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## Working Conditions and the Labor Market

### New Movements Related to Companies' Policies for Cutting Labor Costs

Firms struggling under the recession are seeking, and going ahead with, new approaches to cutting labor costs. One such approach is to cut the salaries of general employees. So far, the major policies to cut labor costs taken during economic recessions were cuts in remuneration for executives, salaries and bonus payments of employees in managerial posts, and bonus payments and overtime work among rank-and-file employees. Although cuts in the salaries of rank-and-file workers had been resolutely refused by labor unions and were thus regarded as inviolable, an increasing number of firms have begun, for the sake of company survival, to branch out to wage cuts for such workers.

Firms which decided to resort to the wage cuts are conspicuous in those business sectors that were severely influenced by the IT recession. Yokogawa Electric Corporation, for example, faced with a downturn into the red due to the fall in orders for their semiconductor testing equipment, is carrying out a cut of five percent in the monthly salaries of 4,600 employees from November 2001 to March 2002. Mitsubishi Materials Corporation, due to poor performance in the business of electronic materials including silicon wafers, also decided to cut the salaries of 4,800 employees (six-percent cuts on the annual salary base) between January 2002 and March 2004. Similar wage cut policies were expected in firms in the metal industry affected by the structural slump; they include Kobe Steel Ltd. (an approximate five percent cut in the wages of 82,000 employees for two years starting from April 2002), and Sumitomo Metal Industries, Ltd. (an approximate five percent cut in the wages of 96,000 employees for two years starting from April 2002). In other business sectors, Nippon Express Ltd., which experienced a sharp drop in its transport business because of the terrorist attacks in the U.S., is taking steps to cut the wages of 34,000 employees by three percent (from December 2001 to March 2003).

Apart from the cut in the salaries of rank-and-file employees described above, other noteworthy new measures for curbing or cutting labor costs included transferring employees to affiliate companies where wage levels are set lower than the parent companies, or to companies newly established by spin-offs and introducing a "geographically tied employment scheme" which allows employees to accept lower salaries in return for a guarantee that they will not be transferred to a different locality. For example, Tobu Railway Co. and Keio Electric Railway Co. have spun off their bus businesses, employees transferred to the spun-off bus

companies having their salaries cut by 15 percent. Kawasaki Heavy Industries Ltd. has spun off its shipbuilding business, and is planning to reduce the wage levels of employees to be transferred to the new company. (See the December 2001 issue of *Japan Labor Bulletin* concerning corporate spin-offs, and Special Topic in the October 2001 issue for transferring employees.) NTT, which has some 140,000 employees altogether at its group companies, is to transfer 100,000 employees engaged in, for example, maintenance and management of telephone businesses, telephone operators, to affiliated outsourcing companies, and to cut salaries by 15 to 30 percent of those aged 51 or over (some 60,000 employees). Matsushita Electric Industrial Ltd., which is to adopt the above-mentioned geographically tied employment scheme, is also planning to extend coverage of the scheme from employees at local factories to workers at headquarters also (some 700 employees excluding those in managerial posts). The issue has been discussed between management and the labor unions, and a conclusion was reached early this year. The most likely plan to win agreement is a reduction of 10 to 20 percent in basic pay for employees who wish to apply for the scheme for employment within a limited area. (See the January 2001 issue of *Japan Labor Bulletin* for “geographically tied employment schemes.” )

## Human Resources Management

### Health Insurance Society Established for Dispatched Workers

The Japan Staffing Services Association, an organization of companies in the worker-dispatching industry, has announced a plan to establish in April 2002 a health insurance society for workers dispatched by companies affiliated to the association. It is expecting some 60 firms and 100,000 workers to join at the time of establishment.

Currently, workers who are registered at dispatching companies and work on the basis of one-shot job contracts, have an obligation to join the health insurance society of their dispatching firms, if the job contract term is two months or longer. However, a problem which has been pointed out is that such workers have to leave the health insurance society of the firm when their job contracts end, and thus have to join the National Health Insurance, which extends to the self-employed and the unemployed; thus they tend to end up with no health insurance coverage at all because of the trouble of repeated switching between the two health insurance schemes. (According to a survey of registered dispatched workers conducted by the association between January and March 2001, those insured under the social insurance plan of the dispatching firms they belong to accounted for 50.2 percent, those covered by the National Health Insurance and National Pension Plan for 22.3 percent, those covered by the

insurance plan of their spouses or householders for 14.6 percent, and those who do not apply for any insurance plan for 4.5 percent. See the December 2001 issue of *Japan Labor Bulletin* for more information.)

Under these circumstances, an insurance plan available to dispatched workers waiting for their next employment contract was long awaited, and the association's new insurance plan, tentatively named the "Health Insurance Plan for Dispatched Workers," is expected to improve the work environment of the workers in question by covering them continuously with one single insurance plan.

This Health Insurance Plan for Dispatched Workers will treat workers waiting for another client firm if the waiting period is only a short time, a maximum of one month or so, as if they are still under an employment contract, allowing them to continue to be insured by the plan if both they themselves and their dispatching agencies pay the insurance premium. Even when dispatched workers cannot find a new client firm for a longer period, they are eligible for the plan provided that they bear the agency's share of the pension premium together with their own. In such cases, workers waiting for a long time are entitled, for the first month, to a reduction in premium payment, being required to pay the equivalent, more or less, of the premium under the National Health Insurance Plan. To lighten the burden on both labor and management, the premium will be set at eight percent of monthly income (shared between workers and their agencies), which is lower than the governmental insurance plan's 8.5 percent. This reduction in pension premiums is said to be achievable in that the average age of dispatched workers is around 30, so that they seldom suffer from diseases that are expensive to treat. Moreover, establishing a joint center for affiliated agencies enables a substantially more efficient handling of insurance management. The Japan Staffing Services Association has set up an office to make preparations for the insurance plan, and is discussing the details.

## Labor-Management Relations

### **New Employers' Association, JBF, Inaugurated through Unification of Keidanren and Nikkeiren**

In May 2002, the Japan Business Federation (JBF) is to be inaugurated through a merger of Keidanren (Japan Federation of Economic Organizations) and Nikkeiren (Japan Federation of Employers' Associations). Hiroshi Okuda, chairman of Nikkeiren, has been designated first chairman of the new organization.

Keidanren, a comprehensive economic organization established in 1946, consists of a thousand or so major Japanese corporations (including 63 foreign capital firms) and 117 major industry-based organizations. Its major activity is to issue policy proposals, as the leading organization in business circles, in order to solve vital issues facing the Japanese business world.

On the other hand, Nikkeiren, established in 1948, is an employers' association which is largely engaged with labor issues, including wage negotiations, and which also sends delegates to the ILO Meeting, representing the employers of Japan. It consists of 47 prefectural employers' associations and some 60 industry-based employers' associations across the country. Membership of all the associations together totals about 20 million.

Mr. Okuda, 68, the new chairman, was designated president of Toyota Motor Corporation in 1995, and is well known as a top businessman who has tackled drastic reform of the giant company. Nominated as chairman of Toyota in 1999, also appointed chairman of Nikkeiren, as well as being a member of the governmental Council on Economic and Fiscal Policy, he has vast connections with political and business people. Concerning employment issues, Mr. Okuda often stresses that business managers should be responsible for the employment security of their employees even if there are redundancies, and make use of such workers for new businesses. Employers who fail to safeguard employment, he says, do not deserve their posts, showing the importance he places on the interests of his employees and cooperation between labor and management. In addition, he also claims that the government tends to focus on supply-side policies such as strengthening the job placement scheme, whereas the biggest problem lies in inadequate labor demand; the important thing is to create job openings by fostering new business enterprises. At a recent press interview, he implied a possibility of extending the two-year term of his post, saying, "I would like to make efforts to rebuild the deflation-afflicted Japanese economy as soon as possible.

The JBF is to undertake the roles of both Nikkeiren, which has been exploring ideal labor-management relations amidst the prevailing gloomy outlook on job security, and of Keidanren, which has been pushing forward with reform of the industrial structure in Japan. The first test of whether or not Mr. Okuda's management philosophy will obtain support from the business world is the concept of work-sharing which has surfaced recently, with a diversity of opinions over it even among employers. While Nikkeiren is positive about the idea, the chairman of Keidanren is opposed to it, saying that work-sharing will reduce labor productivity. With the employment situation steadily deteriorating, attention will focus on the ability of the chairman of the new organization, Mr. Okuda, to reconcile the various opinions

of business interests, tackle employment issues, and rebuild the Japanese economy.

## Public Policy

### Supplementary Budget Passed with One Trillion Yen for Employment Measures

The unemployment rate (seasonally adjusted), which stood at 5.5 percent in November 2001 according to a survey by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, continues to break all records set since the commencement of the survey in 1953. The supplementary budget for fiscal 2001, passed in the midst of this severe employment situation, has allotted more than one trillion yen for policies related to employment.

The largest sum of money, some 400 billion yen, will be allotted to the payment of unemployment insurance, which has swelled due to an increase in the number of recipients, followed by 350 billion yen for a job creation plan called "Employment for New Public Services." The plan, to be directed at local prefectural governments that need to launch emergency and temporary job creation businesses, is expected to open up 560,000 new jobs. Specific examples of such openings to be created through the plan include the idea (1) that schools accept workers with varied work experience as assistant teachers, and (2) that forest workers be taken on for the maintenance of public forests. There are, at the same time, quite a few problems for job creation in public service sectors if the real needs of unemployed people are to be met: measures to reduce unemployment through public employment have in fact been at work since fiscal 1999, but, to take a project in Hiroshima City as an example, it sent personal computer experts to schools, but schools wanted experts only in the morning or after school, and few unemployed workers with the right qualifications met such requests, with the result that a high proportion, 63 percent, of the workers actually hired were not unemployed. The grant this time will stipulate that three-quarters or more of the workers employed should be from the unemployment pool, but the duties of workers employed under this project may be expected to be simple, short-term tasks.

Apart from this measure, the following measures newly featured in the package are worthy of note. (See the November 2001 issue of *Japan Labor Bulletin* concerning employment measures already undertaken from October 2001.)

First, in response to requests for extension of the unemployment benefits payment period, an exceptional case will be made for unemployed persons taking vocational training courses, granting them a maximum two-year payment of unemployment benefits. At the same time,

under the current regulations, the maximum length of vocational training for workers who have given up their jobs is six months, but now such workers will be allowed to take more than one training course at a time.

Secondly, the employment package will include a new system whereby up to 200,000 yen per month will be lent to those self-employed who are not covered by the employment insurance scheme but obliged to close down their businesses.

Third, concerning the scheme whereby the government compensates workers obliged to give up jobs because of an employer's bankruptcy with 80 percent of unpaid wages (see the July 1999 issue of *Japan Labor Bulletin*), the new policy will raise the maximum limit on such compensation. For example, in the case of workers aged 45 or over, the current rule sets the governmental compensation limit at 1.36 million yen, but now – because of an increase in unpaid retirement allowances in such bankruptcies – the maximum limit will be more than doubled, to 2.96 million yen.

Fourth, another new measure has been implemented since December 2001, whereby a grant will be provided to the employers who assist their employees in entering a new job through private job placement firms once the re-employment is realized. Employers will be granted one-fourth of the costs accrued (to a maximum of 300,000 yen per worker). The grant is aimed at firms which are planning, as part of their restructuring measures, to dismiss 30 or more employees within a month, and have drawn a plan to support the re-employment of workers leaving the company. Re-employment via a job placement firm normally costs about one million yen per worker; thus the measure is aimed at facilitating smoother labor mobility.

Fifth, more than 10 billion yen is allocated for the increased development of vocational abilities, intended for the education and training of older unemployed white-collar workers; the training of advanced IT engineers such as e-commerce traders and system administrators; and expanding internship programs for young people.

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### **Substantial Relaxation of Criteria for *Karoshi***

In December 2001, the Ministry of Health, Labour, and Welfare substantially relaxed the criteria for occupational accidents involving brain and heart diseases (i.e., *karoshi*: death brought on by overwork or job-related exhaustion), extending the period for admitting a correlation between working conditions and disease from the current one week prior to the occurrence of the disease to six months prior to the occurrence of the disease.

The recognition of disease or *karoshi* as an occupational accident has been based on the “criteria for linking brain and heart diseases to work duties,” which were revised in 1995. However, in July 2000, the Supreme Court rejected a decision made in favor of the government at a District High Court, deciding that the subarachnoid hemorrhage of a driver for the branch manager of an insurance company (the driver currently has after-effects such as impairment of consciousness) should be treated as an occupational accident, and that the driver should be eligible for compensation for leaves due to occupational accidents. Having investigated the amount of overtime work and mileage driven by the driver for 16 months prior to occurrence of the disease, the Supreme Court judged that various factors (mental stress, irregular working hours, long hours spent at work, among others) which had not been specifically documented in the criteria in the past, led to the chronic exhaustion and eventually disease.

Administrative lawsuits related to occupational accident insurance filed last year totaled some 150. About 85 percent of the total number of cases ended with victory for the government, whereas the successful cases concerning brain and heart diseases accounted for a mere 65 percent, a drop of 15 percent compared to the previous year.

Under these circumstances, the Ministry of Health, Labour, and Welfare has established an investigation team consisting of medical and other experts. After careful investigation from the medical side into the accumulation of exhaustion, it has concluded that “it is fair to consider specifically and concretely working conditions during the six months prior to the occurrence of the disease.” Concerning the amount of overtime work – the prime factor in the accumulation of tiredness – they will be judged as “most likely to be related” when it is 100 hours or more during the one month prior to occurrence of the disease, or 80 hours or more per month in the last two to six months prior to occurrence of the disease. Other factors, including irregular working hours, the amount of time spent at work, the frequency of business trips, frequency of night work in cases of shift work, the work environment, and mental stress, are now taken into account in judging occupational accidents. (See Table on page 3.)

The recent relaxation of the criteria will undoubtedly facilitate the application for occupational accidents. However, there are still many questions to solve: how to handle evidence of long working hours (particularly when the worker in question takes his/her duties with him/her and engages in overwork at home); how to judge cases in practice when various factors besides working hours seem to have caused the exhaustion, and so on. Appropriate handling of the new criteria will be necessary in the judgment of occupational accidents.



## Special Topic

### Re-employment of Older White-collar Workers

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#### 1. Increasing Unemployment

The unemployment rate in Japan, remaining in the 4.5 to 4.9 percent range throughout 2000 due to the prolonged recession, improved slightly at the beginning of 2001. However, a further downturn of the economy pushed it up above five percent, to a record high of 5.4 percent, in October 2001. A particularly serious problem is the high unemployment rate for young males aged between 15 and 24 and for those aged 55 and over, which marked 10.7 percent and 7.3 percent, respectively.

Where young people are concerned, low jobless rates had been regarded as a characteristic feature of the Japanese labor market. In Japan, career guidance at schools includes the job allocation of graduates; in particular, high schools help students who wish to work after graduation to get job offers so that they can start working right after graduation. This smooth transition from school to workplace had halted any increase in unemployment among young people.

Since the 1990s, however, more high school students have chosen to go on to higher education rather than starting work on graduation, and companies have been shifting their sources for new workers from high school graduates to those who have completed university or other higher education. On top of this, a fall in the demand for high school graduates has also been caused by a shift in companies' employment strategies, including transferring production sites to abroad and making more use of non-regular workers such as part-timers; and by the overall decline in labor demand due to a change in industrial structures and the long-lasting economic slump. As a result, more and more high school students, unlike those in the past, fail to get job offers before graduation, so that they become unemployed on leaving school. Meanwhile, the expansion of the service sector, particularly in the large cities, has allowed many more young people to work as *arubaito* (side-job workers) or part-time workers, but such non-regular workers are more likely to become unemployed than regular workers, and unemployment among young people increases through this route, too. In addition, even when high schoolers successfully get regular employment after graduation, a large number in recent years voluntarily give up their jobs, becoming unemployed with no immediate prospect

of re-employment.

Effective measures for getting such young people out of the unemployment pool are considered to include revising career guidance at school, offering job guidance at job-placement agencies such as the Public Employment Security Offices, and providing more opportunities to develop vocational abilities.

On the other hand, the story of unemployment among older persons is different. Unlike unemployed young people, many older persons are involuntarily unemployed because of the prolonged recession and changes in the industrial structure, or because they are obliged to give up their jobs due to the bankruptcies or restructuring measures taken by their employers. Also, those who have retired because of the mandatory retirement age, commonly set at age 60 in Japan, account for a substantial proportion of the unemployed aged 55 or over.

## **2. Difficulty in Re-employment of Older Workers**

These older workers are believed to find it difficult to get new jobs, remaining unemployed for a long time, for two reasons: first, the scarcity of job vacancies meeting the wishes of such older job seekers, and the fact that the abilities of the job seekers fail to match up to the requirements of the job offers, if any.

The failure to find satisfactory jobs is, in a sense, attributable to the fact that, while quite a few older job seekers were in managerial positions before entering the unemployment pool, such positions are seldom available. Moreover, under the seniority wage system, whereby workers with longer tenures receive higher wages, older employees still at work naturally receive high wages. These wage levels, however, are believed to be excessive in relation to their on-the-spot productivity, so that once they quit their high-paid positions, they will face a substantial reduction in wages when they try to get re-employed. This is considered to be a reason why workers in this age group have difficulty finding desirable jobs.

Despite all this, however, the belief that although there are job advertisements, older workers are not qualified in terms of vocational ability is hardly reasonable, in that they do in fact have long working experience. The gap between apparent vocational ability and actual job experience can be explained in the following way. Lifetime employment, where positions are secure from the time employees join the companies until they reach the mandatory retirement age, has been prevalent in Japan. Of course, this pattern is just the standard; and not all workers in fact remain in a single company for good. Nevertheless, where workers employed in large firms are concerned, particularly white-collar workers, this pattern is regarded as typical. People set on this course are hired en masse right after graduation, learn

their tasks and the ways to handle them through on-the-job-training, and experience various tasks within the company via allocation to various positions within a relatively short time. Workers with such experience become experts in various tasks in their own companies, but do not know the way people work at other companies at all. In other words, it is considered that vocational skills acquired under the lifetime employment system are unique to individual companies, and not necessarily applicable to tasks in other companies, and that the ability of such workers is not valued by those seeking new employees.

### **3. Career Exchange Plaza**

Although it is said to be a difficult task, there is an organization which performs well in helping older white-collar unemployed people to find re-employment. It is the Associations of Employment Development for Senior Citizens located across the country.

The associations, governmental corporate organizations, have a central body and local associations in each prefecture. They provide consulting for enterprises concerning the employment of older workers, and assist such workers in developing their abilities and making their career plans. The local associations provide older job seekers registered at Human Resource Banks in each prefecture with, if they wish, two weeks or so of schooling for re-employment and offer space with equipment such as computers, facsimile machines, telephones and so on, where they can freely conduct job-searching activities. This service, called the Career Exchange Plaza Project, was launched in October 1999 as part of emergency employment measures taken by the Obuchi Cabinet in Tokyo, Osaka and Fukuoka. Later, the project's business was gradually undertaken by the prefectural Associations of Employment Development for Senior Citizens also, and currently more than 5,000 older job seekers per year take advantage of the service in 12 areas. The services offered are more or less the same at each association, but the maximum number of job seekers accepted varies between 25 and 60. What follows describes the case of the local association in Tokyo which launched the project on a large scale in the early days with a capacity of 60 persons.

The project report of the Tokyo Career Exchange Plaza says:

The Career Exchange Plaza is a project launched as a part of the emergency employment measures aimed at workers forced to give up their positions in companies obliged by the prolonged recession to take restructuring measures.

Older white-collar unemployed persons in particular, who do not have sufficient knowledge of the labor market or the know-how for job-searching activities, have difficulty finding appropriate jobs. The project aims at offering them knowledge and know-how via seminars and provision of information, helping them to deploy job-seeking activities positively for themselves.

Persons eligible for the service are those who are recommended by the Tokyo Human Resource Bank and who have experience as managers and officials, or as professional and technical workers. Each person, as a member of the Plaza, has access to the service, in general, for 12 weeks.

In the initial two weeks the service mainly offers seminars concerning how to write a career record, the types of workers desired by companies, interview skills, and practice in using computers, and in the remaining 10 weeks weekly information guidance, plus voluntary meetings among members to share experiences, are provided.

The Career Exchange Plaza helps with re-employment via, for example, meetings to exchange experiences, led by coordinators with varied expertise and experience, and personal counseling.

The Tokyo Career Exchange Plaza – two years have passed since its establishment – holds 17 seminars per year, with a maximum of 60 participants per seminar. In general, the project is aimed at older workers aged 45 or over, people aged between 45 and 55 accounting for some 62 percent of all registered persons in fiscal 2001. At the same time, members aged 60 or over also accounted for nearly 10 percent. After the completion of the membership period, that is within three months, about 40 percent of members successfully get re-employed, a fairly high figure compared to ordinary job seekers in this age group. Tokyo, the capital of Japan, is at the same time its business center, and the development of the service sector in this area has put managers, and professional and technical workers in high demand. Thus older white-collar job seekers in Tokyo are more likely to get re-employed than their counterparts in other regions. (This is borne out by the high success rate of job seekers registered at a Career Exchange Plaza in the second-largest city in Japan, Osaka.) In addition, there is no doubt that, because membership of the Plaza is open to job seekers registered at the Human Resource Banks, the services offered by the Banks are also effective in finding jobs for them. The Human Resource Banks are branches of the Public Employment Security Offices, and specialize in job-placement services aimed exclusively at older workers who have work experience as managers and officials, or as professional and technical workers. The Career Exchange Plazas, for the convenience of users, are located near a Human Resource Bank, and many in fact are within the same premises. Regardless of these factors, it is certainly true that the high success rate of re-employment must be attributable to the effects of this project. What kind of effects, then, does it actually bring about?

#### **4. Schooling in Preparation for Re-employment**

The Career Exchange Plaza Project consists mainly of three aspects: (1) schooling in preparation for re-employment, including the use of personal computers, (2) offering space with Internet-accessible computers which people can use freely for job searching, and (3)

arranging opportunities for members to share and exchange their experiences. Of these, it is the schooling and the sharing of experiences that seem to contribute most to the success of the project, particularly since these are services provided by no other agencies, including the Human Resource Banks.

Schooling in preparation for re-employment at the Tokyo Career Exchange Plaza consists of “seminars to support job-searching activities,” which are held for 10 days. Under the program, members learn about “the labor market for older white-collar workers” on the first day; “approaches and strategies for getting re-employed, how to obtain and use information, and brushing up one’s vocational abilities” on the second; “creating a career record” on the third day; “preparation for applying for jobs and interviews” on the fourth; “understanding small and medium-sized enterprises” on the fifth; “mental health and case studies of re-employment” on the sixth; “planning life-long working lives” on the seventh and eighth; and “learning pc skills” on the ninth and 10th days. Other local Plazas across the country provide more or less similar types of seminars with minor differences such as the relative time spent on individual topics.

Older white-collar job seekers have in many cases been squeezed out of large companies, but their possibility for re-employment is generally confined to small and medium-sized companies. Thus, understanding of the labor market and of small and medium-sized companies is given priority. What members are most eager to learn are computer skills. The project sets the goal here at a level where individuals can create their own career records, and handle applications for job vacancies on the Internet. In other words, the core of the schooling program lies in drawing up career records and creating a plan for life-long working lives.

“Career records” here mean a personal record of experienced jobs. Why, though, should people be required to learn methods of drawing up such records and planning life-long working lives as means of finding new employment? The answer seems to be related to the employment practices in Japan described above, and to the consequent factors making it difficult for older job seekers to find new jobs.

Under an employment practice where employees are hired immediately after school graduation at a fixed time of the year and en masse, and are taught tasks and methods of handling them via on-the-job training, the qualification required for white-collar jobs is not specific abilities in executing specific tasks but potential ability to learn tasks. At the same time, with the type of personnel management by which employees are rotated and experience various positions within a relatively short time, individual workers rarely seem to be particularly aware about their own jobs and the skills required to perform them.

Consequently, it can be considered that workers at workplaces in Japan seldom consider their jobs in terms of specific tasks, and also that companies do not commonly evaluate and treat their employees in terms of jobs. Hence, when asked what they have done, or what kind of duties they can manage, many job seekers are not able to describe specific tasks or abilities in their career record, though they can name sections and departments they have belonged to, and the titles they have held. In short, they appear unaware about both what they have done and what they can do.

This situation does not put job seekers in any predicament, if they are young, in that they begin with basic tasks and are expected to devote a high learning ability to learn the know-how of handling their tasks. However, this is not the case with older workers. Since their ability to absorb new skills is lower because of their age, companies cannot expect them to acquire new know-how after hiring them. Moreover, and more importantly, companies expect older workers to be able to act effectively from the start. Whatever the kind of firm, advertising a job means that there is a vacancy at the workplace and the company needs somebody to fill the position: the company has a clear idea of the tasks of the position. But job seekers do not clearly describe their past jobs and the tasks they are capable of performing. The toughness of the labor market for older workers is often attributed to the mismatching between companies wanting new workers and workers seeking jobs, but it also seems to be due to this gap of perception concerning jobs between the two sides. Vocational abilities acquired under the lifetime employment system are firm-specific abilities, and are not supposed to be applicable to other firms. In fact, though, the chief trouble is the inability of workers to describe their abilities in an objectively understandable manner. In Japan, career counselors often come across cases where older job seekers with ample work experience are unable to draw up their own curriculum vitae effectively. However excellent the counselor may be, it is impossible to help them in this state to find appropriate jobs.

What is essential for workers under these circumstances is to grasp and express objectively and accurately their own vocational abilities and job experience. Only by doing this can job seekers find suitable employers. The Plazas, therefore, allot one day of the seminars to the theme "creating a career record" so that participants can review their working experience and draw up a curriculum vitae on the lines of: basics of job application; basics of curriculum vitae; advantageous presentation of own job experience; detailed description of jobs; understanding and sorting out types of tasks experienced so far; precise defining of special skills; correct ways of job analysis; and final summing up of career records. The crucial point in matching job seekers to job advertisements lies in grasping work experience in terms of specific tasks performed, and judging whether or not workers with particular experience are capable of performing particular tasks, but ordinary workers do not

even know how to grasp and analyze jobs. In line with this, one of the aims of the “learning pc skills” seminars is to facilitate the drawing up of career records.

## **5. Planning Life-long Working Lives**

Another topic given priority at the seminars is “planning for life-long work.” Under the lifetime employment system, once a worker joins a company right after graduation, his or her employment is secured, unless there is a highly exceptional reason, until the mandatory retirement age of 55 to 60. Vocational choice and consideration of personal work style were important decisions for young people about to engage in work, but once they had got a job, the rest of their working life was more or less taken care of. However, first of all, because of the lengthening of life expectancy, people now live their retirement for some 20 years after age 60. At the same time, because the pensionable age for the old-age pension plan – due to the greying of the population – is to be raised from 60 to 65, people will need to earn incomes by some means or other to fill in the gap. The change in the minimum pensionable age now requires everyone to contemplate their life after retirement before they actually reach the age of 60. Moreover, the prolonged economic recession and changes in the industrial structure are obliging companies to carry out restructuring measures, so that an increasing number of them are encouraging their employees to retire early, or dismissing employees in their 40s who are at the peak of their powers. In other words, so far the majority of workers have not needed to face a turning point in their working lives such as switching jobs, leaving their companies, or finding other jobs, and have not been obliged to make decisions until mandatory retirement. But now that the lifetime employment system is collapsing, employees in their 40s and 50s who have been considered fixtures at their workplaces are required to have their own concrete views on, and plans for, their working lives.

Older job seekers covered by this project are workers who have lost their jobs due to “encouraged” early retirement or dismissal, and thus face the need to think about their lives after losing their jobs and to make plans for work in the future. Job-placement is generally based on suitability: what is the ideal working style, what kind of job is the most suitable, and so on; an individual’s life plan needs to be clarified if job openings are to be found for him or her. In practice, though, the older job seekers concerned have not so far – under the traditional lifetime employment system – been required to have any particular blueprint for their working lives, and thus are now faced with the necessity of designing explicit plans for a working future.

At the same time, to think about one’s own working style also leads to a deeper understanding of oneself, and forming a concept of oneself as well. This formation of a self-concept does not necessarily involve a “plan for life-long working,” and Plazas in some

areas adopt methods of counseling such as transactional analysis. This series of educational programs, including the drawing up of career records and plans for life-long work, are conducted by experts in personnel management, or industrial counselors.

## **6. Career Guidance in Demand**

The meetings to share and exchange experiences are opportunities for members to meet up regularly, to report on their own job-search activities, and to investigate possible activities hereafter. The meetings also play a substantial role in helping these older job seekers to actively take steps towards re-employment. Losing a job tends to deprive workers of self-confidence and make them passive, but to find other people in the same boat and to share experiences can give them an opportunity to re-evaluate themselves. Also, job searching at their age acquaints them with the actual situation of the labor market and helps them to estimate their own value in it from an objective point of view. Coordinators, who have experience in personnel management or industrial counseling and are in charge of taking the initiative at meetings, accept individual career counseling, too. The cycle (job search activity → meeting to exchange experiences → individual career counseling → [back to] job search activity) can be regarded as a basic pattern for counseling.

The series of activities that includes career counseling is precisely what is meant by vocational guidance. Vocational guidance is an educational activity which began in the early 20th century in the U.S.A. when society had become industrialized and new working styles as “employed workers” had emerged. The aim then was to give guidance concerning ways of living and working for young people coming out of rural areas to cities for work. In Japan, too, vocational guidance went together with the progress of industrialization; after World War II, as seen above, the guidance was institutionalized as career guidance at school and vocational guidance at the Public Employment Security Offices, contributing to high economic growth and the stability of the national livelihood. The Career Exchange Plaza Project is in the same line, being vocational guidance aimed at older people. Success with this project will imply that this type of undertaking is in demand. Vocational guidance which, it had been believed, was in demand solely for young people at the transitional stage from school to workplace, can then be seen as needed at various stages of working life nowadays. If perceived as guidance covering all stages of individual working life, it should perhaps be called career guidance. In order to provide this kind of service for a wider range of people, it will be necessary to train many more industrial counselors and to allocate these experts not only to public counseling organizations, but also to various other places such as schools and companies.



## JIL News and Information

### JIL Workshop/Symposium 2001

#### Toward Active Ageing in the 21st Century – Japan/U.S./E.U. Joint Research

On November 29-30, 2001, the Japan Institute of Labour (JIL) hosted a workshop and a symposium on the subject of the employment of older people, inviting experts from four countries in Europe (U.K., France, Germany and the Netherlands) plus the United States. There were active discussions joined by Japanese experts on sub-themes which included practical measures to enable older workers to realize gradual retirement from the labor market as well as workers' age management in employment, with the aim of comparing the situations among the U.S., Europe and Japan now that a major policy shift is called for in corporations and governments in addressing the issue of the employment of older people. Incidentally, Professor Olofsson of Växjö University, Sweden – who had been scheduled to participate in this session – unfortunately could not join the meetings, but made a written contribution.

The workshop was chaired by Professor Hiroki Sato of the Institute of Social Sciences, University of Tokyo. In the first part of the workshop, reports were made on the subject of the employment and labor participation of middle-aged and older people in Japan, by Mr. Atsushi Sato, Senior Researcher, JIL, Professor Hiroyuki Fujimura of Hosei University and Mr. Katsuhiko Iwata, Research Director, JIL.

Mr. Sato reported on his analysis of the prospective labor participation and livelihood of currently employed middle-aged and older people belonging to the so-called baby-boomer generation, which was based on recent research by JIL. Mr. Sato specifically reported that this survey did not permit to extract any characteristics peculiar to the baby-boomer generation (which is broadly defined in Japan as the population born during the five years from 1946 through 1950) and that he could not conclude that corporate-oriented values were more predominant in the baby-boomer generation than in other generations. Thus he argued that there was no convincing case to assume that the baby-boomer generation has distinctively different characteristics, necessitating major alterations or shifts in the employment policy. Along with this finding, the rough picture is that, although there are differences by type of employment, currently middle-aged and older male workers want to work until they are about 65 years old and about 50 percent of them want to work full-time. In addition, female workers want to work until they are 62 years old and about 30 percent of them want to work full-time.

This analysis noting that the baby-boomer generation did not disclose significant differences from other generations was largely agreed to by the guests present from overseas. Notably, it was also revealed that the Japanese female population (housewives) tend to prefer their spouses to keep working on a full-time basis even after their mandatory retirement age, indicating that the reasons behind the decision of retirement could be influenced by family circumstances as much as economic necessity.

Professor Fujimura made a report on the revision of the pension system and the employment issues involving workers in their early 60s. He described the three possible approaches to the question of employment of workers after mandatory retirement at age 60 currently under debate, as the government decided that the normal pensionable age was to be raised to 65: (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.

Professor Fujimura then suggested that the first method of setting "60 plus alpha" above should be the most practical way, since it does not involve drastic revision of the existing personnel system in companies. In response to Professor Fujimura's report, most participants from overseas stated that it is a uniquely Japanese phenomenon based on the philosophy of lifetime employment, that companies (large companies in particular) are expected in the name of social responsibility to fill the gap between the normal pensionable age and the actual mandatory retirement age, and that companies consider the extension of employment after the mandatory retirement age of 60; all of which were quite unlikely to happen in their home countries (i.e., Europe and the U.S.).

Mr. Iwata reported on the employment/work participation of older people and the relevant policy development. Emphasis was given to the two points in particular, e.g., (1) Because of the rapid aging of the population, it is desired that Japanese workers work a considerably longer number of years than their counterparts in Europe and the U.S. in order to fill the working population gap among generations; (2) Gradual retirement has become an agenda shared by all areas of Europe, the U.S. and Japan, while Japan can be said to have realized gradual retirement, as far as apparent data such as labor force participation rate or employment rate are concerned. (In Japan, workers tend not to retire completely at the age of

60, many preferring more or less to remain in the labor market, which shapes the labor force participation rate in a gently sloping curve.) On the other hand, work contents such as wage, type of work, and mode of working can change significantly at around age 60. It was emphasized therefore that Japan's specific agenda should be to realize gradual retirement in all aspects including such work content.

Participants from Europe pointed out the similarity between Japan's age guidelines published in line with the official introduction of the employers' duty to endeavor for eliminating age discrimination in recruitment and hiring, which went into effect in October 2001, and the EU Framework Directive adopted in November 2000 for prohibiting employment discrimination (seeking equilibrium in reconciling long-term employment practice with prohibition of age discrimination).

In the second part of the workshop, participating European and American researchers Ms. Sara E. Rix, Senior Policy Advisor AARP (U.S.), Professor Alan Walker of Sheffield University (U.K.), Professor Anne-Marie Guillemard of University of Paris V Sorbonne (France), Professor Gerhard Naegele of Dortmund University (Germany) and Associate Professor Bert de Vroom of Twente University (the Netherlands) reported on the respective situation in their own countries.

The labor force participation rate of older people in the U.S., which had been steadily declining since World War II, was stabilized around 1985 and has started to show a slightly increasing trend in recent years. Under the Age Discrimination in Employment Act in the U.S., older workers are legally protected to a degree as seen in the fact that compulsory retirement is regarded illegal in most cases, though in fact discrimination against older workers has yet to be eliminated. Also, corporate demand for older workers is generally weaker than that for female workers and the immigrant workforce.

Whereas, in the U.K., the Job Release Scheme was developed during the economic recession in the late 1970s, and was meant to create jobs for the younger generation by encouraging early retirement among older workers. This scheme did not fully attain the result as originally intended. Recently they developed new policies such as the "New Deal 50 Plus" (a scheme supporting unemployed people aged over 50). At the moment, emphasis should be given to a comprehensive age-management strategy with the aim of realizing "active aging."

Older workers were encouraged to opt for early retirement in France as well, during the recession in the 1970s, to promote employment of the younger population, which has been

rooted in society almost as an early retirement culture. In recent years, however, the government has been aiming at a policy shift such as the introduction of a phased retirement scheme and the challenge of pension reform, in order to cope with the increasing cost of social security as well as an aging workforce.

Also in Germany, the government is planning to promote job training and “partial retirement,” combined with part-time employment, in an effort to reduce the cost of social security. However part-time jobs are not favorably accepted by the public, particularly among older male workers. Companies are not yet active in employing older workers either.

Workers in the Netherlands also were keen on early retirement in general, leading to low labor force participation among the aged population. But here, too, the traditional exit pathways to encourage early retirement comprising the three most important schemes, i.e., voluntary early-retirement schemes, unemployment programs and disability schemes, have been replaced with a scheme with more emphasis in providing incentives for older people to stay working where more rigorous screening is applied to the application for those welfare programs, with the aim of encouraging work participation. As a result, the labor force participation rate is on its way to a recovery. Lifestyles are being reviewed so that they can accommodate job and family life in a compatible manner throughout one’s work life.

Although circumstances vary from one country to another as discussed above, it was confirmed that each government is attempting to prolong working life for fear that the labor shortage and boosting social welfare costs might go beyond the sustainable level.

During the afternoon session on the second day, Mr. Kunihiro Saito (President, JIL) chaired the symposium open for the public, along with the panelists including the above-mentioned guests from overseas as well as Professor Yoshio Higuchi of Keio University. After the exchange of experts’ positions by the panelists, the members of the audience were invited to actively join the discussion. Lastly, it was emphasized that an ageing society should be taken advantage of, in enhancing the comprehensive policy integrating various aspects of this issue, such as public welfare, employment and education, not for older people alone, but for all generations.

You can find the papers submitted to the workshop ( “JIL Workshop/Symposium 2001, Toward Active Ageing in the 21st Century – Japan/U.S./E.U. Joint Research” ) at the Japan Institute of Labour homepage (<http://www.jil.go.jp/jil/seika/workshop.htm>).

## Notes of Remarks Comparing the United States and Japan,

Sara E. Rix  
Senior Policy Advisor  
AARP

In comparing the U.S. situation with that of Japan, one notes similarities with respect to (1) rising concern about the costs of old-age support and, as a result, (2) an increase in the age of eligibility for pension benefits. But with respect to rising pension eligibility age, the increase has been greater in Japan – five years vs. two years, though from a lower base in Japan – age 60 vs. 65. Moreover, Japan has provided less lead time before the increase would go into effect. In the United States, the law raising the age of eligibility for full Social Security benefits was passed in 1983; however, the rise would not begin until 2000 and would not be fully in effect until 2027 – all this time for a two-year increase.

The ostensible reason for the long lead in the U.S. was to give workers time to prepare for the higher retirement age, but if that was the point, we failed. Public opinion polls reveal that as of 2000, the large majority of Americans were unaware of the increase.

A major difference between the U.S. and Japan is that there is a great deal more talk about aging issues among people who count, among decision-makers (e.g., business, labor, and government leaders) in Japan than in the United States. In the United States, when it comes to older worker issues (as opposed to financing Social Security), there is a great deal of talk, but it is mostly by researchers, policy analysts, and older worker advocates, who tend to think that raising retirement age further is a good idea, but that is something workers themselves and employers do not favor. However, a report has just been released (October 2001) by the U.S. General Accounting Office calling for a broad interagency governmental task force to develop regulatory and legislative proposals addressing issues raised by an aging workforce.

Another difference between the United States and Japan is demographic, as was clear in the figures provided by Mr. Iwata. The demographic picture is more favorable in the U.S., whose population is actually growing, and not aging as rapidly and where immigration helps fuel population growth.

Social responsibility for workers is another difference between the two countries. There is no institutional commitment on the part of employers to workers in the U.S. Though paternalism in the largest firms was once common, life-long employment in the United States has never been guaranteed. Today, there is almost no guaranteed job security, except among

tenured professors and in some union-negotiated arrangements. As one employer remarked to us: “The employer’s responsibility is not to keep workers employed but rather to keep them employable” – or capable of finding a job elsewhere. However, there is considerable dispute as to how adequately employers are doing even that, especially in the case of older workers.

The lack of job security is particularly difficult for middle-aged workers. The oldest for the most part are not interested in extended work-lives; the young will only know insecurity. But middle-aged workers, who were not prepared to face job uncertainty, are generally not yet financially ready for retirement, and job loss or contingent work (i.e., temporary, contract work) can have devastating financial consequences.

Japan and the U.S. differ on mandatory retirement, which is illegal in the United States. In Japan, according to Mr. Atsushi Sato, workers are reporting that they want to work longer, past their mandatory retirement ages. In the United States, workers don’t want to work anywhere near as long as they can; theoretically, they can work until they die, assuming they are capable of performing and the job is not eliminated for some reason. In reality, they do not even want to work until age 65. Nor have employers been all that keen about retaining them.

What I cannot tell from the data I have seen on Japan is what recent developments with respect to work trends have been. In the United States, the trend toward ever earlier retirement that characterized much of the post-war era seems to have come to a halt. Labor force participation rates in the upper ages have even been rising, though modestly.

Still, the question one must ask, at least for Americans, is why they have so little interest in working longer, especially in light of improving health status, rising educational attainment, and change in the physical demands of work. A major explanation may be the quality of work available to older persons in the U.S., especially those who want less than full-time work.

Part-time work in the United States tends not to be very appealing work, so if they can afford to retire, as many can, why would they put up with such work?

The expressed interest in an earlier age on the part of women in Japan did not surprise me. We should keep in mind that most working women have had the equivalent of two, often full-time, jobs – in the home and in the workforce. When they retire, they may simply be scaling back to one full-time job. My hypothesis for women in the United States is that growing numbers of women reaching retirement age after full work histories will begin to

demonstrate work patterns characteristic of men during the last half century, and that would mean earlier retirement.

I was also not surprised that wives were more likely than husbands to want those husbands to work full time. There is that old saying “I married him for better or worse but not for lunch.” Perceived income needs are undoubtedly a factor, but wives may not be all that eager to have their husbands around all the time.

In my opinion, the most interesting observation of all, at least with respect to Japan, was that the survey discussed in Mr. Sato’s paper “was not able to extract any characteristics unique to [the baby boom] generation.” In the United States, it is assumed that baby boomers are in every way very distinct from generations ahead of them. Business, trade associations, and other organizations have long been marketing to that supposed uniqueness. But now I wonder, is the uniqueness real or was it created by the media? Are boomers really different, or do they just think they are? Will boomers, once they reach age 60 or 62 be so different in retirement behavior from their parents or, as they age, will early retirement look better and better? These are critical issues that warrant greater scrutiny in the United States, and I thank my Japanese colleagues for providing me with some important research ideas.

## Statistical Aspects

### Recent Labor Economy Indices

<u>Recent Labor Economy Indices</u>			
	November 2001	December 2001	Change from previous year (December)
Labor force	6,780 (10 thousand)	6,699 (10 thousand)	-39 (10 thousand)
Employed	6,420	6,398	-78
Employees	5,346	5,343	-46
Unemployed	370	375	43
Unemployment rate	5.5%	5.6%	0.7
Active opening rate	0.53	0.51	-0.15
Total hours worked	158.4 (hours)	p153.4 (hours)	p-1.9
Total wages of regular employees	(¥ thousand) 295.3	(¥ thousand) p647.0	p-3.7

Note: p = Preliminary figures

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).

**Factors Contributing to *Karoshi* Other Than Working Hours**

Working styles		Points taken into account regarding level of burden
Duties with irregular working hours		Frequency and degree of changes in duty schedules; existence or otherwise of advance notice; frequency of changes in work contents, etc.
Duties with long hours spent at work		Hours required to be spent at work; actual working hours; work density (ratio of actual engagement in work to time spent on standby, etc.); work contents; hours for rest and brief naps; conditions of facilities for rest and naps (area, air conditioning, noise, etc.); etc.
Duties with many business trips		Work contents during business trips; frequency of business trips (particularly trips abroad involving time lags); means of transport; time spent for transport and conditions during transport; existence or otherwise of trips requiring stay at hotels and conditions of accommodations; conditions affecting rest, including sleeping time, during business trips; conditions affecting recovery from exhaustion due to business trips; etc.
Duties with shifts or night work		Frequency of changes in work shifts; intervals between shifts; frequency of night work when duties involve shift work; etc.
Work environment	Temperature at workplace	Degree of coldness; protective clothing against cold; conditions affecting access to warmth during work in the cold weather; necessity or otherwise of moving to and from cold and hot workplaces; frequency of moves between places with major temperature differences; etc.
	Noise at workplace	Magnitude of noise mostly exceeding 80 dB; time and duration of exposure to such noise; conditions of protective clothing and equipment against noise; etc.
	Time lag	Time lag exceeding five hours or more; frequency of travel involving time lag; etc.
Duties involving mental stress		<ul style="list-style-type: none"> <li>- Duties involving mental stress on an everyday basis: Workload; period in job; experience; adaptability; support from the company; etc.</li> <li>- Events related to duties involving mental stress during the period before occurrence of disease: Seriousness of events (accidents, incidents, etc.); degree of loss or harm; etc.</li> </ul>

Source: Labour Standards Bureau, Ministry of Health, Labour and Welfare.