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CONTENTS

WORKING CONDITIONS AND THE LABOR MARKET

Wages and Working Hours Drop in FY 2001

On May 16, the Ministry of Health, Labour and Welfare released the results of the *Monthly Labour Surveys* for fiscal 2001 (April 2001 to March 2002). The findings confirm the depressing state of the labor market.

Average monthly cash earnings for fiscal 2001 dropped by 1.6 percent to ¥350,009. Of this figure, regular cash earnings (basic wage predetermined under, for example, wage regulations at business establishments) decreased by 0.9 percent to ¥281,007, while special cash earnings, which includes bonus payments, decreased by 4.1 percent to ¥69,002. Scheduled cash earnings — contractual regular cash earnings minus non-scheduled cash earnings such as overtime and other allowances — fell by 0.6 percent to ¥263,277, the first drop since fiscal 1990. Moreover, non-scheduled cash earnings also dropped substantially, by 5.9 percent. Among industries, the manufacturing sector saw the largest decline, minus 9.3 percent.

Concerning working hours, fluctuations in scheduled working hours usually are minimal, while the number of non-scheduled working hours, which covers overtime and holiday work, corresponds to the economic situation and can vary widely. The monthly average for total working hours in fiscal 2001 was 152.6 hours, 0.8 percent lower than the previous fiscal year. Of that figure, scheduled working hours dropped by 0.5 percent to 143.3 hours, with non-scheduled hours declining 5.5 percent to 9.3 hours, the first decrease in non-scheduled hours in three years. In particular, working hours in the manufacturing sector fell a substantial 10.5 percent. (See Figure 1 for trends in annual working hours.)

The number of permanent employees has been steadily dropping since 1998. In fiscal 2001 this figure fell 0.3 percent, while the number of full-time employees decreased by 1.2 percent, the fourth consecutive year of decline. Meanwhile, the number of part-time workers increased by 3.4 percent compared to the previous fiscal year, marking the sixth successive year of growth registering three percent or more.

Traditionally, labor adjustment has been carried out by adjusting non-scheduled working hours, not by changing the number of people in the labor force. This is particularly true of the manufacturing sector. Put differently, Japanese firms have met economic booms by increasing overtime hours rather than by hiring a

large number of new employees, while during recessions they have sought to maintain job levels by cutting overtime. The results of the fiscal 2001 survey show that the number of jobs has been secured by adjusting working hours and cash payments, while the change in the labor force — switching from regular employees to temporary and part-time workers — has proceeded steadily.

HUMAN RESOURCES MANAGEMENT

Major Supermarkets Institute Similar Conditions for Regular and Part-time Employees

There is a particularly large gap between regular and part-time employees in Japan in terms of working conditions. Now, however, major supermarkets employing a large number of part-time workers are trying new employment schemes designed to eliminate the barrier between the two. Daiei Inc., where regular workers and part-time workers have been treated differently, began a new employment scheme this May intended to integrate the management of workers on different contracts.

Daiei's new personnel management scheme is called CAP, Contract of All Partners, which seeks to remove the traditional barrier between regular and part-time workers and encourage enthusiastic and able workers. Existing contracts have been reshuffled into four types: (a) those able to work full-time and can transfer to a new residence; (b) those able to work full-time but are not able to move; (c) part-time workers unable to accept transfers involving a change in residence; and (d) specialists and others on an annual contract. Under the new scheme, a worker hired on a part-time contract can be promoted to store manager provided he or she switches to full-time work. In addition, if the worker is willing to be transferred to another store involving a change of residence he or she becomes in effect the same as a regular employee and may be promoted to a store general manager or a managerial post at headquarters if the opportunity arises. The company had planned to call for voluntary changes in employment status within the different types of contracts, and begin a system of promotion to managerial posts based on applications or recommendations. Specific details, however, are still under consideration, and the question of how to integrate the wage levels and contract terms of current regular and part-time employees into a single standard are to be determined by "filling the gap step by step in the future."

There are other cases where major supermarkets are promoting part-time workers to managerial posts. Since this spring, Ito-Yokado Co., Ltd. has been accepting applications from within the company for all managerial posts, excluding executive, allowing part-time employees with two or more years of tenure to also apply. Of 1,000 applications, more than 50 were from part-time workers. Aeon Co., Ltd. already has

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Recent Labor Economy Indices

	April 2002	May 2002	Change from previous year (May)
Labor force	6,708 (10 thousand)	6,731 (10 thousand)	-90 (10 thousand)
Employed[1]	6,334	6,356	-117
Employees[1]	5,352	5,320	-93
Unemployed[1]	347	375	27
Unemployment rate[1]	5.2%	5.4%	0.5
Active opening rate[1]	0.52	0.53	-0.09
Total hours worked[2]	157.0 (hours)	148.8 (hours)	-0.2
Monthly cash earnings[2]	287.4 (¥ thousand)	280.3 (¥ thousand)	-2.4

Notes: [1] Seasonally-adjusted figures.
[2] Figures refer to establishments employing five or more people.
Figures for May are preliminary (excluding those for the "Active opening rate").
US$1= ¥119 (July 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).

100 part-time workers employed as section chiefs, and is planning to promote such workers to store manager or another managerial post in the future, increasing part-time employees in managerial posts to 2,000 or more by fiscal 2004.

According to the *Labour Force Surveys*, the number of "short-time" workers (less than 35 hours per week) in 2000 totaled 10.53 million, accounting for more than 20 percent of the total number of workers. Women comprised 70 percent of all short-time workers, with the wage gap between female part-time workers and female regular employees being quite substantial, the former earning only 66.9 percent of the latter. (Regarding the wage disparity between female regular workers and part-time workers, see Figure 2 in the June 2002 issue of the *Japan Labor Bulletin*.) In addition, a survey conducted in February 2002 by the Japan Institute of Workers' Evolution showed that as compared to three years ago 43.2 percent of the firms surveyed had a higher proportion of non-regular employees (i.e., part-time workers) engaged in the same tasks as regular employees. The same survey indicated that 12.4 percent of regular employees felt there were many non-regular employees engaged in the same duties as themselves; and that 33.7 percent of the part-time workers felt the same was true for regular employees. (1,435 establishments responded to the survey for a total of 2,514 regular employees and 1,523 part-time workers.) For a while now it has been noted that there is an increasing number of "quasi part-time workers" — those engaged in duties identical to regular employees or in duties with similar ranking — but that the wage levels of such part-time workers remain lower than those of regular employees.

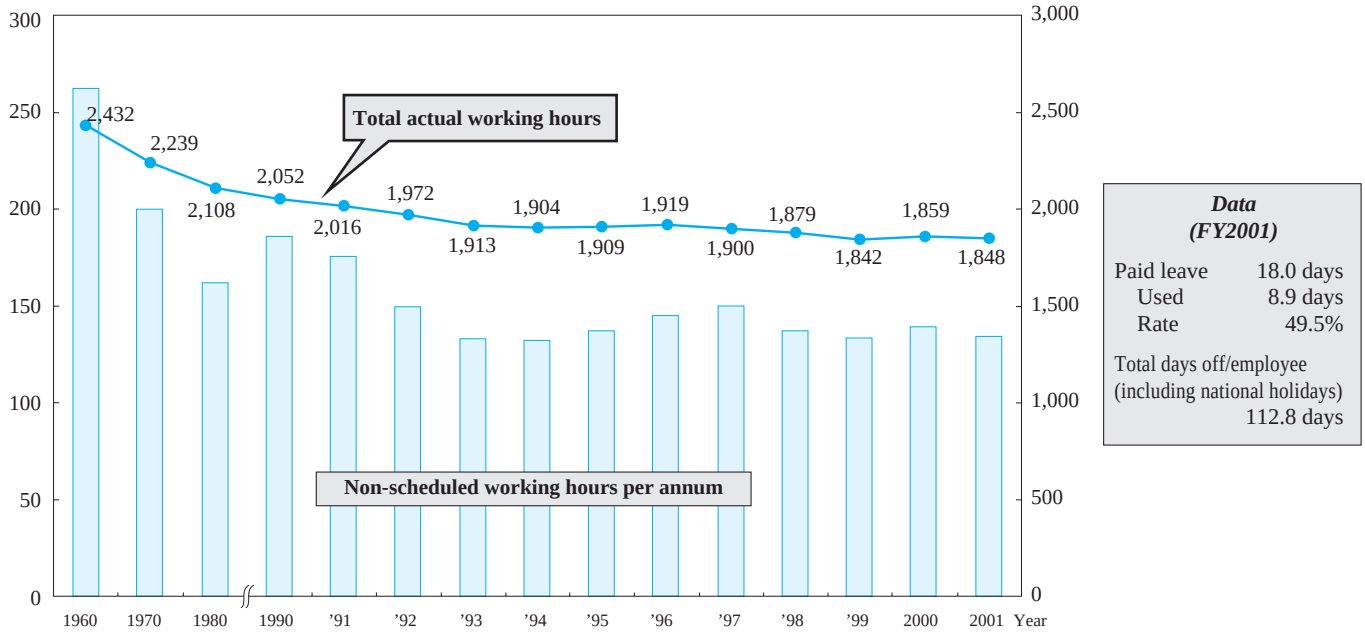
In recent years, the number of workers with part-time contracts has been sharply increasing, and there is a growing recognition that treatment of these workers is crucial to work-sharing schemes which are currently attracting so much attention. The changes occurring at Daiei are a step in the right direction, and future developments will be of great interest.

Many Companies Monitor Internet Access without Informing Employees

Following the proliferation of the Internet in the workplace and growing interest in information management, a "survey concerning private use of the Internet in the workplace" was conducted by the Japan Institute of Labour (JIL) for the purpose of clarifying

Statistical Aspect

Figure 1. Trends in Total Actual Working Hours and Non-Scheduled Working Hours per Annum



Note: Figures refer to establishments with 30 or more employees.
Source: Ministry of Health, Labour and Welfare, *Monthly Labour Survey*.

the actual situation concerning private use of the Internet in the workplace, the degree of company concern about such use, how companies plan to handle this in the future, and other related issues.

According to the survey, as many as 80 percent of all companies monitor Internet communication in the workplace, but some 25 percent do not mention it to their employees.

For the survey, carried out in March, JIL contacted 3,575 firms nationwide listed on the stock market via mail and asked that they reply to a questionnaire posted on JIL's homepage. Of the 267 respondents, 123 were from the manufacturing sector, 53 from the wholesaler and retailer industries, 34 from the service sector, 20 from construction, and 37 from other industries. In terms of company size, 87 were firms with 1,000 or more employees, 96 employed 300 to 999 workers, 83 firms had less than 300 employees, and in one case, the number of employees was unknown.

Of these, 40.7 percent had rules specified in their guidelines or regulations concerning private use of the Internet, but a considerable number, 37.6 percent, said that they do not have such rules but plan to in the future, showing a general awareness of the necessity for regulations but failure to yet act decisively. Of the firms that prohibited private use of the Internet, 74.5 percent banned e-mail usage, and 66 percent prohibited browsing.

Measures to prevent private use of the Internet were being taken by 34.5 percent of the firms surveyed; 61.3 percent kept "histories" of websites browsed, e-mail communication, and so on; 46.2 percent monitored the use of the Internet; 33.3 percent customized their computers so that only websites related to their business tasks could be accessed; and 29 percent limited the number of Internet accessible computers. As for monitoring, a high proportion of firms screened addresses to which e-mails were sent (66.7%), and websites that were visited (92.9%).

There are some concerns regarding privacy. As stated above, about 25.6 percent monitored employee use of the Internet but did not inform their employees.

The main problems that arose from private use of the Internet in the workplace included computer virus infections, communication hindrances including congestion, and decline in work efficiency. "Nothing in particular," on the other hand, accounted for 40 percent of the replies.

A high proportion of firms surveyed saw computer virus infections and "outflow and leakage of company information" as major potential problems.

Firms which had punished employees for privately using the Internet accounted for 13.7 percent.

In a recent lawsuit, a male worker demanded compensation from his company on the grounds that he was investigated in a threatening manner because he was accused of sending slanderous e-mail within the company. The decision of the Tokyo District Court handed down in February ruled that the plaintiff's private e-mails, totalling 10 to 20 pieces per day, "was not negligible, and it was necessary for the firm to investigate." In conclusion, the court said that "the personal use of e-mail is not only a disruption in terms of taking advantage of the company's facilities without concentrating on the job, but also disturbs the work of those who receive the e-mail."

PUBLIC POLICY

Employees' Pension Funds Return Responsibility for Administration to Government

Corporate pension plans are undergoing revision based on a law passed in April 2002. An increasing number of plans are returning management of and payments from the funds — the old-age pension portion — to the government. Previously, the plans had been undertaking these tasks on the government's behalf.

Employees' Pension Funds are special corporate bodies established under the authorization of the Minister of Health, Labour and Welfare. They pay a portion of the old-age welfare pension, a public pension (tied to remuneration), on behalf of the government, adding to it an amount representing supplementary benefits. Employers participating in the fund in this way are exempt from paying to the government premiums in an amount equivalent to that covered by the old-age pension plan. The system has been in existence since 1966, and currently there are some 1,700 funds, mostly established by large companies.

When the pension system first began, it was advantageous for the firms concerned because of the size resulting from the combined individual fund reserves and reserves for part of the public pension which it managed. However, the situation affecting fund management has been deteriorating, and in fiscal 2000 and 2001 pension funds accrued losses. The public pension component failed to achieve its planned profit of 5.5 percent per annum, obliging the firms concerned to make up the deficiencies in the fund reserves. Accordingly, business circles called for an alteration of the system so that firms would hand over to the government the responsibility for the public pension plans, and in June 2001 a new law on defined-benefit corporate pension plans opened the way for such a move. (Concerning the law on defined-benefit corporate pension plans, see the "Public Policy" column in the August 2001 issue of the *Japan Labor Bulletin*.)

The law came into effect in April 2002, and within the first month 37 funds were permitted to return their public pension funds to the government. These funds had been established by large firms in various sectors, including Toyota Motor Corp., Hitachi, Ltd., the Saison Group, Denso Corporation (manufacturer of automobile parts), Secom Co., Ltd. (security services), and Suruga Bank Ltd. In addition, more firms — including Sharp Corporation and Matsuzakaya Co., Ltd. (department store) — are considering returning the responsibility for their portion of the public pension plans; in all more than 30 percent of the funds are expected to follow suit.

The return of the public pension plans to the government takes the form of either returning funds to be reserved in the future, or returning funds which have been previously set aside. The law that came into effect in April provides for the former type, and the latter is expected to be permitted in the autumn in 2003. Incidentally, in cases where public pension plans are returned to the government, workers belonging to the fund in question will receive the total amount of their benefits under the Employees' Pension Plans from the government; thus the amount of pension benefits individuals receive will remain the same, but since pension funds are required to pay the workers involved a certain amount of supplementary benefits in addition to the Employees' Pension benefits, this will have an impact on the funds.

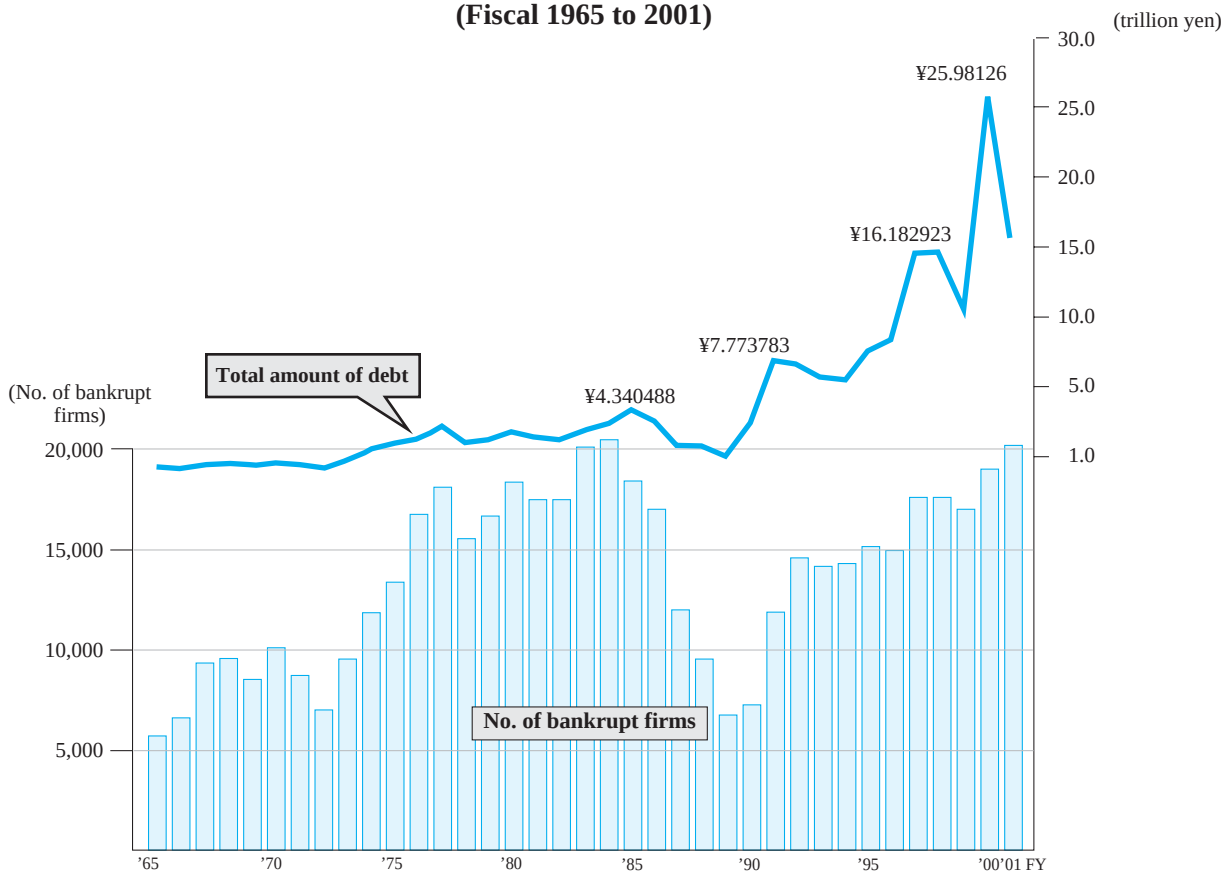
INTERNATIONAL RELATIONS

Number of Overseas Trainees Increases

An increasing number of foreign nationals are working in factories in Japan as trainees to learn skills

Statistical Aspect

Figure 2. Trends in the Number and Magnitude of Bankruptcies (Fiscal 1965 to 2001)



Source: Teikoku Databank Co., Ltd., *Compilation of Bankruptcies in Japan*, Fiscal 2001.

and technologies. In 2001, the number of such trainees accepted in the private sector via a cooperative body totaled 37,423, more than double the figure for 1995.

This type of training is conducted for the purpose of "contributing to industrialization in developing countries by fostering human resources and transferring technologies, skills and knowledge." Such technologies, skills and knowledge must be difficult to acquire in the country of origin, and at a level that is not easily learned through simple work. Trainees must be 18 years of age or older and after returning home must engage in duties which require the skills acquired during the training period. At the host company, training must be conducted under the supervision of a full-time staff member with a minimum of five years work experience. The skills-training scheme was established in 1993, and those who have completed it are allowed to work in Japan as trainees. The maximum period of stay under the current regulations is three years, including the training course and on-the-job training.

Foreign nationals can be accepted in Japan through governmental organizations, directly in private firms with the assistance of the Japan International Training Cooperation Organization (JITCO), or by applying directly to the immigration bureau. In 2000, the number of overseas trainees entering Japan totaled 54,049, of which 13,030 (24.1%) were accepted in governmental organizations, 31,898 (59%) in cooperation with JITCO, and 9,121 (16.9%) applied to immigration directly for permission to work.

A breakdown of trainees coming to Japan through JITCO in terms of number, nationality, and type of training is given in Table 1. The number doubled from 18,264 in 1995 to 37,423 in 2001. In particular, the number "under group supervision" grew considerably.

Candidate trainees "under contract with an individual firm" are selected from joint companies, subsidiaries of the host company operating overseas, or from foreign companies which have business with the host company. On the other hand, trainees falling in the "under group supervision" type need not be employed by a foreign company which has financial or business connections in Japan, but can apply via chambers of commerce and industry or organizations of small and medium-sized enterprises. This "under group supervision" type, made possible by a directive of the Ministry of Justice in August 1990, requires the candidate trainees to have recommendations from public organizations in their own countries. Also, their immediate hosts in Japan are confined to chambers of commerce and industry or organizations of small and medium-sized enterprises, and the training must be conducted under the supervision of the immediate host organizations.

Since training is not defined as "work engagement" (labor performed in return for compensation), trainees are not paid wages. However, host organizations or companies are required to secure accommodation, and since the trainees are not eligible for workmen's accident compensation insurance, the host organizations or companies must bear this cost themselves. In many cases, the costs of travel to Japan and living expenses are borne by the host, rather than the overseas bodies sending the workers. In 2000, the monthly average living expenses was ¥71,337 for those in the "under group supervision" type.

Although the acceptance of overseas trainees is supposed to be solely for the purpose of "training," some host companies make up their labor shortages with overseas trainees. Moreover, in theory, trainees are not allowed to work overtime, but in practice, some do.

Business circles in Japan are urging deregulation of the training schemes in terms of the number of trainees accepted and the duration of training periods. Further consideration needs to be devoted to the operation and development of future schemes.

Table 1. Number of Trainees Coming to Japan through JITCO

Year	Total	Gender		Training type		Country of origin					
		Male	Female	Under group supervision	Under contract with individual firm	China	Indonesia	The Philippines	Vietnam	Thailand	Other
1995	18,264	13,356	4,908	6,817	11,189	9,889	2,129	1,503	438	1,277	3,028
1996	23,078	16,771	6,307	9,895	13,183	12,032	3,242	2,171	753	1,013	3,867
1997	28,011	18,788	9,223	15,172	12,839	15,627	4,757	2,370	1,528	1,393	2,336
1998	26,075	16,139	9,936	14,867	11,208	15,898	4,010	1,476	1,121	1,982	1,588
1999	25,631	13,527	12,104	16,293	9,338	16,314	3,959	1,627	1,432	1,111	1,188
2000	31,898	16,332	15,566	22,875	9,023	21,036	4,686	2,015	1,672	1,114	1,375
2001	37,423	17,727	19,696	27,475	9,948	26,837	4,155	2,090	1,820	1,135	1,386

Correction: *The "JIL News and Information" column in the June 2002 issue of Japan Labor Bulletin incorrectly identified the professor from Keio University who participated in the international symposium on employment opportunities for older workers. It was Professor Yoshio Higuchi who delivered the keynote speech.*

Special Topic

Increase in the Number of Young Non-regular Workers: Situation and Problems

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Introduction

The number of non-regular workers — such as part-time workers and limited-term contract employees — has been increasing in Japan. In particular, the growth of young non-regular workers is significant. Young part-timers and temporary workers are known as "*freeters*," and the drastic increase in their numbers is currently drawing public attention.

This article is based on the premise that young non-regular workers are departing from Japan's typical career model, i.e., a new graduate becomes a regular employee with life-time employment and develops his/her career in one particular company over a long period. In this light, it provides an analysis for the types of young people who tend to be engaged in non-regular employment and the reasons why, in addition to the issues involved in their increasing number. Note that for female part-time workers, the article focuses only on unmarried women in order to take up issues other than household chores and childcare.

1. Young Non-regular Workers in Japan

First, we need to establish a statistical grasp of the number of young non-regular workers in Japan. Based on the tentative definition of "young" as those between the ages of 15 and 34, the following statistics are taken from the *Report on the Special Survey of the Labour Force Survey* (Ministry of Public Management, Home Affairs, Posts and Telecommunications, 2000). The number of non-regular employees (excluding those attending school; for women, excluding married individuals) is estimated at approximately 2.44 million. Of this number, 830,000 men and 1.1 million women were employed as part-time workers or in temporary or casual jobs; while 220,000 men and 290,000 women were hired as dispatched (agency) workers, contract workers, or in a similar category. Women accounted

Table 1. Changes in the Ratio of Youth Engaged in Part-Time Jobs, Temporary Jobs and Other Non-regular Employment

(Unit: %)

	Men				Women			
	Age 15-25 (excluding students)		Age 25-34		Age 15-25 (excluding students)		Age 25-34	
	Part-time/ Temporary	Other non-regular employment	Part-time/ Temporary	Other non-regular employment	Part-time/ Temporary	Other non-regular employment	Part-time/ Temporary	Other non-regular employment
1991	7.0	1.0	1.3	1.5	8.6	2.2	22.1	3.2
1992	6.9	1.3	1.9	1.0	9.2	1.5	24.9	3.3
1993	7.4	1.5	2.3	1.4	11.5	2.2	23.4	3.6
1994	6.5	1.5	2.0	1.0	11.2	1.9	23.2	4.2
1995	8.3	1.0	2.1	0.8	14.3	2.0	22.6	4.1
1996	8.7	1.3	2.6	1.5	15.8	2.3	23.4	3.6
1997	11.3	1.0	3.1	2.0	19.2	3.4	23.3	4.9
1998	13.1	1.8	3.1	1.8	19.0	2.9	24.7	4.7
1999	13.8	2.0	4.6	1.7	22.5	2.7	26.5	5.2
2000	18.0	1.8	4.1	1.7	23.0	3.3	26.0	5.9
2001	18.1	2.3	5.4	1.8	24.9	3.9	27.3	7.4

Note: Using 100 as a base for the number of non-agricultural workers (excluding officials).
Source: *Report on the Special Survey of the Labour Force Survey*, Management and Coordination Agency, conducted every February.

for 60 percent of the latter group, even when married women are not included.

Next, we examine the increase in the number of these workers by taking the percentage of those in the same age group engaged in part-time, temporary work and other forms of employment compared to all employees (see Table 1). The percentage of part-time and temporary-job workers 24 years old and younger is increasing sharply for both men and women, reaching 18 percent for men and 23 percent for women in 2000. For the 25 to 34 age group, while disparities between men and women in part-time and temporary work percentages have traditionally been large, both numbers increased in the latter half of the 1990s. Based on this information, it can be discerned that the number of part-time and temporary-job workers in the 24 year old and younger category is rising sharply, with that trend steadily expanding to those in their late 20s as well.

Gaps by academic background are also considerable, with the majority of young part-time and temporary-job workers being high school graduates. Examining the breakdown of non-regular workers by academic background, a particularly high number of school dropouts and graduates of only junior high school become non-regular workers. Among college graduates, the number of students who failed to find employment immediately after graduation (the number who neither work nor continued their education at a higher level) has increased sharply, recently surpassing the 20 percent level (Ministry of Education, Culture, Sports, Science and Technology, annual survey). However, this number remains small compared to people with other academic backgrounds, particularly for the 25-34 age group. Examining the jobless rate by age and academic background as well, a trend quite equivalent to that of the non-regular employment rate can be identified. For most college graduates, even if they find themselves engaged in non-regular work or unemployed immediately after graduation, it is assumed they will go on to attain regular employment in their late 20s at the latest. The conclusion is that those with lower academic backgrounds are more prone to take non-regular jobs, with people in this category continuing to occupy a high share from their late 20s onward.

In Japan, the ranks of non-regular workers are by no means uniform nationwide. Calculating the percentages of part-time and temporary-job workers among employees in the 15 to 24 age group by prefecture, the Ministry of Public Management, Home Affairs, Posts and Telecommunications found in its 1997 *Basic Study on Employment Structure* that the highest percentages of such workers are in prefectures adjacent to the major urban areas of Greater Tokyo and Kansai. From this information it appears that the ranks of young non-regular workers are concentrated in urban zones.

2. Career Options after Graduation

2.1 Reduced Openings and Conventional Job Searching

What lies behind the sharp drop in the number of young regular employees? The first relevant factor is the cooling of the job market for new graduates. Conventional Japanese wisdom has been that the period immediately following graduation is the best time to seek regular employment, superior to opportunities available on the general market. Simply stated, it has served as the gateway to the Japanese-style lifetime employment system. However, since the beginning of the 1990s, there have been fewer job openings for new graduates. For example, the 1.68 million job openings available for March 1992 high school graduates plummeted to only 270,000 in March 2000, one-sixth the total recorded eight years earlier (Employment Security Bureau, 2000). Major changes can also be seen in the type of job openings, with large companies hiring fewer people. For high school graduates, fewer office and sales positions are available.

Against this background, an increasing number of graduates either fail to find work or choose non-regular jobs. To understand what is taking place on the individual level, it is useful to look at the results of a survey conducted by the Japan Institute of Labour in January 2000, targeting high school seniors in the Greater Tokyo area(1). High school students in this region comprise a core presence of young non-regular job holders in Japan.

First, around 12 percent of the high school students targeted in this survey responded they planned to become *freeters*(2) upon graduation. The main factor behind choosing this path was the difficulty in finding regular employment. While the high school students who receive tentative job offers has fallen below 90 percent at the time of graduation, underscoring the unprecedented severity on the job market, the desire to favor non-regular over regular employment begins earlier. Among those responding to the survey, 52 percent reported sometime during their high school years they wanted to find regular employment. Among the respondents, 27 percent had received tentative job offers by the time the sur-

vey was conducted. Among the remaining 25 percent, the replies included those who gave up hope of finding work even before they started job searching (11%), those who had begun to look for a job but gave up (8%), and those who had no tentative offers but continued to harbor hopes of landing a job (6%). Among those who either didn't look for work or after searching gave up, some 40 percent expressed a preference for *freeter* types of jobs. Conversely, approximately half of those who said they intended to become *freeters* as of January were students who stopped looking for work (Japan Institute of Labour, 2000).

This steady shift to abandon or change employment plans can be linked to the custom of job placement in high schools. Historically, employment of high school students has been supported by a labor market in which companies inform certain schools of their job openings, and the schools themselves select the students who will apply for those positions. For employment tests, the schools arrange that one student apply to each company. Under this system, only students who fail to be hired after their first test receive an opportunity to apply to a second company. This is a practice which has come to be known loosely as the "one student per company system." To continue to secure job openings, most schools have regulations whereby they do not recommend students who fail to achieve set levels of academic performance, attendance and other parameters, even if there are no other applicants for a position. The companies have acknowledged this approach by generally accepting the job applicants endorsed by the schools. This has served as an efficient scheme for shifting large numbers of upcoming graduates into the industrial world as regular employees (Ikuo Amano, others, 1988; The Japan Institute of Labour, 2000).

Today, in the midst of a major decline in demand for high school graduates, there has been a radical decrease in the number of large-size enterprises that hire large numbers of workers, with small local companies becoming the focus for job openings. Moreover, as companies hire fewer workers, they are informing a smaller number of schools of their job openings. As a result, considerable gaps have emerged between schools in terms of access to these job offers (The Japan Institute of Labour, 1998).

The majority of students who initially intended to find regular jobs but failed to receive tentative offers by the time of the survey were enrolled in general high school curriculums. Within these curriculums, meanwhile, over half the students who originally wanted regular jobs failed to receive tentative job offers. The decline in job openings was largest for students in these curriculums. Also identified in the survey was a trend in which the tentative job offer rate has become lower for schools which had managed to have smaller numbers of their students hired by companies up to that point. Tentative offers were also lower for students with poorer personal performance evaluations, large numbers of school absences and other drawbacks. In the general curriculum category in particular, the tentative job offer rate declines for students with poor attendance records and low personal academic evaluations, with a large number of such students giving up job searching and changing plans early on (The Japan Institute of Labour, 2000).

Even as the gap in job openings between schools widens, the individual schools continue to subscribe to their respective rules for allocating job opportunities by performance and attendance. As a result, large numbers of students at specific schools are giving up hope of landing regular employment, and changing their future plans.

2.2 High School Student Awareness and Behavior, and the Decision to Become *Freeters*

Half of those planning to become *freeters* are students who never had any desire to enter the job market in the first place. In terms of their future ambitions, the distinguishing characteristic is the large number who either have not devoted any serious thought to what they will do after high school, or have become confused over the issue. This points to problems on the part of the students themselves in being unable to determine their future course, a factor which can be said to exist outside of the severe state of today's labor market.

While the replies to questions concerning awareness of gaining employment tended to differ according to plans following graduation, those planning to become *freeters* expressed particularly strong feelings along the lines of, "I want to have many different experiences, and not be limited to one type of work," "I don't want to work at a job which doesn't suit me," or, "I want to be famous." The aversion to doing work which does not suit an particular individual is a reflection of the current values in school education — namely, the stress on the importance of manifesting individuality. While the desire to have many different experiences can be traced to the belief that this is the most important condition for realizing one's individuality, this evidences a lack of

understanding both in terms of what individuality actually is and the proper action to be taken. The decision to use *freeter* work as a bridge until arriving at such an understanding was a main reason given for choosing this type of work. Another major factor was the desire to find a pursuit other than regular work (playing in a band, being a dancer, etc.), with freelancing used as a means toward that end.

Taking into consideration the lifestyles of those wishing to become *freeters*, a large number already work part-time, with work schedules averaging close to 20 hours per week. It can also be said, therefore, that these young people are already functioning as part-time workers while attending school. For that matter, the choice to become a *freeter* after graduation is largely an extension of their own lifestyle up to that point. Despite being high school students, many earn monthly incomes of around ¥50,000, depending on the number of hours they work. At the very least, this provides a certain degree of disposable income, qualifying them as youth who support youth culture in their own communities. It is perfectly natural, therefore, that many of these students come to view their own future direction and desires as overlapping with the images of the youth culture to which they are such an integral part.

These students were asked what they feel about their part-time working experiences. From the perspective of enhancing occupational awareness, the impressions expressed were generally positive, including, "learned about workplace environments," "developed common sense as a working member of society," and so forth. Among students choosing to become *freeters*, however, a large number commented to the effect that, "Working part-time gave me confidence that I can support myself." As this shows, part-time job experiences during high school also comprise a factor which promotes the choice to become *freeters*.

The expanding trend of part-time work experience reflects an aspect which is unique to the targeted subjects in this survey (conducted with the focus on general curriculum high schools in the Greater Tokyo area which prepare students for many different directions after graduation). High school students holding part-time jobs are not all that common outside urban areas, while even within Greater Tokyo there are schools where very few students work part-time. Thus, this can be viewed as a phenomenon occurring on an intensive basis in a certain number of schools, located in urban areas with dense populations and undergoing social stratification of high schools themselves.

The percentage of students who become *freeters* upon graduation also differs widely from school to school. General curriculum, broad-based post-graduation direction schools in Greater Tokyo tend to contain comparatively large numbers of such students, with the survey itself positioned to take advantage of that fact. Such high schools also have a high percentage of students who gain part-time job experience while attending class. A considerable number of Greater Tokyo high school students who become *freeters* have effectively qualified as part-time workers during their high school years, and can be said to maintain comparatively limited commitments to gaining an education as high school students. A certain segment of these students no longer view their future ambitions within the conventional framework of "employment" versus "higher education." Within their evolving awareness, they subscribe to the value of manifesting individuality, and put off making decisions about the future because they cannot discern the best direction to take to realize that individualism. Or, they look for means of realizing their individuality through routes other than employment (in particular, as projectors and supporters of youth culture), and in any case end up becoming *freeters*.

Among graduates of institutions of higher education, a new graduate market different from that of high school graduates has been formed, with the job searching process also differing. While this subject demands separate discussion and cannot be addressed here due to limitations of space, common points include reduction in new job openings for graduates, the value attached to stressing the importance of individual expression, and so forth. Within the job searching process, "free application," in which the individual plays the key role, has become the focus, with university officials voicing concern over what they see as "an increase in the number of students who do not want to job search." The dual elements — changes in the labor market and in awareness among graduates of institutions of higher education — would appear to be the same as for high school graduates.

3. Non-regular Employment after College Graduation and Career Formation

Next, we examine the types of careers that result when work as a regular employee is not chosen upon graduation. About 30 percent of March 1988 graduates who were not able to find work right after high school or who were employed in part-time or

temporary jobs, had become regular employees three years after graduating (survey by Ministry of Labour, 2000). The figure for March 1997 graduates was some 40 percent (Ministry of Education, 2000). It is impossible to conduct more detailed studies as few samples are available on unemployed graduates for the former group, while data cannot be obtained for the latter group.

At this point, therefore, due largely to restrictions on data availability, we will concentrate on college graduates in examining changes in employment status following graduation. The data used is a survey conducted by the Japan Institute of Labour from December 1998 to February 1999, targeting March 1995 college graduates[3].

Examining the employment status of the targets immediately after graduation, we find that 60 percent were employed as "regular employees" (full-time workers with open-ended contracts), nine percent were "unemployed," and 12 percent worked as "non-regular employees" (temporary jobs, part-timers, contract employees or other fixed-term workers, hereafter referred to as "non-regular"). By gender, there were more women in the non-regular and unemployed categories. Furthermore, the percentage of those who became unemployed or non-regular workers immediately after graduation differed according to academic department, the location of the college, the school founders and the degree of difficulty in gaining entrance into the university (The Japan Institute of Labour, 2001).

In a survey conducted nearly four years after graduation, the level of regular employment was high for both men (81%) and women (63%), indicating a decrease in non-regular work or unemployment. The percentage of men who chose non-regular work or found themselves unemployed upon graduation but eventually became regular employees was 65 percent and 64 percent, respectively; for women the figures are 48 percent and 50 percent.

This suggests that it may be easier for college graduates to make the transition to regular employee status than high school graduates. However, among college graduates who became regular employees after graduating, 91 percent of the men and 74 percent of the women remained regular employees four years later as well, a difference considered to be not insignificant (see Table 2). There appear to be differences in degree in the transition to regular employee status. Unlike the 91 and 74 percent figures above,

Table 2. Employment Status of College Graduates Four Years After Graduation, Viewed by Employment Status at Graduation

(Unit: %, bold numbers are real figures)

	Current situation	Situation at Graduation							
		Total	Regular employee	Self-employed	Graduate school	Other type of continuing education	Non-regular employee	Unemployed	Other/No response/ Unclear
Male	Total	**1,808** 100.0	**1,106** 100.0	**14** 100.0	**286** 100.0	**47** 100.0	**169** 100.0	**142** 100.0	**44** 100.0
	Regular employee	80.7	90.7	35.7	69.9	68.1	64.5	64.1	43.2
	Non-regular employee	6.2	2.6	0.0	4.5	10.6	19.5	18.3	13.6
	Self-employed	1.5	0.6	57.1	0.3	0.0	3.6	2.8	2.3
	Unemployed	3.5	3.1	0.0	1.7	4.3	4.7	6.3	11.4
	Specialized training	0.6	0.2	0.0	0.3	4.3	0.6	2.1	2.3
	Graduate school	5.0	0.8	0.0	21.7	10.6	3.6	2.1	11.4
	Childcare/housework	0.1	0.0	0.0	0.0	0.0	0.0	0.7	0.0
	Other/No response	2.5	2.0	7.1	1.4	2.1	3.6	3.5	15.9
Female	Total	**1,613** 100.0	**955** 100.0	**34** 100.0	**126** 100.0	**57** 100.0	**225** 100.0	**178** 100.0	**38** 100.0
	Regular employee	62.9	74.2	29.4	46.8	47.4	48.0	50.0	31.6
	Non-regular employee	14.9	9.1	23.5	15.1	24.6	26.7	25.8	18.4
	Self-employed	2.2	0.8	44.1	1.6	1.8	1.3	2.8	5.3
	Unemployed	3.8	3.4	0.0	3.2	3.5	4.0	8.4	0.0
	Specialized training	1.1	0.8	0.0	0.0	1.8	1.3	2.2	2.6
	Graduate school	3.8	1.0	0.0	30.2	8.8	1.8	0.6	10.5
	Childcare/housework	7.6	7.5	2.9	0.8	5.3	12.4	5.1	21.1
	Other/No response	3.7	3.0	0.0	2.4	7.0	4.4	5.1	10.5

Source: "University Graduate and Employment in Japan and Europe — Comparison Report on Higher Education and Graduate Employment in 12 Countries," Japan Institute of Labour, 2001.

of those college students who took non-regular jobs or were unemployed after graduation, four years later 50 to 60 percent were still in the non-regular or unemployed category, a figure which is not that high.

There are major differences in the routes chosen by college graduates when their discipline is taken into consideration. Certain departments are distinguished by large numbers of non-regular workers and unemployed, including art, health care (for men), education (for women) and cultural sciences. Among those pursuing these fields, many require time to become regular employees; the amount of time required, however, differs according to how much the field of study is applicable to the profession being sought. Among those majoring in health care, art or education, for instance, a high percentage report that they continue to be involved in work in which they use the knowledge obtained at school. Time is often required to gain employment due to supply-demand relationships, system-linked elements (the intern physician system, widespread use of temporary hiring for faculty members, etc.) and other factors linked to specific specialized professions. In comparison, in the cultural sciences field, not only does the transition to employment take some time, but the linkage between the type of occupations being sought and subject studied is tenuous. In that sense, the conclusion is that there are differences between these categories (The Japan Institute of Labour, 2001).

4. Problems Stemming from an Increased Number of Young Non-regular Workers

In this final section, I wish to address the question of whether the increase in young non-regular workers is cause for serious concern.

The college graduate survey quoted in this article is in fact an international comparative study conducted jointly with 11 European countries. Based on that study, the percentage of regular employees (full-time workers with open-ended contracts) among graduates in the European countries targeted was conspicuously lower than in Japan. Under the 11-country total, the level was only nine percent immediately after graduation, and 55 percent approximately four years later (at the time of the study). The trend for the great majority of young people to assume regular employment at graduation is a custom distinctive to Japan. Internationally, the general trend is for graduates to be hired in part-time positions during their younger years. Does this effectively cast doubt on the wisdom of assigning a word like *freeter* to workers in this category and treating them with special attention?

I feel this question comprises an important debate because this emerging new pattern stands in direct contrast to the career model favored by employment customs in Japan to date — that is, "go to work upon graduation, and build up a long-term career within a company." Globally, there is nothing rare about the decision to accept part-time employment during one's youthful years. Within the historical and cultural context in Japan, however, this practice is indeed "new." In societies which have already factored in the custom of part-time work for youth, there are numerous cases where people both work and attend school, or opt for temporary jobs over a set period of time before going on to higher education. Such individuals move back and forth between the realms of work and education, in charting their own particular career paths. There are also problems with the quality of part-time employment in Japan. In the Netherlands, for example, part-time labor is given the same legal respect as full-time labor, and is in fact considered "regular" work. There, working part-time carries different connotations in terms of career formation than taking such jobs in Japan, while there are most likely major differences in the content of the actual work and the degree of job skills which can be obtained. Within the Japanese context, the very fact that this work pattern has expanded so suddenly means that it must be examined and dealt with as a problem of sorts.

So just what are the actual problems? The first is that the non-regular work currently being performed by young people in Japan is concentrated in low-wage, low-skill labor. Examining the differences in annual income by type of employment for specific age groups, we find that compared to regular employees of the same age group, a greater number of part-time or temporary workers are low-income earners. What's more, there are few improvements in this status even as they age. In contrast, regular employees tend to increase their income levels at each age group, evidence that they are working at jobs which require a higher level of job skills. There is thus the possibility that remaining at non-regular employment over the long term will delay the development of job skills — a vital issue for members of the younger generation. Likewise, while one major reason for becoming a *freeter* in the first place was reported to be the desire to experience various types of work offering the ability to manifest individuality, in reality it is difficult to experience a wide range of work in part-time jobs. As things stand today, non-

regular employment during the younger years tends to concentrate on a certain sphere of work, with the very real possibility that such employment will fail to provide opportunities to develop job skills and search out meaningful career growth. If changes can be made in the quality of non-regular employment, however, there would be prospects for improvement.

The second problem is that lurking behind the question of who actually becomes non-regular workers is a situation of social inequality. The majority of non-regular workers are women, and there is the possibility that people with low academic backgrounds will continue to hold such posts over the long term. In addition, it has become difficult to land a regular job if one attends a high school distinguished by conspicuous drops in job offers, while there is also a segment which chooses the *freeter* path due to the high price tag of going on to higher education. Are the opportunities for regular employment really available to young people? Are there restrictions behind the scenes other than the conditions linked directly to employment? Regarding gender in particular, the model of "employment upon graduation followed by a long-term corporate career" has conventionally been applicable only to men. Even if women are given an opportunity to become a regular employee when they are young, in the overwhelming majority of cases this is really only short-term employment. The majority of middle-aged and older women work at non-regular jobs. The expansion of non-regular employment to young people will not greatly change the situation for women, rather, it effectively will add young men to the (non-regular) job market, which over the years has largely been the exclusive territory of women.

The third problem concerns subsequent employment. Is there in fact a path to establish viable careers on the basis of non-regular employment in one's younger years? In a society which has viewed securing a regular job at graduation as the right and natural path, there have really been few if any other roads available for career building. In Europe there is the attempt to strike a balance between part-time work and education, with the time required devoted to making the transition to the status of full-time employees. Serving as interns and in other capacities while attending school can be said to be one phase of this vision. In that sense, viewed from a different perspective, it seems reasonable that urban high school students who work at part-time jobs deserve a certain degree of praise. While I am against a direct upgrading of part-time or temporary jobs to the status of internships, I do favor a more positive assessment of part-time work/temporary jobs performed while attending school as an experience which contributes to the process of transition to regular employment.

Notes:

(1) "Survey of How High School Students Determine Their Course after Graduation." Implemented in January 2000, targeting graduates of 52 high schools in Greater Tokyo (36 general curriculum diversified course schools, eight commercial schools, eight industrial high schools), with 6,855 valid replies received. Conducted at the same time was the "Survey of High School Career Guidance," with replies collected from 52 schools.

(2) The use of the term "*freeter*" in this article refers to school graduates who neither go on to higher education or gain regular employment, but decide to support themselves through part-time, temporary jobs or other non-regular employment.

(3) "Comparative Survey of Japan and Europe in Higher Education and Graduate Employment." Targeted were 11,945 graduates in 1995 from 106 academic departments of 45 four-year national, public and private universities (including some graduate schools) throughout Japan. The mail format questionnaire was conducted from December 1998 through February 1999, with 3,421 replies received. This survey was included in the same survey form as a survey of European graduates of higher education implemented as a targeted socio-economic research project in the EU (Professor Ulrich Teichler of Kassel University in Germany, project coordinator), and was conducted during the same time frame and using the same targets. In the European survey, approximately 30,000 replies were received from 11 countries: Austria, the Czech Republic, Finland, France, Germany, Italy, Norway, Spain, Sweden, the Netherlands and the United Kingdom.

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Opinion

A Review of the 2002 *Shunto*

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This year's annual spring wage negotiations were held in the midst of grave economic conditions. The global economy has clearly been in retreat since the latter half of 2000 and the major drop in semiconductor demand in 2001 simply depressed it even further. Then came the September 11 incident in the United States, spawning fears of a worldwide depression. Japan's economy was thrown into still deeper turmoil, creating a situation sure to generate fears of a deflationary spiral and financial crisis. The unemployment rate also reached an all-time high, breaking into the five-percent range.

Representing labor, Rengo (Japanese Trade Union Confederation) listed "maintaining employment levels and the wage increase curve" as its top priority and did not present a unified demand for an increase in basic wages. IMF-JC (Japan Council of Metalworkers' Unions), on the other hand, was prepared to demand a ¥1,000 increase in basic wages.

Speaking for management, Nikkeiren (predecessor of JBF) asserted the goals of "containing total personnel costs" and "maintaining and preserving employment levels."

"When wage levels in Japan are already among the world's highest and labor's share of national income is increasing, any further increase in wages is out of the question if Japan is to compete on the international market," Nikkeiren said. "In some cases, we may not only pass over an increase in basic wages, but take unprecedented steps, such as freezing or reviewing the annual wage increment and adopting emergency work-sharing over the short term."

In talks between labor and management at individual companies, discussions centered on maintaining current employment. In most cases, management responded with a zero increase in the basic wage and annual increments only. Wages were raised on average by 1.59 percent (based on a Nikkeiren survey of 193 major corporations), a decline over last year's increase rate of 0.34 percentage points.

This year's negotiations were characterized by the following points.

First of all, the intense bargaining between labor and management took place in the midst of heightened competition due to the globalization of economies and deregulation, a lingering economic recession and a huge and growing disparity between the business performance of different industries and companies. There was movement toward a wage determination system where each company takes responsibility for its own wage structure based on its own ability to pay personnel expenses. Companies are beginning to discard the "Keep up with the Joneses" wage raise process. The result was that labor received even less than the year before, coming away with the lowest wage increase as a whole since the first *shunto* in 1956.

Secondly, management's approach was based on the perspective of total personnel expense management, including hiring, wages, bonuses and lump-sum allowances, retirement allowances, and welfare.

Thirdly, more agreements were made to link the amount of bonuses to each company's business performance. Certain companies, including some steel firms, are introducing a business performance-linked bonus system that determines bonuses using a fixed equation.

Next, certain companies postponed the time frame for the annual increment, cut wages for a fixed period and lowered overtime premium rates to the minimum legal level.

Progress was made on personnel and wage systems in terms of doing away with an overemphasis on seniority and turning toward the adoption of a performance-based system. For some companies, this translated into a lower average annual increment than the previous year.

Regarding "maintenance and preservation of employment," which was the central focus of this year's spring negotiation, the major steelmaking corporations signed an "affirmation regarding the maintenance and preservation of employment" that outlines the efforts labor and management will make toward those goals. Major electronics and non-ferrous corporations emphasized their position of maintaining employment in verbal agreements, in the preface to the company's reply to labor's demands, in the minutes, or in joint labor-management declarations.

Seventh, some corporations decided to introduce emergency work-sharing — which reduces working hours and wages — for limited time periods in order to maintain employment levels.

These are times of intense economic competition and the foundation for spring negotiations placing too much emphasis on wage increases is crumbling. Bargaining over an across-the-board wage hike no longer makes sense.

In the future, the economic environment will become even more uncertain and the needs of workers even more diverse. In this climate, both labor and management will have to develop a common understanding of macroeconomic conditions and the employment situation as well as the changing economic environment of individual corporations. They must also share the sense of crisis. Moreover, while working toward careful management of total personnel costs in order to maintain employment, labor and management will have to work through a wide range of issues such as a drastic review of the personnel, wages and retirement allowances systems, and welfare measures in order to establish a wage system based on the extent of employee contributions to the company. The issues of employment extensions and education and training will also have to be addressed.

Opinion

from Labor and Management

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Employment conditions in 2001 were characterized by record high levels of unemployment, eventually hitting 5.5 percent in December. The ranks of the unemployed numbered 3.5 million, and joblessness for each quarter continued to outstrip the same period in the previous year. Furthermore, the number of involuntarily unemployed workers reached 1.5 million, with joblessness among young, middle-aged and older workers recording eight percent respectively. All in all, unemployment is at crisis proportions. Meanwhile, business performance at most companies is falling. Proposals for major personnel cutbacks and reports of wage cuts were heard one after another, primarily from the major manufacturers (excluding automakers).

In this environment, Rengo characterized the annual 2002 spring offensive as "a fight to protect the employment and living standards of workers," establishing a spring offensive plan based on employment security and wage level maintenance. Rengo's demand for the wage hike negotiations was "maintaining the wage curve + alpha." It was decided that negotiations over increases in the basic wage for labor unions representing workers in companies with healthy business performances would be left up to the individual companies and unions. This was the first time in the history of the spring offensive that Rengo or other national centers have not included a basic wage hike clause in their list of demands for the annual labor talks, a landmark that attracted much public attention.

Rengo also aimed to advance the key points of last year's spring offensive — improved conditions for part-time workers and reduction of overtime — with a unified, pre-arranged position.

The result of this year's agreement between labor and management (as of May 2002) is a weighted average increase in monthly pay of ¥5,374 for a year-on-year increase of 1.73 percent. From the macro standpoint, this barely meets the regular pay raises. Moreover, over 660 unions were not able to maintain last year's levels and the average monthly wage increase for companies with less than 300 employees was ¥3,725 or 1.39 percent. The wage gap between companies, and different sized companies, has grown.

Most of the major labor unions forged employment stability agreements or employment stability proclamations with employers. These agreements are expected to help maintain current employment levels. However, many issues were not addressed in this spring offensive. Many unions were tied up in struggles over rationalization of each company. Essentially no progress was made on improving conditions for part-time workers.

In this year's spring offensive, unions were flexible on wage hike demands and attempted to change the very nature of the spring offensive given the unprecedented dismal economic conditions. We seriously monitored what management's response would be to the flexible wage demands. However, it turned out that management continued to stress the need for cost reduction in order to be competitive internationally, to which the union could not make effective counterarguments. That failure resulted in an overall inadequate outcome to the spring offensive.

In any case, it is now incontrovertible that the spring offensive mechanism — established during the period of rapid economic growth during which unions of vital industries and corporations won wage hikes for their workers which were then passed down to smaller unions at smaller companies — has ceased to function. In addition to bolstering a system in which industrial trade unions become more self-reliant and can achieve self-determination, a dramatic reform of the spring offensive is needed that will address the questions of how to construct an offensive for selected essential objectives that will maintain or improve labor conditions and how to correct wage disparities.

JIL NEWS AND INFORMATION

Cases of Individual Labor Disputes in Tokyo

On March 14, the Japan Institute of Labour sponsored a seminar for foreign-affiliated companies in Japan entitled "The New System for Handling Individual Labor Disputes, and Examples of Actual Cases." This article introduces the presentation by Takashi Murayama, Labor Dispute Adjustment Officer of the Tokyo Labour Bureau, which dealt with disputes occurring in Tokyo and personnel and labor-management issues that companies should take note of.

In October 2001, the Law for Promoting the Resolution of Individual Labour Disputes was enacted. During the first three months (October to December), 21,318 cases were brought before 21 Comprehensive Labor Counseling Desks in the Metropolitan Tokyo District. These desks fall under the supervision of the Tokyo Labour Bureau.

Of all the cases brought before the counseling desks, 2,221, or 10 percent, concerned individual civil labor disputes. Of the 1,994 cases whose details are recorded, half were related to dismissals resulting from restructuring measures; of those, normal dismissals accounted for 23.6 percent, dismissals for the purposes of reorganization comprised 8.1 percent, and disciplinary dismissals 4.6 percent. These were followed by cases concerning deterioration of working conditions; for example, those related to wages accounted for 13.2 percent and those related to retirement allowances for 3.9 percent. Other areas included suggested retirement (6.2%), harassment or bullying at the workplace (5.4%), various working conditions such as interpretation of work rules and contracts (4.8%), reallocating to a different section (4.2%), sexual harassment (2.1%), and so on. More than 80 percent of the cases were brought by workers, with those brought by employers accounting for 12 percent.

Out of all the cases, 91 were not settled through voluntary discussion between labor and management, requiring advice or guidance from the Director of the Tokyo Labour Bureau.

On the other hand, 54 cases applied for conciliation with the newly established dispute adjustment committees which include a third party, usually a lawyer or academic. Under the Equal Employment Opportunity Law, the dispute adjustment committees within the Tokyo Labour Bureau consist of 12 members, of whom nine are designated as conciliation members and three as mediation committee members. In theory, a group of three conciliation members is in charge of each case, but in practice the chief member hears from the two parties concerned, then proceeds with the handling; the full three members discuss issues only when the case encounters difficulties.

Those involved in the disputes can choose which settlement method they prefer: advice or guidance, or conciliation. Some initially requested advice or guidance, but, as the settlement drags on, opt for conciliation, while others choose the conciliation method from the beginning. Calling for conciliation, however, requires the agreement of both parties involved; if the employee applies for conciliation but the employer refuses to take part, for example, then the case will be declined or discontinued.

Mr. Murayama presented the following cases concerning dismissal, the subject of the majority of disputes.

(1) One employee had been dismissed upon expiry of his/her probation period. The dismissal was done according to rules laid down in the Labour Standards Law, but because the dismissal would badly affect his/her career, the employee requested that the dismissal should be considered part of the restructuring measures which the company was actually carrying out at the time. The company accepted the request, and at the same time allowed the worker to take the paid holidays which he/she could have taken during the probation period.

(2) One worker was dismissed on the grounds that he/she had humiliated his/her superior during a discussion. The worker was fired based on emotional stress. While the worker could not obtain a written apology from the employer, compensation was paid.

(3) In a dispute over the interpretation of an employment contract concerning bonus payments, the company offered to pay a lump-sum allowance to the worker, although it was not at fault. The case was brought in by a worker under a contract based on annual payment, who left the company halfway through the year and requested a bonus payment in accordance with the period he/she stayed with the company.

(4) A worker, implicitly promised a post by one company, declined a job offer from another. Immediately afterwards, the first company refused to hire the person. In this case, although there was no employment contract involved since the events occurred prior to the actual hiring, the company paid the worker the equivalent of three months' salary due to misleading expressions which the worker had understood as a job promise. (Regarding the number of consulting cases nationwide concerning individual labor disputes, see the April 2002 issue of the *Japan Labor Bulletin*.)

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.

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