# JAPAN LABOR BULLETIN

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## CONTENTS

## General Survey

### 2000 Economic Survey of Japan: A New Era Begins

The fiscal *2000 Economic Survey of Japan* has been released. The report's subtitle is "A New Era Begins." The first chapter gives its view of Japan's current economic situation. The following chapter discusses the conditions for sustainable development, with an emphasis on the effects of information technology (IT).

While the economy has shown some signs of gradual improvement, the report argues that it is not yet on track to full recovery. Despite sluggish sales in non-manufacturing sectors, both manufacturing and non-manufacturing firms have cut back on labor and variable costs, resulting in a recovery in profits. The number of regular employees decreased, whereas the number of temporary and daily-contracted employees continued to increase. Moderate economic recovery and on-going employment adjustment mean that firms are now less concerned about carrying excess employees. Wages have started to recover, though they continued to decline as a result of curtailing bonus payments. On the other hand, structural and frictional unemployment, as well as demand deficiency unemployment, rose. The report pointed out that the increase in the number of jobs in response to economic recovery is slower than before, and that the growth in wages relative to a firm's profits tends to be smaller.

The report also says that although the long-term impact of IT is not yet fully understood, it appears increasingly likely to offer a major impetus to the economy, analogous to that of the steam engine, electricity and the automobile in the past. With regard to employment, the report notes that the number of employees in managerial posts has fallen while dispatched workers are in increasing demand. It also reported that the number of people willing to tele-work (including those working from home) has increased.

To respond to the new technology, the report also emphasizes the importance of fostering creative talent, providing education to match the demand for fresh ideas, and allowing the labor market to meet changing requirements. It stresses the importance of university education (rather than entrance examinations), the necessity to develop specialized talent, and the need to create labor markets which will allow people with a wide range of talents to find appropriate jobs.

## Working Conditions and the Labor Market

## Unemployment Drops: Second Consecutive Decline Brings Rate to 4.6 Percent

According to the *Labour Force Survey* of the Management and Coordination Agency, the seasonally adjusted unemployment rate in May 2000 was 0.2 percentage points below the figure for the previous month. This was the second consecutive month for which a decline was reported. The overall unemployment rate was 4.6 percent. The figure for males was 4.6 percent and for females it was 4.5 percent, 0.4 and 0.1 percentage points down respectively from the previous month.

The number of unemployed fell for the first time in 37 months to 3.28 million people out of work during May, down 60,000 from May 1999. The drop in the number of males out of work was particularly noticeable, falling by 110,000 to 1.96 million. This reflected an increase in job opportunities for males and a decrease in unemployment due to job quits.

The number of employed people (apart from the self-employed) stood at 53.74 million, an increase of 320,000 over May 1999, a result which represented the first increase in eight months. A substantial increase in the number of employed people was observed in the service sectors, including information technology and businesses related to family-care – up by 30,000 over the previous year to 14.89 million.

Another report, the *Report on Employment Service*, has been released by the Ministry of Labour. It shows that although the ratio of job offers to job seekers in May was 0.56, the same as for the previous month, the number of newly-offered jobs increased by 29.8 percent in May, the highest growth rate in 10 years.

Notable increases in the number of newly-offered jobs (regular and part-time) over the past year were seen in automobile manufacturing (78.2%) and electrical machinery manufacturing (73.7%). The number of new job offers in information services grew by 44.6 percent compared to a year earlier and totalled 62,996 in May 2000. The demand for labor in this sector has expanded to rank third after the retail sales sector (11,971 offers in May) and electrical machinery manufacturing (9,969).

Governmental agencies were positive about these May labor statistics. The Economic Planning Agency said that although the employment situation is still harsh, it has emerged from the worst period. The Ministry of Labour also said that firms have become more positive in recruiting, and the situation is improving. In the actual labor market, although the number of job offers has increased, the number of job-seekers is insufficient to meet the demand from firms (particularly in the IT business), a sign that the supply of labor has increasingly not matched the demand. Accordingly, the majority of knowledgeable people and those directly in charge of job placement services remained cautious. They tend to accept that the employment structure is still in process of being transformed.

## Human Resources Management

### 2000 Survey on Employment Management: Managing of Retiring Older Workers

Given that the minimum pensionable age is gradually increasing to 65, and that there is an increasing need to make full use of workers with experience and knowledge, urgent consideration must be given to the employment of middle-aged and elderly workers. In line with this, the Ministry of Labour in June released the results of the fiscal 2000 *Survey on Employment Management**, focusing on retirement management. Considering the present state of Japan's labor market, where it is not yet easy for workers to change jobs or re-enter the labor market after retirement, the survey provides interesting data on the policies of firms on matters such as employment extension and reemployment schemes for long-serving employees.

An employment extension scheme is a scheme whereby a firm keeps on employees who have reached its mandatory retirement age. A reemployment scheme provides for employees to retire upon reaching that age limit and then to be rehired. Table 1 shows the pattern of continuous employment up to age 65.

Among firms with a mandatory retirement age system, 89.3 percent have a system which is uniformly applied to all employees. Among the surveyed companies, 67.0 percent have employment extension and/or reemployment schemes: 13.8 percent have only employment extension schemes, 46.0 percent have only reemployment schemes, and 7.2 percent have both. Of these firms, a ceiling is set for the age of such employees by 36.0 percent of those with the employment extension schemes, by 50.2 percent of those with the reemployment schemes, and by 32.6 percent of those with both schemes. The percentage of firms which have set the age at 65 or older is 84.5 percent, 87.6 percent, and 97.2 percent respectively.

Firms offering such schemes were asked to classify themselves into one of three groups in terms of eligibility criteria: (1) schemes which were, in principle, open to all employees, (2) schemes open only to employees who satisfy certain standards set by the firm, and (3) schemes designed only for targeted individuals considered necessary for the firm's operations. The largest proportion of the surveyed firms with such schemes (44.1% of those with the employment extension scheme and 52.1% of those with the reemployment scheme) restrict eligibility to employees whom they target as necessary. These firms have the greatest freedom of judgment in determining who will actually be eligible. Looking at shifts in these groups over a period of time (see Statistical Aspects), the proportion of firms retaining the right to designate employees in their scheme has been highest. The firms in the remaining two categories have remained relatively stable at lower levels. This year's survey shows, however, that the proportion of firms in the second category has increased while that of those in the category with the most discretion has decreased. This might possibly be due to a rethinking on the firms' part as to "whom the firm considers to be required." How the distribution of firms among these categories will fluctuate in future is not foreseeable, and will need to be watched. Among firms which have schemes for employees satisfying certain minimal standards, more than 70 percent insist on "health" and "ability," followed by 50 to 60 percent who require "specialized qualifications and skills."

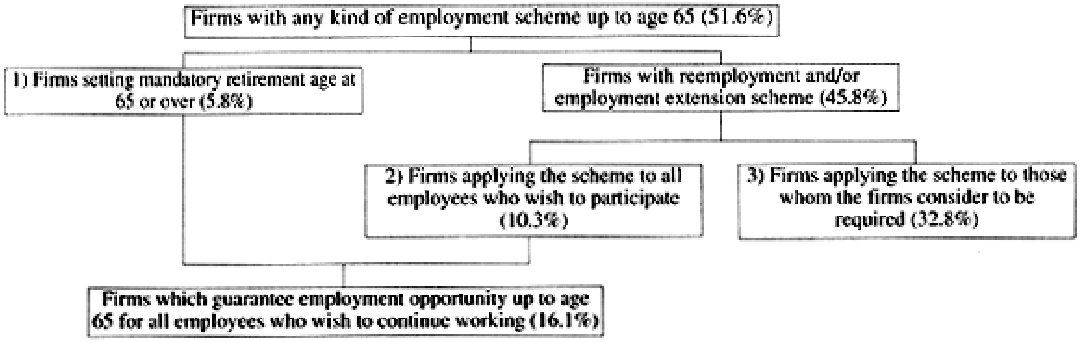
As for working conditions, 85.5 percent of firms with the employment extension schemes and 86.5 percent of those with reemployment schemes stipulate the "same working days and working hours as each employees worked before retirement." However, the treatment of employees under both the schemes differs from their pre-retirement treatment. While the report states that job content remained the same as before retirement in 72.4 percent of firms with an employment extension scheme and in 64.6 percent of those with a reemployment scheme, policy concerning the official designation of employees after retirement varies depending on the firm and its scheme. Among firms with an employment extension scheme, 33.5 percent change the official title of the employee in question, while 37.7 percent do not. Among firms with reemployment schemes, 30.6 percent change the employee's ranking, while 43.9 percent do not. There is more variation among firms with reemployment schemes: 55.6 percent change the official title of the employee in question, while 19.9 percent do not; 49.1 percent change the ranking, while 28.0 percent do not. As for wages, 50.5 percent of firms with employment extension schemes replied that wages decrease when employees stay with the company; and the same answer was given by 72.9 percent of those with reemployment schemes. The wage decrease was 20 to 30 percent in 23.6 percent of firms with an employment extension scheme, under 10 percent in 20.9 percent of the firms, and 15 to 20 percent in 17.4 percent of firms. As for firms with a reemployment scheme, 25.0 percent offered wages 20 to 30 percent below the pre-retirement level; 18.2 percent of the firms provided wages which were 30 to 40 percent lower; 17.6 percent had decreases 40 percent or over; and 17.3 percent at least 15 percent but under 20 percent.

The survey also asked about particular problems involved in managing employees aged in their early 60s. As for the extension of the mandatory retirement age, 36.5 percent of the firms pointed to the development of a different wage system from younger employees, and 28.8 percent mentioned health considerations. As for employment extension and reemployment schemes, 46.6 percent of the firms cited applying a wage system different from that for younger employees, and 40.4 percent of the firms mentioned health. Apart from these, various other challenges were mentioned. These include the reappraisal of duties and the work environment, preventing a decline in work efficiency, problems related to personnel management (including pay arrangements and the shortage of posts), the need to reappraise retirement allowance systems, and the need to reappraise working hours and working patterns. All of these seemed pressing but at the same time were difficult to handle.

The Ministry of Labour is considering measures to help middle-aged and elderly workers get reemployed, while companies whose unions belong to the Japanese Electrical, Electronic and Information Unions (Denki Rengo) have adopted employment extension schemes. It is thus clear that active steps are being taken in relation to middle-aged and elderly workers, though many practical measures are still being considered at many firms still in a transitional stage.

Note: *The survey was sent to 5,830 firms with 30 or more regular employees at their head offices and asked about the situation on January 1, 2000. The effective response rate was 81.4 percent.

**Table 1. Ratio of Firms with Employment Extension Schemes up to Age 65**




**Notes:** The figures in brackets are the ratio of firms falling in each category to the firms surveyed as a whole.
1. The schemes are divided into four groups depending on the range of employees eligible: "applicable to all employees who wish to apply for a scheme," "applicable to all employees who satisfy certain standards," "applicable only to those whom the firms consider to be required," and "others (including no answer)."
2. The figure for "firms applying the scheme only to those whom the firms considered to be required" is the sum of those specifying "applicable to all employees who satisfy certain standards" and "applicable only to those whom the firms consider to be required."

**Source:** Labour Economy Affairs Division, Ministry of Labour, *Survey on Employment Management*, 2000.

## Labor-Management Relations

### Reshuffling of Industry-based Unions

With a rapid succession of reorganizations and mergers of companies in different *keiretsu* groups, Japan's industry-based labor unions have entered an era of reshuffling. Three industry-based unions − the Japan Federation of Steel Workers' Unions (Tekko Roren) (150,000 members), an affiliate of the Japan Council of Metalworkers' Unions (IMF-JC), the Japan Confederation of Shipbuilding and Engineering Workers' Unions (Zosen Juki Roren) (120,000 members), and the Japanese Federation of Industrial Materials and Energy Workers' Unions (Hitetsu Rengo) (20,000 members with Satoshi Watabe as president) − have agreed to start talks on a possible merger. They were due to put forward their idea for the merger at individual regular meetings in August or September 2000, and plan to formalize their decision at next year's meetings. The date of the merger is not yet fixed. By scaling up their size, the three groups aim to strengthen their bargaining position vis-a-vis management and to gain a more influential voice in industrial policy-making.

Meanwhile, the reorganization of industry unions in the distribution and service sectors has been proceeding at great speed. The Japanese Federation of Textile, Garment, Chemical, Commercial, Food and Allied Industries Workers' Unions (ZENSEN) with 570,000 members and wide coverage of company unions in the textile, distribution, and other sectors, and the Japanese Federation of Chemical, Service and General Trade Unions (CSG Rengo) with 200,000 members mainly in affiliating chemical industry unions, are likely to merge in 2002. Now that the merger of these two groups is certain, industry unions in the chemical sector, now in a fragmented state, are likely to hasten to form another organization concentrating their power.

In July 2001, new industry federations will also be established by unions in the department store, superstore, and hotel sectors. One will be born by a merger of the Japan Federation of Commercial Workers' Unions (Shogyo Roren) with 120,000 members which organizes mainly large department stores, and the Chain Store Labor Unions Council (Chain Rokyo), which organizes superstores. The new federation will have 200,000 members. Another is a new industry union in the hotel and travel sector which will be formed in July 2001, with the Japan Federation of Leisure, Service Industries Workers' Unions (Leisure Service Rengo) at its center. It will bring together hotel unions currently under the umbrella of different industry unions.

In addition, in 2003, four industry unions covering employees in private railway, taxi, and truck companies will merge, giving birth to a new transportation industry union with some 400,000 members. Thus full-scale amalgamations of industrial federations seem likely to occur over the next few years.

## Public Policy

## The Dispute Resolution Support System

Largely due to the prolonged economic recession, the number of individual disputes over dismissals, deteriorating labor conditions and so on has been increasing. Among the various methods for dispute resolution, either within or outside the firms involved, there is a dispute resolution support system provided for in the Labour Standards Law. The Ministry of Labour has now made a survey of how the system is operating in practice. The system came into effect in October 1998 and was seen as a means of encouraging parties involved in labor disputes to solve the issues on a voluntary basis by providing support in resolving disputes in cases which involve no contravention of the law.

Between October 1999 and March 2000, the number of disputes which were not regarded as violations of the law but where resolution was sought totaled 16,466, more than double the 7,780 cases handled during the previous six months. Of the 16,466 cases, dismissals numbered 5,872 (35.7%) and those involving the deterioration of working conditions numbered 2,715 (16.5%). Of the 16,466 disputes, 3,684 cases were settled through official guidance and other means. Most of the 3,574 cases were settled as a result of the parties being encouraged to discuss the issues prior to calling for resolution support. Incidentally, of the 16,466 cases, 13,192 cases (80.1%) were brought up by employees and 2,717 cases (16.5%) by employers.

Only 246 disputes out of 16,466 were brought to the dispute resolution support system. This was 1.4 times as many as in the previous six months (172 cases). As for the issue in dispute, 126 of them (51.2%) involved dismissals; 47 (19.1%) the deterioration of working conditions; 26 (10.6%) the transfer of an employee to an affiliated or related company, or reallocation to another position; 13 (5.3%) pressure for an employee to retire; and 13 (5.3%) the dismissal of a worker with a fixed-term employment contract. Cases involving dismissals and retirement have been increasing. It is interesting to note that 192 disputes (78.0%) involved firms with less than 100 employees; and 54 (22.0%) involved firms with 100 or more employees. Also significant was the fact that 198 disputes were from establishments where there was no labor union.

The dispute resolution support system functions as an avenue for the increasing number of individual disputes on the theory that intervention by a neutral third party gives the dispute a chance to cool off. However, although such disputes are settled outside the company, the administrative body is limited to "encouraging the parties to reach a voluntary settlement." It has no authority to force compliance on either of the parties.

Meanwhile, the actual situation concerning the voluntary settlement of disputes within firms is seen in the results of the 1999 *Survey on Labor-Management Communication**. Released by the Ministry of Labour in June 2000, the findings show that 25.2 percent of the establishments surveyed had an internal grievance system involving representatives of labor and management to deal with complaints from individual employees concerning labor conditions and other matters. The remaining 74.7 percent did not. The smaller the establishment, the less likely it was to have such a system in place; more than 80 percent of the firms with less than 300 employees (and some 88% of firms with less than 50 employees) did not have such a system.

Among those firms with a grievance system in place, 65.3 percent answered that employees often withdrew their complaints when they were given an explanation; another 20.3 percent replied that workers had been helped by the system with some kind of settlement. This suggests that such systems are able to play a certain role in the settlement of complaints. There is a different point of view, however, among the workers surveyed. Although 37.4 percent (1,704 people) had reported their complaints, only 1.5 percent (26 people) did so to grievance organizations; the largest proportion (75.2%, 1,281 people) went directly to their superiors. Thus, regardless of the question as to whether or not workers' complaints are resolved in a fair manner, such mechanisms, even when they are established in a firm, seem to be used by only a small number of employees.

In line with this, various opinions have been voiced from various sources that it is necessary to establish a scheme for the effective and efficient settlement of individual disputes.

The Japanese Trade Union Confederation (Rengo), the major national center of labor unions in Japan, has argued that the Labor Relations Commissions should be reorganized so that they can deal with individual labor disputes. The Japan Federation of Employers' Associations (Nikkeiren), on the other hand, claims that in dealing with such disputes priority should be for the disputes to be settled within the company concerned, and that only a case which fails to be settled within the firm should be submitted to court (for civil mediation, in particular). The two positions seem to be directly opposed. Meanwhile, the administrative efforts, in addition to setting up the dispute resolution support system, are producing certain results. In April 2000, the Ministry of Labour set up prefectural labor bureaus across the country with the intention of having them handle individual labor disputes in the near future. In addition, the National Liaison Council of Labour Relations Commissions has recently presented a proposal that the Prefectural Labour Relations Commissions should be authorized to handle individual labor disputes, and has decided to bring together the opinions of the Prefectural Labour Relations Commissions at a general meeting to be held in November

2000.

Note: *The survey covers 4,000 establishments with 30 or more regular employees (with a 70.9% response rate) and 7,000 workers employed at those establishments (with a 65.1% response rate).

## Special Topic

### Employability as Expertise of White-collar Workers

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### 1.0 What is Vocational Ability in White-collar Workers?

Due to the influences of technological innovation, the development of business sectors related to services and information, and progressive globalization, many Japanese firms have set about restructuring their business management. In particular, they are seeking to improve the efficiency of their workers in white-collar and management positions. For this purpose, measures such as reallocation, transfer to an affiliated or related company, early retirement preferential treatment, and retirement at the individual's request, are sometimes taken, primarily targeting middle-aged and elderly white-collar workers. Despite this, it is apparently difficult to evaluate the vocational ability of white-collar workers in such age groups, and this makes it extremely hard for them to change to other jobs or get re-employed. It is also said that the skills these people possess are specific to their original company and not always transferable to other companies or jobs.

There are a number of explanations for such views. First, the jobs undertaken by white-collar workers are constituted with non-routine mental operations based on particular information or on dealings with individuals. Hence, unlike the observable, concrete tasks of workers engaged in skilled or production-line work, it is almost impossible to observe and evaluate their work. For example, white-collar workers apply their knowledge of accounting, law or human resource management to a variety of individual situations such as: processing receiving and payment slips involved in tasks such as money transactions; interpreting or applying legal provisions; and supervising and evaluating junior staff members. The knowledge required to do this type of work is acquired through school and university education, and also in-house company education. Thus, aptitude for the jobs of a white-collar worker includes the intellectual ability to learn such skills. However, study on intelligence has so far been unable to clarify what this ability actually is. Accordingly, firms have traditionally assumed that it is academic ability and educational career that guarantee the ability to learn, and have relied on them as criteria for the recruitment and allocation of white-collar workers. It is said that most large companies in Japan produce generalists rather than specialists through their recruitment and training procedures. University graduates are hired en masse on a regular basis and receive on-the-job training through which they gain experience with different kinds of jobs in various sections for relatively short periods of time. It seems likely that in adopting such employment management strategies, firms have neither evaluated individual workers, nor allocated them in terms of their suitability to particular jobs. In other words, it is far from clear what specific abilities white-collar workers are required to possess in order to carry out their jobs.

The situation differs for the recruitment of experienced workers in the general labor market. Firms employ such workers to fill a specific vacancy. In this case, the worker's position and job are predetermined. Since the criterion for recruitment of the worker is whether he or she is capable of executing particular jobs, the work experience of candidates is taken into account. Consequently, middle-aged and elderly white-collar workers who have worked as generalists, because of the vagueness of their specialties, will be seen as having acquired job skills that are useful only within their company.

## 2.0 Three Skills

For white-collar workers, the abilities required are the knowledge and skills for processing the knowledge, the nature of the required knowledge being determined by the nature of the task. Hence, in theory, it should be possible to estimate ability to fill a position by the presence or absence of particular knowledge. For instance, under a business career system drawn up by the Japan Vocational Ability Development Association (JAVADA), jobs are classified into 10 groups: personnel and human resources development; accounting and finance; sales and marketing; production management; legal and general affairs; public relations and advertising; physical distribution management; information and office management; management planning; and international affairs. The scheme sorts the various types of specialized knowledge required in each group into a certain number of units so that the degree of knowledge can be evaluated. However, with white-collar workers, more is required than ability in performing jobs, and in many cases, personality rather than ability is said to be a major factor in the recruitment process. Thus, large Japanese companies tend to evaluate the "vocational ability" of their white-collar workers in terms of personality rather than ability in performing specific jobs. This fact shows the characteristic of the vocational ability required for white-collar workers.

Katz (1955) recognizes the ability of business managers in terms of technical, human and conceptual categories of skill. Technical skill is specialized knowledge related to jobs requiring an understanding of products and services; knowledge of methods, procedures and tools in executing jobs; and knowledge of the market, customers and rival companies. Human skill is concerned with working with people and includes such abilities as understanding the process of individuals and groups; understanding other people's motives, emotion and attitudes from their words and behavior; maintaining cooperative relationships with other people; and ability in verbal communication and persuasion. Finally, conceptual skill includes the ability to analyze complicated events, perceive trends, detect changes, and identify problems with opportunities; the ability to develop creative and practical solutions to problems; and the ability to conceptualize complex ideas and deploy models, theories and inferences. According to this definition, the specialized knowledge required for the execution of jobs falls within the range of technical skill, while what is usually referred to as personality, or character, seems to correspond to what Katz calls human and conceptual skills. What, then, is the nature of these human and conceptual skills?

## 3.0 Tacit Knowledge

Wagner and Sternberg (1985) asked business managers about how they usually worked. The questionnaire provided work-related situations and associated response items for problem solving, asking the business managers to evaluate the importance of the items given. The results revealed that three factors − task management, others management and self-management − were detectable in the behavior of managers. These factor scores were found to be correlated with length of experience as managers, but were not related to intelligence such as verbal ability. It was considered that these factors constitute practical intelligence which support managerial problem-solving. Practical knowledge includes tactic knowledge, which was not expressed in verbal ways, but was acquired through experience.

Practical intelligence is the ability underpinning the solution of problems in everyday life. Tasks that a school teacher gives in the classroom involve fixed answers and methods. On the other hand, real life tasks such as solving management problems do not constitute systematic structures consisting of clearly defined concepts, so that many have various possible solutions. Wagner and Sternberg consider that, unlike academic intelligence associated with formal or verbal knowledge, which is theoretical and transferable through school education and textbooks, there exists a practical intelligence supported by knowledge and common sense acquired through experience. Such kinds of knowledge are named tacit knowledge since they are not usually described verbally and are thus not taught. Because tacit knowledge, or experiential knowledge, is learned by making inferences from people's behavior in individual situations, or taking action by oneself − in other words, learned through experience − it is thought to depend on the situation or the purpose, and thus to constitute procedural knowledge.

In Japanese firms, new graduates recruited are rarely asked about their ability to perform specific jobs, but in most cases are taught working methods via on-the-job training. Such workers will be promoted to managerial positions after experiencing various kinds of jobs for a period of 15 years or so. Such an educational and training system undoubtedly attaches great importance to experience. It also shows that the skills and knowledge required for problem solving in business management constitute a tacit knowledge embodied in actual work activities and are linguistically indefinable, being acquired through on-the-job training or rotation through various jobs. Accordingly, a research team of the Japan Institute of Labour has embarked on an investigation to clarify the vocational abilities required of white-collar workers, with a prime emphasis on tacit knowledge.

Based on a series of studies by Wagner, Kusumi (1998) drew up a Japanese version of the questionnaire concerning situations where workers in managerial positions solved problems. He then conducted a comparative survey of students and workers in managerial and non-managerial positions in order to clarify structures of their tacit knowledge. As in the studies conducted by Wagner and his colleagues in the United States, Kusumi's study revealed that the three factors, task management, others management and self-management, constitute the tacit knowledge of managers. Further, he found a correlation between time spent in a managerial position and scores of tacit knowledge. However, this correlation was low, suggesting that the individual difference of managers influences their level of tacit knowledge. In other words, the process to acquire skills and knowledge for problem-solving is a non-formal learning mediated by individual learning ability. This fact has significance if workers in Japan are expected to learn skills and knowledge from individual work experience on an individual basis: What kind of individual factors facilitate learning from experience?

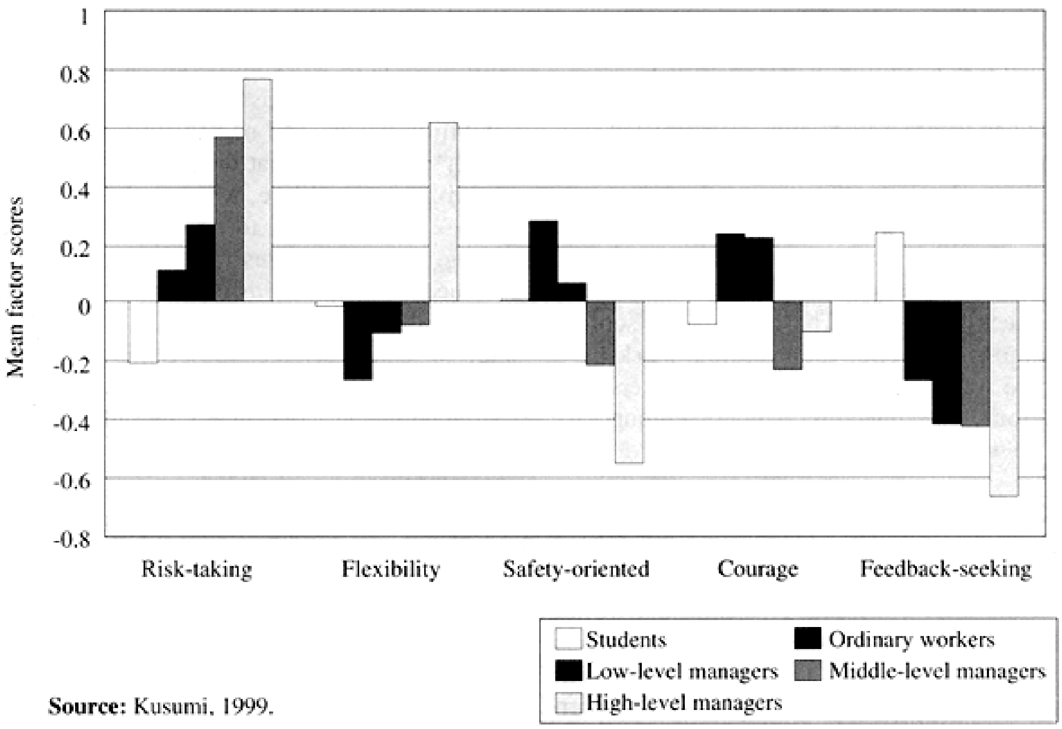
## 4.0 Attitude to Learn from Experience

Individual traits are said to be important in learning from experience. These include adventurous attitude to grow up through new experiences, flexibility in learning from critics, from one's own and others' mistakes, willingness to seek feedback on one's own work in order to understand the work environment, and attitude to monitor the environment. Kusumi (1999) classifies such factors contributing to learning ability into five categories: (a) the spirit of challenge in tackling high-risk and difficult tasks, (b) adaptability and flexibility, (c) ability to adapt to new work environment or settings, (d) use of feedback, and (e) monitoring, and he drew up a questionnaire consisting of 30 questions, six in five different categories. He administered the questionnaire to 228 working people in various ranks, together with 433 university students for control groups, asking them to assess themselves on a five-point scale, according to the degree to which they believed their own attitude fitted the five categories.

### 4.1 Five Factors of Learning from Experience

A factor analysis of data on working people yielded five factors, and a comparison of factor scores of working people and students was made for 23 items covered by these factors (Figure 1).

**Figure 1. Comparison among Different Positions concerning Factors of Learning from Experience**




**Source:** Kusumi, 1999.

The first factor was considered to be the "risk-taking" factor in that the items chosen had higher loading of preference for more responsible and difficult jobs and for workplaces that change more. The mean factor score was significantly higher for high-level managers than for ordinary workers, and for groups of workers in managerial positions than for students.

The second factor almost corresponded to items related to "flexibility," in that there was high factor loadings of items concerning new ideas and changing viewpoints, and those concerning flexible attitudes towards other opinions. The mean factor score was significantly higher for workers in high-level managerial positions than for students, non-managers and low- and middle-level managers. Thus, this factor seems to be an ability required more for managers in higher positions.

The third factor was related to a preference for safety, or a tendency to perform jobs steadily and safely. In this factor, reversal items to "risk-taking," "flexibility," and "ability to learn" had high factor loadings. The mean factor score was significantly higher for ordinary workers and low-level managers than for high-level managers.

The fourth can be seen as the "courage" factor, in which an individual gives priority to his or her own methods and ideas rather than to information about the outside situation. In this factor, there was high factor loadings of reversal items to "monitoring," in which an individual adjusts his or her behavior in accordance with various situations. The mean factor score saw no significant difference among workers in different positions.

The fifth factor incorporated some items related to the search for and use of feedback, but reversal items had positive factor loadings. There was high factor loadings of items showing that individuals were concerned about how others perceived them, and a desire to gain the favor of superiors. This was named the "feedback-seeking" factor. The mean factor score was higher among students than among working people, but there was no difference among workers in different positions, thus revealing a factor unique to students with no work experience.

### 4.2 Years of Management Experience, Age and Attitude to Learn

There was no difference in terms of factor scores among the different kinds of business a worker was involved in, nor among the nature of their jobs. The mean factor scores for each factor for workers in managerial positions were not significantly correlated with age. In medium-sized and large firms, scores for the "flexibility" factor were positively correlated with years of management experience, but not with age. Conversely, in small firms, scores on the "flexibility" factor were negatively correlated with age, but not with years of management experience. In medium-sized and large firms, scores on the "courage" factor were inversely correlated to years of management experience, whereas in small firms, the score for "safety-oriented attitude" was directly correlated to age. Thus, managers in medium-sized and large firms have a tendency to "monitor" and adjust their behavior flexibly to the exterior situation. On the other hand, their counterparts in small firms seemed to prefer stability and "safety." Despite a positive correlation between years of management experience and age, the absence of any correlation between "flexibility," "monitoring" and age, in the case of management in medium-sized and large companies, suggests that such factors are acquired not as a worker gets older but via experience in the workplace. It is suggested that the traits required for managers, even of the same rank, differ in accordance with the size of company.

### 4.3 Structures of Attitudes to Learn from Experience

Correlations between the factors related to attitude to learn from experience presented different patterns between working people and students, as shown in Figure 2. Where working people are concerned, the "risk-taking" factor was correlated positively to the "flexibility" factor, and negatively to "safety-oriented attitude." This means that the ideal manager is flexible and thrives on challenge, whereas the "safety-oriented attitude" is considered to be courage and feedback-seeking, and thus undesirable. Where students are concerned, "risk-taking" is correlated to "courage" and "feedback-seeking," and is unrelated to "flexibility" and "safety-oriented attitude." Since this is an attitude of people without work experience, it is likely that with experience in the workplace they will learn attitudes appropriate to managers who are "flexible and open toward change."

### 5.0 Interpersonal Skills

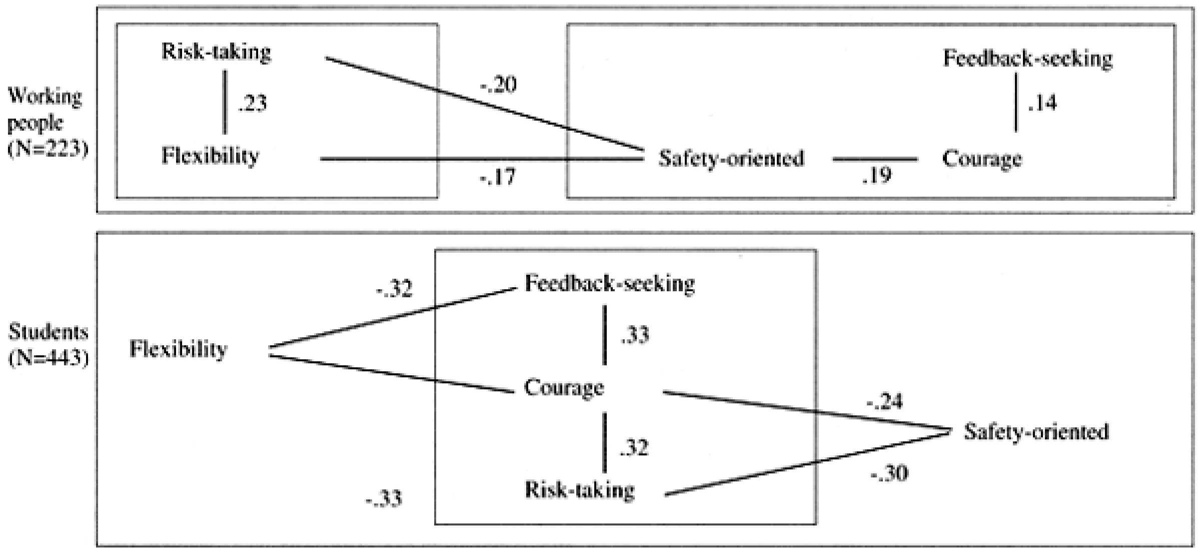
Among research on the traits and resources required for managers, the assessment center (Howard & Bray, 1988) is well known. Bray and his colleagues multi-dimensionally assessed the suitability of candidates for the position of manager in the American Telephone and Telegraph Company (AT&T), then later investigated whether or not they had actually been promoted to managerial positions. Their investigation revealed that promotion was related to such dimensions as "intellectual ability," "interpersonal ability," "administrative ability," and "advancement motivation." In the past, it has been consistently revealed regarding the assessment center that "administrative skills" and "interpersonal skills" constitute the managerial ability, and it is possible to see the former as equivalent to Katz's "technical skills" and "conceptual skills." What, though, is meant by "interpersonal skills" in this case?

If a difference in a certain trait is observed between workers in managerial positions and those in non-managerial positions, then that trait is likely to be a trait required for a manager to perform properly in the organization to which they belong. Imai (1998) considered three aspects of socially influencing behavior in managers: how a manager seeks to persuade a subordinate when their opinions are opposed (means of influence); what kind of behavior a manager believes is important within an organization (behavior within the organization); and how far a manager wishes to influence others (influence motivation).

Imai considered these aspects as extraneous measures of a manager's position within an organization. His study detected a difference between university students and working people in terms of all three behaviors, but a difference among workers of different status was seen only in terms of "influence motivation." Specifically, it was found that workers in middle- and high-level managerial positions have "higher influence motivation" − a higher ability and desire to exert influence on, and a stronger resistance to being influenced by others. This result is consistent with the "advancement motivation" examined by Bray and his colleagues, but Imai (1998) claims that this does not immediately lead to the conclusion that this motivation is a trait required of white-collar managers. He cautioned that it is not clear whether a higher influence motivation has caused such workers to be promoted to higher positions with influence, or whether promotion to higher positions has heightened their influence motivation.

Negotiations and decision-making are two of the most important undertakings in business management, in which managers will be expected to perform smoothly and effectively. Kameda (1998) asked white-collar workers about how they behave in a number of simulations concerning negotiations and decision-making in an organization, and found differences in judgment between workers in positions such as high- and middle-level manager, and those in non-managerial positions. The higher the position, the more "disciplined" − i.e., theoretical − were the replies given to questions concerning negotiations. However, in other situations, workers in managerial positions did not necessarily choose rational solutions; they showed a tendency, for example, to make an effort to reach a consensus among various opinions at the expense of swift decisions. Assuming that it is necessary to establish a kind of "discipline" in an organization and that learning from the discipline leads to expertise as a manager, the skills required for expertness would seem to be dependent on individual situations and, thus, remarkably close to the above-mentioned "tacit knowledge."

**Figure 2. Correlations between Factors of Learning from Experience**




Source: Kusumi, 1999.

## 6.0 Requirements for White-collar Workers

This paper has covered a limited part of intellectual ability, and restricted the types of jobs discussed to workers in managerial positions rather than white-collar workers as a whole.

It has clarified the fact that many workers in managerial positions possess attitudes and knowledge different from students without work experience and even from ordinary workers. Moreover, it suggests that such attitudes and knowledge have been learned through engagement in administration. The ability and other factors helping individuals to find a job − their "employability" − are often said to be lacking in middle-aged and elderly white-collar workers (most of whom are in managerial positions), who therefore have difficulty in finding jobs outside their company. However, investigation of, for example, workers' attitude to learn from experience makes it clear that workers in managerial positions have higher "risk-taking" and "flexibility" attitudes, with lower "safety-oriented" and "feedback-seeking" attitudes, than workers in non-managerial positions.

A verbal response to a questionnaire is not actual behavior, but the expression of such views as an ideal shows that workers in managerial positions in a changing world are being expected to take a lead in showing flexibility and willingness to change. One might possibly say that not only ability, but also such an attitude, is embodied in "employability." One of the reasons why white-collar workers are said to have no employability seems to be because the questions of what employability is and of what kind of ability in executing jobs is required for white-collar workers have remained unanswered.

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## IIRA 12th World Congress Report

**Rapporteur's Report**
**Track 1: Exploring Trends in Employment Relations and New Approaches to Work in the 21st Century**
**Tokyo, May 30, 2000**

## Exploring Trends in Employment Relations and New Approaches to Work in the 21st Century

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**Abstract**

Many of the features which characterized work and employment relations in the second half of the 20th century have undergone a process of evolution, if not transformation, in the past decade or so. Globalization of product markets has promoted competitive pressures and division of labor on an unprecedented scale. There has been massive change in the technological infrastructure with the advent of microelectronics and the explosion of digital communications. Many firms have reacted to these new pressures by downsizing their labor force, using flexible employment contracts and introducing lean management systems. The social partnership between organized labor and employers, which fostered the growth of collective bargaining in many industrialized market economies, has declined along with the power of trade unions. There is a need to redefine the mutual expectations and obligations that employees, employers and society at large has for work and employment relations.

**Introduction**

Long-established approaches to employment relations, which were based on large-scale employment in manufacturing, a stable and secure public sector and a strong trade union movement which bargained collectively for key segments of the labor market, reached their zenith in the 1960s and 70s. By the mid 1980s through to the end of the 1990s, as unemployment rose, systems of social protection were weakened and unionization declined, the balance of power between organized labor and employers shifted decisively in favor of the latter.

As new forms of employment relations began to emerge, the "social contract" between employers and the workforce began to change. As Kochan (1999) has noted in relation to the United States, the features on the "old" social contract, which evolved in the New Deal era, generally included the expectation that "hard work, good performance and loyalty would be rewarded with security, fair treatment, dignity and status." In material terms this meant that job and income security would accumulate over time with tenure, providing increased standards of living and savings for retirement. While this situation did not apply to all workers in the United States or in other industrialized economies, it was an ideal to which many aspired. In some countries, the state played a key role in ensuring that these benefits were enjoyed by a wide cross section of the community.

The causes of changes in work and employment relations are various. Some observers argue that globalization of product markets has created increased competitive pressures and a greater division of labor on an international scale. In order to maintain or improve their position, many firms have sought increased flexibility through downsizing their labor force, using contract labor and introducing lean management systems. Many governments have pursued neo-liberal economic policies which have favored deregulation and this has resulted in the weakening of labor market institutions.

Technological change also has had a great impact on society, in general, and on labor markets, in particular. It is argued that the world is experiencing a massive change in the technological infrastructure similar to that which triggered previous industrial revolutions at the end of the 18th and 19th centuries. According to some analysts, the world of work is being transformed by the advent of microelectronics, artificial intelligence, electronic data exchange and the explosion of digital telecommunications, as evidenced by the Internet and the World Wide Web (Stewart, 1997). The emergence of a knowledge-based economy, according to **Lam**, has profound implications for economic growth, national competitiveness, the organization of work and types of skills required for productive and innovative activities (OECD, 1996).

The papers in Track 1 explore three subthemes. First, what is the nature of the new information technologies and their impact on employment and working conditions? Second, how are employment contracts changing with the rise of contingent workers? Third, what implications do the emerging forms of management and work systems have for training and skills development?

## The Changing Nature of Work

Views about the nature of work in the new millennium tend to be polarized between the utopian, at one extreme, and the pessimistic, at the other. Some argue that in the new information age, there will be little demand for workers engaged in routine production and services, and only highly skilled technicians or professionals will prosper (Barley, 1996). Others claim that work, as we currently know it, will disappear for a significant proportion of the population (Aronowitz & Cutler, 1998). It is possible, however, that changes in work will be more incremental and evolutionary in response to shifts in demography, technology, markets, organizational and employment practices. Certainly, there has been considerable sectoral change in recent decades as the proportion of the labor force engaged in manufacturing has declined to below 25 percent in most industrialized market economies, while those engaged in service sector has exceeded 70 percent. Yet, as **Blanpain** points out, the various sectors are merging as the result of the "tertiarization" of agriculture and manufacturing and the partial industrialization of services. Furthermore, the source of economic value is shifting from older industries (such as agriculture, mining and manufacturing) to the newer ones (such as knowledge and information technology). This transformation has been made possible by new technologies which enable information and knowledge to be shared, manipulated and transmitted world-wide without significant cost. Yet alongside these developments, up to one-third of the world's workers are either without employment or are underemployed (ILO, 1999)

A number of papers outline new areas of employment which have emerged with technological change. **Browne** discusses the consequences of the "network revolution" which involves the "migration of significant amounts of commercial and social activity from the physical world to interactive, digital networks, built upon open standards (e.g. the Internet, interactive television systems etc)." Electronic commerce is only one aspect of the network revolution but it represents a new means of accomplishing tasks which were previously carried out by large numbers of employees with defined roles and responsibilities. Electronic commerce requires fewer but more highly computer-literate workers. A European Commission Report on *Building the Network Economy in Europe* (1998) predicted that within the next five years, the network economy would both create and eliminate many jobs within the European Union (EU), while altering the day-to-day activities of millions of other employees. However, Browne warns that the industrial relations implications of the network revolution have received little attention. **Ladwig et al.** argue that new information technologies are creating new work opportunities, primarily for well-qualified staff. It is the fastest growing sector in the European labor market, accounting for one in every four new jobs and more than five percent of the EU's gross domestic product. Temporary contracts and flexible work locations are increasingly being used for IT experts due to skill shortages in this field (estimated at 500,000 in Europe in 1998). Employers are turning to international temporary work agencies to meet the shortfall in skilled workers for the IT sector.

Telephone call centers provide a growing source of employment as a result of IT, but there is considerable debate about the quality of jobs in this sector. Call center employment is expanding at more than 20 percent per annum. Yet many studies are critical of the organizational characteristics and employment arrangements of call centers, variously describing them as "electronic sweatshops" and "assembly lines in the head" (Taylor and Bain, 1999). The work routine has been criticized as repetitive and monotonous, and highly controlled with excessive forms of surveillance. On the other hand, some studies point to environments where workers are provided with substantial training and wide discretion to meet customer needs, thereby providing greater challenge and interest in the job (Macdonald and Sirianni, 1996.) **Deery et al.** surveyed 600 workers in five telephone call centers in Australia to identify factors that lead to "burnout" and withdrawal from work. They reported that higher rates of absence were associated with emotional exhaustion among employees. A number of factors, including the relationship with customers and the respective and intense nature of work, were found to affect the emotional well-being of employees. Hence, the quality of worklife offered by call centers is determined largely by how the work and employees are managed.

While technology has been creating new jobs in the service sector (and eliminating others) it has also been changing the nature of work in more traditional manufacturing areas such as auto production. **Springer** notes that while new production concepts were introduced in the auto sector during the early 1990s, high unemployment combined with increasing global product market competition in the mid to late 1990s appeared to create a reversion to Taylorism in Germany, with many companies returning to classic assembly-line technologies involving standardized, short work cycles. However, while many German auto companies have embraced the core principles of lean production, they have also decentralized decision-making and increased employee participation. In this regard, argues **Springer**, the German auto industry has borrowed from Japanese work systems which redefine the boundaries between planning and execution of work and enlists workers in tasks that previously were the exclusive province of management and experts. This view, however, is contested by others who fear that management will use "participative rationalization" to undermine union opposition to lean production and "de-professionalization" of the workforce (Roth, 1997).

## Changes in Contractual Relationships at Work

Numerous commentators have noted a shift from "traditional" or "on-going" employment contracts to arrangements which are "fixed-term" or "contingent" in structure. Some use the term "atypical" forms of employment to cover a wide range of arrangements such as part-time work, temporary agency work, telework and subcontracting. **Tregaskis and Brewster** distinguish three types of flexible employment contracts: part-time, temporary and fixed term, although these are often used in combination. **Gallagher and Sverke** argue that "ongoing" and "regular" employment are gradually being replaced by "contingent" "fixed form," "temporary" and "independent contractor" arrangements. Within organizations, attention is being drawn to the presence of a new caste system of "core" versus "peripheral" workers (Barker and Christensen, 1998). Several writers make the interesting point, however, that what appears to be a new trend towards contingent and independent contractor employment may simply represent a return to contractual conditions which were common before and during the early stages of industrialization (Cappelli, 1999). Indeed, for most workers in developing economies, on-going, formal employment contracts are still exceptional. According to **Marsden**, it has only been since the end of World War II that "open-ended" employment contracts became predominant in industrialized market economies.

*The Supiot Inquiry into the Reform of European Employment Law* (1999), appointed by the European Commission, highlighted two main concerns with open-ended employment contracts. First, firms need to be increasingly flexible in the way they are organized so that they can respond to changes in markets and technology. Second, piecemeal attempts to change the standard employment relationship by introducing a wide range of special types of employment contract have made labor laws extremely complex. **Marsden** points out that many companies are experimenting with new forms of organizations, such as networks and project-based, which require different employment arrangements. He argues that institutional reforms are needed to release pent-up demand for more flexible organization structures and forms of contracting which offer the prospect of job creation. **Marsden** also advocates the expansion of those areas of economic activity which fall somewhere between traditional employment and self-employment.

**Gallagher and Sverke** explore factors which have contributed to the rise of contingent employment contracts. On the "demand" side are the expressed desire of employers to become more "flexible" in their ability to expand and contract their workforce in order to match work load demands. This seeks to make labor more of a "variable" rather than a "fixed cost." Short-term or contingent contracts can also provide management with access to specialized skills and knowledge not available within the organization or needed only on a short-term basis. On the "supply" side, there are some workers who are seeking short-term or temporary employment, while others prefer to operate as consultants or independent contractors rather than as regular employees. Governments can play an important role in either encouraging or discouraging the growth of contingent employment. **Gallagher and Sverke** argue that government policies which increase the costs of hiring workers on long-term basis make it difficult for employers to downsize or terminate employees may exacerbate the trend towards contingent employment contracts. They note that while in the

U.S., government regulation of the temporary help industry has been virtually non-existent, temporary firms in Sweden and Japan have recently been legalized and allowed to expand to a broader set of occupational skills than previously permitted.

The development of contingent employment has taken various forms in different centuries. In Japan, there has been a moderate decline in the proportion of regular employees from 84 percent in 1987 to 79 percent in 1994. However, 88 percent of males were classified as regular employees compared with only 69 percent of women. **Suzuki and Ogura** highlight the fact that the main growth in atypical workers has been due to the rise of part-time employment, particularly among females. They note that regular employees not only have a greater degree of employment protection but also more opportunities for internal training and promotion within the enterprise. **Nishikawa** argues that there is a polarization between those firms which utilize atypical workers (mainly part-timers) and those which rely on regular employees, and predicts that further segmentation may occur in the future. In South Korea, contingent workers increased from 19 percent of the labor force in 1997 to 42 percent in 1998, following the economic crisis and its aftermath. **Park** notes that a survey by the Korea Labor Institute of more than 4,000 leased workers revealed that most were dissatisfied with their situation, particularly in regard to their pay and training.

In France, regular forms of employment involve not only merely an open-ended contract but also various rights and benefits. Between 1987 and 1997 the proportion of part-time workers in the French labor market increased from 1.6 percent to 17.4 percent. Not all part-time workers are on atypical employment contracts, as some choose to work part-time for personal reasons while retaining open-ended employment contracts. However, 40 percent of all part-time workers in France indicate that they would like to work longer and many would prefer to be "regular" workers. When workers on fixed-term contracts and agency work are added to those in part-time work, approximately one in five French workers may be classified in atypical employment. The great majority of these workers are in commerce and services where union density rates are low.

In the Philippines, it is estimated that contingent workers comprise at least 35 percent of the employed workforce. It is difficult to gain accurate statistics because employers are unlikely to disclose their use of contingent employees due to fear of legal sanctions. While contracting and subcontracting arrangements are permitted by law, they must not be used to circumvent or evade workers' rights. In reality, however, there is considerable exploitation of contingent workers (Macaraya, 1999). Although contingent employees have the right to file complaints in the National Labour Relations Commission (NLRC), the rare cases which have been won by contingent workers in the Supreme Court have required long and costly periods of litigation.

Based on a survey of organizations in 12 European countries, **Tregaskis and Brewster** examine the extent to which flexible employment practices used by organizations are country specific and whether the use of contingent workers in Europe is converging. They discern various clusters, namely: adaptive approaches which focus on part-time employment approaches (as in Germany); reactive approaches characterized by extensive use of temporary and casual employment contracts (typified by Spain) and an inclusive approach which combines a range of fixed-term, temporary and part-time employment contracts (as in the Netherlands and Switzerland).

The hiring of contingent workers from private temporary employment agencies is a growing business practice in many countries, and there is global competition among major providers. The largest employment agencies are transnational businesses: Manpower claims to have 1.5 million employees in 41 countries while Adecco SA has branches in 42 countries. There are many smaller agencies at the national level, which often operate in only one locality. There are also "virtual" agencies which operate through the Internet. While some countries have restricted (or even banned) the operation of private employment agencies, the trend is towards greater liberalization. The ILO, which has long advocated controls over private recruitment organizations charging fees, has agreed to revise regulations (under ILO Convention 181) while providing a framework for the operations of temporary employment agencies to protect job seekers from exploitation (Phan, 1999). Decisions of the European Course of Justice have challenged the dominant position of public employment agencies in Germany and Italy, where controls on private agencies have been eased in recent years. Hence, the way has been cleared for a significant expression of private employment agencies.

In Britain there was little statutory regulation of agencies until recent legislation which specified standards in terms of wages and conditions provided for temporary workers. The attraction of agencies for employers is that they can reduce transaction costs in employee resourcing. Furthermore, as **Druker and Stanworth** point out, when responsibilities for recruitment and selection are outsourced, employers can avoid the legal commitments that derive from the standard employment relationship and the potential for collective labor organization.

Peck and Theodore (1998) suggest that private employment agencies are moving towards polar positions. At one extreme are the global players who offer "full service" as recruitment and employment consultants and are concerned with building long-term relationships with their clients. At the other extreme, small and marginal operators compete on a cost-driven basis in the supply of day labor. While **Druker and Stanworth** did not find this pattern replicated in the UK, they did identify a wide range of activity in the middle ground between these two extremes. They also noted that among larger agencies, "partnering" or "relational contracting" with other organizations is of growing commercial importance in the context of global business activity.

The growth of private temporary employment agencies is not confined to industrialized countries. **Jean** notes that in Taiwan the practice of "employee leasing" has emerged as an important trend during the past five years. Factors which have contributed to this development include the strengthening of labor laws and regulations in Taiwan as well as increased global competition. While it is difficult to establish accurate statistics, **Jean** estimates that approximately five percent of companies to Taiwan utilize leased workers. Industries most likely to use them are transportation, telecommunications, warehousing and retailing. Leased workers are generally younger and more mobile. Those with higher levels of education tend to be more dissatisfied and critical of their pay and conditions. **Jean** argues that current labor laws in Taiwan do not adequately address issues relating to leased workers to ensure fair employment practices.

**Marin** has identified four major problems related to the protection of contract workers. First, many workers are unaware of their rights and even whether or not they are in a employment relationship, particularly where union support is weak or non-existent. Second, it is difficult to regulate "triangular relationships" involving a worker, an employer whose services are provided under a civil or commercial arrangement, and a third party who requests the services. It is often problematic to identify the real employers and to establish their responsibilities towards the workers. Third, the distinction between self-employed or independent workers and individual entrepreneurs raises conceptual difficulties. Fourth, there are self-employed workers in situations of economic dependence on some other person or firm, with whom they are in a continuous or stable relationship. In some countries their presence is recognized and regulations have been enacted for their protection, whereas in others no clear category has been constructed for them and no regulation adopted.

## New Forms of Management and Work Styles: Implications for Training?

There is considerable debate about the impact of recent organizational and workplace change on employees. An Australian study has reported that while "organizations have generally become more efficient and competitive, amongst the workforce there are definite winners and losers emerging. For many workers the outcomes of a decade of workplace change have not been fair ones" (ACIRRT, 1999). While some analysts have hailed emergent work systems as providing workers with greater discretion over the work process, others view them as a means of work intensification, disguised under benign headings such as worker empowerment, employee involvement and team-centered management (Ramsay, 1996).

Based on a four year study of high performance work systems, in three U.S. manufacturing industries, **Applebaum et al.** argue that the outcomes have been positive for both the enterprises and workers. Plant performance in each of the industries was higher on indicators relevant to management. The impact on workers was positive in terms of non-monetary outcomes as well as in terms of work organization and wages. Trust and intrinsic rewards were enhanced by greater opportunity to participate in decision-making. No increase in workers' stress levels arising from participatory work practices were reported. **Applebaum et al.** contrast high performance work systems with Taylorism in terms of the extent of autonomy, communication and decision-making available to workers, particularly in self-directed teams. Workers are encouraged to exercise greater initiative, creativity and effort by doing work that is meaningful and challenging as well as by having a long-term stake in the company. It is conceded, however, that in a parallel development, many firms have sought to maximize shareholder value, often at the expense of other goals. An emphasis on short-term profits and cost-cutting designed to improve the "bottom line" can undermine workplace reform, demoralize employees and fuel cynicism about management's longer-term intentions.

The implications of technological change for the nature of work and skill development, particularly in high tech industries, is examined by **Brown and Campbell**. Using data from 23 semi-conductor plants in four countries (U.S., Japan, South Korea and Taiwan), they studied how automation of information handling and material handling affected the development, use and compensation of skills. Taken together, both forms of automation resulted in a deskilling of lower-skilled jobs, an upskilling of higher-skilled jobs and little change in compensation structures. High performance work systems of the kind described by **Appelbaum et al**. did not appear to be evident in this high tech industry, as might have been expected. Concern about the impact of technological change and market forces on training was also reflected in a study of the Danish dry goods industry by **Sørensen and Sommer.** At the national level, a collective agreement between the relevant unions and employers association established a vocational training fund which provided all workers with two weeks paid training leave per year. At the enterprise level, however, the implementation of this agreement was slow and uneven. The authors urged that enterprise-level training needs to be linked to broader continuing education and integrated with industrial relations processes.

**Lam** questions whether existing knowledge and skill formation systems are capable of generating the types of workers, with requisite high level skills and breadth of competencies, for a knowledge-based economy. Shifts in the nature of knowledge production and constant changes in the mix of skills and competence requirements within firms, place great pressure on the structure and orientation of established knowledge systems. Hence, new mechanisms will be necessary for the effective transmission of knowledge between institutions of higher learning and firms. *Lam* cites the example of knowledge-based firms, such as pharmaceutical companies which engage in high level R&D, where innovation takes place in mixed project teams and requires high levels of flexible specialization as well as external networking and collaboration. New institutional frameworks are needed to strengthen the networks required for training and knowledge flows.

## Conclusions

Many of the issues canvassed in this paper concerning the changing nature of work and employment relations point to a redefinition in the relationship between workers and employers. The social partnership which characterized relationships on the decades following World War II in many industrialized market economies, and fostered the growth of collective bargaining, has been in decline for a number of years and has failed to establish strong foundations in many newly industrializing economies. The vast majority of the world's workers are outside the formal labor market and associated regulatory mechanisms. Indeed, in many industrialized countries, the informal sector has been growing as employers seek to achieve greater labor market flexibility on the grounds of increasing competition in the world economy. The growth of "atypical" or "contingent" forms of employment is a consequence of these developments. Yet some segments of the workforce enjoy highly paid and stimulating jobs as a result of high demand for their skills and there are progressive organizations which are leading the way with innovative work systems. The gap between the winners and losers in the information age appears to be widening. Substantial challenges lay ahead for policy-makers who seek to redesign the institutional framework in their respective countries in order to restore a balance between the interests of labor and capital. Yet there are signs of progress as the EU attempts to develop new contractual forms that are both flexible and equitable. The ILO is also seeking agreement on contract labor that is in line with its Declaration on Fundamental Principles of Rights at Work. There is no blueprint which is applicable to all societies, yet a new social contract is needed which defines the mutual expectations that employees, employers and society at large has for work and employment relations in the 21st century.

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CORRECTION

Please be advised that the "Mr. Tayo Fashoyin from Zimbabwe" should have read" Mr. Tayo Fashoyin fromNigeria" (page 14,JLB August 2000). We apologize for the error.

## JIL News and Information

### JIL Research Projects for Fiscal 2000

In view of the rapidly changing social and economic situation in Japan, the serious unemployment situation and the need to identify the changing needs of workers and develop appropriate policy responses, the Japan Institute of Labour (JIL) is planning to step up its research activities in the coming century.

In fiscal 2000, our research projects are focusing on (1) employment and labor issues, (2) labor-management relations, personnel and human resource management, (3) changes in the consciousness and outlook of workers, and the diversification of employment patterns, (4) the rapid aging of society, (5) the work environment of female workers, and (6) career guidance systems consistent with changes in the occupational structure and workers' values. The major research issues are outlined below.

#### (1) International Comparisons of Employment and Unemployment Policies

With the highest unemployment level since World War II, measures to deal with unemployment are now a crucial political issue. Particularly important are measures to deal with mismatching between job-seekers and job offers, prolonged periods of unemployment, unemployment among the young and the elderly, and regional differences in unemployment patterns.

In this area, research will focus on comparative studies (a) with countries in Europe which, like Japan, are suffering from high unemployment, and (b) with the U.S. and the U.K. which have succeeded in cutting their unemployment rates. An international comparison will be carried out with particular reference to employment systems and practices, labor-management relations, labor laws, the relation between unemployment and social security nets including unemployment benefits, and the relation between unemployment and industrial structure.

#### (2) Impact of Large-scale Restructuring on Regional Economies

In response to changes in economic structures due to the technological revolution, globalization and other factors, many large companies are about to implement large-scale restructuring plans. In the processing and assembly industries (such as electrical machinery and automobile) production is tiered and companies depend upon many affiliated and related companies. Decisions to downsize or to stop production will likely have a substantial impact on local economies and on those working for subcontracting firms.

Research on this issue will clarify the actual impact of large-scale restructuring on regional economies and on local employment. It will also explore effective measures to counter such an impact.

### (3) National and Local Public Policies Supporting Small and Medium-sized Firms

We will look at how public policies for small and medium-sized firms function on the national and local level, at the management practices of firms in particular regions, and at the needs of labor and management. This research project will examine various policy options and the outstanding problems affecting small and medium-sized firms as a whole.

### (4) Analysis of Case Studies Outlining the Successful Employment of the Elderly in Japan and Other Countries

A survey will be conducted among the elderly in other countries in order to better understand their employment situation. Case studies will also be conducted on the working environment and personnel management systems at Japanese companies that are perceived as having successfully utilized older workers.

The purpose of looking at the situation surrounding the employment of the elderly and related issues in different countries that are ahead of Japan in terms of the aging of the population is to establish a number of reference points for considering how best to establish an "age-free society" in Japan. We will carry out joint research projects with a number of overseas research institutes on the outlook for employment of the elderly and the work environment in the U.K., the U.S. and other Western countries. Research will also be conducted concerning human resources management, and the current and possible future life styles of workers, focusing on the babyboom generation − workers in their early 50s − who feel very uneasy about the rapid ageing of their own society.

### (5) Industry Models for the Full Utilization of Older Workers

Middle-aged and older white-collar employers are at a disadvantage in terms of switching jobs or becoming re-employed when they are obliged to give up their present jobs. In many cases, their work knowledge and abilities are peculiar to the company at which they have been employed, and adequate standards for evaluating their accumulated skills and know-how in the job market do not exist. Accordingly, companies will be surveyed concerning their practices in evaluating careers. Private job placement businesses will also be studied in this regard.

Along with this, the current labor supply-and-demand adjustment mechanisms for middle-aged and elderly workers will be examined. The role of the Public Employment Security Offices, private job placement agencies, personal connections, direct applications, etc. will be investigated to discern the special features and problems matching a worker with a particular job. Again, the aim will be to consider possible measures for improving the labor market in this area and the way labor adjustment processes affect middle-aged and older white-collar workers.

### (6) Protective Measures for Working Mothers in Other Countries

As an increasing number of women participate in the labor market, and with an increasing number continuing to work during pregnancy and afterward, the number of children per family is decreasing. Accordingly, there is a special urgency to establish a work environment in which motherhood is respected and women can feel secure in giving birth and taking care of their children without worrying about their positions in the workplace. For such purposes, the Labour Standards Law and the Equal Employment Opportunity Law in Japan, together with various supportive measures, serve to protect mothers and to provide for the health of working mothers. At the International Labour Conferences in 1999 and 2000, revisions to the Maternity Protection Convention were discussed. The proposed changes also make it necessary for Japan to consider these issues.

In line with this, research will focus on legislation related to the protection of motherhood in countries such as the U.S., the U.K., Germany, France and Australia.

### (7) Transition from School to Work and Early Career Development

Amidst the severe and prolonged economic recession, an increasing number of young people either leave school without employment, or voluntarily give up jobs they had upon graduation. This change seems to reflect social and cultural factors which include changes in the educational system and in the way young people view the meaning of work. At the same time, this phenomenon is also partly caused by the increasingly inefficient functioning of the recruitment system and the related labor market mechanisms as they relate to new graduates.

In this research project, an effort will be made to discern the reasons why young people have changed their outlook on work. Attention will focus on the transition from school to work, analyzing the processes through which many young people prefer having no fixed occupation or rapidly abandon what jobs they do attain. Through a careful examination of the problems rooted in the recruitment system, possible measures for dealing with them will be uncovered.

### (8) Evaluation of Computerized Career Guidance Systems to Assist Self-assessment and Vocational Decision-making

From fiscal 1997 to 1999, research was conducted on career guidance systems to assist self-assessment and vocational decision-making. A prototype for such a system was completed in autumn 1999. At present, the prototype is being further developed and a final version will soon be ready. By using this system, individuals will be able to learn about their own aptitudes and the occupations suitable for them, which should assist them in making future career plans.

Apart from these projects, JIL is also conducting research on various other issues. These include labor supply-and-demand adjustment systems; how "teleworking" (i.e., working at home or at satellite offices near home and communicating with head offices via telecommunications) affects workers' life styles; time-series analyses of working lives; minimum wage systems in various countries; the relation between globalization and workers' rights; and measures for mental health in the workplace and managers' responsibilities.

**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

| | August 2000 | July 2000 | Change from previous year |
|---|---|---|---|
| Labor force | 6,791 (10 thousand) | 6,796 (10 thousand) | -40 (10 thousand) |
| Employed | 6,480 | 6,489 | -31 |
| Employees | 5,356 | 5,361 | 11 |
| Unemployed | 310 | 307 | -10 |
| Unemployment rate | 4.6% | 4.5% | -0.1 |
| Active opening rate | 0.62 | 0.60 | 0.02 |
| Total hours worked | 149.8 (hours) | 156.8 (hours) | 0.0 |
| Total wages of regular employees | (¥ thousand) 264.9 | (¥ thousand) 265.6 | 0.7 |

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

### Trends in the Proportion of Workers Eligible for Employment Extension or Reemployment Schemes