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GENERAL SURVEY

Opinions regarding Gender Roles Evenly Divided

A recent survey conducted by the Cabinet Office revealed that, for the first time, the nation is evenly divided between those that believe it is the man's job to economically support the family while the wife stays home. The survey concerning a "gender equal society" was conducted in June and July, targeting 5,000 people 20 years old and older. Usable answers were returned by 3,561 people.

The percentage of those who thought "the husband should work outside, the wife should take care of the home" stood at 47 percent (14.8% agreed and 32.1% somewhat agreed), while the percentage of those who disagreed with this statement also stood at 47 percent (27% somewhat disagreed, and 20% disagreed). In previous surveys, conducted in November 1992 and September 1997, the number of those who agreed with this sentiment outnumbered those who disagreed by 26.1 and 20.0 percentage points, respec-

tively. Thus, this latest survey clearly indicates a change in outlook about traditional gender roles (see Figure 1 on page 3). By gender, 51.3 percent of the males surveyed agreed that women should stay at home while their husbands worked, while 42.1 percent disagreed; 43.3 percent of the females surveyed agreed, while 51.1 percent disagreed. In terms of age groups, a majority of the younger generation disagreed with the idea; the number of men aged 20 to 39 who "disagreed" overwhelmed those who "agreed," and the same was true for women 20 to 59 years old.

The survey also asked for general opinions on the question of working women. According to the results, 4.4 percent of the respondents answered that it was better if women did not work; 6.2 percent thought it was better for women to work until they marry; 9.9 percent responded that women should quit their jobs when they give birth; 37.6 percent said it is better for women to continue working even after they have had a child; and 36.6 percent said that they are better giving up working when they give birth, then returning when the children are old enough.

Compared with results of previous surveys, the proportion of those who answered that it was better for a woman to continue working even after having a child increased, for the first time exceeding the proportion of those who replied that it was better to quit work and start again once the children are old enough. Women aged 30 to 39 represented the highest proportion of those who thought it was better to continuing working even after having a child, at 45.5 percent.

Even with views concerning a division of labor by gender and women's participation in the workforce substantially changing in recent years, the burden of domestic chores and child-care still remained enormous for women. According to the *Survey on Time Use and Leisure Activities* carried out in October 2001 by the Ministry of Public Management, Home Affairs, Posts and Telecommunications, in cases where both the husband and wife were employed, with the wife's working hours per week exceeding 35 hours, the wife averaged three hours and 50 minutes every day on domestic chores and other housekeeping activities (housekeeping, family-care, child-care, shopping), whereas the husband averaged a mere 36 minutes. The survey results (covering approximately 200,000 people aged 10 or older) highlight the fact that, although men are theoretically understanding of women who want to work, in practice they do not commit themselves to domestic chores and child-care.

WORKING CONDITIONS & THE LABOR MARKET

One-fifth of Workers on Part-Time Contracts

On September 17, the Ministry of Health, Labour and Welfare released the results of the *2001 Comprehensive Survey on Part-time Workers*, which revealed that the proportion of part-time workers to all permanent employees

had reached 22 percent. The most common reason for hiring part-time workers was their relatively low labor costs. Some 40 percent of the establishments surveyed answered that they had part-time workers who engaged in the same duties and had the same responsibilities as those of regular employees, confirming that part-time workers were being used in place of regular, full-time workers.

The survey was carried out in October 2001, targeting some 13,000 business establishments with five or more permanent employees, and 30,000 part-time workers who worked in these establishment. (Usable reply rates were 76.6 percent for the establishment survey and 76.1 percent for the individual survey.) This article focuses on the survey for business establishments. For this survey, "part-time workers" refers to non-regular employees whose scheduled working hours per week, regardless of their actual status, are shorter than those of regular employees.

According to the survey's findings, the number of part-time workers increased by 2.8 million from the previous survey in 1995, reaching approximately 9.48 million. By gender, males accounted for 23.6 percent of the part-time workers and females for 76.4 percent. In the 1995 survey, males accounted for 22.7 percent and females for 77.3 percent. Approached from a different angle, 9.0 percent of all male workers are employed as part-timers, while that figure is 40.3 percent for females. The 1995 survey reported that 5.6 percent of males and 29.8 percent of females were part-time workers, showing a relatively higher rate of increase in male part-time workers (see Figures 2 and 3 on page 4). The number of part-time workers increased in every industry, particularly in wholesale and retail, and in food and drink establishments, from 30.1 percent in the 1995 survey to the current 45.1 percent (see Figures 4 and 5 on page 5).

The majority of business establishments hired part-time workers because of the relatively low labor costs, at 65.3 percent (38% in the previous survey). This was followed by

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Recent Labor Economy Indices

	September 2002	October 2002	Change from previous year (October)
Labor force	6,717 (10 thousand)	6,717 (10 thousand)	-40 (10 thousand)
Employed ⁽¹⁾	6,353	6,355	-50
Employees ⁽¹⁾	5,342	5,336	-25
Unemployed ⁽¹⁾	365	362	10
Unemployment rate ⁽¹⁾	5.4%	5.5%	0.3
Active opening rate ⁽¹⁾	0.55	0.56	0.02
Total hours worked ⁽²⁾	151.6 (hours)	154.7 (hours)*	-0.8
Monthly cash earnings ⁽²⁾	281.4 (¥ thousand)	284.0 (¥ thousand)*	-0.7

Notes: ⁽¹⁾ Seasonally-adjusted figures.

⁽²⁾ Figures refer to establishments employing five or more people.

*Preliminary figures

US\$1= ¥123 (December 2, 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).

those who replied that the use of part-timers was to have additional manpower available during the busiest time of the day (39.2% for this survey as compared to 37.3% for the 1995 survey). The percent of businesses that replied “because the duties are simple” stood at 31.4 percent (35.7% for the previous survey), while 27.3 percent responded that it was to cope with temporary rush orders (9.3% in the previous survey).

When asked what percentage of the part-time workers hired in the past year were assigned to duties which previously had been carried out by regular employees, 31.1 percent answered that the percentage was very low, followed by 27.7 percent who said that more than half the jobs were filled by part-time workers, and 19.8 percent said that they had filled less than half the jobs with part-time workers. At the same time, the proportion of business establishments which had part-time workers engaging in duties and bearing responsibilities equivalent to those of regular employees accounted for 40.7 percent of all the firms surveyed. This proportion was particularly high in the service sector, together with wholesale and retail, and food and drink establishments.

Normally in Japan regular employees have indefinite-term work contracts, whereas part-time workers are on fixed-term contracts. In fact, workers with fixed-term contracts have always been utilized as a buffer for labor adjustment. The survey showed that 52.9 percent of the firms set the duration of work contracts for their part-time workers, with 90 percent of these stating that they would sign contracts on a fixed-term basis when contracts with present part-time workers came up for renewal. The main reason (55.4%) was because it makes it easy for labor adjustment.

With one-fifth of all permanent employees now working on a part-time basis — and with their numbers certain to increase — the survey highlighted the reality that firms are beginning to use such workers to reduce their labor costs and provide more flexibility in labor adjustment, making the situation for part-time workers even more difficult.

HUMAN RESOURCE MANAGEMENT

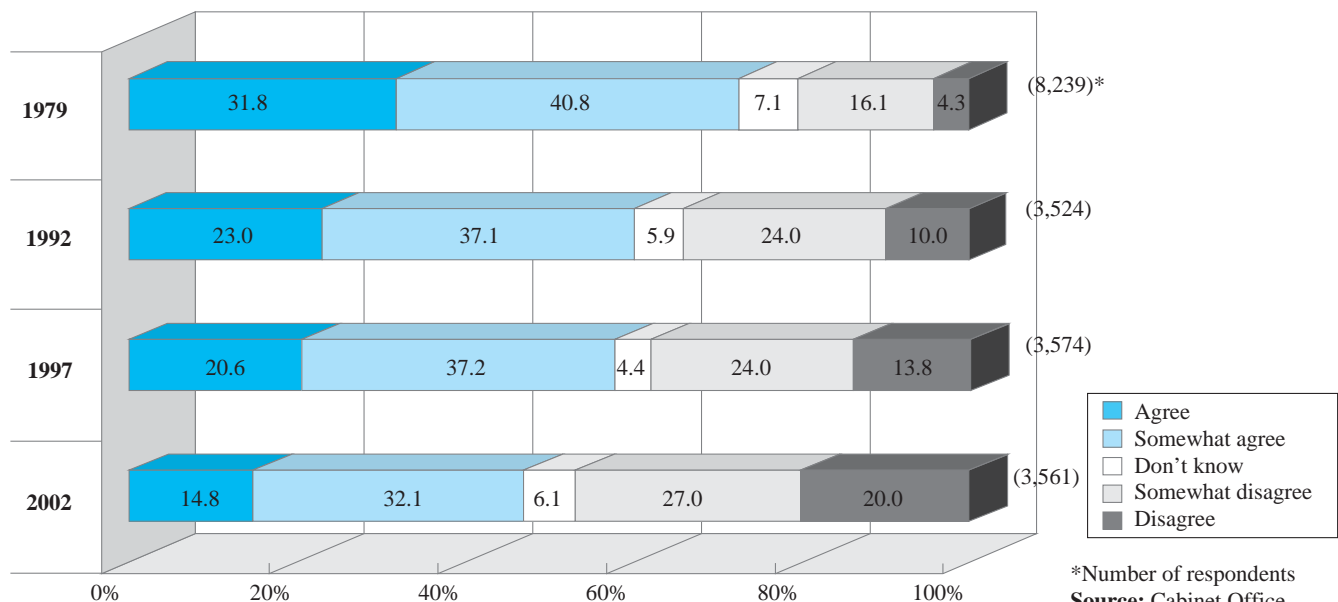
Majority of Firms Confronted with Rewarding Outstanding Employees

The Japan Institute of Labour conducted an online survey concerning cash rewards to their employees responsible for inventions. The survey results showed that, while 80 percent of the responding firms thought token payment systems could serve as an incentive for employees to produce inventions, more than half believed that there were inherent problems in such systems, an indication that it is difficult to strike a balance between inventive and ordinary employees, and determine a reasonable remuneration for an invention.

Two hundred and forty firms responded: 124 from the manufacturing sector; 38 from the wholesale and retail sector; 37 from the service sector; 20 from the construction sector; and 22 from other sectors. Approximately 65 percent said that they had either specific regulations or accepted practice concerning token payments for inventions and other productive innovations made by their employees. As for the timing of these rewards, 85.4 percent replied “when applying for a patent (average reward of ¥8,977),” followed by 77.8 percent who said “when registering patent rights (aver-

Statistical Aspect

Figure 1. Change in the Percentage of Those Who Think the Husband Should Financially Support the Family while the Wife Stays at Home



age reward of ¥22,588),” 61.8 percent who said “when the company sees the possibility of commercializing the invention,” and 41.7 percent who said “when the company leases the license to another company.”

When asked why they had instituted such systems, 77.1 percent responded it was to motivate employees to produce inventions, followed by 65 percent who viewed the payments as compensation for the invention, 53.5 percent used it to reward the efforts of the inventors. For 27.4 percent of the firms, the rewards were integrated into company policy for an achievement-centered evaluation system, and 14 percent stressed that they were necessary to secure (hire, hold on to) quality engineers. (Multiple answers were possible.)

Companies that had either specific regulations or accepted practice regarding cash awards for inventions were asked if these payment systems presented problems. The majority (57.3%) responded in the affirmative. The nature of the problems included (multiple answers) that the payment was not commensurate with the value of the inventions (46.7%); that the system does not work as an incentive (41.1%); it is difficult to determine the amount of the payment (36.7%); engineers are dissatisfied with the system (36.7%); and employees other than engineers find it unfair (21.1%). In line with this, 29.6 percent of the firms said that they had improved their system within the past five years, and 35.7 percent said that they were planning improvements, showing a general trend towards designing a more satisfactory reward system.

Traditionally, Japanese firms — particularly large firms — have provided secure jobs for their employees from the time they graduate from university and join the company until they reach mandatory retirement age, and have helped develop their vocational skills. Even in cases where a particular employee-inventor brought the firm substantial profits, the firm rewarded him not in the form of a large token payment but in the form of a commendation, a pay rise, or promotion to a higher post, on the grounds that the firm, apart from such extra treatment, offered a secure job.

A typical case is that of Shimadzu Corporation and Koichi Tanaka, who won the Nobel Prize in Chemistry 2002. The reward that the firm paid Tanaka for the patent rights resulting from his invention was a mere ¥11,000. (In recognition of his winning the Nobel Prize, Shimadzu rewarded him ¥10 million as a special bonus and promoted him to an executive post known as “fellow”.) This system had not resulted in any particular problem, including lawsuits. In recent years,

however, a succession of lawsuits have been brought by employee-inventors, and on September 19, a verdict on a remarkable case was delivered at the Tokyo District Court. In this lawsuit, Shuji Nakamura, professor at the University of California, requested that the patent rights on his invention, a semiconductor diode transmitting blue light (LED), should be returned to him by Nichia Corporation, where he was working at the time. (See the November 2001 issue of the *Japan Labor Bulletin* for more information.) The invention generated a huge increase in the firm’s annual profit, from some ¥20 billion before the development of the blue light LED to ¥80 billion afterwards, but Professor Nakamura’s reward was a mere ¥20,000. The verdict of the Tokyo District Court confirmed that the patent rights belonged to the company, and the next issue to be examined concerns whether or not the ¥2 billion Nakamura has demanded is commensurate with the transfer of his invention and patent rights to the firm.

As long-term employment is progressively undermined, patent suits such as this one are likely to increase in number. The key task for firms may well be to encourage individual workers to make innovations while simultaneously maintaining a balance between such outstanding employees and others. In September, the Industrial Structure Council, an advisory body to the Minister of Economy, Trade and Industry, established a subcommittee on patent rights systems which began considering an ideal patent rights systems which would bolster the international competitiveness of Japanese industry. A primary focus is to be the revision or otherwise of the current regulation* concerning invention in the line of duty in the Patent Law, which stipulates the payment of rewards for the inventions of employees. The committee is planning to produce an interim report within the year.

*Article 35 of the Patent Law states that when an employee produces an invention in the line of duty, the firm can take over the patent rights and other related rights provided it pays a “reasonable” compensation to the inventor.

LABOR-MANAGEMENT RELATIONS

Newly-formed UI Zensen Domei Becomes Largest Industrywide Union

On September 19, Zensen Domei (Japanese Federation of Textile, Garment, Chemical, Food and Allied Industries Workers’ Unions), CSG Rengo (Japanese Federation of

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Figure 2. Number of Part-time Workers by Gender

(thousand)

Year	2001		1995	
	Number	Ratio (%)	Number	Ratio (%)
Total	9,485	100.0%	6,686	100.0%
Male	2,240	23.6%	1,520	22.7%
Female	7,245	76.4%	5,166	77.3%

Figure 3. Ratio of Part-time Workers to Permanent Employees by Gender

(%)

Year	Ratio (%)	
	2001	1995
Total	22.1	14.9
Male	9.0	5.6
Female	40.3	29.8

Source: Ministry of Health, Labour and Welfare, *Comprehensive Survey on Part-time Workers*, 2001.

Chemical, Service and General Trade Unions) and Sen'i-seikatsu-roren (Federation of Textile Clothing and Living Goods Workers Union of Japan) announced they were merging to form a new industrial union called UI Zensen with a membership of 795,000, making it the largest industrial union in the private sector, representing workers at 1,989 companies.

Zensen was an industrial trade union covering mainly the textile and distribution sectors and had a membership of 621,733. CSG Rengo, another industrial union organizing workers in the chemical, medical and service sectors, had 171,781 members, while Sen'i-seikatsu-roren brought together unions which organized workers at local firms in the textile sector. The new union formation is larger than Denki Rengo (Japanese Electrical Electronic and Information Unions with a membership of approximately 720,000) and Jidosha-soren (Confederation of Japan Automobile Workers' Unions, membership around 720,000).

The newly born union chose Tsuyoshi Takagi, chairman of the former Zensen, as its chairman, and Kiyoshi Ochiai, secretary general of the former Zensen, as its secretary general.

At the unification conference, the union adopted a new platform and regulations, together with action policies for the next two years. The main points are: (1) to set up an infrastructure for the organization in terms of headquarters, sector sub-headquarters, and prefectural branches; (2) to strengthen the labor movement at various levels; (3) to promote activities in response to management and rationalization; (4) to achieve equal treatment of part-time workers; and (5) to expand the organization to one million members.

Concerning the realization of equal treatment for part-time workers, the action policies include the prompt estab-

lishment of guidelines for part-time workers, making little distinction between part-time and regular workers, and tackles wage payment issues.

Part-time workers are also the main target in the union's proposed expansion plans. The policy statement notes that the decreasing unionization rate within individual companies is due to an increase in the number of non-regular employees, and emphasizes the necessity of organizing 20,000 part-time workers every year to reverse this trend. The new union plans on instituting a basic monthly membership fee of ¥800 for both part-time and regular employees, but will grant part-time workers a subsidy of 50 to 70 percent of the fee, thus in practice reducing the burden for the workers concerned.

Provisionally, the union has set as its goal one million members. Company bankruptcies and labor shedding measures reduce the number of union members by around 30,000 each year. Therefore the maintenance and expansion of the organization will require gains of at least 50,000 annually, including part-time workers.

In his inaugural speech, the new chairman referred to the unionization of part-time workers, commenting that "of some 300,000 part-time workers affiliated to Rengo (Japanese Trade Union Confederation), 60 percent are members of UI Zensen. Here too, in realizing Rengo's policy of organizing part-time workers, it is up to us to play a leading role."

PUBLIC POLICY

Government Targets Fathers for Childcare Leave

The Ministry of Health, Labour and Welfare has set

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Figure 4. Number of Part-time Workers by Industry

Year	2001		1995	
	(thousand)	(%)	(thousand)	(%)
Total	9,485	100.0%	6,686	100.0%
Mining	1	0.0%	1	0.0%
Construction	77	0.8%	110	1.6%
Manufacturing	1,142	12.0%	1,165	17.4%
Energy Supplier (Electricity, Gas, Water)	9	0.1%	6	0.1%
Transportation, Communication	369	3.9%	240	3.6%
Wholesale, Retail, Food and Drink	5,299	55.9%	3,347	50.1%
Finance, Insurance	118	1.2%	80	1.2%
Real Estate	49	0.5%	53	0.8%
Service	2,417	25.5%	1,681	25.1%

Source: Same as in Figures 2 and 3.

Figure 5. Ratio of Part-time Workers to Permanent Employees by Industry

Year	2001		1995	
	(%)	(%)	(%)	(%)
Total	22.1	14.9		
Mining	2.5	1.5		
Construction	2.4	2.8		
Manufacturing	11.9	10.1		
Energy Supplier (Electricity, Gas, Water)	2.9	2.0		
Transportation, Communication	11.2	6.9		
Wholesale, Retail, Food and Drink	45.1	30.1		
Finance, Insurance	7.4	4.0		
Real Estate	15.2	14.3		
Service	19.1	14.3		

forth additional measures to deal with the continued decrease in the number of children. These include, among other measures, encouraging men to take childcare leave. Specifically the ministry set a target of 10 percent of eligible male workers to take childcare leave.

The 2000 “specially calculated birth rate,” i.e. the proxy number of children one woman will give birth to in her lifetime, in Japan was 1.36, and the total population is expected to begin to decrease by 2010 at the latest. Formerly, the decline was believed to be attributable to late marriages, but a new phenomenon has developed recently: the low number of married couples who are having children. (Between 1948 and 1952, the birthrate among married couples remained constant at 2.14, but since 1985 has dropped to a low 1.72, and has stayed there.) To offset this, in May the prime minister gave instructions to step up countermeasures, and the Ministry of Health, Labour and Welfare drew up a package of additional measures.

Earlier measures attempted to balance the demands of childcare and work, and thus concentrated primarily on helping parents take care of children. One example was a measure to reduce the number of children on nursery school waiting lists to zero. From now, however, comprehensive and systematic measures will be taken in the following four areas: (1) re-examination of working styles, including those of male workers; (2) support for childcare in local communities; (3) re-consideration of support for future generations via social security payments; and (4) encouraging children to improve their social skills and sense of independence.

Of these, the first item — the re-examination of working styles, including those of male workers — is designed to reduce overtime for those fathers whose children still need care; to encourage all fathers to take at least five days off when their child is born; and to encourage firms to establish systems whereby regular employees can work shorter hours.

As for balancing work and childcare, targets have been set for childcare leave: 10 percent for males and 80 percent for females. Thus, ideas proposed to achieve the targets include establishing a system of rewards for firms that encourage their employees, including males, to take childcare leave.

Other measures were wide-ranging, some of which are in fact outside the jurisdiction of the ministry itself: promoting measures for childcare that compliment the situation in local communities and forming a network among such communities; improving facilities such as public toilets for infants; recalculating public pension payments during childcare leave; reinforcing scholarship programs to lessen the financial burden of educating children; increasing opportunities for adolescents to come into contact with young children; encouraging awareness of the family and warm human relationships by emphasizing the importance of eating together; and helping couples overcome infertility. Many of these items have yet to be incorporated into the fiscal 2003 budget. The minister has stated that a final decision will not be reached until the end of this year, and it is unclear how many of these proposals will actually be implemented.

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Figure 6. Number of Part-time Workers by Company Size

(thousand)

Year	2001		1995	
	Number	Percentage	Number	Percentage
Total	9,485	100.0%	6,686	100.0%
more than 1,000	2,781	29.3%	1,390	20.8%
500-999	671	7.1%	499	7.5%
300-499	739	7.8%	384	5.7%
100-299	1,410	14.9%	1,088	16.3%
30-99	1,477	15.6%	1,175	17.6%
5-29	2,026	21.4%	1,894	28.3%

Figure 7. Distribution of Part-time Workers by Occupation (2001 Survey)

(%)

	Total	Engineer	Administration	Clerical	Sales	Service	Security	Transportation, Communication	Production	Others
Total	100.0	7.3	0.2	11.6	26.3	29.8	0.8	3.1	20.8	0.1
Male	100.0	8.2	0.5	5.3	22.5	38.3	3.2	8.2	13.9	0.0
Female	100.0	7.1	0.2	13.5	27.4	27.2	0.1	1.6	22.9	0.1

Source: Same as in Figures 2 and 3.

A Study of Income Inequality for Households with Elderly Members: Comparison among Industrial Nations⁽¹⁾

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1. Introduction

Among industrial societies, Japan has often been identified as occupying a distinctive place because it was the first non-Western society in which industrialization reached full maturity, and because it followed a particular course of industrialization, that is, a late and rapid course of development (Dore, 1973; Cole, 1979). Murakami (1984) argued that the middle class emerged in Japan in the late 1970s and 1980s and emphasized the homogeneity of Japanese society. In 1976, the Organisation for Economic Cooperation and Development (OECD) presented the results of its cross-national study on income inequality, in which Japan ranked fourth from the bottom, meaning that it was one of the most equal societies (Sawyer, 1976). In the 1990s, however, Ishikawa (1991; 1994) and Tachibanaki and Yagi (1994) noted that Japan was not as equal a society as many believed, and documented how the popular view that Japan was an equal and homogeneous society was misleading. Ohta (2000) also concluded that Japan's degree of income inequality was about average among OECD countries.

The bestseller *Economic Inequality in Japan* by Tachibanaki (1998) sparked a new debate on equality in Japan. Tachibanaki claimed that Japan was no longer an equal society, but was instead as unequal as the United States. This was a shocking finding for many people, but has eventually been widely accepted because Japanese have increasingly voiced doubts about persistent equality. Another bestseller written by a sociologist also pointed to increasing inequality in Japan (Sato, 2000). Although Sato did not present an international comparison, he argued that entry into the upper white-collar class became more restricted from the 1980s to the 1990s, making Japan a more class-oriented society. These arguments point to socio-economic inequality in Japan.

Ohtake and Saito (1999) identified a trend in increasing income inequality which in part can be derived from the aging of the population (Ohtake, 2000; Ohtake and Saito, 1999). Aging is one of the most important topics related to social security issues in contemporary Japan. In this study, I will discuss the extent of income inequality within a cross-national framework, with particular focus on households with elderly members. I will show that income inequality among households composed of only the elderly is much higher in Japan than in other nations.

2. Data and Variables

The data used in this study for Japan were derived from *Kokumin Seikatsu Kiso Chosa* (National Survey of Living Conditions), conducted by the Ministry of Health, Labor and Welfare in 1995. I use information on the income of the household, not individuals. To elucidate the position of Japan in a comparative perspective, I examine Britain (1995), Sweden (1995), Taiwan (1995), and the United States (1994) as reference groups. The data for these four societies are derived from the *Luxembourg Income Study* (LIS) which assures high comparability across nations.

In examining the extent of income inequality, I focus on disposable income, which I calculate by subtracting tax and social insurance payments from total gross income. In all societies, including Japan, I use disposable income with an equivalent scale of elasticity 0.5. The degree of income inequality is measured using the Gini coefficient.

Another important variable in this study is household type. First, I focus on whether the household contains elderly inhabitants (65 years old or older), because previous studies found the effect of aging on income inequality to be important. I have divided household type into two major categories: households with elderly members and those without. I then distinguish four types of households with elderly members: single male households, single female households, married couple-only households, and "other" types of households with the elderly. The "other" category denotes those shared by elderly and non-elderly family members. In Japan, about 40 percent of the "other" households were three-generational households in which the elderly co-reside with their son's or daughter's family in 1998. Occasionally I combine the first three types of households (that is, male and female single households and married couple-only households) into a comprehensive "elderly-only household" category. I will examine the extent of income inequality in these different types of households with and without the elderly.

3. Analysis

3.1. Household Type

Table 1 presents household type in five societies in the mid-1990s. In Japan, 35 percent of all households contain elderly family members aged 65 and over in 1995. The cor-

Table 1. Household Type by Country

(%)

	Japan	Britain	Sweden	Taiwan	U.S	
Households without elderly	65.3	71.2	72.0	75.6	74.5	
Households with elderly	34.7	28.8	28.0	24.4	25.5	
Total	100.0	100.0	100.0	100.0	100.0	
N	30,500	5,950	15,684	12,311	5,4171	
Households with elderly	Male-only	3.2	14.2	12.5	10.6	12.1
	Female-only	12.6	37.2	37.4	6.4	37.5
	Couple-only	24.3	40.7	48.5	24.1	38.9
	Other	59.8	8.0	1.6	59.0	11.4
	Total	100.0	100.0	100.0	100.0	100.0

Sources: *Kokumin Seikatsu Kiso Chosa* (National Survey of Living Conditions), Ministry of Health, Labour and Welfare for Japan; Luxembourg Income Study for Britain, Sweden, Taiwan and the U.S.

responding figure in Great Britain, Sweden, Taiwan and the United States is about one-fourth⁽²⁾. When the type of household with elderly members is further broken down in Britain, Sweden and the United States, the large majority is the elderly-only type (single-member households and married couples). However, in Taiwan, 59 percent of the elderly live with non-elderly persons, and this figure is very close to the Japanese figure of 59.8 percent. In the two Asian societies, Japan and Taiwan, a large number of the elderly aged 65 and over live with their single child(ren) or with child(ren) who are married. Co-residence with the younger generation appears to be one of the typical living arrangements for the elderly in these two societies. However, co-residence with the younger generation among the elderly has decreased recently in Japan.

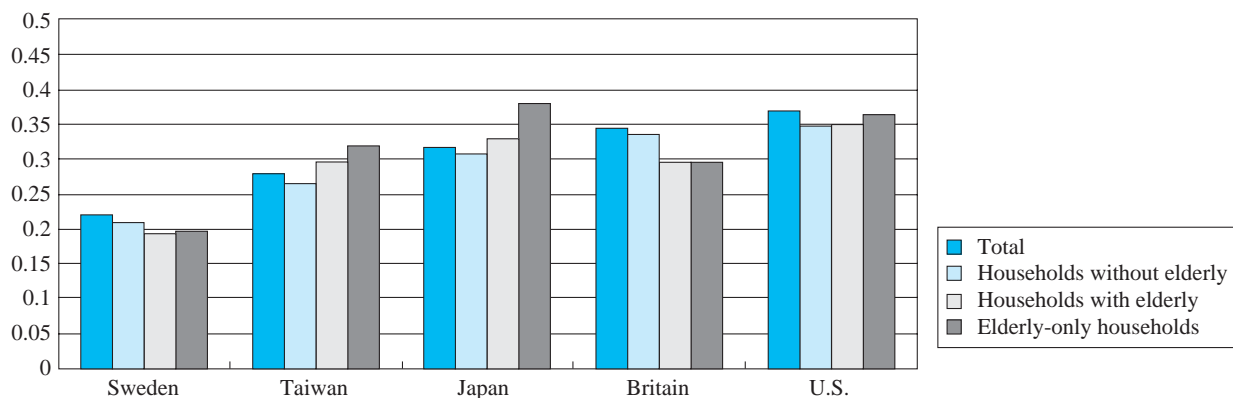
3.2. Cross-national Comparison of Income Inequality by Household Type

Figure 1 shows Gini coefficients by different household type in the mid-1990s in five countries. The bar on the left side for each country represents the Gini coefficient for the entire sample, the second bar from the left for households without elderly members, the third from the left for households with the elderly, and the last bar for elderly-only

households.

First, let us concentrate on the Gini coefficients for the entire sample. The Gini coefficient in Japan is ranked in the middle among the five countries. As far as the entire sample is concerned, Japan does not deviate from other industrial societies in terms of the extent of income inequality. However, when we take into account the differences by household type, Japan exhibits some peculiar characteristics when compared with Europe and the United States.

In Japan, the extent of income inequality among households with the elderly, particularly households which are composed of the elderly alone, is higher than that among the households without elderly members. The elderly-only household showed the highest extent of income inequality in Japan; the Gini coefficient is .3813. The United States similarly shows a relatively high degree of income inequality among elderly-only households, that is, .3637. In Sweden and Britain, on the other hand, the Gini coefficient among households without the elderly is higher than that among households with the elderly. In Japan, the extent of income inequality varies more by the type of household than in Europe and the United States. In particular, the households which are composed only of the elderly clearly have a higher level of income inequality than other types of households.

Figure 1. Cross-national Comparison of Gini Coefficients by Type of Household

Sources: Same as in Table 1.

Table 2. Median Disposable Income by Type of Household with Elderly Members

"Other" = 100

	Japan	Britain	Sweden	Taiwan	U.S.
Male-only	57.24	115.90	102.71	115.11	127.54
Female-only	40.13	106.10	101.97	85.87	99.43
Couple-only	71.49	95.96	87.19	91.67	116.74
Other	100.00	100.00	100.00	100.00	100.00

Sources: Same as in Table 1.

Why is the extent of income inequality among the elderly-only households higher in Japan than in other societies? Regarding the differences in economic well-being among households with elderly members, Table 2 shows the ratio of median disposable income among households composed of only elderly members to that of households shared by elderly and non-elderly family members in five countries.

The median disposable income levels of the single male, single female, and married couple households are much lower than that of the "other" household, and the discrepancies in the economic situation by household type are larger in Japan than in other societies. In particular, the single female household, for which the median disposable income is only 40 percent that of the "other" category, stands out as the most disadvantaged in Japan. The Japanese single male household is also economically disadvantaged: the median disposable income is 57 percent of that of the "other" category. As we have seen in Table 1, there are variations in the living arrangement among the Japanese elderly. The results shown in Table 2 suggest that differences in living arrangements among the elderly have direct relevance to their economic well-being.

In contrast, in other societies, living independently from offspring does not always imply economic disadvantage, particularly for elderly males. Likewise, living with the younger generation in Britain, Sweden and the United States does not necessarily bring a more favorable economic condition for the elderly. Instead, people with whom the elderly

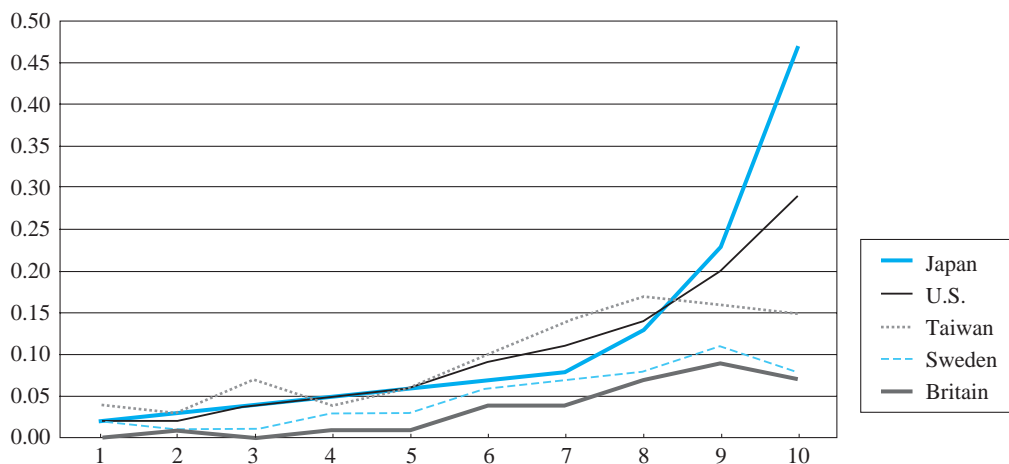
tend to share living arrangements are probably non-elderly who cannot afford to earn a living by themselves or, alternatively, the unemployed. Consequently, co-residence is likely to reduce the economic well-being of the elderly in these nations.

3.3. Type of Job Held by the Elderly

One of the characteristics of the Japanese elderly population is a high rate of labor force participation, which contributes to greater economic power and leads to higher levels of household savings. Figure 2 shows the proportion of wage and salary income to total disposable income by income decile among households composed only of the elderly. Japan is distinctive in the role of wage and salary income in differentiating the economic well-being among households with elderly members. A significantly higher proportion of wage and salary income at the ninth and tenth percentile can be seen in Japan than in other societies, suggesting that the Japanese elderly who occupy the highest income brackets are those who continue to work and derive income as employees. In other words, the Japanese elderly with high levels of income are relatively young and their health permits them to continue employment. On the other hand, private pensions and bequests play a more important role in income inequality in Europe and the United States than in Japan.

4. Discussion

In this study, I examined the extent of income inequality in Japan, using cross-national comparisons. According to our analysis of income inequality, Japan is neither especially equal nor unequal in the aggregate; the degree of income inequality in Japan using the Gini coefficient is in the middle of our society. However, income inequality among households composed of only the elderly is much higher in Japan because Japanese elderly live in a greater variety of household types; about 40 percent of the elderly live in multi-generational households. Previously, the three-generational household was the typical living arrangement for the

Figure 2. Proportion of Wage and Salary in Disposable Income by Decile among Elderly-only Households

Sources: Same as in Table 1.

elderly in Japan, but this has declined gradually in the last 10 years. In its place, one finds an increase in the households composed of elderly single people or older couples. Nevertheless, the proportion of multi-generational households among those that include the elderly is still higher in Japan than in Europe and the United States.

Such a large difference in living arrangements among the Japanese elderly, compared with European and American societies, appears to be directly responsible for larger income inequality among the elderly in Japan. In particular, living alone appears to have negative consequences for the economic well-being of the elderly; the single-female household has the worst economic conditions in contemporary Japan. Indeed, the proportion of single-female households is gradually increasing in Japan, and further improvement in the living conditions of these households will become a key policy issue. In contrast, in other societies, economic conditions do not differ greatly by the type of household to which the elderly belong.

Smeeding and Saunders (1998) claim that co-residence with the younger generation can be a safety net for the elderly in Taiwan, and Japan appears to follow this pattern. Co-residence with non-elderly members leads to strengthening the economic level among the elderly, and, in fact, the median disposable income among households with the elderly is higher than that among the households without the elderly. This implies that living arrangements have determinant consequences for the economic well-being of the elderly in Japanese society. Furthermore, the Japanese elderly are more likely to hold jobs than their European and American counterparts, and the income from employment contributes to greater income inequality in Japan.

Thus, there are two major reasons for a higher degree of income inequality among the elderly in Japan. One is the variety of living arrangements among the elderly; such diversity of household types appears to be directly associated with their economic well-being. The other is the large impact that employment income has among the elderly. The labor force status affects the level of economic well-being of the elderly in Japan, where the proportion of the elderly who work is larger than that in other societies.

We should no longer treat the elderly as one homogeneous group; a wide range in the level of economic well-being among the elderly should not be overlooked. The Japanese elderly as a whole are sometimes considered to be in a favorable economic condition, but it does not necessarily mean that all the elderly are better off. Due to recent budget cuts by the Japanese government, the imbalance between the contributors (the younger generation) to the pension system and beneficiaries (the older generation) of such a system is a major issue in reforming the social security system in Japan. Since we find that the elderly are by no means homogeneous in their level of economic well-being, the picture of the young versus the old generation is too simplistic. We must take into account the diversity in the economic situations among the elderly and consider the income redistribution within the older generation.

Notes:

- (1) This report was conducted as part of the "The Current Situation and Assessment of Income Differentiation in Japan" project which is supported by Health Service Research Grants (2001-2002), Ministry of Health, Labour and Welfare. The findings, explanations and views that are expressed in this paper are those of the author and do not represent those of the National Institute of Population and Social Security Research.
- (2) In 1995, the proportion of elderly aged 65 and over in the total population of Britain, Sweden, Taiwan and the U.S. was 15.87, 17.56, 7.3, 12.54, respectively. The corresponding figure for Japan was 14.54 percent (*National Institute of Population and Social Security Research*, 2000).

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JIL NEWS AND INFORMATION

JIL Seminar: 'Trends and Case Studies in Wages and Personnel Evaluation Systems in Foreign-affiliated Companies' (Part 1)

On October 30, the Japan Institute of Labour held a seminar entitled "Trends and Case Studies in Wages and Personnel Evaluation Systems in Foreign-affiliated Companies," aimed at workers involved in personnel management at foreign affiliated firms in Japan. The *Japan Labor Bulletin* will begin a two-part series, to be continued in the January 2003 issue, introducing two case studies presented at the seminar. In this issue, we describe the case of Johnson and Johnson K. K., as reported by Mr. Hiromasa Harada, manager of the Planning Human Resources Group.

Johnson & Johnson K. K., whose parent company is located in the U.S., has a business history of more than 40 years in Japan. The company has some 2,600 employees, and consists of five corporations dealing with medicine, medical equipment, and products for the general consumer. The company's basic policy of decentralized management is reflected in the companies that make up its group: Medical company, Vision care company, and Consumer company. The individual companies and their departments pursue their own business management completely independently, right down to their wage and personnel management systems.

Until the 1980s, the firm followed the same seniority wage system as a typical Japanese firm, but in 1991 it introduced a new achievement-centered bonus payment system with the catchphrase "High Rewards for High Performers." The following year, it introduced an objective-management scheme called "Challenge and Review," whereby individual workers pursue their own objectives which they set up based on the department's objectives, which are, in turn, based on the objectives of the company. The scheme was not linked to the wage system for the first two years so that employees could establish and manage their own objectives. Then in 1994, the objective-management scheme was connected with the performance evaluation system.

In 1995, the company adopted a "conduct evaluation" system and began holding "assessment adjustment meetings." Conduct evaluation aims to assess not the underlying potential of an individual worker but what is called "competency," which is characteristic of behavior leading to high achievement. The notion of "competency" nowadays is well known and the sys-

tem is commonly utilized in business circles. However, when it was introduced by Johnson & Johnson it was a relatively new approach. The assessment adjustment meetings are designed to fairly evaluate employees, and are held to carefully review initial assessments of workers at different levels. In 1996, the company launched the "new total human resources system," a new wage determination system based on an annual basis on workers' job grades and performances.

The company's evaluation system does not attempt to assess workers as such, but helps employees develop themselves via discussions among themselves in what is called "Dialogue for Growth." In practice, this means the company carries out a comprehensive assessment system comprising two aspects — performance evaluation and conduct evaluation. The former aims to encourage employees to improve the quality of their work through internal competition and a sense of challenge, whereas the latter asks employees to implement "Our Credo" — the global business principle shared by the entire Johnson & Johnson group. In "Our Credo," Johnson & Johnson K. K. pledges to fulfill four responsibilities: responsibility to customers; to employees and their families; to communities; and to shareholders.

The objective-management scheme takes a "bottom-up" form whereby at the beginning of each year individual workers set their own objectives to be achieved on the basis of company and department targets, filling in an objective-management sheet called a "performance plan." To avoid a situation in which employees set excessively low objectives, the Planning Human Resources Group calls for presentations on their plans in the presence of other employees at the same workplace. Once set up, the plan is reviewed on a quarterly or half-yearly basis.

On the other hand, the "conduct evaluation" scheme provides all employees with "guidelines" concretely specifying the conduct and roles required for work achievement, which must be borne in mind when evaluating each employee. There are eight guidelines designed for various types of job: three for sales, two for marketing, and three for operations and technology, separate guidelines being provided for each job grade.

The actual evaluations are carried out at the beginning of the year between January and March, and occupy a period of some six weeks. The process begins with a self-assessment by individual workers, as a basis for interviews between them and their superiors. After the superior has assessed his subordinates, his assessments are reviewed at the assessment adjustment meetings to see whether the superior, the first evaluator, is capable of making appropriate evaluations. The essence of these meetings is training superiors to evaluate, rather than re-assessment of the first evaluation as such. (Previously, the firm held evaluation classes, inviting consultants and university lecturers for the purpose. But these proved ineffective, and the company switched its policy to having employees learn evaluation skills through actual conduct.) When evaluating members of the sales staff, the participants are sales representatives, district sales managers, and higher ranking managers, together with staff members of the human resources group or managers responsible for the training program. The people

in charge of evaluating subordinates make presentations, making use of computer software such as Power Point, providing rankings. The discussion occupies more or less a whole day, at the end of which the ranking of subordinates is finally determined. The primary purpose is to ask every single manager to think seriously about the evaluations. By now, after six or seven years, the system is firmly established, and the general belief is that it is indispensable for correct assessments. Following this, the rankings and assessments of workers are adjusted among departments, then adjusted again by heads of operations, and finally by the president. Wages are determined in accordance with the assessments resulting from this whole process.

It is "dialogue for growth" that Johnson & Johnson K. K. sees as most important. Superiors are responsible for informing subordinates of the final evaluations, and in turn for asking them for feedback, another reflection of the same emphasis.

Publications

Labor and Employment Law in Japan

Takashi Araki, Professor, University of Tokyo

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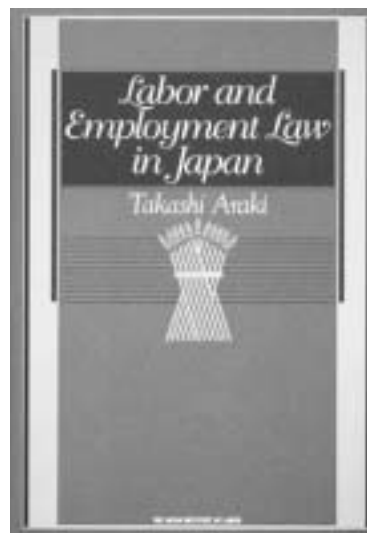
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