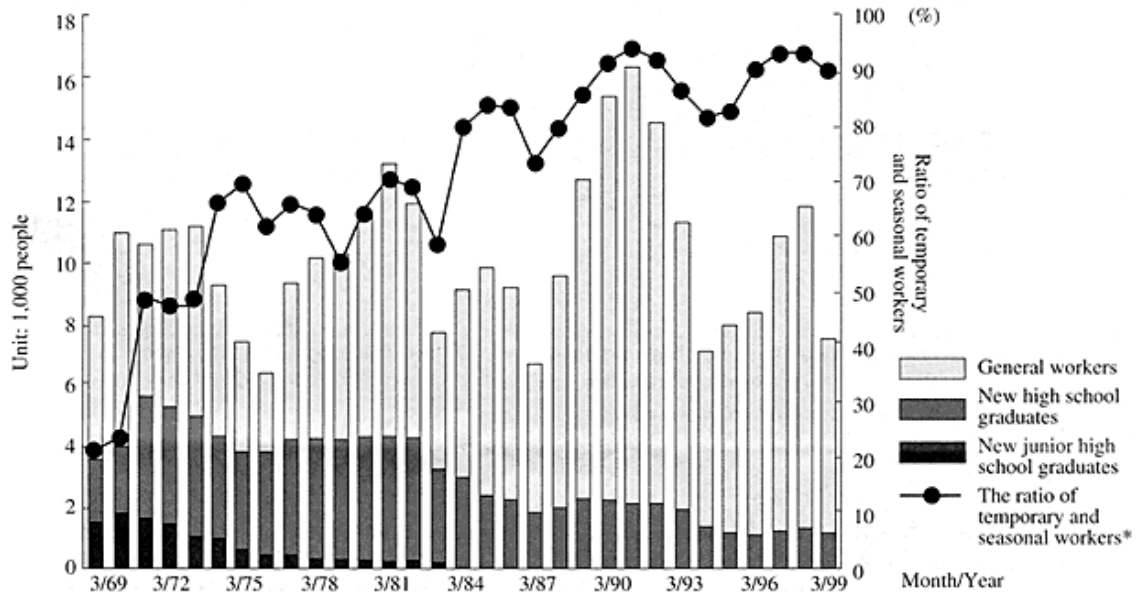
The population of Okinawa has itself been increasing, and with increasing female participation, the labor force is expected to continue to expand. Therefore, if sufficient

employment opportunities are not available in the region to absorb the increasing labor force, unemployment is likely to be aggravated.

### **2.3 The Limitations of Employment Allocation Outside the Prefecture**

Because of the difficulty in providing enough job opportunities, Okinawa Prefecture has encouraged its residents to obtain jobs outside the region. The number of workers obtaining outside work via general employment placement services totaled about 14,000 in 1990 when the bubble economy peaked (Figure 4). After falling to 5,000 in 1993, the number increased to 10,000 in 1997, and fell again in the following year to 6,000. The ratio of workers obtaining regular employment outside the prefecture through general employment placement services has been low. Between 1992 and 1998, an average of only 13.3 percent of all workers found employment outside the prefecture. Such employment is increasingly likely to be temporary or seasonal. In short, the number of workers who obtain jobs outside the prefecture is decreasing, and many return to Okinawa within a short period. In fact, almost all temporary or seasonal workers work for only six months to one year. Moreover, the majority works in unskilled jobs. An enterprise survey, presented in the Ministry of Labour's "Report on the results of a survey of employment of young people returning from the main islands and improvement of labor conditions in Okinawa Prefecture" (Ministry of Labour, Fiscal 1989 *Comprehensive Survey on Okinawa Promotion and Development, 1990*) shows that while companies in Okinawa wish to employ people with work experience on the main islands, they prefer experts or particularly energetic people who have fairly long experience there and have acquired certain knowledge or skills. Returnees who worked as temporary or seasonal workers are not in high demand. The report also refers to a new type of unemployment problem, where the prevalence of temporary and seasonal workers is attributable not only to a preference for short-term jobs over regular employment but also to an over-reliance on unemployment benefits.

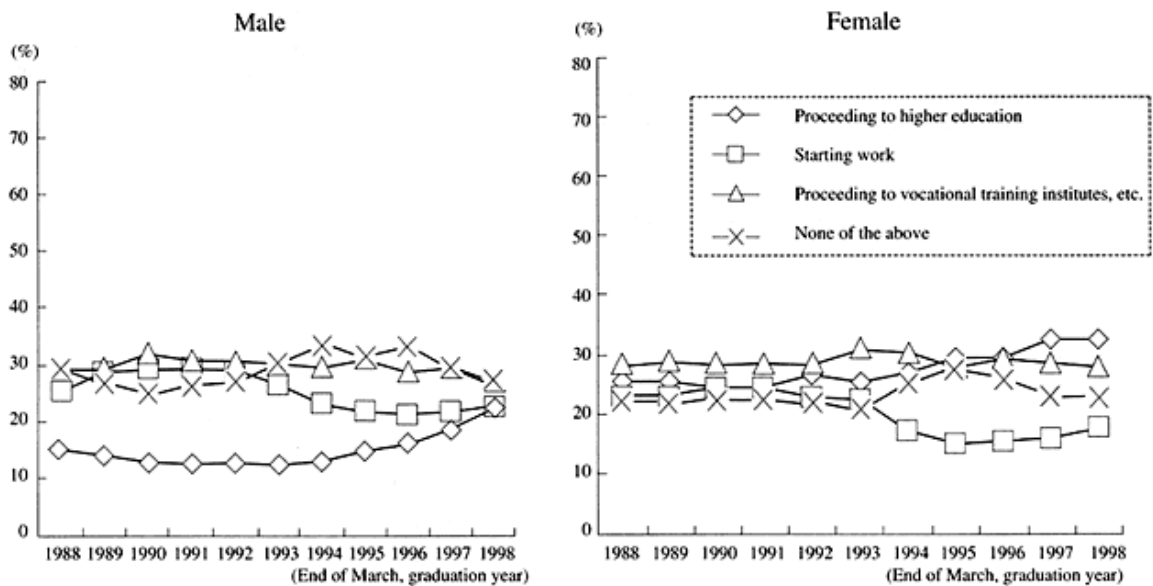
Figure 4. Trends among Workers Obtaining Jobs outside Okinawa by Type of Worker



Note: \* The ratio of temporary and seasonal workers to all general workers obtaining jobs outside the prefecture.  
Source: Job Security Division, Okinawa Prefecture, *Report on Employment Service*.

## 2.4 New Graduates in the Labor Market

Figure 5. Future Course of High School Graduates

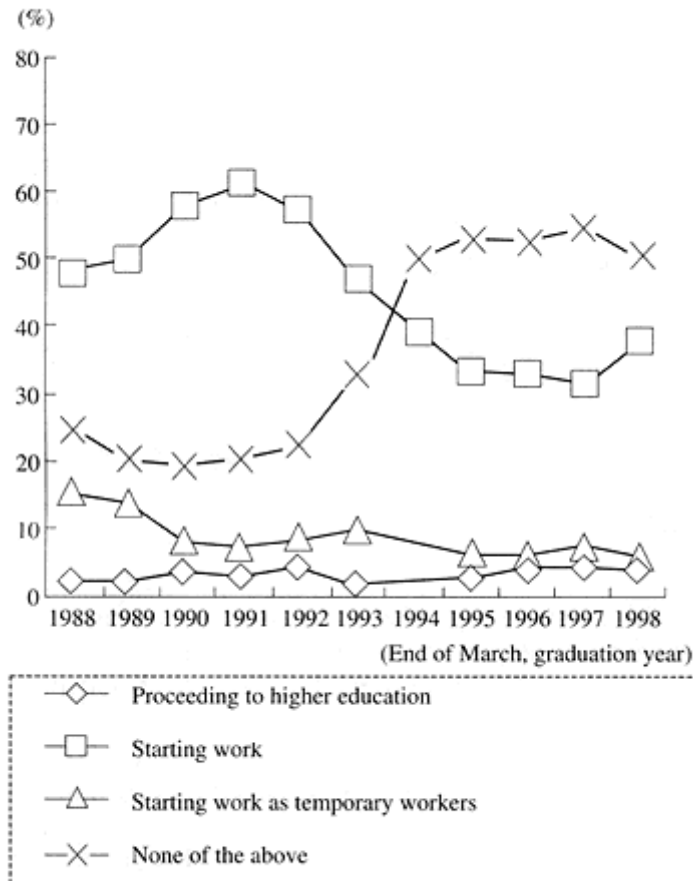


Note: "Starting work" includes students who combine work with study.  
Source: Ministry of Education, Science, Sports and Culture, *Report on School Basic Surveys*.

Do new graduates enter the labor market smoothly? The proportion of new graduates without jobs in Okinawa in 1998 (Figures 5, 6, and 7) was 27.5 percent for male high school graduates (national average 7.6%), 22.7 percent for female high school graduates (8.0%), 18.5 percent for female two-year college graduates (50.5%), 30.7 percent for male university graduates (13.5%), and 43.9 percent for female university graduates (18.7%). The

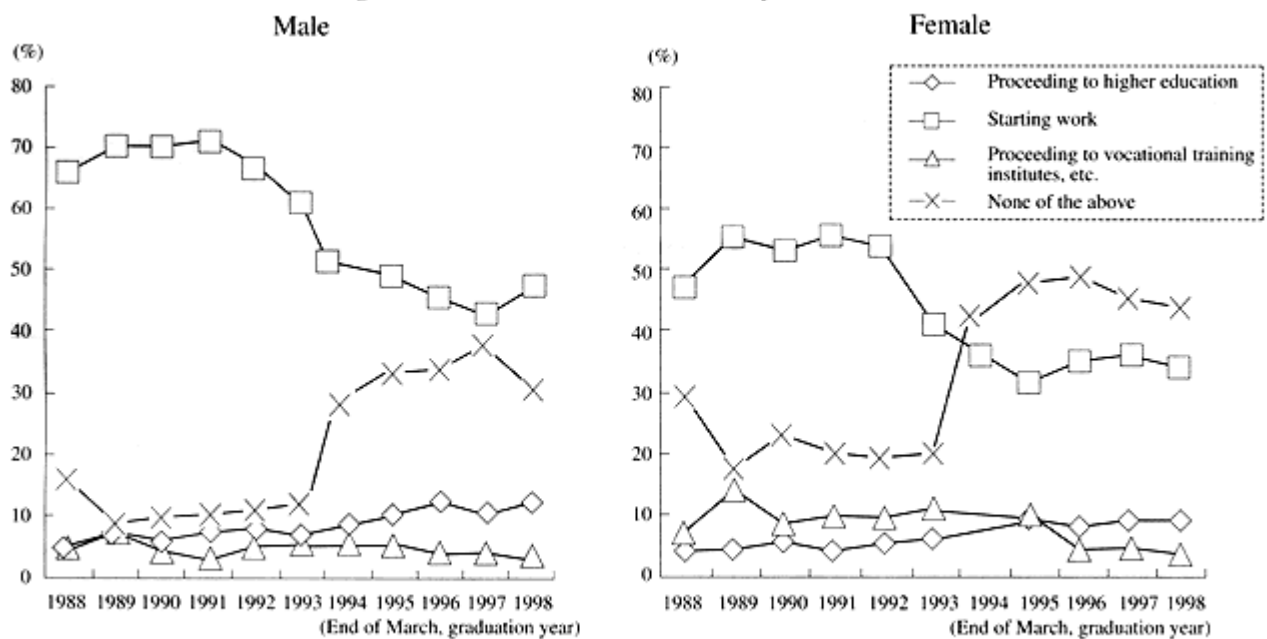
unemployment figures for Okinawa are conspicuously higher than the national average. Trends in these figures indicate that the proportion of high school graduates without jobs over recent years has stabilized as the proportion of students going on to further education increases. The proportions of female two-year college and university graduates have increased markedly since 1994.

**Figure 6. Future Course of Two-year College Graduates (Female)**



**Note:** "Starting work" includes students who combine work with study.  
**Source:** Ministry of Education, Science, Sports and Culture, *Report on School Basic Surveys*.

Figure 7. Future Course of University Graduates

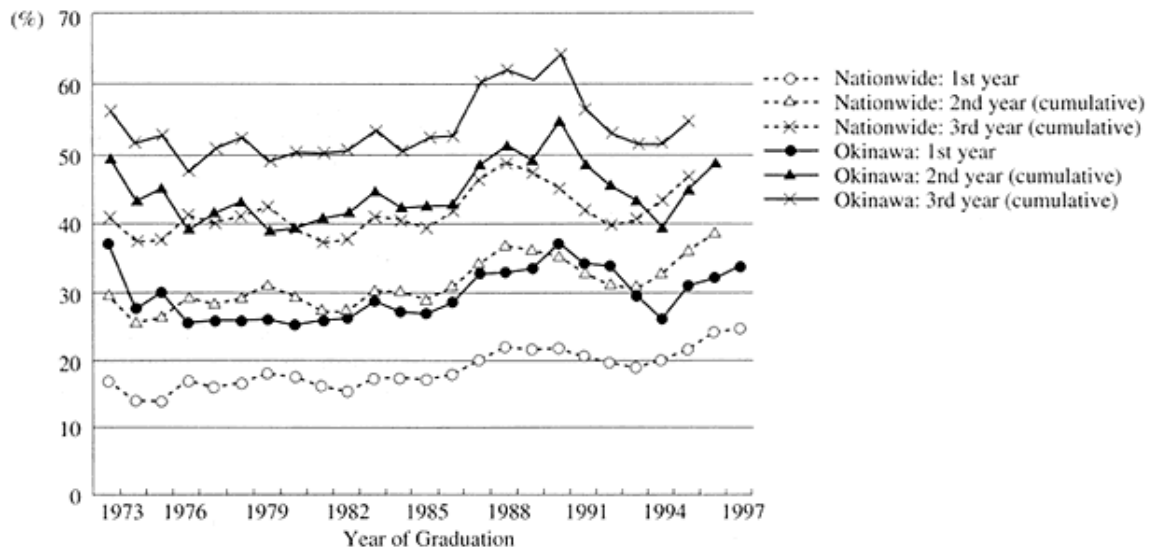


Note: "Starting work" includes students who combine work with study, and medical internees.  
Source: Ministry of Education, Science, Sports and Culture, *School Basic Surveys*.

### 2.5 Separation among Newly Graduated Workers

Figure 8 shows the rate at which new high school graduates quit jobs that they started immediately after graduation. The rates are based on figures taken from employment insurance data and presented in terms of years after graduation. The graph represents the cumulative rate of graduates leaving their jobs in each consecutive year after graduation. Compared to the data on national rates, the rates for those who quit their jobs in Okinawa are generally high. The long-term trend has been for the ratio of those who quit within one year to exceed the national average by some 10 percent. However, there is no significant difference from the national average in the rates for those who quit within two or three years. It is the high separation rate among workers who left their jobs within one year after graduating from high school that is outstanding. Taken together with the proportion of new graduates without jobs from the beginning, this data suggests a serious problem in the transition from school to the labor market.

Figure 8. Rate of Separation in First, Second, and Third Year after Graduation



### 3.0 Employment Behavior of Young People

The focus of employment and labor problems in Okinawa Prefecture lies in the scarcity of employment opportunities within the prefecture in relation to its abundant labor supply, a contradiction which reveals itself in joblessness and unemployment among young people initially entering the labor market. In addition, their increasing tendency to stay in the prefecture rather than leave for other regions to work creates further pressure from the supply of young labor. At the same time, the rates of separation and job changing within one year and the jobless rate of new graduates are significantly higher than the national level, highlighting the problems in transition from school to labor market.

In the Ministry of Labour's "Report on the results of a comprehensive survey of employment and unemployment patterns among young people in Okinawa Prefecture" (Ministry of Labour, *Comprehensive Survey on Okinawa Promotion and Development*, 2000), the results of a questionnaire survey document the careers of people who neither obtained regular work, nor entered higher education after completing high school<sup>(5)</sup>. For graduates in fiscal 1988, 1992 and 1995, the report shows that immediately on graduation some 60 percent became non-regular workers, etc.<sup>(6)</sup>, and the remaining 40 percent did not take on any job.

The ratio of young people in regular employment is 18.9 percent for people under the age of 25, 34.8 percent for those aged 25 to 29, and 53.7 percent for people aged 30 and over, showing that the ratio of non-regular workers and jobless people tends to decrease with age. In short, a majority of those in their 30s had found regular work.

Nearly 80 percent of the regular employees surveyed have had experience of working as

non-regular employees for more than one month after graduating from university or high school, which shows that young people in Okinawa have a tendency to switch from non-regular to regular work after repeated job switching. This gradual transformation of employment patterns is associated with the availability of social resources. For example, the increasing availability of financial support from health insurance and pension schemes or from relatives is likely to work as a disincentive to finding regular work.

Moreover, the likelihood of young people continuing to work as non-regular employees in their present job is influenced strongly by their parents' wishes. When asked to give their opinions about their children working as non-regular employees, 44.5 percent of the parents were in favor, 30.9 percent were opposed, and 22.4 percent indifferent. When parents are opposed to their children working as non-regular employees, their children tend to think of giving up their present non-regular jobs. On the other hand, when they are in favor, their children tend to want to carry on as non-regular employees. This suggests that excessive social and institutional support given to young people might be responsible for the delay in starting their working life as regular employees.

Notes:

- (1) See the Okinawa Prefectural Government's homepage: <http://www.pref.okinawa.jp/overview.html>.
- (2) These are comprehensive plans finalized by the Prime Minister in accordance with the Okinawa Development Special Measures Act; they set forth the basic policies on which the development of the prefecture should be based.
- (3) This is based on Shigemi Yahata (2000), "Part I: Koy-o to Rod-o (Employment and Labour)" in Okinawa Shakai Keizai Hend-o Ch-osa (Survey of Social and Economic Changes in Okinawa), forthcoming, Okinawa Research and Planning Institute.
- (4) This is partly attributable to an increase in early retirement from the labor market by male workers aged 50 and older.
- (5) The survey was carried out in November and December 1999. Researchers first searched school lists of graduates for graduates living on the Okinawa main island. They selected people other than those who started to work immediately after graduation as regular employees or company managers, or as members of family-run companies, or who went on to higher education, then carried out a questionnaire survey. Effective replies totaled 427.
- (6) "Non-regular workers, etc." includes "part-time and temporary workers," "dispatched and contract employees," "occasional helpers in family businesses," "pieceworkers at home" and "seasonal and casual workers."

## JIL News and Information

### **Personnel and Labor Management Seminar for Foreign Affiliated Companies in Japan Focuses on "Worker Dispatching Law"**

The Japan Institute of Labour (JIL) provides a series of guidance projects for foreign affiliated companies in Japan. The projects are designed to impart information on how best to deal with work related issues faced by foreign firms in Japan. On January 28, 2000 the Personnel and Labor Management Seminar for Foreign Affiliated Companies in Japan was held in Tokyo. The theme was "The Worker Dispatching Law." The seminar was attended by



about 85 people.

The new Worker Dispatching Law (WDL), as revised on June 30, 1999, came into effect on December 1, 1999. Two lecturers explained the system of worker dispatching, which is coming into increasingly general use in Japan. A brief summary of each lecture is provided below.

The first speaker, Mr. Masayuki Ikuta, director of the Non-Governmental Employment Service Office, the Employment Security Bureau, the Ministry of Labour, gave a talk on the main features of the revised law. (See the September 1999 issue of the Japan Labor Bulletin for more details regarding the revised WDL.)

In Japan, dispatching agencies provide client companies with the agency's own workers according to dispatching contracts, and the dispatched workers conduct work under the direction of client companies.

The latest revisions have made it possible to use dispatched workers in more varied types of work. The revised WDL also added new measures to avoid such situations that dispatch work might replace and erode regular workers' employment, and to protect and further improve the working conditions of dispatched workers.

Under the new law, a client company is not allowed to receive a dispatched worker at the same post in the workplace for more than one year continuously (except for certain job categories). Nor is a client company allowed to replace him or her with another dispatched worker to do the same work, even though the replacement may come from a different agency. If the client company wishes to fill the post with another temporary worker, the only way for the client company to do so is to wait for at least three months. Nevertheless, the client company may hire a worker initially hired through the agency either as a regular staff member or as its own contracted employee.

The new law also provides further protection for dispatched workers by clearly specifying grievance procedures: in the first instance counselling and assistance will be provided by the Public Employment Security Offices. More specialized advice may also be offered by cooperators designated to ensure that dispatching agencies are properly run. Already 940 cooperators have been appointed by labor and management bodies on a prefectural level.

At the question-and-answer session, Mr. Ikuta also commented on worker dispatching businesses that will be allowed to provide fee-charging employment placement services from

December 1, 2000. From December, agencies which have obtained a permit to conduct fee-charging employment placement will be able to dispatch a temporary worker to a client and after the expiry of the temporary contract may then collect a service charge if all three parties agree upon the worker being employed on a regular basis by the client firm. When a client wishes to keep a dispatched worker after the expiry of the temporary contract and the agency does not have the proper permit, the agency cannot collect a service charge.

Next, Mr. Hiroshi Ono, managing director of Manpower Japan Co., Ltd., a foreign affiliated company which dispatches temporary workers, and president of Temporary Work Services Association of Japan, discussed actual problems occurring between dispatching and client companies. He gave the following provisions in the WDL as important in relation to the actual problems occurring in the worker dispatching businesses.

- (1) A client company has a duty to endeavor not to engage in such actions as interviewing prior to concluding a dispatch contract.
- (2) In order to protect privacy, a dispatching agency may not release any personal information on a dispatched worker apart from information concerning his or her work-related abilities and other conditions related to client business needs.
- (3) A client company may not terminate a worker-dispatch contract with a dispatched worker on the grounds of nationality, creed, sex, social status, or his or her having engaged in proper trade union activities, etc.
- (4) Client companies must take necessary measures to stabilize the employment of a dispatched worker it has taken on in the case it cancels the contract for its own reasons.
- (5) Client companies are not allowed to receive a dispatched worker at the same post in the workplace for more than one year. To a client company violating the one-year limitation, the Minister of Labour can provide necessary guidance and suggestion. When the client company still continues the violation or is feared to do so in spite of such Minister of Labour's guidance and suggestion, the Minister of Labour can advise the client company to take necessary measures to redress the violating situation. Furthermore, the Minister of Labour can advise the client company to employ the dispatched worker if the worker wants to be employed at the client company. The Minister of Labour can publicize the name of the company which has not followed the Minister's advice.

Mr. Ono then commented on several problems occurring in the worker dispatching businesses. These include (1) the client company conducting the interviews or tests of OA skills or English and selecting the dispatched workers it wishes to take on prior to the temporary employment contract being concluded; (2) the client company, before concluding

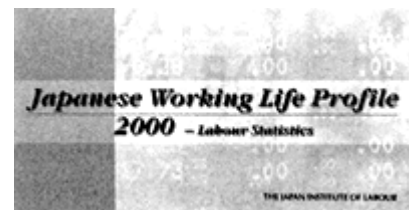
the contract, demanding that the dispatching company furnish personal information such as a curriculum vitae on the dispatched worker; and (3) the client company, by means of suddenly terminating a contract or a series of short-term contracts, provides a result which has the effect of selecting dispatched workers according to age or gender. When these kinds of abuses occur, guidance will be given to the offending parties.

Mr. Ono emphasized that it was important that both dispatching and client companies observe the law if regulations concerning dispatching of workers were to be relaxed further.

In the question-and-answer session, questions were raised concerning the limit on the dispatching period, the protection of personal information, the criteria for differentiating between dispatched and contract workers. The importance of understanding the WDL and how the worker dispatching industry operates were underlined.

## Publications

**Japanese Working Life Profile 2000 — Labour Statistics**  
(pocket size, 120 pages; price: ¥1,000)



### CONTENTS:

- |   |  |
|---|--|
| 1. Economic Environment   | 5. Wages, Working Hours and Other Working Conditions                         |
| 1) National Income  | 1) Wages   |
| 2) Production Index   | 2) Working Hours   |
| 3) Trade  | 3) Labour Costs  |
| 2. Population and Labour Force                                      | 4) Retirement Allowance System   |
| 1) Population and Labour Force                                      | 6. Education and Human Resources Development                                 |
| 2) Ratio of Persons 65 Years Old and Over                           | 1) Enrolled Students/Pupils and Ratios of Those Entering Higher Institutions |
| 3) Population in Change   | 2) OJT and OFF-JT  |
| 4) Labour Force Participation Rate                                  | 3) Education   |
| 5) Labour Force Participation Rate of Persons 65 Years Old and Over | 7. Labour Relations  |
| 3. Employment   |  |

- |  |  |
|--|--|
| 1)Employment Statistics                          | 1)Labour Union   |
| 2)Employee Statistics                            | 2)Labour Management Consultation System  |
| 3)New Graduates                                  | 3)Labour Disputes  |
| 4)Persons 65 Years Old and Over                  | 8.Life   |
| 5)Part Time Workers                              | 1)Consumer Price   |
| 6)Non-Regular                                    | 2)Disparity Between Domestic and Foreign<br>Prices and Purchasing Power Parity |
| 7)Foreign Labour                                 | 3)Household Savings  |
| 8)Rate of Persons Who Changed Jobs               | 4)Worker's Household Finance   |
| 4.Unemployment and Introduction to<br>Employment | 5)Housing  |
| 1)Unemployment Rate                              | 6)Industrial Accidents   |
| 2)Job Active Opening Rate                        | 9.Social Security  |
|  | 1)Social Security  |
|  | 2)Labour Insurance Benchmark   |
|  | 3)Social Insurance System  |

To order these, please contact:

Domestic orders:

Publication Section

The Japan Institute of Labour

TEL: 03-5321-3074

FAX: 03-5321-3015

Overseas orders:

OCS (Overseas Courier Service)

TEL: 81-3-5476-8127

(Int'l country code)+(Tokyo area code)+(phone no.)

FAX: 81-3-3453-8329

**Statistical Aspects**

**Recent Labor Economy Indices**

	March 2000	February 2000	Change from previous year
Labor force	6,694 (10 thousand)	6,638 (10 thousand)	-30 (10 thousand)
Employed	6,345	6,311	-39
Employees	5,270	5,277	-21
Unemployed	349	327	10
Unemployment rate	5.2%	4.9%	0.2
Active opening rate	0.52	0.53	0.01
Total hours worked	157.4 (hours)	153.1 (hours)	1.7
Total wages of regular employees	(¥ thousand) 265.9	(¥ thousand) 264.4	1.3

Note: \* Denotes annual percent change.

Source: Management and Coordination Agency, *Rōdōryōku Chōsa* (Labour Force Survey); Ministry of Labour, *Shokugyō Antei Gyōmu Tōkei* (Report on Employment Service), *Maitsuki Kinrō Tōkei* (Monthly Labour Survey).

**Percentage Distribution of Firms with Employment Extension or Re-employment Schemes, and of Firms with Plans to Set Up Such Schemes**

(%)

Firm size	Percentage of all firms with a mandatory retirement age	Firms with employment schemes for employees who have passed the mandatory retirement age				Firms which have no scheme for employees who have passed the mandatory retirement age	
		Total	Firms which have only an employment extension scheme	Firms which have only a re-employment scheme	Firms which have both schemes	Have plan to set up an employment scheme for employees who have passed the mandatory retirement age	Firms which do not have an employment scheme for employees past the retirement age
Total for all firms with 30 or more employees	100	67.8	13.4	37.7	16.7	7.4	24.8
5,000 or more employees	100	61.1	0.6	54.2	6.3	8.4	30.5
1,000 - 4,999 employees	100	58.8	3.8	48.5	6.5	6.7	34.5
300 - 999 employees	100	66.6	8.2	46.7	11.7	5.3	28.1
100 - 299 employees	100	70.9	12.9	43	15.1	4.7	24.4
30 - 99 employees	100	67.2	14.8	34.4	18.2	8.5	24.2

Source: Ministry of Labour, *Survey on Employment Management*.