JAPAN LABOR BULLETIN

ISSUED BY THE JAPAN INSTITUTE OF LABOUR

Vol.40 No.04 *April 2001*

CONTENTS

General Survey

First Increase in Cash Earnings in Three Years with Decline in Consumption Continuing for the Third Consecutive Year

According to the findings of the Monthly Labour Survey by the Ministry of Health, Labour, and Welfare, monthly total cash earnings of employees in firms with five or more employees increased 0.5 percent in 2000, the first increase in three years.

Per capita monthly cash earnings in 2000 were ¥355,619. While scheduled cash earnings increased only 0.7 percent over the previous year, non-scheduled cash earnings (such as that received for overtime) increased by 4.4 percent. Special cash earnings (such as bonuses) decreased by one percent over the same period due to the decreased payments made last December. The real wage index, incorporating price changes, saw an increase of 1.4 percent over the previous year. Over the same period the average number of total annual hours worked increased 0.7 percent in 2000 to 1,853 hours, the first increase in four years. This reflected an increase of 3.5 percent in overtime, the result of an expansion in production in the manufacturing sector and elsewhere, and was the reason behind the increase in overtime pay.

Findings from another survey have recently been released by the Ministry of Public Management, Home Affairs, Posts and Telecommunications — the *Family Income and Expenditure Survey*. The survey found that monthly average consumption per household in 2000 totalled ¥340,977, a 0.6 percent drop from the previous year on a nominal basis. This marked the third consecutive annual drop in household consumption and underlined the extent to which household consumption has stagnated, a situation attributable to the fall in income recorded for the households surveyed due to a drop in bonus payments to public servants.

The *Family Income and Expenditure Survey* also revealed that regular income of household heads increased in nominal terms by 0.3 percent over the previous year, the first increase in three years. It was the other component of their income package, including bonus payments, that fell along with the income of other household members. As a result, the average monthly disposable income per household (income earned by members of the household minus income tax, social insurance premiums, and so on) was ¥472,823, a 1.4 percent drop from the level of income achieved during the previous year. The drop in household consumption seemed to be attributable in part to a decrease in the size of households. The average number of household members in this survey was 3.46 people while the number in the 1999 survey was 3.52. Consumption per head, in fact, which is unaffected by changes in the size of the household, grew by 1.1 percent over the previous year.

Incidentally, a substantial part of the growth in household consumption was accounted for by the increase in outlays for "transportation and communications." This was due to an increase in automobile prices and an increase in telephone fees for mobile phones (which are now quite popular). Spending on "clothing and shoes" fell (for the tenth consecutive year), as did expenditure on "food" (for the third consecutive year). The increased purchase of ready-made clothing in different colors and sizes and the proliferation of inexpensive food such as hamburgers account for the decreased outlay on goods in these two categories.

Working Conditions and the Labor Market

Unemployment Rate for 2000 Hits 4.7 Percent

According to the findings of the *Labour Force Survey* taken by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, unemployment in 2000 averaged 4.7 percent. This is on par with the figure for 1999 and represents the worst unemployment rate since the survey was first taken in 1953. The rate has now exceeded that of the U.S. for two successive years.

The monthly unemployment rate increased to 4.9 percent in February and March, and then remained somewhere between 4.6 and 4.8 percent for the rest of the year. The annual rate for males stood at 4.9 percent; for females it was 4.5 percent, the worst record for both groups. Since data became available for age groups in 1968, each age group also recorded its worst level of unemployment, excluding the 35-44 age group for males, and the 15-24 and 25-34 age groups for females.

The number of unemployed people increased by 30,000 over the previous year and stood at 3.2 million in 2000. That figure was over three million for the second successive year, though the magnitude of the increase was smaller than in 1999 (when the increase was 380,000). By gender, 1.96 million males were unemployed; for females the figure was 1.23 million. Both figures were the record high. Comparing the figures on a monthly basis with the same month in 1999, the number of unemployed males fell between May and August and increased afterwards; the number of unemployed females fell between July and October and increased afterwards.

Meanwhile, the annual average number of workers declined by 160,000 to 64.46 million, the third annual drop. By industry, the number of workers in the service sector (which includes the IT industries), transportation and communications increased, whereas fewer were engaged in the construction and manufacturing sectors in 2000. The annual average

number of employees increased by 250,000 over the previous year to 53.56 million, the first increase in three years. Employees in non-agricultural industries numbered 53.22 million, an increase of 240,000 people.

By employment status, (1) there were 46.6 million regular employees, a drop of 60,000 from the previous year (the third successive decline); (2) another 5.46 million people were employed as temporary employees, an increase of 360,000 over the year (a trend that has continued since 1976); and (3) the number of day laborers stood at 1.66 million people, a drop of 50,000.

The proportion of all employees in non-agricultural industries who were regular employees was 87.6 percent, down 0.5 percentage point from the previous year. That figure has steadily declined since 1995. In other categories, the number of temporary employees and day laborers has markedly increased. However, the drop in the number of regular employees recorded in 2000 was far smaller than that recorded in 1999, when the drop was 600,000.

Final Report concerning High School Graduates Seeking Jobs

The final report of the Working Party Established to Consider the Job Seeking Behavior of High School Students was recently released. The working party had been established by the Ministry of Education, Culture, Sports, Science and Technology. The report concludes that job vacancies formerly filled by high school graduates are now being filled by university graduates. This reflects a general downward trend in the demand for high school graduates. Recognizing the seriousness of the situation, the report cites as major problems (1) the immaturity of the students in their thinking about occupations and the working life; (2) the absence of systematic and continuous guidance through internships and other programs which high schools should provide for students during their schooling; and (3) the declining effectiveness of conventional job placement practices in Japan's high schools.

High school graduates have for many years been a major pool of labor for the service and manufacturing sectors. However, questions have recently been raised about employment practices involving high school graduates. Three practices in particular were questioned: the prearranged linking of certain schools with certain employers in the labor market; the way in which internal selections occurred for specified employers within the high school, and the "one-on-one system." The first is a practice whereby a company makes its job vacancies known to specified high schools, and only students of those schools are able to apply. In line with this practice, each high school carries out its own internal selection process to decide which of the

students wishing to apply to a certain company should actually be recommended. High schools have also adopted the one-on-one system that restricts each student to applying to a single company. This series of practices used to play a role in the swift and smooth transition of students from school to workplace. These employment practices, however, have also been seen as a factor hindering students from forming their own views about particular kinds of jobs and from making their own career decisions.

The report makes proposals concerning relaxation of the practices. It recommends that students at any high school should be allowed to apply for any job vacancy. In addition, each student should be allowed to apply to a maximum of three companies simultaneously through his or her school.

The report also proposes that in order to encourage high school students to develop their own ideas about occupations and working life, new measures should be taken to promote vocational education from primary school; a “career advisor” system should be set up by utilizing teachers with specialized training or former businessmen; and to encourage internship programs that enable students to experience for themselves the realities of various vocations.

Labor-Management Relations

The 2001 Spring Offensive Starts

This year's spring offensive began in the midst of a slowdown in the growth of the U.S. economy and the drop in Japan's stock prices, making the economic future still more uncertain. Nevertheless, although the results are not yet finalized, the settlement of accounts at the end of March 2001 for firms listed on the stock exchange are expected to show a surplus on a consolidated base for the first time in four years. This would surely indicate that business profits are undoubtedly on an upward trend. For improvement in business performances to accelerate the overall recovery of Japan's economy, labor unions claim, there should be wage increases to boost the economy via an increase in individual consumption. Employers broadly agree that restructuring (e.g., reducing fixed costs by eliminating unprofitable company operations) has helped to improve company performance. However, Nikkeiren (Japan Federation of Employers' Associations) stresses in its 2001 Position Paper that the “maintenance of employment levels must continue to be given the foremost priority in the upcoming round of negotiations with labor, and that total labor costs should be maintained as much as is consistent with each enterprise's ability to pay.” The Position Paper is referred to by many employers as a kind of guideline for their negotiations. The paper

clearly states, as it did last year, its view that the maintenance of employment levels is important, stressing that the improvement in company performance should be reflected, first, in the maintenance and stability of employment, and also in the provision of bonuses and one-time payments in line with the performance of the company.

The average annual income of employees dropped in 1998 and in 1999. This was the first time in post-war history that income had dropped two years running. Despite a slight increase in bonus payments last winter, the average pay hike in leading enterprises was 2.06 percent in 2000, a record low in the history of the spring offensive. Accordingly, workers did not have the impression that their incomes had actually increased. In thinking through their demands for this year's wage hike, there is another element which may be considered in this year's negotiations. Although wages have fallen some, due to a drop in the price of consumption goods as well, labor unions are not so desperately insisting on a wage increase. Demands from the union side through the national centers and the industrial federations remain more or less the same as last year. While the first stage of negotiations last year had focused on raising the pensionable age, which meant raising the compulsory retirement age to beyond 60, this year's negotiations could be characterized as a "spring offensive without focus." The affiliates of Rengo (Japanese Trade Union Confederation) agreed to demand that the "current wage curve" be maintained, with a "net basic wage increase of one percent or more" and targeted pay raises by type of job for employees aged 30 and 35. The unions and federations affiliated with Zenroren (National Confederation of Trade Unions) agreed to demand the same target pay raise as in the previous year, "¥15,000 for everyone, everywhere."

Kinzoku-rokyo (Japan Council of Metalworkers' Unions), one of the influential organizations setting the pace for the spring offensive, has demanded a net pay hike of ¥2,000 to ¥3,000, the same amount requested last year. Accordingly, the basic pay hike demand has been fixed at ¥2,000 by all industrial federations affiliated with the council, expect for the ¥3,000 put forward by JAM (Japan Association of Metal, Machinery, and Manufacturing Workers). Jidosha-soren (Confederation of Japan's Automobile Workers' Unions), Denki Rengo (Japan Electrical, Electronic & Information Unions), Zosen-juki-roren (Japan Confederation of Shipbuilding & Engineering Workers' Unions), Hitetsu Rengo (Japanese Federation of Industrial Materials and Energy Workers' Unions), and Zendensen (Japan Federation of Electric Wire Workers' Unions) have decided to demand a basic pay raise of ¥2,000, the same as last year. Negotiations in the electronics and automobile industries will again this year attract the greatest attention. Given that the number of newly registered automobiles recorded the first increase in Japan in four years, it will be interesting to see whether unions in the automobile industry will act as the pace-setter in this year's

negotiations.

International Relations

Globalization of Pension Systems: Agreement on Social Security

Now that Japan's economy is becoming increasingly globalized, the number of Japanese who work abroad and the number of people from abroad who work in Japan are increasing. As this occurs, various problems are arising in terms of social security for Japanese working abroad. For example, the Japanese employee sent to work abroad on the assumption that their overseas duty will be short term, often has to pay premiums to pension schemes both at home and in the country abroad. However, due to his or her short stay, the worker in question is not qualified later to receive payment from the scheme abroad. This will oblige not only the worker but also the company to bear the burden of those pension premiums. The problem occurs because the scheme in each country is designed for the citizens of that country and not for foreigners who happened to be residing there on a short-term basis. To ameliorate the situation for foreign employees, it is necessary for the countries involved to conclude a bilateral agreement so that the double payment of premiums can be avoided. One approach is to arrange for the payments in each of the two countries to somehow be counted or created in one of the systems. The Japanese government now has such agreements in place with Germany and the U.K., and the Ministry of Health, Labour and Welfare has embarked on negotiations with its counterpart in the U.S. for a similar agreement.

The Japanese government has been discussing the issue with various countries since around 1970. With Germany it commenced negotiations in September 1995 and signed an agreement in April 1998. That agreement came into effect in February 2000. With the U.K. negotiations began in 1998, and an agreement was signed in February 2000. That agreement came into effect in February 2001. Under the agreements, workers in the other country are exempt from payment of pension premiums if their stay in the country does not exceed five years. If the stay exceeds five years, the worker is entitled to a further exemption for a maximum of up to three years. Furthermore, a self-employed person working in a country within a certain period is treated as an employee, and they continue to be counted as being enrolled in the pension scheme at home while contributing abroad.

Since the 1980's, the Japanese government has been calling on the U.S. for discussions to reach an agreement on social security services. However, plagued by financial debt, the U.S. needed to think carefully about the income from premiums paid by long-term Japanese residents. However, with the U.S. economic turn-around in the 1990s and the increasing number of Americans who are working in Japan, the U.S. government has begun to respond

to Japan's request for negotiations, and the first round of talks was held in November 2000. So far the discussions have not yet come to focus on the possible content of basic agreements. As a result of the change of U.S. presidents, the date for the second round of discussions has not yet been set.

The government also held preliminary negotiations with the French government in June 2000. In October 2000 it held a meeting to exchange opinions with an eye on further negotiations with the Republic of Korea. It has also received feelers concerning the possibility of negotiating bilateral agreements from Canada, Italy, Holland, Belgium, Luxemburg, and the Philippines. It intends to advance the negotiation process in due course.

Special Topic

Is 'Atypical Employment' a Flexible Form of Working Life?

Hiroki Sato
Professor
Institute of Social Science
University of Tokyo

1.0 Introduction

In recent years, an increasing number of workers have been engaged in what is called "atypical employment." There are two opposing perspectives on atypical employment: one is positive, valuing it as a device to widen job opportunities and provide a more "flexible way of working" than "typical" forms of employment; the other is negative, asserting that since such forms of employment simply offer unstable job opportunities, poor labor conditions and wages, and require — in many cases — only simple work skills, they do not constitute healthy work patterns. In addition, the positive perspective claims that workers in atypical employment have voluntarily chosen such types of contracts to satisfy their own preferences, while the negative perspective claims that they are obliged to settle for such types of contract because they are unable to find typical employment. This article examines these two perspectives on the basis of a survey of individuals, compiled in the *General Survey on Diversified Types of Employment* by the Policy Planning and Research Department of the Ministry of Labour (now the Ministry of Health, Labour and Welfare).*

2.0. The Current Situation of Workers under Atypical Employment Contracts

The information in Table 1 enables us to examine both the current situation of workers in atypical employment and trends in the numbers of such workers.

Table 1. Trends and Breakdown of Workers Engaged in Atypical Employment

(Unit: 10,000 people)

	February 2000			February 1995		
	Total	Men	Women	Total	Men	Women
Total employees (except executives)	4,903	2,892	2,011	4,780	2,876	1,904
Regular employees	3,630	2,553	1,077	3,779	2,620	1,159
Non-regular employees (a+b)	1,273	338	934	1,001	256	745
(a) Part-timers + *Arubaiters*	1,078	232	846	825	150	675
Part-timers	719	56	663	563	28	535
Arubaiters	359	176	183	262	122	140
(b) Dispatched workers + others	195	106	88	176	106	70
Dispatched workers	33	9	25	—	—	—
Others	161	98	64	—	—	—

Notes:
(1) Employment types (regular employees, part-timers, *arubaiters*, dispatched workers, and others) were based on self-report of workers surveyed.
(2) Since the figures were rounded off, aggregations may not be exact.
(3) Dispatched workers were not monitored in the 1995 survey. This type of survey was extended to dispatched workers in August 1999.
Sources: Statistical Bureau, Management and Coordination Agency, *Rōdōryoku Chōsa Tokubetsu Chōsa Hōkokusho* (Report on the Special Survey of the Labour Force Survey) February 1995 and February 2000.

First, in 2000, the number of non-regular employees (that is, workers under atypical employment contracts) totaled 12.73 million, an increase of 2.72 million from the total recorded in 1995. During the same period, the number of regular employees decreased by 1.49 million. Thus, the proportion of atypical employees increased from 20.9 percent in 1995 to 26.0 percent in 2000. This means that, as of 2000, one-fourth of all employees were engaged in atypical employment.

Second, most atypical employees worked as part-time workers or arubaito workers (side-job workers). Because the survey relied on self-reports of the employees surveyed, it is difficult to give a precise description of each type of work, but generally speaking many part-timers are married women who have worked for a long time at a single workplace, whereas *arubaito* work involves a relatively short-term contract and is undertaken by students.

Third, in 2000, dispatched workers numbered 330,000, accounting for a mere 0.7 percent of employees as a whole. According to the *Employment Status Survey* conducted by the Statistical Bureau of the Management and Coordination Agency, the number of dispatched workers has been increasing from 163,000 in 1992 to 257,000 in 1997, but is still relatively small.

Fourth, “other” employment types include miscellaneous workers such as day laborers

and *shokutaku* (employees re-hired as "advisors" after reaching the mandatory retirement age).

3.0 An Offer of Flexible Employment Opportunity?

3.1 Workers under Atypical Employment Contracts to be Analyzed

In this section, further analysis is carried out on dispatched workers and part-time workers (those who actually work shorter hours), as examples that are representative of the wider group of atypical employees. They are examined here in terms of workers' work preferences, and of the correlations between such preferences and types of employment. More specifically, as with the wider range of workers under investigation in this article, dispatched workers and part-time workers fall into one of two categories: either their working hours per day are shorter than scheduled working hours, or their working days per week are fewer than those of regular employees, as monitored in the survey of individuals reported in the *General Survey on Diversified Types of Employment*. These two types of workers correspond to "part-timers" and "dispatched workers" in Table 1.

The analysis described here will, moreover, concentrate on three main groups within the part-timers: married women (aged 25 to 60), young unmarried people (aged below 24), and elderly people (aged 61 and older). These accounted for 77.4 percent of all part-timers who have replied to the individual surveys, thus covering nearly 80 percent of all part-timers.

As for dispatched workers, the analysis will be carried out in terms of "regular base" and "register base" workers: the former is regarded by the worker-dispatching agency as a regular employee without a fixed-term contract, whereas the latter is employed by the agency on the basis of a fixed-term contract.

3.2 Preferences concerning Labor: Work-private Life Style Choice

At this stage, we can compare workers' preferences between their working life and their private life. Table 2 shows the "preference for private life index" in terms of type of employment and type of worker, where the higher the number, the stronger the importance attached to private life over working life.

The data in that table suggest that regular employees, particularly male regular employees, attached greater importance to working life than to private life. Female regular employees showed the opposite tendency, but were in line with male regular employees in that they placed less importance on private life than on working life when compared with all other types of workers except for male dispatched workers. Gender differences were conspicuous in the preferences of dispatched workers. In particular, the index points of male

"regular base" dispatched workers resembled those of male regular employees, since the situation of "regular base" dispatched workers is essentially similar to that of regular employees. On the other hand, female dispatched workers, young female unmarried part-timers, female married part-timers, and elderly female part-timers attached greater importance to private life than to working life. With female married part-timers, and female dispatched workers in particular, the tendency was more marked than in any other type of worker. It was more marked, too, in female dispatched workers than in female regular employees.

Table 2. Preference for Private Life Index

Regular employees	13.7
Men	7.4
Women	30.0
"Regular base" dispatched workers	47.4 (56.7%)
Men	15.2
Women	72.2
"Register base" dispatched workers	59.8 (81.2%)
Men	23.5
Women	68.1
Young unmarried part-timers	57.4 (47.0%)
Men	56.5
Women	57.9
Married female part-timers	84.1
Elderly part-timers	55.9 (41.0%)
Men	57.5
Women	53.5

Notes:

(1) The indices were calculated according to the formula given below, and based on answers to the question "to which do you attach more importance: private life or working life?" The larger index indicates a stronger preference for private life in each type of employment group. Index = "Attach importance to private life" (%) x 2 + "If anything, attach importance to private life" (%) x 1 + "cannot tell" (%) x 0 + "If anything, attach importance to working life" (%) x (-1) + "Attach importance to working life" (%) x (-2).

(2) The figures in brackets indicate the proportion of women.

Source:

Policy Planning and Research Department, Ministry of Labour, *Shūgyō Keitai no Tayōka ni Kansuru Sōgōjittai Chōsa* (The General Survey on Diversified Types of Employment).

3.3 Choice of Employment Opportunities: Negative Decision?

We have shown that female dispatched workers and part-timers regard their private life as being more important than their working life. The question, then, is whether their decisions to take such employment positions coincided with their own wishes, or whether there were other reasons that prompted them to settle for such positions. In a questionnaire that allowed for multiple answers, the survey asked why they had decided to settle on their current type of employment, with one of the choices being that they "could not find a post as a regular employee." One can assume that workers who chose this answer decided on their

current employment position somewhat passively, or by default, because — although they had wished to work as a regular employee — for some reason they could not get that sort of job.

The choice of "could not find a post as a regular employee" was chosen by up to 25 percent of each type of worker, with the percentage varying with the type of employment and gender of worker. The figure was relatively high with dispatched workers, particularly female "register base" dispatched workers and young female unmarried part-timers. (Male dispatched workers who had had this status for three years or less showed a similar tendency.) On the other hand, less than 10 percent of female married part-timers, male unmarried part-timers, and elderly part-timers chose this answer. Most "regular based" dispatched workers are believed to be regular employees at the worker-dispatching company to which they belong, and the fact that a higher proportion of "regular based" dispatched workers chose this answer suggests that this status represented a second best option for them.

3.4 Prospect for Change in Employment Patterns in Future

With regard to workers' desire or willingness to change their type of employment in the future, it was found that those who were currently engaged in regular work wanted to stay in the same type of employment. On the other hand, a conspicuous number of workers who were in types of employment that were the result of choices forced on them by circumstances, wanted to change to something else. Workers in the latter group included the majority of dispatched workers and female unmarried part-timers. Among young unmarried male part-timers, fewer entered their current employment for negative reasons. Nonetheless, many of them also wanted to find a different type of employment in the future. As will be discussed later, this may be due to the fact that most young unmarried male part-timers were students who chose to work part-time so they could continue their studies, and wanted to work as regular employees after graduation. On the other hand, a majority of young unmarried female part-timers who were not students took part-time jobs for negative reasons, and it may well be that an increasing proportion of these workers, too, will decide that they want to work as regular employees.

Where married female part-timers and elderly part-timers are concerned, not only was the proportion of those who took on their current type of employment for negative reasons quite low, but many also wished to continue working as part-timers in the future. It should, incidentally, be noted that — among married female part-timers — those who wanted to work as regular employees accounted for a mere 7.6 percent.

3.5 Decisions to Take Current Types of Employment

Negative reasons for taking current types of employment, such as "could not find a post as a regular employee," were somewhat more common in the replies of dispatched workers and young unmarried female part-timers, with the highest proportion of those giving this answer being approximately 25 percent. Apart from such negative reasons, what other reasons were there that resulted in workers settling on their current type of employment?

Forty-seven percent of male and 34.6 percent of female "regular base" dispatched workers selected "other reasons," out of the choices provided. The high proportion here is partly attributable to the many cases exemplified by the type of situation where workers joined their current company in the hope of working in software development, but found that what the company actually did was to dispatch them to different jobs, with the result that they were made "regular base" dispatched workers. Apart from this, high proportions of male and female "regular base" dispatched workers selected one or other of the following options: "because I can take advantage of my professional qualifications, skills and knowledge" (26.2%), "in order to supplement my household income, tuition fees, and so on" (26.2%), or "because I can work when it is convenient" (22.8%).

As for "register base" dispatched workers, the answer "because I can work when it is convenient" ranked relatively highly among both men and women. Among female "register base" dispatched workers, the choice of "could not find a post as a regular employee" accounted for one-fourth of all answers, the third highest proportionate response. However, 39.4 percent replied "because I can work when it is convenient," and 20.4 percent chose "because I wanted to work shorter hours or fewer days." This shows that female "register base" dispatched workers comprised both individuals who could not find posts as regular employees and those who wished to take advantage of the flexibility of working hours and types of work.

Among male dispatched workers, both "regular base" and "register base," the proportion of those who chose "because I can take advantage of my professional qualifications, skills and knowledge" exceeded their female counterparts. This reflects the difference between men and women in the nature of their jobs. While more than 80 percent of female dispatched workers engaged in clerical jobs (81.3% of "regular base" female dispatched workers and 89.4% of "register base"), some 70 percent of male dispatched workers were in professional or technical jobs (76.1% of "regular base" and 64.1% of "register base").

As for young unmarried part-timers, while the sequence was slightly different between men and women, the following three answers were ranked among the top five responses for each gender: "because I can work when it is convenient," "in order to supplement my

household income, tuition fees, and so on," and "because it does not conflict with being a student". On the basis of their choices, one can conclude that approximately half of the young male unmarried part-timers were students. On the other hand, the estimated proportion of students among young female unmarried part-timers was around 20 percent, while those who wished to work as regular employees but were obliged to be part-timers because they could not find the posts they wanted accounted for a higher proportion (approximately 25%). It appears that young unmarried part-timers consist of three types of workers: working students, those who work as part-timers after graduation from school or university, and those who are

Where female married part-timers are concerned, "in order to supplement my household income, tuition fees, and so on" and "because I can work when it is convenient" were the most common reasons for working as part-timers, with the next most frequent response being "because I wanted to work shorter hours or fewer days." It is clear that workers of this type deliberately chose this form of employment because it allowed them to spend some time on other activities and, at the same time, gave them a certain amount of income.

As for elderly part-timers, "to be fit and healthy" and "because I can work when it is convenient" were the most common reasons. The next most popular reasons were: "because I would like to work shorter hours or fewer days" for men, and "in order to supplement my household income, tuition fees, and so on," "because the job was easy with less responsibility," and "because I wanted to work shorter hours or fewer days." In short, elderly part-timers chose that type of work because it allowed them to work with a flexibility that gave them the opportunity to keep themselves healthy.

To summarize the results presented to date, in comparison with regular employees, a greater number of "regular base" and "register base" female dispatched workers, young unmarried part-timers, female married part-timers, and elderly part-timers felt their private lives to be more important than their working lives. At the same time, workers in such categories chose their types of employment because they found it convenient in the light of their life styles. This view is supported by the fact that elderly part-timers wanted to work for the sake of their health, and young unmarried part-timers wanted to manage their life on campus while earning an income.

3.6 Degree of Satisfaction with Working Life

Finally, we can consider the degree of satisfaction that workers in various types of employment gain from different aspects of their working lives. The degrees of satisfaction are shown in Table 3.

Table 3. Evaluation of Various Aspects of Working Life (Satisfaction Index)

	(a) Regular employees		(b) Dispatched workers		(c) Part-timers		
	Men	Women	Regular base	Register base	Female married	Young unmarried	Elderly
1. Working life as a whole	23.0	25.1	33.9	36.7	41.2	53.8	58.9
2. Nature and value of job	61.0	50.9	59.9	58.8	69.0	78.6	96.4
3. Wages	-24.2	-18.8	-22.3	-19.4	4.8	0.7	35.8
4. Welfare systems & fringe benefits	7.6	15.2	10.3	-9.7	9.9	9.2	31.0
5. Working hours	18.7	41.2	55.8	71.4	91.4	51.9	101.4
6. Number of holidays	42.4	42.6	79.5	100.4	85.6	66.4	92.2
7. Clock-in and other times	46.5	48.0	75.6	97.7	98.6	83.2	94.2
8. Evaluation by superiors; wages, benefits	3.6	1.3	15.3	25.5	20.2	34.4	55.3
9. Work environment	23.6	25.5	51.1	53.8	45.7	90.8	81.3
10. Human relationships and communication at the workplace	43.5	43.0	72.2	59.4	54.5	98.0	82.5
11. Vocational training and human resource development systems	-16.2	-11.0	-16.2	-0.8	-1.4	14.5	20.2
12. Job stability	58.6	61.1	34.1	9.5	46.3	61.0	76.5
13. Aggregated indices of satisfaction (sum of 1–12)	288.1	324.1	449.2	483.3	565.8	642.5	825.7

Note: Questionnaires focused on whether the subjects were satisfied or dissatisfied with each aspect of their working life. Subjects were asked to choose one out of five answers: "satisfied," "more or less satisfied," "cannot tell," "somewhat dissatisfied," and "dissatisfied." The index was calculated by "satisfied" (%) x 2 + "more or less satisfied" (%) x 1 + "cannot tell" (%) x 0 + "somewhat dissatisfied" (%) x (-1) + "dissatisfied" (%) x (-2).

First, it was found that, on the whole, satisfaction with their working lives exceeded dissatisfaction in all types of employment. The degree of satisfaction was higher among dispatched workers and part-timers than among regular employees. Moreover, it was higher for part-timers, particularly young unmarried and elderly ones, than for dispatched workers.

Second, satisfaction with the nature and value of their jobs was high among workers in all types of employment, to the point where it exceeded the degree of satisfaction with their working lives as a whole, although it was somewhat lower among female regular employees. Unlike satisfaction with working life as a whole, there were minor differences between regular employees and dispatched workers in the case of satisfaction with the nature and value of the jobs. On the other hand, as with satisfaction with working lives as a whole, part-timers' satisfaction with the nature and value of the job exceeded that for regular employees and dispatched workers. While some argue that — despite a highly professional component — the jobs done by many part-timers largely comprise a supporting role, or simple tasks, many part-timers themselves seemed to rate satisfaction with the nature and value of their jobs higher than regular employees did.

Third, the degree of satisfaction with wages varied among regular employees, dispatched workers, and part-timers. Dissatisfaction exceeded satisfaction among regular employees and dispatched workers, while satisfaction outweighed dissatisfaction among part-timers. The margin of satisfaction among female married part-timers and young unmarried part-timers was not as large as for the other groups, but satisfaction still exceeded dissatisfaction. It is noteworthy that, although wages per hour for part-timers are — as is well known — lower

than those for regular employees, it was the part-timers who had a positive result in terms of the degree of satisfaction with their income.

Fourth, the degree of satisfaction with welfare systems and fringe benefits was low for all types of workers, except elderly part-timers. The results for "register base" dispatched workers, in particular, showed an excess of dissatisfaction over satisfaction. This seems to be due to the fact that "register base" dispatched workers have, by the nature of their contracts, little access to welfare systems and fringe benefits.

Fifth, the degree of satisfaction with respect to working hours, number of holidays, clock-in time and other time-related elements was high for dispatched workers and part-timers, when compared with regular employees. Among dispatched workers, "register base" workers seemed more satisfied than "regular base" workers. Compared with both regular employees and dispatched workers, part-timers enjoyed flexible working hours. In addition, the working hours of "register base" dispatched workers were more flexible than those of "regular base" ones. Satisfaction among the various types of workers was, therefore, found to be highly correlated with the degree of flexibility of working hours.

Sixth, where evaluation by superiors and wages and benefits were concerned, while the satisfaction index was positive for all types of workers, the margins were smaller, except in the case of elderly part-timers. A conspicuously low level of satisfaction was found among regular employees.

Seventh, with regard to the work environment and human relationships at the workplace, dispatched workers and part-timers were somewhat more satisfied than regular employees.

Eighth, satisfaction concerning vocational training and the human resource development programs offered by the workplace was negative for all types of workers including female married part-timers, with the exception of young unmarried part-timers and elderly part-timers. This shows that among the workers, and including female married part-timers, there was a strong desire for more opportunities to develop their work skills and potential abilities.

Ninth, with regard to job stability, dispatched workers — and particularly "register base" ones — felt less satisfied than regular employees and part-timers. There was also a difference between regular employees and part-timers, but this was smaller.

Finally, indices of satisfaction aggregated with various aspects of working lives showed

that regular employees felt the least satisfied, and that part-timers were the most satisfied, with dispatched workers lying somewhere between the two groups.

4.0 Conclusions

There is a view that workers who are engaged in atypical employment choose their current form of employment unwillingly, because they have no access to posts as regular employees or other opportunities for typical employment. However, the survey showed that such workers were not in a majority. Although a relatively large number of workers who fit that explanation were found among dispatched workers and young unmarried part-timers, the proportion was still only 25 percent of each group. Among female married part-timers and elderly part-timers, the proportion was below 10 percent.

One could conclude that workers in atypical employment have work preferences that differ from those of regular employees, so that their expectations of working life would also differ from those of regular employees, and that they would choose their forms of employment for different reasons. Since the survey that was the basis of this article did not cover the reasons why regular employees chose this form of work, it was impossible to compare them with atypical employees. It was, however, possible to compare the preferences between working life and private life. This showed that part-timers and dispatched workers — in particular, female dispatched workers — see their private lives as more important than their working lives, and, therefore, that when workers in atypical employment are making their decision to take a job, they consider whether the type of employment is compatible with their private lives. This tendency was especially marked among female dispatched workers and female part-timers. Although the relevant data were not presented in this article, the survey demonstrated that, compared with regular employment, atypical employment is more flexible in terms of working hours and the capacity of workers to have their own free time.

This does not necessarily mean, however, that all workers engaged in atypical employment chose their current type of work, or wanted to continue working in it. In some forms of atypical employment, one-fourth of the workers expressed the desire to get a different kind of job. A task for the future will be to establish a labor market that enables such workers to move smoothly from one type of job to another. Moreover, in every type of employment there is room for improvement in terms of various aspects of working life. This does not mean reducing differences among forms of employment, but improving them so that each form can meet the preferences and needs of its workers.

Notes:
*The survey of individuals was carried out in November 1994, and targeted 30,000 non-regular workers who were selected by a specific sampling method from private establishments with 30 or

more regular employees. The findings of the survey were published by the Policy Planning and Research Department, Minister's Secretariat, Ministry of Labour, in 1996. The special analysis for this paper was conducted with the permission of the Policy Planning and Research Department. The findings of the 1999 survey were also published by the Statistics and Information Department, Minister's Secretariat, Ministry of Health, Labour and Welfare, in 2001.

This article is an amended and abridged version of a Japanese language article, "Hitenkeiteki Rōdō no Jittai" (The Actual Situation of Atypical Employment: Does It Offer Flexible Work?). Nihon Rōdō Kenkyū Zasshi (The Monthly Journal of the Japan Institute of Labour): 12 (1998): 2-14.

References:

Barker, K. and K. Christensen eds. *Contingent Work — American Employment Relations in Transition*. Cornell University Press, 1998.

Blossfeld, H-P and C. Hakim eds. *Between Equalization and Marginalization: Women Working Part-time in Europe and the United States of America*. Oxford University Press, 1997.

Hakim, C. *Work-lifestyle Choices in the 21st Century; Preference Theory,* Oxford University Press, 2000.

Morishima, M. "Contingent Workers in Japan: New Developments and Unexpected Consequences." *Japan Labor Bulletin* 40. 3 (2001): 6-14.

Policy Planning and Research Department, Minister's Secretariat, Ministry of Labour. *The 1994 General Survey on Diversified Types of Employment*. Printing Bureau, Ministry of Finance, 1996.

Statistics and Information Department, Minister's Secretariat, Ministry of Health, Labour and Welfare. *The 1999 General Survey on Diversified Types of Employment*. Printing Bureau, Ministry of Finance, 2001.

JIL News and Information

How Advanced is Japan's Personnel Management in the IT Industry?

Shingo Tatsumichi
Assistant Senior Researcher
Japan Institute of Labour

1.0 Japan's Technology is Advanced, but How about Its Human Resource Management?

A large-scale questionnaire carried out by the Japan Institute of Labour in June 1999 (hereafter referred as "the JIL survey")(1) revealed that many software engineers in the information service industry were switching jobs to obtain improved working conditions. For example, job switching had resulted in an increase in income of up to 10 percent for many engineers covered by the survey. It is generally believed that the IT industry has come to be characterized by a "new" style of personnel management. The new system is seen as one which places weight on ability rather than age. There is, however, room to question that assumption.

The accompanying table shows the average income for engineers in different age groups. A positive correlation can be seen between age and income. This gives the impression that the wage-age profile is similar to that associated with the seniority wage system once commonly used to determine the wages of white-collar workers in Japan's large companies. This fact causes us to question whether the personnel management system in Japan's IT industry will be backward.

2.0 A Comparison of Tenure

The tenure of engineers in Silicon Valley in the United States is one year and seven months; in Japan it is seven years and two months.

Engineers in Japan do not move about as frequently as their counterparts in Silicon Valley. The frequent job switching in Silicon Valley is in part attributable to the fact that their wages are more affected by factors in the external labor market than is the case in Japan. Many American companies in the IT industry have established systems of remuneration which ties salaries to the grade of duties performed. Job content is precisely specified in job descriptions, with each description linked to a certain wage level. These wage levels are then periodically benchmarked against those for identical position descriptions in other firms in the same industry. Accordingly, the external labor market can be said to be setting some kind of standard for each type of position in the industry.

The JIL survey revealed that the wage determination mechanism for software engineers in a majority of firms in Japan is a mixture of vocational qualifications and other related factors such as duties, ability in executing duties, the role within the workplace and personal factors such as age, the educational level attained, and past work experience. This finding has been borne out in another survey administered by the Japan Institute of Labour in 2000.(2) These findings make it difficult to conclude that performance-based criteria are particularly important in determining wage outcomes among software engineers in the IT industry. Rather, one is led to conclude that the wage determination mechanism for software engineers in Japan is little different from that which is used more broadly for white-collar employees in most of Japan's large companies. An engineer's annual income varies, of course, depending on (1) whether or not the job content is highly advanced or difficult, and (2) whether or not the engineer has skills which are marketable in the external labor market. Nonetheless, the variation in income which can be attributed to such factors is much smaller in Japan than in the U.S.

3.0 “Why Not Come Over to Silicon Valley?

Some have concluded that the personnel management system in Japan's IT industry is

underdeveloped, particularly with regard to the way in which wages are determined. This argument is based on the assumption that many of the traditional employment practices associated with Japanese-style management (e.g., the seniority wage system) are still prominent in the firms which constitute Japan's IT industry. However, in recent years quite a few news reports from the U.S. are about the collapse of the IT bubble in Silicon Valley. They mention bankruptcies among America's dot-com companies and massive lay-offs. Concern is surfacing that the drop in demand for software engineers may be accompanied by a rapid decline in the wages of those engineers. Nevertheless, it would still appear that software engineers in the U.S. earn twice or three times as much as their counterparts in Japan. When informed of the low income earned by Japanese engineers in Japan, personnel managers in many U.S. companies invariably ask, "Why don't the Japanese engineers get out of Japan and fly over to Silicon Valley for higher incomes?"

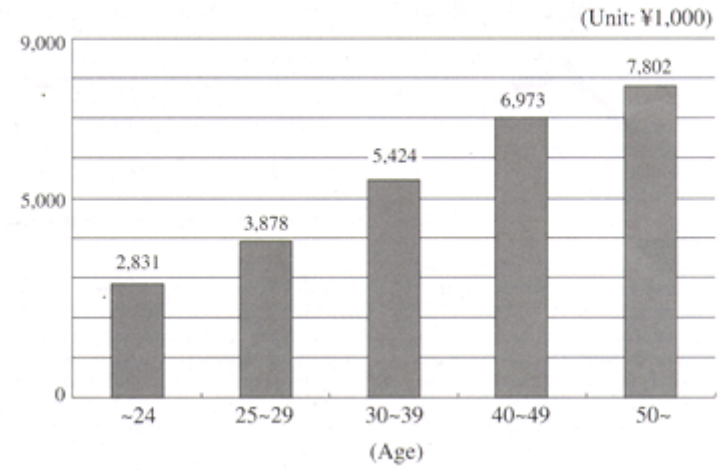
The income of engineers aged 50 or older is shown in the accompanying table. The fact that their income remains stable points to an important trade-off. It was common wisdom in the 1970s that programmers should retire at 35. The trade-off was thus highlighted by the accelerating speed at which the technological revolution was occurring. On the one hand, there is the market-led wage system which offers a kind of Darwinian jungle. On the other hand, there is the seniority wage system which will bring a more egalitarian outcome to anyone who is patient and stays in one company. If the ability of engineers deteriorates as they pass through middle age, they are at risk when the market mechanism alone determines wage levels. With the seniority wage system, however, Japanese engineers pay for future income stability while they are young. Will the personnel resource management system of the Japan's IT industry be thought to be backward if it is so?

Notes:

(1) The data which appears in the Table is taken from two surveys conducted by the Japan Institute of Labour according to the following method. The results are presented in *Personnel Management and the Labor Market in the IT Industry* (The Japan Institute of Labour, Tokyo, 2000). Both surveys were carried out in June 1999. The first survey was sent by mail to private companies. A private credit survey company made a list of 6,725 firms with 10 or more employees in the software industry, the information handling industry and the information providing industry. The questionnaire was mailed to staff in charge of personnel management at those companies. A total of 1,617 firms sent back usable replies, for an effective reply rate of 24.3 percent. The second survey was sent to two engineers in each company (i.e., to a total of 13,700 engineers). The rate of return was 20.1 percent (with usable replies received from 2,689 engineers).

(2) This survey was carried out by the Japan Institute of Labour and was commissioned by the Ministry of Labour in January 2000. The findings are presented in a publication entitled *Personnel Management and Investment in Education and Training under the Era of Performance-based Evaluation* (The Japan Institute of Labour, Tokyo, 2000).

Table: Average Annual Income (before tax) of Engineers by Age Group, in 2000



Publications

JAPANESE ECONOMY AND LABOR SERIES (No.1-No.6)

Shunto Wage Offensive (No.1)

by Akira Takanashi et, al

(A-5 size, 55 pages; price: ¥1,165, exc. tax and p&p)

Human Resource Development (No.2)

by Kazuo Koike

(A-5 size, 143 pages; price: ¥1,500, exc. tax and p&p)

Employment Insurance Law (No.3)

by Akira Takanashi et, al

(A-5 size, 181 pages; price: ¥1,500, exc. tax and p&p)

Japanese Employment Practices (No.4)

by Akira Takanashi et, al

(A-5 size, 104 pages; price: ¥1,500, exc. tax and p&p)

Japanese Industrial Relations (No.5)

by Taishiro Shirai

(A-5 size, 160 pages; price: ¥1,500, exc. tax and p&p)

A Fifty Year History of Industry and Labor in Postwar Japan (No.6)

by Kazutoshi Koshiro

(A-5 size, 270 pages; price: ¥1,500, exc. tax and p&p)

To order these, please contact:

Domestic orders:	Overseas orders:
Publication Section	OCS (Overseas Courier Service)
The Japan Institute of Labour	TEL: 81-3-5476-8127
TEL: 03-5321-3074	(Int'l country code)+(Tokyo area code)+(phone no.)
FAX: 03-5321-3015	FAX: 81-3-3453-8329

OPINIONS REQUESTED

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

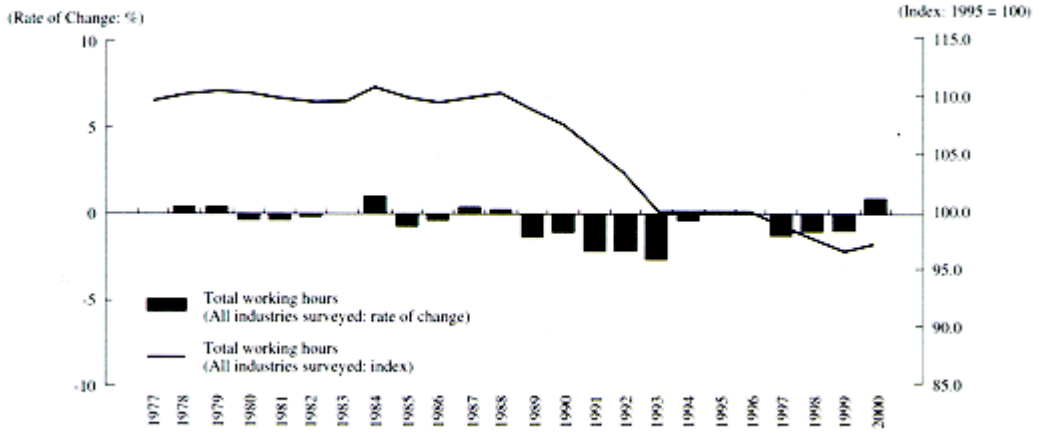
Special Aspects

Recent Labor Economy Indices

	February 2001	January 2001	Change from previous year (February)
Labor force	6,670 (10 thousand)	6,677 (10 thousand)	32 (10 thousand)
Employed	6,352	6,360	41
Employees	5,349	5,355	72
Unemployed	318	317	-9
Unemployment rate	4.8%	4.7%	-0.1
Active opening rate	0.64	0.65	-0.01
Total hours worked	151.5 (hours)	141.7 (hours)	-1.0
Total wages of regular employees	(¥ thousand) 263.4	(¥ thousand) 261.4	-0.3

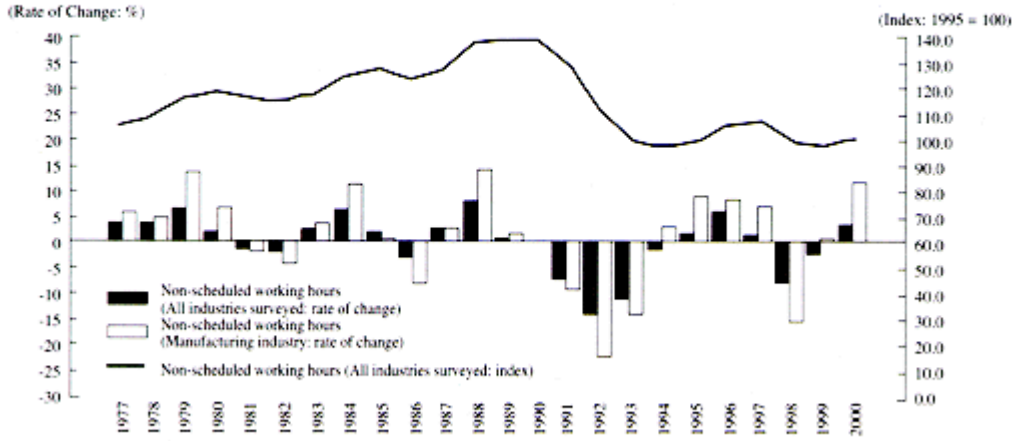
Note: * Denotes annual percent change.
Source: Ministry of Public Management, Home Affairs, Posts and Telecommunications, *Rōdōryoku Chōsa* (Labour Force Survey); Ministry of Health, Labour and Welfare, *Shokugyō Antei Gyōmu Tōkei* (Report on Employment Service), *Maitsuki Kinrō Tōkei* (Monthly Labour Survey).

Table 1. Trends in Total Working Hours — Index and Year-on-Year Rates of Change



Note: The indices before 1989, and the rates of change for the years before 1990 are for establishments with 30 or more employees.

Table 2. Trends in Non-Scheduled Working Hours — All Industries Surveyed (Index and Year-on-Year Rates of Change) and Manufacturing Industry (Year-on-Year Rates of Change)



Note: The indices for before 1989, and the rates of change for the years before 1990 are for establishments with 30 or more employees.