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CONTENTS

General Survey	1
Working Women: Current Situation and Perspectives	
Working Conditions and the Labor Market	2
Major Electronic Firms Cut Wages after <i>Shunto</i> Negotiations	
Labor-Management Relations	3
Basic Agreement on Work-sharing Reached	
Public Policy	5
Job Searching via Mobile Phone	
Emergency Support for Unemployed New Graduates	
Special Topic	7
Work-sharing in Japan	
JIL News and Information	14
The 9th EU-Japan Symposium on Improving Employment Opportunities for Older Workers	

GENERAL SURVEY

Working Women: Current Situation and Perspectives

The *White Paper on the National Lifestyle* and *White Paper on Working Women* released in March both seek to find ways to do away with the division between male and female roles, with the aim of balancing work and child-care.

This year's *White Paper on Working Women* focuses on "reconciling work and child-care." Even in contemporary Japan, the labor force rate of women by age registers an M-shaped curve (see Figure 1 on page 3), indicating that many female workers leave the labor market when they give birth, care for their child, and then return

once the pressure is off. On the other hand, if one plots the relationship between age and the potential labor force ratio for women, by incorporating those women who would like to work but remain outside the labor force with the population in the actual labor market, this produces an almost trapezoid profile which is common in other developed countries. This suggests that quite a few women in their 30s would like to work but resign themselves to staying out of the labor market.

Women who wish to return to work after leaving the work force face a very harsh reality. In 2000, some 70 percent of women between the ages of 35 and 44 who re-entered the labor market only found part-time work. The wage gap between female part-time workers and female full-time workers (regular employees) is increasing, with the hourly wage for female part-time workers only 66.9 percent that of regular workers (calculated from the scheduled payment) (see Figure 2 on page 4). If bonus payments and retirement allowances are included, the gap widens further.

These findings have underlined the necessity of establishing a work environment in which women can continue working regardless of marriage and pregnancy. Toward this end, the *White Paper on Working Women* focuses on measures that firms should undertake to reconcile work and child-care, such as child-care leave and regional child-care services, and also the style of working husbands. Men in their 30s, when most men have children, work more hours than any other age group, with more than 20 percent working 60 hours or more per week (see Figure 3 on page 5). Accordingly, the white paper emphasizes the importance of eliminating stereotypes of gender division in labor, and of forming a society in which both men and women are able to achieve a healthy balance between responsibilities in the workplace and at home.

The *White Paper on the National Lifestyle* also has "families" as its theme, though its analytical view covers a wider range. The paper presents the view that, although the decision for a husband to engage in labor for money while the wife is largely responsible for work within the family is a personal decision, it is mainly a reflection of the difficulty in choosing any other role division under the current situation. Here again a husband's long work-

ing hours are viewed as a problem not simply because long working hours prevent husbands from helping with the housework, but also because of the working styles of full-time workers. The paper concludes that those who cannot work long hours as full-time employees because of responsibilities at home (mainly women), have difficulty in getting a job as a regular employee. The paper also states that various problems arise when a couple finds it difficult to freely choose their working styles, including (1) an insecure source of income because the household relies entirely on the income of the husband, (2) households such as fatherless families find themselves in financial difficulty because housework and work for pay cannot be split between different family members, and (3) an increase in the number of people who do not wish to marry or have children, which exacerbates the current trend towards fewer children (see Figure 4 on page 6).

In line with this, as a concrete measure the white paper suggests instituting more flexible working styles, and increasing the number of options to work from home by outsourcing and reducing domestic burdens.

WORKING CONDITIONS AND THE LABOR MARKET

Major Electronic Firms Cut Wages after *Shunto* Negotiations

Just after the spring wage offensive ended, labor and management plunged into an unprecedented second

round of negotiations. No sooner had the spring wage negotiations reached agreement, when management at major electronic firms and elsewhere proposed, among other things, a postponement of the date for the execution of regular pay rises, and a reduction in payments for overtime.

Following the settlement in the spring offensive, NEC Corp. proposed postponing until October regular pay hikes (2%) for 21,000 union members — that is, a freeze for six months — and reducing the rate for overtime payments from the current 30 to 25 percent for one year. The labor union officially accepted the proposals. Management explained that, “The business environment will be particularly harsh for the first half of the fiscal year.” They also plan to cut wages (3 to 5%), and the lump-sum allowance (40%) for 12,000 employees in managerial posts — non-union members — for six months, and to reduce even further executive salaries, from 10 to 20 percent.

Matsushita Electronic Co. Ltd., also proposed freezing regular pay hikes for six months (until October 1) for 57,000 union members at five major affiliated companies, and reducing overtime payments to 25 percent. Here, too, labor and management reached agreement. Matsushita’s year-end closing was heavily in the red in March 2002, and they were obliged to make urgent cuts in total labor costs by calling for the early retirement of 13,000 employees and cutting the wage of employees in managerial posts. The union accepted these proposals as a gesture of temporary cooperation in order to expedite the recovery of business performance. The freeze in reg-

Statistical Aspect

Recent Labor Economy Indices

	March 2002	April 2002	Change from previous year (April)
Labor force	6,676 (10 thousand)	6,708 (10 thousand)	-68 (10 thousand)
Employed	6,377	6,334	-93
Employees	5,343	5,352	-41
Unemployed	353	347	24
Unemployment rate	5.2%	5.2%	0.4%
Active opening rate	0.51	0.52	-0.1
Total hours worked	150.5 (hours)	p157.2 (hours)	p-0.8
Total wages of regular employees	(¥ thousand) 301.9	(¥ thousand) p287.8	p-1.6

Notes: p: Preliminary figures

US\$1=¥124 (June 1, 2002)

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).

ular pay hikes for six months is expected to save ¥5 billion in labor costs.

Hitachi Ltd. proposed a five percent reduction in the current wage levels of 47,000 union members for a period of one year from April 1, but since labor-management negotiations were prolonged, they finally agreed on wage cuts for one year starting in June. Since the company had agreed to a regular pay hike of two percent at the negotiation table during the spring offensive, the wage cut of five percent will in practice be reduced to three percent.

Toshiba Corp. will freeze regular pay hikes for 48,000 union members for six months and reduce by 25 percent the rate for overtime payments. In April, Fujitsu put into effect a freeze on regular pay hikes for five months aimed at their union members, together with a cut in overtime payments.

There have been previous cases where companies froze regular pay hikes in order to get through a temporary deterioration in business performance, but for major companies in a particular industry to uniformly take such measures is unprecedented. A striking feature in many cases is the reduction in overtime rate from 30 percent to 25 percent. The 30 percent rate was won by Denki Rengo (Japanese Electrical Electronic & Information Union) in the 1973 spring offensive as a uniform industrial union demand, and this latest development is a move by management to return the rate to the 25 percent regulated by the Labour Standards Law.

Apart from companies in the electronics industry,

Mitsubishi Motors Co. Ltd. has already carried out a freeze on regular wage increases for six months, and Isuzu Motor Co. has proposed to its labor unions wage cuts of seven percent (5% in practice if the 2% in regular pay hikes is taken into account) for one year.

These measures were taken as emergency steps for a period of six months to one year, but, as they were raised after the conclusion of *shunto* negotiations in March, they demonstrate the collapse of the *shunto* for all practical purposes.

LABOR-MANAGEMENT RELATIONS

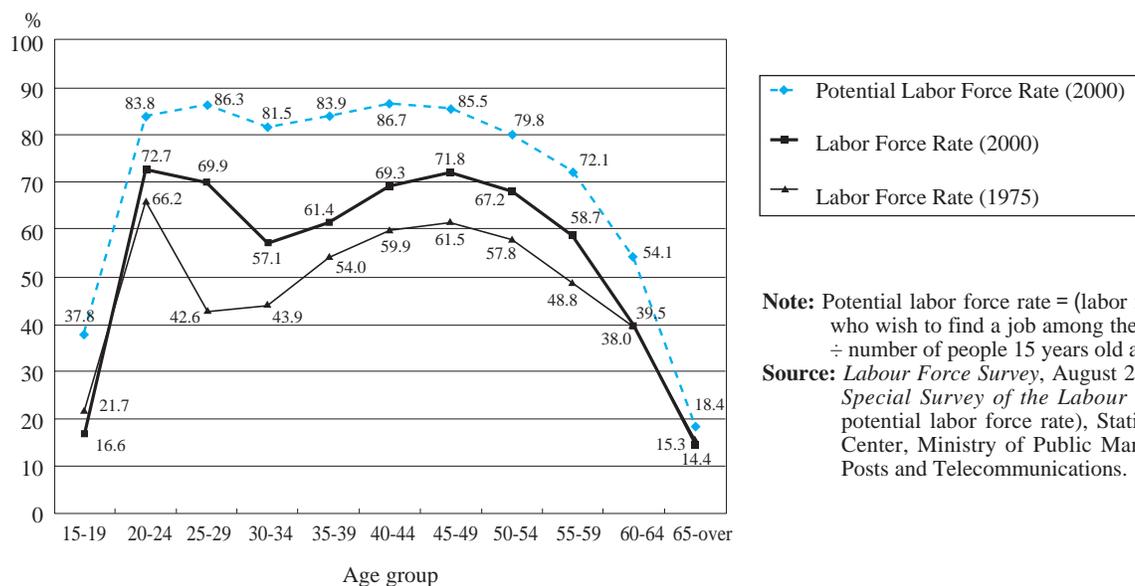
Basic Agreement on Work-sharing Reached

On March 29, 2002, the government, management (as represented by Nikkeiren, the Japan Federation of Employers' Associations), and unions (as represented by Rengo, Japanese Trade Union Confederation), announced that they had agreed on a "basic view of work-sharing." The agreement includes "five principles"* to be observed in introducing work-sharing, and classifies future work-sharing into (1) an Emergency Type, a short-term measure to preserve job levels and (2) a Diversified Working Patterns Type, which encourages various ways of working, including shorter hours and every-other-day shifts.

The agreement concerning the adoption of work-sharing incorporates the ideas of both Nikkeiren —

Statistical Aspect

Figure 1. Labor Force Rate of Female Workers by Age Group



Note: Potential labor force rate = (labor force + number of people who wish to find a job among the non-working population) ÷ number of people 15 years old and older.

Source: *Labour Force Survey*, August 2000 (for labor force rate), *Special Survey of the Labour Force Survey*, 2000 (for potential labor force rate), Statistics Bureau & Statistics Center, Ministry of Public Management, Home Affairs, Posts and Telecommunications.

which attaches importance to labor-management consultation in individual firms and to improvement in productivity — and, Rengo — which insists that adopting work-sharing should not mean wage cuts. For example, the second of the five principles, concerning labor-management consultation in individual firms states that, in order to firmly establish work-sharing of the “diversified working patterns type,” it is necessary to consider how best to (1) define precisely the scope of duties and establish the concept of “hourly wages,” (2) achieve appropriate supervision of working hours, (3) and improve and increase education and training within the firm to cope with varied working styles. On the other hand, the Emergency Type of work-sharing requires labor-management agreement concerning, for instance, (1) clarification of the periods it will be in effect, (2) how much working hours will be reduced, and (3) the handling of income (monthly wages, bonus payments, retirement allowances, etc.) affected by shortened working hours.

Principle 3 outlines the government’s approach towards the issue: in line with the revisions to pension schemes which will be implemented in 2004, the government will consider an appropriate form of social insurance to cover workers with shorter working hours. Meanwhile, in line with the agreement’s reference of the need to investigate possible financial support for the emergency type of work-sharing, the Ministry of Health, Labour and Welfare in late April announced it would provide ¥7 billion, together with another plan to grant subsidies (from ¥300,000 to ¥1 million) to firms that have implemented work-sharing. This series of measures coincided with a change in attitude of the Nikkeiren

chairman, who previously had been negative about financial support from the government.

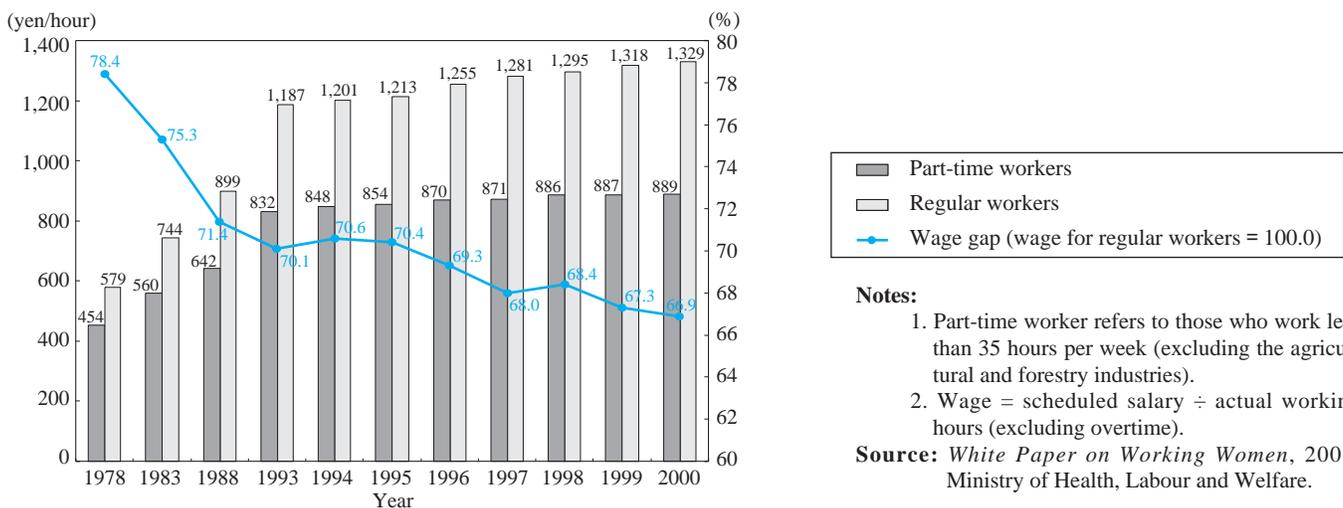
The tripartite agreement is a big step towards implementing a Japanese style of work-sharing. From now on, debate is expected to shift to more concrete issues including, for example, the social insurance and taxation system for workers with shorter working hours, and the wage gap between such workers and regular employees.

***Five Principles for the Introduction of Work-sharing**

- (1) Ideally, the necessary preconditions for the Diversified Working Patterns Type of work-sharing should be established early on, but at the same time, Emergency Type work-sharing should be taken into account as another option, as a temporary measure to curb unemployment.
- (2) Decisions as to whether work-sharing should actually be implemented will be left to labor-management consultation in individual companies.
- (3) The government, employers, and employees will cooperate to create the preconditions necessary to institute the Diversified Working Patterns Type of work-sharing.
- (4) To encourage various working styles, labor and management will consider wage levels and personnel management systems suited to different working styles.
- (5) Concerning the Emergency Type of work-sharing, employers will attempt to maintain employment levels, while workers will adjust themselves flexibly to shorter work hours and the effect that has on income.

Statistical Aspect

Figure 2. Trends in the Wage Gap between Part-time Workers and Regular Workers (Female)



PUBLIC POLICY

Job Searching via Mobile Phone

On March 7, the Ministry of Health, Labour and Welfare opened a new service whereby job information available at Public Employment Security Offices and private job introduction companies across the country can be accessed via mobile telephones. While some provinces in Canada have adopted this system, this is the first time that job information has been made available this way on a national level.

In recent years, the ministry has devoted energy to making use of the Internet to distribute job information. In March 1999, it started putting Public Employment Security Office job advertisements on the Internet, and in August 2001, it launched the “Shigoto (Job) Information Net,” a search function for job information held at public employment security offices and private job introduction agencies. Currently, more than 400,000 job vacancies from some 3,000 governmental and private agencies (but only about 25,000 from the latter) are offered on the site which receives more than 200,000 hits per day. The new service will also list vacancies from the Shigoto Information Net.

A survey by the Ministry of Public Management, Home Affairs, Posts and Telecommunications found that, while 23 million people used personal computers as of the end of February 2002, the number of people who accessed the Internet through mobile telephones was some 50 million, more than double that figure. The new service will enable a larger number of people to engage in job seeking activities more freely, both in terms of

time and location.

Use of the site is the same as through a personal computer: those seeking a job simply access the site (<http://www.job-net.jp>), and input data concerning the required job, location, type of employment contract, duties, industrial sector, wage level, age, and other keywords. In principle, the data is updated every two hours, and the site is accessible 24 hours a day. Job advertisements can also be sorted in terms of the date they were made available on the net, or only new ads can be selected. One advantage of accessing this information through mobile telephones is the direct link it provides to the companies supplying the job advertisements, users can phone them immediately after seeing the advertisement.

Further expansion of “Shigoto Information Net” is under consideration — for example, listing information about companies seeking dispatched workers and on job seekers.

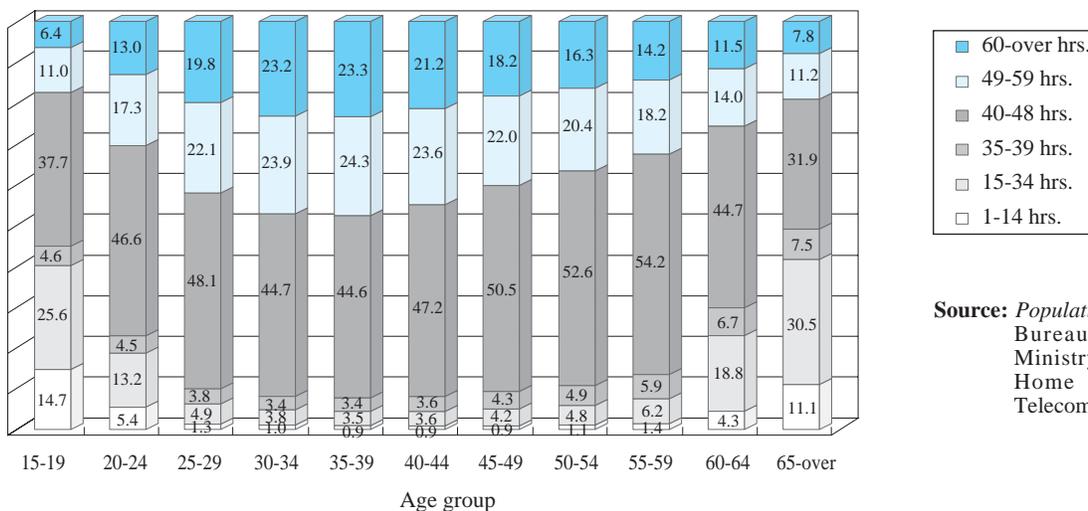
Emergency Support for Unemployed New Graduates

The percentage of graduates from high school, university and other higher educational institutes who have been promised employment remains low, leading to concern that large numbers of young people will be unemployed. In April the Ministry of Health, Labour and Welfare conducted follow-up surveys of jobless new graduates, asking them to register at Public Employment Security Offices, and also held job counselling sessions for individuals.

Previously, it was the norm for young Japanese to go into full-time, permanent jobs which they had been promised while still at school. (Concerning job searching

Statistical Aspect

Figure 3. Weekly Working Hours for Men by Age Group



Source: Population Census, 2000, Statistics Bureau & Statistics Center, Ministry of Public Management, Home Affairs, Posts and Telecommunications.

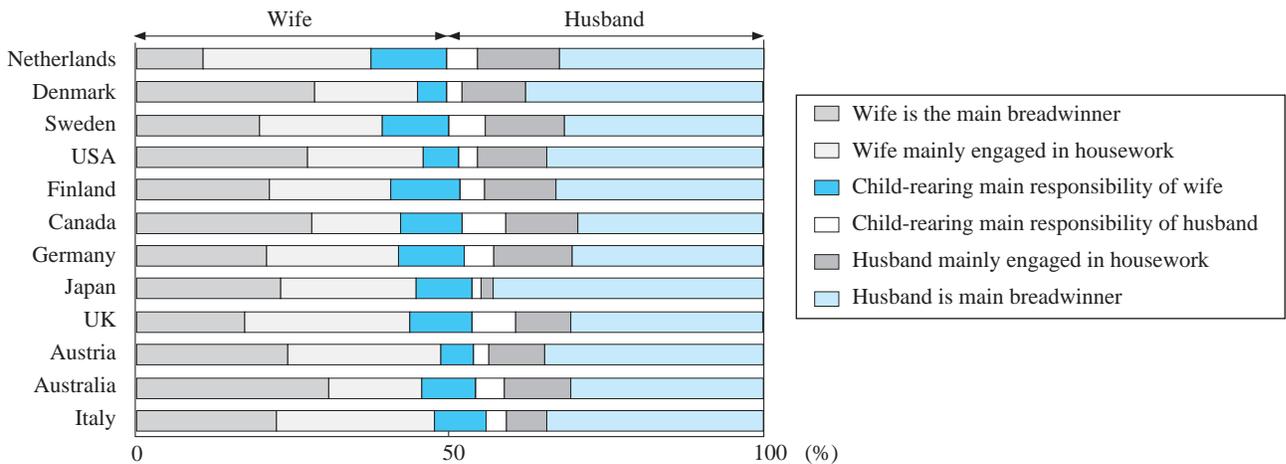
practices for high school students, see the May 2002 issue of the *Japan Labor Bulletin*.) A survey conducted since 1988 by the Ministry of Health, Labour and Welfare published every June found that until 1998, some 98 to 99 percent of high school students looking for employment had been promised a job before actually leaving school. However, the severe recession in recent years has reduced the number of job vacancies for graduates; among those who graduated in March 2002 the success rate at the end of January was 75.7 percent, leaving some 50,000 students to continue seeking a job. The success rate for university students, on the other hand, was 82.9 percent as of February 2002, more or less at the same level as previous years. The rates for both high school and university students are expected to reach somewhere around 90 percent in the final survey in June 2002, but the actual labor market situation for young people is considered to be more serious than this suggests, in that the rates exclude those who give up job searching.

To date, the ministry has emphasized measures targeting the period before graduation, such as job fairs for

students, but as there is an increasing number of graduates out of work, it is also focusing on post-graduate measures. More specifically, the Public Employment Security Offices will collect lists from high schools of their graduates who have not yet been promised a job at the time of graduation, (they will follow up university graduates who have already used the offices for their job search), ask them to register at the offices by mail or telephone, and offer counselling appropriate to their individual needs. The new measures include (1) lectures (for five to 10 days) to, for example, provide information concerning business manners for job interviews, etc.; and (2) internship programs for about three months (giving employers ¥24,000 per month for each trainee they take on). In addition, the ministry is also to launch measures supporting firms which hire unemployed people under 30 years old on a trial basis (eligible firms will be granted ¥50,000 per person per month for a maximum of three months). This program, which aims to convert trial contracts into regular work contracts, will cover 50,000 people and has a budget of approximately ¥9.5 billion.

Statistical Aspect

Figure 4. International Comparison on the Division of Labor between Husband and Wife during Child-rearing Years



Source: White Paper on the National Lifestyle, 2001, Cabinet Office.

Notes:

1. The above statistics were compiled from *Employment Outlook 2001*, prepared by the OECD and *Basic Research Report on Social Life (1996)* by the Ministry of Public Management, Home Affairs, Posts and Telecommunications.
2. Regarding the figures for Japan, “main breadwinner” has been substituted for the “work” category in the *Basic Research Report on Social Life*; and “housework” is the aggregate of “care and nursing” and “shopping.”
3. The respective shares for husband and wife are the percentage of the number of hours spent being the main breadwinner and in doing housework (per week).
4. For countries other than Japan, “wife” refers to wives working full-time; whereas for Japan, “wife” includes those also working on a part-time basis. For both Japan and other countries, “husband” refers to the average of the entire population.
5. The statistics are based on the situation of couples with children under 5 years old for countries other than Japan; for Japan the figures are based on couples with children under 6 years old.

Work-sharing in Japan

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1. Deteriorating Employment Situation

The employment situation in Japan is looking increasingly grim. As of April 2002, the unemployment rate was 5.2 percent, with 3.75 million people out of a job.

Following the oil crisis of the 1970s, it was said that the unemployment rate rose considerably, even though at that time it increased only from the one-to-two percent level to two-to-three percent. After the bubble economy had collapsed, the unemployment rate remained at just over three percent in the latter half of the 1990s, but has soared sharply since the latter half of 2000, exceeding five percent in July 2001 and reaching 5.3 percent in September. At the time, economists dubbed this high rate of unemployment the “5.3 percent shock,” but the figure continued to rise, marking a record high of 5.4 percent the following month.

Male workers accounted for the sharp increase in the unemployment rate (5.8%), while the rate for women stayed at 4.9 percent. A comparison of annual unemployment rates for 2000 and 2001 shows that substantial increases in unemployment were observed among male workers in the 45 to 54 age group, where the rate increased somewhere between 3.0 and 3.5 per-

cent to five percent or more, and among those who were involuntarily unemployed, whose number increased over the year from around 700,000 to 940,000. The rate for heads of households also sharply increased, from 3.3 percent to 3.9 percent. The number of people employed in the manufacturing sector has begun to decrease, from a peak of 15.69 million in 1992 to 12.45 million in 2001, a dramatic decrease of 3.2 million workers.

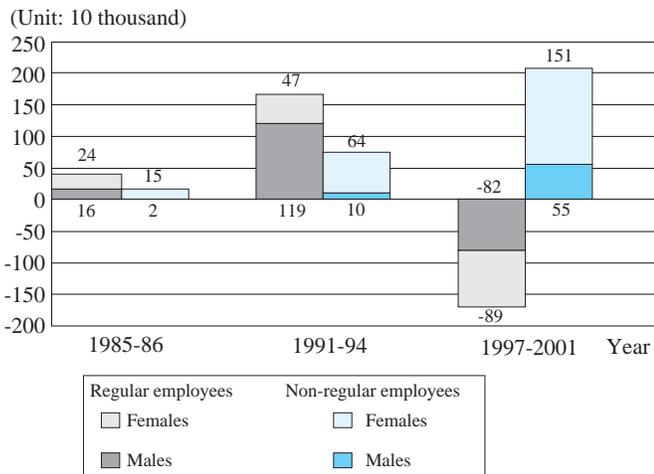


A special feature concerning the type of worker in the period spanning the latter half of the 1990s until now is a decrease in the number of regular employees and a steady increase in the number of non-regular ones. Hitherto, the number of non-regular employees and part-time workers had tended to decrease when the economy went into a recession, such workers being the first to lose their jobs. The trend between 1997 and 2001 shows, however, that while the number of regular employees fell by 1.71 million, the number of non-regulars increased by 2.06 million. This tendency is particularly marked among female workers, but is also strong among male workers (see Figure 1). This phenomenon is observable not only in macroeconomic statistics, but also in the makeup of employees at individual enterprises.

The implication of such analyses is that part-time and other non-regular employees are not being used to adjust employment levels nor as a buffer, but as substitutes for regular employees; that is, enterprises are beginning to replace the former kind of workers with the latter. This would seem to be attributable to the fact that an increasing number of part-time workers have become competent — and there is in fact an increasing number of what are called “core” part-time workers.

Another cause for the shrinkage in the number of regular employees is that an increasing number of large firms have put into effect voluntary retirement schemes for their employees. In Japan “voluntary retirement,” means, in practice, dismissal. It is said

Figure 1. Fluctuations in the Number of Regular and Non-Regular Employees during Recessions



that Japanese companies have maintained the life-time employment system, but in fact dismissals under such “voluntary retirement schemes” have been conducted for years, especially in small and medium-sized enterprises.

In the latter half of the 1990s, there was a marked change when many large companies began to take advantage of such voluntary retirement schemes. Some large firms in fact had already been using this practice, but such cases were rare; it was more common for small and medium-sized enterprises to resort to such schemes for survival when their business performances deteriorated due to fluctuations in the economy or for other reasons.

The most conspicuous trend observed in data for 2000 is the increased number of large firms calling for voluntary retirement, compared with small and medium-sized firms. For example, for firms with less than 100 employees, 17.6 percent used voluntary retirement schemes in 2000 as compared to 11.9 percent in 1994. For firms with 1,000 or more employees, on the other hand, the proportion was a mere 8.5 percent in 1994, but tripled to 23.8 percent in 2000, equivalent to approximately one-quarter of such large firms. This naturally leads to a larger number of workers who have given up their jobs under such schemes, the average being 191.9 at firms with 1,000 or more employees, whereas in firms with less than 100 employees the number was 13.2, showing the new prevalence of mass voluntary retirement at large firms.

2. Arguments regarding Work-sharing

In Japan, debates concerning work-sharing have occurred twice in the past, the first took place in the late 1970s after the oil crisis, the second in the late 1980s, when the Japanese economy was in the middle of the “strong yen” recession. Another debate over the issue, starting at the end of the 1990s, has been in full swing since 2000. Let’s take a look at the trends in the recent debate.

The research group on labor issues for Nikkeiren (Japan Federation of Employers’ Associations) referred to work-sharing as a possible option in both its 1999 and 2000 reports. Rengo (Japanese Trade Union Confederation) incorporated an examination of work-sharing in the action policies adopted at its congress held in 1999 for the next two years.

The debate on work-sharing heated up in 1999 in tandem with the decision to gradually raise the minimum pensionable age from 60 to 65 under the Employees’ Pension Plan. Starting in April 2001, the minimum age to receive the basic portion of the pension began to rise, and from fiscal 2013, the age to

receive the salary-linked portion of the pension will also be raised. In four or five years, the baby boomer generation (i.e., those born roughly between 1946 and 1950) will reach age 60, the most common mandatory retirement age. If they are not provided with a pension at that age, quite a few may wish to continue working. The problem is how to create room in the labor market for them. At the moment, it would be fairly difficult to raise the mandatory retirement age above 60. Accordingly, for several years there has been a great deal of discussion concerning employment policies aimed at workers in this age group, and discussion of work-sharing is, in fact, in line with such policies. This type of work-sharing is explained below.

Nikkeiren has premised the idea of adopting work-sharing as a measure to curb total expenditure on labor costs, setting “a reduction in wages in accordance with a reduction in working hours.” At the same time, it emphasizes that this should be allowed only when “all other measures have left work-sharing as the only choice.” On the other hand, Rengo opposes the idea of wage cuts geared to reductions in working hours, contemplating instead a form of work-sharing which primarily encourages the full use of paid holidays and abolition of “service” (unpaid) overtime. Rengo also insists that work-sharing should be aimed at all workers and that it should “not necessarily” imply wage cuts.

Last year Rengo Chairman Sasamori acknowledged that wage cuts involving shorter working hours (that is, work-sharing) were unavoidable, and the idea suddenly began to assume reality. The establishment by Nikkeiren and Rengo in April 2001 of a “group to study varied working styles and work-sharing,” and the publication of a “declaration encouraging the formation of a social consensus concerning employment” in October are some of the proposals that have developed in the debate. In December, a “tripartite conference to examine work-sharing” was established, and on March 29, 2002, the “Basic Perspectives for Work-sharing” agreement was published by the Minister of the Health, Labour and Welfare Ministry and the chairmen of Rengo and Nikkeiren. The agreement embodies five principles, centered on two forms of work-sharing: one aimed at creating varied working styles, and the other at coping with emergencies. It states that the government should (1) encourage various working styles, and support wage and personnel management systems corresponding to such styles; (2) expand coverage of social insurance schemes so that people working shorter hours, including part-time workers, can be covered, in line with the reform of the national pension scheme in the next fiscal year; and (3) launch measures to pro-

vide financial support, emergency type work-sharing.

2.1 Subsidy Scheme for Employment Adjustment

The Japanese government has undertaken various employment measures so far, one of which is a plan to provide subsidies for employment adjustment. Financially, the scheme relies on employment insurance premium reserves, and provides subsidies to a company covering temporary layoff allowances when it is obliged to reduce its labor costs due to a drop in production but makes efforts to retain its employees for the period instead of dismissing them. Large firms are eligible to receive half the layoff allowance, and small and medium-sized firms are eligible to receive two-thirds.

Certain qualifications are required to receive the subsidy; until recently, it covered only firms in specified sectors or industries. But in October 2001, the law was revised to do away with such conditions, and now other firms are eligible for the subsidy if they satisfy certain conditions.

A turning point for policies aimed at preventing unemployment occurred immediately after the oil crisis in 1974 when the Employment Insurance Law came into effect, replacing the then existing unemployment insurance system. The employment adjustment subsidies scheme was adopted in 1975 and has been at work for more than 25 years, during which time there has been much debate. Some overseas observers evaluated it highly, claiming that the system in fact contributes to keeping jobs secure because, along with the life-time employment system, it encourages Japanese employers to retain their employees. Within Japan, too, some find it effective because it works as a kind of work-sharing in times of emergency, and helps employees keep abreast of required skills.

The latter argument is based on the following reasoning: If a company dismisses its employees when it is in a difficult situation, even though it can foresee an improvement in business performance if it can hold out for a while longer, the abilities and skills of the dismissed employees, whom the company trained, will be wasted. Furthermore, when business performance has recovered, the company will have to invest in the recruitment and training of new employees.

Therefore, the system is considered to be effective in maintaining the competitiveness of the Japanese economy as a whole. In addition, some who support the system argue that it seeks to curb increased unemployment, and therefore also serves to check a sense of social insecurity.

On the other hand, those opposed to the system argue that it leads to low morale and adverse selection.

That is, the subsidy will discourage firms from taking restructuring steps, firms that make the least efforts tending to rely most on the grant. Another negative opinion is that receipt of such subsidies is an indication of poor business performance, resulting in an outflow of competent employees.

Although there are many arguments for and against this subsidy system, none are entirely convincing. The government and the Ministry of Health, Labour and Welfare, incidentally, naturally emphasize the positive effects of the subsidy, and do not intend to put an end to it. Under the current unfavorable employment situation, they are if anything planning to expand the subsidy scheme.

2.2 Types of Work-sharing

The ongoing debate concerning work-sharing centers around four main types, or three if divided into in simple categories. The categories are separated according to the reason for sharing, the background situation, the parties to the sharing, the methods, and whether or not it involves wage cuts. Essentially, the crucial question is who shares the existing work.

(1) Employment Maintenance Type

This type is aimed at securing jobs for workers, and can be further divided into two categories: emergency measures and measures aimed at middle-aged and older workers. Although these are different in terms of the targeted age groups — the latter targeting specific age groups — both types require that workers currently employed reduce their hours so as to share the amount of work among themselves, allowing everyone to stay on the job. In some cases wage levels are maintained, in others they fall according to the level of productivity. It is this type of work-sharing that is currently under debate between labor and management.

(2) Job Creation Type

This aims at creating more jobs. The idea is to cut working hours via efforts at the national and company levels so that the number of jobs in the macroeconomy as a whole can be increased; this idea was taken advantage of after the oil crisis in Europe, particularly in West Germany and France. A well-known case in recent years is the 35-hour work week rule adopted in France in 2001.

(3) Diversified Working Patterns Type

The above two types of work-sharing seek, quite simply, to cut working hours, even if it involves wage cuts, in order to tackle poor business performance, and excess middle-aged and older workers, or chronic high

unemployment. This third type of work-sharing, however, which encourages the diversification of working patterns, involves offering various types of working opportunities to, for example, regular employees who do not wish to work full-time, and part-time workers who have a favorable job contract and wish to work, say, five or six hours a day. By offering various kinds of working styles, this type of work-sharing will steadily create more job opportunities. As in many other countries, this kind of policy is welcomed by female and elderly workers in Japan. In short, this type of work-sharing attempts to provide more varied working patterns, leading to an increase in jobs in a society as a whole.

Moreover, this form of work-sharing can accommodate not only the unemployed but also those who are not currently looking for a job but would like to work — for example, the housewife who stays out of the labor market simply because a part-time, five hour a day job is not available. Such people could enter the labor market again if jobs with suitable conditions were available. Thus this form of work-sharing has an impact on people who could potentially be part of the labor force.

2.3 Survey

Now let us examine the results of a questionnaire concerning four types of work-sharing — employment maintenance type (emergency measures and measures aimed at middle-aged and older workers), job creation type and diversified working patterns type. The questionnaire was conducted by a survey and research group on work-sharing commissioned by the then Ministry of Labour. The results were released in April 2001, and the figures are as of October 1, 2000.

The questionnaire was sent to some 3,300 firms

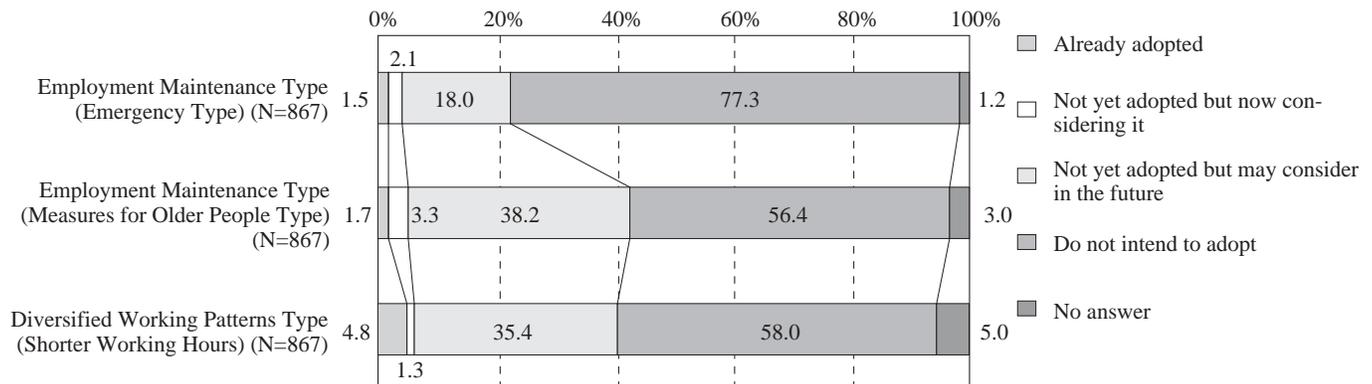
listed on the stock market or Nasdaq Japan, of which 867 returned answers. It was also directed at employees of the firms surveyed. The subjects were asked several questions: to what degree they were interested in any of the four types of work-sharing; whether or not they had actually adopted any of them; if they had adopted work-sharing, what kind of problems they had come across; and what were the advantages and disadvantages of each type of work-sharing. This is the first comprehensive survey carried out in terms of types of work-sharing.

Figure 2 shows the answers to the question of whether or not the subjects had adopted, or were planning to adopt, work-sharing (excluding the job creation type). The results show that not many firms were interested in the emergency type (employment maintenance type). However, although many firms had not adopted work-sharing measures for older people (employment maintenance type), many replied they would like to think about it as a future option. As for the diversified working patterns type, more firms than expected replied they had adopted it or would like to think about it as a future option.

Asked which type of work-sharing would assume more importance in the future, 62.5 percent of the firms surveyed, regardless of size, believed that the diversified working patterns type would become important. That is, a large proportion of firms felt that work-sharing will be important in offering varied working styles which enable many people, including women and elderly workers, to engage in jobs.

Responses from individual employees were not very different from company responses (see Table 1). The majority felt that the diversified working patterns type would be the most important in the future, followed by measures for older people. At the same time,

Figure 2. Adoption of Work-sharing Schemes (Company Survey)



Source: Survey Report on Work-sharing.

Table 1. Types of Work-sharing That Will Be Important in the Future (Workers Survey)

Types of Work-sharing	Total N=607	Males aged 40 and above N=205	Males aged under 40 N=225	Females aged 30 and above N=83	Females aged under 30 N=86
Employment Maintenance Type (Emergency Type) With the severe situation in the labor market, this type aims to reduce working hours per head, as an emergency measure to get through the temporary recession, while maintaining as many jobs as possible within workplace.	99 16.3%	35 17.1%	40 17.8%	11 13.3%	13 15.1%
Employment Maintenance Type (Measures for Older People Type) With the increasing importance of securing jobs for middle-aged and older workers, including employment extension for workers reaching the age of 60, this type aims to maintain as many jobs as possible for workers aged 60 and above within the workplace by reducing their working hours.	201 33.1%	99 48.3%	68 30.2%	14 16.9%	16 18.6%
Job Creation Type This type aims to reduce legally stipulated working hours uniformly within the country, so as to provide unemployed people with the job opportunities thus created.	183 30.1%	72 35.1%	58 25.8%	30 36.1%	20 23.3%
Diversified Working Patterns Type This type aims to encourage diversification of working styles so as to facilitate the entry of many more people, such as females and elderly people, into the labor market.	348 57.3%	100 48.8%	120 53.3%	60 72.3%	64 74.4%
Other	14 2.3%	1 0.5%	11 4.9%	1 1.2%	1 1.2%
No answer	3 0.5%	1 0.5%	2 0.9%	0 0.0%	0 0.0%

however, more workers replied that “a reduction in legally stipulated working hours” would be important among other types of work-sharing.

By gender and age, the diversified working patterns type was chosen by more females than males, though it was also chosen by a majority of male workers under 40 years old. Males aged 40 and over felt that measures for older people would be important in the future, showing that they related the issue to their own working styles when they reached age 55 or 60.

The survey also asked specifically about shorter working hours in the case of the diversified working patterns type (see Table 2). Regarding its advantages, the largest proportion of firms surveyed chose “helping secure competent workers and preventing such workers from quitting.” In short, when full-time employment is the only choice available to workers, those wishing to work shorter hours or for a certain period are obliged to give up the idea of getting a job. But with schemes for shorter working hours available, firms would be able to hold onto workers who are competent but unable to work longer hours. Other common responses included “presenting a better company image,” and “cutting labor costs.”

Among companies surveyed which already adopted schemes for shorter working hours, and those which had not yet but were considering doing so in the

future, the largest proportion, as with the firms surveyed as a whole, chose “helping secure competent workers and preventing such workers from quitting.” At the same time, many firms which had already adopted the schemes chose “raising the morale of employees” and also “cutting labor costs.”

For employees, the advantages of shorter working hours included being able to spend more time for leisure activities, followed by being able to balance child-care and work, and having extra time to develop one’s own abilities. By gender, the largest proportion of females, for all age groups, chose balancing child-care and work, whereas most males focused on being able to devote more time to leisure activities and developing one’s own abilities.

What, then, are the disadvantages of shorter working hours from the company’s perspective? The largest number of firms felt it would obscure responsibility, followed by a reduction in productivity. However, some firms did respond that it would increase productivity. In other words, there is no agreement as to whether or not shorter working hours would increase or decrease productivity.

Of the companies which had either adopted schemes for shorter hours or were planning to do so, 45.2 percent thought reducing working hours would decrease productivity, followed by a concern that it

Table 2. Advantages of Shorter Working Hours (Company Survey)

Advantages	Total N=867	Already adopted N=42	Not yet adopt- ed but consid- ering it for the future N=11	Not yet adopt- ed but may consider in the future N=307	Do not intend to adopt N=226
Helping secure competent workers and preventing such workers from quitting the company	406 46.8%	20 47.6%	8 72.7%	191 62.2%	185 36.8%
Raising employee morale	90 10.4%	10 23.8%	2 18.2%	42 13.7%	36 7.2%
Increasing productivity	96 11.1%	3 7.1%	2 16.2%	54 17.6%	37 7.4%
Cutting labor costs	164 18.9%	9 21.4%	2 18.2%	68 22.1%	84 16.7%
Presenting a better image of the company	194 22.4%	8 19.0%	5 45.5%	64 20.8%	115 22.9%
Nothing particular	208 24.0%	4 9.5%	0 0.0%	32 10.4%	172 34.2%
Other	17 2.0%	4 9.5%	0 0.0%	5 1.6%	8 1.6%
No answer	5 0.6%	1 2.4%	0 0.0%	0 0.0%	4 0.8%

would lower an employee's sense of belonging to the company. In short, working shorter hours will diminish the sense of belonging to the company among regular employees.

On the other hand, what most concerned employees about shorter working hours was the calculation of wages and retirement allowances. Workers are anxious about their wage levels: whether or not their wages will be reduced in proportion to the reduction in working hours, for example will they receive six-eighths of their former wages if their working hours are cut from eight to six hours; how much retirement allowance they will receive when they retire; how the company will calculate their tenure during the remaining period; and so on.

Apart from this, the second most frequent response from employees was that they were concerned they may be forced to work shorter hours. This means that a majority of employees are concerned that, although the scheme is supposed to be on a voluntary basis, once it is institutionalized, it may be taken advantage of in a compulsory manner.

Employees were also concerned about matters related to promotion to higher grades and posts. Many did not know how a period they opted for shorter working hours would be applied to their tenure and promotion at the company.

The survey directed towards firms also includes a question concerning difficulties involved in introducing the scheme for shorter working hours. Among firms which had actually adopted the scheme, the most

frequent answers were evaluating wages and retirement allowances of workers under the scheme, and complexities in human resource management created by the scheme.

3. From the Emergency to the Diversified Working Patterns Type

Currently, Japan is trapped by a high unemployment rate. But at the same time, the continuing drop in the birth rate will raise concerns about a shortage of labor in several decades. What this implies is that all people wishing to work, including the elderly and females, will have to be efficiently used. Thus, while it is necessary for the time being to create jobs by means of emergency type work-sharing, in the future, the diversified working patterns type of work-sharing will eventually have to be put into effect.

In practice, some housewives at the present time would scorn jobs that are "just part time" and yield only ¥800 yen an hour, a tendency that is particularly strong among housewives with university degrees. Elderly people, even those who have engaged in important and difficult tasks, find that once they reach the age of 60, that only simple jobs, such as parking controller, are open to them.

There may be some male workers too who wish, for example, to enroll in a postgraduate course after having worked for several years, or who wish to work shorter hours and spend the spare time studying. However, there is no shorter working hours scheme for such purposes, and unless such a scheme is set up,

workers wanting to study will be obliged to give up their jobs. This would be a great loss for their companies, too. But if there were a scheme for shorter working hours which included a system for maintaining productivity and treating workers in a satisfactory way, then the firm would be able to avoid losses incurred through adoption of the scheme. In this sense, the diversified working patterns type of work-sharing is a system able to take efficient advantage of the source of Japanese competitiveness: human resources and technology. The author personally believes that the diversified working patterns type of work-sharing is the ideal form of personnel management for the 21st century.

The center of the ongoing discussion between labor and management is the emergency type of work-sharing, where the idea is to defend against a drop in economic performance by reducing working hours per head and maintaining the same number of jobs. Firms have conventionally cut working hours without reductions in monthly salaries, which did not lead to cuts in labor costs for them. To maintain and create jobs, labor and management must find their way toward a comprehensive agreement concerning cuts in working hours without raising the hourly wages.

This last question is not directly related to the issue of equal treatment for part-time workers. Nevertheless, the difference of wage payment systems between regular employees who are paid on a monthly basis and part-time workers, paid on an hourly basis, has been an obstacle to any comparison of the two types of workers.

Where the debate concerning the emergency type of work-sharing refers to specific duties at actual workplaces, and if part-time workers who are already regarded as core workers are involved, consideration of the difference in treatment between part-time workers and regular employees becomes unavoidable. The differences highlighted by the debate will be a spur for firms to take action towards the equal treatment of part-time workers.

Let us suppose that, in the process of discussing work-sharing and implementing it, an increasing number of workers — as is perfectly possible — find satisfaction in working as core workers or regular employees with shorter working hours (though the notion of regular employees would no longer exist by then). This is the correct way to realize the diversified working patterns type of work-sharing.

Both firms and workers share the desire to realize a work environment with flexible and varied working styles. Although the way to realize this is yet to be found, increasing the number of workers with shorter working hours would surely increase the number of job opportunities in society as a whole.

It should be understood, though, that if work-sharing is promoted without addressing the gap in treatment between full-time regular employees and non-regular workers such as part-timers, there may be an increasing sense of insecurity among workers and a deterioration in their treatment, which would not be a desirable direction for the future of work-sharing.

The goal is to achieve a diversified working patterns type of work-sharing which presupposes that even part-time workers and other non-regular employees should be able to make proper use of their abilities and are guaranteed appropriate wages and treatment. The treatment of part-time workers should not be considered separately, but should be taken into comprehensive account along with working styles and wage systems relating to regular employees.

An interim report of a study group on part-time workers puts forwards the following suggestions:

- Full-time regular employees should not be confined to working styles with constraints involving overtime, relocation within the company and so on. Instead, they should be given styles relatively free of such constraints.
- In reviewing working styles, consideration should also be given to adjusting allowances such as living expenses and allowances for dependents as the need arises.
- In reviewing working styles, wages and treatment systems should be revised to take into account working styles as a whole, including those of regular employees, part-time workers, and so on, with an eye toward making wages accord more closely with the work performed.

Only when debate delves deeply into such matters, not in abstract terms but by taking into account practical relationships within actual workplaces, will a true reform of working styles be achieved.

JIL NEWS AND INFORMATION

The 9th EU-Japan Symposium on Improving Employment Opportunities for Older Workers

On March 21 and 22, an international symposium concerned with improving employment opportunities for older workers was held in Brussels. Sponsored by the Japanese Ministry of Health, Labour and Welfare, the Japan Institute of Labour and the European Commission, it was attended by researchers, representatives of governmental bodies, employers' associations and trade unions, and yielded a lively debate.

1. Background

Japan and the EU countries share a common problem: a graying population and a drop in the labor force.

In the EU countries, unemployment first became a real problem in the 1970s; in particular, employment for young people was viewed as a serious problem. Thus, in order to create job opportunities for youth, older workers were encouraged to retire early to avoid an excess labor supply. However, this policy, rather than relieving unemployment among the young, had other, unexpected, results such as lowering the value of older workers in the market, with a corresponding loss of experience, skills and know-how. Partly due to the subsequent rapid aging of society and an increase in social insurance benefits such as public pensions, since the latter half of the 1990s governments have shifted their policies, and are now promoting "active ageing" aimed at increasing the participation of older workers in the labor force.

On the other hand, although many older Japanese wish to continue working, and in practice two-thirds of all males in their early 60s and half of all males in their late 60s are still working, the continuing economic stagnation makes it difficult for many to stay in the labor market. A major issue in Japan is continuing employment after age 60 because, while the mandatory retirement age system — whereby an employment contract automatically expires when the employee reaches a pre-determined age (60 in

many cases) — is widely applied, the gradual raising of the ordinary pensionable age from 60 to 65 will mean that people will have to extend working until the commencement of receiving their pensions.

2. Symposium Summary

The symposium began with an introductory speech by Yasu Kanou, vice minister of Health, Labour and Welfare. She stated that, "We intend to make every effort to realize a society where people have opportunities to work regardless of their age, as long as they have the wish and ability." And while admitting the value of traditional Japanese labor practices such as the seniority wage system as a reasonable way of stabilizing workers' lives, she emphasized the need for a revision of work practices and a shift to employment management whereby a worker's ability rather than age should be the criterion for evaluation.

Meanwhile, Odile Quintin, Director-General of Employment and Social Affairs of the European Commission, stated: "At a meeting of the European Council in Barcelona on March 15 and 16, participating nations reached an agreement, as a strategy for ageing societies, to aim for raising the average retirement age by five years, from the current 58 to 63 by 2010. As of 2000, older workers in the EU accounted for one-fourth of workers as a whole, but their number will increase to one-half by 2050. The participation of older people (55 years old and older) in the labor force will be the key to achieving both sustainable economic growth and long-term sustainability of pension systems. We must thoroughly review all practices, as necessary, to achieve the policies agreed on at the European Council in Barcelona."

On the first day of the symposium, under the theme "Getting the Policy Framework Right," participants from both Japan and the EU reconfirmed the framework of their policies concern-

ing the employment of older people. Following this, they debated ways of increasing labor force participation among older people, and the role of public policies in encouraging the extension of working life. On this basis, the symposium on the second day, subtitled “Age Management in the Workplace and the Role of the Social Partners,” discussed among other things personnel management involving age issues at workplaces, and actual measures adopted at the corporate and labor union levels. Debate also touched on possible public measures to support the efforts of firms, personnel management departments, labor unions, and older people themselves to promote the employment of older people. The symposium ended with concluding speeches by Tadashi Hanami, chairman of the Japan Institute of Labour, and Anna Diamantopoulou, representative for the Employment and Social Affairs of the European Union, who emphasized both the importance of an overall approach and of joint research by Japan and the EU.

3. Keynote Speeches

1st Session

Getting the Policy Framework Right

Michio Higuchi

Professor, Keio University

While it is said that older people in Japan very much want work, various factors — including wage levels, public pensions, unemployment rates, unemployment benefits, and working hours — greatly impact on that wish. Thus, changes in the systems related to these factors can either strengthen that wish, or, conversely, discourage it and lead to early retirement.

What should be done to encourage firms to make use of older workers? The answer is twofold: First, make the wage curve less steep, which implies revisions to the wage system. Secondly, make the productivity curve steeper, which implies, for example, the implementation of vocational education and training, and instituting more flexible working hours. Both cases

will involve company expenditures, and it is desirable to create a situation in which there is excess labor demand whereby firms are obliged to make use of older people. In Japan, where the unemployment rate is stuck at a relatively high level, a change in systems exclusively targeting elderly people has little effect as an employment policy for such people; rather, policies are required which will increase employment opportunities as a whole.

Philip Taylor

*Senior Research Associate,
Cambridge University*

The labor force participation rate among older people, particularly males, in EU countries has fallen since the 1970s. Governments had promoted early retirement over the years, aiming in vain at the expansion of employment for young people. Because of a change in demographic structures, deficiencies in pension funds, and a shortage of labor, together with, in some countries, an increase in awareness of age discrimination, the EU policymakers have now given up the promotion of early retirement, and are promoting gradual retirement instead. On the other hand, however, workers are hoping for early retirement, rather than gradual retirement.

A problem concerning subsidies for the employment of older workers lies in the possibility that the subsidies themselves may be seen as a proof that employment of workers in such age groups is bothersome. To get rid of the idea of early retirement, it would surely be more effective to charge the costs of early retirement to firms rather than granting subsidies to them. Vocational training, at the same time, will play an important role. Doing away with early retirement should not mean a corresponding increase in unemployment among older workers. I would like to emphasize the necessity of a comprehensive approach, extending not only to policies for the employment of older workers, but also to the whole field of social insurance including pension systems and various other factors in the labor market.

2nd Session
Age Management in the Workplace and the Role of the Social Partners

Hiroki Sato
Professor, University of Tokyo

Behind the desire to extend the employment age up to the early 60s in Japan lies three factors. The first is the eagerness of older people to work; the second is the gap between the ordinary age at which one receives a public pension, which is in the process of being raised, and the mandatory retirement age; third is an increase in the number of people supported by the social insurance system. The extension of the mandatory retirement age to 60 carried out from the latter half of the 1980s to the latter half of the 1990s, posed tasks for firms identical with the problems currently involved in extending the employment of workers to age 65. They include an increase in wage costs, the insufficiency of higher posts to promote employees to, and the widening of disparities in vocational ability among employees. The solutions to these problems lie in strengthening personnel management systems so that individual employees are treated in accordance with their individual abilities, and in building a management system unrelated to the age or tenure of workers.

In addition, under the current circumstances, it is the firms that choose who is to continue working after the mandatory retirement age, which makes it impossible for workers to know, until they reach that age, whether they will be kept on at their workplace or not. Under the current system, moreover, the firms themselves have little incentive to make efforts to create employment opportunities for workers in their early 60s. Hence, a “continued employment scheme” is being promoted under which firms will offer two or three posts available within the firms to employees who are reaching the mandatory retirement age but wish to continue working. If the workers are not satisfied with any of

the jobs offered, they will leave the company.

Juhanni Ilmarinen
Professor,

Finnish Institute of Occupational Health

The factors affecting the erosion of work ability (WA) over working life, and the factors helping to maintain that ability, as well as factors that can counteract its erosion and repair it, can be analyzed. Labor and management (the social partners) can play a substantial role in improving employment opportunities.

WA depends on the inter-action between the capacity of the individual worker and the abilities required at the workplace. The former includes, for example, level of educational attainment, professional competence, sense of value, attitude toward work, job content and the associated level of job motivation. Even when a worker is well equipped with these conditions, if the nature of his duties or work environment is not appropriate, then his WA falls. By the same token, even with appropriate duties and work environment at hand, a worker with poor capacity naturally remains as such. Accordingly, older workers and managers should be jointly responsible for creating and developing WA.

Work ability can be measured by what is known as the Work Ability Index (WAI). This index, developed in Finland, has been translated into 15 languages, and has been made use of worldwide since the beginning of the 1990s. Roughly speaking, the average WAI score falls as a worker gets older, but this is not necessarily true for all individual workers. A survey in the EU countries showed that 29 percent of workers surveyed saw a decline in their WAI score, while nine percent saw an increase as they get older. According to an 11-year follow-up survey in Finland, a majority of both male and female workers at firms which had tackled the improvement of WA maintained the level gained at the beginning of survey, regardless of the nature of the job.

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.