

Chapter 3: Working Hours and Compensation in Japan

Here we will take a look at the working hours and compensation of expatriates working in Japan.

1. Working Hours and the Reasons for Them

As Table 3-1 shows, “60 hours or more” was the most common response when expatriates were asked how many hours they worked per week: 30.3% gave this response. The next most common response at 29.6% was “50 to 55 hours”. If we assume that the expatriates are not showing up at work on weekends and holidays, this means that those who claim “60 hours or more” work 12 or more hours per day. The average work week for expatriates overall was 52 hours. Under assumptions similar to those above, this means that the expatriates are working 10 or more hours per day.

There were no clear distinctions based on the industry of the local organization or the number of employees. Yet it may be safe to say that the larger the number of employees in the local organization, the more likely it was that expatriates “worked 60 hours or more”.

By location of the headquarters of the dispatching organization, expatriates employed by North American companies were more likely than those employed by European companies to respond with “60 hours or more”. Of European expatriates, 26.6% reported working “60 hours or more” per week, while as many as 42.4% of North American expatriates did so.

We asked the respondents to indicate all the factors that gave rise to these kinds of long working hours, and the results may be seen in Table 3-2. The factor most commonly pointed out was “work gets very busy at times”, at 83.7%, followed by “communicating with headquarters operations staff regarding work” at 52.1%, “entertaining and meeting with visitors from headquarters” at 30.9%, and “unable to delegate much of my work” at 30.6%.

No clear differences were apparent based on the industry of the local organization. However, there was a tendency for expatriates from larger workplaces to spend less time in “entertaining and meeting with visitors from headquarters.” This is probably because larger workplaces have more expatriate or Japanese employees who can work at “entertaining and meeting with visitors from headquarters”.

When we looked at the region where the headquarters of the dispatching organization is located, we found that the majority of expatriates from all regions listed “work gets very busy at times.” However, there was a major difference between North America and Europe on one hand and Oceania and Asia on the other with respect to the item “communication with the headquarters operations

Table 3-1: Current actual working hours per week (by industry of the local organization, number of employees in the local organization, and location of the headquarters of the dispatching organization.)

	Fewer than 40 hours	40–45 hours	45–50 hours	50–55 hours	55–60 hours	60 or more hours	N.A. (No Answer)	Total %	Actual number
Industry of the local organization									
Manufacturing industries	6.1	3.5	13.9	30.4	14.8	30.4	0.9	100	115
Non-manufacturing industries	4.8	7.9	12.7	29.1	14.8	30.7		100	189
N.A.			66.7	33.3				100	3
Number of employees in the local organization									
Fewer than 10		8.9	16.1	39.3	10.7	25		100	56
10–29	7.0	8.8	7.0	31.6	17.5	28.1		100	57
30–99	6.2	4.6	21.5	29.2	12.3	26.2		100	65
100–499	4.8	4.8	10.8	27.7	18.1	33.7		100	83
500–999	8.3	8.3	25.0	8.3	16.7	33.3		100	12
1,000 or more	9.1	3.0	6.1	24.2	12.1	42.4	3.0	100	33
N.A.			100					100	1
Location of the headquarters									
North America	5.4	4.3	5.4	23.9	17.4	42.4	1.1	100	92
Europe	5.8	5.2	16.2	32.9	13.3	26.6		100	173
Oceania		16.7	8.3	33.3	8.3	33.3		100	12
Asia	4.3	17.4	21.7	30.4	8.7	17.4		100	23
N.A.			42.9	14.3	42.9			100	7
Total	5.2	6.2	13.7	29.6	14.7	30.3	0.3	100	307

staff.” That is, more of the expatriates who indicated “communications with the headquarters” as a reason for their long working hours were from North America or Europe than from Oceania or Asia. The percentages of expatriates from indicating this reached 60.9% among those from North America and 52.6% among those from Europe, but the figures were 33.3% for Oceania and 26.1% for Asia. The reason for this may be that the time difference between Japan and Europe or North America is greater than that between Japan and Oceania and Asia.

Table 3-2: Reasons for Overtime and Working on Holidays (by the industry of the local organization, number of employees in the local organization, and location of the headquarters of the dispatching organization, multiple responses allowed)

	Work gets very busy at times	Too few staff to handle the work	Unable to delegate much of my work	Busy helping others with their work	Japanese employees work at a slower pace	It takes time to communicate with Japanese employees	Not used to working in Japan yet	Entertaining and meeting with visitors from headquarters	Communicating with headquarters operations staff regarding work	Other	N.A.	Total %	Actual number
Industry of the local organization													
Manufacturing industries	82.6	28.7	30.4	14.8	20.9	27.8	0.9	33.0	56.5	7.8	0.9	100	115
Non-manufacturing industries	85.2	22.8	30.2	15.9	14.3	23.3	1.1	30.2	50.3	11.6	4.2	100	189
N.A.	33.3		66.7	33.3	33.3	33.3				66.7	33.3	100	3
Number of employees in the local organization													
Fewer than 10	83.9	32.1	26.8	5.4	10.7	7.1		33.9	57.1	10.7	1.8	100.0	56
10–29	82.5	33.3	35.1	19.3	21.1	19.3	1.8	38.6	57.9	14.0	1.8	100.0	57
30–99	86.2	18.5	29.2	12.3	10.8	33.8	3.1	35.4	50.8	10.8	4.6	100.0	65
100–499	84.3	15.7	33.7	19.3	21.7	32.5		26.5	50.6	10.8	3.6	100.0	83
500–999	75.0		8.3	16.7	8.3	16.7		16.7	58.3	8.3	8.3	100.0	12
1,000 or more	84.8	42.4	33.3	24.2	24.2	33.3		21.2	39.4	6.1		100.0	33
N.A.											100.0	100.0	1
Location of the headquarters													
North America	85.9	34.8	35.9	17.4	15.2	27.2		29.3	60.9	8.7	2.2	100.0	92
Europe	83.2	20.2	27.7	17.3	21.4	27.7	0.6	34.1	52.6	12.7	2.9	100.0	173
Oceania	91.7	16.7	33.3	8.3		25.0		33.3	33.3	8.3		100.0	12
Asia	73.9	13.0	34.8	4.3	4.3	4.3	8.7	8.7	26.1	4.3	8.7	100.0	23
N.A.	85.7	57.1	14.3					42.9	42.9	14.3	14.3	100.0	7
Total	83.7	24.8	30.6	15.6	16.9	25.1	1.0	30.9	52.1	10.7	3.3	100.0	307

2. Compensation

As shown in Table 3-3, which indicates how compensation is paid, 46.3% of all expatriates, the largest group, said that their compensation is paid “entirely in Japan.” About 1/4 each said that they were given “partial payment in Japan and the remainder in the home country of the dispatching organization” and “entirely in the home country of the dispatching organization.”

Table 3-3: How compensation is paid (by the industry of the local organization, number of employees in the local organization, and location of the headquarters of the dispatching organization)

	Paid entirely in Japan	Partial payment in Japan, and the remainder in the home country of the dispatching organization	Entirely in home country of dispatching organization	Other	N.A.	Total %	Actual number
Industry of the local organization							
Manufacturing industries	55.7	22.6	20.9	0.9		100.0	115
Non-manufacturing industries	40.2	27.5	27.5	3.2	1.6	100.0	189
N.A.	66.7	33.3				100.0	3
Number of employees in the local organization							
Fewer than 10	48.2	21.4	30.4			100.0	56
10–29	45.6	19.3	29.8	3.5	1.8	100.0	57
30–99	40.0	33.8	23.1		3.1	100.0	65
100–499	49.4	25.3	24.1	1.2		100.0	83
500–999	33.3	25.0	16.7	25.0		100.0	12
1,000 or more	51.5	30.3	15.2	3.0		100.0	33
N.A.	100.0					100.0	1
Location of the headquarters							
North America	22.8	28.3	46.7	2.2		100	92
Europe	56.1	24.3	15.6	2.3	1.7	100	173
Oceania	41.7	50.0	8.3			100	12
Asia	65.2	17.4	13.0	4.3		100	23
N.A.	57.1	14.3	28.6			100	7
Total	46.3	25.7	24.8	2.3	1.0	100	307

By type of industry of the local organization, those in the manufacturing industries were over 15 percentage points more likely than those in the non-manufacturing industries to say that their compensation was paid entirely in Japan.

By size of the local organization, expatriates at workplaces with larger numbers of employees were less likely to respond that their compensation was paid “entirely in the home country of the dispatching organization.”

By location of the headquarters of the dispatching organization, expatriates from North American companies were the most likely (46.7%) to say that they were paid entirely in the home country, while a mere 22.8% said that they were paid “entirely in Japan.” But 56.1% of expatriates at European companies and 65.2% at Asian companies were paid entirely in Japan. This was the largest

category for both groups, providing a striking contrast to employees of North American companies.

Table 3-4 shows the responses to our question about how the respondents' local salaries are determined. Recommendations from private consultants accounted for 15.0% and recommendations from public agencies for 3.3%, but as many as 66.4% of expatriates were paid on the basis of "dispatching organization standards" not described by the above. The tendency to use independent standards was 7 percentage points more common in local organizations in non-manufacturing industries than in those in manufacturing industries. No particular features stood out when we looked at the figures by the number of employees in the local organization.

By location of the headquarters of the dispatching organization, Asian companies were less likely than North American and European companies to rely on recommendations from private consultants and more on the dispatching organization's own standards. In fact, more than eight-tenths relied on independent standards.

We wondered whether expatriates were satisfied with their overall compensation. The results are shown in Table 3-5. Overall, 27.7% were "very satisfied" and 53.7% were "somewhat satisfied," for a total of about 81.4% who are satisfied with their current salary to a greater or lesser degree. When we think of the fact that surveys about wages and salaries usually register strong dissatisfaction, this high degree of satisfaction is well worth noting.

By industry of the local organization, employees in the manufacturing industries were 9 percentage points more likely than those in the non-manufacturing industries to be "very satisfied." Furthermore, by size of the local organization, the greater the number of employees, the more likely the expatriates were to be "very satisfied." On the other hand, the number of respondents stating that they were somewhat satisfied was greater at smaller companies. For example, at companies with 1,000 or more employees, 36.4% were "very satisfied" and 48.5% were "somewhat satisfied," but at companies with fewer than 10 employees, 14.3% were "very satisfied," and 60.7% were "somewhat satisfied." In other words, the larger the company, the stronger the satisfaction of the expatriates with their overall compensation.

Table 3-4: Standards for local salaries (by the industry of the local organization, number of employees in the local organization, and location of the headquarters of the dispatching organization)

	Recommendations from a private consultant	Recommendation from a public or government organization	Dispatching organization standards not described by above	Other	N.A.	Total %	Actual number
Industry of the local organization							
Manufacturing industries	15.7	3.5	62.6	13.9	4.3	100.0	115
Non-manufacturing industries	14.3	3.2	69.3	11.1	2.1	100.0	189
N.A.	33.3		33.3	33.3		100.0	3
Number of employees in the local organization							
Fewer than 10	10.7	8.9	60.7	16.1	3.6	100.0	56
10–29	19.3	3.5	64.9	8.8	3.5	100.0	57
30–99	12.3	1.5	70.8	10.8	4.6	100.0	65
100–499	16.9	2.4	65.1	13.3	2.4	100.0	83
500–999			91.7	8.3		100.0	12
1,000 or more	18.2		66.7	15.2		100.0	33
N.A.	100.0					100.0	1
Location of the headquarters							
North America	10.9	3.3	67.4	12.0	6.5	100.0	92
Europe	16.2	2.9	64.2	15.0	1.7	100.0	173
Oceania	33.3		66.7			100.0	12
Asia	4.3	8.7	82.6	4.3		100.0	23
N.A.	42.9		57.1			100.0	7
Total	15.0	3.3	66.4	12.4	2.9	100.0	307

Looked at by headquarters of the dispatching organization, expatriates from companies in North America, Europe, and Oceania showed nearly the same tendencies. However, expatriates at Asian companies were about 10 percentage points more likely to be “very satisfied” than those from other regions.

Expatriates who had brought all or some of their family members received family/household allowances in 54.9% of cases. Only 10.7% of expatriates who had left family members behind received allowances for non-accompanying family members or housing costs at home. Schooling and tuition allowances for children were provided to 64.0% of expatriates who had brought all or some of their family members. Local housing or housing subsidies were provided to 83.7%.

Table 3-5: Satisfaction with overall level of compensation (by the industry of the local organization, number of employees in the local organization, and location of the headquarters of the dispatching organization)

	Very satisfied	Somewhat satisfied	Not sure	Somewhat dissatisfied	Very dissatisfied	N.A.	Total %	Actual number
Industry of the local organization								
Manufacturing industries	33.9	50.4	7.0	7.0	0.9	0.9	100.0	115
Non-manufacturing industries	24.3	55.6	9.5	9.5		1.1	100.0	189
N.A.		66.7		33.3			100.0	3
Number of employees in the local organization								
Fewer than 10	14.3	60.7	7.1	16.1		1.8	100.0	56
10-29	17.5	59.6	12.3	10.5			100.0	57
30-99	27.7	49.2	12.3	6.2	1.5	3.1	100.0	65
100-499	37.3	51.8	6.0	4.8			100.0	83
500-999	50.0	41.7	8.3				100.0	12
1,000 or more	36.4	48.5	3.0	12.1			100.0	33
N.A.		100.0					100.0	1
Location of the headquarters								
North America	28.3	56.5	4.3	10.9			100.0	92
Europe	26.6	52.6	11.6	6.9	0.6	1.7	100.0	173
Oceania	25.0	58.3		16.7			100.0	12
Asia	39.1	39.1	8.7	13.0			100.0	23
N.A.	14.3	85.7					100.0	7
Total	27.7	53.7	8.5	8.8	0.3	1.0	100.0	307

Table 3-6: Allowances provided

	Provided	Not provided	N.A.	Total %	Actual number
Special allowance A:family/household allowance	54.9	30.4	14.6	100.0	253
Special allowance B:Allowance for non-accompanying family members or housing costs at home	10.7	57.1	32.1	100.0	84
Special allowance C:Schooling/tuition allowance for children	64.0	22.5	13.4	100.0	253
Special allowance D:Local housing or housing subsidy	83.7	6.5	9.8	100.0	307

Note: Figures for “Special allowance A: Family/household allowance” and “Special allowance C: Schooling/tuition allowance for children” represent a sample of 253 expatriates dispatched to Japan who had brought their entire family, or part of their family, with them to Japan.

Figures for “Special allowance B: Allowance for non-accompanying family members or housing costs at home” represent a sample of 84 expatriates dispatched to Japan who had brought part of their family with them to Japan or had come alone (leaving their entire family behind).

Figures for “Special allowance D: Local housing or housing subsidy” represent the entire sample of 307 expatriates dispatched to Japan.

Table 3-7 shows which organizations bear the costs of the expatriates' allowances. For 38.4% of all respondents, "only the dispatching organization is responsible", while "only the local organization is responsible" for 37.1%. "The dispatching organization and the local organization are jointly responsible" in 22.8% of cases.

There are no significant difference by type of industry, but there is a significant difference based on the size of the local organization. That is, the larger the organization, the less likely the dispatching organization is to provide the allowances and the more likely the local organization is to provide the allowances. For example, at companies with 1,000 or more employees, the dispatching organization provides the allowances in 24.2% of cases, while the local organization does so in 51.5% of cases. However, at companies with fewer than 10 employees, the dispatching organization provided the allowances in 64.3% of cases, and the local organization in 28.6% of cases. Of course, the reason behind this tendency is that larger companies have more ability to take responsibility for expatriates' allowances.

By location of the dispatching organization headquarters, 51.1% of the expatriates employed by North American companies said that the dispatching organization provided their allowances, while only 32.9% of employees of European companies said so; 42.8% of expatriates working for European companies stated that the local organization provided their allowances. We also perceived similar tendencies among companies headquartered in Oceania and Asia. Note that this is not due to the fact that North American expatriates are currently working mostly at small companies or that European expatriates are working mostly at relatively large companies. Although we are not presenting the data, we found no tendency for North Americans to work mainly at small companies or Europeans to work mainly at large companies.

Finally, we asked whether the adjustments to the expatriates' compensation were the subject of labor-management negotiations and agreements, but only 9.1% of expatriates said that they were.

Table 3-7: Responsibility for compensation (by the industry of the local organization, number of employees in the local organization, and location of the headquarters of the dispatching organization)

	Only dispatching organization is responsible	Dispatching and local organization are jointly responsible	Only the local organization is responsible	Don't know	N.A.	Total %	Actual number
Industry of the local organization							
Manufacturing industries	37.4	23.5	38.3	0.9		100.0	115
Non-manufacturing industries	39.7	21.7	37.0		1.6	100.0	189
N.A.		66.7			33.3	100.0	3
Number of employees in the local organization							
Fewer than 10	64.3	7.1	28.6			100.0	56
10–29	52.6	22.8	22.8	1.8		100.0	57
30–99	27.7	24.6	44.6		3.1	100.0	65
100–499	26.5	30.1	42.2		1.2	100.0	83
500–999	33.3	33.3	33.3			100.0	12
1,000 or more	24.2	24.2	51.5			100.0	33
N.A.					100.0	100.0	1
Location of the headquarters							
North America	51.1	26.1	21.7	1.1		100.0	92
Europe	32.9	22.5	42.8		1.7	100.0	173
Oceania	33.3	8.3	58.3			100.0	12
Asia	34.8	13.0	52.2			100.0	23
N.A.	28.6	42.9	14.3		14.3	100.0	7
Total	38.4	22.8	37.1	0.3	1.3	100.0	307

Table 3-8: Whether adjustments to compensation are the subject of labor-management negotiations

Yes	No	Don't know	N.A.	Total %	Actual number
9.1	83.4	6.8	0.7	100	307

3. Summary

Expatriates stating that they worked “60 or more hours per week” formed the largest group, 30.3%. Next, at 29.6%, were those who worked 50–55 hours per week. If we assume that expatriates who work “60 or more hours” do not go to the workplace on weekends or holidays, this means that they work 12 or more hours per day.

The most common reason given for long working hours was “work gets very busy at times” at 83.7%, followed by “communicating with headquarters operations staff” at 52.1%, “entertaining and meeting with visitors from headquarters” at 30.9%, and “unable to delegate much of my work” at 30.6%.

In addition, we found a major difference between North America and Europe, on the one hand, and Oceania and Asia on the other with respect to the item “communicating with headquarters operations staff.” That is, expatriates who mentioned “communication with headquarters” as a reason for their long working hours were more likely to be from North America or Europe than from Oceania or Asia. This may be due to the fact that the time differences between Japan and Europe or North America is greater than the time differences between Japan and Oceania or Asia.

A plurality of expatriates, 46.3%, had all their compensation paid in Japan, but 1/4 each stated that their compensation was paid partly in Japan and partly in the home country or entirely in the home country.

Asked how satisfied they were with their overall compensation, 27.7% of expatriates said that they were “very satisfied” and 53.7% said that they were “somewhat satisfied”, which means that 81.4% were satisfied with their current level of compensation, to a greater or lesser degree. Furthermore, the larger the local organization, the more likely the expatriates were to be satisfied with their total compensation.