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CONTENTS

General Survey

- ▶ *The 2000 White Paper on Small and Medium-sized Enterprises*

Working Conditions and the Labor Market

- ▶ Participation in Private Employment Placement Services Increases

Human Resources Management

- ▶ Introduction of Stock Options in Major Firms

Labor-Management Relations

- ▶ The 2000 Spring Offensive

Public Policy

- ▶ 'Matters for Special Attention' in Hiring Employee by Status

Special Topic

- ▶ Legal Problems Concerning Part-time Work in Japan

The 2000 White Paper on Labour: A Summary of the Analysis

Opinion

- ▶ The 2000 Spring Labor-Management Wage Negotiations
- ▶ The 2000 Spring Struggle for a Better Life in Retrospect

IIRA 12th World Congress Report

- ▶ Universal Wisdom Through Globalization

JIL News and Information

- ▶ Conference Report: Japan/U.S./E.U. Joint Research on Labor Law Reform for the 21st Century

Statistical Aspects

- ▶ Recent Labor Economy Indices
- ▶ Number of Employees, by Industry and Size

General Survey

The 2000 White Paper on Small and Medium-sized Enterprises

The 2000 White Paper on Small and Medium-sized Enterprises (SMEs) is the first such White Paper since the revision of the Small and Medium-sized Enterprise Basic Law. It was drawn up in line with the new general principles concerning policy towards such enterprises

In contrast with the traditional image of SMEs as the lower or weaker section of the dual economic structure, and contrary to the conventional policy principle of narrowing the difference between them and large enterprises, developing their business structure and remedying their disadvantages in business activities, a new image of SMEs as “sources of dynamism in Japan's economy” has been put forward. The principles underlined Japan's new policy framework for the SMEs focusing on promoting “their growth and independence with an emphasis on greater vitality and variety.” The new focus is placed on “renovating management, encouraging start-ups, strengthening business infrastructures, and organizing safety nets” for the firms in this sector. This is the thrust of the most recent *White Paper on SMEs*.

The White Paper acknowledges that the business environment in which the SMEs find themselves remained bleak in 1999 and that their economic turnaround would be harder than was the case for Japan's larger companies. Their difficulties were attributed to their lagging behind in coming to grips with the structural change occurring in the economy and in society as a whole in terms of introducing new information technologies (IT), altering their approach to fund raising, and adapting to the harsh business environment in general.

With regard to the IT revolution, more than 90 percent of Japan's large enterprises make use of personal computers and 80 percent use electronic-mail. However, the corresponding figures for SMEs are 60 percent in each case. Moreover, 85 percent of SMEs which have invested in information systems report that they have had some problems doing so; the problems include the need to improve their employees' skills and to develop multi-dimensional means of collecting information.

With regard to structural change (e.g., the reformed financial system and deregulation), the White Paper stresses that reforms to the financial system and the credit squeeze are affecting considerably the ability of many SMEs to raise funds. It notes that SMEs will need to reconsider the way they go about fund raising. This may result in changing their major creditors, changing their own business strategies, and so on.

With aspects of the business environment changing, a new trend is appearing. The ratio of new business start-ups (the number of enterprises newly registered with the Ministry of Justice) to the total number of registered corporate enterprises (as estimated by the National Tax Administration Agency) well exceeded the ratio of business shutdowns between 1975 and 1984. Then it started to drop, and the annual average rate between 1991 and 1996 was 2.7 percent, while the corresponding figure for business shutdowns was 3.2 percent. At the same time, however, quite a few SMEs registered higher profit rates than many large enterprises: the diversity among SMEs is greater than among enterprises of different sizes.

Working Conditions and the Labor Market

Participation in Private Employment Placement Services Increases

In 1999 the Employment Security Law and Worker Dispatching Law were revised as part of a general relaxation of labor market regulations. Revisions to the Employment Security Law opened the way for fee-charging job placement businesses to supply employees to private enterprise. They also relaxed restrictions on the types of jobs which could be filled by such firms. Revisions to the Worker Dispatching Law abolished general restrictions on types of work which dispatched employees could undertake with the adoption of a “negative list” system by which only listed activities were prohibited. Accordingly, an increasing number of private enterprises are entering the job placement and temporary worker dispatching businesses. Incidentally, these types of firms require permits from the Minister of Labour.

According to the Ministry of Labour, from December 1, 1999 (when the laws came into effect) to June 1, 2000, 293 enterprises offered fee-charging job placement services (an increase of 34% compared to the same period in the previous year) and 898 enterprises were dispatching employees to other firms (an increase of 23%).

As of June 1, 2000, the number of private fee-charging job placement businesses totaled 3,930, an increase of 8.1 percent from the end of November 1999, just before the relevant law was revised. Newcomers included, for instance, a company providing job information which joined the business in order to widen its activities to include the offering of future job placements via the Internet. A major private preparatory school did so with an eye to introducing and dispatching school teachers to private junior high schools and high schools.

The number of enterprises engaged in worker dispatching services as of June 1, 2000 totaled 17,277, an increase of 5.5 percent from the end of November 1999. A company managing dormitories for other companies' employees has created a new affiliate engaged in

personnel dispatching services, and plans to dispatch more than 200 domestic helpers per year. A department store is setting up a smaller company from which shop assistants will be dispatched to related companies and associated businesses. Some firms have started to engage both in job placement and in the dispatch of workers.

According to the *Special Survey of the Labour Force Survey* conducted in February by the Management and Coordination Agency, only 2.8 percent of unemployed people rely on private job placement agencies when looking for work. That compares with 40.1 percent who rely on Public Employment Security Offices. On the other hand, some 900,000 workers were dispatched in fiscal 1998, 4.7 percent more than the previous year. Thus, although the private sector still plays a minor role in the market, as employment patterns become more varied in the future, rapid expansion of private job placement firms is expected. Moreover, since workers can now be dispatched to any category of job, it is almost certain that their numbers and significance will increase in the near future.

Human Resources Management

Introduction of Stock Options in Major Firms

An increasing number of Japan's major enterprises have begun to introduce stock options which allow corporate managers and employees to purchase shares in their own company at a predetermined price, where part of the employee's remuneration is linked to the price of the company's shares. The system has drawn particular attention among firms that are responding to the globalization of business management in the kind of international corporation involving holding capital seen in the automobile industry, by stepping up their personnel system towards international standards, and others that, due to the shortage of technologists for the IT revolution, are taking measures to attract quality workers by increasing incentives. At the same time, the trend is greatly influenced by management's increasing awareness of shareholders and share prices.

The ban on stock options was lifted following the revision of Japan's Commercial Code in June 1997. Until recently, however, only a few enterprises had shown a great interest in introducing such options, and most of those which have done so have confined participation to directors and other executives. Only recently has the number of firms adopting the system for employees in ordinary managerial posts become conspicuous. Even major manufacturing enterprises which had been slow to introduce the system are now introducing the stock option approach. At the same time, a wide range of venture companies in new businesses involved with the Internet or with the provision of family-care services are introducing the system as a

means of securing, retaining and motivating quality workers.

Among major enterprises in the automobile industry Fuji Heavy Industries Ltd. (an affiliate of the U.S. GM group) has introduced a stock option system for some 300 employees in general managerial and higher posts. Nissan Motors Co., Ltd. (under a new president Carlos Ghosn from France's Renault) has decided to introduce an incentive scheme with warrant bonds. At Nissan the scheme has been designed for some 500 employees in managerial and higher posts, enabling them to exercise their rights if three conditions are fulfilled: (1) the firm achieves a consolidated operating surplus in fiscal 2000, (2) the employee achieves his or her individual target, and (3) the share price rises. The stock option system has also been introduced for managers (including directors) by major electronic makers such as Sony Corp., Hitachi Ltd., NEC Corp. and Fujitsu Ltd. Matsushita Electronic Industrial Co., Ltd. has established a stock option system for directors and a parallel system linking remuneration to the share price for employees in managerial and higher posts.

The stock option system has also become fairly common among venture companies in the IT industry. Many of the companies in this sector have devised schemes which are not limited to employees at a specific level. Rather, eligibility in these firms tends to be determined by the actual importance of the task or the decisions in which the employee is involved. Some venture companies have introduced systems which are open to all employees.

Labor-Management Relations

The 2000 Spring Offensive

According to a survey by the Ministry of Labour of major companies in the private sector, the wage increase agreed to in the 2000 spring wage offensive (*shunto*) averaged a record low 2.06 percent. That raise included the regular wage increase. Besides the small size of the wage increase, the wage negotiations themselves – the last such labor offensive of the 20th century – became a clear historical turning point.

This year's *shunto* was exposed to intensified resistance from business due to globalization and pressure from the market-oriented trend, as well as to the pressure on firms for structural changes arising from developing deregulation. There was no basic wage hike in shipbuilding and in heavy machinery, electricity and the NTT group. The five major steelmakers each offered a different basic wage hike for the first time since becoming part of the spring wage negotiation system. This resulted in the breakdown of two conventions. One is the unified answer system in the steel industry, and the negotiation pattern whereby all

five of the major steel producers gave the same offer to their unions. The other was the role of the metal manufacturers in setting the pattern for wage hikes in the public sector such as in the electric power industry. Moreover, although such wage settlements had also influenced the small and medium-sized sector, this year that effect was not apparent.

The Japanese Association of Metal, Machinery, and Manufacturing Workers (JAM), an industrial federation consisting of many small and medium-sized enterprise unions, have concluded that this year's spring offensive did not result in a spill over from the traditional "pace setters." Its view is that the collapse of the *keiretsu* system has resulted in the traditional pattern of the spring offensive being altered. Major electronic firms, as well as Toyota, Nissan and Honda, all settled for a basic pay increase of ¥500.

In retrospect, Mr. Masayuki Yoshii, President of the Japan Confederation of Shipbuilding and Engineering Workers' Unions (JSEU), says that the ranking of labor unions among the firms stakeholders has changed. Mr. Etsuya Washio, President of Rengo (Japanese Trade Union Confederation) commented that he did not expect management to shift its priority to the interests of shareholders at the expense of employees to the extent that it did. The outcome of the negotiations is seen as further evidence that the basis of "Japanese-style labor-management relations" is being undermined.

Throughout the negotiations, managers insisted there should be no basic wage increase. Their primary reason was epitomized by Toyota's view that it had to be concerned that further wage increases would not be viable given its current high-cost structure. Toshiba took the view that total labor costs made it impossible to accept basic pay hikes. Since the wage negotiations were carried out in a deflationary economy experiencing zero growth, management held tight against the demands of the unions.

Mr. Katsutoshi Suzuki, President of the Japanese Electrical, Electronic and Information Unions (JEIU), advocates reform of the spring offensive. He stated that "the outcome of this year's talks reflected alarm over the conventional style of the spring offensive," and stressed that there was an urgent need for reforms. Incidentally, the JEIU has decided to hold wage talks every second year from 2002.

Rengo has also taken the position that it would be necessary to reorganize its approach to the spring offensive in order to respond to changes in the negotiation patterns and the unified answer system.

Public Policy

'Matters for Special Attention' in Hiring Employees by Status

In 1997 the Equal Employment Opportunity Law (EEOL) was revised to better regulate discrimination against women. The revised law now abolishes special protection for women, mainly in terms of recruitment and hiring, job assignments, promotion, training and education. As for recruitment and hiring, the guideline for the EEOL state that it is illegal to specify the gender of employees to be hired for specific types of job. For example, firms cannot aim exclusively to hire men as management career track (*sogoshoku*) employees who are engaged in core jobs and are expected to be future managers in the firm and to hire women as “general track” (*ippanshoku*) employees who are engaged in general office jobs. However, considering that hiring by track turns out in fact to be hiring by gender, in June 2000 the Ministry of Labour presented “the matters for special attention” for hiring by track.

According to the 1998 Basic *Survey on the Employment of Women* (sent to 7,000 enterprises with 30 or more regular employees with valid replies from 83.8% of those firms), seven percent of firms hired by track; however, 53 percent of enterprises with 5,000 or more regular employees did so, while 41.1 percent of those with 1,000 to 4,999 employees did so. The figures for firms with 300 to 999 employees was 25.5 percent; for those with 100 to 299 employees, 10.2 percent; and for those with 30 to 99 employees, 3.2 percent. Among the firms, 91 percent had an employment track equivalent to “general track” and 69.5 percent actually hired employees to work in such tracks. Of those firms, 35.8 percent hire both men and women for that track; 60.8 percent have only women for that track; and 3.5 percent hire men only for that track. Notably some 70 percent of medium-sized enterprises plan to hire only women for “general track” jobs. From this, it can be inferred that hiring by track has resulted in gender differentiation.

Accordingly, the “matters for special attention” specify how hiring by track should be adopted. A brief summary of them is given below:

(1) Examples of conspicuous violations of the EEOL are presented. They include treating men and women in different ways by sorting men and women into particular courses, setting up different criteria for men and for women in recruitment and hiring; and applying different criteria in assigning jobs, in promotions and in training and education. (2) Employers should carefully consider the necessity and the reasons for hiring into separate tracks. Similar considerations must be kept in mind when abolishing or modifying the existing system. Employees must be selected for their job after consideration is given to their enthusiasm, ability, suitability, and achievement. (3) To allow women to fully demonstrate their abilities,

employers are expected to provide employment tracks which are compatible with the household responsibilities and child-care generally done by women. For example, it is difficult in practice for women to commit themselves to their jobs if they are required to transfer to different offices across the country. Firms should also provide employees in the “general track” jobs with appropriate vocational training and education. Firms should be flexible in allowing employees to switch from one track to the other and should encourage female employees to transfer to the “management career track.” Finally, firms are to clearly direct staff responsible for recruiting to hire female candidates in accordance with their enthusiasm and ability.

Special Topic

Legal Problems Concerning Part-time Work in Japan

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1.0 Introduction

The treatment of part-time work, as such work becomes more common, is a critical social and legal issue in Japan and other countries, although the nature of the problems varies. In Europe, the issues are connected with employment security from the viewpoint of social policies, and indirect discrimination of female labor from the legal viewpoint. However, in Japan the issues have not been considered in relation to employment security or sexual discrimination. Rather they have been, and still are, discussed as part of the question of non-regular employees. This is partly because the wages of regular employees have been administered under a seniority system, where job grades and security for standards of living and life-cycle needs play crucial roles, rather than the quality of performance. Another reason for this view of part-time work is that a wage system linking the internal and external labor markets has not been developed because labor unions exist within enterprises.

However, as the number of part-time workers has been increasing and the differentials between such workers and full-time regular employees have been widening in terms of working conditions, the problem of part-time workers is being recognized as a fundamental issue concerning the employment system in Japan. This article presents the problems relating to part-time workers⁽¹⁾ in Japan with particular reference to legal policies and issues.

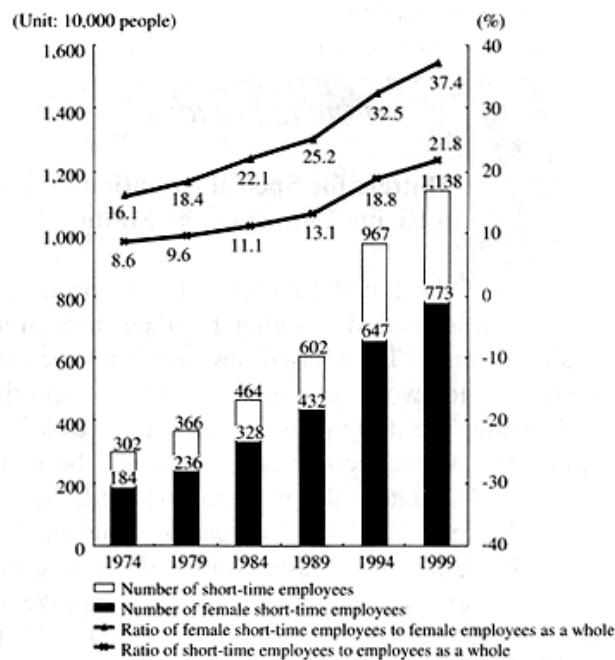
2.0 Current Situation and Features of Part-time Work

2.1 The Outlook of Part-time Workers

According to the *Labour Force Survey* of the Management and Coordination Agency (MCA), the number of employees who worked less than 35 hours per week in 1999 totaled 11.38 million (females, 7.73 million), accounting for 21.8 percent (females, 37.4%) of employed workers as a whole. This marked a rapid increase as the proportion 10 years earlier in 1989 was 13.1 percent (females, 25.2%) (Figure 1). Major industries with the largest proportion of employees working less than 35 hours per week are the wholesale, retail trade, food and drink establishments (3.67 million, or 32.23%), followed by services (3.52 million, or 30.9%), and manufacturing (1.96 million, or 17.2%).

The *Special Survey of the Labour Force Survey* of the MCA (1999) gives a breakdown by occupation of part-time workers. Clerical and other office workers accounted for 20.8 percent, then craftsmen and workers in manufacturing and construction (19.6%), followed by workers in security and other services (16.5%), sales workers (11.7%), and professional and technical workers (10.5%).

Figure 1. Trends in the Number of Short-time Employees (Non-agricultural Sector)



Source: Statistical Bureau, Management and Coordination Agency, *Rōdō Ryoku Chōsa* (Labour Force Survey).

Notes:

1. Figures exclude employees who are currently not at work.
2. Short-time employees are definable as employees (including seasonal and irregularly employed people) whose weekly working hours total less than 35 hours.

The results of the *Survey of How Various Workers are Used in the Workplace* by the Ministry of Labour (1999) showed that 90 percent of part-time workers were women, and that

women in their 40s and 50s accounted for 36.0 percent and 22.5 percent, respectively. The majority was likely to be responsible for household chores; 73.5 percent had a spouse, and 66.1 percent had children living with them. The majority (63.5%) had completed high school, while 18.0 percent had graduated from two-year colleges or technical colleges.

Meanwhile, the *General Survey of Part-time Workers' Conditions* (1995) examined the reasons that workers gave for taking part-time jobs: “wish to work flexibly, when it is convenient” (55.0%); “wish to work for a shorter time or fewer days” (24.0%); “interested in the duties” (19.6%); “unable to work as a full-time worker because of housework, or child or family care” (15.4%); and “unable to find a full-time job ” (13.7%). On the other hand, the reasons firms hired part-time workers were: cheaper labor costs (38.3%); wanting additional staff at busy times (37.3%); for simple tasks (35.7%); and because of an increase in tasks in the workplace (29.8%).

Accordingly, the average part-time worker is likely to be a middle-aged or elderly female worker who is, at the same time, responsible for child or family care and the household chores at home. Such a part-time worker is regarded as a relatively cheap form of supplementary labor.

2.2 Employment and Working Conditions of Part-time Workers

According to the *General Survey of Part-time Workers' Conditions* (1995), 63.2 percent of part-time workers work under a contract with no fixed terms, while 36.8 percent work under a fixed-term contract⁽²⁾. Larger firms (more than 80% of firms with 500 or more employees) tend to employ part-time workers with fixed-term contracts. This appears to be attributable to the obvious policy of handling part-time workers differently from regular employees. Part-time workers who have experienced extension of their employment contracts accounted for 83.6 percent, with the average number of extensions per person being 9.5 times (males, 5.7 times; females, 10.4 times). In recent years, the tenure of part-time workers has tended to be longer than before⁽³⁾, with the longer duration stemming from extension of contracts with fixed terms.

With most part-time work, wages are calculated in terms of working hours. Comparing their scheduled cash earnings to that of regular workers, male part-time workers received 51.9 percent of wages for male regular workers, and females received 68.4 percent (as of 1998). The difference tended to widen in the longer term (Table 1). In terms of annual salary, including bonus payments, the difference between the two groups has grown much wider. In 1977, for example, part-time workers received 69.7 percent of regular workers' salary, but 20 years later in 1997 they received a mere 56.7 percent, which is more than 10 percentage

points less.

There are four reasons for this widening difference: (1) a difference in the rate of wage increase due to changes in labor demand and supply; (2) with different wage profiles among workers of different tenures, the proportion of workers of longer tenures (i.e., the proportion of workers with greater differentials) has been increasing; (3) employment adjustment is being carried out in relation to tax and social security burdens and allowances for spouses; and (4) wage gaps between occupations and the relative proportions of occupations have changed⁽⁴⁾. Apart from wages, gaps between part-time and full-time workers are observable in terms of retirement allowances and welfare schemes. The proportion of firms equipped with retirement allowance schemes for part-time employees was a mere 9.0 percent in 1995, and even such firms, in general, use different criteria in calculating the amount of payments.

Table 1. Trends in the Amount of Scheduled Payment per Hour for Regular Workers and Part-Time Workers, by Gender

Year	Females			Males		
	Regular workers	Part-time workers	Wage ratio (Regular worker = 100)	Regular workers	Part-time workers	Wage ratio (Regular worker = 100)
1989	934	662	70.9	1542	855	55.4
1990	989	712	72.0	1632	944	57.8
1991	1072	770	71.8	1756	1023	58.3
1992	1127	809	71.8	1812	1053	58.1
1993	1187	832	70.1	1904	1046	54.9
1994	1201	848	70.6	1915	1037	54.2
1995	1213	854	70.4	1919	1061	55.3
1996	1255	870	69.3	1976	1071	54.2
1997	1281	871	68.0	2006	1037	51.7
1998	1295	886	68.4	2002	1040	51.9

(Unit: ¥)

Note: The figures are as of June in the year concerned.

Source: Ministry of Labour, *Chingin Kōzo Kihon Chōsa* (Basic Surveys on Wage Structure).

2.3 Quasi-part-time Work

As can be seen, the most prominent feature of part-time work in Japan is the substantial gap between part-time and full-time workers in terms of employment and labor conditions. This is because the labor conditions of full-time workers (i.e., regular employees) are determined not by the mechanism of the labor market outside the company, but by the rules within the company and by factors such as potential vocational abilities (educational level) and attributes such as age and tenure. Part-time workers, however, are treated as non-regular employees. Thus, individual tasks at individual workplaces determine their wages on an hourly basis, making them ineligible for regular pay hikes, bonus payments, and

retirement allowances.

Such differences in the treatment of employees result in the practice of creating employees who work long hours and who are part-time workers in name only (quasi-part-time workers). Regular employees are cared for by employment practices dominated by a seniority system and life-long employment. Once part-time workers, whose wages are fixed on an hourly basis, become available, then companies naturally seek to make full use of such workers. In Japan the term “*paato taimu*,” which comes from the English language, has come to mean simply workers paid by the hour, and has lost the short-time aspect. In this sense, quasi-part-time workers are nothing but workers paid by the hour who are treated differently from regular employees in terms of bonus payments and retirement allowances.

2.4. Part-time Workers Adjusting Working Hours

While “quasi-part-time workers” are definable as non-short-time workers paid by the hour, there also exist part-time workers (in the original sense) who are obliged to shorten their working hours, and are of significance when analyzing part-time work in Japan. Such workers are a creation of the tax and social insurance systems.

Table 2. Tax, Employment and Social Insurance Schemes for Part-time Workers

Obligation to join Employment Insurance Scheme	When weekly scheduled working hours total 20 hours or more; the tenure is 1 year or more; and expected annual income is ¥900,000 or more.				
Obligation to join Social Insurance Scheme	Requirement (working hours/annual income)	Medical Care Insurance		Pension	
	3/4 or more of the weekly scheduled working hours and the monthly scheduled working days of regular employees	Insured under Health Insurance Scheme for employees		Insured under a pension plan for employees (e.g., Employees' Pension Plan) (Category 2 insuree under National Pension Plan)	
	Less than 3/4 of the weekly scheduled working hours and the monthly scheduled working days of regular employees; ¥1,300,000 or more annual income	Insured under National Health Insurance		People not insured under a pension plan for employees (e.g., Employees' Pension Plan) nor the spouse of such an insuree (Category 1 insuree under National Pension Plan)	
	Less than 3/4 of the weekly scheduled working hours and the monthly scheduled working days of regular employees; less than ¥1,300,000 annual income	Covered by the scheme for employees to which the spouse belongs		Covered by the Employees' Pension Plan to which the spouse belongs (Category 3 insuree under National Pension Plan)	
Tax	Tax obligation			Tax exemption for the spouse of the part-time worker	
	Annual income (yen)	Income tax	Residence tax	Tax exemption	Special tax exemption
	Up to 990,000	×	×	○	○
	Over 990,000 but under 1,030,000	×	○	○	○
	1,030,000	×	○	○	×
	Over 1,030,000 but under 1,410,000	○	○	×	○
1,410,000 and over	○	○	×	×	

Income tax is levied on a part-time worker if annual income exceeds ¥1.03 million, and a residence tax is levied if it exceeds ¥0.99 million. Apart from this, the spouse of the part-time worker in question loses tax-exempt status for income and residence taxes.

In the matter of social insurance, if the annual income from part-time work is less than ¥1.3 million, then the worker is regarded as a dependent of the spouse and does not have to pay the insurance premium. On reaching pensionable age, the worker is entitled to the basic part of the pension from the plan the spouse has joined. On the other hand, if it exceeds ¥1.3 million, then the worker loses status as a dependent of the spouse, and is required to pay insurance premiums for the Medical Care Insurance Plan and the National Pension Plan. Moreover, in such a case, the worker must join the National Pension Plan as a Category 1 insuree, but a part of the pension proportional to the income, unlike with the Employees' Pension Plan, is not paid, and the worker will not necessarily benefit from having paid into the National Pension Plan.

What is more, although quite a few private firms offer family allowances, eligibility is closely tied with the tax and insurance systems, so that an employee whose spouse earns more than ¥1.03 million or ¥1.3 million will not enjoy the allowances.

Under such tax and insurance systems, it is perhaps inevitable that married women engaging in part-time work should adjust their working hours to avoid liability for tax and insurance premiums⁽⁵⁾

3.0 Legal Policies and Problems Related to Part-time Work

3.1 Part-time Work Law

Under such circumstances, the question of how to narrow the gap between employment and working conditions for part-time workers and those for full-time regular employees has become a crucial legal issue. The only legal policies adopted, apart from a refurbished version of the principle that part-time workers receive paid leave proportional to their tenures (now legally enforceable), are administrative guidances to improve the handling of part-time workers. The Law concerning the Improvement of Employment Management, etc. of Part-time Workers (the Part-time Work Law) came into force on June 18, 1993 for the purposes of (1) securing appropriate labor conditions for part-time workers, (2) conducting educational training, and (3) improving welfare schemes. However, it is primarily aimed at improving the treatment of part-time workers by making the contents of the law better known to firms and by giving them subsidies⁽⁶⁾.

From the legal point of view, the law's significant contents include Article 6, requiring that employers should provide a hiring notification to part-time workers, and a guideline saying that a part-time worker employed continuously for more than one year should be given advance notice that the contract will terminate at the expiration of the contract period. However, both these represent merely “duties to endeavor” and thus have no legal binding

on firms that violate them. At the same time, as for the issue of equal treatment of part-time workers, the law states that “employers shall endeavor to promote effective utilization of part-time workers' abilities in an effective manner, in due consideration of the actual work conditions of part-time workers concerned, and maintain balance with regular workers by securing proper working conditions, implementing education and training, improving their welfare and improving employment management ” (Article 3). Here again, the law assigns firms only the “duty to endeavor.”

Consequently, it could hardly be claimed that the Part-time Work Law has made any appreciable contribution to the formulation of employment rules of part-time workers, apart from its stipulation of a hiring notification, which clarifies the labor conditions of part-time workers and the form of working rules for such workers.

3.2 Legal Disputes Concerning Part-time Work and the Trend in Court Judgments

Since legal problems involving part-time work in Japan involve non-regular employees, many legal disputes concern the termination of employment and dismissal of fixed-term workers. In the termination of employment, case laws have been established by which the court draws an analogy to and applies the legal doctrine governing abusive exercise of the right to dismiss regular workers, to non-fixed-term part-time workers⁽⁷⁾. (Under the doctrine, a dismissal will be valid only if based on objectively reasonable grounds.) This interpretation does not mean that a fixed-term part-time contract becomes an indefinite-term contract if the original contract is prolonged by repeated renewals, but requires certain reasonable grounds for termination.

Thus, it is possible for fixed-term part-time workers to obtain employment security in the form of long tenures. However, it still leaves such workers in an extremely unstable legal status, because application of the legal doctrine regarding abuse of the right to dismiss fixed-term part-time workers does not bind the employer as strictly as it does in the case of dismissal of an indefinite-term employee. What is more, the content of a renewed fixed-term employment contract does not in any sense become the same as that of an indefinite-term contract for a regular employee. Where dismissals are due to employment adjustment (i.e. collective economic dismissal), the Supreme Court does not negate the dismissal of part-time workers ahead of regular employees⁽⁸⁾.

The decisions in the Maruko Alarms case⁽⁹⁾ in 1996 had significant social repercussions as an issue related to the unequal treatment of part-time workers because they are non-regular employees. Twenty-eight married women, who had worked for the company between 6 and 27 years under repeatedly renewed two-month contracts and were engaged in the same duties

for the same working hours and days as regular employees, brought the case to court. They claimed that the wage difference between them and regular employees (¥1.1 to ¥1.5 million per year) was a violation of Article 4 of the Labour Standards Law (the Principle of Equal Wages for Males and Females) and the Principle of Equal Wages for Work of Equal Value. They demanded wages equal to the wages of regular employees. The court said, “it cannot be considered that the principle of equal wages for work of equal value exists as a general rule governing labor relations,” but, “while on the surface regulations for the prohibition of discriminatory treatment, such as Articles 3 and 4 of the Labour Standards Law, simply prohibit discriminatory treatment on the basis of social status and creed, underlying them is a philosophy of equal treatment according to which individuals should be paid equally for work of equal value.” The ruling continued, “this should be regarded as a universal principle of civil law that treats all human beings as having equal value.”

Hence, the court held, “the principle of equal treatment ought to be borne in mind as a crucial element in judging the illegality or otherwise of different wage payments, and that setting different wages in violation of the principle may constitute an act outside the employers' discretion, thus violating public order and morals.” The court concluded, “not all wage differences between the complainants (the temporarily employed) and female regular employees should be regarded as unlawful, given that the nature of their work, the most crucial element, is identical and that seniority should be taken into account for temporary workers who have served for more than a certain period of years, like regular employees... If the complainants' wages are less than 80 percent of the wages of female regular employees with the same tenure, the wage difference clearly exceeds the acceptable level, and to that extent the discretion of the defendant has violated public order and morals.”

It could be said that the court decision goes too far in deducing “violation of public order and morals ” from the principle of equal treatment⁽¹⁰⁾, and does not make clear the grounds for making a 20 percent or more wage difference define violation of the law. Nonetheless, the fact that it sees it as unfair for part-time workers engaged in relatively simple tasks under working conditions similar to those of regular employees for a long term to receive 20 percent less than regular employees is important as it highlights one important problem and warns against further delay in legislative response.

4.0 New Measures towards Equal Treatment of Part-time Workers

4.1 Suggestions on How to Realize Equal Treatment

Reflecting these changes, the Part-time Work Law has been undergoing a reappraisal. A review of the law was to be undertaken three years after it came into effect. Hence in 1996, the Ministry of Labour set up the “Study Group concerning Part-time Work” that submitted

a report on policies on part-time work in September 1997. The report cited the need for thorough observance procedures such as the clarification of working conditions, and for employment management matched flexibly to varied types of workers; a balance between part-time and regular employees; problems involved in termination of employment; problems of employment adjustment; and selectable employment patterns. Following the report, in February 1998 the Women's and Young Workers' Problems Council called for a yardstick to gauge the degree of "balance" in "treatment and labor conditions of part-time workers set against those of regular workers." This was followed by the setting up in December 1998 of the "Study Group concerning Employment Management of Part-time Workers," which released a report in April 2000.

This report states that – because almost 60 percent of establishments have part-time employees engaged in duties similar to regular employees; because approximately 50 percent have part-time workers who have worked with them for 10 years or more; and because 20 percent have part-time workers who work hours similar to regular employees, working overtime and being reallocated to different sections within the establishment – the question of "whether the duties of part-time workers are identical to those of regular employees" should occupy a central place in consideration of the "balance." In line with this, the report suggests a possible means of gauging the balance by dividing part-time workers into two groups: Type A, engaged in the same duties as regular employees; and Type B, engaged in different duties.

With regard to part-time workers in the Type A group, the report calls for the application of identical methods of determining treatment and labor conditions for both regular and part-time employees (that is, application of the same elements of wage structure, criteria for payments, criteria for personnel evaluation and assessment and payment methods). Where there is reasonable justification, it would still be possible to apply different treatment and labor conditions to part-time workers, though some method of safeguarding the balance in terms of levels of treatment and labor conditions would be necessary, and part-time workers' hourly wages would need to be balanced with the wages of regular employees. At the same time, where levels are concerned, the report allows the possibility of reasonable differences on the grounds that part-time workers do not work overtime, do not work on holidays, do not transfer to different sections, and do not transfer to different offices or workplaces. As for bonus payments and retirement allowances, the report states that it would be "appropriate to establish some reasonable scheme," from the viewpoint of maintaining identical determination methods and a balance of levels.

The report does not reach any concrete conclusions on how to handle part-time workers in

Type B group in a way that maintains the balance. It simply recommends that wages, bonus payments and retirement allowances should be considered in relation to the duties and levels of the workers in question; that, for part-time workers in charge of specialized, highly responsible, or managerial duties in particular, treatment should be determined on the basis of the degree of specialization, their ability in carrying out their duties, past achievement, and so on. In cases where part-time workers' abilities improve with time, such improvement should be reflected in their treatment; and that opportunities should be provided for education and training.

In addition to a balanced treatment of part-time workers, the report also calls for setting-up of preconditions to allow part-time workers more choices in working styles. A system that allows them opportunities to become regular employees after being hired as part-time workers should be adopted. This would require: (1) clear specification of criteria for altering employment contracts; (2) outline of working conditions after a change; and, (3) making the scheme known and releasing relevant information. In addition, the report also states that firms should consider the work styles of regular employees and make it possible for them to become part-time workers.

4.2 Significance and Limitations of the Report

The chief feature of this report is the elaboration of the proper approach to equal treatment in cases where part-time workers are engaged in identical duties as regular employees, and, specifically, the stipulation of identical methods to determine treatment and standards for labor conditions. However, the idea of “balance,” while seeming implicitly to assume equal treatment in the sense that wages should be the same if the tasks involved are identical, does not reject the idea of reasonable difference between part-time and full-time regular employees. Rather, the report is significant because it asks those concerned in labor and management to explain any difference in treatment of the two types of employees, and because it attempts to make the differences quantitatively specific.

Some might still be skeptical about this method of remedying differences, but the report's approach offers a possible way to bridge the gap between the treatment accorded regular and part-time employees, and possibly to bring about a reappraisal of the treatment applied to the former. The report considers that, so long as the same duties are being assigned, if the firm in question is required to apply the same method in determining the treatment of both types of employees or at least to make a balance between them, it will expect part-time employees to be more competitive. This is so it can fully utilize their specialized ability. At the same time, the firm will prefer to form groups for particular tasks or specialist groups among regular employees.

However, firms are more likely to entirely separate tasks for part-time employees from those for regular ones. In other words, because the report presents no concrete yardstick for assessing the equal treatment of part-time workers engaged in different duties from regular employees, the most effective way for firms to accommodate the idea of equal treatment will be the division of tasks.

5.0 Future Tasks

Legal policies concerning part-time work have focused on the prevention of labor disputes by making firms clarify their employment and labor conditions. Such policies must now center on the issue of how to realize equal treatment. However, so long as the legal nature of the current Part-time Work Law is maintained, further progress is likely to be difficult. It is impossible to fulfill the desire of part-time workers for equal treatment simply by asking firms to improve employment management, nor can that approach to the problem constitute a clear guideline from the viewpoint of legal theory. It will be necessary in the future to reinforce the legal norm aspect of the Part-time Work Law and to encourage the establishment of a case law concerning reasonable differences by introducing a provision prohibiting “employers from treating part-time workers differently from full-time workers (regular workers) without reasonable grounds.” From the viewpoint of legal theory, it will be necessary to clarify the meaning of “balance” in the Part-time Work Law, in the distinction made between “balance” and “equality.”

The author sees “balance” as a matter of adjustment between the intra-organization principle (equality) and the market principle (freedom of contract). In other words, sameness in work or duties does not necessarily lead to the premise of equal treatment. Unless the difference in question is caused by factors recognized as social discrimination due to, for example, sex, creed and nationality, different treatment for the same work or duties can still be regarded as within the scope of freedom of contract. However, as an employee who works in one particular company for a long period becomes “internalized,” the issue comes to be related to the intra-organization principle, so that treating the worker in question differently is highly likely to violate the principle of equality. In short, the greater the involvement of the employee with the firm, the more the firm is required to treat him or her in equal fashion. In this sense, to create a balance means to adjust the equal treatment to the degree of internalization of the part-time worker ⁽¹¹⁾.

Another crucial point when considering part-time workers and non-regular employees is to respect their vocational abilities. At present, the traditional seniority system is undergoing drastic revision with the gradual adoption of a system based on achievement. On their side,

workers are also eager to improve their vocational abilities in order to achieve a professional life independent of their employees. Female workers in particular are anxious to have a wage system that focuses on the content of the task. Herein is a possibility for establishing another principle concerning the treatment of employees –respect for vocational ability – apart from the principle of equal treatment. Even if separate handling of part-time and regular employees according to duties was introduced, this would make more realistic a legal structure that called for exchanges of employment status according to the degree of internalization.

Finally, there are limits to legal attempts to realize the equal treatment of part-time workers. Because the issue of legally equal treatment is a matter affecting the intra-organization principle, this approach is naturally confined within individual firms. The fairness of wages has two aspects, internal and external; the legal approach pursues fairness within the firm. When wages are actually determined in the external labor market, there is a limit to the correction of wages of part-time workers under a wage scheme determined within a firm. If a fair wage determination mechanism, existing in the external market and based on the vocational ability of workers, is established, then the burden placed on the law will be reduced. In achieving this, labor and management organizations as well as the government will be required to play important roles. Reform of tax and social insurance systems that affect the way part-timers work is also necessary. Under the principle that taxes and insurance premiums are paid according to the individual's employment, part-time workers adjusting their working hours could hinder improvements in the status of part-time workers in general within the economy, unless these schemes are modified to be based on individuals not on households.

Notes:

- (1) Part-time workers are in general definable as workers whose scheduled working hours per week are shorter than those of regular employees in the same workplace (Part-time Work Law). However, the definition varies in different surveys. In Japan, there are “quasi-part-time workers;” some surveys take these into account along with “part-timers.”
- (2) The Ministry of Labour's *Shokuba ni Okeru Tay-o na R-od-oshu no Jittai ni Kansuru Ch-osa* (Survey of How Various Workers are Used in the Workplace) (1999) gives different figures: 72.6 percent of workers who work less than 35 hours a week are employed under fixed-term contracts (55.8% of whose terms are seven to 12 months, and 30.4% have terms of four to six months).
- (3) According to the *Shokuba ni Okeru Tay-o na R-od-oshu no Jittai ni Kansuru Ch-osa* (Survey of How Various Workers are Used in the Workplace) (1999), 25.3 percent of part-time workers have worked for one particular firm for five to nine years, and 17.6 percent for 10 years or more.
- (4) The *1998 White Paper on Labour*.
- (5) According to the *Shokuba ni Okeru Tay-o na R-od-oshu no Jittai ni Kansuru Ch-osa* (Survey of How Various Workers are Used in the Workplace) (1999), 42.3 percent of part-time workers actually adjust their working hours.
- (6) The subsidies are given to firms that improve their systems for handling part-time workers, for example, by providing health examinations and educational training, and to firms and organizations that conduct surveys and seminars concerned with the improvement of such systems.
- (7) *Toshiba Yanagimachi Factory* case, Sup. Ct. July 22, 1974; 28 Civ. Cases 927.
- (8) *Hitachi Medical Corp.* case, Sup. Ct. December 4, 1986; 486 *R-od-o Hanrei* 6. The court held that it is not unreasonable for management to terminate the employment of fixed-term workers

prior to calling for regular employees' voluntary retirement.

(9) *Maruko Alarms* case, Nagano Dist. Ct., Ueda Br. March 15, 1996. 690 *R-od-o Hanrei* 32.

(10) In the author's opinion, it is appropriate to see the general principle of equal treatment, unlike the prohibition of social discrimination, as a duty based less on the principle of public order than that of good faith.

(11) Because the problem of part-time work in Japan is in fact one of non-regular employees, then the legal restrictions on fixed-term contracts cannot be overlooked; the "internal principle," which emphasizes equal treatment with increasing length of tenure, is also applicable in their case.

The 2000 White Paper on Labour : A Summary of the Analysis

On June 27, the Ministry of Labour submitted its *2000 White Paper on Labour* to the Cabinet and released it to the public. Part I of the White Paper is entitled "Trends in and Features of the Labor Economy in 1999." It presents an analysis of trends in Japan's labor market in 1999. Part II is entitled "How Best to Mix the Young, the Middle-aged and the Elderly in an Aging Society" and surveys the effects of aging on the macroeconomy and on the labor market. It analyzes employment issues related to young people in an aging society and explores the best ways to mix the young, the middle-aged and the elderly at work. The following provides a chapter-by-chapter summary of the White Paper.

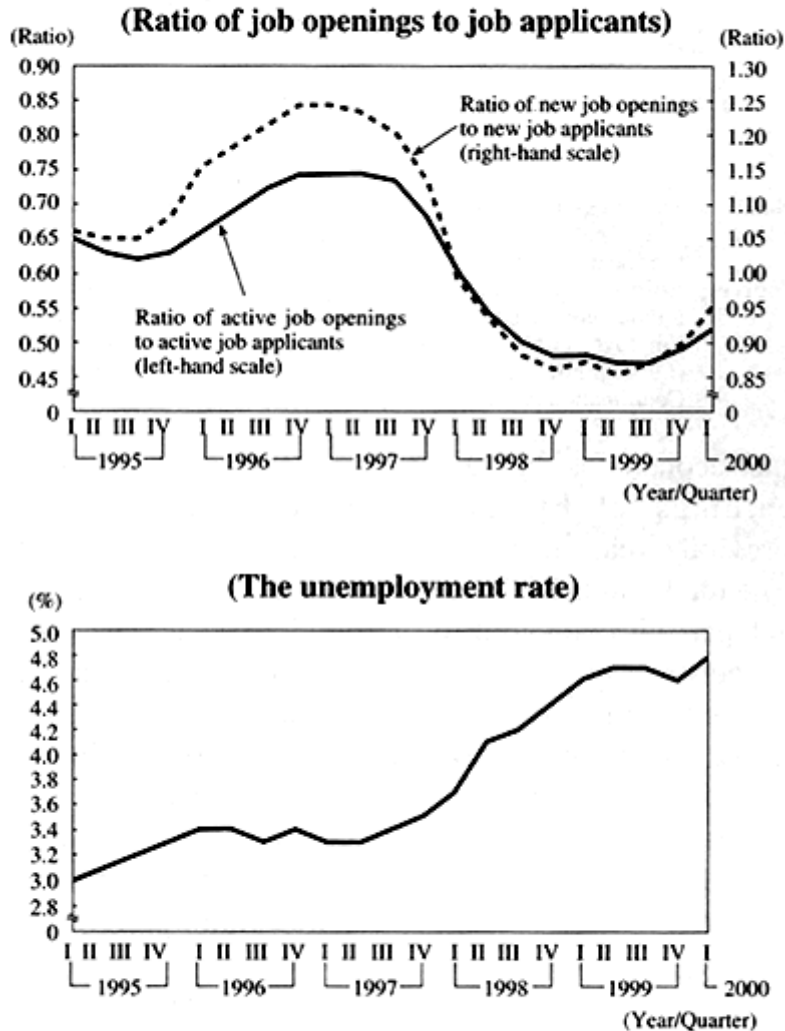
1.0 Part I: Trends in and Features of the Labor Economy in 1999

1.1 Chapter 1: Trends in Employment and Unemployment in 1999

The employment situation in the first half of 1999 was characterized by an unprecedented surplus of labor, by the further adjustment of employment levels, by the further deterioration of the job market, and by an increase in unemployment due to involuntary separation. During this period, unemployment rose to a record 4.8 percent in March; the ratio of job openings to job applicants dropped to a record low 0.46 in May; and the decrease in the number of employed people exceeded the decrease registered in 1998. In the latter half of 1999, the moderate improvement in business conditions resulted in slight increases in the number of non-scheduled hours (overtime) worked in the manufacturing sector and in the number of job openings; the pressure to adjust employment levels downwards seemed to recede, while the number of job-seekers began to decline, and the ratio of job openings to job applicants rose. However, despite the reduction of any labor surplus, surplus continued to exist, and the restraint exercised by companies in terms of recruitment activities continued to make it difficult for newly graduated job-seekers to get a job. Although the number of regular employees continued to decline, the number of temporary workers increased; this also was seen as being a reflection of how bleak the employment situation actually is. In February and March 2000, unemployment reached a record high 4.9 percent (Figure 1). This seems partly to have resulted from an increase in the rate of structural and frictional unemployment during this period, which had been around three percent since 1998

(Figure 2).

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



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

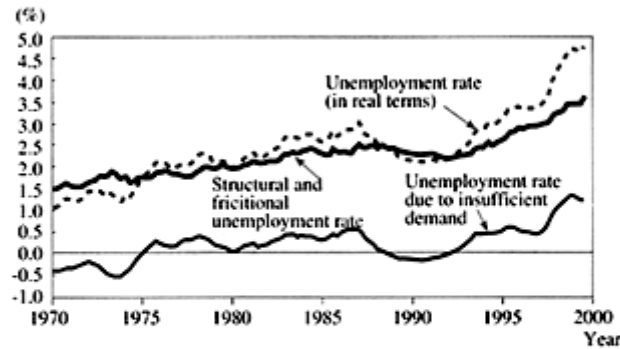
Sources: Ministry of Labour, *Shokugyō Antei Gyōmu Tōkei* (Report on Employment Service), and Statistics Bureau, Management and Coordination Agency, *Rōdōryoku Chōsa* (Labour Force Survey).

1.2 Chapter 2: Trends in Working Conditions

(1) Wages and Working Hours: While non-scheduled cash earnings (e.g., from overtime) increased, scheduled cash earnings fell for the first time since 1991 when comparable figures first became available. Special cash earnings (e.g., bonuses) also fell substantially. This resulted in a decline in total cash earnings by 1.3 percent over the previous year, the second consecutive decline on an annual basis. Real earnings fell by 0.9 percent compared with the previous year, also for the second consecutive year. The total number of hours worked in 1999

declined by 1.1 percent compared to the previous year. The drop reflects a decrease in the number of scheduled hours worked due to a decrease in working days; the decline in the number of non-scheduled hours worked slowed due to a slight recovery in production levels.

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 seen as being the actual unemployment rate minus the structural and frictional unemployment rate.

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

(2) Industrial Accidents: The number of industrial accidents (deaths and injuries resulting in an absence of four or more days from work) continued to drop. Although the number of deaths totaled 1,992 and was below 2,000 for the second consecutive year, the figure represented an increase over the previous year.

1.3 Chapter 3: Trends in Prices and Workers' Households

(1) Prices: In 1999, the wholesale price index continued to fall, dropping a further 1.5 percent from the previous year, although the rate of decline slowed in the third quarter (July to September). The overall consumer price index dropped 0.3 percent from the previous year. This was the first drop in four years, and marked the largest drop since 1971.

(2) Workers' Households: The will to consume among workers' households rallied in 1999, but an unusually large drop in real household income (as in the previous year) resulted in an overall drop of 1.7 percent in actual consumption expenditure for the year.

1.4 Chapter 4: Trends in Labor-Management Relations

During this year's spring wage negotiations, the major industrial unions in the electrical goods industry settled for an average increase of ¥500, equivalent to the regular annual increment built-in for 35-year-old workers. Unions in the steel industry settled for basic wage

hikes of ¥1,000 over the next two years. Unions in 11 automobile firms obtained an increase of ¥6,494, which included the annual increment calculated by the average wage method. For unions in the shipbuilding industry the figure was ¥6,000 and also included the annual increment calculated by the average wage method.

2.0 Part II: How Best to Mix the Young, the Middle-aged and the Elderly in an Aging Society

2.1 Chapter 1: Changes in Economic Structure and the Progressive Aging of Society

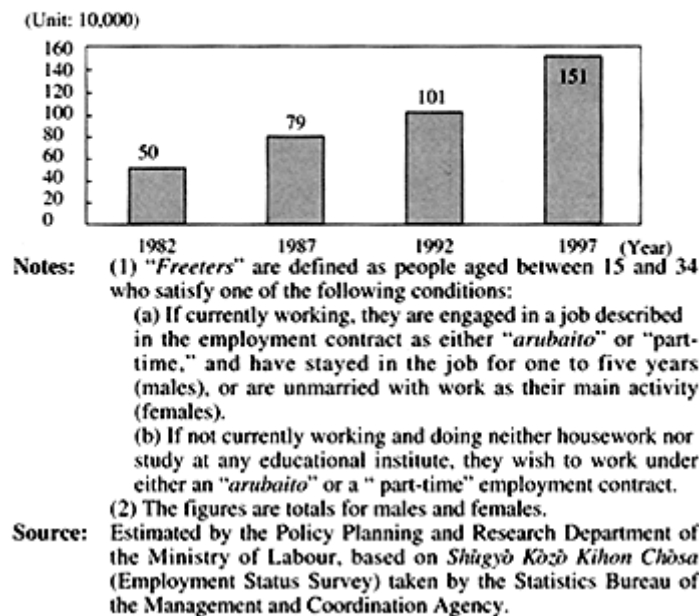
Despite the signs of some improvement in the overall performance of the economy, many Japanese firms felt they had excess labor and some began to implement plans to restructure. Often the approach taken was to adjust employment levels by reducing the hiring of new employees. While these developments have been equated with those taken during the first oil crisis, there have also been signs that new jobs are being created. Also, due to the establishment of businesses and employment opportunities in new industries which make use of part-time workers, the proportion of non-regular employees has been increasing at a rapid pace, even though it continues to be relatively rare for companies to substitute part-time employees for regular ones.

The aging of the population will affect the macro economy by positively shaping both the supply and the demand side in the labor market. For example, aging will stimulate technological progress and the expansion of consumption. In order to respond to changes in the composition of the labor force due to the aging of society and the declining number of children, it is essential that companies change their patterns of demand for labor. At the same time, the shrinking labor force requires that firms consider carefully how to make more effective use of the elderly and of females in the population.

2.2 Chapter 2: Issues concerning Employment among Young People

The labor market for new graduates is in serious recession. The percentage of new high school graduates without a job exceeded 30 percent. However, the largest proportion of youth unemployment is due to voluntary separation which seems to be possible in part because of the financial support young people receive from their parents. The recent increase in voluntary separations and job switching among young people is attributable to the increased proportion of “free workers” (known in Japanese as “*freeters*” *) and other non-regular workers who tend to switch jobs many times. In recent years, the number of these “*freeters*” has tripled between 1982 and 1997 to reach 1.51 million (Figure 3).

**Figure 3. Estimated Number of "Freeters"
(total for both sexes)**



Behind the recent employment pattern of young people is their lack of commitment to working and a kind of unfounded optimism created by the economic affluence in which they grew up. The outlook of the increasing number of "freeters" these days varies. They can be categorized into four types according to the reason they became "freeters." One type wishes to have more time for something else they really want to do. A second type feels uneasy about the future. The third type simply wants to remain a "freeter." The fourth type does so for other reasons. Although two-thirds of "freeters" wish to settle down to regular work sooner or later, some actually fail to switch to regular employment because they have had little opportunity to develop their abilities. An increase in frequent job-switching with no prospects for the future is a loss not only for the individuals involved but also for society as skills and abilities are not accumulated.

There has been a moderate increase in the willingness of firms, especially among large firms, to recruit throughout the year, though the recruitment is still focused on the hiring of new graduates. In future, it will be necessary for firms in various industries to adjust their labor force through labor turnover. The White Paper recommends that steps be taken to reorganize the labor market so that it is more open to recruiting activity throughout the year. As for the recruitment system for new graduates, emphasis must be placed on the desirability of providing young job-seekers with the knowledge they require to choose jobs and with opportunities to take a closer look at, or even to experience (as trainees or interns) how work is actually carried out in the workplace.

Finally, particular attention should be given to the need to deal with the structural problems which have resulted in changes in the work ethic of young people and in changes to the industrial structure. Important for the smooth transition of young people from school to the workplace are the provision of long-term training systems within companies, a greater seriousness when choosing their first job, the creation of an environment to support such young employees, and greater cooperation among school, the bureaucracy and private companies. In particular, it is necessary to improve the abilities of high school graduates as well as to persuade a wider range of firms to recruit them. In addition, in order to create a more flexible market where young people can have more than one chance, it will be important to enhance vocational training outside the company while also taking steps which will help young people settle down in one job.

2.3 Chapter 3: The Aging of the Population and Problems concerning the Employment of the Elderly

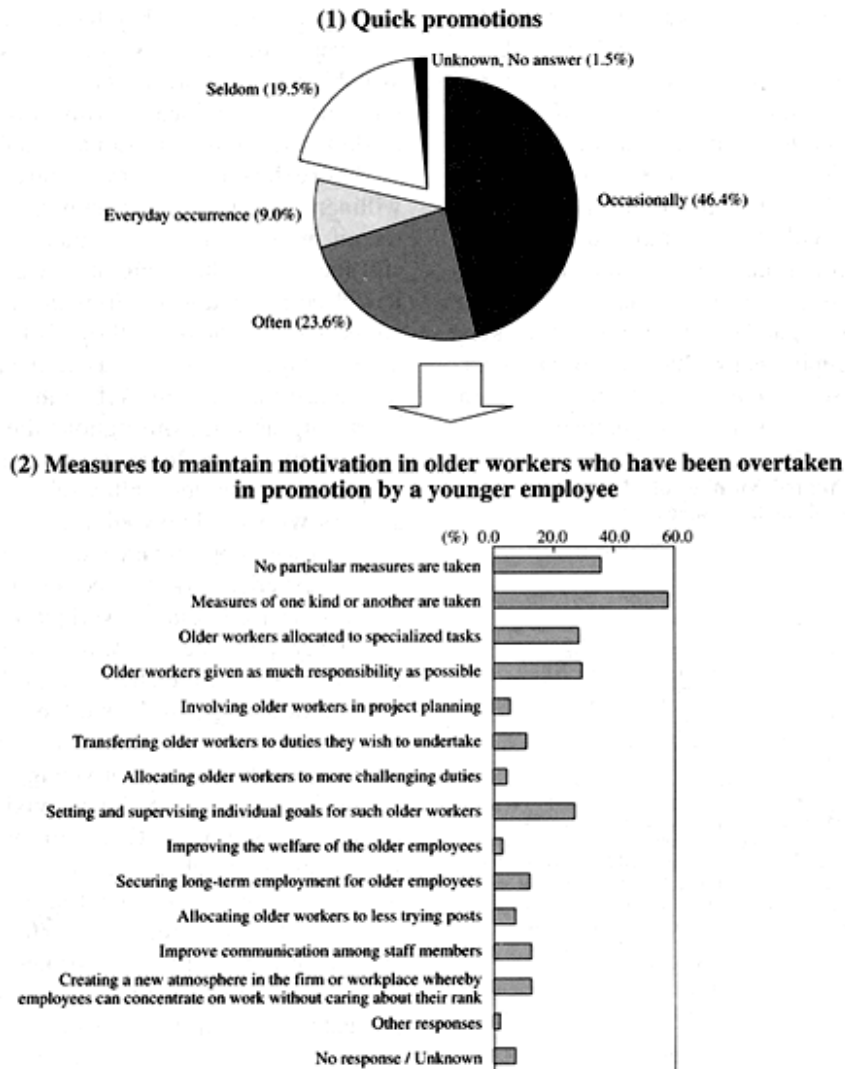
At present, unemployment is a more serious issue for those aged under 60, but when the baby-boomers reach their early 60s in 10 years, it will be important for them to secure employment up to the age of 65. To ensure them satisfactory employment, it will be necessary for them to establish conditions that will provide them with ample opportunities to find jobs. Compared with people in their early 60s in the past, a larger proportion of those currently in their early 60s are working, and an increasing number continue to work for the company at which they were employed on their 55th birthday.

The average remaining life expectancy of males aged 60 is 20 years, up five years from 1970, when the calls to move the mandatory retirement age from 55 to 60 were first heard. The challenge of employing the elderly underlines the importance of creating schemes whereby the specialized skills and abilities which accumulate with age can be fully utilized. The willingness of Japan's elderly to work is, in international terms, high. Thus raising the minimum pensionable age under the Employees' Pension Plan (a public pension system for salaried employees) is likely to strengthen still further their incentive to work.

Age-wage profiles are becoming flatter. It is expected that wage systems based on performance will become more common, but there are many issues to be resolved in terms of how to conduct personnel evaluations. As the labor force ages, promotion to higher posts is coming later for many. It is not so unusual nowadays for a younger employee to be promoted over a senior colleague. New personnel systems are being introduced whereby a company encourages its employees not via rank but via the tasks themselves (Figure 4). The practice of continued employment up to age 65 is gradually becoming more common; changes in wages

and employment status do not in many cases affect the duties and working patterns of the workers in question.

Figure 4. Frequency with which Quick Promotion Occurs (in which a Younger Worker is Promoted Past an Older Worker) and Measures to Maintain Motivation of Older Workers



Notes: (1) "Quick promotions" shows the percentage of firms which answered to the question "Does your company have any situation where a younger employee supervises an older one (who is aged under 60) though both have the same educational level and joined the company with the same qualifications?"

(2) Multiple answers were permitted in Figure 4-(2).

Source: Japan Institute of Labour, *Shokuba ni Okeru Kōnenreisha no Katsuyō ō ni Kansuru Jittai Chōsa* (Survey Concerning Making Use of Older Workers in the Workplace: A Company Survey), 1999.

The re-employment of middle-aged and older workers will require them to develop their abilities further. Nevertheless, in principle the extension of employment should be within the same type of job the employee has been engaged in. However, the age limits that go with some job openings make it difficult for them to get a job. The system of transferring older employees to an affiliated or related company eases the shock involved and helps them to secure employment opportunities. Presently many companies have difficulty finding posts for older employees who need to be transferred. However, the proportion of middle-aged and older

people among business starters is increasing.

In the years preceding retirement, the necessity to work for financial reasons is diminishing, and an increasing proportion of those concerned wish to continue working for other reasons. On the other hand, comparisons with other countries highlight particularly Japanese issues. For example, the aged in Japan seem to feel more uneasiness about the future in relation to pension schemes. Their weak relationships with their local community also result in low levels of satisfaction with their life in retirement. For a spiritually fulfilled life in retirement, it is necessary to think about the balance between each individuals' work life and his or her social life over their entire career in the labor force.

Steps to make fuller use of older workers include (1) having wage and contract schemes that are not affected by age, (2) being assigned duties which will allow them to take full advantage of their work experience, and (3) decentralizing work through the allocation of responsibility and authority. To create employment opportunities for older workers, the White Paper called for (1) voluntary efforts by labor and management over the next 10 years to raise the mandatory retirement age to 65, (2) gradual efforts to ensure employment opportunities are available for workers up to age 65, (3) efforts to dispel stereotypes as to the age requirements of companies (i.e., relaxing age limits for recruitment), and (4) support for individual efforts to acquire one's own unique set of skills and abilities.

Conclusion

Once young, middle-aged and older workers have built a complementary relationship in the workplace, new values will likely emerge. The aim should be to create a situation in which a decreasing number of young people and an increasing number of middle-aged and older employees can work together in more efficient ways as personnel systems are designed to produce ideal combinations of younger and older workers. The end result, it is hoped, will be a new set of values that will result in more jobs and in young and old alike being able to demonstrate their respective abilities to the full.

Note:

* "*Freeters*" are young people, chiefly in their teens or 20s, who are not working because they have gone onto higher education or failed to get a regular job, or who are working as part-time or side-job (*arubaito*) labor.

Opinion

The 2000 Spring Labor-Management Wage Negotiations

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This year, labor and management sat down to wage negotiations in a hard economic environment, with the economic future uncertain, the employment situation deteriorating, and the difference in business performance among firms more noticeable.

At a special general meeting last January, Nikkeiren claimed that “the most important issue would be maintaining employment levels.” To achieve this, it pointed to the necessity for each firm to strengthen its competitiveness and to reduce production costs by overhauling high-cost structures. It advised firms to move away from matching the amount of their pay hikes to those of other firms. Rather, it stressed the importance of firms determining their own wage levels according to business performance and productivity.

In response to this, unions called for some basic wage increase in order to encourage consumption. Accordingly, this year's negotiations at the individual firm level were tougher than those in the previous year. However, bearing in mind the economic environment and the overall business situation, all parties concerned paid consideration to the overall position of labor-management relations, and a last-minute compromise was reached. Nikkeiren's survey shows that the weighted average pay hike in 220 large companies was 1.97 percent, a record low level.

This year's wage negotiations were characterized by six features. First, amidst the intensified competition due to economic globalization, deregulation, and the prolonged recession in Japan, unions and management shared a common sense of crisis concerning the survival and future development of their firms. As a result, many enterprises in non-ferrous metals, paper and pulp, shipbuilding, and electrical power, as well as the NTT groups, opted for no change in the basic wage increase with only an annual increment.

Second, labor and management in the five major steelmakers, which in the past had always settled on the same wage increase, split into two groups for the first time, with different basic wage hikes.

Third, the negotiations focused on total labor costs, including not only the maintenance of employment levels but also wages, lump-sum payments, retirement allowances, pensions, employee welfare and so on.

Fourth, bonuses were linked more closely than ever to the business performance of individual enterprises. Some enterprises, particularly the major electric companies, introduced bonus payment schemes with a certain formula linking the bonus to business performance.

Fifth, in accordance with the gradual raise from April 2001 in the minimum pensionable age under the Employees' Pension Plan, the extension of employment beyond the age of 60 was intensively discussed. Large enterprises in the electronic, textiles, steel, and shipbuilding industries reached a general agreement with their unions on the introduction of one-year "reemployment contracts" or on a schedule for future discussion.

Sixth, with regard to personnel management, there were moves to further emphasize ability and performance of employees.

Now that low economic growth and economic globalization have come to characterize these times of intensified competition, variation in business performance among industries and firms is becoming more noticeable. As a result, the pattern of wage negotiations which characterized early Spring Wage Offensives is shifting away from the emphasis on wages and on uniform agreements. It is expected that full-scale discussions of the approach to the annual spring round of negotiations will intensify.

Labor and management are stabilizing forces of society. The stable relationship between labor and management and industrial peace are important social infrastructures supporting the national economy. It is thus necessary for both parties to work to further develop mutual trust and to build a closer relationship based on a thorough discussion on a wide range of issues.

The 2000 Spring Struggle for a Better Life in Retrospect

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Department of Working Conditions
Rengo (Japanese Trade Union



The Japanese Trade Union Confederation (Rengo) regarded this year's Spring Struggle for a Better Life as an effort to break through the crisis affecting jobs and its members' livelihoods. At the same time it was also seen as an attempt to get Japan's economy out of its deflationary spiral and to open up possibilities for autonomous economic recovery. In their daily lives, workers felt insecure about their employment and income, and the future more generally. Their uneasiness stemmed from an increasing number of company bankruptcies and redundancies, the drop in real wages for three consecutive years, and adverse revisions to the social insurance system. To find some way out of this situation, Rengo stressed the necessity of increasing the sense of certainty with regard to employment and income, and called for social safety nets to be reinforced. The measures proposed by Rengo were seen as a means of stopping the deflationary spiral (whereby a drop in production led to a drop in jobs and incomes, which then led to a drop in consumption and a further drop in production). More specifically, Rengo called for a fixed annual increment (a pay raise in accordance with tenure, etc.), for a one percent basic wage raise, for a shortening of working hours, for the extension of employment after the age of 60 and for greater job security. (Rengo also made demands on the government concerning pensions, health services and employment.)

Negotiations with management resulted in moves to extend employment to after the age of 60 (unions in the electronics and other industries have reached an agreement to introduce "re-employment or employment extension schemes" applying to all employees who wish to continue work after age 60), and moderate pay hikes in small and medium-sized enterprises. On the other hand, many major unions (in shipbuilding and heavy machinery, electricity, information, etc.) were compelled to accept management's refusal to lift the basic wage apart from the fixed annual increment, and that the level of the basic wage increase (about ¥200) as a whole was lower than that for the previous year (about ¥700). Despite the signs of economic recovery in macroeconomic indices, quite a few unions felt they were negotiating at a time of unfavorable business situation for their own firm and of a difficult labor market. The situation at the firm level meant they were unable to draw favorable answers on pay hikes. On the whole, the results were in line with management's position which emphasized the microeconomic situation and the need for restraint on total labor costs. From Rengo's point of view, the outcomes did not adequately reflect the macroeconomic realities which determine

workers' standard of living and overall level of consumer demand within the economy.

Another feature of this year's struggle was the change in traditional bargaining patterns and in the unified simultaneous settlement system at the industry level. The union movement will need to respond to these important changes as it assesses this year's outcomes and plans the future course for the joint spring struggle.

These trends reflect the effects of progressive economic globalization and the implementation of the International Accounting Standards. It should be mentioned here that at some firms management is reconsidering their conventional "Japanese-style" practices as they shift their focus to shorter-term profits and to returns for the shareholders. If such changes in management attitudes and labor management relations are irreversible, then Rengo will need to take radical steps to deal with them.

Rengo is now preparing for next year's Spring Struggle for a Better Life. Bearing this year's results in mind, it is reappraising negotiation patterns. For example, the role of pattern-setters in formulating the general range of wage increases is being examined. Rengo is also studying the possibility of relying principally on industry-based councils (large groupings which place each of the 76 industrial unions into larger groupings such as chemicals, metals and so on). Through 11 such groupings Rengo is currently examining the possibility for meetings with management and for establishing labor's demands.

IIRA 12th World Congress Report

Presidential Address to the 12th World Congress of the International Industrial Relations Association Tokyo, May 30, 2000

Universal Wisdom Through Globalization

Tadashi HANAMI
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At the Turn of the Century

Today, at the turn of the century, the revisions to and the evolution and transformation of industrial relations have become a topic of discussion in many circles. Studies presented by our colleagues around the world show that individual countries are facing more or less similar changes and challenges, regardless of the geographical location, West or East.

Thus, everyone is wondering if globalization will bring integration not only in terms of problems and issues but also in terms of policies and solutions.

The 12th World Congress of the IIRA in Tokyo is certainly an appropriate occasion to ponder the possible methods, approaches and tools for a universalistic approach to meet the changing situation and challenges we face today in the field of industrial relations, both in the West and the East.

The first step is to examine the nature of the changes. Listening to the current discussion, the general tone is rather mixed: There are positive expectations about future possibilities intertwined with a strong anxiety and apprehension about unknown factors. The most common trends are declining stability and security in employment, a growing irregular labor force, and the declining influence of trade unions. These factors can be seen almost everywhere, even among the most advanced economies. These factors are interrelated and thus make a diagnosis and future predictions very difficult. Overall, the tone could be described as rather pessimistic because it appears we are facing a drastic overhaul of the industrial relations systems, and we can possibly predict “a twilight of industrial relations.” The papers submitted to the last Congress in 1998 in Bologna were, however, regarded as “proof of the surprising vitality of employers' associations and trade unions ... in respect to the survival of what we may still call industrial relations” (Treu, 2000).

The very words used by the past President of our Association, “what we *may still* call industrial relations, ” reveals the enormous degree of transformation we are experiencing today and expecting in the future.

Yet, one will be surprised to discover that our forerunners in labor studies since the Second World War have continually talked about crisis and change – sometimes the changing role of trade unions, sometimes the changing role of government, the changing patterns of collective bargaining, changing patterns of wage negotiation, changing role of worker participation or even the changing pattern of industrial relations *per se*.

However, at the same time one may contend that the present changes we are

experiencing today are more fundamental and far-reaching than any other changes we have experienced in the past.

Behind Fundamental Changes

As the term “new industrial relations system” (**Katz**) suggests, the transformation we are experiencing today is so fundamental that long-established basic approaches to employment relations based on large-scale employment in manufacturing, a stable public sector and a strong trade union movement are no longer valid. **Lansbury** mentions the various and interrelated reasons for the changes we are seeing in work and employment.

Globalization of product markets and technological change go hand in hand, resulting in increased competition and a greater division of labor on an international scale, attempts to achieve flexibility through downsizing, extensive use of contract labor, and lean management systems and neo-liberal economic policies put forward by several governments that favor deregulation and have resulted in the weakening of labor market institutions.

Technological change has had a great impact on our society in general and on labor markets, working styles, patterns of working life and the consciousness of workers.

Consequences of the Changing Nature of Work

Today views regarding the changing nature of work range from “utopian” on the one hand to “pessimistic” (**Lansbury**) on the other. While we predict significant sectorial shifts of the labor force as a result of the “tertiarisation” of industry (**Blanpain**), opinions are divided on the net-result these changes will bring to overall employment opportunities as the network economy will certainly both create and eliminate many jobs in different categories (**Browne**). New information technologies create new work opportunities while simultaneously increasing the use of contract laborers and flexible work locations (**Ladwig et al.**). The negative side is “burnout,” emotional exhaustion and higher absentee rates (**Deery**). On the other hand, technology also facilitates decentralized decision-making and employee participation (**Springer**).

Basic Conceptual Changes

There are almost universal trends towards flexible employment contracts: from “on-going,” “regular,” “core,” “standard” workers to part-time, temporary, fixed-term, independent contractor arrangements (commonly called “contingent,” “peripheral,” “non-regular” or “atypical”) (**Tregaskis and Brewster, Marsden, Gallagher and Sverke**). Such trends are not limited to the Western world and some advanced Asian countries – such as Japan (**Suzuki and Ogura, Nishikawa**), South Korea (**Park**) and Taiwan (**Jean**) – but can

also be found in developing economies since these types of employment were rather universally common before and during the early stages of industrialization (Cappelli, 1999).

The emergence of such types of employment both in proportion and significance against “core” employment requires “institutional reforms” (Marsden), including a reexamination of government policies, a degree of protection (Suzuki and Ogura), and regulation of employment agencies (Druker and Stanworth). More fundamentally this leads to conceptual difficulties as a result of the necessity to regulate “triangular relationships” between a worker, a provider of work and a person who requests service (Marin). Here we are facing the most basic conceptual reexamination of the very fundamental notion of personal subordination as a foundation and demarcation line of application of modern labor laws (Weiss, 2000). This is a question of profound significance that will indeed lead to a total reconsideration of the labor law system, an answer to which has yet to be found in this new century.

In other words “temporary work” perhaps poses the most serious threat to the integrity of the “non-commodity principle” which has been one of the most fundamental principles of modern labor law and industrial relations as symbolized in the ILO's “Declaration of Philadelphia.” Thus, “flexibilization of labour arrangements as a concept in legal parlance” represents “something of a paradigm shift in working life” (Fahlbeck, 1998).

Emerging Female Employment and Family Life

The emergence of a new labor force and employment patterns are integrally related to the issues of gender and age, and thus also related to ethical background and family life. Gonäs notes the growing numbers of women in the labor force on the one hand while they continue to have responsibility for unpaid family work in spite of their higher levels of education. This has resulted in declining fertility rates (Gonäs).

A frequently asked question is how to reconcile work and family life to bring about fairness and equality for women. Work-time arrangements, such as flexible working hours, can be both favorable or unfavorable for working women, depending on whether they are employer-chosen or employee-chosen (Tremblay, Holt). The importance of childcare policies, equal distribution of family work, parental leave, etc. are also referenced (Tremblay). A Japanese study highlights the case of the interplay between working hours, parental leave regulations and organization of family work, such as care for the young and elderly (Maeda). The risk of a polarization of working hours – when men tend to have an increasing proportion of long working days while women work part-time and shorter hours – is also pointed out (Tremblay). Maeda's study shows that in Japan career breaks in connection with childbirth are still common while this pattern can no longer be found in Scandinavian or

Anglo-Saxon countries (**Gonäs**).

Changing Employment Patterns and Discrimination

One case study of an airline company in Asia depicts the disadvantages women face in climbing the corporate ladder in a male-dominated corporate culture. This paper suggests that improvements can be found through international business experience (**Ng and Fosh**). **Holt** raises a very interesting ironical point: the greater the provisions provided by the government for families, such as longer parental leave, the more employers regard women as an unstable and expensive labor force (**Holt**). Another related interesting study shows that in Australia, as in many countries, people employed as casual laborers do not have access to family-friendly initiatives particularly because increasing deregulation has resulted in a decreasing proportion of employees who are covered by negotiated agreements and award coverage (**Ross**).

This leads to the broader issue of the flexibility of employment and social protection.

Flexible Employment and Social Protection

In recent years, the potential incompatibility of employment protection legislation (EPL) and labor market flexibility has occasioned many debates and a growing body of research. The central question has revolved around “whether excessively strict EPL has been an important contributor to the persistently high unemployment experienced in many OECD countries since the early 1980s” (OECD, 1999). Thus, a number of European countries which had fairly restrictive legislation against temporary employment or fixed-term contracts have liberalized significantly such regulation in the past 10 years, while a small number have liberalized EPL for regular employment or tightened specific components of EPL. Taking into consideration new data, the OECD reassessed the links between EPL strictness and overall employment. The OECD concluded that, “Consistent with prior studies, there appears to be little or no association between EPL strictness and overall unemployment. However, EPL may be more strongly associated with the level of employment and the demographic composition of employment and unemployment” (OECD, 1999). In particular, the study notes that stricter EPL raises employment for men in their prime-age but lowers employment for youth and women. **Gonäs** disagrees with this analysis, pointing out that many studies describe how regulations other than employment security are also important in determining employment for women, such as the availability of public day-care and parental leave.

Equal opportunity is becoming an important point of discussion regarding labor flexibility and social protection in Europe where EU-wide collective agreements on job access, sex segregation, pay equity, parental leave and work-time arrangements are developing

(Weiler). Other studies present a more complicated picture of the outcome of employment flexibility in different areas and industries. In an analysis of the decentralization and deregulation of a medium-sized public sector organization, an Australian study indicates the possibility of achieving positive effects for both employees and the employer through labor flexibility initiatives (Baetge and Horstman).

One paper regarding British public services that confirmed the results of the previous study found that performance pay did not greatly affect motivation to improve performance (Marsden et al.). Another study about companies in India suggests that labor flexibility can be successful in improving work-place relations by ensuring fairness and building trust through shared visions and values, sharing information and communication in the labor-management partnership (Chandra and Ratnam). A study on labor flexibility and social protection in Eastern and Central Europe points to the importance of prescribing normative guidelines for social partners that could be deviated from only with the consent of the parties involved, instead of setting minimum standards (Swiatkowski).

Globalization, Deregulation, Flexibility and the Labor Market

As a result of growing international competition, deregulation and the restructuring of industries, serious problems in labor market strategies have been emerging globally. Yet experiences vary from country to country and industry to industry. This has been demonstrated in a good number of papers providing a wide range of examples on restructuring, transfers, retraining, reemployment, etc. For example, one study deals with massive restructuring in India (Reguri), another details adjustment in the Chinese steel industry (Sun), and another concerns a case of deregulation in Australia (Burgess and Strachan). A specific study of inventions made by employees in Japan and related legal rights (Lo) and a comparative study of elderly workers in Japan and the U.S. (Siegel) are of particular interest.

On the European level, taking a broader perspective, improving work flexibility became a key issue in the efforts to improve the employment content of economic growth. During the last World Congress, the importance of the guidelines defined at the extraordinary European Council on employment – which stressed the need to improve the capacity of both enterprises and workers for adaptation – was emphasized (Treu, 2000). To promote a more modern work organization, the social partners were asked to negotiate agreements introducing flexible and innovative methods of work organization. The EU Green Paper required social partners and policymakers alike in the European Community “to strike the correct balance between flexibility and security ” (EU,1997). The EU *Guidelines for Employment 2000* also prescribed, “The social partners are urged to agree and implement a process in order to

modernize the organization of work, including flexible working arrangements, with the aim of making undertakings productive and competitive and achieving the required balance between flexibility and security (EU, 2000).

In this respect, some papers deliver new dimensions of active labor market policies in Nordic countries (**Jørgensen, Harkman and Johansson, Räisänen**). The degree of success is different depending on the different economic background and level of unemployment in the respective country (Denmark, Sweden and Finland).

The task of striking a balance between flexibility and security is not only limited to the European sphere. A broader perspective is provided by comparing European, American and Japanese employment systems as typological models. In a comparative study on labor law, these three models are analyzed from the viewpoint of the quantitative and qualitative flexibility of the external and internal labor markets. In this study, the EU is characterized as a “controlled flexibility model” in which dismissal of employees and the use of fixed-term employment contracts are severely restricted. The U.S. is characterized as a “quantitative (external) flexibility model” due to the lack of job security, the lack of strict restrictions on terminations and the use of fixed-term contracts. Japan is characterized as a “qualitative (internal) flexibility model” with strong job security and flexible adjustment of working conditions under the long-time employment system (Araki, 1998; Araki, 2000).

However, the reality in these three regions is more complicated, with great deviation from the above-simplified typological characterizations. In the U.S. model, management hardly enjoys external flexibility. In spite of the lack of EPL in the ordinary sense, under anti-discrimination laws there are serious restrictions at every step regarding personnel management, including recruitment, hiring, promotion, job-assignment, etc. In fact, today American management prerogatives are much more restrictive than their European or Japanese counterparts. Regarding the Japanese employment system, the role of job security has been over-emphasized or even perhaps exaggerated due to the highly publicized notion of lifetime employment. In reality, Japanese employers still enjoy almost unlimited freedom in hiring as a result of fatally ineffective equal employment legislation (Hanami, 2000). At the same time, they enjoy extensive external flexibility because of the almost free hand they have to effectively utilize contingent labor forces, such as short-term, part-time and temporary (dispatched) employment. In addition, Japanese employers enjoy extensive internal flexibility over regular employees under the longtime employment system whereby they are given another free hand to change working conditions in the form of legally admitted rights to introduce amendments to work rules. The only condition they must meet is consulting with the representative of the majority of employees (Araki, 1998).

In Europe, external flexibility has been seriously restricted by strict restrictions regarding dismissals and the use of fixed-term employment. However, in recent years a number of countries have significantly liberalized regulations concerning temporary employment and a smaller number have liberalized employment protection legislation (OECD, 1999). As a result, in Europe today employers are regaining external flexibility. Thus we can observe that the general trend in labor market policies in these three regions is one of convergence in spite of the diversity of the established systems and practices.

Changing Management and Work Styles,

Opinions are very much divided over the impact on employees of recent organizational and workplace changes. Some authors have greeted them positively, pointing to greater autonomy, communication and participation in decision-making, greater initiative, creativity and effort as a result of performing meaningful and challenging work. At the same time they recognize that an emphasis on short-term profits and cost-cutting can undermine workplace reform and demoralize employees (**Kalleberg et al.**). On the other hand, some authors have stressed the negative effects of growing efficiency and competitiveness to produce winners and losers (ACIRRT, 1999) and “a deskilling of lower-skilled jobs and an upskilling of higher-skilled jobs” (**Brown and Campbell**).

Regardless of differing opinions, the vital issue in new forms of management and work style is related to the possibility of “a new institutional framework for training new kinds of technical and scientific experts who are capable of exploiting the potential for innovation in the high-skill sector” (**Lam**). A proposed model of “extended internal labour markets” may also be supported by another empirical study in which it was urged that enterprise-level training be linked to broader continuing education and integrated with the industrial relations process (**Sørensen and Sommer**).

Obviously new trends in employment and new approaches to work lead to a natural question: Do we need a new industrial relations system?

Changing the Role and Structure of Unions

Particular attention has been devoted to the changing role of trade unions and industrial relations in the ever-growing important process of employee and union participation. Experiences in different countries – both in the West (Finland, Canada, UK) and in the East (India) – underscore the complex dynamics that can be found in participation processes and the difficulties unions have in clarifying their role (**Kalliola, Lapointe, Bhattacharya**).

In general, the role of unions was found to be positive, and in some case even essential for workplace democracy to emerge (**Lapointe, Kalliola**). In other cases, the role of unions depended on other factors related to industrial relations, such as multiple unionism (**Bhattacharya**). Also, different types of participation resulted in different effects in a British case (**Whitfield and Delbridge**).

Not only with respect to the challenge of various forms of emerging employee participation schemes, but in the general context of the industrial relations system, trade unions and the labor movement are undoubtedly facing very serious problems. Thus, most people wonder if unions can survive in the coming century or if they will be “a thing of the past without any real relevance in the information society” (Fahlbeck, 2000). In his analysis based on ILO Studies on the future of the labor movement, **Jose** notes that while liberalization and globalization bring about formidable challenges to unions, they also provide opportunities for a far more effective and politically important role in society.

Experts from different parts of the world refer to an emerging new unionism to meet the needs of atypical workers, including part-time, temporary, women and white-collar workers who were traditionally outside the organizational target of unions (**Kuwahara, Pisani and Brighi**). Thus what is required for trade unions in the future is a more “marketable approach” to respond to the “many needs of many different people” (**Rojot**) and “a diverse menu of choices” (**Wheeler**).

Apart from the general trend toward more decentralized bargaining, in recent years trade unions have been facing difficulty in creating multinational bargaining structures. **Koch-Baumgarten** identifies conflicts between unions which exist in countries that export capital and those existing in countries which supply labor. **Salmon et al.** analyze labor confederations in both Britain and Japan and how they transfer international organizing experiences to their affiliates.

Experiences in Central Europe, Asia, Oceania and Africa portray diverse pictures of how industrial relations function in different environments. Cases of weak unions and those in difficulty appear in Hungary (**Frege and Tóh**), South Africa (**Harcourt and Wood, Van Wyk and Pienaar**) and Taiwan (**Wei**). On the other hand, an Australian police union is an example of a success story, with a membership rate of over 99 percent (**Fleming and Petz**). Such rather isolated success stories are not so scarce even in countries such as the U.S. where the serious decline in union membership is the most remarkable among the advanced economies (**Wheeler, Greenhouse, Proffitt**). However, Swedish industrial relations is probably the most dramatic case of high union density, analysis of which may raise a number of important points

when examining future perspectives of trade unions and industrial relations. We should perhaps examine the implications of the Swedish case in the context of a possible perspective for labor and industrial relations in the coming century.

What Will a New Industrial Relations System Look Like in the New Century?

To assess the role of unions and industrial relations in the next century one should fully take into account the overall impact of technological change, change in the industrial structure, the changing nature of the labor force, the labor market and globalization, all of which are related. However, the most essential point is the fundamental change in the nature and relationship among actors in working life. This requires “a need for a new scenario for actors” (Fahlbeck, 2000). In this scenario, in addition to conventional employer-employee, union and employer (organization) or tripartite social partners, 12 actors – individual employers, employer organizations, people looking for work, employees, union members, unions, consumers, producers, citizens, executive, legislator and judiciary – are listed as taking part in the balancing between competing interests in the labor market. In such a scenario, in place of traditional “employees, ” non-employed people (free-lancers, consultants, self-employed, contract people, temporary members) play an important role. Thus member assemblies “organized by not only employees but also the non-employed might become a forum for intermember communication and consultation as well as a body for contracts with management” (Fahlbeck, 2000). Here the declining influence of trade unions is predicted not only in terms of declining membership but also because they are only one of 12 actors instead of the traditional one of three.

Thus the role and status of unions in the future industrial relations system will depend considerably on organizing non-regular employees and the non-employed. In Sweden, atypical employees are unionized to the same extent as others, perhaps even slightly more. In addition, several local collective agreements regarding distance work have been concluded on the company level, and the temporary work business is unionized and covered by a comprehensive collective agreement. The reasons behind the organizing success in Sweden are manifold. Labor law statutes provide a number of potent tools for unions, including administration of the unemployment insurance scheme, *erga omnes* effect of collective agreements, etc.

However, there are many countries where unions have substantial privileges that are provided to them by law, but they are still losing influence in spite of such privileges. General background factors – such as the changing nature of the labor force, the labor market and industrial structures resulting from the introduction of new technology and emerging information industries – are more or less common in most advanced countries. Thus the

interesting question is why unions are so successful in Sweden? Fahlbeck emphasizes that differences in attitudes and opinions regarding unions, union work and the relationship between unions and their members are the most important factors. The religious undertone associated with Swedish unionism is seen in the fact that it is considered “a noble activity in unselfish pursuit of a fuller and more dignified life for members” (Fahlbeck, 1999). In my viewpoint, the future of trade unions depends on the restoration of such a noble spirit of altruism that was once dominant in countries with strong trade unionism during the golden age of union emergence and prosperity, as rightly indicated by **Brown**.

Impact of Globalization on HRM and Industrial Relations

The role of unions must also be reexamined on the international level. **Brown** notes that collective bargaining agreements that have developed to support common labor standards within the product market of a particular country have come under increasing strain as those product markets have become internationally exposed. Many papers observe the diffusion of employment practices in multinational corporations. Foreign firms establishing plants in the U.S. responded positively to the relatively unregulated environment, resulting in a decline in unionization within foreign-owned companies during the 1990s (**Cooke**). Another study provides a case-study in which German multinational companies act as “a two-way vector of dynamic change,” “both bringing to host countries their own nationally distinctive ways of doing things, and taking from the host environment lessons for adoption at home” (**Ferner et al.**). Two papers describe the trend of decentralization of decision-making in Japanese companies (**Kuan, Nagai**), while another paper discusses the possibility of developing managers for international careers (**Subbarao**).

Globalization weakens the national walls of legal systems and trade barriers and threatens bargaining institutions. **Fashoyin** presents case studies in African countries where enterprise-level labor relations respond to institutional arrangements at higher levels.

Also in highly developed countries, the shift to enterprise-level bargaining and the weakening of nationwide trade union organizations is evident as a result of the combination of HRM techniques and workplace bargaining (**Brown**). In Europe one can observe the development of “employment pacts” in which a range of concessions in pay and job flexibility are given in return for increased job security (**Zagelmeyer**). In the U.S. also, American unions are responding to the threats from international companies and international competition through international campaigns and collaboration with unions and others in different countries (**Borgers**).

National Labor Laws and International Regulations: The Emerging Importance of

Regional Arrangements

Under the strong impact of globalization of the economy, implementing various international arrangements to regulate domestic labor and industrial relations has gained in importance. A leading labor lawyer has observed that globalization and information technology have weakened both positive law and autonomous trade unionism on the national level. This has led to proposals by ILO labor representatives to make access to world trade through the GATT conditional upon adherence to “social clause” (Wedderburn, 1994). More recently this issue was raised by the U.S. government at the end of the Uruguay Round and discussed consequently in the ILO and the WTO. Discussions at various meetings of these international bodies have raised several important theoretical issues that are significant for the further development of international labor regulations in the period of globalization. Asian governments and employers are the main critics of social clause, while Western governments and trade unions generally support this idea. Thus an immediate and volatile reaction among Asian leaders could be seen as soon as the news spread in 1994 that a few Western industrialized countries proposed to include the social clause into the new world trade regime.

The main point of criticism in linking issues such as labor standards to trade is that this constitutes a new form of protectionism, stifling the trading potential of developing countries. However, Asian criticism against “social clause” is related to the most basic problems of international regulation of labor in this era of globalization, namely the question of the universality of international standards and the question of legal enforcement of such standards. As far back as 1997 I noted that if we cannot expect much from the established “international” arrangements in the future, “possible alternatives will be found, in terms of venue, in some kind of regional or partial international arrangement such as the EU, OECD, NAFTA or APEC because of the ‘common interests’ that would exist among member states rather than ‘universal arrangements’ such as the U.N. or ILO” (Hanami, 1997).

It is important to mention two insightful studies. One is an interesting case study of four newly industrialized countries in East Asia by **Cooney and Mitchell**. This study shows that the legal implants acquired or inherited by these countries from the advanced world were weakly embedded and had limited capacity to affect labor relations in a context quite different from which they were derived. Another paper by **Moreau and Trudeau** describes the severe limitations on attempts to ensure a decent level of social protection through the ILO and WTO, and suggests better prospects for coordination and harmonization on the regional level, through organizations such as the EU or NAFTA.

I also predicted that new problems that arise as industrial relations and labor gain

greater diversity in the era of globalization and new technology “cannot be solved by the out-of-date established approach of legal enforcement of established rules that are assumed to be ‘universalistic’ but are actually very Western, therefore in face particularistic norms from a non-Western perspective” (Hanami, 1997). In the EU, social dialogue is considered to be more effective than setting labor standards (**Teague**), and there is a shift away from harmonious standards and towards establishing minima, from “hard law” (such as directives) to “soft law” (such as recommendations, joint opinions and communications) (**Keller**).

Even within the EU, the European Monetary Union and globalization will not lead to a convergence but rather to diversity. Increased labor market strain resulting from differential adjustments between member states and a trend toward decentralization of collective bargaining can be observed (**Kauppinen and Pochet**). In fact, despite the emphasis placed on achieving a convergence of labor standards by EU politicians, industrial relations institutions appear to be in the process of decentralizing (**Arrowsmith and Sisson** – the issue of convergence v. divergence will be discussed later in this paper in regards to the Asian industrial relations). As for NAFTA, there are no prospects on the horizon that point toward greater institutional harmonization between its members (**Thompson**).

Several papers describe how external pressure has impacted on the changing role of labor laws, labor market regulation, collective bargaining, etc. in countries where such regional alliances may not be an option: Central and Eastern European (**Fichter and Zeuner**), India (**Bhattacharjee**), seven Asian countries (**Kuruvilla and Erickson**), Denmark and New Zealand (**Rasmussen and Lind**).

A review of literature dealing with the broader perspective of the impact globalization will have on national and regional industrial and employment relations predicts growing international pressure to raise labor standards, with new actors such as consumer groups and non-governmental charities playing an increasing role (**Ratnam**). This is similar to another prediction concerning a new industrial relations model in the coming century (Fahlbeck, 2000).

Enforcement of International Labor Standards

As already mentioned, there is strong opposition, mainly from Asian nations, against linking international labor standards with international trade. One argument raised is there are some countries where whole families would starve if their children are not allowed to work. A similar argument has been made concerning Brazil. **Pastore** notes that “children are forced to work largely because their families need the money to survive” and “if trade

sanctions deny the children the chance to work in jobs that compete with the developed world, these children will not attend school as an alternative.” **Pastore** describes a social program in Brasilia intended to reduce the number of working children and to increase attendance at school in which families receive a minimum wage if their children attended school regularly and get good grades. This program had a significant effect in reducing school dropouts and failures. This is exactly the type of flexible approach to enforce international standards that is referred to by some proposals. Manfred Weiss (1994) suggested that instead of focusing mainly on a legalistic approach, it might be desirable to fix on a more educational or political perspective. In the same publication published by the ILO to discuss future social justice, I also noted that there is movement away from establishing standards that are enforced by national authorities to a more flexible approach, where norms are achieved through administrative steps, including guidance, inducement and assistance (Hanami, 1995).

Recently, the ILO moved in this direction by adopting the “Declaration on Fundamental Principles and Rights at Work” and the “Follow-up Procedure.” In spite of its shortcomings, the “Follow-up Procedure” looks promising as it intends “to serve as a basis for *assessing the effectiveness of assistance* provided by the Organization, and for *determining priorities in the form of action plans for technical cooperation* designed in particular to *mobilize the internal resources* necessary to carry them out” (*Annex to the Declaration*— my emphasis). This is more flexible than the rigorous application of the detailed provisions of the Conventions by the present review procedure of the Committee of Experts.

Taking into consideration such recent developments as the “social dumping debate,” a leading labor lawyer emphasizes the importance of utilizing the emerging methods of international labor regulation to disseminate the “best practices.” These include “requirements for disclosure of information and consultation and other forms of participation; mutual monitoring of the enforcement of domestic labor laws; and the imposition of international sanctions for the non-enforcement of ‘core’ standards; compensation through additional preferences, structural funds and the like for social measures which aid development; and the strengthening of collective complaints-based procedures for the enforcement of agreed standards” (Hepple, 2000).

Globalization and Asia: Convergence or Divergence?

Globalization has profoundly impacted and challenged the economies of Asia, and therefore the IR/HRM systems. According to **Lee**, the problems experienced in Asia in the last 20 years are related to three economic points: (1) rapid industrialization, (2) the globalization and liberalization of the Asian economy, and (3) the Asian financial crisis. These economic factors contributed to several trends that are common in Asian countries, such as the shift

from low-skilled labor-intensive industries to highly-skilled and knowledge-intensive industries, the importation of Western IR/HRM practices and systems, and the role these practices play in achieving growth while avoiding another financial crisis.

Obviously comparative labor experts are greatly concerned with the question: divergence or convergence? Throughout the recent debates on this old and new question, attention is still mainly directed toward Western countries and Japan, and occasionally Australia, with Asian nations receiving little attention (e.g., Katz and Darbishire). However, it is interesting to note that many of the papers submitted for the Track 5 discussion of this Congress are conscious of this question.

According to the authors of these papers, most of the countries that introduced IR/HRM systems or practices from industrialized countries or Westernized their systems did so to cope with the needs arising from technological innovation, the impact of globalization and the financial crisis, or simply as a result of foreign direct investment. This was the case in seven Asian countries (**Bamber et al.**), China (**Warner**), Cambodia (**Rong**), Bangladesh (**Hoque**), Vietnam (**Vinh**), South Korea (**Park and Yu**), and Taiwan (**Chiu and Han**). In some countries, Japanese systems and practices were adopted for more or less the same reasons – China and Malaysia (**Yamakawa**), South Korea (**Oh**) and India (**Ramesh**).

Regarding the extent of convergence, opinions are divided. A few papers are skeptical (**Bamber et al.**), or observe diversity (**Ramesh**). More complicated situations are described and analyzed by some authors. **Yamakawa** provides an excellent analysis of how Japanese multinationals respond to local law and the labor market of the host country. Another study found a rather complicated picture of different IR/HRM systems applied to different local environments and different entry modes (**Chen et al., Park and Yu**). **Warner** proposes the four concepts of “soft” and “hard” convergence and “soft” and “hard” divergence in place of the simple convergence/divergence model. According to him, the Asian industrial relations model will not move towards hard convergence (uniformity). In another words, there is a common trend toward deregulation, privatization, and globalization in both the East and the West, but the details are very different. The South Korean experience is interesting as it is a typical example of the influence of international labor standards as implemented by international organizations such as the ILO, WTO and in this case the IMF. The IMF forced South Korea to adopt a more efficient and flexible utilization of HRM as a condition of its bailout program (**Park and Siengthai**). **Lee** concludes from these studies that, “Convergence in IR/HRM systems does not necessarily mean that the patterns of IR/HRM systems implemented by the less developed countries or latecomers move towards the Western model.” However, today after some years of rejecting the Japanese model, it is noteworthy to read his

words: “Western industrial relations systems can also move towards Asian models. For example, in the 1980s there was a worldwide move towards Japanese style-management.”

One of the themes of the 6th World Congress of this Association held 17 years ago in Kyoto was “Viability of the Japanese Model of Industrial Relations.” I was the general rapporteur of this session and in the paper I submitted I considered the advantage of the Japanese model at that time as being a historical coincidence while simultaneously predicting its continuous importance, “at least for the time-being” (Hanami, 1983). Since that time, we have observed, rather ironically, an unexpected acceptance of the Japanese method of IR/HRM, if not the Japanese model, even in the Western context (not to mention in some Asian countries) on the one hand, while inside Japan there has been a transformation of the Japanese IR/HRM (**Kuwahara**, e.g., Ministry of Labour).

One of the strongest arguments against convergence was raised in a study about a case in Singapore. **Tan** observes that Singapore – while globalizing and industrializing its economy by attracting MNEs and foreign capital – maintains an authoritarian industrial relations system. According to **Tan**, the reason for this is that in Singapore “democracy” means a vibrant economy and full employment, even if this “may entail labour subordination,” while to Westerners it means political power and autonomy. The policy implication, drawn by **Lee**, is that “each country must look for the industrial relations system and human resource management practices best suited to its own situation. The direct transplant of IR/HRM practices that are successful in other countries or areas will not work for the local economy.” This is the same conclusion I made in 1983, “The Japanese model shows relative advantages at the moment, but only in the Japanese context and not necessarily in the foreign context as shown by the majority of papers presented to this session” (Hanami, 1983).

Asian Financial Crisis and IR/HRM Systems

Opinions regarding the major reason behind the Asian financial crisis vary. These include the lack of transparency and accountability in management and administration (**Campbell, Erickson and Kuruvilla**), lack of attention to industrial labor relations by public administration and voice mechanism for workers (**Park and Siengthai, Nakamura, Chiu and Levin, Ofreneo, Gatchalian, Verma and Betcherman**), and inadequate investment in skill formation (**Verma and Betcherman**). The financial crisis in Asia resulted in high and prolonged unemployment, worsening working conditions and job security, and weakened the influence and bargaining power of trade unions.

To cope with these social and economic problems, some governments have implemented unemployment insurance, job creation and social safety net programs. Some have repatriated

foreign workers back to their home countries so that jobs are preserved for domestic workers. This has worsened the unemployment and economic situation of the labor-sending countries, while it does not necessarily create jobs for domestic workers. The Thai government repatriated large numbers of foreign workers at the beginning of the financial crisis, but soon had to readmit them and, thus, no one benefited (**Lee, Battistella**).

A good number of papers provide a picture of various attempts to create industrial relations systems in Asian countries – Cambodia, South Korea (**Campbell**), the Philippines (**Gatchalian, Ofreneo**), Singapore, and Malaysia (**Campbell**) – where parties can voice their concern, share information and settle problems together. These include labor management councils, social accord and tripartite arrangements. Many writers acknowledge the merit of these programs to improve communication between employers, employees and union leaders, to turn community attention to social issues, and to enhance mutual understanding at the workplace and workforce cooperation (**Lee**). However, there are a few examples of negative results due to managerial attempts to control workplace decisions or preserve management prerogatives (**Gatchalian**).

Future Challenges and Opportunities in the 21st Century

Nakamura, based on his longtime experience as the ILO's Assistant Director General responsible for the Asia-Pacific region, provides a prudent suggestion for Asian governments to pursue economic policies that (1) are employment friendly, (2) place emphasis on education and training, (3) provide trade unions with a greater role as active players in the development process, and (4) provide a safety net for those who suffer from fluctuations. The following points **Lee** raises in his summarizing papers for the Track 5 discussion, which center on predicting future challenges and opportunities for Asian labor in the next century, are closely intertwined with **Nakamura's** policy suggestions.

1. Possible alternatives for employee representation

Weak unions have been a major characteristic of Asian industrial relations. And there have been arguments defending “repressive” labor policies to ensure that exported development strategy can be successfully implemented. Today, the apolitical climate in many Asian countries is favorable for the trade union movement. On the other hand, economic conditions are less favorable partly due to the dominance of small and medium-sized enterprises in the traditional economy and the newly emerging high-tech and service sectors which are difficult to organize. The reluctance of Asian workers to take an adversarial stance against their employer is another reason behind the difficulty in organizing unions. Thus a number of papers observe the development of tripartite, labor management councils as alternative forums to gain employee participation in solving social problems that have arisen

from the crisis, although none have been regarded as totally successful (**Campbell, Gatchalian, Ofreneo**).

2. Linking skill formation to investment to achieve sustainable growth

To attract foreign investment and to maintain competitiveness, a country must upgrade its industrial structure and the quality of its labor force. Thus, the linkage between education and skill formation, and investment and sustainable economic growth is regarded as a “virtuous cycle” (**Verma and Betcherman**). Governments are encouraged to create infrastructures and environments where employers can provide on-the-job-training and other programs to their employees, and where employees can upgrade their skills, either through self-learning or virtual learning.

3. Finding new and modern HRM techniques

Traditional IR/HRM in Asia has focused on longtime loyalty and organizational attachment from employees based on job security and seniority-based wages. However, today these techniques are no longer useful in a globalized economy and in high-tech industries undergoing fierce international competition and rapid technological change. In South Korea, Singapore, Hong Kong, Taiwan and Malaysia new HRM techniques – such as competency models, 360-degree feedback, performance evaluation, assessment centers, skill- and performance-based pay systems, etc. – have been introduced (**Kim and Yu, Chiu and Han**).

4. Changing policy toward foreign workers

Foreign workers have been seen as a threat to local workers in terms of job opportunities and leveling down working conditions. But recent studies show that foreign workers and local ones do not compete, but actually supplement one another (**Battistella, Lee**). Thus the internationalization of the labor market will promote the mobility of workers beyond borders, improve employability, reduce unemployment and raise the income level of all workers in an international scope.

5. Drastic and rapid changes in workplace arrangement

As the next century is expected to be the information age, new types of work arrangements are required. In Asia, too, we are faced with unpredictable factors, such as those mentioned above, that must be placed in an international context. Thus, more or less, questions raised in the Asian context are those we have observed on a global scale. The era of virtual work is coming also to Asia. How does the spread of the Internet work? How do we prepare for the virtual labor market? What types of competencies are required for these types of jobs? What does the new type of employment relationship look like? We – scholars and practitioners – must prepare “for this day to arrive, which is not too far distance” (Crandall and Wallace, cited in **Lee**).

West and East: Learning from Each Other

The above issues and trends that can be observed in the Asian context suggest that the problems and solutions to those problems particular to Asia are unique. To a certain extent, such uniqueness can undoubtedly be attributed to the different economic, social and political backgrounds, and values, ideas and culture particular to this part of the world.

However, at the same time many of the problems facing Asia are similar to those people face around the world. We continue to borrow Western ideas for the work that we are pursuing today here in Asia. We are trying to find alternative ways of implementing IR/HRM to cope with newly emerging problems that are common to both the West and East because they are emerging from the common backgrounds of globalization, new technology, a changing industrial structure, changing workers and working styles, etc. Yet, in both the East and West these phenomena are occurring in a different context with a different background. Thus the approach and individual solutions, particularly in detail, could be different. At the same time, we share many ideas and methods of thinking, and we can learn quite a lot from the experience and knowledge of others. In this sense we are still “learning from each other,” the catchwords of the 10th World Congress of this Association.

The IIRA, rich in human resources gathered from around the world, is the most adequate organization for this purpose. We will be working forever with this goal in mind.

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JIL News and Information

Conference Report: Japan/U.S./E.U. Joint Research on Labor Law Reform for the 21st Century

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1. Introduction

The Japan/U.S./E.U. Joint Research Project held its third conference on May 31, 2000 at the Keio Plaza Intercontinental Hotel in Tokyo. Professor Tadashi Hanami, Research Director General of the Japan Institute of Labour, and Professor Lance Liebman of Columbia University initiated this research project in 1998 in order to discuss the future direction of labor law in light of socio-economic changes surrounding industrialized countries. This year's conference was held as a special seminar for the 12th World Congress of the International Industrial Relations Association (IIRA).

2. The Tokyo Conference

The Japan/U.S./E.U. Joint Research Project focuses on several labor law reform issues for the 21st century, including (1) globalization and labor law, (2) work and family, and (3) aging societies. The majority of project members at the Tokyo conference had also discussed these issues in July 1998 in Hakone, Japan, and in July 1999 at Arden House in New York. (See the October 1999 issue of the *Japan Labor Bulletin*.)

The Tokyo conference was coordinated by Professors Tadashi Hanami, Lance Liebman, Bob Hepple (University of Cambridge, U.K.), and Manfred Weiss (University of Frankfurt, Germany). Participants included Professors Matthew Finkin (University of Illinois, United States), Daniel Foote (University of Washington, United States), Cynthia Estlund (Columbia University, United States), Sean Cooney (University of Melbourne, Australia), Kazuo Sugeno (University of Tokyo, Japan), Yasuo Suwa (Hosei University, Japan), Masahiko Iwamura (University of Tokyo, Japan), Takashi Araki (University of Tokyo, Japan), Hideyuki Morito (Seikei University, Japan), and Ryuichi Yamakawa (University of Tsukuba, Japan). This year, Professor Sciarra Silvana (European University Institute, Italy) joined the discussion.

3. Contents of Discussion

1) Globalization and Labor Law

Professor Cooney opened the first session with a brilliant presentation on globalization and labor law in his paper "Private Sector Initiatives on Labour Standards." Relying on the "pragmatist theory" of regulation, Professor Cooney examined the advantages and disadvantages of the private code of conduct established by employers or their associations as a means of regulating or improving working conditions of local workers employed by multinational enterprises.



Among the most debated points in the heated discussion that followed his presentation was the effectiveness of a proposed code of conduct. As a commentator on this session, Professor Hepple emphasized the importance of an enforcement system, pointing out that the “soft-law” approach relying on private regulation may sometimes be inadequate.

2) Work and Family

The next speaker, Professor Estlund, presented an excellent paper entitled “How Women's Progress at Work (and Employment Discrimination Law) May be Transforming the Family.” Her thesis is that women's advancement in the workplace, encouraged by employment discrimination law, may change the balance of power between men and women, and in turn influence the development of more egalitarian conceptions of gender roles within the family.

Through a comparison of the roles and functions of employment discrimination law in Japan and the United States, commentator Professor Araki characterized the Japanese emphasis on administrative guidance in harmonizing work and family as “soft-law.” In addition, some participants reminded the audience that the interests of children should not be forgotten in the discussion of work and family.

3) Aging Society

In the last session, Professor Liebman provided an extensive analysis of the important legal issues of the slowly aging American society. He also compared policy responses to issues such as age discrimination legislation and private or public pension schemes in Japan, the United States and the European Union.

Commentator Professor Morito focused on the Japanese situation. He suggested that it is necessary to examine how age discrimination legislation would influence the Japanese labor market and employment systems that have such features as long-term employment and seniority-based wages, noting that they are now in the process of changing.

4. Achievements of the Project

This year's Tokyo conference built on the achievements of the past two meetings. It provided a good opportunity to reach common understanding among researchers and to discuss the future directions of the most important labor law issues that Japan, the United States and the European Union are now facing.

Indeed, because this year's conference was held for the IIRA 12th Congress, the activities of the Project could be communicated to many more international specialists on labor issues than usual. Professors Hanami, Liebman and Weiss communicated the achievements of the Project through a panel discussion entitled "Labor Law for the 21st Century in Trilateral Perspective," held as part of the closing ceremony of the IIRA 12th World Congress.

<Japan/U.S./E.U. Joint Research Project Information>

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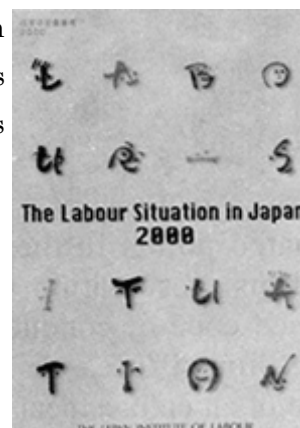
The Labour Situation in Japan 2000

(A-4 size, 92 pages; price: ¥1,500)

This book explains various labor situations in Japan in plain, easy-to-understand terms for non-professionals from a multilateral perspective, using statistical tables and charts.

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3. Human Resource Management
4. Labor Relations
5. Labor Laws and Labor Administration
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OPINIONS REQUESTED

The editor invites readers to send their views and comments on the contents of JLB via e-mail to ebisui@jil.go.jp or via fax to +81-3-5991-5710.

Statistical Aspects

Recent Labor Economy Indices

	July 2000	June 2000	May 2000	Change from previous year
Labor force	6,796 (10 thousand)	6,824 (10 thousand)	6,831 (10 thousand)	-19 (10 thousand)
Employed	6,489	6,503	6,503	-8
Employees	5,361	5,379	5,374	53
Unemployed	307	321	328	-12
Unemployment rate	4.7%	4.7%	4.8%	0.0
Active opening rate ¹	0.6	0.59	0.56	0.01
Total hours worked	157.0 (hours)	160.3 (hours)	148.0 (hours)	-0.6
Total wages of regular employees	(¥ thousand) 266.5	(¥ thousand) 265.6	(¥ thousand) 263.7	0.9

Note: * Denotes annual percent change.

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

Number of Employees, by Industry and Company Size

Industry \ Company Size	Total	1-4	5-30	30-299	300 and more	Others and unknown
Total	54,997	4,125	13,520	15,655	15,910	5,787
	100%	7.5%	24.6%	28.5%	28.9%	10.5%
Agriculture, forestry, and fishery	483	97	224	120	24	18
	100%	20.1%	46.4%	24.8%	5.0%	3.7%
Construction	5,592	808	2,634	1,343	789	18
	100%	14.4%	47.1%	24.0%	14.1%	0.3%
Manufacturing	13,076	497	2,728	4,465	5,350	36
	100%	3.8%	20.9%	34.1%	40.9%	0.3%
Wholesale, retail, and food and drink establishments	11,977	1,313	3,674	3,403	3,470	117
	100%	11.0%	30.7%	28.4%	29.0%	1.0%
Finance and insurance	1,887	38	83	240	1,580	18
	100%	2.0%	4.4%	12.7%	79.9%	1.0%
Services	14,461	1,036	3,291	4,500	2,861	2,773
	100%	7.2%	22.8%	31.1%	19.8%	19.2%
Others	7,521	337	881	1,585	1,910	2,808
	100%	4.5%	11.7%	21.1%	25.4%	37.3%

Source: Statistics Bureau, Management and Coordination Agency, *Shūgyō Kōzō Kihon Chōsa Hōkoku* (Employment Status Survey), 1997.

(Unit: 1,000 people)