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General Survey

Stress is Harmful in Daily Life: *Survey of Trends in Health and Welfare*

In June 2000 the Ministry of Health, Labour and Welfare conducted its *Survey of Trends in Health and Welfare*. The survey was administered to 32,022 people 12 years old and older who had been randomly selected from 300 areas across the country.

The survey found that 30.5 percent of the respondents who felt stress due to dissatisfaction, worry, or other factors in their daily lives in the month preceding the survey said the source of their stress was “work related.” This was followed by “health concerns, sickness and care for the elderly;” “income and domestic finances;” and “personal relationships at the workplace or school.” By gender, a substantially large proportion of the males (41.3%) attributed their stress to “work,” while the majority of females considered “health concerns, sickness, and care for the elderly” and “income and domestic finances” to be the main source of their stress.

As to frequency, 11.8 percent of those surveyed answered that they felt stressed “frequently;” 42.4 percent replied “occasionally;” 25.3 percent, “rarely;” and 16.9 percent, “not at all.” In other words, roughly half of the sample felt a good deal of stress in their lives. Asked whether they felt that stress had a great effect on their everyday lives, 40.6 percent of those who frequently felt stress replied in the affirmative. This was the case for 1.8 percent of those who occasionally felt stress and 0.2 percent of those who rarely experienced stress. The responses indicated a high correlation between the degree of stress and its influence on everyday life.

To deal with such stress, 39.2 percent of the respondents answered that they would talk to other people. The next largest group of respondents said they simply relaxed or watched television and listened to the radio. Among the male respondents, 34.6 percent devoted themselves to hobbies and to playing sports to relieve stress. More than half of the female respondents did so by talking to other people. Of those who talked to others to relieve stress, many consulted with friends and acquaintances. Among male respondents, 49.4 percent talked to members of their family and 37.5 percent to friends and acquaintances. More than 55 percent of females talked both to family members and to friends and acquaintances.

Asked what they would like the government to do to help them manage their stress, 27 percent suggested having easier access to sports and recreation facilities; and 22.7 percent responded they would prefer working in an environment which would allow them to take their holidays in a planned manner. However, 33.3 percent answered that they could not

think of anything the government could do.

Working Conditions and the Labor Market

Are Working Mothers Bad for Their Children?

Many Japanese subscribe to the view that mothers should devote themselves to looking after their children until they reach the age of 3. The former Ministry of Health and Welfare, however, was of the opinion that there were no reasonable grounds for such a position. Indeed, based on the ministry's views, measures are currently being implemented so that men and women will have equal opportunities to participate fully in their society. Nevertheless, the view that women should have a special responsibility for the rearing of young children is still held by some Japanese.

To clarify the situation, a research group at the National Institute of Neuroscience carried out a follow-up survey of mothers and children from birth until the age of 15. Their aim was to challenge the proposition that the employment of mothers during the early stages of their children's development (i.e., from birth until 3 years old) induces problematic behavior in children.

With the cooperation of 1,260 mothers with children born between August 1984 and February 1986, the researchers tracked the behavior of the children at 1 month, 6 months, 12 months, 18 months, 6 years, 9 years, 11 years, and 15 years of age. The researchers managed to follow 270 mothers and their children over the entire 15-year period. Each family surveyed was questioned at each stage about their child's ability to pay attention, aggression, anti-social attitudes, depression and other symptoms of autism and anxiety. One-fourth of the mothers surveyed had resumed work before their children had reached the age of 3. Comparing their children with the children of mothers who did not return to the labor force before their children reached 3 years old, the researchers found fewer problems among the former group as the children reached the age of 6 months, 12 months, 18 months, and 6 years. For the older ages, the difference narrowed between the two groups.

The research group concluded that their findings were similar to those produced by an American study of some 2,000 children up to the age of 12.

However, a survey financed by the National Institutes of Health in the U.S. — which monitored 1,364 infants and children for 10 years — came to an opposite conclusion. That study showed that 17 percent of children between the ages of 3 months and 54 months who

had been taken care of at nurseries for 30 hours or more per week were aggressive, whereas this was the case for less than six percent of children in the same age group who were taken care of at nurseries for 10 hours or less per week. The possible effects of the mothers' employment on the development of their children seem likely to draw continued attention in Japan.

Using the Internet for Job Hunting

It is becoming common to look for jobs on the Internet. On April 1, 2001 regulations were relaxed for firms that used the Internet for job placements.

Until the early 1990s, university students generally obtained information about employment and careers from magazines which specialized in such information. By completing and sending a questionnaire included in a magazine, designated firms would send them a company brochure. From the mid-1990s, these magazines began to set up homepages, and then initiated a range of recruitment activities through the Internet. According to a survey conducted in June 2000 by Recruit Co., Ltd. a major distributor of job information, two-thirds of university students used e-mail every day to enhance their own employment prospects, and roughly half of them browsed websites every day.

Students also use Internet bulletin boards to exchange information and opinions on how particular companies conduct their interviews, how and when they start to give informal assurances of employment to prospective graduates, and so on. Some keep diaries on their own homepages, describing their job-hunting activities. In such ways, young job seekers find out about the real intentions of the firms they consider for employment.

Quite a few websites now provide information about switching jobs. In March 2001, NEC's "Biglobe" comprehensive website (www.biglobe.ne.jp), expanded its job information pages to include information on vacancies, personnel introductions, dispatching, and opportunities for studying abroad. The site includes more than 60,000 pieces of information obtained from Recruit and 13 other associated companies.

Saitama Prefecture launched its own job search website (www.shigoto.pref.saitama.jp/) in June 2000, in advance of a job-search website which is to be jointly managed by the government and the private sector this summer (see the March 2001 issue of the Japan Labor Bulletin). The website maintains a permanent display of 2,000 to 4,000 job vacancies which the prefecture collected, together with some 20,000 vacancies released by five

personnel-dispatching and job-placement agencies which have contracts with Saitama Prefecture. At Recruit's site (www.career2.recruitnavi.com/), some 5,500 vacancies can be investigated in terms of job category, job experience and knowledge required, location, and other attributes. The same website provides a "job information mailing service" for people who have registered with the website and specified a list of desirable vacancies beforehand. Some 270,000 people were enrolled at the end of March 2001.

In line with these trends, regulations concerning job placement businesses using the Internet were relaxed on April 1, 2001. (Some of the rules for implementing the Employment Security Law were revised, and came into effect on April 1, 2001.)

Since simply publishing information about job vacancies and job seekers on the Internet is not identical to making a job placement as defined by the law, such publishing does not require any legal procedures or permission. However, receiving information about job vacancies and job seekers, and arranging for employment agreements between firms looking for workers and job seekers is defined as making a "job placement" and is subject to legal restrictions. Until recently, job placement agencies have been required to provide job seekers in writing with information such as working conditions, the scope of duties, etc. Now they are able to provide such information in an e-mail format. The revision of the law also scrapped regulations concerning the minimum floor space of job placement agencies in cases where such agencies use the Internet to allocate jobs. The Ministry of Health, Labour and Welfare is hoping that the revision of the law will encourage placement agencies that use the Internet.

Men and Women Indifferent to Men's Child-care Leave

A system involving child-care leave is becoming better organized, and a greater number of women are in fact taking such leave. However, while the general view is that men should also take child-care leave, few men are actually doing so.

At present, regular employees are allowed, by law, to take child-care leave from the time a baby is born until the child is 1 year old. Since April 1, 1995, the law has covered all employees, regardless of the size of their firm. However, the law does not provide for the payment of wages during leave, leaving this area to negotiations between labor and management, although there are provisions for the employment insurance system to subsidize child-care leave. On January 1, 2001 the subsidy was raised, and workers on such leave are now granted, in accordance with the duration of the leave, 30 percent of the wages that he or she previously received. Those who have returned to the workplace are subsidized

to the extent of 10 percent of their wages as an allowance for returning from child-care leave. The previous rates were 25 percent and five percent, respectively.

In October 1999 the Ministry of Labour (now the Ministry of Health, Labour and Welfare) conducted the Basic Survey on the Employment of Women. The survey was sent to 9,885 private business establishments with five or more regular employees. Usable replies were returned by 6,990 establishments.

According to the findings of the survey, 56.4 percent of female workers who gave birth during fiscal 1998 took child-care leave. These women were at 76.3 percent of the establishments with 500 or more regular employees, and at 71.4 percent of the firms with 100 to 499 regular employees. Sixty-four percent of females at firms with a child-care leave scheme (53.5% of all establishments surveyed with five or more regular employees) took such leave, 14.9 percent more in the 1996 survey. However, only 0.42 percent of male employees whose spouses gave birth during the survey period took child-care leave.

A survey of 3,200 people with children from newborns to 15 year olds (with 877 usable replies) conducted in January and February 2001 by the Foundation for Children's Future — an associated organization of the Ministry of Health, Labour and Welfare — revealed that 65 percent of women and 51 percent of men agreed in general that male employees should be able to take child-care leave. Among those from 30 to 34 years old, 70 percent and 65 percent were of the same opinion. However, when asked whether or not they would actually take such leave, a mere seven percent of the male respondents said “they would definitely take child-care leave if they had the occasion;” 36 percent replied that they “would like to take the leave but would in fact find it difficult to do so;” and another 30 percent answered that they “did not intend to take such leave and in any case could not take the leave.” As for female respondents, only 15 percent of women surveyed answered that they “would like their husbands to take child-care leave if the occasion arose.” The highest proportion, 37 percent, said that they “would like their husbands to take the leave, but that that would in fact be difficult.” Another 25 percent answered they “had no intention to ask their husbands to take the leave and that it would in any case be impossible for him to take the leave.”

Among those in the last two categories (who would find it difficult to take such leave), there was a slight difference between men and women in terms of the reasons given. Men attributed the difficulty to the workplace and other job-related matters, citing “pressures at work and responsibilities at the workplace” (67%), “reduction in salary, which would affect the household income” (58%), and “difficulty in obtaining understanding at the workplace” (48%). On the other hand, women cited “reduction in salary, which would affect the household

income” (62%), followed by “pressures at work and responsibilities at the workplace” (55%), and “difficulty in obtaining understanding at the workplace” (48%).

Public Policy

Increase in Long Working Hours and the Management of Working Hours

Karoshi (death resulting from overwork), *karo-jisatsu* (suicide resulting from overwork), and chronic overwork without pay have become serious social problems. In this context there is growing interest in a new trend whereby employees are asked to record their work hours. Although it is not yet clear whether this self-reporting will result in a better recording of overtime or in underreporting, which would result in further overtime without appropriate remuneration, the new system is now drawing careful scrutiny.

According to the 2000 *Annual Report on the Labour Force Survey* conducted by the Statistics Bureau and Statistics Center of the Ministry of Public Management, Home Affairs, Posts and Telecommunications, the proportion of employees working 60 hours or more per week has increased since 1999 in firms with 30 or more employees. The increase has been particularly noticeable among firms with 500 or more employees, increasing at an annual rate of 10 to 12 percent since 1999 (see Statistical Aspects). In one case, a company was ordered to pay overtime allowances to employees who had frequently worked overtime. (Nippon Convention Service Company case, Osaka High Court verdict on June 30, Rodo-hanrei no. 792, p. 103). In line with this, the Ministry of Health, Labour and Welfare has established guidelines to assist employers in establishing proper measures for monitoring hours of work, and is giving firms practical guidance on how to implement these guidelines.

The guidelines define the measures that employers should adopt for all employees except those defined as supervisors or those who fall under a de facto working hours system. The main points include:

- The times when work starts and ends should be checked and recorded. This should be done in a clear, objective manner which can be confirmed by the employers themselves, together with utilization of a time card or an IC card.
- In companies where self-reporting is adopted, employees should be fully informed prior to the adoption of this system. It must be clear to employees that they are to record and report correct working hours. The measures also require investigation, if necessary, to ascertain that reported working hours reflect actual working hours. Companies should not set upper limits for non-scheduled working hours in ways

that appropriate self-reporting is not encouraged. They should also ascertain whether internal notices to employees concerning the reduction of overtime, flat sum systems of payment for extra working hours, or other schemes are discouraging employees from reporting their actual working hours. If such internal schemes are found to be interfering with the self-reporting of employees, steps should be taken to rectify the situation.

- Records concerning working hours (which include written instructions for overtime work, reports on overtime work and other materials, in addition to actual overtime records) should be kept for three years.
- Staff members in charge of personnel management should supervise working hours and should actively move to solve problems when they are found to exist. They should also, if necessary, make use of labor-management consultations organizations — such as committees for promotion of shorter working hours — to grasp the actual implementation of measures in this regard, making use of the opportunities which such organizations offer to discuss and to solve problems.

The new guidelines have not been in place for a long time, and the extent to which they will be followed will depend on how well they are administered. At the same time, however, labor-management relations will play an important role in promoting their implementation. It seems likely that the new approach to working hour management will depend on how strong a say labor-management consultation organizations or employees' organizations, including labor unions, have, and on how determined they are to tackle the issue.

Special Topic

Revision of Pension System and Employment Issues Involving Workers in Their Early 60s

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1.0 Relationship between the Pension System and the Mandatory Retirement System

1.1 Revision of the Pension System

In April 2001, Japan took a big step towards revision of the Old-age Pension System. The minimum pensionable age of 60 years for the basic, old-age portion of the pension under the Employees' Pension System (a public pension system for salaried employees) was raised to 61. Payment under the Employees' Pension System had formerly commenced at age 60, but the rapid graying of the population and the consequent increase in pension payments had made it difficult to maintain the ongoing payment at age 60. Therefore, in 1994, a revision of the Employees' Pension System was passed by the Diet. The main points of the revision were: (1) raising pension premiums and curbing the amount of pension payments; and (2) gradually raising the minimum pensionable age to 65.

The former point meant in practice that pension premiums, borne by companies and employees together, rose to 17.35 percent of monthly salaries, accompanied by a reduction in pension payments for new pensioners. Under the Employees' Pension System, the balance between premiums and payments had been more generous to participants than in other countries, with participants receiving higher pensions for the payment of smaller premiums. A system so generous to participants would not be able to cope with increasing numbers of older people, and a rise in premiums and reduction in payments were inevitable measures if healthy pension funds were to be maintained.

The latter point, a gradual rise in the minimum pensionable age, consists of two parts. The first is to gradually raise the minimum age for the basic, old-age portion of the pension. The second is to commence payment of the salary-linked portion of payments at age 65. The first part of the revision was executed in April this year, with the second part to be put into effect in 2016. The minimum pensionable age for the basic, old-age portion of the pension was raised to 61 in April 2001, and is to be raised by one year every third year, finally reaching age 65 by 2013.

1.2 Gap between Mandatory Retirement and Commencement of Pension Payment

More than 90 percent of Japanese firms have a mandatory retirement age system, which is a system whereby firms are obliged to terminate employment contracts with their employees who have reached a specified age. According to the 2000 Survey on Employment Management, 91.3 percent of firms with 30 or more regular employees have a mandatory retirement age system. By size of the firms, those having such a system are: 100 percent of firms with 5,000 or more regular employees; 99.9 percent of those with 1,000 to 4,999 regular employees; 99.6 percent of those with 300 to 999 regular employees; 98.5 percent of those with

100 to 299 regular employees; and 88.2 percent of those with 30 to 99 regular employees. A substantial majority set their mandatory retirement age at 60 years: 96.5 percent of firms with 5,000 or more regular employees; 94.2 percent of those with 1,000 to 4,999 regular employees; 93.6 percent of those with 300 to 999 regular employees; 91.0 percent of those with 100 to 299 regular employees; and 77.6 percent of those with 30 to 99 regular employees.

Under the former Employees' Pension System, those workers who had reached 60 and retired under the mandatory retirement age system could immediately receive their pension. A rise in the minimum pensionable age to 65 with the mandatory retirement age remaining at 60 will create the problem of how people are to live between retirement and commencement of pension payment. At the moment, the delay in pension payments is confined to the basic, old-age portion of the pension as a whole, but it still accounts for a significant one-third of the total payment.

Since the early 1990s, the Ministry of Health, Labour, and Welfare has been promoting various campaigns for the realization of a society where people can work until age 65. Since the mid-1990s, the labor unions have been discussing with employers the issue of job security for workers up to the age of 65. Consequently, in the year 2000, during the "spring offensive," labor and management in many companies reached partial agreement on continuing employment contracts for workers in their early 60s. The agreed extensions of employment for workers aged 60 and over have been in effect since April 2001.

This article will describe the various arguments put forward in Japan concerning the employment of workers in their early 60s, as well as the steps being taken to secure jobs for such workers. An actual case study will also be presented.

2.0 Possible Approaches to the Question of Employment of Workers in Their Early 60s

2.1 Three Approaches

In 1997, a report ⁽¹⁾ released by a research group of then Ministry of Labour (now Ministry of Health, Labour and Welfare) presented three possible approaches to the question of employment of workers after retirement at age 60: (1) 60 plus alpha, (2) 65 minus beta, and (3) "age-free." The concept of "60 plus alpha" implies an approach whereby the mandatory retirement age is left at 60, but efforts are made to make "alpha" as close as possible to five years, so that employment is extended to 65 years of age. The "65 minus beta" concept involves an approach whereby the mandatory retirement age is raised to 65, while the individual decides on the length of "beta," that is, when to retire. The third approach, "age-free," abolishes the mandatory retirement age system itself and aims at realizing a

society where people can continue working regardless of their age.

According to the 2000 *Survey on Employment Management*, “60 plus alpha” was adopted by 59.8 percent of the firms surveyed (more precisely, the percentage adopting an employment extension system or a reemployment system among firms with a uniformly mandatory retirement age system); “65 minus beta” was adopted by 5.1 percent of the firms surveyed (more precisely, the percentage adopting mandatory retirement age systems at 65 or above among firms with a uniformly mandatory retirement age system); while the “age-free” approach was taken by a mere 8.7 percent of firms surveyed. The sum of these percentages does not reach 100 because some firms have no continuing employment system, while others have a mandatory retirement age system without a uniform age limit. In short, “60 plus alpha” is the most common employment pattern offered to workers in their early 60s.

This approach is widely accepted because it allows the present personnel management system to stay unchanged, simply requiring employment contracts for retiring workers to be considered. Adoption of the “65 minus beta” or “age-free” approaches requires a fundamental revision of the entire personnel management system. In particular, it would inevitably include a substantial change in a wage system that also involves younger workers. For labor and management to agree on changes to the wage system would involve extended negotiations. Thus, a majority of firms, seeing such discussions and alterations as unavoidable in the future, have taken on the “60 plus alpha” approach as a “temporary measure.”

2.2 The Meaning of Mandatory Retirement

Supposing that the “60 plus alpha” approach is a temporary measure, then which comes next, the “65 minus beta” approach or the “age-free” approach? The former is adoptable provided that “mandatory retirement” is maintained, whereas the latter implies that the mandatory retirement system itself should be abandoned. As already stated, the commencement of pension payments in Japan is planned for age 65 in the future, and either approach would seem to have the same effect of safeguarding the jobs of workers up to age 65. However, just where to locate “retirement” in their employment system remains a major task for Japanese firms to consider.

The mandatory retirement age system, whereby firms compulsorily terminate employment contracts with their employees who have reached a certain age, is seldom adopted by firms in American and European countries. People in such countries voluntarily retire from work once their life plan after retirement comes into view. In fact, the *1998 Yearbook of Labour Statistics* published by the International Labour Organization (ILO)

shows that the proportions of the labor force in their early 60s by gender are: 55.4 percent (males) and 39.1 percent (females) in the U.S., and 29.5 percent (males) and 12.0 percent (females) in Germany. The age of eligibility for the public pension in both countries is usually 65, which means that quite a lot of people retire from working life before their pension age. In the case of Germany, early retirement is recommended for the purpose of reducing the unemployment rate among young workers. Partly because of this, but also as a personal desire, many wish to retire as early as possible, before reaching 65.

A mandatory retirement age system possesses a negative aspect in that it forces workers of a certain age out of the company. It also has a positive aspect in that it guarantees workers a job until a certain age. Even when business performance is poor, firms make efforts to safeguard employment for their workers until they reach retirement age, while employees live their working lives with retirement as a future goal.

Deciding treatment on the basis of age has the effect of cutting time and energy expended on explaining the treatment. However, the currently dominant trend in revision of personnel management systems in Japanese firms is towards “performance-based” and “achievement-based” wage systems. The current reform of the system is aiming at a policy whereby, regardless of age or tenure, workers who perform a better job receive better treatment. It would be plainly contradictory for a company widely assuring young and middle-aged workers that “age does not matter,” to seek at the same time to introduce a retirement age system for executive levels and to maintain a mandatory retirement age system which ends employment agreements on the basis of a retirement age. However, it is also true that for employees themselves, age is a reasonably acceptable criterion for retirement. It would require laborious efforts to justify demotion or termination of an employment contract on the basis of employees' ability or performance; the issue cannot be discussed without considering the employees' feeling of equality.

2.3 “60 Plus Alpha” as a Realistic Approach

When considering the employment issue for workers in their early 60s, it is necessary to appreciate the feelings of both employers and employees. The author believes that Japan should aim at becoming a society free from age consciousness, but doubts the possibility of the immediate realization of such a society. It will take more time for Japan to become a society where workplace and job duties are determined not by physical age but by vocational ability.

Then, what about the “65 minus beta” approach? Because mandatory retirement guarantees employment by age, firms do not desire to raise the mandatory retirement age to 65, and because many employees do not wish to postpone their retirement, it is not realistic to

raise the mandatory retirement age. As will be seen later, a survey of individuals conducted in autumn 1998 by the Association of Employment Development for Senior Citizens showed that less than half (42.7 percent) of respondents in their 40s and 50s wanted employment to be extended.

The introduction of a system or law desired by neither firms nor employees would hardly be accepted, even if it were mandated. It would be more productive to consider the issue of employment for workers in their early 60s on the basis of “60 plus alpha,” which is, in fact, becoming increasingly common.

It is safe to say that this issue is relevant only to medium-sized or large firms. Small firms, which have difficulty in hiring young workers even if they wish to, are already making full use of their older workers. A calculation using data from the 1999 *Basic Survey on Wage Structure* suggests that 7.8 percent of male workers in firms with 10 to 99 employees 60 years old and older. On the other hand, the same data yielded a figure of only 1.3 percent for large firms with 1,000 or more employees. In other words, the work experience of employees in their early 60s is concentrated within small firms.

Now, at last, many large firms have started to think seriously about how to make use of those of their workers who have reached their retirement age of 60. While some companies, including Mayekawa Mfg. Co., Ltd. and Yokokawa Electric Corp. already have more than 20 years of experience in this field, the majority of large firms are just beginning to consider how to proceed.

To realize the employment of workers in their early 60s, the following four problems require solutions: (a) is it possible to continue hiring all workers who reach the mandatory retirement age and wish to continue working; (b) what kind of jobs are to be offered to such workers, and whether it is possible to secure a sufficient amount of work for them (the issue of the development of suitable jobs); (c) how much the workers should be paid (the issue of reconsideration of the wage system); and (d) what the workers themselves ought to do in order to acquire skills and abilities that encourage firms to continue hiring them in their 60s (the issue of skill development).

3.0 Case Study: Matsushita Electric Industrial Co., Ltd.

From April 2001, many firms have carried out a shift to a system of continued employment after mandatory retirement. Matsushita Electric Industrial Co., Ltd. may be taken as a representative case. Matsushita is considered exemplary in this issue by other Japanese companies. In what follows, its basic approach towards employment of workers in

their early 60s will be explained, and the actual measures taken discussed.

3.1 The “Next Stage” Program

Matsushita Electric Industrial Co., Ltd. is a giant corporation with some 82,000 regular employees in itself, and a total of some 300,000 regular employees as a group. In the mid-1990s, labor and management in the firm began to formally discuss the employment of workers in their early 60s. Following these discussions, in April 1996, as shown in Figure 1, a joint committee of labor and management for examination of the employment system was established. The committee started to investigate the conditions required for hiring workers aged up to 65 by 2001. It was in 1994 that the then Ministry of Health and Welfare announced raising the minimum pensionable age to 65, commencing in 2001. However, many firms did not immediately discuss measures to adjust to the new policy, saying that “there would be plenty of time before 2001.” Matsushita, however, started to consider how to deal with the change earlier than most other companies.

The joint committee made an interim report in January 1998, in which it clarified its basic principles and approach towards job security for workers in their early 60s. The approach suggested was to create measures to maintain the 60 mandatory retirement age system, and at the same time to secure jobs for workers aged up to 65. As shown in Figure 1, the tasks involved in realizing this measure include: developing suitable jobs, reconsidering wage systems, and reshaping ways of thinking.

Developing suitable jobs means finding and creating duties that will take advantage of the knowledge and experience of workers in their 60s and create positive benefits for the company management. The motivation here is not because it is a social responsibility for firms to fill the gap between retirement age and pensionable age, but because hiring workers in their 60s constitutes a vital asset to the firms.

Closely associated with this is the task of reconsidering the wage system. Under a seniority-centered wage system that assumes a mandatory retirement age, workers about to retire are overpaid in relation to their contributions to the company at that stage. Wage levels after the current retirement age are irrelevant to the previously applied wage profile, since workers in that age group are basically supposed to renew their employment contract on an annual basis. Therefore, they ought to be redeployed to match their actual work achievements. The interim report of the committee specified no definite wage levels, but the “Next-Stage Program” launched in April 2001 set an annual salary of ¥2.4 million as a yardstick. Figure 1 shows monthly wages and annual salaries.

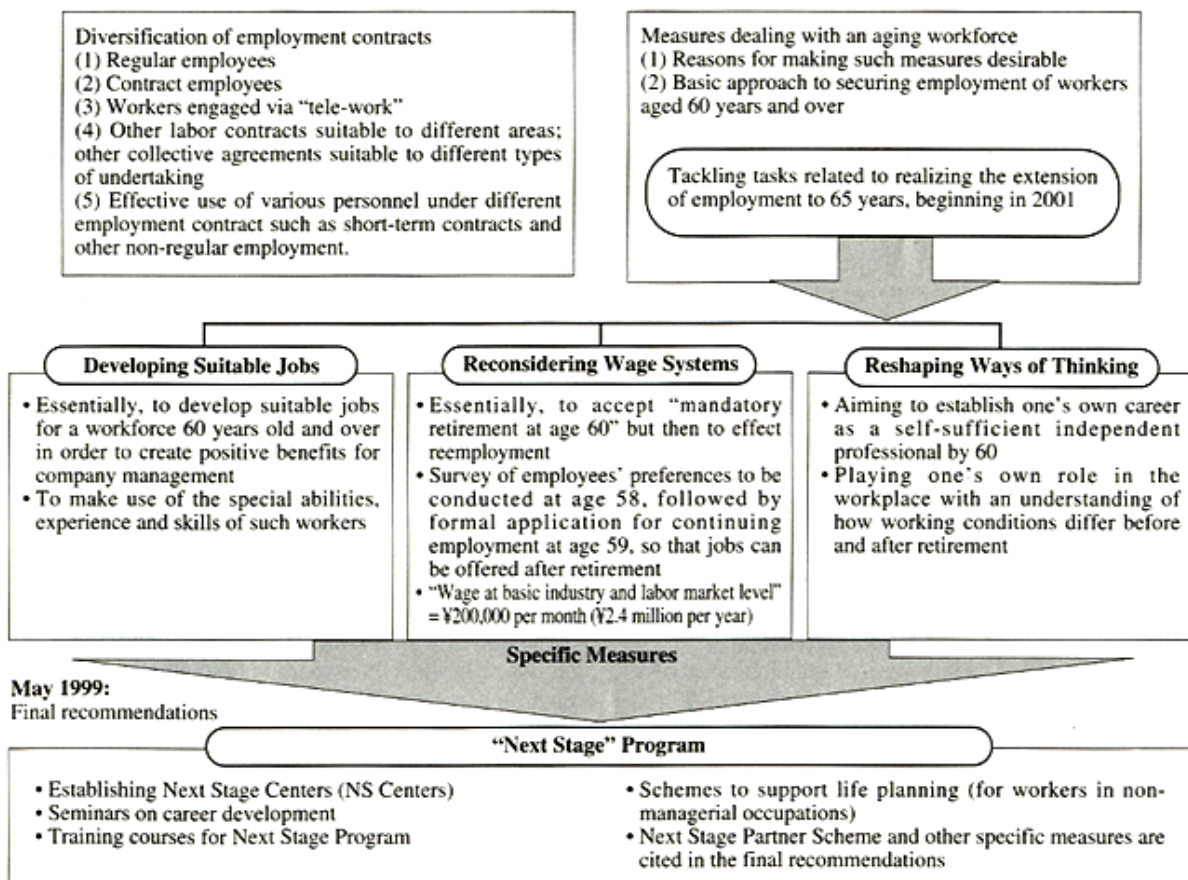
The last task, reshaping ways of thinking, involves a series of preconditions that employees should fulfill in order to remain attractive to the company and thus continue working in their early 60s. However, the development of employees' abilities is not solely their own responsibility. The ability to execute duties is formed through work experience, and is thus also partly the company's responsibility. For the purpose of career development, Matsushita provides three training courses for workers at ages 45, 50 and 55.

Specific measures to tackle these three tasks were compiled in the "Next Stage Program," and the final report was released in May 1999. The items constituting the program are shown in Figure 1. Because all the items cannot be dealt with in this article owing to limited space, discussion will be confined to the "Next Stage Centers" (NS Centers) which are expected to serve as a link between job-seeking workers and sections or departments with vacancies.

Figure 1. Measures to Secure Jobs for Workers 60 Years Old or Older

April 1996: A "joint committee of labor and management for examination of the employment system" was established to consider a new employment system for the 21st century. The committee was to take into account changes in the social and economic situation and the employment situation, employees' views on working, as well as the direction of future changes in business structure.

January 1998: Interim Findings

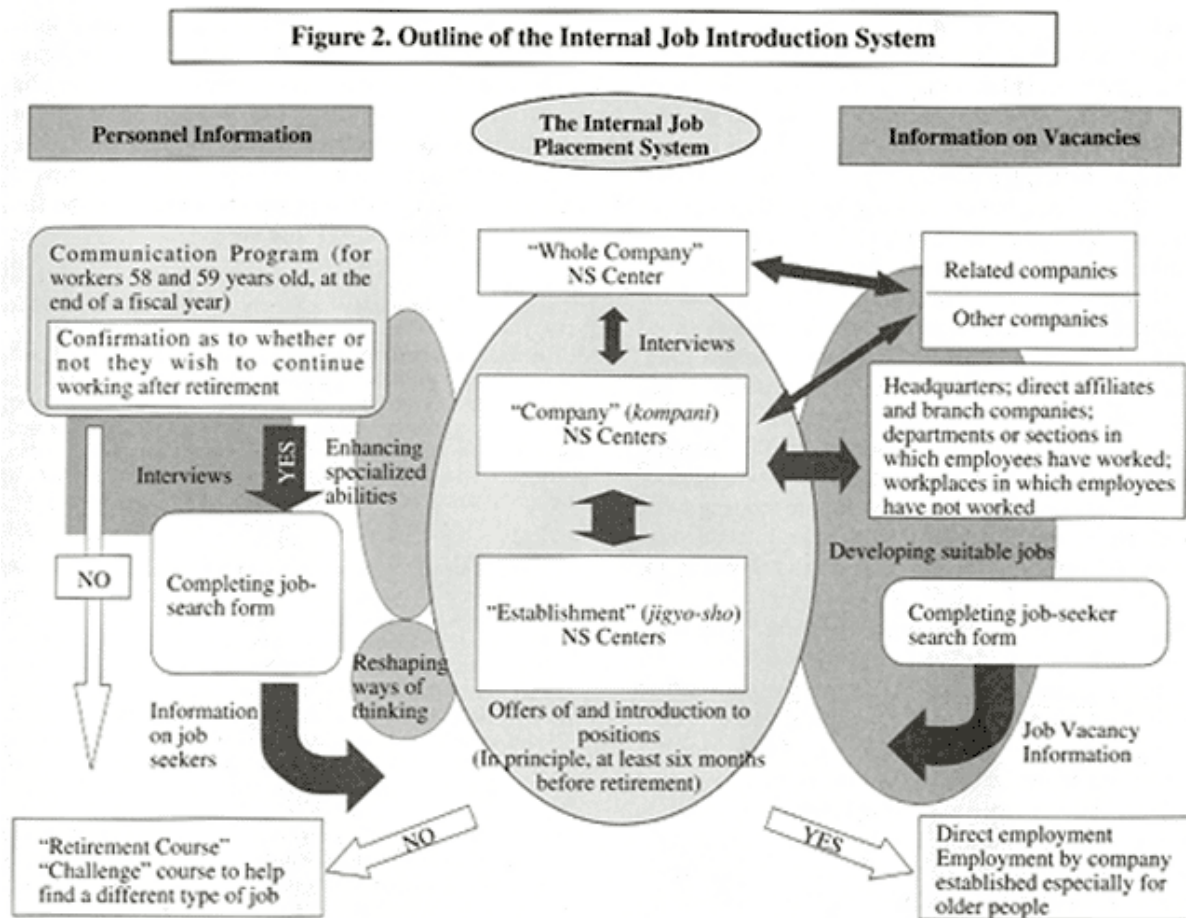


April 2001: Program Effective

3.2 Internal Job Placement System

The Next Stage Program, which started in April 2001 at Matsushita, is for employees who belong to the company labor union.⁽²⁾ In theory, under the program, workers in their early 60s are supposed to engage in the same or similar kinds of duties as they did before retirement. However, they may not be able to do so for reasons given by their department, or they may themselves wish to engage in different kinds of duties. Thus, Matsushita has set up internal job placement agencies called NS Centers, where workers wishing to work after retirement, and departments and sections wishing to engage workers in their early 60s, can exchange information.

Information on job seekers registered at the NS Centers is shown on the left of Figure 2. At the end of March every second year, employees aged 58 or 59 are asked to confirm, through a “communication program,” whether or not they wish to work after retirement. Those who wish to do so are required to fill in a job seeking form for registration. Information on job advertisements is shown on the right of Figure 2. Such information is gathered, on registration forms, from workplaces within the firm, and from related companies looking for workers.



Among the NS Centers at “establishment” (*jigyo-sho*), “company” (*kampani*), and “whole company” (*zen-sha*) levels, the primary role is played by the *jigyo-sho* NS Centers, since the Next Stage Program assumes that workers will engage in the same duties as before retirement. Six months before retirement, the program, taking individual requests into account, offers posts to employees who wish to continue working. If an appropriate post cannot be found at the *jigyo-sho* NS Center that a worker belongs to, the search is extended to NS Centers at higher levels. In addition, workers themselves can refer to vacancy forms and apply for specific posts by themselves. However, the company confines job offers made to each employee to at most one or two posts. At the moment, it is not assumed that job offers will be repeated until the individual is completely satisfied.

3.3 The First Round

In April 2001, the Next Stage Program was put into effect for the first time. Of some 1,000 employees who reached retirement age at the end of March, about 30 percent applied for continued employment, and approximately 200 found posts and continued working. Since the program is relatively new, both company and employees are just feeling their way and it is too early to make evaluations. Nevertheless, let us look at some of the problems that have arisen in the first round.

One question is why only 30 percent of all retiring workers wished to continue working. Possible answers are: (1) most of the workers would not face financial difficulties even if receipt of the basic, old-age portion of the pension were delayed; and (2) there was a strong desire among them to take the opportunity for a long holiday.

Matsushita is fully equipped with a company pension system, under which a retired person is paid more than ¥100,000 a month if he or she has worked as a factory worker for 40 successive years. This company pension, moreover, begins immediately after employees reach age 60 and retire from work. Even if payment of the basic, old-age proportion of the pension is delayed due to the revision of the Employees' Pension System, the total amount received monthly — the portion determined in proportion to salary and the company pension combined — is just under ¥300,000. In present-day Japan, people would not experience financial hardship on an income of approximately ¥300,000 per month. The level of income, ¥200,000 per month, or ¥2.4 million per year, would be lower still even if they continue working. This fact may influence their decision to retire.

The second explanation for the small number of employees who wish to continue working after reaching 60 is related to the Japanese working life practice. In Japan, regular employees are given 20 paid days off per year, but in fact use only 50 percent of these on average.

Moreover, it is rare to take advantage of such days off for long holidays, and one-month vacations are uncommon. It is natural for employees who have worked for 40 years without taking any long holidays to feel like having a long, relaxing break, possibly traveling abroad, on the occasion of their retirement. Matsushita's program, partly because of its relationship with the national subsidy system for employment of older workers, does not allow workers to take a break before starting work again. The company will need to take into account employees' natural desire for a rest after working for over 40 years.

Next, let us examine another question: Why were some workers unable to continue working after retirement against their will? The main reason lies in the limited number of posts available to workers retiring from shrinking workplaces. Matsushita has established manufacturing factories in China and Southeast Asia in order to survive harsh competition in the international market. Products are increasingly produced abroad instead of making them at factories at home where labor costs are higher. Thus, most of the factories in Japan have been downsized and the number of employees reduced. All this has created a situation where it is difficult to find jobs for workers formerly engaged in production that is being transferred abroad. In the Osaka district where many factories are concentrated, it was possible to offer workers jobs in different factories. However, in rural areas, factories are often more than 100 kilometers apart, so it hardly makes any sense to propose a job at a "neighboring" factory. Thus, the movement of manufacturing sites overseas has a great effect on the continuing employment of workers after retirement.

3.4 Future Tasks

The number of Matsushita workers who retire is increasing yearly, and is expected to reach some 3,000 people in 2007. If workers who wish to continue working account for the same proportion as in 2001, then the firm will have to find nearly 1,000 posts for them. The department of personnel management at Matsushita is preparing for such mass retirement in the coming years by tackling the above-mentioned tasks of developing suitable jobs, reconsidering wage systems, and reshaping ways of thinking, together with improving the internal job placement system. Matsushita's systems greatly influence those of other Japanese firms, and it will be important to see how the company overcomes the problems revealed in the first round of the Next Stage Program.

Notes:

¹⁾ See Group for the Study of a Society where People Work till 65 (1997) for details of the report.

²⁾ The company is attempting to assist workers in managerial posts by launching a workers' dispatching company. If workers in managerial posts wish to continue working after the mandatory retirement age, they take a certain selection test, then register with the dispatching company for assignment within various workplaces. In fact, only a very small number of workers in managerial posts have continued working under this scheme.

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Fujimura, Hiroyuki. "60 saidai Zenhannō Koyō Keizoku wo Jitsugen suru tame no Kadai" (Major Issues regarding Continued Employment of Older Workers in Japanese Firms), *Nihon Rōdō Kenkyū Zasshi* (Japanese Journal of Labour Studies): 43 (2001): 31 - 43.

Group for the Study of a Society where People Work till 65 (1997). *65 sai Geneki Shakai no Seisaku Vision — Kōzō no tame no Sinaro to Kadai* (A Vision for Policies Enabling Employment till 65 — A Scenario for and Tasks to be Fulfilled in Constructing Such a Society). Measures for the Aged & the Disabled Persons Department, Employment Security Bureau, the Ministry of Labour.

JIL News and Information

Survey on Work and Life among Expatriates in Japan (Part 2)

3. Current as Well as Pre-dispatch Job Function

Foreign dispatched workers currently staying in Japan, when indicating all functions of work they perform, selected "top management" in the majority of cases (63.2%). Next was "sales" at 31.3 percent, followed by "international operations" at 29.0 percent and "planning" at 27.1 percent (see Table 3-1).

Table 3-1 Current Function (MA)

	1	2	3	4	5	6	7	8	9	10	11	12
TOTAL	General Affairs	Accounting	Personnel	Planning	Sales	Production	Technology	Research & Development	International Operations	Management	Other	No Answers
310	65	52	50	84	97	12	28	29	90	196	52	1
100	21	16.8	16.1	27.1	31.3	3.9	9	9.4	29	63.2	16.8	0.3

Furthermore, when selecting their primary function at their current assignment, “top management” separated from the rest at an overwhelmingly large 43.9 percent (see Table 3-2).

Table 3-2 Current Function

	1	2	3	4	5	6	7	8	9	10	11	12
TOTAL	General Affairs	Accounting	Personnel	Planning	Sales	Production	Technology	Research & Development	International Operations	Management	Other	No Answers
310	4	11	3	8	34	1	2	10	28	136	40	33
100	1.3	3.5	1	2.6	11	0.3	0.6	3.2	9	43.9	12.9	10.6

When we examine all their job functions immediately prior to taking the current assignment, “top management” was indicated most often (39.0%), followed by “sales” at 31.0 percent, “international operations” at 30.6 percent, and “planning” at 23.5 percent (see Table 3-3).

Table 3-3 Function Prior to Current Assignment (MA)

	1	2	3	4	5	6	7	8	9	10	11	12
TOTAL	General Affairs	Accounting	Personnel	Planning	Sales	Production	Technology	Research & Development	International Operations	Management	Other	No Answers
310	42	41	30	73	96	22	24	28	95	121	55	4
100	13.5	13.2	9.7	23.5	31	7.1	7.7	9	30.6	39	17.7	1.3

Also, when indicating their primary function at their prior job assignment, “top management” led at 27.4 percent, followed by “sales” at 16.8 percent and “international operations” at 12.3 percent (see Table 3-4).

Table 3-4 Function Prior to Current Assignment

	1	2	3	4	5	6	7	8	9	10	11	12
TOTAL	General Affairs	Accounting	Personnel	Planning	Sales	Production	Technology	Research & Development	International Operations	Management	Other	No Answers
310	6	19	3	17	52	5	9	14	38	85	50	12
100	1.9	6.1	1	5.5	16.8	1.6	2.9	4.5	12.3	27.4	16.1	3.9

When looking at the organizational level of the current position and the prior position at the dispatching organization, “chairman/president” was the position chosen by most survey participants, comprising 39.4 percent. Next was “head of department” at 21.0 percent, and “executive (including partner)” at 18.7 percent. In total, just under 80 percent held the position of “head of department” or higher.

Looking at the job assignment prior to coming to Japan, the majority of respondents were “head of department” (28.7%). The second most widely-held position was “executive (including partner)” at 20.3 percent, followed by 15.8 percent answering “section chief.” From this information we can surmise that expatriate employees are promoted at least one rank when dispatched to Japan.

4. Current Work Hours, Days Off, Vacations and Salary

The work schedule at the current job averaged 52.1 hours per week. The most common response was “60 hours or longer” at 30.3 percent, followed by “50-55 hours,” chosen by 29.7 percent of the respondents (see Table 4-1).

Table 4-1 Working Hours (weekly average)

	1	2	3	4	5	6	7	
TOTAL	Less than 40 hours	40-45 hours	45-50 hours	50-55 hours	55-60 hours	60 hours and larger	No Answers	Average
310	16	19	43	92	45	94	1	52.1
100	5.2	6.1	13.9	29.7	14.5	30.3	0.3	

Respondents had the option of selecting multiple reasons for extending hours through overtime or working on holidays. The most common response to this question was “work gets very busy at times,” with 83.2 percent of expatriate employees pointing to this as a reason. The second most popular reason was “communicating with headquarters operations staff regarding work,” at 51.0 percent (see Table 4-2).

Table 4-2 Overtime Work and Work on Rest Days (MA)

	1	2	3	4	5	6	7	8	9	10	11
TOTAL	Work gets very busy at times	Too few staff to handle the work	Unable to delegate much of my work	Busy helping other staff with their work	Japanese employees work at a slower pace	It takes time to communicate with Japanese employees	Not used the work in Japan yet	Entertaining or meeting with visitors from headquarters	Communicating with headquarters operations staff regarding work	Other	No Answers
310	25.8	77	94	49	52	77	3	95	158	35	10
100	83.5	24.8	30.3	15.8	16.8	24.8	1	30.6	51	11.3	3.2

With regards to method of receiving salary, “entirely in Japan” was chosen by just less than half (45.5%) of the respondents. “Payment is entirely in home country of dispatching organization” was selected by 24.2 percent (see Table 4-3).

Table 4-3 Payment of Salary

	1	2	3	4	5
TOTAL	Entirely in Japan	Partial payment in Japan, and remainder in home country of dispatching organization	Entirely in home country of dispatching organization	Other	No Answers
310	141	78	75	7	9
100	45.5	25.2	24.2	2.3	2.9

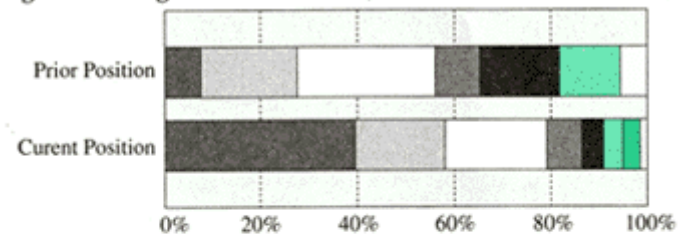
Standards used to determine the local salary were “dispatching organization standards” in 65.2 percent of the cases, followed by “recommendation from a private consultant” at 15.2 percent (see Table 4-4).

Table 4-4 Fixed Salary

	1	2	3	4	5
TOTAL	Recommendation from a private consultant	Recommendation from a public or government agency	Dispatching organization standards not described by above	Other	No Answers
310	47	9	202	40	12
100	15.2	2.9	65.2	12.9	3.9

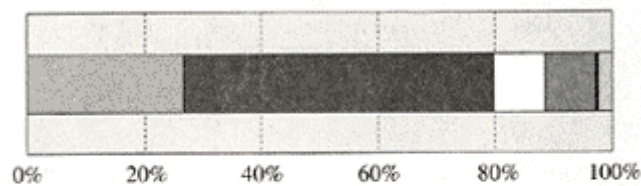
According to Figure 4-1, the level of satisfaction with the overall compensation package shows that 52.9 percent are “somewhat satisfied,” and 26.8 percent are “very satisfied.” Almost 80 percent of expatriate employees are satisfied with their overall compensation package.

Figure 3-1. Organizational Level (Current and Prior Position)



	Current Position	Prior Position
□ No answer	1.3	5.8
■ Advisor, coordinator, or counselor	3.9	—
■ Non-managerial/staff	3.9	12.9
■ Section chief	4.5	15.8
■ Head of division	7.4	9.4
□ Head of department	21.0	28.7
■ Executive	18.7	20.3
■ Chairman/President	39.4	7.1

Figure 4-1. Satisfaction with Overall Compensation Package



□ No answer	2.6
■ Very dissatisfied	0.3
■ Somewhat dissatisfied	8.7
□ Not sure	8.7
■ Somewhat satisfied	52.9
■ Very satisfied	26.8

OPINIONS REQUESTED

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

Statistical Aspects

Recent Labor Economy Indices

	May 2001	April 2001	Change from previous year (May)
Labor force	6,821 (10 thousand)	6,776 (10 thousand)	-10 (10 thousand)
Employed	6,473	6,427	-30
Employees	5,413	5,359	39
Unemployed	348	348	20
Unemployment rate	5.1%	5.1%	0.3
Active opening rate	0.61	0.62	-0.01
Total hours worked	148.8 (hours)	158.0 (hours)	0.5
Total wages of regular employees	(¥ thousand) 263.6	(¥ thousand) 266.0	0.0

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-Ansei Gyōmu Tōkei* (Report on Employment Service), *Maitsuki Kinrō Tōkei* (Monthly Labour Survey).

The Number of Employees in Non-agricultural Sectors, by Size of Firm and Weekly Working Hours (excluding government employees; totals for male and female employees) (Unit: 10,000 people)

		Employees working 35 hours or more					Employees working 35 hours or more				
		Total	35-42 hrs	43-48 hrs	49-59 hrs	60 hrs or more	Total	35-42 hrs	43-48 hrs	49-59 hrs	60 hrs or more
		Firms with 1 to 29 employees					Firms with 100 to 499 employees				
Annual average	2000	1285	442	374	258	211	721	279	185	148	109
	1999	1279	444	382	255	199	708	284	185	139	100
	1998	1303	454	402	249	199	724	296	193	142	93
	1997	1312	446	405	259	202	725	293	198	141	94
	1996	1317	401	424	277	214	730	275	210	149	96
	1995	1313	396	431	276	211	727	272	216	147	92
	1994	1287	377	433	271	206	709	266	214	143	86
Annual growth rate (%)	2000	0.5	-0.5	-2.1	1.2	6.0	1.8	0.0	0.0	6.5	9.0
	1999	-1.8	-2.2	-5.0	2.4	0.0	-2.2	-4.1	-4.1	-2.1	7.5
	1998	-0.7	1.8	-0.7	-3.9	-1.5	-0.1	1.0	-2.5	0.7	-1.1
	1997	-0.4	11.2	-4.5	-6.5	-5.6	-0.7	6.5	-5.7	-5.4	-2.1
	1996	0.3	1.3	-1.6	0.4	1.4	0.4	1.1	-2.8	1.4	4.3
	1995	2.0	5.0	-0.5	1.8	2.4	2.5	2.3	0.9	2.8	7.0
	1994	-0.6	2.4	-2.3	-1.1	-1.9	1.1	6.0	-4.5	0.7	2.4
		Firms with 30 to 99 employees					Firms with 500 or more employees				
Annual average	2000	688	256	191	137	103	1040	406	240	230	163
	1999	662	253	188	128	93	995	410	233	206	145
	1998	671	263	195	127	85	1006	424	242	209	131
	1997	697	264	210	133	91	998	420	241	207	130
	1996	699	238	222	144	96	1017	420	256	207	133
	1995	699	237	228	143	91	1068	454	272	216	125
	1994	680	222	231	138	89	1046	455	268	204	119
Annual growth rate (%)	2000	3.9	1.2	1.6	7.0	10.8	4.5	-1.0	3.0	11.7	12.4
	1999	-1.3	-3.8	-3.6	0.8	9.4	-1.1	-3.3	-3.7	-1.4	10.7
	1998	-3.7	-0.4	-7.1	-4.5	-6.6	0.8	1.0	0.4	1.0	0.8
	1997	-0.3	10.9	-5.4	-7.6	-5.2	-1.9	0.0	-5.9	0.0	-2.3
	1996	0.0	0.4	-2.6	0.7	5.5	-4.8	-7.5	-5.9	-4.2	6.4
	1995	2.8	6.8	-1.3	3.6	2.2	2.1	-0.2	1.5	5.9	5.0
	1994	0.0	4.7	-2.1	-2.8	-1.1	-0.9	0.7	-5.3	0.5	1.7

Source: Statistics Bureau & Statistics Section, Ministry of Public Management, Home Affairs, Posts and Telecommunications, *Rōdōryoku Chōsa Nenpō* (Annual Report on the Labour Force Survey), 2000.